

Katrina GROUP LTD.

Incorporated in the Republic of Singapore
Registration No. 201608344N

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.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

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

	3 months ended 30 June		Increase/ (Decrease)	6 months ended 30 June		Increase/ (Decrease)
	2024	2023		2024	2023	
	\$'000	\$'000		\$'000	\$'000	
	(Unaudited)	(Unaudited)	%	(Unaudited)	(Unaudited)	%
Revenue	13,577	14,314	(5.1)	27,862	29,049	(4.1)
Cost of sales	(11,830)	(12,840)	(7.9)	(24,150)	(25,871)	(6.7)
Gross profit	1,747	1,474	18.5	3,712	3,178	16.8
Other income	753	57	N.M.	1,046	692	51.2
Selling and distribution costs	(172)	(191)	(9.9)	(370)	(345)	7.2
Administrative expenses	(1,442)	(1,585)	(9.0)	(2,794)	(3,028)	(7.7)
Finance costs	(588)	(630)	(6.7)	(1,210)	(1,278)	(5.3)
Other expenses	(332)	(585)	(43.2)	(329)	(468)	(29.7)
Share of results of joint venture	(39)	—	N.M.	(39)	—	N.M.
(Loss)/profit before tax	(73)	(1,460)	(95.0)	16	(1,249)	N.M.
Income tax expense	—	(3)	N.M.	(1)	(81)	(98.8)
(Loss)/profit for the period, representing (loss)/profit for the period attributable to owners of the Company	(73)	(1,463)	(95.0)	15	(1,330)	N.M.
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation	10	(12)	N.M.	13	(14)	N.M.
Other comprehensive income for the period, net of tax	10	(12)	N.M.	13	(14)	N.M.
Total comprehensive income for the period, representing total comprehensive income attributable to owners of the Company	(63)	(1,475)	(95.7)	28	(1,344)	N.M.
Earnings per share for (loss)/profit for the period attributable to the owners of the Company during the year:						
Basic (SGD in cents)	(0.03)	(0.63)		0.01	(0.57)	
Diluted (SGD in cents)	(0.03)	(0.63)		0.00	(0.57)	

Note:

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

B. Condensed interim statements of financial position

		Group		Company	
		30	31	30	31
		June	December	June	December
		2024	2023	2024	2023
Note		\$'000	\$'000	\$'000	\$'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	9	3,719	4,193	2	3
Right-of-use assets	10	23,367	27,765	—	—
Investment property		—	744	—	—
Investment in subsidiaries		—	—	6,061	6,061
Investment in joint ventures		281	—	—	—
Deferred tax assets		425	425	—	—
Refundable deposits		3,691	3,708	—	—
		31,483	36,835	6,063	6,064
Current assets					
Inventories		122	139	—	—
Asset held for sale		715	—	—	—
Other assets		2	2	2	2
Trade receivables		1,049	1,006	—	—
Other receivables		42	466	—	—
Refundable deposits		1,596	1,509	9	9
Prepayments		345	386	21	9
Amount due from a joint venture		11	120	—	—
Amounts due from subsidiaries		—	—	6,339	6,520
Cash and cash equivalents		1,028	3,031	98	176
		4,910	6,659	6,469	6,716
Total assets		36,393	43,494	12,532	12,780
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		8,134	8,052	1,890	1,890
Amounts due to subsidiaries		—	—	—	96
Amount due to joint venture		—	—	—	—
Other liabilities		1,719	2,346	167	244
Lease liabilities	10	13,815	14,973	—	—
Provision	11	393	393	—	—
Contract liabilities		533	402	—	—
Loans and borrowings	12	2,317	3,299	—	—
		26,911	29,465	2,057	2,230
Net current (liabilities)/assets		(22,001)	(22,806)	4,412	4,486

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

		Group		Company	
		30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Note	\$'000 (Unaudited)	\$'000 (Audited)	\$'000 (Unaudited)	\$'000 (Audited)
Non-current liabilities					
Other payables		92	92	—	—
Lease liabilities	10	15,157	19,047	—	—
Provision	11	695	716	—	—
Loans and borrowings	12	50	714	—	—
		15,994	20,569	—	—
Total liabilities		42,905	50,034	2,057	2,230
Net (liabilities)/assets		(6,512)	(6,540)	10,475	10,550
Equity attributable to owners of the Company					
Share capital	13	8,321	8,321	8,321	8,321
Warrant reserve		75	75	75	75
Foreign currency translation reserve		43	30	—	—
(Accumulated losses)/Retained earnings		(14,951)	(14,966)	2,079	2,154
Total equity		(6,512)	(6,540)	10,475	10,550
Total equity and liabilities		36,393	43,494	12,532	12,780

