

## Kimly records a net profit of S\$31.7<sup>#</sup> million for FY2024

- Revenue increased by 1.8% to S\$319.4 million mainly due to higher revenue contribution across all Outlet Management, Food Retail and Outlet Investment Business Division
- Gross profit margin increased by 0.1 percentage points to 28.4%
- Proposed a final dividend of 1.0 Singapore cent per share, bringing the total dividend for FY2024 to 2.0 Singapore cents per share, reflecting a remarkable 75.0%<sup>1</sup> payout

**SINGAPORE, 26 November 2024** – SGX Catalist-listed Kimly Limited (“金味有限公司”) (“Kimly” or the “Company” and together with its subsidiaries, the “Group”), one of the largest traditional coffee shop operators in Singapore, reported its financial results for the twelve months ended 30 September 2024 (“FY2024”).

| S\$ 'million   | FY2024            | FY2023            | % Change |
|--|-------------------|-------------------|----------|
| Revenue  | 319.4             | 313.9             | 1.8      |
| Gross profit   | 90.6              | 88.9              | 1.9      |
| Gross profit margin  | 28.4%             | 28.3%             | 0.1 p.p  |
| EBITDA <sup>*</sup>  | 92.2              | 92.4 <sup>^</sup> | (0.3)    |
| EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities | 48.8              | 51.5 <sup>^</sup> | (5.2)    |
| Net profit after tax attributable to the owners of the Company                             | 31.7 <sup>#</sup> | 34.0 <sup>^</sup> | (6.8)    |

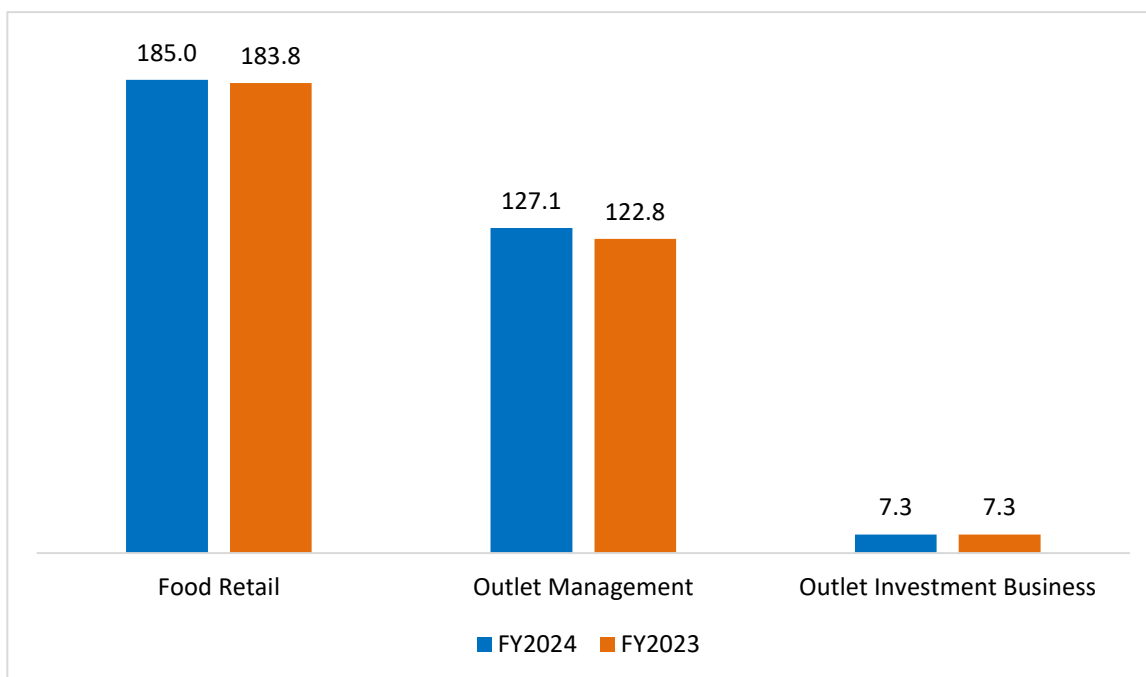
<sup>\*</sup>Earnings Before Interest (interest income and interest expense), Taxes, Depreciation and Amortisation (“EBITDA”)

<sup>#</sup>Excluding the corporate income tax rebate for Year of Assessment 2024 (“YA2024”) as announced in Budget 2024 of approximately S\$1.5 million

<sup>^</sup>Excluding the gain on disposal of the Confectionary Business of S\$2.5 million

<sup>1</sup> The payout ratio is calculated based on the unadjusted net profit after tax attributable to the owners of the Company of S\$33.1 million.

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



The Group's Food Retail Division reported a revenue increase of S\$1.2 million, reaching S\$185.0 million in FY2024. This was primarily fueled by revenue streams from 13 food stalls, 1 restaurant, and 1 kiosk opened during FY2023. The opening of 11 food stalls and 2 restaurants in FY2024 has further contributed to the revenue growth of the division. However, the increase in revenue was partially offset by a reduction in contribution from existing food stalls, closure of 6 underperforming food stalls during FY2023 and along with 7 food stalls and 1 restaurant during FY2024 as well as the absence of revenue from the Confectionary Business, following its disposal in December 2022.

The Outlet Management Division and Outlet Investment Business Division recorded revenue of S\$127.1 million and S\$7.3 million respectively in FY2024, up by S\$4.3 million and S\$24,000 from the prior year. This growth was primarily driven by contributions from 3 newly opened coffee shops in FY2023, as well as 1 coffee shop, 1 food court, and 1 industrial canteen opened in FY2024. Additional revenue from cleaning services, due to new cleaning contracts secured, further supported this increase. However, the overall growth was partially offset by the termination of management agreements for 4 coffee shops and the closure of 1 coffee shop in FY2023, along with the closure of an additional coffee shop and industrial canteen in FY2024, as well as reduced revenue from existing coffee shops.

