

# *Katrina* GROUP LTD.

Incorporated in the Republic of Singapore  
Registration No. 201608344N

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*The Company is required under Catalist Rule 705(2) to report its financial statements quarterly.*

*This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

### A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	3 months ended 30 September 2022 \$'000 (Unaudited)	3 months ended 30 September 2021 \$'000 (Unaudited)	Increase/ (Decrease) %	9 months ended 30 September 2022 \$'000 (Unaudited)	9 months ended 30 September 2021 \$'000 (Audited)	Increase/ (Decrease) %
<b>Revenue</b>	4	16,574	11,425	45.1	46,766	37,987	23.1
Cost of sales		(13,500)	(13,340)	1.2	(39,125)	(40,216)	(2.7)
<b>Gross profit/(loss)</b>		3,074	(1,915)	N.M.	7,641	(2,229)	N.M.
Other income		178	2,486	(92.8)	1,962	7,265	(73.0)
Selling and distribution costs		(360)	(258)	39.5	(1,232)	(1,033)	19.3
Administrative expenses		(1,680)	(761)	N.M.	(4,572)	(3,535)	29.3
Finance costs		(595)	(811)	(26.6)	(1,968)	(2,609)	(24.6)
Other expenses		(49)	–	N.M.	(19)	(403)	(95.3)
<b>Profit/(loss) before tax</b>	5	568	(1,259)	N.M.	1,812	(2,544)	N.M.
Income tax expense	6	(1)	–	N.M.	(6)	(1)	N.M.
<b>Profit/(loss) for the period, representing profit/(loss) for the period attributable to owners of the Company</b>		567	(1,259)	N.M.	1,806	(2,545)	N.M.
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation		(24)	4	N.M.	(22)	1	N.M.
Other comprehensive income for the period, net of tax		(24)	4	N.M.	(22)	1	N.M.
<b>Total comprehensive income for the period, representing total comprehensive income attributable to owners of the Company</b>		543	(1,255)	N.M.	1,784	(2,544)	N.M.
Earnings per share for profit/(loss) for the period attributable to the owners of the Company during the year:							
<b>Basic and diluted (SGD in cents)</b>	7	0.25	(0.54)		0.78	(1.10)	

**Note:**

1. "N.M." denotes not meaningful.

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## B. Condensed interim statements of financial position

	Note	Group		Company	
		30 September 2022 \$'000 (Unaudited)	31 December 2021 \$'000 (Audited)	30 September 2022 \$'000 (Unaudited)	31 December 2021 \$'000 (Audited)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	4,723	6,361	2	4
Right-of-use assets	10	36,436	33,303	–	–
Investment property		817	860	–	–
Investment in subsidiaries		–	–	6,061	6,061
Refundable deposits		3,656	4,254	–	–
		45,632	44,778	6,063	6,065
<b>Current assets</b>					
Inventories		146	155	–	–
Trade receivables		963	1,327	–	–
Other receivables		928	1,189	–	–
Refundable deposits		1,941	2,393	9	–
Prepayments		415	300	13	5
Amount due from a joint venture		103	103	–	–
Amounts due from subsidiaries		–	–	5,177	5,561
Cash and cash equivalents		5,393	7,200	182	81
		9,889	12,667	5,381	5,647
<b>Total assets</b>		<b>55,521</b>	<b>57,445</b>	<b>11,444</b>	<b>11,712</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		7,568	8,760	456	507
Amount due to subsidiaries		–	–	–	233
Other liabilities		2,382	2,406	376	433
Lease liabilities	10	15,278	14,359	–	–
Provision	11	354	443	–	–
Contract liabilities		707	506	–	–
Loans and borrowings	12	7,691	5,164	–	–
		33,980	31,638	832	1,173
<b>Net current (liabilities)/assets</b>		<b>(24,091)</b>	<b>(18,971)</b>	<b>4,549</b>	<b>4,474</b>

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## B. Condensed interim statements of financial position (Cont'd)

	Note	Group		Company	
		30 September 2022 \$'000 (Unaudited)	31 December 2021 \$'000 (Audited)	30 September 2022 \$'000 (Unaudited)	31 December 2021 \$'000 (Audited)
<b>Non-current liabilities</b>					
Other payables		157	142	–	–
Lease liabilities	10	27,648	28,578	–	–
Provision	11	732	821	–	–
Deferred tax liabilities		4	6	–	–
Loans and borrowings	12	–	5,135	–	–
		28,541	34,682	–	–
<b>Total liabilities</b>		62,521	66,320	832	1,173
<b>Net (liabilities)/assets</b>		(7,000)	(8,875)	10,612	10,539
<b>Equity attributable to owners of the Company</b>					
Share capital	13	8,283	8,192	8,283	8,192
Foreign currency translation reserve		(7)	15	–	–
(Accumulated losses)/ Retained earnings		(15,276)	(17,082)	2,329	2,347
<b>Total equity</b>		(7,000)	(8,875)	10,612	10,539
<b>Total equity and liabilities</b>		55,521	57,445	11,444	11,712

