13 Woodlands Link,S738725
T (65) 6289 1605 **F** (65) 6280 1605
www.kimlygroup.sg

Kimly demonstrates resilience in FY2020 results

- Despite pandemic related headwinds, full-year revenue improved from S$208.3 million to S$210.8 million, mainly due to the higher contributions from the Food Retail Division and contributions from new coffeeshops and food stalls
- Assisted by the Singapore Government's multiple COVID-19 assistance schemes, gross profit margin increased to 26.8 % in FY2020 from 19.5% in FY2019, and cushioned part of the negative impacts from the pandemic
- Declare a final dividend of 0.84 Singapore cents per share, taking total dividend to 1.12 cents per share, representing a 52.6% payout of net profit
- The Group remains committed to expand via both organic and inorganic growth

SINGAPORE, 26 November 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 25.8% year-on-year ("yoy") increase in net profit to S$25.2 million for the year ended 30 September 2020 ("FY2020"), mainly due to higher revenue contributions from Food Retail Division and Outlet Investment Business and government grants. However, the increase in revenue is partially offset by higher selling and distribution expenses, administrative expenses and finance cost.

S$ 'million	**FY2020**	**FY2019**	**Change**
Revenue	210.8	208.3	1.2%
Gross profit	56.5	40.7	38.9%
Gross profit margin	*26.8%*	*19.5%*	*7.3p.p*
EBITDA*	68.8	26.0	164.7%
EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities	33.7	26.0	29.5%
Profit Attributable to the owners of the Company	25.2	20.1	25.8%

* Earnings Before Interest (interest income and interest expense), Taxes, Depreciation and Amortisation ("EBITDA")

The Group registered a revenue of S$210.8 million in FY2020, representing a growth of 1.2% as compared to FY2019. This was largely due to higher revenue contribution from Food Retail

Division arising from higher food delivery sales and contributions from newly diversified Outlet Investment Business Division arising from food outlet properties acquired in FY2020. However, the increase in revenue was partially offset by lower revenue contribution from Outlet Management Division which was impacted by dine-in restrictions during the Circuit Breaker period brought about by the COVID-19 pandemic, together with rental and property tax rebates granted to stall tenants.

Coupled with lower cost of sales arising from government grants and rental rebates received, gross profit increased from S$40.7 million in FY2019 to S$56.5 million in FY2020. Gross profit margin also rose by 7.3 percentage points to 26.8% in FY2020 from 19.5% in FY2019.

With higher online food delivery fees due to heightened food delivery demand during the Circuit Breaker period and increase in cleaning and packing materials used, selling and distribution expenses increased by S$2.4 million to S$7.6 million in FY2020.

The Group also registered a 17.4% increase in administrative expenses to S$18.1 million in FY2020, largely due to higher depreciation of property, plant and equipment, right-of-use assets and investment properties of S$1.7 million, increase in staff salary of S$0.3 million, increase in staff and management's incentives bonus of $1.2 million, increase in welfare amenities of S$0.2 million in relation to the implementation measures relating to COVID-19, increase in professional fees of S$0.1 million, partially offset by government grants for wages support.

The Group also reported an increase of S$3.7 million in finance costs in FY2020 which was largely due to interest expense from unwinding of lease liabilities from the adoption of SFRS(I) 16 Leases and bank loan.

As a result of the above, profit attributable to the owners of the Company increased from S$20.1 million in FY2019 to S$25.2 million in FY2020. As at 30 September 2020, the Group has S$68.3 million in cash and cash equivalents.

To thank all the shareholders and show our appreciations for their unwavering support, the Group has declared a final dividend of 0.84 Singapore cents per share, which was a jump from an interim dividend of 0.28 Singapore cents per share. This brings the total dividend to 1.12 cents per share, representing a 52.6% payout of the Group’s net profit and a dividend yield of 4.0% based on the closing share price as at 25 November 2020.