C. Condensed interim statements of changes in equity

	Attributable to owners of the Company				
	Share capital	Warrant reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Group (Unaudited)					
Opening balance at 1 January 2023	8,283	–	31	(13,618)	(5,304)
Loss for the period	–	–	–	(1,330)	(1,330)
<i>Other comprehensive income:</i>					
Foreign currency translation	–	–	(14)	–	(14)
Total comprehensive income for the period	–	–	(14)	(1,330)	(1,344)
Closing balance at 30 June 2023	8,283	–	17	(14,948)	(6,648)
Opening balance at 1 January 2024	8,321	75	30	(14,966)	(6,540)
Exercise of warrants	–*	–	–	–	–
Profit for the period	–	–	–	15	15
<i>Other comprehensive income:</i>					
Foreign currency translation	–	–	13	–	13
Total comprehensive income for the period	–	–	13	15	28
Closing balance at 30 June 2024	8,321	75	43	(14,951)	(6,512)

* Less than \$1,000

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

	Attributable to owners of the Company			
	Share capital \$'000	Warrant reserve \$'000	Retained earnings \$'000	Total \$'000
Company (Unaudited)				
Opening balance at 1 January 2023	8,283	—	2,260	10,543
Profit for the period, representing total comprehensive income for the period	—	—	145	145
Closing balance at 30 June 2023	8,283	—	2,405	10,688
Opening balance at 1 January 2024	8,321	75	2,154	10,550
Exercise of warrants	—*	—	—	—
Loss for the period, representing total comprehensive income for the period	—	—	(75)	(75)
Closing balance at 30 June 2024	8,321	75	2,079	10,475

* Less than \$1,000

D. Condensed interim consolidated statement of cash flows

	3 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities				
(Loss)/profit before tax	(73)	(1,460)	16	(1,249)
Adjustments for:				
Depreciation of property, plant and equipment	394	401	814	1,194
Depreciation of investment property	15	15	29	29
Depreciation of right-of-use assets	3,501	3,648	7,006	7,159
Write-off of property, plant and equipment	14	10	19	11
Write back of impairment loss on property, plant and equipment	—	(5)	—	(10)
Impairment loss on right-of-use assets	318	620	318	340
Gain on disposal of property, plant and equipment	—	—	(6)	—
Impairment of amounts due from a joint venture	—	—	—	103
Finance costs	39	66	86	141
Interest on finance lease liabilities	550	565	1,125	1,137
(Gain)/loss on early termination and modification of leases, net	—	(41)	(2)	25
Reversal of provision for restoration cost	(13)	(21)	(13)	(21)
Interest income	—	(2)	(5)	(12)
Share of results of joint venture	39	—	39	—
Currency realignment	9	(12)	13	(13)
Total adjustments	4,866	5,244	9,423	10,083
Operating cash flows before changes in working capital	4,793	3,784	9,439	8,834
Changes in working capital				
Decrease/(increase) in:				
Inventories	9	19	17	29
Trade and other receivables	756	(407)	490	15
Refundable deposits	(89)	352	(70)	227
Prepayments	34	2	41	(113)
(Decrease)/increase in:				
Trade and other payables	(255)	359	(348)	(262)
Other liabilities	(341)	277	(627)	(306)
Amounts due to directors	—	680	—	1,130
Amount due to a joint venture	(1)	—	—	—
Contract liabilities	(99)	(9)	131	(128)
Total changes in working capital	14	1,273	(366)	592
Cash flows from operations	4,807	5,057	9,073	9,426

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

	3 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income taxes paid	–	(29)	(1)	(29)
Interest received	–	2	5	12
Net cash flows generated from operating activities	4,807	5,030	9,077	9,409
Investing activities				
Purchase of property, plant and equipment ⁽²⁾	(290)	(912)	(312)	(973)
Cash paid for restoration cost	(20)	(105)	(55)	(105)
Proceeds from disposal of property, plant and equipment	–	–	6	–
Investment in joint venture	–	–	(320)	–
Net cash flows used in investing activities	(310)	(1,017)	(681)	(1,078)
Financing activities				
Repayments of loan and borrowings	(1,325)	(799)	(1,647)	(1,675)
Interest paid	(39)	(65)	(85)	(141)
Lease payments	(4,520)	(4,357)	(9,097)	(8,744)
Cash restricted in use	1,000	300	1,000	300
Loans from director	250	–	430	–
Net cash flows used in financing activities	(4,634)	(4,921)	(9,399)	(10,260)
Net change in cash and cash equivalents	(137)	(908)	(1,003)	(1,929)
Cash and cash equivalents at 1 April/January	1,165	3,169	2,031	4,190
Cash and cash equivalents at 30 June ⁽¹⁾	1,028	2,261	1,028	2,261

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

Note:

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

	6 months ended 30 June	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cash and bank balances	1,028	3,261
Less: Bank deposits pledged	–	(1,000)
Cash and cash equivalents per consolidated interim statement of cash flows	1,028	2,261

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

- Property, plant and equipment

	6 months ended 30 June	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current period additions to property, plant and equipments	359	1,175
Less: Provision for restoration cost	(47)	(202)
Net cash outflow for purchase of property, plant and equipments	312	973

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 six months ended 30 June 2024 (“**HY2024**”) 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) hospitality management.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 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 2023.