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## C. Condensed interim statements of changes in equity

	Attributable to owners of the Company			
	Share capital \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Group (Unaudited)</b>				
Opening balance at 1 January 2021	8,192	22	(16,868)	(8,654)
Loss for the period	–	–	(2,545)	(2,545)
<i>Other comprehensive income:</i>				
Foreign currency translation	–	1	–	1
Total comprehensive income for the period	–	1	(2,545)	(2,544)
Closing balance at 30 September 2021	8,192	23	(19,413)	(11,198)
Opening balance at 1 January 2022	8,192	15	(17,082)	(8,875)
Issuance of shares	91	–	–	91
Profit for the period	–	–	1,806	1,806
<i>Other comprehensive income:</i>				
Foreign currency translation	–	(22)	–	(22)
Total comprehensive income for the period	–	(22)	1,806	1,784
Closing balance at 30 September 2022	8,283	(7)	(15,276)	(7,000)

**C. Condensed interim statements of changes in equity (Cont'd)**

Company (Unaudited)	Attributable to owners of the Company		
	Share capital \$'000	Retained earnings \$'000	Total \$'000
Opening balance at 1 January 2021	8,192	1,658	9,850
Profit for the period, representing total comprehensive income for the period	–	622	622
Closing balance at 30 September 2021	8,192	2,280	10,472
Opening balance at 1 January 2022	8,192	2,347	10,539
Issuance of shares	91	–	91
Loss for the period, representing total comprehensive income for the period	–	(18)	(18)
Closing balance at 30 September 2022	8,283	2,329	10,612

## D. Condensed interim consolidated statement of cash flows

	3 months ended 30 September		9 months ended 30 September	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Operating activities</b>				
Profit/(loss) before tax	568	(1,259)	1,812	(2,544)
<u>Adjustments for:</u>				
Bad debts	–	–	23	–
Depreciation of property, plant and equipment	481	571	1,669	1,472
Depreciation of investment property	14	14	43	43
Depreciation of right-of-use assets	3,379	4,118	9,700	12,686
Write-off of property, plant and equipment	130	4	433	127
(Write back of)/impairment loss on property, plant and equipment	(81)	(66)	(136)	251
(Write back of)/impairment loss on right-of-use assets	–	–	(301)	86
Loss on disposal of property, plant and equipment	1	1	1	51
Finance costs	76	84	221	240
Interest on finance lease liabilities	519	727	1,764	2,369
Gain on early termination of leases	(1)	(1)	(639)	(30)
Currency realignment	(18)	(1)	(15)	(2)
Total adjustments	4,500	5,451	12,763	17,293
<b>Operating cash flows before changes in working capital</b>	5,068	4,192	14,575	14,749
<u>Changes in working capital</u>				
Decrease/(increase) in:				
Inventories	5	–	9	38
Trade and other receivables	(31)	983	602	794
Refundable deposits	204	495	1,050	1,755
Prepayments	(80)	4	(115)	(18)
(Decrease)/increase in:				
Trade and other payables	(27)	(82)	(1,119)	(2,682)
Other liabilities	267	(635)	(24)	(1,181)
Amounts due to a director	–	256	–	256
Contract liabilities	318	1	201	(36)
Total changes in working capital	656	1,022	604	(1,074)
<b>Cash flows from operations</b>	5,724	5,214	15,179	13,675
Income taxes paid	(1)	–	(8)	(18)
<b>Net cash flows generated from operating activities</b>	5,723	5,214	15,171	13,657



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## D. Condensed interim consolidated statement of cash flows (Cont'd)

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(25)	37	(336)	(1,299)
Cash paid for restoration cost	–	(89)	(145)	(97)
Proceeds from disposal of property, plant and equipment	–	2	–	12
<b>Net cash flows used in investing activities</b>	<b>(25)</b>	<b>(50)</b>	<b>(481)</b>	<b>(1,384)</b>
<b>Financing activities</b>				
Proceeds from loan and borrowings	–	–	–	1,000
Repayments of loan and borrowings	(1,037)	(772)	(2,608)	(1,716)
Interest paid	(76)	(84)	(221)	(240)
Lease payments	(4,450)	(5,559)	(13,668)	(17,335)
Cash restricted in use	–	499	(1,300)	(667)
<b>Net cash flows used in financing activities</b>	<b>(5,563)</b>	<b>(5,916)</b>	<b>(17,797)</b>	<b>(18,958)</b>
Net change in cash and cash equivalents	135	(752)	(3,107)	(6,685)
<b>Cash and cash equivalents at 1 January / 1 June</b>	<b>3,958</b>	<b>4,705</b>	<b>7,200</b>	<b>10,638</b>
<b>Cash and cash equivalents at 30 September <sup>(1)</sup></b>	<b>4,093</b>	<b>3,953</b>	<b>4,093</b>	<b>3,953</b>

**Note:**

1. For the purpose of presenting the consolidated interim statement of cash flows, cash and cash equivalents comprise the following:

	<b>9 months ended 30</b>	
	<b>September</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cash and bank balances	5,393	4,620
Less: Bank deposits pledged	(1,300)	(667)
<b>Cash and cash equivalents per consolidated interim statement of cash flows</b>	<b>4,093</b>	<b>3,953</b>

Bank deposits pledged pertains to amounts earmarked by the Group's principal banker in connection with facilities granted.

