

Katrina GROUP LTD.

Incorporated in the Republic of Singapore
Registration No. 201608344N

The Company is required under Rule 705(2)(e) of the Singapore Exchange Securities Trading Limited (“SGX-ST” or “Exchange”) Listing Manual Section B: Rules of Catalist 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 FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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

	Note	3 months ended 31 March		Increase/ (Decrease)
		2024 \$'000 (Unaudited)	2023 \$'000 (Unaudited)	%
Revenue	4	14,285	14,735	(3.1)
Cost of sales		(12,320)	(13,031)	(5.5)
Gross profit		1,965	1,704	15.3
Other income		293	635	(53.9)
Selling and distribution costs		(198)	(154)	28.6
Administrative expenses		(1,352)	(1,443)	(6.3)
Finance costs		(622)	(648)	(4.0)
Other gains		3	117	(97.4)
Profit before taxation	5	89	211	(57.8)
Income tax	6	(1)	(78)	(98.7)
Profit for the period, representing profit for the period attributable to owners of the Company		88	133	(33.8)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		3	(2)	N.M.
Other comprehensive income for the period, net of tax		3	(2)	N.M.
Total comprehensive income for the period, representing total comprehensive income attributable to owners of the Company		91	131	(30.5)
Earnings per share for profit for the period attributable to the owners of the Company during the year:				
Basic (SGD in cents)	7	0.04	0.06	
Diluted (SGD in cents)	7	0.03	0.06	

Note:

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

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B. Condensed interim statements of financial position

	Note	Group		Company	
		31 March 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)	31 March 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	9	3,789	4,193	2	3
Right-of-use assets	10	25,944	27,765	–	–
Investment property		730	744	–	–
Investment in subsidiaries		–	–	6,061	6,061
Investment in joint ventures		320	–	–	–
Deferred tax assets		425	425	–	–
Refundable deposits		3,691	3,708	–	–
		34,899	36,835	6,063	6,064
Current assets					
Inventories		131	139	–	–
Other assets		2	2	2	2
Trade receivables		1,645	1,006	–	–
Other receivables		197	466	–	–
Refundable deposits		1,507	1,509	9	9
Prepayments		379	386	36	9
Amount due from a joint venture		16	120	–	–
Amounts due from subsidiaries		–	–	6,679	6,520
Cash and cash equivalents		2,165	3,031	25	176
		6,042	6,659	6,751	6,716
Total assets		40,941	43,494	12,814	12,780
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables		8,139	8,052	1,894	1,890
Amounts due to subsidiaries		–	–	–	96
Amount due to joint venture		1	–	–	–
Other liabilities		2,060	2,346	259	244
Lease liabilities	10	14,584	14,973	–	–
Provision	11	393	393	–	–
Contract liabilities		632	402	–	–
Loans and borrowings	12	3,308	3,299	–	–
		29,117	29,465	2,153	2,230
Net current (liabilities)/assets		(23,075)	(22,806)	4,598	4,486

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

	Note	Group		Company	
		31 March 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)	31 March 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)
Non-current liabilities					
Other payables		92	92	–	–
Lease liabilities	10	17,116	19,047	–	–
Provision	11	681	716	–	–
Loans and borrowings	12	384	714	–	–
		18,273	20,569	–	–
Total liabilities		47,390	50,034	2,153	2,230
Net (liabilities)/assets		(6,449)	(6,540)	10,661	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		33	30	–	–
(Accumulated losses)/ Retained earnings		(14,878)	(14,966)	2,265	2,154
Total equity		(6,449)	(6,540)	10,661	10,550
Total equity and liabilities		40,941	43,494	12,814	12,780

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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)
Profit for the period	–	–	–	133	133
<i>Other comprehensive income:</i>					
Foreign currency translation	–	–	(2)	–	(2)
Total comprehensive income for the period	–	–	(2)	133	131
Closing balance at 31 March 2023	8,283	–	29	(13,485)	(5,173)
Opening balance at 1 January 2024	8,321	75	30	(14,966)	(6,540)
Profit for the period	–	–	–	88	88
<i>Other comprehensive income:</i>					
Foreign currency translation	–	–	3	–	3
Total comprehensive income for the period	–	–	3	88	91
Closing balance at 31 March 2024	8,321	75	33	(14,878)	(6,449)

