

## Kimly registered a net profit of S\$18.5 million in 1H FY2022

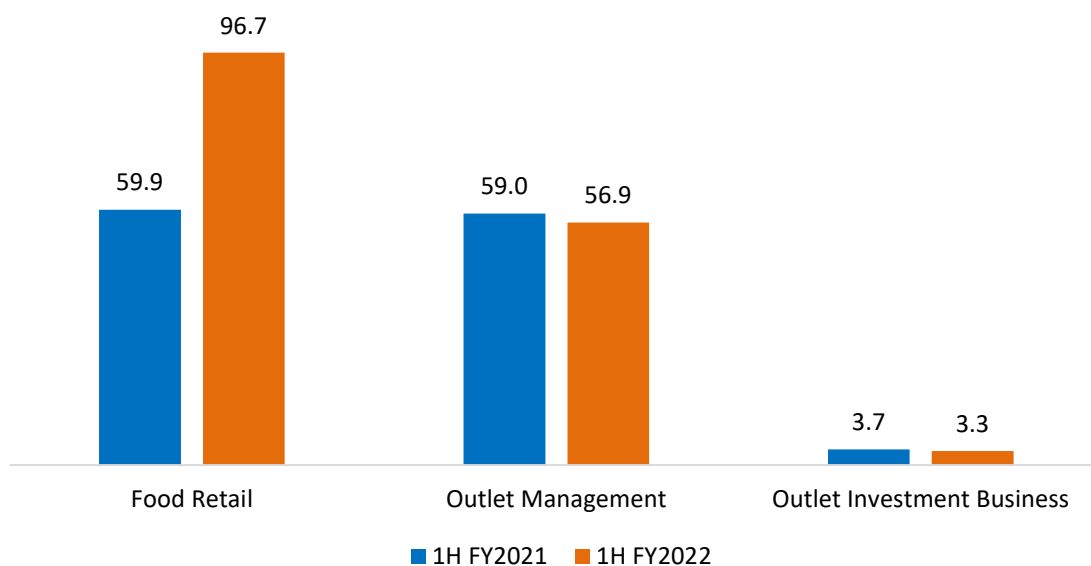
- Revenue rose 27.9% to S\$156.9 million in 1H FY2022 due mainly to revenue contribution from the newly acquired Tenderfresh Business
- Gross profit increased by 18.5% to S\$47.8 million in 1H FY2022, gross profit margin declined by 2.5% to 30.4% amid rising costs and lower government grants
- Proposed interim dividend of 0.56 Singapore cents per share

**SINGAPORE, 11 May 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 27.9% year-on-year (“yoy”) increase in revenue to S\$156.9 million for the half year ended 31 March 2022 (“1H FY2022”), mainly due to revenue growth in Food Retail division. The Group also registered net profit after tax attributable to the owners of the Company of S\$18.5 million for 1H FY2022, a decrease of 14.7% yoy.

S\$ 'million	1H FY2022	1H FY2021	% Change
Revenue	156.9	122.6	27.9
Gross profit	47.8	40.3	18.5
Gross profit margin	30.4%	32.9%	(2.5p.p)
EBITDA*	49.0	47.8	2.5
EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities	27.9	28.4	(1.7)
Net profit after tax	20.1	21.7	(7.6)
Net profit after tax attributable to the owners of the Company	18.5	21.7	(14.7)

\* 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 Food Retail Division which is the largest contributor to the Group’s revenue recorded an increase of S\$36.8 million to S\$96.7 million in 1H FY2022. The increase was mainly due to revenue contributions from the newly acquired Tenderfresh Business in October 2021, offset by a decrease in revenue contribution following the closure of 12 underperforming food stalls due largely to manpower shortage. However, the growth in revenue was offset by lower revenue contribution of S\$2.2 million and S\$0.4 million from Outlet Management Division and Outlet Investment Business Division respectively. This was attributable to the decrease in sale of beverages and tobacco products, arising from lower footfall at most of the Group’s coffeeshops due to COVID-19 restrictions imposed in view of rising cases. The Group only allowed a group of up to two to dine in as it was relatively challenging to enhance vaccine differentiated controls in coffeeshop setting.