**D. Condensed interim consolidated statement of cash flows (Cont'd)**

2. Property, plant and equipment

	<b>9 months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current period additions to property, plant and equipments	336	1,357
Less: Provision for restoration cost	–	(60)
<b>Net cash outflow for purchase of property, plant and equipments</b>	<b>336</b>	<b>1,297</b>

## E. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

Katrina Group Ltd. (the “**Company**”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2022 (“**9M2022**”) comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) restaurants operator; and
- (b) residential real estate management.

### 2. Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

#### Fundamental accounting concept

The interim financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group generated a net profit of \$1,806,000 (30 September 2021: net loss of \$2,545,000) for the nine months ended 30 September 2022. As of that date, the Group’s total liabilities and current liabilities exceeded its total assets and current assets by \$7,000,000 (31 December 2021: \$8,875,000) and \$24,091,000 (31 December 2021: \$18,971,000) respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as going concern.

The directors are of the view that it is appropriate to prepare the Group’s interim financial statements on a going concern on the following bases:

- (a) the Group will be able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due;
- (b) management intends to manage cashflow of the subsidiaries on overall Group basis, where necessary;
- (c) there are no changes in the Group’s ability to request for the extension of credit terms granted by suppliers and the Group intends to adhere to the trade payables turnover days consistent with the current financial year; and
- (d) the controlling shareholder has indicated through a letter of undertaking to financially support the Group as and when required, for 15 months from 11 November 2022.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

## **2.1. New and amended standards adopted by the Group**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2021. The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2022 did not have any material financial impact on the Group's results for 9M2022.

## **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 10 – Right-of-use assets and lease liabilities

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 10 – Right-of-use assets and lease liabilities
- Note 11 - Provision for restoration costs

## **3. Seasonal operations**

The Group's businesses are not subjected to any seasonal fluctuations although generally we experience higher sales during festive seasons and school holidays.

## **4. Segment and revenue information**

The Group is organised into the following main business segments:

- (a) Hospitality; and
- (b) Food and beverages

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## 4.1. Reportable segments

	Hospitality		Food and beverages		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>1 January to 30 September (Unaudited)</b>						
<i>Revenue:</i>						
External customers	11,788	8,845	34,978	29,142	46,766	37,987
	11,788	8,845	34,978	29,142	46,766	37,987
<i>Results:</i>						
Bad debts	–	–	(23)	–	(23)	–
Interest on loans and borrowings	(30)	(37)	(191)	(203)	(221)	(240)
Interest on finance lease liabilities	(1,002)	(1,297)	(762)	(1,072)	(1,764)	(2,369)
Income tax credit/(expense)	4	–	(10)	–	(6)	–
Depreciation of property, plant and equipment	(619)	(234)	(1,050)	(1,238)	(1,669)	(1,472)
Depreciation of right-of-use assets	(3,276)	(4,352)	(6,424)	(8,334)	(9,700)	(12,686)
Depreciation of investment property	–	–	(43)	(43)	(43)	(43)
Write-off of property, plant and equipment	(5)	(21)	(428)	(106)	(433)	(127)
Write back of/(impairment loss) on property, plant and equipment	–	(317)	136	66	136	(251)
Write-back of/(impairment loss) on right-of-use assets	–	77	301	(163)	301	(86)
Loss on disposal of property, plant and equipment	–	–	(1)	(51)	(1)	(51)
Gain on early termination of leases	502	5	137	25	639	30
Segment net profit/(loss)	1,665	(636)	141	(1,909)	1,806	(2,545)

Segment breakdown for period ended 30 September 2022 and 31 December 2021 are as follows:

	Hospitality		Food and beverages		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>(Unaudited)</b>						
Segment assets:	25,952	27,506	29,569	29,939	55,521	57,445
Segment liabilities	(26,075)	(27,810)	(36,446)	(38,510)	(62,521)	(66,320)

## 4.2. Disaggregation of revenue

### *Geographical information*

The following table shows the distribution of the Group's revenue from external customers based on the location where goods are sold and services are derived:

	<b>9 months ended 30</b>	
	<b>September</b>	
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Singapore	46,257	37,748
Hong Kong	–	13
Indonesia	509	226
	46,766	37,987
	46,766	37,987

The following table shows the distribution of the Group's non-current assets excluding deferred tax assets based on the geographical location of customers:

	<b>30</b>	<b>31</b>
	<b>September</b>	<b>December</b>
	<b>2022</b>	<b>2021</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Singapore	41,701	40,023
Indonesia	275	501
	41,976	40,524
	41,976	40,524

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, and investment properties presented in the condensed statement of financial position.

