

Kimly's 1H FY2021 net profit more than doubles to S\$21.7 million, up 106.2%

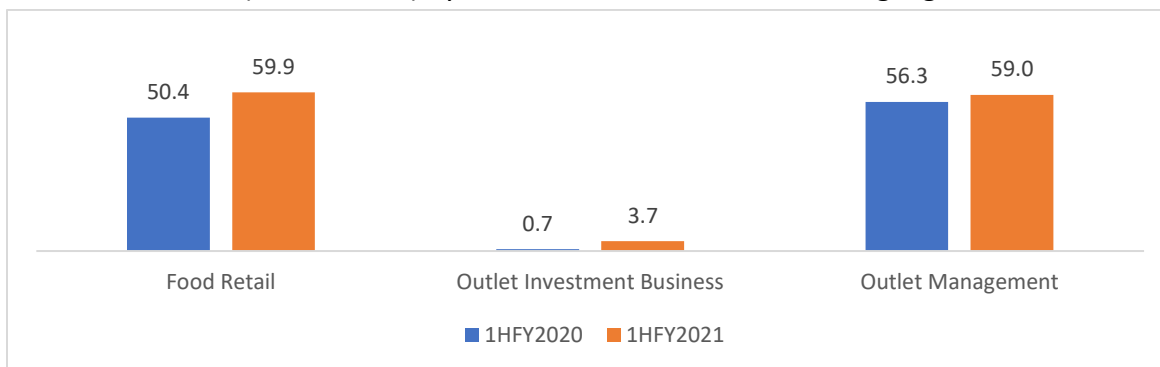
- Higher net profit after tax attributable to the owners of the Company was mainly due to combination of higher revenue and better gross margin
- Revenue increased 14.2% to S\$122.6 million as all three of Group's business divisions registered growth in 1H FY2021
- Gross profit surged 73.5% to S\$40.3 million mainly due to higher revenue, government grants and rental relief
- Group has declared interim dividend of 0.56 Singapore cents per ordinary share which is double the interim dividend amount that was announced during 1H FY2020

SINGAPORE, 10 May 2021 – SGX Catalist-listed Kimly Limited (“金味有限公司”) (“**Kimly**”, together with its subsidiaries, the “Group”) is pleased to announce that it reported a 14.2% year-on-year (“yoy”) increase in revenue to S\$122.6 million for the half year ended 31 March 2021 (“1H FY2021”) as all three of the Business Divisions of the Group recorded revenue growths. The Group registered a net profit after tax attributable to the owners of the Company of S\$21.7 million in 1H FY2021, an increase of 106.2% yoy.

S\$ 'million	1H FY2021	1H FY2020	% Change
Revenue	122.6	107.4	14.2
Gross profit	40.3	23.2	73.5
Gross profit margin	32.9%	21.6%	11.3p.p
EBITDA*	47.8	15.7	204.7
EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities	28.4	14.3	97.9
Net profit after tax attributable to the owners of the Company	21.7	10.5	106.2

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

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



Main revenue growth came from Food Retail Division increasing by 18.8% to S\$59.9 million mainly due to higher revenue contribution from existing food stalls, increase in food delivery sales and revenue contribution from 7 food stalls and 2 confectionery shops opened during FY2020. Outlet Investment Business Division saw growth of S\$3.0 million in revenue to S\$3.7 million mainly due to sale of beverages and tobacco products, rental income and provision of cleaning and utilities services from food outlet properties acquired in 2H FY2020. Outlet Management Division recorded 4.8% growth in revenue to S\$59.0 million mainly due to higher revenue contribution from existing coffeeshops and revenue contribution from new coffeeshops opened since FY2020, partly offset by rental and property tax rebates passed to tenants.

Revenue growth coupled with lower cost of sales due largely to government grants and rental relief received, resulting in gross profit increased by 73.5% to S\$40.3 million in 1H FY2021. Gross profit margin also rose to 32.9% in 1H FY2021 from 21.6% in 1H FY2020.

With higher online food delivery fees due to the higher volume of orders and an increase in cleaning and packing materials used, selling and distribution expenses increased by S\$1.6 million to S\$4.8 million for 1H FY2021.

The Group also registered a 7.6% increase in administrative expenses to S\$9.5 million for 1H FY2021, largely due to the increase in staff and management's incentive bonuses partially offset by government grant for wages support.

The Group reported an increase of S\$0.8 million in finance costs to S\$2.3 million for 1H FY2021 which was mainly due to interest expense from the unwinding of lease liabilities and bank loans.

As a result of the above, net profit after tax attributable to the owners of the Company increased from S\$10.5 million for 1H FY2020 to S\$21.7 million for 1H FY2021. The Group registered strong cash inflow from operating activities of S\$46.6 million in 1H FY2021 and thus had cash and cash equivalents were at S\$83.7 million as at 31 March 2021.