The accounting policies adopted and methods of computations 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 as at 30 June 2024, the Group’s total liabilities and current liabilities exceeded its total assets and current assets by \$6,512,000 (31 December 2023: \$6,540,000) and \$22,001,000 (31 December 2023: \$22,806,000) 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) one of the directors who is also the controlling shareholder has indicated through a letter of undertaking to financially support the Group as and when required, for 15 months from 12 August 2024.

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 2023. The adoption of the new SFRS(I)s and amendments and interpretations of SFRS(I) which came into effect on 1 January 2024 did not have any material financial impact on the Group's results for HY2024.

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 2023.

There were no other changes in estimates applied by the Group during the financial period.

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

3. Seasonal operations

The Group's businesses are not subject 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

4.1. Reportable segments

1 April to 30 June (Unaudited)	Hospitality		Food and beverages		Consolidated	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<i>Revenue:</i>						
External customers	3,809	4,257	9,768	10,057	13,577	14,314
	3,809	4,257	9,768	10,057	13,577	14,314
<i>Results:</i>						
Interest income	–	2	–	–	–	2
Interest on loans and borrowings	–	(7)	(38)	(59)	(38)	(66)
Interest on finance lease liabilities	(270)	(284)	(280)	(281)	(550)	(565)
Income tax expense	–	(3)	–	–	–	(3)
Depreciation of property, plant and equipment	(187)	(215)	(207)	(186)	(394)	(401)
Depreciation of investment property	–	–	(15)	(15)	(15)	(15)
Depreciation of right-of-use assets	(1,245)	(1,231)	(2,256)	(2,417)	(3,501)	(3,648)
Write-off of property, plant and equipment	–	–	(14)	(10)	(14)	(10)
Write back of impairment loss on property, plant and equipment	–	–	–	5	–	5
Impairment loss on right-of-use assets	–	–	(318)	(620)	(318)	(620)
Gain on early termination and modification of leases, net	2	–	(2)	41	–	41
Reversal of provision for restoration cost	–	–	13	21	13	21
Share of results of joint venture	–	–	(39)	–	(39)	–
Segment net profit/(loss)	137	648	(210)	(2,111)	(73)	(1,463)

4. Segment and revenue information (Cont'd)

1 January to 30 June (Unaudited)	Hospitality		Food and beverages		Consolidated	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<i>Revenue:</i>						
External customers	8,321	8,582	19,541	20,467	27,862	29,049
	8,321	8,582	19,541	20,467	27,862	29,049
<i>Results:</i>						
Interest income	3	4	2	8	5	12
Interest on loans and borrowings	–	(17)	(85)	(124)	(85)	(141)
Interest on finance lease liabilities	(573)	(584)	(552)	(553)	(1,125)	(1,137)
Income tax expense	(1)	(81)	–	–	(1)	(81)
Depreciation of property, plant and equipment	(377)	(434)	(437)	(760)	(814)	(1,194)
Depreciation of investment property	–	–	(29)	(29)	(29)	(29)
Depreciation of right-of-use assets	(2,553)	(2,463)	(4,453)	(4,696)	(7,006)	(7,159)
Gain on disposal of property, plant and equipment	6	–	–	–	6	–
Write-off of property, plant and equipment	–	–	(19)	(11)	(19)	(11)
Write back of impairment loss on property, plant and equipment	–	–	–	10	–	10
Impairment loss on right-of-use assets	–	–	(318)	(340)	(318)	(340)
Gain/(loss) on early termination and modification of leases, net	2	–	–	(26)	2	(26)
Impairment of amounts due from a joint venture	–	–	–	(103)	–	(103)
Reversal of provision for restoration cost	–	–	13	21	13	21
Share of results of joint venture	–	–	(39)	–	(39)	–
Segment net profit/(loss)	1,145	1,324	(1,130)	(2,654)	15	(1,330)

Segment breakdown for period ended 30 June 2024 and 31 December 2023 are as follows:

(Unaudited)	Hospitality		Food and beverages		Consolidated	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Segment assets:	17,652	20,883	18,741	22,611	36,393	43,494
Segment liabilities	(16,945)	(20,011)	(25,960)	(30,023)	(42,905)	(50,034)

4. Segment and revenue information (Cont'd)

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:

	3 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Singapore	13,577	14,176	27,855	28,805
Indonesia	–	138	7	244
	13,577	14,314	27,862	29,049

