LIFEBRANDZ LTD.
(Company Registration No. 200311348E)
(Incorporated in the Republic of Singapore)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

The Board of Directors (the "**Board**" or the "**Directors**") of LifeBrandz Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the unaudited financial results announcement for the financial year ended 31 July 2020 ("**FY2020**") dated 29 December 2020 (the "**Announcement**"). Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce the material variances and the reasons for the material variances between the audited financial statements of the Group for FY2020 (the "**Audited Results**") and the unaudited financial statements stated in the Announcement (the "**Unaudited Results**") following the finalisation of the audit.

Below are the details of the material variances between the Audited Results and the Unaudited Results:

<u>Consolidated Statement of Financial Position</u>

	Per Unaudited Results	**Per Audited Results**	**Increase/(Decrease)**		**Explanation for the variances**
	S$'000	**S$'000**	**S$'000**	**%**	
ASSETS					
Current assets					
Trade and other receivables	1,047	540	(507)	(48%)	Refer to A
Non-current assets					
Goodwill	194	-	(194)	NM	Refer to B
Current liabilities					
Bank borrowings	164	27	(137)	(84%)	Refer to C
Trade and other payables	5,324	4,890	(434)	(8%)	Refer to D
Lease liabilities	59	557	498	>100%	Refer to E
Non-current liability					
Lease liabilities	2,099	2,825	726	35%	Refer to E
EQUITY					
Foreign currency translation reserve	(405)	(164)	(241)	(60%)	Refer to F
Accumulated losses	(69,050)	(68,185)	(865)	(1%)	Refer to G

Consolidated Statement of Comprehensive Income

	Per Unaudited Results	Per Audited Results	Increase/(Decrease)		Explanation for the variances
	S$'000	S$'000	S$'000	%	
Other operating income	250	667	417	>100%	Refer to H
Expenses					
Inventories and consumables used	(830)	(933)	103	12%	Refer to I
Amortisation and depreciation	(1,789)	(1,636)	(153)	(9%)	Refer to J
Employee benefits	(2,235)	(2,506)	271	12%	Refer to K
Lease expenses	-	(136)	136	NM	Refer to L
Other operating expenses	(4,273)	(6,098)	1,825	43%	Refer to M

Consolidated Statement of Cash Flows

	Per Unaudited Results	Per Audited Results	Increase/(Decrease)		Explanation for the variances
	S$'000	S$'000	S$'000	%	
Net cash flows generated from/(used in) operating activities	542	(1,320)	(1,862)	NM	Refer to N
Net cash flows used in investing activities	(3,514)	(64)	(3,450)	(98%)	Refer to O
Net cash generated from financing activities	2,737	1,169	(1,568)	(57%)	Refer to P

NM - not meaningful/not material

Explanatory notes:

A. The difference is mainly due to refund from vendors of the advance payment previously made by the wholly-owned subsidiary, e-Holidays Co., Ltd. ("**e-Holidays**") due to cancellation of tour packages.

B. e-Holidays is operating with minimal sales generated and unable to generate sufficient operating cash flows to support its business operation due to impact of COVID-19 pandemic on travel booking service industry. Accordingly, an impairment loss on goodwill of S$194,000 was recognised during FY2020.

C. The difference is due to timing difference in recording the loan repayment of S$137K by e-Holidays.

D. The difference is mainly due to adjustment on the advances received from customers of e-Holidays in relation to the original booked packages which were expired and non-refundable, and subsequently recognised as revenue.

E. The difference is due to recognition of lease liabilities pursuant to the adoption of SFRS(I) 16 in relation to a 10-year property lease under the 50%-owned subsidiary, LifeBrandz USA, Inc. ("**LB USA**"). For avoidance of doubt, the Group has terminated such lease subsequent to end of FY2020.

F. The difference in foreign currency translation reserve is mainly due to a decrease in the shareholders' equity of the LB USA arising from the recognition of further losses.

G. The difference in accumulated losses is due to the increase in loss attributable to owners of the Company.

H. The difference is mainly due to reclassification of renovation grant of S$199K and government grant of S$225K from other operating expenses.

I. The difference is due to reclassification from other operating expenses after alignment of certain expenses incurred by LB USA to the Group's policies in classification of expenses.

J. The difference is mainly due to adjustment in relation to the recognition of right-of-use assets in LB USA pursuant to the adoption of SFRS(I) 16.

K. The difference is due to additional accrual of employee benefits for LB USA and another wholly-owned subsidiary, Cloud Eight Pte. Ltd. ("**Cloud Eight**") arising from retrenchment of staff.

L. The difference is due to reclassification of short-term lease expenses from other operating expenses.

M. Other than the reclassifications mentioned in items H, I and L above, the difference is mainly due to recognition of impairment loss on property, plant and equipment arising from the cessation of operations of certain restaurants operated under Cloud Eight (Hashida Sushi) and LB USA (Sushi Nagai).

N. The Group recorded a net cash used in operating activities mainly due to a net decrease in working capital changes of S$1.9 million, from S$2.1 million recognised in Unaudited Results to S$0.2 million recognised in Audited Results, after taking into consideration of the effect of subsequent adjustments made to statement of financial position of the Group and a reclassification of an amount due to related party (being the advances from Bounty Blue Capital Ltd, a controlling shareholder of the Company) of S$1.5 million to financing activities.

O. Net cash used in investing activities decreased significantly due to the reclassification of lease liabilities of S$2.1 million and recognition of right-of-use assets arising from the adoption of SFRS(I) 16 from financing activities.

P. Net cash generated from financing activities decreased significantly mainly due to the reclassification of lease liabilities of S$2.1 million arising from the adoption of SFRS(I) 16 to investing activities and recognition of repayment of lease liabilities of S$801K, partially offset by reclassification of an amount due to related party (being the advances from Bounty Blue Capital Ltd, a controlling shareholder of the Company) of S$1.5 million from operating activities.

BY ORDER OF THE BOARD

Saito Hiroyuki
Executive Chairman and CEO
11 February 2021

---

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST 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. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.