

Kimly's Net Profit Grows 5.3% to S\$10.5 million in 1HFY2020

- The growth in revenue was mainly due to the contributions from the new coffeeshops and food stalls opened since November 2019
- Gross profit margin increased to 21.6 % for 1HFY2020 from 19.6% for 1HFY2019
- The Group remains committed to secure more long-term direct ownership of food outlets and food stalls

SINGAPORE, 11 May 2020 – 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 3.1% year-on-year (“yoy”) increase in revenue to S\$107.4 million for the half year ended 31 March 2020 (“1HFY2020”), mainly due to the revenue contributions from the 5 new coffeeshops and 8 food stalls opened since November 2019.

S\$ 'million	1HFY2020	1HFY2019	Change
Revenue	107.4	104.1	3.1
Gross profit	23.2	20.4	13.7
Gross profit margin	21.6%	19.6%	2.0pp
EBITDA*	15.8	12.9	21.8
Profit Attributable to the owners of the Company	10.5	10.0	5.3

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

In line with the growth in revenue, gross profit increased from S\$20.4 million for 1HFY2019 to S\$23.2 million for 1HFY2020. Gross profit margin also rose by 2.0 percentage points to 21.6% for 1HFY2020 from 19.6% for 1HFY2019.

With higher online food delivery fees due to higher volume of orders and increase in cleaning and packing materials used, selling and distribution expenses increased by S\$0.7 million to S\$3.2 million. The Group also registered a 11.0% increase in administrative expenses to S\$8.9 million for 1HFY2020, largely due to higher depreciation of property, plant and equipment and right-of-use assets by S\$0.6 million; an increase in repair and maintenance expense of S\$0.2 million and

an increase in employee benefits expense of S\$0.1 million. The Group also reported an increase of S\$1.5 million in finance costs for 1HFY2020 which was mainly due to interest expense from the unwinding of lease liabilities arising from the adoption of SFRS(I) 16 Leases.

In addition, other operating income increased by S\$1.3 million to S\$2.8 million, mainly attributable to sub-lease income of S\$1.1 million and insurance claim of S\$0.2 million. With the adoption of SFRS(I) 16, certain sub-leases to tenants are classified as finance leases, whereby the right-of-use assets relating to the head lease were derecognised and sub-lease rental receivables was recognised. The differences between right-of-use assets and sub-lease rental receivables were recognised as sub-lease income.

As a result of the above, profit attributable to the owners of the Company increased from S\$10.0 million for 1HFY2019 to S\$10.5 million for 1HFY2020. As at 31 March 2020, the Group has S\$75.0 million in cash and cash equivalents.

The COVID-19 global pandemic has seriously and adversely impacted economic growth prospects in Singapore. The Group's coffeeshops, canteens and food courts remain in operation but only for takeaway and delivery services during the period of the circuit breaker from 7 April 2020 to 1 June 2020, lesser footfall could be seen at these places during this period. In line with the further tightening of circuit breaker measures recently, the Group has suspended operations at its six Rive Gauche outlets and Cake Central Kitchen facility but the Group does not expect the suspension to have any material impact on the Group's revenue.

The Group is mindful of the challenges posed by COVID-19 pandemic, which negative impact has been mitigated to an extent by grants from the government and rental waiver and property rebates from landlords. It is difficult to predict how long the situation in Singapore would take to normalize given the lingering uncertainties. Thus, the Group will continue to monitor the situation closely and respond accordingly.

The Directors of Kimly, said, **“Besides placing focus on enhancing our food offerings and operations efficiency in the upcoming year, we remain committed to secure more long-term direct ownership of food outlets and food stalls in matured estates which is in line with our asset ownership strategy. We believe that there are still acquisition opportunities in the local market where we can tap on to further expand our presence in Singapore as well as enhance our profitability.”**

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About Kimly Limited

Kimly Limited (“金味有限公司”) is one of the largest traditional coffeeshop operators in Singapore with more than 29 years of experience. The Group operates and manages an extensive network of 73 food outlets and 134 food stalls 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 Dim Sum and Seafood “Zi Char” products for online ordering through Deliveroo, Food Panda and GrabFood.

Issued for and on behalf of Kimly Limited

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This press release has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This press release has not been examined or approved by the SGX-ST. 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.

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