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

	30 June 2024	31 December 2023
	\$'000	\$'000
	(Unaudited)	(Audited)
Singapore	27,367	32,702
Indonesia	–	–
	27,367	32,702

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

5. Profit before taxation

5.1. Significant items

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

	3 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income				
Government grants ¹	583	(79)	710	440
Rental rebates ²	—	5	39	11
Gain/(loss) on early termination and modification of leases, net	—	41	2	(26)
Gain on disposal of property, plant and equipment	—	—	6	—
Interest income	—	2	5	12
Expenses				
Commission fees	(322)	(399)	(597)	(820)
Contingent rental leases on operating leases	(117)	(175)	(267)	(351)
Depreciation of property, plant and equipment	(394)	(401)	(814)	(1,194)
Depreciation of investment property	(15)	(15)	(29)	(29)
Depreciation of right-of-use assets	(3,501)	(3,648)	(7,006)	(7,159)
Employee benefits	(5,676)	(4,994)	(9,382)	(9,821)
Fixed rental expense on operating leases	(35)	(32)	(57)	(59)
Foreign exchange (loss)/gain	(10)	12	(13)	14
Impairment of amounts due from a joint venture	—	—	—	(103)
Interest on bank loan	(38)	(66)	(85)	(141)
Interest on finance lease liabilities	(550)	(565)	(1,125)	(1,137)
Professional fee	(65)	(208)	(159)	(306)
Reversal of provision for restoration cost	13	21	13	21
Write-off of property, plant and equipment	(14)	(10)	(19)	(11)
Write back of impairment loss on property, plant and equipment	—	5	—	10
Impairment loss on right-of-use assets	(318)	(620)	(318)	(340)

Notes:

- 1 Government grants refer mainly to the Progressive Wage Credit Scheme and Senior Employment Credit.
- 2 Rental rebates refer to rental support or assistance disbursed from Landlords and government.

5.2. Related party transactions

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

6. Income tax

The major components of income tax expense for the 6 months ended 30 June 2024 and 2023 are:

	3 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Consolidated statement of comprehensive income:</i>				
<u>Current income tax</u>				
- Under provision in respect of previous years	–	3	1	81
Income tax expense recognised in the consolidated statement of comprehensive income	–	3	1	81

7. (Loss)/profit per share

Basic (loss)/profit per share is calculated by dividing the Group's (loss)/profit 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)/profit and shares data used in the computation of basic and diluted loss per share for the 3 months and 6 months ended 30 June 2024 and 2023:

	3 months ended 30 June		6 months ended 30 June	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company	(73)	(1,463)	15	(1,330)
Number of ordinary shares				
Weighted average number of ordinary shares for basic (loss)/profit per share computation ('000)	232,740	232,481	232,740	232,481
Effect of dilution: Warrants ('000)	51,933	–	51,933	–
Weighted average number of ordinary shares for diluted profit per share computation ('000)	284,673	232,481	284,673	232,481
Basic earnings per share	(0.03)	(0.63)	0.01	(0.57)
Diluted earnings per share	(0.03)	(0.63)	0.00	(0.57)

8. Net Asset Value

	Group		Company	
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Net asset value (" NAV ") (\$'000)	(6,512)	(6,540)	10,475	10,550
Number of ordinary shares ('000)	234,399	234,389	234,399	234,389
NAV per ordinary share (cents)	(2.78)	(2.79)	4.47	4.50

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	Total \$'000
Cost:							
At 1 January 2023	1,844	2,827	3,407	148	32	14,797	23,055
Additions	112	78	141	101	–	1,341	1,773
Disposal	–	(1)	–	(74)	–	–	(75)
Written-off	(339)	(136)	(299)	–	(17)	(1,449)	(2,240)
Currency realignment	–	(2)	(1)	–	–	–	(3)
At 31 December 2023 and 1 January 2024	1,617	2,766	3,248	175	15	14,689	22,510
Additions	13	8	22	–	–	316	359
Disposal	(17)	(231)	(132)	–	–	(8)	(388)
Written-off	(71)	(93)	(131)	–	(2)	(759)	(1,056)
Currency realignment	–	(1)	(1)	–	–	–	(2)
At 30 June 2024	1,542	2,449	3,006	175	13	14,238	21,423
Accumulated depreciation:							
At 1 January 2023	1,693	2,331	3,113	127	27	10,782	18,073
Charge for the year	94	267	186	22	3	1,529	2,101
Disposal	–	(1)	–	(74)	–	–	(75)
Written-off	(338)	(135)	(291)	–	(17)	(1,443)	(2,224)
Impairment loss	–	–	–	–	–	445	445
Currency realignment	–	(2)	(1)	–	–	–	(3)
At 31 December 2023 and 1 January 2024	1,449	2,460	3,007	75	13	11,313	18,317
Charge for the year	49	113	63	14	–	575	814
Disposal	(17)	(231)	(132)	–	–	(8)	(388)
Written-off	(71)	(90)	(126)	–	–	(750)	(1,037)
Currency realignment	–	(1)	(1)	–	–	–	(2)
At 30 June 2024	1,410	2,251	2,811	89	13	11,130	17,704