## 5. Profit before taxation

### 5.1. Significant items

The Group's profit/(loss) before tax was arrived after crediting/(charging) the following:

	3 months ended		9 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Income</b>				
Government grants <sup>1</sup>	30	122	626	2,908
Rental rebates <sup>2</sup>	(2)	2,306	380	4,140
Gain on early termination of leases	1	1	639	30
<b>Expenses</b>				
Bad debts	–	–	(23)	–
Commission fees	(502)	(562)	(1,535)	(1,852)
Contingent rental leases on operating leases	(201)	–	(476)	(265)
Depreciation of property, plant and equipment	(481)	(571)	(1,669)	(1,472)
Depreciation of investment property	(14)	(14)	(43)	(43)
Depreciation of right-of-use assets <sup>3</sup>	(3,379)	(4,118)	(9,700)	(12,686)
Employee benefits	(5,069)	(4,816)	(14,525)	(14,412)
Fixed rental expense on operating leases	(514)	(399)	(1,635)	(1,130)
Foreign exchange gain	30	5	26	6
Interest on bank loan	(76)	(84)	(221)	(240)
Interest on finance lease liabilities <sup>4</sup>	(519)	(727)	(1,764)	(2,369)
Write-off of property, plant and equipment	(130)	4	(433)	(127)
Loss on disposal of property, plant and equipment	(1)	(1)	(1)	(51)
Write back of/(impairment loss) on property, plant and equipment	81	66	136	(251)
Write back of/(impairment loss) on right-of-use assets	–	1	301	(86)

#### Notes:

- 1 Government grants refer mainly to the Jobs Support Scheme, Foreign Worker Levy rebate, Wage Credit Scheme, Property Tax Rebates and Cash Grants.
- 2 Rental rebates refer to rental support or assistance disbursed from Landlords and government.
- 3 Depreciation of right-of-use assets relates to leases where the Group is lessee which are capitalised as right-of-use assets following the adoption of SFRS(I) 16 Leases.
- 4 Interest on finance lease liabilities relates to interest expense from unwinding of lease liabilities arising from adoption of SFRS(I)16 Leases.

### 5.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the unaudited financial statements.

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## 6. Income tax

The major components of income tax expense for the 9 months ended 30 September 2022 and 2021 are:

	3 months ended 30 September		9 months ended 30 September	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Consolidated statement of comprehensive income:</i>				
<u>Current income tax</u>				
- Under provision in respect of previous years	1	-	6	1
Income tax expense recognised in the consolidated statement of comprehensive income	1	-	6	1

## 7. Profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the loss and shares data used in the computation of basic and diluted loss per share for the 9 months ended 30 September 2022 and 2021:

	3 months ended 30 September		9 months ended 30 September	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	567	(1,259)	1,806	(2,545)
	<b>Number of ordinary shares</b>			
Weighted average number of ordinary shares for basic and diluted loss per share computation	232,442,327	231,521,008	232,442,327	231,521,008

The basic and diluted EPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.



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## 8. Net Asset Value

	Group		Company	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Net asset value ("NAV") (\$'000)	(7,000)	(8,875)	10,612	10,539
Number of ordinary shares	232,481,008	231,521,008	232,481,008	231,521,008
NAV per ordinary share (cents)	(3.01)	(3.83)	4.56	4.55

# Katrina GROUP LTD.

Incorporated in the Republic of Singapore  
Registration No. 201608344N

## 9. Property, plant and equipment

Group (Unaudited)	Computers \$'000	Furniture and fittings \$'000	Kitchen and restaurant equipment \$'000	Motor vehicle \$'000	Office equipment \$'000	Renovation \$'000	Construction in progress \$'000	Total \$'000
<b>Cost:</b>								
At 1 January 2021	1,733	3,263	3,628	148	32	16,238	6	25,048
Additions	110	154	155	–	–	1,423	–	1,842
Written-off	–	(273)	(86)	–	–	(895)	–	(1,254)
Disposal	(2)	–	(88)	–	–	–	–	(90)
Currency realignment	–	–	1	–	–	–	–	1
At 31 December 2021 and 1 January 2022	1,841	3,144	3,610	148	32	16,766	6	25,547
Additions	36	8	28	–	–	264	–	336
Reclassification	–	2	–	–	–	(2)	(4)	(4)
Disposal	–	–	(2)	–	–	–	–	(2)
Written-off	(15)	(224)	(163)	–	–	(1,318)	–	(1,720)
Currency realignment	–	(3)	(2)	–	–	–	–	(5)
At 30 September 2022	1,862	2,927	3,471	148	32	15,710	2	24,152
<b>Accumulated depreciation:</b>								
At 1 January 2021	1,404	1,794	2,613	93	22	14,675	–	20,601
Charge for the year	214	530	458	17	3	742	–	1,964
Written-off	–	(149)	(63)	–	–	(494)	–	(706)
Disposal	(1)	–	(27)	–	–	–	–	(28)
Write-back of impairment loss	–	–	–	–	–	(2,645)	–	(2,645)
At 31 December 2021 and 1 January 2022	1,617	2,175	2,981	110	25	12,278	–	19,186
Charge for the year	129	321	292	13	3	911	–	1,669
Written-off	(17)	(140)	(143)	–	–	(987)	–	(1,287)
Reclassification	–	2	–	–	–	(2)	–	–
Disposal	–	–	(1)	–	–	–	–	(1)
Write-back of impairment loss	–	–	–	–	–	(136)	–	(136)
Currency realignment	–	(2)	–	–	–	–	–	(2)
At 30 September 2022	1,729	2,356	3,129	123	28	12,064	–	19,429