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

	Attributable to owners of the Company			
	Share capital	Warrant reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'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	–	–	45	45
Closing balance at 31 March 2023	8,283	–	2,305	10,588
Opening balance at 1 January 2024	8,321	75	2,154	10,550
Profit for the period, representing total comprehensive income for the period	–	–	111	111
Closing balance at 31 March 2024	8,321	75	2,265	10,661

D. Condensed interim consolidated statement of cash flows

	3 months ended 31 March	
	2024 \$'000 (Unaudited)	2023 \$'000 (Unaudited)
Operating activities		
Profit before tax	89	211
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	420	793
Depreciation of investment property	14	14
Depreciation of right-of-use assets	3,505	3,511
Interest income	(5)	(10)
Impairment of amounts due from joint venture	–	103
Write-off of property, plant and equipment	5	1
Write back of impairment loss on property, plant and equipment	–	(5)
Write back of impairment loss on right-of-use assets	–	(280)
Gain on disposal of property, plant and equipment	(6)	–
Finance costs	622	647
(Gain)/loss on early termination and modification of leases, net	(2)	66
Currency realignment	4	(2)
Total adjustments	4,557	4,838
Operating cash flows before changes in working capital	4,646	5,049
<u>Changes in working capital</u>		
Decrease/(increase) in:		
Inventories	8	10
Trade and other receivables	(266)	422
Refundable deposits	19	(125)
Prepayments	7	(115)
(Decrease)/increase in:		
Trade and other payables	(93)	(621)
Other liabilities	(286)	(583)
Amount due to joint venture	1	–
Contract liabilities	230	(119)
Total changes in working capital	(380)	(1,131)
Cash flows from operations	4,266	3,918
Interest received	5	10
Income taxes paid	(1)	–
Net cash flows generated from operating activities	4,270	3,928

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

	3 months ended 31 March	
	2024 \$'000 (Unaudited)	2023 \$'000 (Unaudited)
Investing activities		
Purchase of property, plant and equipment	(22)	(61)
Cash paid for restoration cost	(35)	–
Proceeds from disposal of property, plant and equipment	6	–
Investment in joint venture	(320)	–
Net cash flows used in investing activities	(371)	(61)
Financing activities		
Repayments of loan and borrowings	(322)	(876)
Interest paid	(46)	(75)
Lease payments	(4,577)	(4,387)
Loans from director	180	450
Net cash flows used in financing activities	(4,765)	(4,888)
Net change in cash and cash equivalents	(866)	(1,021)
Cash and cash equivalents at 1 January	2,031	4,190
Cash and cash equivalents at 31 March ⁽¹⁾	1,165	3,169

Note:

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

	3 months ended 31 March	
	2024 \$'000 (Unaudited)	2023 \$'000 (Unaudited)
Cash and bank balances	2,165	4,469
Less: Bank deposits pledged	(1,000)	(1,300)
Cash and cash equivalents per consolidated interim statement of cash flows	1,165	3,169

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

	3 months ended	
	31 March	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current period additions to property, plant and equipment	22	61
Less: Provision for restoration cost	-	-
Net cash outflow for purchase of property, plant and equipment	22	61

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 Catalist Board of the SGX-ST. These condensed interim consolidated financial statements as at and for the three months ended 31 March 2024 (“**3M2024**”) 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 three months ended 31 March 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 31 March 2024, the Group’s total liabilities and current liabilities exceeded its total assets and current assets by \$6,449,000 (31 December 2023: \$6,540,000) and \$23,075,000 (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) the controlling shareholder has indicated through a letter of undertaking to financially support the Group as and when required, for 15 months from 14 May 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 3M2024.

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.

