

Koda reports Revenue increase of 27.9% and Net Profit After Tax increase of 37.3%

- Revenue rises 27.9% to US\$15.7 million for 1Q2019 on the back of higher sales from *Commune* and Export markets; Net Profit After Tax rises 37.3% to US\$2.0 million
- Expansion of *Commune* in China on track under the consumer-driven economic growth policies
- Cash at bank rises to US\$12.6 million with strong operating cash flows of US\$2.3 million for 1Q2019

Financial Highlights	1Q2019	1Q2018	Change (%)
	US\$'000	US\$'000	
Revenue	15,723	12,296	27.9
Gross Profit	5,115	4,245	20.5
Net Profit After Tax	1,953	1,422	37.3

Singapore, 13 November 2018 – Mainboard-listed Koda Ltd (“**Koda**” or the “**Group**”), a leading original design manufacturer of furniture and owner of the retail and distribution brand, *Commune Lifestyle Pte Ltd* (“**Commune**”), reported today higher earnings and improved operating cash flows for the first quarter ended 30 September 2018 (“**1Q2019**”).

Driven by rising demand from key export markets and higher sales from *Commune*, the Group’s revenue increased 27.9% year-on-year (“**yoy**”) to US\$15.7 million for 1Q2019. Gross profit increased 20.5% yoy to US\$5.1 million in line with revenue growth, despite gross profit margin declining 2.0 percentage points to 32.5%, attributed mainly to higher fixed factory operating costs incurred from capacity expansion.

As the Group continues to chart steady growth, selling and distribution expenses rose 23.7% yoy to US\$1.4 million given more active participation in overseas fairs and exhibitions during 1Q2019 and higher logistics costs on the back of higher revenues. Similarly, an increase in staff costs to support expansion lifted administrative expenses 10.2% yoy to US\$1.8 million.

As a result, the Group recorded a 37.3% yoy rise in net profit to US\$2.0 million for 1Q2019.

The Group continued to generate strong operating cash flows amounting to US\$2.3 million for 1Q2019 with cash and bank balances increased to US\$12.6 million as at 30 September 2018.

Commune set a new milestone by opening its 50th store in China in October 2018, reaching the halfway mark of its planned rollout of 100 stores in the country by 2020. The latest outlet in China is located in Xiamen, Fujian. *Commune* will make its debut in Hong Kong in November 2018. The Group is also evaluating *Commune* expansion in other lower-tier cities of China where population is fast growing.

Speaking on the Group's 1Q2019 financial results, **Mr James Koh Managing Director and Deputy Chairman of Koda** said, *"Despite the ongoing trade war tensions, each of our business segments continue to grow, leveraging on the success of our branding and the quality of our products. The growth momentum is encouraging and we expect to remain profitable for FY2019."*

Elaborating on Commune's expansion initiatives, **Mr Joshua Koh CEO of Commune** said, *"Commune's branding strategy is on track. While expanding in the lower-tier cities of China, we are also evaluating the market potential in other key cities in Asia where we expect to see more emphasis on urbanisation. At the same time, we are opening stores in the Philippines and Hong Kong."*

- The End -

About Koda Ltd

Established in Singapore and founded in 1972, Koda is backed by a management team with combined experience of close to a century and recognised as a leading Original Design Manufacturer in the world. Koda is a strong contender for home furniture exports and is possibly the largest dining room furniture exporter in Southeast Asia. Koda's range of design-intensive products exudes individuality, sophistication and elegance.

Koda is well-known for its strength in design – leading to appreciation from upscale customers worldwide for its aesthetically pleasing and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda is able to offer an extensive range of product models to customers all over the world.

Consistent business strategies and focused growth initiatives differentiate Koda from others. Koda has been emphasising cost-effective expansion, and its enlarged production and sourcing facilities in Vietnam and China enhance its cost competitiveness. In addition to its growing base in Vietnam, the Group has another manufacturing base in Malaysia which specialises in a certain range of products.

About Commune Lifestyle Pte Ltd

Established in 2011, Commune Lifestyle Pte Ltd is a wholly owned subsidiary of Koda. As an in-house brand focusing on retail products, it is managed by the third generation of the founding Koh family and has presence in Singapore, Malaysia, China and Australia.

There are currently a total of 58 *Commune* outlets – three owner-operated stores in Singapore, three distributor-retail ("DR") stores in Malaysia, 50 DR stores in China, one DR stores in the Philippines and one brand-instore presence in Australia.

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