



**Kimly Limited**

(Incorporated in the Republic of Singapore)

(Company Registration No. 201613903R)

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**Unaudited Financial Statements and Dividend Announcement  
For the half year ended 31 March 2021**

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The Group is principally engaged in the operation and management of coffee shops, food courts and food stalls in Singapore under its three divisions, namely the outlet management division, food retail division and outlet investment business division.

This announcement 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 Mr. Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statements of Comprehensive Income**

	Group		Increase/ (Decrease) %
	1H FY2021 S\$'000	1H FY2020 S\$'000	
<b>Revenue</b>	122,649	107,385	14.2
Cost of sales	(82,351)	(84,163)	(2.2)
<b>Gross profit</b>	40,298	23,222	73.5
<b>Other item of income</b>			
Interest income	51	516	(90.1)
Other operating income	1,981	2,816	(29.7)
<b>Other items of expense</b>			
Selling and distribution expenses	(4,795)	(3,219)	49.0
Administrative expenses	(9,527)	(8,854)	7.6
Finance costs	(2,277)	(1,491)	52.7
Other operating expense	(316)	(388)	(18.6)
Share of profit of an associate and joint ventures	313	-	N.M
<b>Profit before tax</b>	25,728	12,602	104.2
Income tax expense	(3,957)	(2,060)	92.1
<b>Profit for the period, representing total comprehensive income for the period</b>	<u>21,771</u>	<u>10,542</u>	106.5
<b>Profit for the period attributable to:</b>			
Owners of the Company	21,740	10,542	106.2
Non-controlling interests	31	-	N.M
	<u>21,771</u>	<u>10,542</u>	106.5

Notes:

- (1) 1H denotes financial period from 1 October to 31 March  
(2) N.M denotes not meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

The Group's profit before tax was arrived at after charging/(crediting) the following:

	Note	Group		Increase/ (Decrease)
		1H FY2021 S\$'000	1H FY2020 S\$'000	%
Amortisation of intangible assets		313	343	(8.7)
Depreciation of property, plant and equipment		2,138	1,855	15.3
Depreciation of investment property		49	-	N.M
Depreciation of right-of-use assets		17,322	14,856	16.6
Directors' fees		100	100	-
Employee benefits expense	(1)	26,606	29,190	(8.9)
Finance costs				
- Lease liabilities		2,070	1,433	44.5
- Loan and borrowing		208	57	264.9
Interest income from short-term deposits		(51)	(516)	(90.1)
Variable lease expense, lease expense on short-term leases and low value assets	(2)	(1,252)	3,516	(135.6)
Write-off of property, plant and equipment		-	45	N.M

N.M denotes not meaningful

Notes:

- (1) Employee benefits expense was after offset of the government grants received from Jobs Support Scheme of S\$5.7 million in 1H FY2021.
- (2) The Group applied the recognition exemption for short-term leases and leases for low value assets in accordance with SFRS(I) 16 *Leases*. The amount was after offset of rental relief from landlords of S\$2.7 million in 1H FY2021.

As part of the Fortitude Budget, the Singapore Government introduced a Rental Relief Framework, comprising of Rental Relief and Additional Rental Relief, for landlords, intermediary landlords and tenants with prescribed criteria for eligibility of the rental relief.

Under the Rental Relief Framework, the Group is entitled to receive Rental Relief as the intermediary landlord which the Group is required to passthrough to its tenant and waive contractual rent of specified months based on its tenant's eligibility. The Group had accordingly recognised Rental Relief received from the landlords systematically from April to December 2020 to commensurate with the Rental Relief it would be disbursing to its tenants.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Consolidated Statements of Financial Position**