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4. Segment and revenue information

The Group is organised into the following main segments:

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

4.1. Reportable segments

	Hospitality		Food and beverages		Consolidated	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 January to 31 March						
(Unaudited)						
<i>Revenue:</i>						
External customers	4,512	4,325	9,773	10,410	14,285	14,735
	4,512	4,325	9,773	10,410	14,285	14,735
<i>Results:</i>						
Interest income	3	2	2	8	5	10
Interest on loans and borrowings	–	(10)	(47)	(65)	(47)	(75)
Interest on finance lease liabilities	(303)	(300)	(272)	(272)	(575)	(572)
Income tax expense	(1)	(78)	–	–	(1)	(78)
Depreciation of property, plant and equipment	(190)	(219)	(230)	(574)	(420)	(793)
Depreciation of right-of-use assets	(1,308)	(1,232)	(2,197)	(2,279)	(3,505)	(3,511)
Depreciation of investment property	–	–	(14)	(14)	(14)	(14)
Impairment of amounts due from joint venture	–	–	–	(103)	–	(103)
Write-off of property, plant and equipment	–	–	(5)	(1)	(5)	(1)
Write back of impairment loss on property, plant and equipment	–	–	–	5	–	5
Write-back of impairment loss on right-of-use assets	–	–	–	280	–	280
Gain/(loss) on early termination and modification of leases, net	–	–	2	(66)	2	(66)
Segment net profit/(loss)	1,008	676	(920)	(543)	88	133

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

	Hospitality		Food and beverages		Consolidated	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Unaudited)						
Segment assets:	19,648	20,883	21,293	22,611	40,941	43,494
Segment liabilities	(18,380)	(20,011)	(29,010)	(30,023)	(47,390)	(50,034)

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 delivered:

	3 months ended	
	31 March	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Singapore	14,278	14,629
Indonesia	7	106
	14,285	14,735

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

	31	31
	March	December
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Audited)
Singapore	30,783	32,702
Indonesia	–	–
	30,783	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.

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5. Profit before taxation

5.1. Significant items

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

	3 months ended 31 March	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Income		
Government grants ¹	127	519
Rental rebates ²	39	6
Gain/(loss) on early termination and modification of leases, net	2	(66)
Interest income	5	10
Write back of impairment loss on property, plant and equipment	–	5
Write back of impairment loss on right-of-use assets	–	280
Gain on disposal of property, plant and equipment	6	–
Expenses		
Commission fees	(275)	(421)
Contingent rental leases on operating leases	(150)	(176)
Depreciation of property, plant and equipment	(420)	(793)
Depreciation of investment property	(14)	(14)
Depreciation of right-of-use assets ³	(3,505)	(3,511)
Employee benefits	(3,706)	(4,827)
Fixed rental expense on operating leases	(22)	(27)
Foreign exchange (loss)/gain	(3)	2
Interest on loans and borrowings	(47)	(75)
Interest on finance lease liabilities ⁴	(575)	(572)
Write-off of property, plant and equipment	(5)	(1)

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.
- 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.

6. Income tax

The major components of income tax expense for the 3 months ended 31 March 2024 and 2023 are:

	3 months ended 31 March	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
<i>Consolidated statement of comprehensive income:</i>		
<u>Current income tax</u>		
- Under provision in respect of previous years	1	78
Income tax expense recognised in the consolidated statement of comprehensive income	1	78

7. Profit per share

Basic profit per share is calculated by dividing the Group's 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 profit and shares data used in the computation of basic and diluted profit per share for the 3 months ended 31 March 2024 and 2023:

	3 months ended 31 March	
	2024	2023
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	88	133
	Number of ordinary shares	
Weighted average number of ordinary shares for basic profit per share computation ('000)	232,740	232,481
Effect of dilution:		
Warrants ('000)	33,068	-
Weighted average number of ordinary shares for diluted profit per share computation ('000)	265,808	232,481
Basic earnings per share (cents)	0.04	0.06
Diluted earnings per share (cents)	0.03	0.06

8. Net Asset Value

	Group		Company	
	31 March 2024 (Unaudited)	31 December 2023 (Audited)	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Net asset value ("NAV") (\$'000)	(6,449)	(6,540)	10,661	10,550
Number of ordinary shares ('000)	234,389	234,389	234,389	234,389
NAV per ordinary share (cents)	(2.75)	(2.79)	4.55	4.50

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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
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	11	4	2	–	–	5	–	22
Disposal	(17)	(231)	(126)	–	–	(8)	–	(382)
Written-off	(65)	(24)	(59)	–	–	(215)	–	(363)
Currency realignment	–	(2)	(1)	–	–	–	–	(3)
At 31 March 2024	1,546	2,513	3,064	175	15	14,471	–	21,784
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	24	59	34	9	–	294	–	420
Disposal	(17)	(231)	(126)	–	–	(8)	–	(382)
Written-off	(65)	(24)	(56)	–	–	(213)	–	(358)
Currency realignment	–	(1)	(2)	–	1	–	–	(2)
At 31 March 2024	1,391	2,263	2,857	84	14	11,386	–	17,995

