



**KTMG LIMITED**

UEN No. 197401961C

## PRESS RELEASE

For Immediate Release

### **KTMG Limited posts full-year net loss amid dampened consumer sentiment, initial one-off manufacturing costs**

<b>S\$000</b>	<b>2H2023</b>	<b>2H2022</b>	<b>Change %</b>	<b>FY2023</b>	<b>FY2022</b>	<b>Change %</b>
Revenue	59,059	54,491	8.4	88,765	106,294	(16.5)
Gross profit	4,264	8,184	(47.9)	8,133	16,115	(49.5)
(Loss)/Profit before tax	(1,466)	1,978	NM	(1,783)	4,356	NM
Net (loss)/profit attributable to shareholders	(1,611)	1,568	NM	(1,969)	3,464	NM

*NM – Not meaningful*

**SINGAPORE, 28 FEBRUARY 2024** – Catalist-listed KTMG Limited, (“**KTMG**”, or the “**Company**” and together with its subsidiaries, the “**Group**”), a Malaysia-based integrated textile and apparel manufacturer, today reported a net loss attributable to shareholders of S\$2.0 million for the full year ended 31 December 2023 (“**FY2023**”).

The Group’s revenue dropped by 16.5% to S\$88.8 million, mainly due to lower apparel orders placed by existing customers in the United Kingdom, Canada, and Europe, which saw the geographical revenues for these regions declining by S\$13.4 million, S\$7.4 million and S\$2.7 million respectively, impacted by weakened consumer purchasing power as a result of the rising inflation and interest rates, particularly in the first half of 2023 (“**1H2023**”). However, the Group offset the overall decline in revenue thanks to sales from a recently secured athleisure customer in the United States, which contributed S\$7.2 million in revenue in FY2023.

Gross profit decreased by 49.5% year-on-year to S\$8.1 million in FY2023 due to diseconomies of scale arising from lower revenue in 1H2023 and initial one-off costs incurred to fulfil a substantial maiden order from the new customer with a tight delivery schedule in 2H2023, resulting in increased expenses such as higher salaries and production-related costs, and freight and delivery charges for the order concerned. Consequently, gross profit margin narrowed by 6.0 percentage points from 15.2% in FY2022 to 9.2% in FY2023.

Administrative and general expenses fell 18.8% to S\$7.4 million in FY2023, mainly due to a decrease in foreign exchange loss and performance bonuses.

Selling and marketing expenses rose slightly by 2.6% to S\$2.2 million, primarily attributed to higher sample development costs and travelling expenses, partially offset by reduced sales commissions paid to apparel sourcing agents.

Finance costs grew by 21.2% to S\$1.1 million in FY2023, arising from higher interest expenses incurred on the Group's short-term borrowings following interest rate hikes.

In its latest full-year results, the Group posted a loss per share of 1.16 Singapore cents versus earnings per share of 2.04 Singapore cents in the previous year.

### **Financial Position**

As at 31 December 2023, the Group's net assets value was S\$19.6 million, which translates into a net asset value per share of 11.57 Singapore cents, compared with 13.42 Singapore cents as at 31 December 2022. Cash and bank balances as at 31 December 2023 improved to S\$7.8 million as compared to S\$6.3 million a year ago.

Said KTMG's Chief Executive Officer, Damien Lim, **“While we remain watchful of potential global headwinds impacting our traditional customer segment, there are pocket opportunities in frontier markets such as fast-growing e-commerce customers which the Group sees great potential to partner with. By consistently prioritising the improvement of our manufacturing and operational processes, investment in technologies, and continuous innovation in our product offerings, we will contribute significant advancement to the new market. We remain committed to maintaining discipline in controlling our costs to improve our top-line performance and profitability.”**

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*This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 28 February 2024.*

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**Issued on behalf of KTMG Limited by:**

**GC Consultants Pte Ltd**

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*This press release has been reviewed by the Company's continuing sponsor (the "Sponsor"), SAC Capital Private Limited.*

*This press release has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made, or reports contained in this press release.*

*The contact person for the Sponsor is Ms Charmian Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*

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### **About KTMG Limited**

KTMG Limited ("**KTMG**" and together with its subsidiaries, the "**Group**") is an integrated textile and apparel manufacturer.

KTMG is a contract manufacturer of apparel specialising in athleisure wear, casual wear, loungewear, and pyjamas for various ages, with facilities in Malaysia and Cambodia. The Group manufactures apparel for retailers in the United Kingdom, United States, European Union, and Canada, who then sell apparel products under their own brands. The Group has a co-creation business model through which it collaborates closely with its customers during the product initiation process, thereby offering customers a one-stop value-added platform.

KTMG also expanded upstream into the knitting, dyeing, and finishing of fabric, with its own textile manufacturing facility in Johor, Malaysia.

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