In line with the growth in revenue, cost of sale increased by to S\$26.8 million to S\$109.1 million in 1H FY2022. The increase in cost of sales was in line with the increase in revenue. Cost of sales as a percentage of revenue increased from 67.1% in 1H FY2021 to 69.6% in 1H FY2022. This was mainly driven by lower government grants, higher utilities charges which was in line with the rise in electricity tariff, higher employee benefits by Klovex in providing the cleaning services and increase in depreciation of right-of-use assets. As a result, the Group registered a 18.5% growth in gross profit to S\$47.8 million in 1H FY2022 and the gross profit margin decreased by 2.5% to 30.4% in 1H FY2022.

Selling and distribution expenses increased by S\$5.7 million to S\$10.5 million in 1H FY2022 was mainly attributable to higher online food delivery fees and packing materials expenses from the newly acquired Tenderfresh Business.

The Group also recorded a S\$3.0 million increase in administrative expenses to S\$12.5 million in 1H FY2022. This was due to repair and maintenance, bank charges, depreciation of property, plant and equipment, insurance, rental and general charges of S\$1.6 million incurred by the newly acquired Tenderfresh Business; higher depreciation of right-of-use assets of S\$0.5 million, lower government grants of S\$0.5 million for wage support, higher repair and maintenance charges of S\$0.2 million and higher depreciation of property, plant and equipment of S\$0.1 million.

As a result of the above, profit attributable to the owners of the Company decreased from S\$21.7 million in 1H FY2021 to S\$18.5 million in 1H FY2022. The Group generated S\$40.4 million in net cash from operating activities in 1H FY2022 as compared to S\$46.6 million in 1H FY2021. As at 31 March 2022, the Group had S\$65.2 million in cash and cash equivalents (30 September 2021: S\$95.0 million).

The Group has declared an interim dividend of 0.56 Singapore cents per share to thank all the shareholders and show appreciations for their unwavering support and continued loyalty.

The operating environment in the Food and Beverages (“F&B”) industry is expected to remain challenging as the local F&B players are facing mounting operating cost pressures brought by the ongoing manpower crunch due to tightening of foreign manpower policy and rising costs of raw materials, rental and utilities. Intensifying competition has also further exacerbated the situation.

There will no longer be limits on group sizes or a requirement for safe distancing from 26 April 2022 as Singapore moves to further ease COVID-19 measures. All employees may also return to the workplace where working from home will no longer be the default. Lower footfall to the Group’s food outlets could be expected following the lifting of the restrictions as the Group’s coffeeshops are predominantly located within the heartlands. In addition, demand for food delivery services may taper as more people are expected to dine-in at F&B establishments. Nonetheless, the Group will continue to reinvent, innovate and upgrade its menu offerings to appeal to its patrons.

The acquisition of the Tenderfresh Business will propel the Food Retail division forward and generate new revenue streams for the Group. In addition, Tenderfresh Business’ competitive edge and extensive network in the Halal food market allows the Group to make further inroads into the Halal food segment. Following the opening of the second Kedai Kopi outlet and the third Tenderbest outlet during 1H FY2022, the Group will continue to look for suitable expansion opportunities and create unique dining experiences for different markets in Singapore.

The Directors of Kimly, said, **“We are heartened that our newly acquired business, Tenderfresh Group in October 2021 is performing well and started to make contribution to the Group’s revenue. FY2021 was an eventful year. We believe that the corporate developments in FY2021 have laid a strong foundation for the Group to grow as well as equip the Group with more capabilities to better serve our customers.**

**Moving ahead, the Group will stay focused in carrying out our four-pronged growth strategy to drive growth which include expanding footprint, diversifying product offering and revenue channels, expanding food retail division and strengthening operation capabilities to improve efficiency and productivity. As uncertainties persist, the Group will keep a close watch on the COVID-19 situation and adjust our strategy accordingly to thrive in the ever-evolving landscape.”**

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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 30 years of experience. The Group operates and manages an extensive network of 85 food outlets, 164 food stalls, 11 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. The Tenderfresh Central Kitchen also engaged in manufacturing, processing and sale of food products to other customers island wide.

Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char”, Japanese Food, Western Food and confectionery 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.

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