

Kimly continues to demonstrate resilience in FY2021

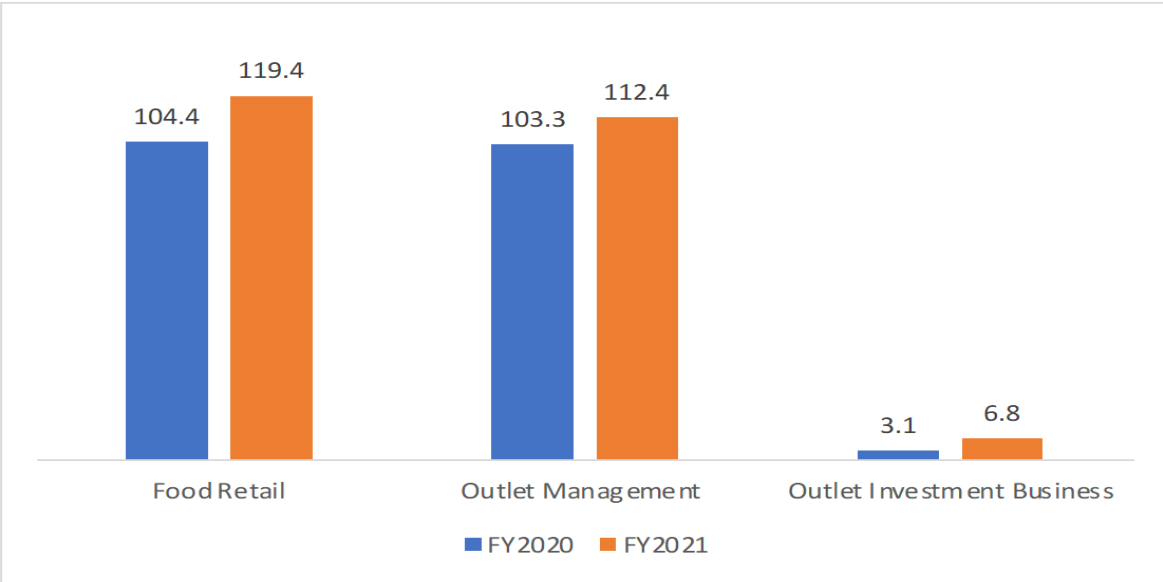
- Revenue increased 13.2% to record S\$238.6 million in FY2021 due to strong performance and growth from all three of the Group’s business divisions
- Revenue recovery coupled with the Singapore Government’s COVID-19 assistance schemes, gross profit grew 38.3% to S\$78.2 million in FY2021
- The Group has proposed a final dividend of 0.84 Singapore cents per share and a special dividend of 0.6 Singapore cents per share

SINGAPORE, 25 November 2021 – 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 13.2% year-on-year (“yoy”) increase in revenue to record S\$238.6 million for the full year ended 30 September 2021 (“FY2021”), mainly due to revenue growth from all three of its Business Divisions. The Group also registered net profit after tax attributable to the owners of the Company of S\$39.3 million for FY2021, an increase of 55.7% yoy.

S\$ 'million	FY2021	FY2020	Change
Revenue	238.6	210.8	13.2%
Gross profit	78.2	56.5	38.3%
Gross profit margin	32.8%	26.8%	6.0p.p
EBITDA*	90.6	68.6	31.6%
EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities	49.9	33.5	48.4%
Net profit after tax attributable to the owners of the Company	39.3	25.2	55.7%

* 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 contributed the most to Group’s revenue growth and delivered an increase of S\$15.0 million to reach S\$119.4 million in FY2021. The increase was mainly due to higher revenue contributions from existing food stalls, growth in food delivery sales and revenue contribution 6 food stalls and 1 confectionery shop opened during FY2021. The Outlet Management Division contributed growth of S\$9.2 million in revenue to S\$112.5 million in FY2021 mainly due to revenue contribution from 3 new coffee shops opened during FY2021, and improvement in footfall at Group’s coffee shops (notwithstanding revenue was impacted during circuit breaker period in FY2020). Revenue from Outlet Investment Business Division more than doubled from S\$3.1 million to S\$6.8 million in FY2021, mainly contributed by the sale of beverages and tobacco products, rental income and provision of cleaning and utilities services from the food outlet properties acquired in the second half of FY2020.

Cost of sales grew at a much slower pace than revenue mainly due to government grants and rental rebates received. Cost of sales as a percentage of revenue decreased from 73.2% in FY2020 to 67.2% in FY2021. Hence, gross profit increased 38.3% yoy to S\$78.2 million in FY2021. Gross profit margin improved by 6.0 percentage points to 32.8% in FY2021 from 26.8% in FY2020.

