

Katrina GROUP LTD.

Incorporated in the Republic of Singapore
Registration No. 201608344N

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

PART 1 - INFORMATION REQUIRED FOR THE FULL-YEAR RESULTS ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Group		
	FY ¹ 2020	FY2019	Increase/
	(Unaudited)	(Audited)	(Decrease)
	S\$'000	S\$'000	%
Revenue	57,419	84,356	-31.9%
Cost of sales	(61,208)	(76,781)	-20.3%
Gross (loss) / profit	(3,789)	7,575	-150.0%
Other income	12,539	1,711	632.8%
Selling and distribution costs	(1,087)	(1,750)	-37.9%
Administrative expenses	(7,028)	(7,304)	-3.8%
Finance costs	(4,955)	(4,590)	8.0%
Other expenses	(12,010)	(2,137)	462.0%
(Loss) before tax	(16,330)	(6,495)	151.4%
Income tax (expense) /credit	(8)	173	-104.6%
Net (loss) for the year	(16,338)	(6,322)	158.4%
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(10)	33	-130.3%
Total comprehensive income for the year	(16,348)	(6,289)	159.9%

Notes:

- 1 "FY" denotes financial period from 1 January to 31 December
2 "N.M." Not meaningful

1(a)(ii) Notes to the statement of comprehensive income

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

	Group		
	FY2020	FY2019	Increase/
	(Unaudited)	(Audited)	(Decrease)
	S\$'000	S\$'000	
Government grants ¹	5,794	491	N.M.
Rental rebates ²	6,047	-	N.M.
Sponsorship received	52	115	-54.39%
Depreciation of property, plant and equipment	(3,403)	(3,002)	13.36%
Depreciation of investment property	(58)	(58)	0.00%
Depreciation of right-of-use assets	(25,465)	(23,846)	6.79%
Employee benefits	(19,245)	(26,700)	-27.92%
Expected credit losses of trade receivables	3	(69)	-104.35%
Commission fees	(2,173)	(2,930)	-25.83%
Contingent rental expense on operating leases	(554)	(1,002)	-44.71%
Write-off of property, plant and equipment	(678)	(3)	N.M.
Gain on early termination of leases	324	-	N.M.
Impairment loss on property, plant and equipment ³	(5,602)	(540)	937.45%
Impairment loss on right-of-use assets ³	(6,396)	(929)	588.47%
Impairment loss on goodwill	(12)	(468)	-97.44%
Amortisation of intangible assets	-	(99)	-100.00%
Interest expense on bank loan	(376)	(212)	77.17%
Interest on finance lease liabilities ⁴	(4,579)	(4,590)	-0.23%

Notes:

- Government grants refer mainly to the Jobs Support Scheme, Foreign Worker Levy rebate, Wage Credit Scheme, Property Tax Rebates and Cash Grants.
- Rent rebates refers to one-off rebates granted by landlords pursuant to Rental Relief Framework provided under the COVID-19 (Temporary Measures) (Amendment) Act.
- Impairment loss arises from carrying amounts of plant and equipment and right-of-use assets relating to non-performing non-current assets that exceeded the estimated recoverable amount.
- Interest on finance lease liabilities relates to interest expense from unwinding of lease liabilities arising from adoption of SFRS(I)16 Leases.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	Group As at	Group As at	Company As at	Company As at
	31-Dec-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000	31-Dec-20 (Unaudited) S\$'000	31-Dec-19 (Audited) S\$'000
Assets				
Non-current assets				
Property, plant and equipment	4,447	11,578	5	-
Right of-use assets	43,534	70,682	-	-
Intangible assets	-	12	-	-
Investment property	918	976	-	-
Investment in subsidiaries	-	-	6,061	6,061
Investment in joint venture	-	-	-	-
Refundable deposits	4,609	7,024	-	-
Deferred taxation	2	-	-	-
Total non-current assets	53,510	90,272	6,066	6,061
Current assets				
Inventories	164	176	-	-
Trade receivables	1,245	2,003	-	-
Other receivables	2,494	806	47	12
Refundable deposits	3,842	2,698	-	-
Prepayments	290	806	5	5
Amount due from a joint venture	103	103	-	-
Amount due from subsidiaries	-	-	4,135	3,138
Tax recoverable	-	17	-	-
Cash and cash equivalents	10,638	5,714	184	128
Total current assets	18,776	12,323	4,371	3,283
Total assets	72,286	102,595	10,437	9,344
Equity and liabilities				
Current liabilities				
Trade and other payables	10,322	5,651	291	289
Other liabilities	1,956	3,597	243	253
Lease liabilities	20,253	24,562	-	-
Provision	598	376	-	-

