

Kimly's profit before tax remained stable at S\$43.9 million in FY2022

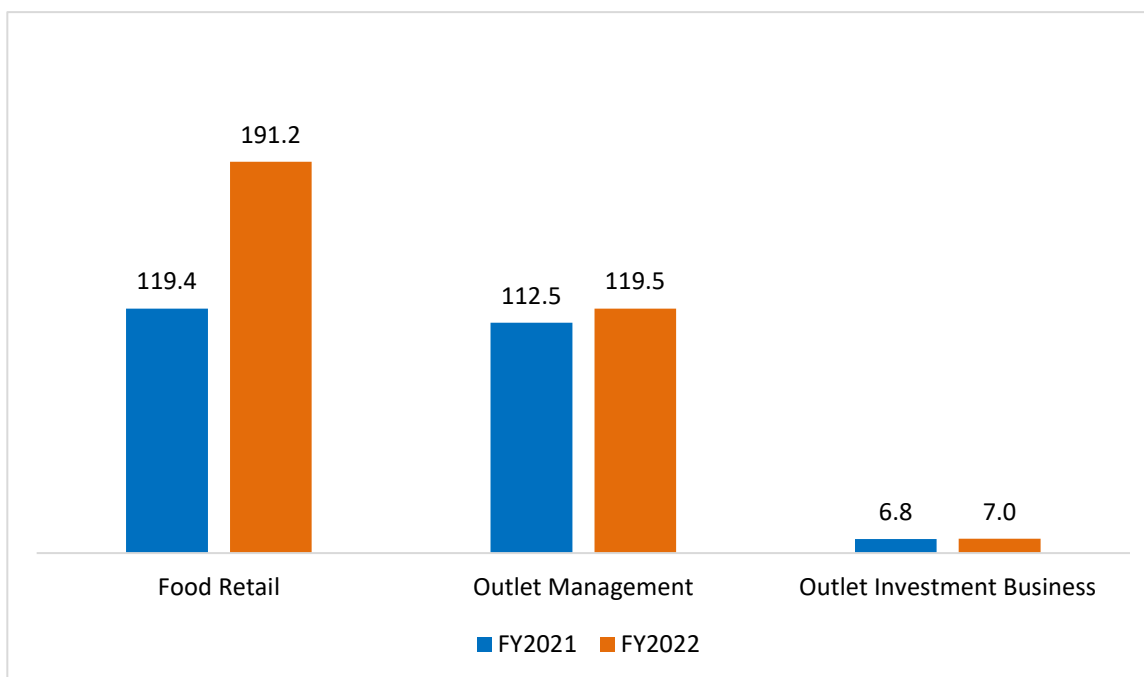
- Revenue contribution from the newly acquired Tenderfresh Group drove the revenue growth of 33.1% to S\$317.7 million in FY2022
- Gross profit rose by 18.5% to S\$92.6 million in FY2022, while gross profit margin decreased by 3.6 percentage points to 29.2% mainly attributable to higher costs and lower government grants
- The Group has proposed a final dividend of 1.12 Singapore cents per share, bringing the total dividend for FY2022 to 1.68 Singapore cents per share, representing about 61.4% dividend payout

SINGAPORE, 24 November 2022 – SGX Catalist-listed Kimly Limited (“金味有限公司”) (“Kimly” or the “Company” and together with its subsidiaries, the “Group”) is pleased to announce that it reported a 33.1% year-on-year (“yoy”) increase in revenue to S\$317.7 million for the year ended 30 September 2022 (“FY2022”), mainly due to revenue contribution from Tenderfresh Group. The Group registered net profit after tax attributable to the owners of the Company of S\$34.0 million for FY2022, a decrease of 13.4% yoy mainly attributable to lower non-taxable government grants.

S\$'million	FY2022	FY2021	% Change
Revenue	317.7	238.6	33.1
Gross profit	92.6	78.2	18.5
Gross profit margin	29.2%	32.8%	(3.6p.p)
EBITDA*	96.1	90.6	6.0
EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities	51.8	49.9	3.8
Net profit after tax attributable to the owners of the Company	34.0	39.3	(13.4)

* Earnings Before Interest (interest income and interest expense), Taxes, Depreciation and Amortisation (“EBITDA”)

The revenue breakdown (in S\$' million) by different business divisions is highlighted below:



The Group's Food Retail Division registered a growth of 60.2% to S\$191.2 million in FY2022. This was largely due to revenue contribution of S\$73.5 million from the newly acquired Tenderfresh Group, offset by a decrease in revenue contribution following the closure of 11 underperforming food stalls largely due to manpower shortage. In addition, the increase in the Group's revenue was also attributable to higher revenue contribution of S\$7.1 million and S\$0.2 million from Outlet Management Division and Outlet Investment Business Division respectively. This was attributable to an increase in sale of beverages and tobacco products and rental income due to revenue contribution from the openings of 3 coffeeshops, which is offset by the decrease in contribution from the closure of 5 traditional coffeeshops. Besides that, the increase in provision of utilities services which was in line with the rise in electricity tariff, increase in provision of cleaning services which was partially contributed by higher revenue contribution from Klovex Holdings Pte. Ltd. and reduction in rebates contributed to the growth in the Group's both divisions.

Cost of sales increased by S\$64.6 million to S\$225.1 million in FY2022. The increase in cost of sales was in tandem with the increase in revenue. Cost of sales as a percentage of revenue increased from 67.2% in FY2021 to 70.8% in FY2022. This was mainly driven by higher utilities charges which was in line with the rise in electricity tariff, higher employee benefits due to the increase in headcount from the Tenderfresh Group, salary adjustments for staff and increase in depreciation of right-of-use assets, and lower government grants which was partially offset by an increase in rental rebates. As a result, the Group registered a growth of 18.5% in gross profit to S\$92.6 million in FY2022 and the gross profit margin decreased by 3.6 percentage points to 29.2% in FY2022.