	Group		Company	
	31/3/2021	30/9/2020	31/3/2021	30/9/2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	72,455	73,223	-	-
Investment property owned	7,041	7,090	-	-
Intangible assets	4,123	4,409	-	-
Right-of-use assets	129,132	135,595	-	-
Investment in subsidiaries	-	-	239,047	239,047
Investment in an associate and joint ventures	10,620	9,733	-	-
Deferred tax assets	240	240	-	-
Other receivables	6,184	5,815	-	-
	<b>229,795</b>	<b>236,105</b>	<b>239,047</b>	<b>239,047</b>
<b>Current assets</b>				
Trade and other receivables	8,312	13,381	69,573	57,284
Inventories	1,848	1,701	-	-
Prepayments	357	316	23	13
Cash and bank balances	83,671	68,324	19,885	14,536
	<b>94,188</b>	<b>83,722</b>	<b>89,481</b>	<b>71,833</b>
<b>Total assets</b>	<b>323,983</b>	<b>319,827</b>	<b>328,528</b>	<b>310,880</b>
<b>Current liabilities</b>				
Trade and other payables	25,350	23,475	20,961	4,250
Other liabilities	10,443	15,408	1,402	1,612
Interest-bearing loans and borrowings	1,086	1,104	-	-
Lease liabilities	32,309	33,181	-	-
Provision for restoration costs	172	177	-	-
Provision for taxation	7,256	5,788	52	72
	<b>76,616</b>	<b>79,133</b>	<b>22,415</b>	<b>5,934</b>
<b>Net current assets</b>	<b>17,572</b>	<b>4,589</b>	<b>67,066</b>	<b>65,899</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	23,877	24,410	-	-
Lease liabilities	99,012	103,953	-	-
Deferred tax liabilities	447	447	-	-
Other payables	949	963	-	-
Provision for restoration costs	716	716	-	-
	<b>125,001</b>	<b>130,489</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>201,617</b>	<b>209,622</b>	<b>22,415</b>	<b>5,934</b>
<b>Net assets</b>	<b>122,366</b>	<b>110,205</b>	<b>306,113</b>	<b>304,946</b>

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Consolidated Statements of Financial Position**

	Group		Company	
	31/3/2021	30/9/2020	31/3/2021	30/9/2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Equity attributable to owners of the Company</b>				
Share capital	297,141	297,141	297,141	297,141
Treasury shares	(2,320)	(2,424)	(2,320)	(2,424)
Share based compensation reserve	267	140	267	140
Other reserves	(120,123)	(120,123)	-	-
Premium paid on acquisition of non-controlling interests	(113,030)	(113,030)	-	-
Retained earnings	60,253	48,501	11,025	10,089
<b>Equity attributable to owners of the Company</b>	122,188	110,205	306,113	304,946
Non-controlling interests	178	-	-	-
<b>Total equity</b>	122,366	110,205	306,113	304,946
<b>Total equity and liabilities</b>	<b>323,983</b>	<b>319,827</b>	<b>328,528</b>	<b>310,880</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 31/3/2021		As at 30/9/2020	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,086	-	1,104	-

**Amount repayable after one year**

As at 31/3/2021		As at 30/9/2020	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
23,877	-	24,410	-

**Details of any collateral**

The interest-bearing loans and borrowings are secured by the following:

- assignment of rental proceeds in respect of the respective leasehold properties and freehold properties;
- all leasehold properties and freehold properties; and
- corporate guarantees issued by the Company.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statements of Cash Flows**