The Directors of the Group said, **“Our Group has shown resilience during the on-going pandemic. This is mainly due to all the hard work that has gone over time in solidifying the building blocks of our business. Over the years, we have added coffeeshops and food stalls, expanded through JVs and M&A, enhanced the central kitchen, worked on improving cost structure and added more expertise to the Group. We revitalised the coffeeshops by renovating, adding new food offerings, enhancing service lines to work towards more profitability. We have enhanced the central kitchens as well, for cost efficiencies, bulk purchases, product R&D and to cater to evolving market demand. All of these efforts are bearing fruits and we will continue to further strengthen our operations. We are thankful for dedication by our employees and the support from our shareholders and we have declared an interim dividend of 0.56 Singapore cents per share.”**

The Food and Beverages (“F&B”) sector is on a path of steady recovery, following the serious and adverse impacts on economic growth resulting from the global COVID-19 pandemic last year. Revenue (for F&B) is expected to register a CAGR of 6.6% during the period of 2021 to 2025, according to Statista¹. The distribution and rolling out of vaccines at the start of the year is also a positive sign, with many returning to the norm of dining out. Since Phase 2 of the economy’s reopening last June, footfall to the Group’s coffeeshops, canteens and food courts has been steadily increasing following the slow return to pre-pandemic normalcy.

Nonetheless, the Group will continue taking precautions in ensuring the safety of its staff and viability of operations as new strains of the virus have emerged in some parts of Asia this year. The Group has adapted to the challenges brought about by the pandemic and will constantly look to innovate to stay ahead in this volatile economy by deploying new technology to leverage on emerging trends. As it is difficult to predict how long the situation in Singapore would take to normalise given the global lingering uncertainties, the Group will continue seeking for opportunities available in the market to grow its revenue streams while monitoring the situation cautiously.

¹ Food & Beverages – Growth, Trends, Highlights
<https://www.statista.com/outlook/dmo/ecommerce/food-personal-care/food-beverages/singapore>

The Group has been actively seeking out acquisition opportunities that are synergistic to its core business to further expand market presence in Singapore and secure more long-term direct ownership of food outlets and food stalls in order to enhance profitability and revenue. The Group opened seven food stalls and two confectionery shops last year and two new coffeeshops during 1H FY2021, increasing the total number of food outlets to 83 from 64 since its listing in 2017.

In 2020, the Group entered into a joint venture agreement with Tenderfresh Fried & BBQ Chicken Pte Ltd (“Tenderfresh”), a leading and established western food operator and a major halal food retailer, supplier and wholesaler to operate a halal themed coffeeshop, branded KEDAI KOPI. The coffeeshop underwent enhancement work and was opened for business in December. KEDAI KOPI has been performing well since its opening.

On 1 April 2021, the Group acquired 60% of the issued and paid-up share capital of a general cleaning solutions provider, Klovex Holdings Pte. Ltd.. With the pandemic elevating the importance of hygiene and cleanliness and spurring greater demand for cleaners and cleaning services, this presented a great opportunity for the Group to expand into the cleaning services industry to further increase its revenue streams. This acquisition allows the Group to ride on the growing trend for cleaning services, potentially enhancing the profitability of the Group. The Group will also be provided with an enhanced set of cleaning capabilities, where it will be able to deliver elevated standards of cleanliness and hygiene at its operating premises for its customers.

The Group has entered into joint venture agreements with third parties to operate and manage the respective short-term coffeeshop leases at Block 134 Lorong Ah Soo, #01-454 Singapore 530134, Block 233 Bukit Batok East Avenue 5 #01-53 Singapore 650233 and Block 153A Serangoon North Avenue 1 #01-462 Singapore 551153. The Group will hold 49% stake in each of the joint ventures while the joint venture partners will hold 51% in the respective joint venture. The joint ventures are in line with the Group’s strategy to expand its network of food outlets locally and to establish new outlets and stalls as and when strategic locations become available. This will help the Group diversify and expand its revenue stream and mitigate uncertainties in the private leasing category.

Barring unforeseen circumstances, the Group expects to continue growing its revenue base and remain profitable for FY2021.

- End -

About Kimly Limited

Kimly Limited (“金味有限公司”) is one of the largest traditional coffeeshop operators in Singapore with 30 years of experience. The Group operates and manages an extensive network of 83 food outlets, 137 food stalls, 2 Tonkichi restaurants and 8 Rive Gauche Patisserie shops across the heartlands of Singapore. It also operates a 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.

Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char” food stalls and a chain of Japanese restaurants, Tonkichi, and a confectionery business, Rive Gauche.

In tandem with the growing demand for online food ordering and delivery services due to changing consumer trends, Kimly Group started to offer its Mix Value Rice, Dim Sum and Seafood “Zi Char” products for online ordering through Deliveroo, Food Panda, GrabFood and Oddle.

Issued for and on behalf of Kimly Limited

by Financial PR

Romil SINGH, romil@financialpr.com.sg

Ashley TAN, ashley@financialpr.com.sg

Tel: (65) 6438 2990 Fax: (65) 6438 0064

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 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.