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	Group As at	Group As at	Company As at	Company As at
	31-Dec-20 (Unaudited)	31-Dec-19 (Audited)	31-Dec-20 (Unaudited)	31-Dec-19 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Contract liabilities	432	934	-	-
Deferred Grant income	905	-	53	-
Loan and borrowings	4,574	3,807	-	-
Provision for taxation	17	17	-	-
Total current liabilities	39,057	38,944	587	542
Net current (liabilities)/assets	(20,281)	(26,621)	3,784	2,741
Non-current liabilities				
Contract liabilities	61	66	-	-
Other payables	180	190	-	-
Lease liabilities	33,647	49,809	-	-
Provision	768	1,072	-	-
Deferred tax liabilities	8	6	-	-
Loan and borrowings	7,219	4,814	-	-
Total non-current liabilities	41,883	55,957	-	-
Total liabilities	80,940	94,901	587	542
Net (liabilities)/ assets	(8,654)	7,694	9,850	8,802
Equity attributable to the owners of the Company				
Share capital	8,192	8,192	8,192	8,192
Other reserves	22	32	-	-
Retained earnings	(16,868)	(530)	1,658	610
Total equity	(8,654)	7,694	9,850	8,802
Total equity and liabilities	72,286	102,595	10,437	9,344

1(b)(ii) In relation to the aggregate amount of group’s borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Aggregate amount of group’s borrowings and debt securities

	As at 31-Dec-20 (Unaudited) S\$'000		As at 31-Dec-19 (Audited) S\$'000	
	Secured	Unsecured	Secured	Unsecured
	Amount repayable in one year or less, or on demand	4,574	-	3,807
Amount repayable after one year	7,219	-	4,814	-
	11,793	-	8,621	-

Details of any collateral:

- 1) The Group borrowing of \$0.2 million repayable in one year or less, or on demand, and \$0.4 million repayable after one year are both secured by continuing guarantees by the Company, mortgage of the investment property and assignment of rental proceeds relating to the investment property. The investment property is located at 1 Sims Lane #05-05 Singapore 387355.

- 2) The remaining bank borrowings of \$4.4 million repayable in one year or less, or on demand, and \$6.8 million repayable after one year are secured by continuing guarantees by the Company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statements of Cash Flows

	2020	2019
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Operating activities:		
Loss before tax	(16,330)	(6,495)
<u>Adjustments for:</u>		
Amortisation of intangible assets	-	99
Depreciation of investment property	58	58
Depreciation of property, plant and equipment	3,403	3,002
Depreciation of right-of-use assets	25,465	23,846
Expected credit losses on trade receivables	(3)	69
Impairment loss on goodwill	12	468
Impairment loss on property, plant and equipment	5,602	540
Impairment loss on right-of-use assets	6,396	929
Interest income	(1)	(9)
Finance costs	4,955	4,590
Provision for restoration cost	-	(33)
Write-off of property, plant and equipment	678	3
Gain on early termination of leases	(324)	-
Currency realignment	160	31
Total adjustments	46,401	33,593
Operating cash flows before changes in working Capital	30,071	27,098
<u>Changes in working capital:</u>		
Decrease in inventories	12	27
Increase in trade and other receivables	(930)	(1,649)
Decrease/(increase) in refundable deposits	1,200	(2,697)
Decrease/(increase) in prepayment	516	(118)
Increase/(decrease) in trade and other payables	4,145	(75)
Decrease/(increase) in other liabilities	(1,641)	1,030
Increase/(decrease) in amount due to a director	503	(455)
Increase in contract liabilities	398	425
Total changes in working capital	4,203	(3,512)
Cash flows from operations	34,274	23,586
Income tax received/(paid)	8	(205)
Interest received	1	9
Net cash flows generated from operating activities	34,283	23,390
Investing activities:		
Purchase of property, plant and equipment	(2,562)	(7,119)
Cash paid for restoration cost	(82)	(130)