**9. Property, plant and equipment (Cont'd)**

Group (Unaudited)	Computers \$'000	Furniture and fittings \$'000	Kitchen and restaurant equipment \$'000	Motor vehicle \$'000	Office equipment \$'000	Renovation \$'000	Construction in progress \$'000	Total \$'000
<b><i>Net carrying amount:</i></b>								
At 30 September 2022	133	571	342	25	4	3,646	2	4,723
At 31 December 2021	224	969	629	38	7	4,488	6	6,361

## 10. Right-of-use assets and lease liabilities

### Group as a lessee

The Group has lease contracts for restaurant premises and residential apartments/co-living premises used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of restaurant outlets with lease terms of 12 months or less and leases of machinery with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group (Unaudited)	Restaurant premises	Residential apartments and co- living hotels	Total
	\$'000	\$'000	\$'000
At 1 January 2021	21,801	21,733	43,534
Additions	8,953	1,036	9,989
(Impairment charge)/write back of impairment loss	(3,517)	1,298	(2,219)
Charge for the year	(11,179)	(5,486)	(16,665)
Early termination of leases	(1,113)	(219)	(1,332)
Currency realignment	(4)	–	(4)
At 31 December 2021 and 1 January 2022	14,941	18,362	33,303
Additions	10,977	5,180	16,157
Write back of impairment loss	301	–	301
Charge for the period	(6,424)	(3,276)	(9,700)
Early termination of leases	(1,251)	(2,371)	(3,622)
Currency realignment	(3)	–	(3)
At 30 September 2022	18,541	17,895	36,436

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	30 September 2022	31 December 2021
	\$'000 (Unaudited)	\$'000 (Audited)
At 1 January	42,937	53,900
Additions	16,157	9,989
Accretion of interest	1,764	3,054
Payments	(13,668)	(22,576)
Early termination of leases	(4,261)	(1,425)
Currency realignment	(3)	(5)
At 30 September / 31 December	42,926	42,937
Current	15,278	14,359
Non-current	27,648	28,578
At 30 September / 31 December	42,926	42,937

## 10. Right-of-use assets and lease liabilities (Cont'd)

During the financial period ended 30 September 2022, the Group had early terminated various leases as a result of the on-going COVID-19 situation. Consequent to the early termination, the difference between the carrying value of right-of-use assets and the corresponding lease liabilities amounting to \$639,000 (31 December 2021: \$29,000) was recorded within the "Other income" in the consolidated statements of comprehensive income.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

## 11. Provision

Provision for restoration costs refer to the estimated cost to reinstate the leased restaurant premises and certain residential apartment to their original state upon the expiration of the lease terms.

*Movements in provision for restoration costs:*

	<b>30 September 2022</b> \$'000 (Unaudited)	<b>31 December 2021</b> \$'000 (Audited)
At 1 January	1,264	1,366
Additions	–	60
Written off	–	(39)
Utilisation	(178)	(132)
Discount rate adjustment	–	9
At 30 September / 31 December	<b>1,086</b>	<b>1,264</b>
Current	354	443
Non-current	732	821
At 30 September / 31 December	<b>1,086</b>	<b>1,264</b>

## 12. Loans and borrowings

	<b>30 September 2022</b>	<b>31 December 2021</b>
	\$'000	\$'000
	(Unaudited)	(Audited)
Amount repayable in one year or less, or on demand	5,435	5,164
Amount repayable after one year	2,256*	5,135
At 30 September / 31 December	<u>7,691</u>	<u>10,299</u>

There are no unsecured loans and borrowings as at 30 September 2022 and 31 December 2021.

### Details of any collateral:

- 1) The Group's borrowings of \$1.6 million repayable in one year or less, or on demand, and \$Nil repayable after one year are both secured by continuing guarantees by the Company, mortgage of the investment property and assignment of rental proceeds relating to the investment property. The investment property is located at 1 Sims Lane #05-05 Singapore 387355.
- 2) The remaining bank borrowings of \$3.8 million repayable in one year or less, or on demand, and \$2.3 million repayable after one year are secured by continuing guarantees by the Company and certain subsidiaries.

\* The Group's subsidiaries bank loans are subjected to covenant clauses, whereby the Group's subsidiaries are required to meet certain key financial ratios. The Group's subsidiaries did not fulfil the adjusted tangible net worth, debt service ratio and gearing ratio as required in the loan agreements. As at 30 September 2022, we did not request for the waiver from the bank and have reclassified these bank loans to current in the Condensed interim statements of financial position.