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
<i>Net carrying amount:</i>								
At 31 March 2024	155	250	207	91	1	3,085	–	3,789
At 31 December 2023	168	306	241	100	2	3,376	–	4,193

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 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)	Residential apartments and co-living		Total \$'000
	Restaurant premises \$'000	hotels \$'000	
At 1 January 2023	16,404	16,399	32,803
Additions	2,441	2,853	5,294
(Impairment charge)/write back of impairment loss	(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
Charge for the period	(2,198)	(1,307)	(3,505)
Early termination of leases	–	(40)	(40)
Lease modifications	1,724	–	1,724
At 31 March 2024	12,854	13,090	25,944

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

	31	
	March 2024 \$'000 (Unaudited)	31 December 2023 \$'000 (Audited)
At 1 January	34,020	39,476
Additions	–	5,313
Accretion of interests on:		
- Lease liabilities	575	2,530
- Subleases	–	–*
Payments	(4,577)	(17,880)
Early termination of leases	(40)	(730)
Lease modifications	1,724	5,307
Currency realignment	–	4
At 31 March / 31 December	31,700	34,020
Current	14,584	14,973
Non-current	17,116	19,047
At 31 March / 31 December	31,700	34,020

* Less than \$1,000

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

During the financial period ended 31 March 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 recorded within the "Other gains" 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:

	31 March 2024	31 December 2023
	\$'000	\$'000
	(Unaudited)	(Audited)
At 1 January	1,109	1,054
Additions	–	202
Reversal	–	(21)
Utilisation	(35)	(137)
Unwinding of discount and changes in the discount rate	–	11
At 31 March / 31 December	1,074	1,109
Current	393	393
Non-current	681	716
At 31 March / 31 December	1,074	1,109

12. Loans and borrowings

	31 March 2023	31 December 2023
	\$'000	\$'000
	(Unaudited)	(Audited)
Amount repayable in one year or less, or on demand		
- Bank loans	3,293	3,299
- Financing arrangement	15	–
Amount repayable after one year		
- Bank loans	330	714
- Financing arrangement	54	–
At 31 March / 31 December	3,692	4,013

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

Details of any collateral:

- 1) The Group's borrowings of \$1.0 million repayable in one year or less, or on demand are 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.

The Group's subsidiary bank loan is subject to covenant clauses, whereby the Group's subsidiary is required to meet certain key financial ratios. The Group's subsidiary did not fulfil the adjusted tangible net worth, debt service ratio and gearing ratio as required in the loan agreement. As at 31 March 2024, we did not request for the waiver from the bank. As this loan is a revolving loan, it has accordingly been classified as current in the Condensed interim statements of financial position.

Pursuant to Rule 704(34) of the Catalist Rules, the board of directors of the Company is of the opinion that the aforementioned breach of the covenant clauses does not have a significant impact on the operations of the Group nor will it result in the Group facing a cash flow problem.

This loan has been repaid on 30 April 2024.

- 2) The remaining bank borrowings of \$2.3 million repayable in one year or less, or on demand, and \$0.3 million repayable after one year are secured by continuing guarantees by the Company.
- 3) 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

	31 March 2024		31 December 2023	
	No. of shares '000 (Unaudited)	\$'000 (Unaudited)	No. of shares '000 (Audited)	\$'000 (Audited)
Issued and fully paid ordinary shares				
At 1 January	234,389	8,321	232,481	8,283
Issuance of new shares arising from rights issue of warrants	–	–	1,908	38
At 31 March / 31 December	<u>234,389</u>	<u>8,321</u>	<u>234,389</u>	<u>8,321</u>

On 9 October 2023, the Company issued 232,481,008 warrants at an issue price of S\$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 S\$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 31 March 2024, 1,908,000 warrants were converted to 1,908,000 new ordinary shares of the Company, this bringing total of issued share capital to 234,389,008 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 31 March 2024, there were 230,573,008 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 31 March 2024 and 31 December 2023.