	<b>Group</b>	
	<b>1H FY2021</b>	<b>1H FY2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before tax	25,728	12,602
<u>Adjustments for:</u>		
Amortisation of intangible assets	313	343
Depreciation of property, plant and equipment	2,138	1,855
Depreciation of investment property	49	-
Depreciation of right-of-use assets	17,322	14,856
Finance costs	208	57
Interest expense on lease liabilities	2,070	1,433
Interest income from short-term deposits	(51)	(516)
Loss on derecognition of right-of-use assets and lease liabilities	1	-
Share-based payment expenses (Kimly Performance Share Plan)	231	67
Share of profit of an associate and joint venture companies	(313)	-
Write off of property, plant and equipment	-	45
Total adjustments	21,968	18,140
<b>Operating cash flows before changes in working capital</b>	<b>47,696</b>	<b>30,742</b>
<u>Change in working capital</u>		
Decrease/(increase) in trade and other receivables	4,705	(4,465)
Increase in inventories	(148)	(463)
Increase in prepayments	(42)	(4,427)
Increase in trade and other payables	1,741	1,702
(Decrease)/increase in other liabilities	(4,861)	1,103
Total changes in working capital	1,395	(6,550)
<b>Cash flows from operations</b>	<b>49,091</b>	<b>24,192</b>
Interest received	44	609
Income taxes paid	(2,488)	(1,694)
<b>Net cash generated from operating activities</b>	<b>46,647</b>	<b>23,107</b>
<b>Investing activities</b>		
Investment in a joint venture	(735)	-
Dividend income received from an associate/joint ventures	162	-
Purchase of property, plant and equipment (Note A)	(1,357)	(14,932)
Purchase of intangible assets (Note B)	(27)	(53)
<b>Net cash used in investing activities</b>	<b>(1,957)</b>	<b>(14,985)</b>
<b>Financing activities</b>		
Proceeds from loans and borrowings	-	6,000
Capital contribution from a non-controlling interest	147	-
Dividends paid on ordinary shares	(9,988)	(9,651)
Repayment of obligation under finance lease	(14)	-
Repayment of loans and borrowings	(552)	(80)
Repayment of lease liabilities	(16,659)	(16,370)
Interest expense from loans and borrowings paid	(207)	(57)
Interest expense from lease liabilities paid	(2,070)	-
Purchase of treasury shares	-	(150)
<b>Net cash used in financing activities</b>	<b>(29,343)</b>	<b>(20,308)</b>
<b>Net increase/(decrease) in cash and bank balances</b>	<b>15,347</b>	<b>(12,186)</b>
<b>Cash and bank balances at the beginning of financial period</b>	<b>68,324</b>	<b>87,189</b>
<b>Cash and bank balances at the end of financial period</b>	<b>83,671</b>	<b>75,003</b>

**1(c) Consolidated Statements of Cash Flows (cont'd)**

	<b>Group</b>	
	<b>1H FY2021</b>	<b>1H FY2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>A. Property, plant and equipment</u></b>		
Current year additions to property, plant and equipment	1,375	17,125
Less:		
Increase from other payables	(23)	(208)
Provision for restoration costs	5	-
Prepayments	-	(1,985)
Net cash outflow for purchase of property, plant and equipment	<u>1,357</u>	<u>14,932</u>
<b><u>B. Intangible assets</u></b>		
Current year additions to intangible assets	27	-
Less:		
Reduction from other payables	-	53
Net cash outflow for purchase of intangible assets	<u>27</u>	<u>53</u>



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statements of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Treasury shares	Other Reserves		Premium paid on acquisition of non-controlling interests	Share based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
<b>Group</b>										
<b>At 1 October 2020</b>	<b>297,141</b>	<b>(2,424)</b>	<b>(120,591)</b>	<b>468</b>	<b>(113,030)</b>	<b>140</b>	<b>48,501</b>	<b>110,205</b>	<b>-</b>	<b>110,205</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	21,740	21,740	31	21,771
<u>Contributions by and distributions to owners</u>										
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	147	147
Dividends on ordinary shares	-	-	-	-	-	-	(9,988)	(9,988)	-	(9,988)
Share-based payment expenses (Kimly Performance Share Plan)	-	-	-	-	-	231	-	231	-	231
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan	-	104	-	-	-	(104)	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>297,141</b>	<b>(2,320)</b>	<b>(120,591)</b>	<b>468</b>	<b>(113,030)</b>	<b>267</b>	<b>60,253</b>	<b>122,188</b>	<b>178</b>	<b>122,366</b>
<b>At 1 October 2019</b>	<b>287,141</b>	<b>(2,334)</b>	<b>(120,591)</b>	<b>468</b>	<b>(113,030)</b>	<b>34</b>	<b>36,205</b>	<b>87,893</b>	<b>-</b>	<b>87,893</b>
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	10,542	10,542	-	10,542
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	-	-	-	-	(9,651)	(9,651)	-	(9,651)
Share-based payment expenses (Kimly Performance Share Plan)	-	-	-	-	-	67	-	67	-	67
Purchase of treasury shares	-	(150)	-	-	-	-	-	(150)	-	(150)
<b>Balance as at 31 March 2020</b>	<b>287,141</b>	<b>(2,484)</b>	<b>(120,591)</b>	<b>468</b>	<b>(113,030)</b>	<b>101</b>	<b>37,096</b>	<b>88,701</b>	<b>-</b>	<b>88,701</b>