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	Total \$'000
Net carrying amount:							
At 30 June 2024	132	198	195	86	–	3,108	3,719
At 31 December 2023	168	306	241	100	2	3,376	4,193

10. Right-of-use assets and lease liabilities

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 with lease terms of 12 months or less and leases 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 \$'000	Residential apartments and co-living hotels \$'000	Total \$'000
At 1 January 2023	16,404	16,399	32,803
Additions	2,441	2,853	5,294
Impairment charge	(360)	(88)	(448)
Charge for the year	(9,508)	(4,913)	(14,421)
Early termination of leases	(672)	—	(672)
Lease modifications	5,018	186	5,204
Currency realignment	5	—	5
At 31 December 2023 and 1 January 2024	13,328	14,437	27,765
Impairment charge	(318)	—	(318)
Charge for the period	(4,453)	(2,553)	(7,006)
Early termination of leases	—	(54)	(54)
Lease modifications	2,827	153	2,980
At 30 June 2024	11,384	11,983	23,367

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

	30 June 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)
At 1 January	34,020	39,476
Additions	—	5,313
Accretion of interests on:		
Lease liabilities	1,125	2,530
Subleases	—	—*
Payments	(9,097)	(17,880)
Early termination of leases	(56)	(730)
Lease modifications	2,980	5,307
Currency realignment	—	4
At 30 June / 31 December	28,972	34,020
Current	13,815	14,973
Non-current	15,157	19,047
At 30 June / 31 December	28,972	34,020

* Less than \$1,000

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

During the financial period ended 30 June 2024, the Group had early terminated/extended various leases as a result of portfolio management. Consequent to the early termination/extension, the difference between the carrying value of right-of-use assets and the corresponding lease liabilities amounting to \$2,000 (31 December 2023: loss of \$45,000) was netted off within the "Other expenses" 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 co-living hotels to their original state upon the expiration of the lease terms.

Movements in provision for restoration costs:

	30 June 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)
At 1 January	1,109	1,054
Additions	47	202
Reversal	(13)	(21)
Utilisation	(55)	(137)
Unwinding of discount and changes in the discount rate	–	11
At 30 June / 31 December	<u>1,088</u>	<u>1,109</u>
Current	393	393
Non-current	695	716
At 30 June / 31 December	<u><u>1,088</u></u>	<u><u>1,109</u></u>

12. Loans and borrowings

	30 June 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)
Amount repayable in one year or less, or on demand		
Bank loans	2,302	3,299
Financing arrangement	15	–
Amount repayable after one year		
Bank loans	–	714
Financing arrangement	50	–
At 30 June / 31 December	2,367	4,013

There are no unsecured loans and borrowings as at 30 June 2024 and 31 December 2023.

Details of any collateral:

- 1) The Group's borrowings of \$2.3 million repayable in one year or less, or on demand are secured by continuing guarantees by the Company.
- 2) The financing arrangement is for a hire purchase of a motor vehicle. It is repayable over 60 equal monthly instalments commencing in November 2023 and bears interest at 3.68% per annum. The obligations under financing arrangement are secured by a charge over the motor vehicle and a personal guarantee from a director of the Group.

13. Share capital

	30 June 2024		31 December 2023	
	No. of shares		No. of shares	
	'000	\$'000	'000	\$'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Issued and fully paid ordinary shares				
At 1 January and 1 April	234,389	8,321	232,481	8,283
Issuance of new shares arising from rights issue of warrants	10	—*	1,908	38
At 30 June / 31 December	234,399	8,321	234,389	8,321

* Less than \$1,000

On 9 October 2023, the Company issued 232,481,008 warrants at an issue price of \$0.001 for each warrant. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.02 for each new share on the basis of one warrant for every one existing ordinary share in the capital of the Company. The exercise price and the number of warrants held by each warrant holder may be adjusted under certain terms and conditions being met. The warrants expire on 8 October 2028.

As at 30 June 2024, 1,918,000 warrants were converted to 1,918,000 new ordinary shares of the Company, this bringing total of issued share capital to 234,399,008 ordinary shares (as at 31 December 2023: 234,389,008 ordinary shares).

No shares have been granted under the Performance Share Plan during the period.

As at 30 June 2024, there were 230,563,008 outstanding warrants for which ordinary shares may be issued.

Save for the above outstanding warrants, there were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2024, 31 March 2024, 31 December 2023 and 30 June 2023.