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Katrina Group Ltd. and its subsidiaries as at 31 March 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 three-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 7 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 29 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 31 March 2024 was \$14.3 million, a decrease of \$0.4 million or 3.1% as compared to the revenue of \$14.7 million for the period ended 31 March 2023 ("**3M2023**").

Revenue for the Group F&B decreased by \$0.6 million or 6.1% from \$10.4 million in 3M2023 to \$9.8 million in 3M2024. This was mainly attributed to the reduction of 3 outlets, including the outlet in Indonesia, for the period under review, as well as the increased competition in the F&B segment.

Revenue for Group Hospitality increased by \$0.2 million or 4.3% from \$4.3 million in 3M2023 to \$4.5 million in 3M2024. The increase was due to the improvement in revenue from ST Signature, which was largely contributed by the opening of ST Signature Bugis Middle in late October 2023, offset by the reduction in revenue from ST Residences. Revenue from ST Residences has decreased in line with the reduction in the number of units of service apartment as well as general market trend as tenants start moving out from service apartments as rental rate in Singapore for residential units decreased.

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 restaurant outlets and residential apartments/co-living premises and other restaurant support costs.

The Group's cost of sales decreased by \$0.7 million or 5.5% from \$13.0 million in 3M2023 to \$12.3 million in 3M2024.

Cost of sales for Group F&B decreased by \$0.8 million or 7.7% from \$10.1 million in 3M2023 to \$9.3 million in 3M2024 largely attributable to the decrease in:

- (a) depreciation of property, plant and equipment and right-of-use assets of \$0.4 million and \$0.1 million respectively;
- (b) food costs of \$0.1 million, which is in line with the decrease in revenue; and
- (c) online platform commission of \$0.1 million, which is in line with the decrease in online revenue.

Depreciation of property, plant and equipment had decreased as compared to 3M2023 as the increase arising from the change in useful life for renovation for the F&B segment was recorded in 3M2023.

Cost of sales for Group Hospitality increased by \$0.1 million or 2.2% from \$2.9 million in 3M2023 to \$3.0 million in 3M2024. The increase was largely due to the increase in (a) online travel agencies commission of \$0.2 million; (b) payroll cost of \$0.1 million; offset by decrease in rental expense of \$0.2 million due to reduction in short term leases.

Gross profit

The Group recorded a gross profit of \$2.0 million for 3M2024 compared to a gross profit of \$1.7 million for 3M2023. Group F&B reported a gross profit of \$0.5 million and Group Hospitality reported a gross profit of \$1.5 million for 3M2024.

Other income

Other income mainly relates to the government grants, which include Progressive Wage Credit Scheme and Senior Employment Credit, 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 \$0.3 million or 53.9% from \$0.6 million in 3M2023 to \$0.3 million in 3M2024. This is largely due to the reduction in government grant of \$0.4 million due to the reduction in Progressive Wage Credit Scheme.

Selling and distribution costs

The selling and distribution costs increased by \$44,000 or 28.6% to \$0.2 million in 3M2024.

The increase from 3M2023 to 3M2024 was largely due to the increase in marketing expenses and discounts of \$15,000 as the Group provides more marketing efforts to boost the revenue, as well as increase in transport, travelling and accommodation charges of \$14,000.

Administrative expenses

Administrative expenses decreased slightly by \$91,000 or 6.3% to \$1.4 million in 3M2024.

The decrease in administrative expenses was due to (a) decrease in professional fees of \$75,000; and (b) decrease in stamp duty of \$32,000, which was largely due to fewer renewals made in 3M2024 as compared to 3M2023.

Other gains

Other gains decreased by \$0.1 million or 97.4% to \$3,000 in 3M2024.

The decrease in other gains is mainly attributable to the decrease in write back of impairment loss on right-of-use assets of \$0.3 million, offset by the impairment of amount due from joint venture of \$0.1 million and loss on early termination and modification of leases of \$0.1 million.

Profit for the period, representing 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 \$88,000 in 3M2024.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by \$1.9 million from \$36.8 million as at 31 December 2023 to \$34.9 million as at 31 March 2024.

This was mainly due to:

- (a) a decrease in right-of-use assets of \$1.8 million largely due to the depreciation of \$3.5 million, offset by the lease modification of \$1.7 million;
- (b) a decrease in property, plant and equipment of \$0.4 million largely as a result of the depreciation of \$0.4 million, offset by the acquisition of property, plant and equipment of \$22,000; offset by
- (c) an increase in investment in joint venture of \$0.3 million due to the investment in Daily Beer Singapore Pte. Ltd..