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	2020	2019
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Repayment of amount due form a director	-	358
Net cash flows used in investing activities	(2,644)	(6,891)
Financing activity:		
Proceeds from loan and borrowings	6,000	9,400
Repayments of loans and borrowings	(2,828)	(779)
Interest paid	(360)	(193)
Lease payments	(29,527)	(25,751)
Net cash flows used in financing activities	(26,715)	(17,323)
Net increase / (decrease) in cash and cash equivalents	4,924	(824)
Cash and cash equivalents at 1 January	5,714	6,538
Cash and cash equivalents at 31 December	10,638	5,714

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	Attributable to owners of the Company			
	Share Capital	Foreign currency translation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	8,192	(1)	5,792	13,983
Loss for the year	-	-	(6,322)	(6,322)
<i>Other comprehensive income:</i>				
Foreign currency translation	-	33	-	33
Total comprehensive income for the period	-	33	(6,322)	(6,289)
Balance at 31 December 2019	8,192	32	(530)	7,694
Balance at 1 January 2020	8,192	32	(530)	7,694
Loss for the year	-	-	(16,338)	(16,338)
<i>Other comprehensive income:</i>				
Foreign currency translation	-	(10)	-	(10)
Total comprehensive income for the period	-	(10)	(16,338)	(16,348)
Balance at 31 December 2020	8,192	22	(16,868)	(8,654)

Statements of Changes in Equity (Continued)

Company	Attributable to owners of the Company		
	Share Capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 January 2019	8,192	248	8,440
Profit for the year, representing total comprehensive income for the year	-	362	362
Balance at 31 December 2019	8,192	610	8,802
Balance at 1 January 2020	8,192	610	8,802
Profit for the year, representing total comprehensive income for the year	-	1,048	1,048
Balance at 31 December 2020	8,192	1,658	9,850

- 1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles as, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share Capital – Ordinary Shares

	Number of issued shares	Issued and paid-up share capital S\$
Balance as at 31 December 2019 and 31 December 2020	231,521,008	8,191,502

As at 31 December 2019 and 31 December 2020, there were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2019 and 31 December 2020, the Company’s issued share comprised only 231,521,008 ordinary shares.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company’s auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to the audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group except as described below:

Amendments to SFRS(I) 16: COVID-19-Related Rent Concessions

The amendment is applicable for annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted. The Group has early adopted this amendment for the financial year ended 31 December 2020 and has applied the practical expedient applicable in the standard.

Under this amendment, as a practical expedient, the Group may elect to account for any COVID-19 related rent concessions received as a variable lease payment with the effect of the rent concession recognised directly in the income statement, rather than a lease modification, which generally requires a lessee to remeasure the lease liability by discounting the revised lease payments using a new discount rate under SFRS(I) 16 Leases.

As a result of this election, the Group has recognised COVID-19 related rent rebate of approximately S\$6.0 million from landlords under "Other Income" in respect of the financial year ended 31 December 2020.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per share (“EPS”)	Group	
	FY2020 (Unaudited)	FY2019 (Audited)
Loss attributable to the owners of the Company (S\$'000)	(16,328)	(6,322)
Weighted average number of ordinary shares	231,521,008	231,521,008
Basic and diluted EPS (cents) ⁽¹⁾	(7.05)	(2.73)

⁽¹⁾ The basic and diluted EPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:**
- (a) current financial period reported on; and
 - (b) immediately preceding financial year.