Other Information

1. Review

The condensed consolidated statement of financial position of Katrina Group Ltd. and its subsidiaries as at 30 June 2024 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 six-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 segments based on its services, and has two reportable operating segments as follows:

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

The Group has 25 restaurants (31 December 2023: 26) in Singapore and 0 restaurant (31 December 2023: 1) in Indonesia under 8 different F&B brands (31 December 2023: 6)

ii. "Hospitality segment" – offers fully furnished corporate serviced apartments under the brand of ST Residences and affordable luxurious co-living hotel under ST Signature.

The Group had approximately 27 units of service apartment (31 December 2023: 32), 1 block of service apartments (31 December 2023: 1) and 5 co-living hotels (31 December 2023: 5).

Revenue

The Group's revenue for the period ended 30 June 2024 was \$27.9 million, a decrease of \$1.1 million or 4.1% as compared to \$29.0 million for the period ended 30 June 2023 ("**HY2023**"). Revenue decreased by \$0.7 million or 5.1% from \$14.3 million for the 3 months ended 30 June 2023 ("**2Q2023**") to \$13.6 million for the 3 months ended 30 June 2024. ("**2Q2024**").

Revenue for the Group F&B decreased by \$0.9 million or 4.5% from \$20.4 million in HY2023 to \$19.5 million in HY2024. Revenue for the Group F&B decreased by \$0.3 million or 2.9% from \$10.1 million for 2Q2023 to \$9.8 million for 2Q2024. The decrease for both periods was attributed to the decrease in number of outlets during the period under review.

Revenue for Group Hospitality decreased by \$0.3 million or 3.0% from \$8.6 million in HY2023 to \$8.3 million in HY2024. The decrease is in line with reduction of the service apartments from 54 units as at 30 June 2023 to 27 units as at 30 June 2024, offset by the improvement in revenue from the co-living hotels.

Revenue for the Group Hospitality decreased by \$0.4 million or 10.5% from \$4.2 million for 2Q2023 to \$3.8 million for 2Q2024. The decrease was due to weaker average room rates and occupancy for the corresponding period under review.

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 \$1.8 million or 6.7% from \$25.9 million in HY2023 to \$24.1 million in HY2024. Cost of sales decreased by \$1.0 million or 7.9% from \$12.8 million in 2Q2023 to \$11.8 million in 2Q2024.

Cost of sales for Group F&B decreased by \$1.8 million or 8.6% from \$20.0 million in HY2023 to \$18.2 million in HY2024. This was largely attributable to the decrease in:

- (a) payroll cost of \$0.5 million, which is in line with the reduction in headcount;
- (b) depreciation expense of \$0.6 million;
- (c) food costs of \$0.2 million, which is in line with the decrease in revenue;
- (d) leases on short-term rental of \$0.1 million; and
- (e) online platform commission of \$0.2 million, which is in line with the decrease in online revenue.

Cost of sales for Group Hospitality remains relatively unchanged at \$5.9 million for HY2024 and HY2023.

Cost of sales for Group F&B decreased by \$0.9 million or 3.0% from \$9.9 million in 2Q2023 to \$9.0 million in 2Q2024. This was largely attributable to the decrease in:

- (a) payroll cost of \$0.4 million, which is in line with the reduction in headcount;
- (b) reduction of leases on short-term rental of \$0.2 million;
- (c) food costs of \$0.1 million, which is in line with the decrease in revenue;
- (d) depreciation expense of \$0.1 million; and
- (e) online platform commission of \$0.1 million, which is in line with the lower online revenue.

Cost of sales for Group Hospitality decreased minimally by approximately \$75,000 or 2.5% from \$3.0 million in 2Q2023 to \$2.9 million in 2Q2024.

Gross profit

The Group recorded a gross profit of \$3.7 million for HY2024 (HY2023: \$3.2 million). Gross profit for 2Q2024 amounted to \$1.7 million (2Q2023: \$1.5 million). For HY2024, Group F&B and Group Hospitality reported a gross profit of \$1.3 million and \$2.4 million respectively. For 2Q2024, Group F&B and Group Hospitality reported a gross profit of \$0.8 million and \$0.9 million respectively.

Other income

Other income mainly relates to the government grants, which include Progressive Wage Credit Scheme (“WCS”) and Senior Employment Credit (“SEC”), as well as income arising from the cancellation of bookings and expired vouchers.

Other income increased by \$0.3 million or 51.2% from \$0.7 million in HY2023 to \$1.0 million in HY2024.

The increase was largely attributable to an increase in government grants (mainly WCS) of \$0.3 million.

Other income increased by \$0.7 million from \$0.1 million in 2Q2023 to \$0.8 million in 2Q2024.