Cost of sales rose by S\$3.8 million to S\$228.8 million in FY2024 which was in line with the increase in revenue. This was primarily attributed to higher employee benefit expenses driven by salary adjustment across the board, elevated utilities charges, higher depreciation of right-of-use assets

and higher cleaning expenses. However, this was partially offset by a reduced food ingredient expenses due to a change in the sales mix. Consequently, cost of sales as a percentage of revenue marginally decreased by 0.1 percentage point from 71.7% in FY2023 to 71.6% in FY2024. As a result, the Group's gross profit improved by 1.9% to S\$90.6 million in FY2024 with the gross profit margin increasing by 0.1 percentage point to 28.4% in FY2024.

The Group recorded a \$3.7 million drop in other operating income to S\$2.9 million in FY2024. The decrease was mainly attributable to the absence of gain on disposal of the Confectionary Business, reversal of impairment loss on property, plant and equipment and lower government grants.

Furthermore, administrative expenses increased by S\$2.3 million from S\$28.0 million in FY2023 to S\$30.3 million in FY2024. The increase was largely due to higher depreciation of property, plant and equipment and right-of-use assets. Additionally, there was an increase in employee benefit expense due to a larger headcount and across-the-board salary adjustment, along with higher professional fees and insurance expenses.

Income tax expense reduced by S\$2.4 million from S\$7.9 million in FY2023 to S\$5.5 million in FY2024. Effective tax rate declined from 16.7% in FY2023 to 13.1% in FY2024, mainly due to a one-time corporate income tax rebate of S\$1.6 million on 50% of the tax payable for YA2024, as announced in Budget 2024<sup>2</sup>, capped at S\$40,000 per company.

As a result of the above, the Group's net profit attributable to the owners of the Company decreased by 6.8% from S\$34.0 million in FY2023 (excluding the gain on disposal of the Confectionary Business of S\$2.5 million) to S\$31.7 million in FY2024 (excluding the corporate income tax rebate of S\$1.5 million). The Group generated S\$87.7 million in net cash from operating activities in FY2024 as compared to S\$88.3 million in FY2023. As at 30 September 2024, the Group had S\$98.5 million in cash and cash equivalents (30 September 2023: S\$89.1 million).

Amidst a challenging business environment, the Group has proposed a final dividend of 1.0 Singapore cents per share, demonstrating its gratitude for shareholders' steadfast loyalty and support. With the interim dividend of 1.0 Singapore cent per share declared in May 2024, the total dividend payout for FY2024 amounts to 2.0 Singapore cents per share, representing a significant payout ratio of 75% of profit attributable to the Company's shareholders.

Singapore's food and beverage ("F&B") industry is navigating an increasingly challenging business environment marked by economic uncertainties and escalating operational pressures. Rising costs of raw materials, rentals and utilities have significantly inflated operating expenses, compressing the

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<sup>2</sup> <https://www.straitstimes.com/singapore/budget-2024-13-billion-package-to-help-companies-deal-with-higher-costs>

Group's margins. Additionally, the industry faces a tight labour market that heightens manpower constraints, as businesses contend with increasing competition for skilled talents, further driving up labour expenses. With growing competition and changing consumer preferences, F&B operators face a landscape that requires adaptability and resilience.

In August 2024, Tenderfresh Business' Food Seasoning Manufacturing arm, which produces premix flour, seasoning, spices and powdered food ingredients, relocated to a new central kitchen at 26 Senoko Way, expanding its production space from 129 m<sup>2</sup> to 500 m<sup>2</sup>. This upgrade boosts production and storage capacity, allowing the Group to enter new markets, improve product quality, increase efficiency and create more jobs to meet the growing demand.

In addition, the Group has increased the production of semi-cooked products in both Sauce and Mixed Vegetable Rice (MVR) central kitchens. By integrating automated machinery into the MVR central kitchen, the Group has increased the supply of semi-processed meat products to the Seafood "Zi Char". Consolidating the deliveries to both MVR and Seafood "Zi Char" stalls at the same location, has further enhanced productivity, efficiency and convenience.

Looking ahead, the Group is dedicated to continuously reinventing and innovating its menu offerings to meet the evolving preferences of customers while maintaining quality standard. The Group will also closely monitor the shifting business landscapes, continuously adapting its strategies to remain competitive.

The Directors of Kimly, said, **"The business environment has grown increasingly challenging as rising operational costs place added pressure on F&B players. Despite the challenges, we successfully expanded our food outlet network by opening a total of 3 outlets, 11 stalls, and 2 restaurants in FY2024. In May 2024, we proudly opened our air-conditioned food court in Lucky Plaza, featuring 12 unique stalls that offer a diverse array of flavours. Additionally, we announced the proposed acquisition of a coffee shop property at Block 204 Serangoon Central, further strengthening our position in the market.**

**Moving ahead, we remain committed to expanding our food outlet network in Singapore while also growing our business in the Halal market to capitalise on the rising demand for Halal-certified products. We aim to optimise resources to achieve sustainable returns for our shareholders."**

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## **About Kimly Limited**

**Kimly Limited (“金味有限公司”)** is one of the largest traditional coffee shop operators in Singapore with more than 30 years of experience. The Group operates and manages an extensive network of 86 food outlets, 176 food stalls, 11 Tonkichi and Tenderfresh restaurants and 4 Tenderfresh kiosks across the heartlands of Singapore. It also operates central kitchens 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 kitchens 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 and Western Food operates within the Group’s coffee shops, third party brand’s coffee shops, 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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