1(d)(i) Consolidated Statements of Changes in Equity (cont'd)

	Share capital	Treasury shares	Retained earnings	Share based compensation reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
<b>At 1 October 2020</b>	<b>297,141</b>	<b>(2,424)</b>	<b>10,089</b>	<b>140</b>	<b>304,946</b>
Profit for the period, representing total comprehensive income for the period	-	-	10,924	-	10,924
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	-	-	(9,988)	-	(9,988)
Share-based payment expenses (Kimly Performance Share Plan)	-	-	-	231	231
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan	-	104	-	(104)	-
<b>Balance as at 31 March 2021</b>	<b>297,141</b>	<b>(2,320)</b>	<b>11,025</b>	<b>267</b>	<b>306,113</b>
<b>At 1 October 2019</b>	<b>287,141</b>	<b>(2,334)</b>	<b>10,068</b>	<b>34</b>	<b>294,909</b>
Profit for the period, representing total comprehensive income for the period	-	-	11,942	-	11,942
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares	-	-	(9,651)	-	(9,651)
Share-based payment expenses (Kimly Performance Share Plan)	-	-	-	67	67
Purchase of treasury shares	-	(150)	-	-	(150)
<b>Balance as at 31 March 2020</b>	<b>287,141</b>	<b>(2,484)</b>	<b>12,359</b>	<b>101</b>	<b>297,117</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

<u>Share Capital – Ordinary Shares</u>	Number of issued shares	Issued and paid-up capital (\$'000)
Balance as at 1 October 2020	1,188,667,212	294,717
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan	387,844	104
<b>Balance as at 31 March 2021</b>	<b><u>1,189,055,056</u></b>	<b><u>294,821</u></b>

**Treasury Shares**

During 1H FY2021, the Company transferred 387,844 treasury shares on vesting of share awards granted under the Kimly Performance Share Plan. As at 31 March 2021, the Company has 8,731,676 treasury shares, representing 0.73% (31 March 2020: 0.81%) of the total number of shares outstanding as at 31 March 2021 (31 March 2020: 9,343,800). Save as disclosed, the Company did not have any treasury shares, subsidiary holdings or other convertible instruments as at 31 March 2021 and 31 March 2020.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31/3/2021	30/9/2020
Total number of issued shares	1,197,786,732	1,197,786,732
Less: Total number of treasury shares	(8,731,676)	(9,119,520)
<b>Total number of issued shares</b>	<b><u>1,189,055,056</u></b>	<b><u>1,188,667,212</u></b>

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Number of treasury shares
Balance as at 1 October 2020	9,119,520
Treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan	(387,844)
<b>Balance as at 31 March 2021</b>	<b><u>8,731,676</u></b>

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during, and at the end of, the financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited and reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Save as disclosed in Section 5, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited consolidated financial statements for the financial year ended 30 September 2020.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 October 2020.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	1H FY2021	1H FY2020
Profit attributable to owners of the Company (S\$'000)	21,740	10,542
Weighted average number of ordinary shares in issue ('000)*	1,188,799	1,148,969
Basic and diluted EPS (cents per share)	1.83	0.92

\* The weighted average number of shares takes into account the changes as a result from:

1H FY2021: the treasury shares transferred on vesting of share awards granted under the Kimly Performance Share Plan.