Net asset value (“NAV”) per ordinary share

	Group		Company	
	31-Dec-20 (Unaudited)	31-Dec-19 (Audited)	31-Dec-20 (Unaudited)	31-Dec-19 (Audited)
NAV (S\$'000)	(8,654)	7,694	9,850	8,802
Number of ordinary shares	231,521,008	231,521,008	231,521,008	231,521,008
NAV per ordinary share (cents)	(3.74)	3.32	4.25	3.80

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:**
- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF FINANCIAL PERFORMANCE

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

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

As at 31 December 2020, the Group had 37 restaurants in Singapore and 2 restaurants in Indonesia under 9 different F&B brands, namely, Bali Thai, Honguo, So Pho, Streets, Bayang, Hutong, Muchos, RENNthai, and Tomo Izakaya. These brands serve authentic cuisines of 8 different ethnicities, namely Hong Kong, Indonesian, Japanese, Mexican, northern Chinese, Thai, Vietnamese, and Yunnan.

As at 31 December 2019, the Group had 44 restaurants in Singapore and 1 restaurant in Indonesia under 9 different F&B brands, namely, Bali Thai, Honguo, So Pho, Streets, Bayang, Hutong, Muchos, RENNthai, and Tomo Izakaya. These brands serve authentic cuisines of 8 different ethnicities, namely Hong Kong, Indonesian, Japanese, Mexican, northern Chinese, Thai, Vietnamese, and Yunnan.

- ii. "Hospitality business" – offers fully furnished corporate serviced apartments under the brand of ST Residences; affordable luxurious co-living hotel under ST Signature and to provide one-stop domestic household cleaning services to the customers staying in service apartments and co-living hotels, SO Services Pte. Ltd. was incorporated.

As at 31 December 2020, the Group had nearly 200 units of apartment and 4 co-living hotels.

As at 31 December 2019, the Group had 376 units of apartment and 2 co-living hotels which tailored for business travellers that require accommodation for 3 months or longer, as well as travellers looking for shorter stay periods, respectively.

Revenue

The Group's revenue for the year ended 31 December 2020 ("FY2020") was of \$57.4 million, a decrease of \$26.9 million or 31.9% as compared to \$84.3 million for the year ended 31 December 2019 ("FY2019").

Revenue for the Group F&B decreased by \$27.1 million or 39.3% from \$68.9 million in FY2019 to \$41.8 million in FY2020, mainly attributed to the decreased in dine-in sales which was mitigated by a sustainable online sale.

Revenue for Group Hospitality increased marginally by \$0.2 million or 1.0% from \$15.4 million in FY2019 to \$15.6 million in FY2020. The increase was due to the contribution from the 2 new co-living hotels by ST Signature which started their operations in early 2020.

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 \$15.60 million or 20.3% from \$76.8 million in FY2019 to \$61.2 million in FY2020.

Cost of sales for Group F&B decreased by \$17.3 million or 27.3% from \$63.1 million in FY2019 to \$45.8 million in FY2020 mainly attributable to decreased in food and operating costs corresponding to decrease in revenue, decreased in rental expenses arising from return of non-performing outlets; reduced in headcount and related staff costs as a result of temporary salary cuts, voluntary and compulsory no-pay leave arrangement.

Cost of sales for Group Hospitality increased by \$1.7 million or 12.2% as ST Signature gradually started its co-living hotels operation since July 2019, which resulted in the rise in rental expenses, depreciation of property, plant and equipment, depreciation of right of-use assets, staff costs, utilities, and other expenses such as online travel agency service fees.

Gross (loss) / profit

Gross loss of \$3.8 million in FY2020 was reported as compared to gross profit of \$7.6 million in FY2019. Group F&B reported a gross loss of \$4.0 million and Group Hospitality reported a gross profit of \$0.2 million.

Other income

Other income increase by \$10.8 million or 632.8% from \$1.7 million in FY2019 to \$12.5 million in FY2020 mainly due to the government grants, which include Jobs Support Scheme, Foreign Worker Levy rebate, Wage Credit Scheme, as well as the rental rebates under the Rental Relief Framework legislated by the government under the Covid-19 (Temporary Measures) Act 2020.