Selling and distribution expenses increased by S\$8.9 million to S\$19.1 million in FY2022 was largely due to higher online food delivery fees and packing materials expenses from the Tenderfresh Group.

The Group registered an increase of S\$6.7 million in administrative expenses to S\$28.9 million in FY2022. This was mainly attributable to salary expenses, repair and maintenance, bank charges, depreciation of property, plant and equipment, right-of-use assets, insurance, professional fees, rental and general expenses of S\$6.8 million incurred by the Tenderfresh Group; decrease in government grants received of S\$1.2 million; higher depreciation of property, plant and equipment of S\$0.4 million and increase in depreciation of right-of-use assets of S\$0.2 million. The increase was offset by a decrease in employee benefits expenses of S\$1.8 million due mainly to the resignations of the former Executive Chairman and Executive Director; and lower repair and maintenance charges of S\$0.1 million.

The Group's profit before tax remained stable at S\$43.9 million in FY2022 as compared to S\$44.5 million in FY2021.

Income tax expenses increased by S\$2.0 million to S\$7.2 million in FY2022. Effective rate was 16.3% as compared to 11.7% in FY2021. The higher income tax expense and effective tax rate were mainly due to lower non-taxable government grants received for Jobs Support Scheme of S\$1.6 million in FY2022 as compared to S\$13.5 million in FY2021.

As a result of the above, the Group's profit after tax decreased from S\$39.3 million in FY2021 to S\$36.7 million in FY2022. The Group generated S\$86.9 million in net cash from operating activities in FY2022 as compared to S\$90.1 million in FY2021. As at 30 September 2022, the Group had S\$77.6 million in cash and cash equivalents (30 September 2021: S\$95.0 million).

The Group has proposed a final dividend of 1.12 Singapore cents per share to thank the shareholders' unwavering support rendered during this trying period. Together with the interim dividends of 0.56 cent per share declared in May 2022, the total dividend distribution for FY2022 stands at 1.68 Singapore cents per share, representing about 61.4% payout of profit attributable to the owners of the Company.

The food and beverage (F&B) industry continues to be highly competitive, increasing costs such as labour and utilities are the key challenges faced in the F&B industry. Inflationary pressure has also driven up the raw material costs which were already significantly higher as a result of the supply chain disruptions. The high operating cost pressure is expected to plaque the F&B sector in 2023.

As the Group's coffeeshops are predominantly located within the heartlands, the Group expects a decline in the footfall to coffeeshops, as more people return to their workplaces. The Group remains focused on reinventing its food offerings to cater to the evolving consumer preferences and needs, bringing in new and innovative products such as its in-house developed Chicken Curry Pau across its Dim Sum stalls recently. In addition, the Group's Seafood "Zi Char" division has also revamped its menu offerings to cater to the needs of the younger households in Singapore and created multiple customised food packages for online orders.

The Group has gained a significant foothold in the Halal food market following the acquisition of Tenderfresh Group in October 2021. The Group has successfully opened 8 Tenderfresh food stalls in its coffeeshops in FY2022 and is in the midst of integrating and setting up more Tenderfresh food stalls in its chain of coffeeshops. Tenderfresh Group has unveiled their new Tex-Mex concept with the opening of their Amigo's outlet at Jurong East Central where consumers get to enjoy feisty and bold flavours of Mexican food. In view of increasing number of health-conscious consumers, Tenderfresh Group has also introduced a new healthier rice bowl series.

Besides that, the Group is planning to apply Tenderfresh Group's modern-day cafe concept, Tenderbest Makcik Tuckshop to the upcoming Restaurant by the Park at Sengkang Riverside Park, Singapore's largest man-made wetlands, marking our first foray into Singapore's expanding park locations. This family-friendly F&B cafe will complement the natural setting of the park through a variety of Halal food items that offers value for money.

The Directors of Kimly, said, **"We are delighted to deliver a resilient performance in FY2022 despite the tough business environment. The series of initiatives and expansion which we have implemented in FY2021 has laid a solid foundation for us in FY2022. With the stellar performance from Tenderfresh Group, we believe that there is tremendous potential in the Halal market. Tapping on Tenderfresh Group's network and competitive edge, we will continue to explore the Halal market in the industry. Furthermore, we will continue to look for suitable expansion opportunities and create unique dining experiences for different markets in Singapore to further broaden our revenue base.**

Moving ahead, we are mindful that the consumer sentiment may be dampened by recessionary fears arising from the uncertain global economic outlook. Thus, we will keep a close watch on the changing business landscapes and recalibrate our business strategies accordingly."

- End -

About Kimly Limited

Kimly Limited (“金味有限公司”) is one of the largest traditional coffeeshop operators in Singapore with more than 30 years of experience. The Group operates and manages an extensive network of 84 food outlets, 166 food stalls, 9 Tonkichi and Tenderfresh restaurants, 7 Rive Gauche Patisserie shops and 3 Tenderfresh kiosks across the heartlands of Singapore. It also operates Central Kitchen that supplies sauces, marinades and semi-finished food products to its food stalls, which enables it to have better control over its business processes and generate cost savings. Tenderfresh Group’s central kitchen also engaged in manufacturing, processing and sale of food products to customers.

Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char”, Japanese Food, Western Food and confectionary shops operates within the Group’s coffeeshops, third party brand’s coffeeshops, food courts, F&B kiosks and full-service restaurants. These food products are also available for online ordering through multiple delivery platforms.

**Issued for and on behalf of Kimly Limited
by Woodnote Consulting**

Yong Jing Wen, jingwen@woodnoteconsulting.com

Mobile: (65) 9860 3047

This press release has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.