1H FY2020: the share buy-backs transacted during the period.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**

**(a) Current period reported on; and**

**(b) Immediately preceding financial year**

	Group		Company	
	31/3/2021	30/9/2020	31/3/2021	30/9/2020
Net asset value ("NAV") (S\$'000)	122,188	110,205	306,113	304,946
Number of ordinary shares in issue ('000)	1,189,055	1,188,667	1,189,055	1,188,667
NAV per ordinary share (S\$ cents)	10.28	9.27	25.74	25.65

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### Consolidated Statement of Comprehensive Income 1H FY2021 compared to 1H FY2020

##### Revenue

The Group recorded revenue of S\$122.6 million in 1H FY2021 as compared to S\$107.4 million in 1H FY2020. The increase of S\$15.3 million or 14.2% was mainly due to:

- (a) revenue contribution from the Food Retail Division increased by S\$9.5 million from S\$50.4 million in 1H FY2020 to S\$59.9 million in 1H FY2021 mainly due to (i) increase in food delivery sales by S\$3.7 million; (ii) revenue contribution of S\$1.9 million from seven (7) food stalls and two (2) confectionery shops opened during FY2020; and (iii) higher revenue contribution of S\$5.4 million from existing food stalls. The strategic locations of the Group's food outlets in the HDB heartlands that span across Singapore, provides the Group with a competitive advantage to serve an increased footfall arising from the people working from home and dining-in at the F&B establishments which have been allowed since 19 June 2020 with the lifting of COVID-19 restrictions. The increase was partially offset by decrease in revenue due to closure of non-performing food stalls/confectionery shops of S\$1.5 million.
- (b) revenue contribution from the Outlet Investment Business Division increased by S\$3.0 million from S\$0.7 million in 1H FY2020 to S\$3.7 million in 1H FY2021. This was mainly contributed by the sale of beverages and tobacco products, rental income and provision of cleaning and utilities services from food outlet properties acquired in 2H FY2020.
- (c) revenue contribution from the Outlet Management Division increased by S\$2.7 million from S\$56.3 million in 1H FY2020 to S\$59.0 million in 1H FY2021. This was mainly due to (i) revenue contribution of S\$1.9 million from new coffeeshops opened since FY2020; (ii) higher revenue contribution of S\$2.1 million from existing coffeeshops; and (iii) offset by rental and property tax rebates passed on to tenants of S\$1.3 million.

##### Cost of sales

Cost of sales, which comprised mainly beverages, tobacco products and food ingredients, employee benefits expense (Central Kitchen and food outlet staff), depreciation of right-of-use assets pertaining to leases of coffeeshops, restaurants and confectionery shops, rental expense on short term leases and low value assets, utilities and cleaning charges, decreased by S\$1.8 million, to S\$82.4 million in 1H FY2021. The decrease in cost of sales was largely attributed to government grants received of S\$5.0 million for wages support and rental relief passed down by landlords of S\$2.7 million. Cost of sales as a percentage of revenue has decreased by 11.3%, from 78.4% in 1H FY2020 to 67.1% in 1H FY2021.

##### Gross profit

Overall gross profit increased by S\$17.1 million or 73.5% from S\$23.2 million in 1H FY2020 to S\$40.3 million in 1H FY2021. Gross profit margin increased by 11.3%, from 21.6% in 1H FY2020 to 32.9% in 1H FY2021.

##### Interest income

Interest income decreased by S\$0.5 million, in line with lower interest rate.

##### Other operating income

Other operating income decreased by S\$0.8 million mainly due to absence of sub-lease income as a result of modifications made in certain terms and conditions in the lease agreement with tenants.

##### Selling and distribution expenses

Selling and distribution expenses increased by S\$1.6 million due to (i) higher online delivery fees in line with the increase in volume of orders and (ii) increase in cleaning and packaging materials used in line with the increase in revenue.

##### Administrative expenses

The increase of S\$0.7 million, from S\$8.9 million in 1H FY2020 to S\$9.5 million in 1H FY2021 was mainly due to increase in staff and management's incentive bonus by S\$1.4 million in line with higher profit in 1H FY2021 and offset by government grant for wages support of S\$0.7 million.

##### Finance costs

The increase of S\$0.8 million in finance costs was mainly due to increase in (i) interest expense from unwinding of lease liabilities of S\$0.6 million; and (ii) bank loan interest of S\$0.2 million.

##### Income tax expense

Income tax expense increased by S\$1.9 million or 92.1% from S\$2.1 million in 1H FY2020 to S\$4.0 million in 1H FY2021, in line with the increase in profit before tax. The effective tax rate was 15.4% for 1H FY2021 (15.1% for FY2020).