## 13. Share capital

	30 September 2022		31 December 2021	
	No. of shares '000 (Unaudited)	\$'000 (Unaudited)	No. of shares '000 (Audited)	\$'000 (Audited)
Issued and fully paid ordinary shares				
At 1 January	231,521	8,192	231,521	8,192
Issuance of new shares arising from performance share plan <sup>1</sup>	960	91	–	–
At 30 September / 31 December	<u>232,481</u>	<u>8,283</u>	<u>231,521</u>	<u>8,192</u>

Save for the above, there are no other changes in the issuer's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

The Company did not have any outstanding options or convertible instruments as at 30 September 2022 and 31 December 2021.

The Company did not have any treasury shares and subsidiary holdings as at 30 September 2022 and 31 December 2021.

<sup>1</sup> Announcement dated 12 January 2022.

## OTHER INFORMATION

### 1. Review

The condensed consolidated statement of financial position of Katrina Group Ltd and its subsidiaries as at 30 September 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

### 2. Review of performance of the Group

#### REVIEW OF FINANCIAL PERFORMANCE

For management reporting purposes, the Group is organised into business segments based on its services, and has two reportable operating segments as follows:

i. "Food and Beverage ("**F&B**") business" – specialises in multi-cuisine concepts and restaurant operations.

The Group has 30 restaurants (31 December 2021: 34) and nil cloud kitchen (31 December 2021: 1) in Singapore and 1 restaurant (31 December 2021: 1) in Indonesia under 7 different F&B brands (31 December 2021: 8).

ii. "Hospitality business" – offers fully furnished corporate serviced apartments under the brand of ST Residences; affordable luxurious co-living hotel under ST Signature and provides one-stop domestic household cleaning services under SO Services Pte. Ltd..

The Group had approximately 70 units of service apartment (31 December 2021: 71), 1 block of service apartments (31 December 2021: 2) and 4 co-living hotels (31 December 2021: 4).

#### Revenue

The Group's revenue for the period ended 30 September 2022 was \$46.8 million, an increase of \$8.8 million or 23.1% as compared to \$38.0 million for the period ended 30 September 2021 ("**9M2021**").

Revenue for the Group F&B increased by \$5.9 million or 20.3% from \$29.1 million in 9M2021 to \$35.0 million in 9M2022 and increased by \$11.9 million for the 3 months ended 30 September 2022. This is mainly attributed to the increase in number of dine-in customers for the period under review, as well as the lifting of the Covid-19 restriction for dine-in sales with effect from 26 April 2022.

Revenue for Group Hospitality increased by \$3.0 million or 34.1% from \$8.8 million in 9M2021 to \$11.8 million in 9M2022 and increased by \$4.7 million for the 3 months ended 30 September 2022. The increase was due to:

- (a) the Vaccinated Travel Lane ("**VTL**") which started in the last quarter of FY2021;
- (b) the reopening of borders from 1 April 2022;
- (c) the start of operations for ST Residences Balestier, a 20 units property in August 2022; and
- (d) the resumption of events such as the Formula One race that started on 30 September 2022.



## Cost of sales

Cost of sales mainly comprises food and beverages cost, payroll cost, depreciation of property, plant and equipment, depreciation of right of-use assets, rental expense of premises and utilities expenses for both restaurants' outlets and residential apartments/co-living premises and other restaurant support costs.

The Group's cost of sales decreased by \$1.1 million or 2.8% from \$40.2 million in 9M2021 to \$39.1 million in 9M2022.

Cost of sales for Group F&B decreased by \$0.8 million or 2.6% from \$31.6 million in 9M2021 to \$30.8 million in 9M2022 largely attributable to the decrease in depreciation for right-of-use assets of \$1.9 million, largely due to the impairment charge recognized in FY2021, as well as the decrease in other operating expenses of \$0.6 million. This is offset by the increase in:

- (a) food and operating costs of \$0.8 million, which is in line with the increase in revenue;
- (b) rental expenses as a result of SFRS(I) 16 by \$0.8 million as there were more new leases as compared to the previous period under review;
- (c) utilities cost of \$0.1 million, which is in line with the increase in utilities prices; and
- (d) repair and maintenance cost of \$0.1 million.

Cost of sales for Group Hospitality decreased by \$0.3 million or 3.5% from \$8.6 million in 9M2021 to \$8.3 million in 9M2022. The decrease is largely due to the reduction in depreciation for right of use assets of \$1.0 million as a result of the early termination of lease and staff cost of \$0.5 million, offset by the increase in operating cost such as utilities, rental expenses and other operating cost of \$0.8 million, increase in depreciation for property plant and equipment of \$0.4 million as a result of the write back of impairment in FY2021.

## Gross profit/(loss)

The Group recorded a gross profit of \$7.6 million for 9M2022 vis-à-vis a gross loss of \$2.2 million for 9M2021. Gross profit for the 3 months ended 30 September 2022 amounted to \$3.1 million. Group F&B reported a gross profit of \$4.0 million and Group Hospitality reported a gross profit of \$3.6 million for 9M2022.

## Other income

Other income mainly relates to the government grants, which include Jobs Support Scheme, Foreign Worker Levy rebate, Wage Credit Scheme, as well as the rental rebates under the Rental Relief Framework legislated by the government under the Covid-19 (Temporary Measures) Act 2020.