Selling and distribution costs

The selling and distribution costs decreased by \$0.7 million or 37.9% from \$1.8 million in FY2019 to \$1.1 million in FY2020 mainly due to overall reduction in marketing and advertising expense associated with lower business activities.

Administrative expenses

Administrative expenses decreased by \$0.3 million or 3.8% from \$7.3 million in FY2019 to \$7.0 million in FY2020 as a result of the Group's efforts to contain expenses.

Finance costs

Finance costs increased by \$0.4 million or 8.0% from \$4.6 million in FY2019 to \$5.0 million in FY2020. The increase was mainly related to the interest expense from higher bank borrowings.

Other expenses

Other expenses increased by \$9.9 million or 462.0% from \$2.1 million in FY2019 to \$12.0 million in FY2020, mainly due to the impairment loss of \$5.6 million and \$6.4 million recognised on property, plant and equipment and right-of-use assets respectively. They were non-cash in nature and caused mainly by the COVID-19 pandemic that materially and adversely affected the group business during the year.

Income tax expense

Income tax expense of \$8,000 was an additional tax assessment of a subsidiary in F&B business.

Net (loss) for the year

The Group reported a net loss after tax of \$16.3 million in FY2020 largely attributable to the impairment loss of \$12.0 million, as well as losses incurred by both Group F&B and Group Hospitality businesses.

REVIEW OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by \$36.8 million from \$90.3 million as at 31 December 2019 to \$53.5 million as at 31 December 2020.

This was mainly due to i) an increase in right of use assets of \$11.4 million arising from the renewal of leases for some of the F&B outlets and new leases under Group Hospitality business; and ii) an increase of \$2.5 million in property, plant, and equipment.

The increase was offset by i) a depreciation charge of \$28.9 million; ii) an impairment loss of \$12.0 million; iii) a written-off of property, plant and equipment and right of use assets, and iv) a decrease in non-current security deposits of \$2.4 million.

Current assets

The Group's current assets increased by \$6.5 million from \$12.3 million as at 31 December 2019 to \$18.8 million as at 31 December 2020,

This was mainly due to i) an increase in other receivables of \$1.7 million from the Job Support Scheme; ii) an increase in refundable deposits of \$1.1 million reclassified from non-current refundable deposits; and iii) an increase in cash and cash equivalents as disclosed in the review of cash flows below.

The increase was offset by i) a decrease in trade receivables of \$0.7 million; and ii) a decrease in prepayment of \$0.5 million.

Current liabilities

The Group's current liabilities increased by \$0.1 million from \$38.9 million as at 31 December 2019 to \$39.1 million as at 31 December 2020 due to i) an increase in trade and other payables of \$4.7 million; ii) an increase of provision of restoration costs of \$0.2 million; iii) an increase of deferred Grant income and iv) an increase of loan and borrowing of \$0.8 million.

These were partially offset by a decrease in other liabilities which consists mainly accrued expenses of \$1.6 million; a decrease in contract liabilities of \$0.5 million; and a decrease in lease liabilities of \$4.3 million.

Non-current liabilities

The Group's non-current liabilities decreased by \$14.1 million from \$56.0 million as at 31 December 2019 to \$41.9 million as at 31 December 2020. There was an increase in net proceeds of loan and borrowings of \$2.4 million, offset by a decrease in non-current portion of lease liabilities of \$16.2 million as a result of the repayment of obligations under the leases and a decrease in provision of restoration costs of 0.3 million.

Shareholders' equity

The Group's shareholders' equity decreased by \$16.4 million from \$7.7 million to negative \$8.7 million as at 31 December 2020. The decrease resulted from the net loss incurred during the period which includes the recognition of impairment loss of \$12.0 million on the property, plant and equipment and right of use assets.