Current assets

The Group's current assets decreased by \$0.7 million from \$6.7 million as at 31 December 2023 to \$6.0 million as at 31 March 2024.

This was largely due to (a) a decrease in cash and cash equivalents of \$0.9 million; (b) a decrease in other receivables of \$0.3 million; (c) decrease in amount due from joint venture of \$0.1 million as this was capitalised as investment in joint venture; offset by (d) increase in trade receivables of \$0.6 million.

Trade receivables have increased mainly due to timing differences in payment from customers.

Current liabilities

The Group's current liabilities decreased by \$0.4 million from \$29.5 million as at 31 December 2023 to \$29.1 million as at 31 March 2024.

The increase was mainly due to (a) a decrease in other liabilities of \$0.3 million; (b) a decrease in lease liabilities (current) of \$0.4 million, offset by (c) an increase in contract liabilities of \$0.2 million and (d) an increase in trade and other payables of \$0.1 million.

Other liabilities had decreased due to the reduction in accrued bonus as part of the accrued bonus had been paid subsequent to 31 December 2023.

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 31 March 2024.

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

Non-current liabilities

The Group's non-current liabilities decreased by \$2.3 million from \$20.6 million as at 31 December 2023 to \$18.3 million as at 31 March 2024.

This was mainly due to (a) the decrease in lease liabilities (non-current) of \$1.9 million; and (b) the decrease in loans and borrowings (non-current) of \$0.3 million.

Overall, lease liabilities had decreased by \$2.3 million, largely due to the lease payments of \$4.6 million, offset by the accretion of interest of \$0.6 million and lease modification of \$1.7 million during the period under review.

Loans and borrowings have decreased as a result of repayments made during the period under review. Please refer to Note 12 Loans and borrowings for more details.

Shareholders' equity

The Group's shareholders' equity increased by \$0.1 million from a deficit of \$6.5 million as at 31 December 2023 to a deficit of \$6.4 million as at 31 March 2024. The increase resulted from the net profit generated during the period.

Negative working capital

As at 31 March 2024, the Group was in a negative working capital position of \$23.1 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 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 14 May 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 cash flows from operations for 3M2024 was \$4.3 million. This was mainly due to operating cash flows before changes in working capital of \$4.6 million and working capital outflow of approximately \$0.4 million.

Net cash used in investing activities amounted to \$0.4 million mainly arising from the investment in joint venture in Daily Beer Singapore Pte. Ltd. of \$0.3 million.

Net cash used in financing activities of \$4.8 million was mainly due to the lease payments of \$4.6 million, repayment of loan and borrowings and interest of \$0.4 million, offset by the inflow from loan from director of \$0.2 million.

The cash and cash equivalents for the period decreased by \$0.9 million since 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.

Business consolidation will continue to be one of the key focus of the F&B segment, with the Group looking to channel resources to new outlets or better performing outlets and close non-performing outlets.

In Singapore, turnover of Restaurants increased by 7.1% in March 2024 on a year-on-year basis.¹

The Group has opened its first Daily Beer outlet, offering Korean fried chicken and craft beer, in mid April 2024.

For the Hospitality segment, Singapore's tourism sector is expected to continue its strong recovery in 2024, with international visitor arrivals to Singapore expected to hit 15 million to 16 million in 2024.² 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.³

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.

¹ <https://www.singstat.gov.sg/-/media/files/news/mrsmar2024.ashx>

² <https://www.straitstimes.com/singapore/consumer/tourism-recovery-to-keep-momentum-in-2024-with-tourist-spend-nearing-pre-covid-numbers-stb>

³ Please refer to announcements dated 25 June 2022 and 22 June 2022 for further details.

7. Other transactions by the Executive Directors

The following are balances as at 31 March 2024 with the Executive Directors:

	<u>(\$'000)</u>
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	165
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	<u>625</u>

Notes:

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

² Amount is non-interest bearing.

8. 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.

9. Disclosure of acquisition and sale of shares under Rule 706A

Not applicable, as the Company did not carry out any acquisition or sale of shares for the current financial period which would require disclosure under Rule 706A.

10. 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 ended 31 March 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

14 May 2024