The increase was largely attributed to the increase in government grant of \$0.7 million. Government grants had increased mainly due to the increase in WCS of \$0.4 million, SEC of \$0.1 million as well as Singapore Tourism Board (“STB”) grant of \$0.1 million.

Selling and distribution costs

The selling and distribution costs increased slightly by approximately \$25,000 or 7.2% from \$345,000 in HY2023 to \$370,000 in HY2024 and decreased slightly by approximately \$19,000 or 9.9% from \$191,000 in 2Q2023 to \$172,000 in 2Q2024.

The increase from HY2023 to HY2024 was largely due to the increase in payroll expenses and entertainment expenses of approximately \$11,000 and \$9,000 respectively.

The decrease of \$19,000 from 2Q2023 to 2Q2024 was largely due to the decrease in marketing expenses incurred.

Administrative expenses

Administrative expenses decreased by \$0.2 million or 7.7% from \$3.0 million in HY2023 to \$2.8 million in HY2024 and \$0.2 million or 9.0% from \$1.6 million in 2Q2023 to \$1.4 million in 2Q2024.

The decrease in administrative expenses for HY2024 and 2Q2024 was largely due to the decrease in professional fees as a result of the decrease in accruals made for the legal fees to be incurred for the URA Investigation as well as decrease in accruals made for professional fees incurred in 2Q2023 for the rights issue of warrants.

Finance costs

Finance costs decreased by approximately \$68,000 or 5.3% from \$1.3 million in HY2023 to \$1.2 million in HY2024. The decrease was mainly related to the decrease in interest on bank loans, which was in line with the reduction in loans and borrowings. Finance costs amounted to \$0.6 million for both corresponding periods of 2Q2023 and 2Q2024.

Other expenses

Other expenses decreased by \$0.2 million or 29.7% from \$0.5 million in HY2023 to \$0.3 million in HY2024 mainly due to the reduction in impairment of amounts due from a joint venture of \$0.1 million.

The decrease of \$0.3 million or 43.2% from \$0.6 million in 2Q2023 to \$0.3 million in 2Q2024 was largely due to the reduction in impairment loss on right-of-use assets.

Share of results of joint venture

The loss of \$39,000 recorded relates to the Group's portion of loss recorded from investment in one of the joint ventures. Previously the Group did not recognise losses relating to joint ventures as its share of losses exceeds the Group's cost of investment in the joint ventures.

(Loss)/profit for the period, representing (loss)/profit for the period attributable to owners of the Company

As a result of the aforementioned, the Group reported a net profit after tax of approximately \$15,000 in HY2024 vis-à-vis a net loss after tax of \$1.3 million in HY2023, as well as a net loss after tax of \$73,000 and \$1.5 million for 2Q2024 and 2Q2023 respectively.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by \$5.3 million from \$36.8 million as at 31 December 2023 to \$31.5 million as at 30 June 2024.

This was mainly due to (a) a decrease in right-of-use assets of \$4.4 million, (b) a decrease in property, plant and equipment of \$0.5 million as a result of depreciation charge of \$0.8 million being more than additions for the period, (c) a decrease in investment property of \$0.7 million, offset by (d) an increase in investment in joint ventures of \$0.3 million due to the investment in Daily Beer Singapore Pte. Ltd..

Right-of-use assets had decreased due to impairment charge of \$0.3 million and the depreciation of \$7.0 million, offset by the lease modification of \$3.0 million.

Please refer to explanation in Current assets for the analysis on the movement in investment property.

Current assets

The Group's current assets decreased by approximately \$1.7 million from \$6.6 million as at 31 December 2023 to \$4.9 million as at 30 June 2024.

This was mainly due to (a) a decrease in cash and bank balances of \$2.0 million; (b) a decrease in trade and other receivables of \$0.4 million largely due to collection of security deposits receivable of \$0.3 million from landlords following the termination of the lease agreements; (c) a decrease in amount due from joint venture of \$0.1 million as this was capitalised as investment in joint venture; (d) a decrease in prepayments of approximately \$41,000 due to timing difference; offset by (e) an increase in asset held for sale of \$0.7 million; and (f) an increase in refundable deposits (current) of approximately \$87,000 due to security deposits top up incurred by the Group Hospitality.

Asset held for sale relates to the investment property that was reclassified from Non-current assets to Current assets following the granting of the option to purchase on 26 June 2024.¹

Current liabilities

The Group's current liabilities decreased by approximately \$2.6 million from \$29.5 million as at 31 December 2023 to \$26.9 million as at 30 June 2024.

The decrease was mainly due to (a) a decrease in lease liabilities (current) of \$1.1 million, (b) a decrease in loans and borrowings (current) of \$1.0 million, (c) a decrease in other liabilities of \$0.6 million, offset by (d) an increase in contract liabilities of \$0.1 million.

Other liabilities had decreased mainly due to the decrease in accrued operating expenses.