Negative working capital

As at 31 December 2020, the Group was in a negative working capital position of \$20.3 million as compared with negative working capital position of \$26.6 million as at 31 December 2019. The management had prepared cash flow forecasts which was derived from the financial budget to assess whether the Group can meet its debt obligations as and when they fall due. The Board of Directors of the Company ("**Board**") noted the Group has secured a working capital line of \$1 million during the FY2020. The Board has also received a letter of undertaking from a controlling shareholder to undertake financial support for 15 months to enable the Group to meet its liabilities as and when the Group is unable to meet such liabilities. The Group would continue to implement various strategic measures to contain cost, increase revenue and preserve cash liquidity.

REVIEW OF CASH FLOWS

The Group's net cash generated from operating activities in FY2020 was \$33.9 million. This was mainly due to operating cash flows before changes in working capital of \$29.7 million and working capital inflow of \$4.2 million.

Net cash used in investing activities amounted to \$2.6 million mainly arising from purchase of property, plant and equipment for Group Hospitality's business and payment of restoration cost for outlet closed.

Net cash used in financing activities of \$26.3 million was mainly due to the principal payment of lease payments of \$29.5 million and interest payment of \$0.4 million, which was partially offset by the net proceeds from loan and borrowings of \$3.2 million.

The cash and cash equivalents for the year increased by \$4.9 million.

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

Not applicable.

10. 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.

From 15 June 2020, Singapore moves into Phase 2, the Group F&B has seen a gradual improvement in consumer sentiments, yet business is unlikely to return to pre-COVID-19 level for the time being.

The Group will continue to review and return outlets that are non-performing and are due for renewal. The Group needs to implement various cash conservation measures to mitigate the financial and operational effects arising from the economic consequences of COVID-19 pandemic.

At the same time, while consumers are moving into virtual worlds at an unprecedented rate and are exposed to newer influences rapidly, the Group's marketing team is also working with partners to increase digital adoption and create awareness via social media for our Group F&B business to attract different target group of consumers to increase our online ordering.

For Group Hospitality business, though Singapore's Covid-19 situation remains under control and its vaccination program is also ongoing, the pace of border re-opening has slowed amidst the global surge in Covid-19 cases and the emergence of more contagious strains of the virus. Hence, we will continue to review and monitor the situation to reduce our commitments. We believe when the macro environment picks up, we will be able to regain the scale and market share based upon the positive relationships with our landlords and customers.

As the COVID-19 situation continues to evolve, we will constantly monitor the situation which has impacted revenue generation, whilst managing our cost structure in the new normal.

Despite the above challenges, the Group will continue to explore suitable opportunities to strengthen its competitive edge in its existing business and expand its F&B business both in Singapore and overseas.

11. If a decision regarding dividend has been made:

a) Whether an interim (final) dividend has been declared (recommended); and

Not applicable.

b)(i) Amount per share in cents

Not applicable.

b)(ii) Previous corresponding period in cents

Not applicable.

c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

d) The date the dividend is payable

Not applicable.

e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

There is no dividend declared or recommended in FY2020 as the Group is loss-making for the year.

13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPT.

Other than as disclosed under the amount due to directors (statement of the financial position line item) and section 11(a) above, the following are the IPT transactions during the current financial period:

The Company is required to furnish to the MOM a security bond of \$5,000 for each foreign worker the Company engages. Our Group has made arrangement with certain insurers for

the insurers to issue letters of guarantee in lieu of the security bonds. Our Executive Chairman and CEO, Alan Goh, and our Executive Director, Catherine Tan, have in turn provided indemnities to the insurers in respect of any amounts claimed under the letters of guarantee.

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

	As at 31-Dec-2020 (\$'000)
Aggregate indemnity in connection with the security bonds	195

14. 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.

