

Kimly achieves a net profit of S\$16.0# million for 1H FY2024

- Revenue improved by 1.9% to S\$158.5 million attributable to higher revenue contribution from Outlet Management and Food Retail Division
- Gross profit margin increased by 0.5 percentage points to 27.8%
- Declared an interim dividend of 1.00 Singapore cent per share, marking an increase of 78.6% as compared to 0.56 Singapore cents per share in 1H FY2023

SINGAPORE, 9 May 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 coffeeshop operators in Singapore, reported its financial results for the half year ended 31 March 2024 (“**1H FY2024**”).

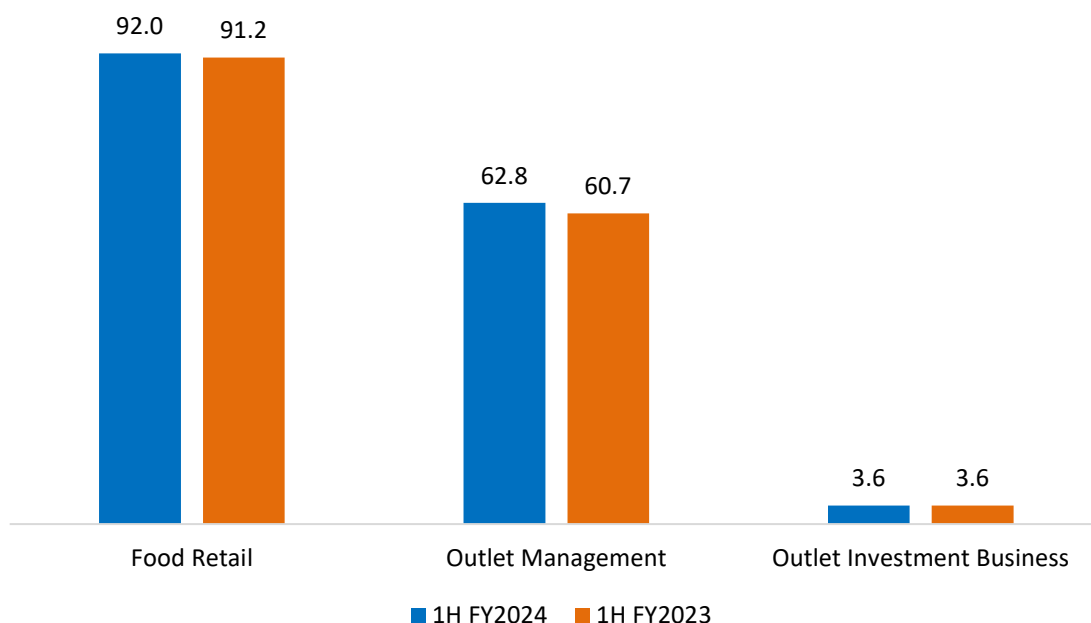
S\$ 'million	1H FY2024	1H FY2023	% Change
Revenue	158.5	155.5	1.9
Gross profit	44.1	42.5	3.8
Gross profit margin	27.8%	27.3%	0.5 p.p
EBITDA*	45.0	44.6 [^]	1.0
EBITDA after depreciation of right-of-use assets and interest expense on lease liabilities	24.2	24.5 [^]	(1.0)
Net profit after tax attributable to the owners of the Company	16.0 [#]	16.2 [^]	(0.9)

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

[#]Excluding the corporate income tax rebate for Year of Assessment 2024 (“**YA2024**”) as announced in Budget 2024 of S\$1.5 million

[^]Excluding the gain on disposal of the Confectionary Business of S\$2.5 million

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



The Group's revenue contribution from the Outlet Management Division and Outlet Investment Business Division increased by S\$2.2 million to S\$66.4 million in 1H FY2024. This was attributable to revenue contribution from the 3 newly opened coffeeshops during FY2023 and 2 coffeeshops during 1H FY2024, higher revenue from the provision of cleaning and utilities services. The increase was offset by a decrease in contribution following the termination of management agreements of 4 coffeeshops and the closure of a coffeeshop in FY2023 and 1H FY2024 respectively.

Additionally, the Food Retail Division recorded a total revenue of S\$92.0 million in 1H FY2024, indicating an increase of S\$0.8 million from 1H FY2023. This growth can be attributed primarily to the revenue generated by 13 food stalls, 1 restaurant, and 1 kiosk opened during FY2023. Moreover, the continued expansion with the opening of 3 food stalls and 2 restaurants in 1H FY2024 has further contributed to the division's revenue growth. However, this increase in revenue was offset by a decrease in revenue contribution from existing food stalls/outlets, a decrease in revenue contribution arising from the closure of 6 underperforming food stalls during FY2023 and an additional 3 food stalls closure during 1H FY2024 and the completion of the disposal of the Confectionary Business in December 2022.