## **Consolidated Statement of Comprehensive Income (cont'd)**

### **Share of profit of an associate and joint ventures**

The share of profit of an associate and joint ventures relate to the share of profit from investment in 25% partnership interest in North View Investment LLP and 3 joint venture companies made in FY2020.

## **Consolidated Statements of financial position**

***The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2021 and 30 September 2020.***

### **Non-current assets**

The Group's non-current assets decreased by S\$6.3 million from S\$236.1 million as at 30 September 2020 to S\$229.8 million as at 31 March 2021 mainly due to (i) depreciation of right-of-use assets of S\$17.3 million; (ii) depreciation of property, plant and equipment of S\$2.1 million; and (iii) depreciation of intangible assets of S\$0.3 million. The decrease was offset by (i) recognition of right-of-use assets of S\$10.9 million arising from renewed leases; (ii) renovation and additions of equipment for new and existing coffeeshops and food stalls of S\$0.6 million and S\$0.7 million respectively; (iii) investment in a joint venture of S\$0.7 million as announced on 21 January 2021; (ii) increase in investment in an associate and joint ventures of S\$0.1 million arising from share of profits; and (iv) increase in other receivables by S\$0.4 million.

Other receivables (non-current) comprise (i) the refundable deposits relating to rental deposits placed with lessors for the leases of coffee shops which are due in more than one year and recoverable upon termination or expiration of the leases, amounting to S\$6.1 million and (ii) staff loans amounting to S\$0.1 million as at 31 March 2021 (30 September 2020: S\$5.6 million and S\$0.2 million respectively).

As at 31 March 2021, total refundable deposits placed with lessors (non-current and current) amounted to S\$6.6 million (30 September 2020: S\$6.4 million).

### **Current assets**

The Group's current assets increased by S\$10.5 million mainly due to increase in cash and bank balances by S\$15.3 million, and offset by the decrease in trade and other receivables of S\$5.1 million.

The increase in cash and cash equivalents of S\$15.3 million was mainly due to (i) cash generated from operating activities of S\$46.6 million; (ii) capital contribution from a non-controlling interest of S\$0.1 million; and (iii) dividends received from an associate and joint ventures of S\$0.2 million; which was offset by (i) investment in a joint venture of S\$0.7 million; (ii) purchase of property, plant and equipment and computer software of S\$1.4 million; (iii) dividends paid on ordinary shares of S\$10.0 million; (iv) repayment of lease liabilities and its related interest expense of S\$18.7 million; and (v) repayment of loans and borrowings and its related interest expense of S\$0.8 million.

The decrease in trade and other receivables was due to (i) decrease in government grant receivables and enhanced rental waiver receivables by S\$1.7 million and S\$0.7 million respectively as the amounts have been received during 1H FY2021; (ii) decrease in amount owing to the Company of S\$2.6 million following the receipt of the quoted equity securities held by the Vendor with a market value of S\$1.7 million; dividend accrued in respect of these securities amounting to S\$0.2 million and cash for the remaining balance of S\$0.7 million. Please refer to the Company's announcement dated 30 December 2020 for further information.

### **Current liabilities**

The Group's current liabilities decreased by S\$2.5 million mainly due to (i) payment of staff bonuses of S\$2.2 million in February 2021; (ii) recognition of deferred revenue of S\$2.7 million from government grants received/receivable for wage support and rental rebates from landlords to profit or loss during 1H FY2021; (iii) decrease in the current portion of lease liabilities by S\$0.9 million. The decrease was partially offset by (i) increase in trade and other payables of S\$1.9 million which was in line with the increase in the number of food outlet properties operated by the Group; and (ii) increase in tax payable by S\$1.5 million mainly due to the provisional current period's income tax of S\$4.0 million, in line with higher taxable profit in 1H FY2021.