Other income decreased by \$5.3 million or 73.0% from \$7.3 million in 9M2021 to \$2.0 million in 9M2022.

The decrease is largely attributable to:

- (e) decrease in rental rebate of \$3.8 million;
- (f) decrease in government grants of \$2.3 million; offset by
- (g) increase in gain on early termination of leases of \$0.6 million.

Rental rebates have decreased due to the lower rental rebates received by landlords/government during the period under review. Government grants have decreased due to the decrease in grants received under the Jobs Support Scheme ("JSS") of \$1.9 million as the government gradually stopped the grant. Gain on early termination of leases increased during the period under review as there is an increase in number of leases that are modified/terminated that resulted in gains being recorded.

## **Selling and distribution costs**

The selling and distribution costs increased slightly by approximately \$0.2 million or 19.3% from \$1.0 million in 9M2021 to \$1.2 million in 9M2022 and \$0.4 million for the 3 months ended 30 September 2022.

The increase from 9M2021 to 9M2022 is largely due to the increase in electronic payment charges of \$0.3 million, which is in line with the increase in revenue; and reclassification of certain payroll cost from administrative expenses, offset by the decrease in marketing, advertising and promotion cost of \$0.1 million as the Group cut down on the cost incurred as the business sentiments recover.

In the 3 months ended 30 September 2022, the Group incurred an additional electronic payment charges of \$0.2 million, as well as marketing, advertising and promotion cost of \$0.1 million.

## **Administrative expenses**

Administrative expenses increased by \$1.0 million or 29.3% from \$3.5 million in 9M2021 to \$4.6 million in 9M2022. Administrative expenses was \$1.7 million for the 3 months ended 30 September 2022.

The increase was mainly due to the increase in payroll expenses as the pay for the management team has been reinstated since January 2022, offset by the reclassification of certain payroll cost to selling and distribution costs.

## **Finance costs**

Finance costs decreased by \$0.6 million or 24.6% from \$2.6 million in 9M2021 to \$2.0 million in 9M2022. The decrease was mainly related to the decrease in lease interest expense.

## **Other expenses**

The Group recorded other expenses of approximately \$19,000 in 9M2022, which is a decrease of approximately \$0.4 million from 9M2021.

Other expenses in 9M2022 related to the write-off of property, plant and equipment of \$0.4 million, offset by the write back of impairment loss on right-of-use assets of S\$0.3 million and property, plant and equipment of \$0.1 million.

There was an increase in the write-off of property, plant and equipment of \$0.1 million, offset by the increase in write-back of impairment loss on property, plant and equipment of approximately \$81,000 in the 3 months ended 30 September 2022.

## **Profit/(loss) for the period, representing profit/(loss) for the period attributable to owners of the Company**

As a result of the aforementioned, the Group reported a net profit after tax of \$1.8 million in 9M2022 vis-à-vis a net loss after tax of \$2.5 million in 9M2021.

## REVIEW OF FINANCIAL POSITION

### Non-current assets

The Group's non-current assets increased by approximately \$0.8 million from \$44.8 million as at 31 December 2021 to \$45.6 million as at 30 September 2022.

This was mainly due to:

- (a) an increase in right-of-use assets of \$3.1 million largely due to the additions of \$16.1 million and write back of impairment loss of \$0.3 million, offset by the depreciation and early termination of leases of \$9.7 million and \$3.6 million respectively;
- (b) a decrease in property, plant and equipment of \$1.6 million largely as a result of the write-off of property, plant and equipment of \$0.4 million and depreciation of \$1.7 million, mitigated by the acquisition of property, plant and equipment of \$0.3 million and write-back of impairment loss of \$0.1 million; and
- (c) a decrease in refundable deposits (non-current) of \$0.6 million due to the reclassification to refundable deposits (current).

### Current assets

The Group's current assets decreased by approximately \$2.8 million from \$12.7 million as at 31 December 2021 to \$9.9 million as at 30 September 2022.

This was largely due to (a) a decrease in cash and cash equivalents of \$1.8 million; (b) a decrease in trade receivables of \$0.4 million due to tighter credit control; and (c) a decrease in refundable deposits (current) of \$0.5 million.

Overall, refundable deposits decreased by \$1.1 million. This is mainly due to the reclassification of \$1.0 million of refundable deposits to other receivables or cash and cash equivalents as these related to closed outlets or discontinued units, which the deposits are due to be refunded or refunded by the landlords.

### Current liabilities

The Group's current liabilities increased by approximately \$2.4 million from \$31.6 million as at 31 December 2021 to \$34.0 million as at 30 September 2021.

The increase was mainly due to (a) an increase in loans and borrowings (current) of \$2.5 million, (b) an increase in lease liabilities (current) of \$0.9 million and (c) an increase in contract liabilities of \$0.2 million, offset by a decrease in trade and other payables of \$1.2 million.

Trade and other payables have decreased as the Group has been paying down on its outstanding payables.