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 due to more advances received from customers during the period ended 30 June 2024.

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

¹ Please refer to announcement dated 27 June 2024.

Non-current liabilities

The Group's non-current liabilities decreased by \$4.6 million from \$20.6 million as at 31 December 2023 to \$16.0 million as at 30 June 2024.

This was due to (a) the decrease in lease liabilities (non-current) of \$3.9 million and (b) the decrease in loans and borrowings (non-current) of \$0.7 million.

Overall, loans and borrowings had decreased by \$1.6 million. This was due to the repayment of loans and borrowings.

Overall, total lease liabilities had decreased by \$5.0 million, largely due to the lease payments made of \$9.1 million, offset by the lease modification of \$3.0 million and accretion of interest of \$1.1 million.

Shareholders' equity

The Group's shareholders' equity remains relatively unchanged at \$6.5 million for 30 June 2024 and 31 December 2023.

Negative working capital

As at 30 June 2023, the Group was in a negative working capital position of \$22.0 million (31 December 2023: \$22.8 million). The management has 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 the controlling shareholder has provided a letter of undertaking to provide the financial support to the Group, as and when required, for 15 months from 12 August 2024 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 HY2024 was \$9.1 million. This was mainly due to operating cash flows before changes in working capital of \$9.4 million and working capital outflow of \$0.3 million.

Net cash used in investing activities amounted to \$0.7 million mainly arising from purchase of plant and equipment for the F&B segment of \$0.3 million, and investment in joint venture of \$0.3 million in Daily Beer Singapore Pte. Ltd..

Net cash used in financing activities of \$9.4 million was mainly due to the principal payment of lease payments of \$9.1 million, repayment of loan and borrowings and interest of \$1.6 million, offset by the reduction in cash restricted in use (earmarked for repayment of bank loans) of \$1.0 million and loans from director of \$0.4 million.

The cash and cash equivalents for the period decreased by \$1.0 million compared to 31 December 2023.

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.

Portfolio rejuvenation and business consolidation will continue to be the key focus of the F&B segment. The Group will be looking to channel resources to new outlets or better performing outlets and close non-performing outlets. Refreshment of our brand portfolio with brand extensions, removal of non-performing brands, as well as face lifts to some of our existing outlets will be carried out.

We will also continue to focus on improving the profitability of individual stores within our current network.

For the Hospitality segment, Singapore's tourism sector is expected to continue its strong recovery in 2024, with STB further revising its forecast in May 2024. STB is projecting between 15 million to 16.5 million international visitor arrivals, and for tourism receipts to reach between \$27.5 billion to \$29.0 billion.² The initial forecast, shared in February, was 15 million to 16 million in arrivals and \$26.0 billion to \$27.5 billion in tourism receipts.³ This augurs well for the Group's hotels and service apartments.

In relation to the URA Investigation (the "**Investigation**"), the Investigation is still ongoing and no charges have been filed against the Group nor any of the Relevant Persons. The Group is cooperating with the authorities on the Investigation and will make further announcement(s) as and when there are material developments on this matter.⁴

The Group remains committed to growing its business, while prudently managing costs to navigate a challenging macro environment.

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.

² https://www.stb.gov.sg/content/stb/en/media-centre/speeches/speech_by_CE_Melissa_Ow_at_tic_24.html

³ <https://www.straitstimes.com/singapore/consumer/tourism-recovery-to-keep-momentum-in-2024-with-tourist-spend-nearing-pre-covid-numbers-stb>

⁴ Please refer to announcements dated 25 June 2022 and 22 June 2022 for further details.

8. Other transactions by the Executive Directors

The following are balances as at 30 June 2024 with the Executive Directors:

	(\$'000)
Alan Goh Keng Chian ("AG") and Madaline Catherine Tan Kim Wah ("CT") providing indemnity to the insurers to issue letters of guarantee in lieu of security bonds to the Ministry of Manpower for engagement of foreign workers ¹	170
AG, who is also the controlling shareholder, has provided a letter of undertaking to financially support the Group as and when required ²	1,241
Loan from CT, who is also a controlling shareholder ²	875 ³

Notes:

¹ The Executive Directors are not paid for providing the indemnity.

² Amount is non-interest bearing.

³ Subsequent to 30 June 2024, amount of \$430,000 has been repaid with the proceeds from the sale of investment property.

9. 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.

10. Disclosure of acquisition (including incorporations) and sale of shares under Catalyst Rule 706A

The Group has struck off 2 of the subsidiaries, Bali Thai Food Catering Pte. Ltd. and SO Services Pte. Ltd., from the Register of Companies in June 2024 and July 2024 respectively. There is no material impact on the net tangible assets or earnings per share of the Group for the financial period ended 30 June 2024.

11. 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 three months and six months ended 30 June 2024 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

12 August 2024