Despite the challenging business environment, the Group demonstrated resilient performance for FY2020 and the ability to act fast, adapting to the changing landscape by leveraging on its recently upgraded central kitchen which allows the Group to reduce the cost of raw materials by making bulk purchases and to conduct swift and efficient R&D on its products lines, catering to the ever-changing demands during, and in due time, the post-pandemic environment. The ability of the central kitchen to produce semi-finished products and supply to the Group's food stalls has also helped to reduce the Group's reliance on additional manpower to cope with rising sales from the food delivery segment. The strategic locations of the Group's food outlets in the HDB heartlands that span across Singapore, provides the Group with a competitive advantage in capturing greater market share in the food delivery industry to serve an increased footfall arising from the increased number of people working from home and dining-in at F&B establishments which has been allowed since 19 June 2020. In addition, having a diversified revenue stream has also cushioned the adverse impact of COVID-19 pandemic to the Group as the Group's Food Retail Division was able to mitigate the impact from the pandemic.

During the year, the Group has acquired a 25% partnership interest North View Investments LLP, owner of a popular food outlet at 925 Yishun Central for a consideration of S$6.1 million. Located at a prime location amongst a mature estate in the northern region of Singapore, it is within 300 meters proximity of Yishun Integrated Transport Hub, Northpoint City and Yishun MRT Station. The acquisition will enable the Group to entrench its operating rights of the coffeeshop as the Group will be entitled to first rights of refusal in the event of lease renewal or sale of the food outlet.

On 26 August 2020, the Group has completed the acquisition of 8 food outlets, comprising 4 coffeeshops, 3 industrial canteen units and 1 restaurant unit for a total consideration of S$57.2 million (including stamp duty of S$1.4 million). In addition, the Group has entered into joint venture agreements with third parties to operate and manage the respective short term HDB coffeeshops leases at Block 376 Bukit Batok Street 31 #01-126, Block 1 Upper Aljunied Lane #01-02 and Block 429A Choa Chua Kang Avenue 4 #01-01. The Group will hold 49% stake in each joint venture while the joint venture partners will hold 51% in the respective joint ventures. With the completion of the said acquisitions, the Group currently boasts a portfolio of 83 food outlets and 137 food stalls, representing an increase of 29.7% and 13.2%, respectively, since its initial public offering on the Catalist of the SGX-ST.

Most recently in November 2020, the Group had entered into a joint venture agreement with Tenderfresh Fried & BBQ Chicken Pte Ltd ("Tenderfresh"), a leading and established western food operator and a major Halal food retailer, supplier and wholesaler to operate a Halal themed coffeeshop, marking an expansion of the Group's core business to another promising food sector. The coffeeshop, to be branded KEDAI KOPI, will undergo enhancement work and is targeted to reopen for business around mid-December 2020.

Leveraging on Tenderfresh's competitive edge and wide network in Singapore's Halal F&B market, the joint venture with Tenderfresh will provide a valuable strategic platform for the Group to further expand its customer base as well as product offerings.

The Directors of Kimly, said, **"We are pleased that we concluded a resilient performance for the year despite the challenging business environment brought about by the COVID-19 pandemic. We remain committed to expand our network of food outlets and food stalls across Singapore via acquisitions of food outlet properties in the heartlands of Singapore with a larger proportion of the population to deepen our market presence as well as expand our outreach through online platforms. This approach is expected to further strengthen our revenue base for future growth and enhance our shareholders' value. We are grateful to have a resilient business model with diversified revenue streams and we are confident that Kimly is well-positioned to emerge stronger when more economic activities resume. We will continue to strengthen our income base by enhancing our food offerings and operations efficiency."**

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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 83 food outlets, 137 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" 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 Mix Value Rice, Dim Sum and Seafood "Zi Char" products for online ordering through Deliveroo, Food Panda, GrabFood and Oddle.

Issued for and on behalf of Kimly Limited

by Financial PR

Yit Sung NGO, yitsung@financialpr.com.sg

Jing Wen YONG, jingwen@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.