In tandem with the increase in revenue, cost of sales increased by S\$1.4 million to S\$114.4 million in 1H FY2024. This was largely due to higher employee benefit expenses arising from the salary adjustment across the board, higher utilities charges and cleaning fee expenses but was partially offset by the decrease in food ingredient expenses due to change in the sales mix. Cost of sales as a

percentage of revenue registered a drop from 72.7% in 1H FY2023 to 72.2% in 1H FY2024. The Group's gross profit increased by 3.8% to S\$44.1 million in 1H FY2024 and the gross profit margin improved by 0.5 percentage points to 27.8% in 1H FY2024.

The Group's other operating income decreased by S\$3.7 million, from S\$4.7 million in 1H FY2023 to S\$1.0 million in 1H FY2024. The decline was mainly attributable to the absence of gain on disposal of the Confectionary Business, gain on derecognition of right-of-use assets and lease liabilities in relation to the termination management agreements of 4 coffeeshops in 1H FY2023, gain on disposal on property, plant and equipment and lower government grants received, sponsorship income from suppliers and insurance claims.

Administrative expenses registered an increase of S\$0.5 million to S\$14.2 million in 1H FY2024. This was mainly due to higher employee benefit expenses, attributed to increase in headcount and across-the-board salary adjustment. Finance costs encompass interest expenses from loans and borrowings, as well as interest expenses from unwinding of lease liabilities. The S\$0.2 million increase in finance costs in 1H FY2024 primarily stemmed from higher interest rates on loans and borrowings.

In addition, income tax expense decreased by S\$1.9 million from S\$3.8 million in 1H FY2023 to S\$1.8 million in 1H FY2024. Effective tax rate declined from 16.0% in 1H FY2023 to 8.8% in 1H FY2024, mainly due to corporate income tax rebate of 50% of the tax payable for YA2024, as announced in Budget 2024¹, 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 marginally by 0.9% from S\$16.2 million in 1H FY2023 (after excluding the gain on disposal of the Confectionary Business of S\$2.5 million) to S\$16.0 million in 1H FY2024 (after excluding the corporate income tax rebate of S\$1.5 million). The Group generated S\$40.2 million in net cash from operating activities in 1H FY2024 as compared to S\$33.4 million in 1H FY2023. As at 31 March 2024, the Group had S\$89.4 million in cash and cash equivalents (30 September 2023: S\$89.1 million).

Despite facing a challenging economic environment, the Group has declared an interim dividend of 1.00 Singapore cent per share, as a token of appreciation for the ongoing loyalty and support from shareholders. This represents a significant increase of 78.6% compared to the interim dividend of 0.56 Singapore cents per share in 1H FY2023.

¹ <https://www.straitstimes.com/singapore/budget-2024-13-billion-package-to-help-companies-deal-with-higher-costs>

The Food and Beverage (“**F&B**”) industry in Singapore grapples with numerous challenges amid a competitive landscape and soaring operational expenses. F&B establishments are expected to struggle with the ongoing manpower shortages, despite offering higher pay to attract and retain talent. Additionally, escalating costs of raw materials and utilities pose a significant hurdle, putting considerable strain on food outlets to offer competitive prices while ensuring sustainable profitability.

The Group has successfully opened its fifth Tenderbest Makcik Tuckshop at Punggol Park in February 2024. Strategically situated amidst mature HDB heartland estates, Punggol Park spans an extensive 16 hectares and offers diverse range of amenities and activities to delight families of all ages.

Looking ahead, the Group will continue to place focus on expanding the business in Halal market by leveraging on the growing demand for Halal-certified food products. In addition, the Group is dedicated to open more food outlets with the aim to further strengthen and solidify its market presence and leadership position in the F&B industry.

The Directors of Kimly, said, **“We are pleased to announce the successful opening of our fifth Tenderbest Makcik Tuckshop at Punggol Park in February 2024. This marks a milestone for us as it is our largest restaurant yet, boasting a spacious outdoor refreshment area of over 218 sqm and an internal dining space exceeding 205 sqm. We have observed a consistent increase in demand for Halal-certified food, with these products gaining significant traction. Given the promising outlook of the industry, we will continue with our efforts to further our expansion in the Halal market.**

Moving ahead, the Group will be proactively implementing measures to optimise resources, ensuring sustainable returns for shareholders and enhancing profitability. Besides that, we will continue to pursue new outlet opportunities to broaden our reach, with a focused emphasis on identifying strategically located coffeeshops within well-established neighborhoods.”

- End -

About Kimly Limited

Kimly Limited (“金味有限公司”) is one of the largest traditional coffeeshop operators in Singapore with more than 30 years of experience. The Group operates and manages an extensive network of 86 food outlets, 172 food stalls, 12 Tonkichi and Tenderfresh restaurants and 4 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. Tenderfresh Group’s central kitchen 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 which 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.

**Issued for and on behalf of Kimly Limited
by Woodnote Consulting**

Yong Jing Wen, jingwen@woodnoteconsulting.com

Mobile: (65) 9860 3047

*This press release has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.