With higher online food delivery fees and increase in packing materials used due to increase in food delivery demand, selling and distribution expenses increased by S\$2.6 million to S\$10.2 million in FY2021.

The Group also registered a S\$4.1 million increase in administrative expenses in FY2021 to S\$22.2 million, largely due to higher employee benefits expenses of S\$2.5 million due to increased headcount, salary adjustment, higher staff and management's incentive bonuses in line with higher profit in FY2021, increase in depreciation of right-of-use assets, property, plant and equipment owned and investment property owned of S\$1.2 million, higher repair and maintenance expense of S\$0.8 million, higher stamp duty and insurance expense of S\$0.2 million, and partially offset by the increase in government grant for wages support of S\$0.6 million.

As a result of the above, profit attributable to the owners of the Company increased from S\$25.2 million in FY2020 to S\$39.3 million in FY2021. The Group generated S\$90.1 million in net cash from operating activities in FY2021 as compared to S\$74.9 million in FY2020. As at 30 September 2021, the Group had S\$95.0 million in cash and cash equivalents (30 September 2020: S\$68.3 million).

Despite the challenging business environment due to the ongoing pandemic, the Group was able to adapt to the everchanging landscape and grow from strength to strength in FY2021. The strategic locations of the Group's food outlets in the HDB heartlands that span across Singapore provided the Group with a competitive advantage to serve an increased footfall arising from the work-from-home and dining-in at the F&B establishments which have been allowed since the lifting of restrictions. Moreover, with the improved support from the central kitchen also helped the Group achieve a strong position to capitalize on the popularity in the food delivery segment.

The Group also registered some successes in the M&A front for diversification and growth. Most notably in 2021, the Group completed the acquisitions of controlling stakes in Klovex Holdings Pte. Ltd. ("Klovex"), a general cleaning solutions provider in Singapore, and Tenderfresh Business, a leading and established Halal food retailer, supplier and wholesaler. These acquisitions demonstrate the Group's strategy to increase profitability through identifying and acquiring complementary businesses with high potential synergies.

The pandemic has elevated the importance of hygiene and cleanliness. The acquisition of Klovex showcases the Group's foresight to capitalize on the expertise of Klovex to improve the hygiene standards of Group's food outlets while diversifying the sources of revenue.

Meanwhile, the acquisition of Tenderfresh Business allows the Group to make further headway in a promising market in terms of customer base and product offerings by leveraging on Tenderfresh Business' competitive edge and presence in Singapore's Halal F&B market. The opening of the second Kedai Kopi outlet at Geylang Serai Malay Village and third Tenderbest Makcik Tuckshop outlet at Punggol Golf Driving Range recently is representative of the Group's continued success in this new venture.

The Directors of Kimly, said, **“We are pleased that we have managed to improve our performance for the financial year despite another year of challenging environment due to the ongoing pandemic. As Singapore begins to transition towards an endemic living approach, we remain committed to expand our network of food outlets and food stalls across Singapore via joint ventures and acquisitions of food outlet properties throughout the city to widen our market presence. The recent acquisition of a 75% stake in Tenderfresh Business is a demonstration of our commitment to this continued strategy of increasing the range of our food offerings to cater to the different market segments. This strategy is expected to further strengthen our revenue base for future growth and enhance our shareholders’ value. While there is still uncertainty from the ongoing pandemic, we will continue to monitor the situation closely and prepare ourselves in a strong way for the post-pandemic environment.**

On the operational front, with growing demand from the food delivery business, we will continue to reinvent, innovate, and upgrade our menu offerings to attract and retain online customers. Through the integration of new technologies for the upgrade of our central kitchen, we are confident to improve the productivity and reduce the reliance on manpower. We will continue to strengthen our income base by enhancing our food offerings and operational efficiency for greater customer and shareholder value.

Lastly, we have also proposed a final dividend of 0.84 Singapore cents per share and a special dividend of 0.6 Singapore cents per share as a sign of appreciation and gratitude for the continued support of our shareholders. We will continue to strengthen our income base by enhancing our food offerings and operational efficiency for greater customer and shareholder value. Taking into consideration of S\$0.56 Singapore cents per share interim dividend paid in July 2021, the total dividend declared for FY2021 amounts to 2 Singapore cents per share.”

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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, 139 food stalls, 2 Tonkichi restaurants and 7 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”, Japanese Food and confectionery shops operates within the Group’s coffeeshops, third party 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 Financial PR

Romil SINGH, romil@financialpr.com.sg

Maverick LIM, maverick@financialpr.com.sg

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

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