Contract liabilities primarily relate to the Group's obligation to transfer goods and services to customers for which the Group has received advances from customers, primarily for the hospitality segment. This has increased as the Group has received more advances from customers during the period ended 30 September 2022.

Please refer to explanation in Non-current liabilities for the analysis on the movement in lease liabilities (current) and loans and borrowings (current).

## Non-current liabilities

The Group's non-current liabilities decreased by \$6.2 million from \$34.7 million as at 31 December 2021 to \$28.5 million as at 30 September 2022.

This is due to (a) the decrease in loans and borrowings (non-current) of \$5.1 million; and (b) the decrease in lease liabilities (non-current) of \$0.9 million.

Loans and borrowings (non-current) have been reclassified to current liabilities as some of the loans and borrowings and provision have maturity less than 12 months. Furthermore, the Group has taken the stand not to obtain waiver from the banker for the breach of bank covenants for interim reporting purpose, and hence has reclassified \$2.3 million of loans and borrowings from non-current to current. We will obtain waiver as at year end.

Overall, total lease liabilities had decreased slightly by \$11,000, largely due to the lease payments made of \$13.7 million and early termination of leases of \$4.3 million, offset by the addition of new lease liabilities of \$16.2 million and accretion of interest of \$1.8 million during the period under review.

## Shareholders' equity

The Group's shareholders' equity increased by \$1.9 million from negative \$8.9 million as at 31 December 2021 to negative \$7.0 million as at 30 September 2022. The decrease resulted from the net profit generated during the period.

## Negative working capital

As at 30 September 2022, the Group was in a negative working capital position of \$24.1 million (31 December 2021: \$19.0 million). The management had prepared cash flow forecasts which was derived from the financial budget to assess whether the Group can meet its debt obligations as and when they fall due.

The Board of Directors of the Company ("**Board**") noted that a controlling shareholder had provided a letter of undertaking to provide the financial support to the Group, as and when required, for 15 months from 11 November 2022 to enable the Group to meet its liabilities as and when the Group is unable to meet such liabilities. Also, the Group would continue to implement various strategic measures to contain cost and preserve cash liquidity.

## REVIEW OF CASH FLOWS

The Group's net cash generated from operating activities in 9M2022 was \$15.2 million. This was mainly due to operating cash flows before changes in working capital of \$14.6 million and working capital inflow of approximately \$0.6 million.

Net cash used in investing activities amounted to \$0.5 million mainly arising from purchase of plant and equipment for F&B segment of \$0.3 million, and cash paid for restoration cost of approximately \$0.2 million.

Net cash used in financing activities of \$17.8 million was mainly due to the principal payment of lease payments of \$13.7 million, repayment of loan and borrowings and interest of \$2.8 million and cash restricted in use (earmarked for repayment of bank loans) of \$1.3 million.

The cash and cash equivalents for the period decreased by \$3.1 million compared to 31 December 2021.

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The lifting of virtually all Covid-19 restrictions in Singapore will remain a key driver of growth for the Group's F&B and Hospitality businesses in the immediate future. With the latter part of the October to December quarter typically being a brisk period for F&B and hospitality service providers as year-end festivities unfold, and given the notable improvement in its revenue for the first nine months of the current financial year, the Group is on track for its strongest annual performance in FY2022 since the onset of the pandemic, barring any unforeseen circumstances.

The outlook beyond that, however, is less certain. Notwithstanding the increased patronage at the Group's F&B outlets and higher occupancies across its hotels, serviced residences and rental apartments, high inflation and rising interest rates are increasingly weighing on economies worldwide. The nascent recovery in consumer spending in Singapore and elsewhere could be affected in the event of a significant economic downturn. These challenges are beyond its control but the Group will continue to explore and seize opportunities for sustainable growth while ensuring costs are well managed.

**5. Dividend information**

No dividend has been declared to conserve cash for operational purposes.

## 6. Interested persons transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

The following are the IPT transactions during the current financial period:

The Company is required to furnish to the MOM a security bond of \$5,000 for each foreign worker the Company engages. Our Group has made arrangement with certain insurers for the insurers to issue letters of guarantee in lieu of the security bonds. Our Executive Chairman and CEO, Alan Goh, and our Executive Director, Catherine Tan, have in turn provided indemnities to the insurers in respect of any amounts claimed under the letters of guarantee.

Details of the aggregate indemnities provided by these Interested Persons in connection with the security bonds during the Relevant Period are as follows:

	<b>30 September 2022</b>
	<b>(\$'000)</b>
Aggregate indemnity in connection with the security bonds	<u>170</u>

## 7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of Section B of the SGX-ST Listing Manual.

## 8. Negative Confirmation Pursuant to Rule 705(5)

We, Alan Goh Keng Chian and Madaline Catherine Tan Kim Wah, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company (“the **Board**”) that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the nine months ended 30 September 2022 to be false or misleading in any material aspect.

### On behalf of the Board

Alan Goh Keng Chian  
Executive Chairman and CEO

Madaline Catherine Tan Kim Wah  
Executive Director

11 November 2022