15. 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 financial year ended 31 December 2020 to be false or misleading in any material aspect.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

A) Business segments

	Hospitality 2020 (Unaudited) S\$'000	F&B 2020 (Unaudited) S\$'000	Consolidated 2020 (Unaudited) S\$'000	Hospitality 2019 (Audited) S\$'000	F&B 2019 (Audited) S\$'000	Consolidated 2019 (Audited) S\$'000
<i>Revenue:</i>						
External customers	15,598	41,821	57,419	15,441	68,915	84,356
Inter-segment	-	-	-	-	-	-
	15,598	41,821	57,419	15,441	68,915	84,356
<i>Results:</i>						
Interest on loans and borrowings	(78)	(298)	(376)	(197)	(15)	(212)
Expected credit losses on trade receivables	3	-	3	(69)	-	(69)
Income tax (expense)/ credit	-	(8)	(8)	-	173	173
Depreciation of property, plant and equipment	(922)	(2,481)	(3,403)	(135)	(2,867)	(3,002)
Depreciation of right-of-use assets	(10,924)	(14,541)	(25,465)	(14,980)	(8,866)	(23,846)
Depreciation of investment property	-	(58)	(58)	-	(58)	(58)
Property, plant and equipment written off	(21)	(657)	(678)	-	(3)	(3)
Gain on early termination of lease	321	3	324	-	-	-
Amortisation of intangible assets	-	-	-	(42)	(57)	(99)
Impairment loss on goodwill	(12)	-	(12)	-	(468)	(468)
Impairment loss on property, plant and equipment	(4,799)	(803)	(5,602)	-	(929)	(929)
Impairment loss on right-of-use assets	(3,408)	(2,988)	(6,396)	-	(540)	(540)
Segment net loss	(11,324)	(5,014)	(16,338)	(2,334)	(3,988)	(6,322)

Katrina GROUP LTD.

Incorporated in the Republic of Singapore
Registration No. 201608344N

	Hospitality 2020 (Unaudited) S\$'000	F&B 2020 (Unaudited) S\$'000	Consolidated 2020 (Unaudited) S\$'000	Hospitality 2019 (Audited) S\$'000	F&B 2019 (Audited) S\$'000	Consolidated 2019 (Audited) S\$'000
Segment assets	28,313	43,973	72,286	48,620	53,975	102,595
Segment liabilities	(42,116)	(38,824)	(80,940)	(45,515)	(49,386)	(94,901)

B) Geographical information

	Revenue 2020 (Unaudited) S\$'000	Non-current assets 2020 (Unaudited) S\$'000	Revenue 2019 (Audited) S\$'000	Non-current assets 2019 (Audited) S\$'000
Singapore	56,716	51,823	83,349	87,394
Hong Kong	509	86	435	785
Indonesia	194	1,601	572	2,093
	<u>57,419</u>	<u>53,510</u>	<u>84,356</u>	<u>90,272</u>

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Note 8.

18. **Breakdown of revenue and net (loss) for the year**

	Group		Increase/ (Decrease) %
	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	
Sales reported for:			
(a) First half of the financial year	25,588	40,336	(36.6)
(b) Second half of the financial year	31,831	44,020	(27.7)
	57,419	84,356	(31.9)
Net (loss) reported for:			
(a) First half of the financial year	(5,629)	(2,081)	170.5
(b) Second half of the financial year	(10,709)	(4,241)	152.5
	(16,338)	(6,322)	158.4

19. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

Not applicable.

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Goh Keng Hong	43	Brother of the Chief Executive Officer and the Executive Director	Chief Operating Officer of Straits Organization Pte. Ltd. since 23 April 2020. Area of responsibilities are: Executive, operations, sales and marketing, business development within the hospitality business.	no changes in duties and position
Goh Shen Shu Donovan	31	Son of the Chief Executive Officer and the Executive Director	Business Development Manager in a wholly-owned subsidiary of the Company since 15 December 2017. He is responsible for developing and implementing growth opportunities in existing and new markets to drive sustainable financial growth.	no changes in duties and position
Krystal Goh Shu Yan	28	Daughter of the Chief Executive Officer and the Executive Director	Marketing Manager in a wholly-owned subsidiary of the Company since 1 July 2020. She spearheads marketing, publicity, and regional promotional initiatives to enhance dining and online revenue of Katrina Holdings.	no changes in duties and position

On behalf of the Board

Alan Goh Keng Chian
Executive Chairman and CEO

Madaline Catherine Tan Kim Wah
Executive Director

1st March 2021