### **Non-current liabilities**

The Group's non-current liabilities decreased by S\$5.5 million mainly due to decrease in (i) lease liabilities of S\$4.9 million; and (ii) interest-bearing loans and borrowings of S\$0.5 million due to repayment made during 1H FY2021. The decrease in lease liabilities was mainly due to reclassification of lease liabilities which are due within one year to current liabilities. As at 31 March 2021, total lease liabilities (non-current and current) amounted to S\$131.3 million (30 September 2020: S\$137.1 million). The decrease in lease liabilities (non-current and current) was due to the repayment made during 1H FY2021 of S\$16.7 million, partially offset by recognition of lease liabilities arising from renewed leases of S\$10.9 million.

### **Consolidated Statements of Cash Flows**

The Group's net cash generated from operating activities in 1H FY2021 of S\$46.6 million mainly resulted from (i) operating cash flows before changes in working capital of S\$47.6 million; and (ii) net working capital inflows of S\$1.5 million; and offset by income taxes paid of S\$2.5 million. The net working capital inflows were due to (i) decrease in trade and other receivables of S\$4.7 million; (ii) increase in trade and other payables of S\$1.8 million; and offset by (i) decrease in other liabilities of S\$4.9 million; and (ii) increase in inventories of S\$0.1 million.

The Group's net cash flows used in investing activities during 1H FY2021 of S\$2.0 million were due to (i) investment in a joint venture of S\$0.7 million, (ii) purchase property, plant and equipment of S\$1.4 million; and offset by dividends received from an associate and joint ventures of S\$0.2 million.

The Group's net cash flows used in financing activities of S\$29.3 million were mainly attributable to (i) repayment of lease liabilities and its related interest expense of S\$18.7 million; (ii) repayment of loans and borrowings and its related interest expense of S\$0.8 million; (iii) dividends paid on ordinary shares of S\$10.0 million; and was offset by capital contribution from a non-controlling interest of S\$0.1 million.

#### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The financial results are in line with the forecast statement disclosed in the Company's financial results announcement for the full year ended 30 September 2020, dated 26 November 2020.

#### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Food and Beverages ("F&B") sector is on a path of steady recovery, following the serious and adverse impacts on economic growth resulting from the COVID-19 pandemic last year. But the recovery is on a cautious note as the industry is still expected to continue facing challenges arising from the competitive landscape. The reduction of the Foreign Worker Quota (announced in the Budget 2019) coupled with increasing rental and raw material costs will pose mounting pressure to the local F&B players. However, governmental support in the form of Jobs Support Schemes ("JSS") announced during this year's Budget might provide the industry with a slight boost.

The Group will continue to leverage on technology and other innovative features in both its Central Kitchen capabilities and at the operational front. These will boost productivity and reduce the reliance on labour in view of the tightening Foreign Worker Quota and travel restrictions. In addition, the Group will stay focused in carrying out its four-pronged growth strategy to overcome these challenges. These are: (1) expanding footprint and diversifying product offering; (2) driving innovation and streamlining outlet operations; (3) synergising central kitchen operations; and (4) supporting entrepreneurship and grooming the next generation of business owners to help increase tenant retention while hoping to grow the local food culture.

The distribution and rolling out of vaccines at the start of the year is a positive sign towards economic recovery, with many returning to the norm of dining out. Since Phase 2 of the economy's reopening last June, footfall to the Group's coffeeshops, canteens and food courts has been steadily increasing following the slow return to pre-pandemic normalcy.

The Group has also been actively seeking out acquisition opportunities that are synergistic to its core business in order to grow revenue and enhance profitability. The Group and Tenderfresh Fried & BBQ Chicken Pte Ltd ("Tenderfresh")'s jointly-opened halal themed coffeeshop, KEDAI KOPI, has undergone enhancement work and was opened for business in December 2020. KEDAI KOPI has been performing well since its opening. The Group is currently operating 83 food outlets, representing an increase of 29.7% since its initial public offering on the Catalist of the SGX-ST in 2017.

As new strains of the virus have emerged in some parts of Asia this year, the Group will take precautions in ensuring the safety of its staff and viability of operations while remaining mindful of the potential challenges that may arise again should a second wave occur. Previous negative impacts were mitigated to an extent by grants from the government, rental relief and property tax rebates from landlords. Nonetheless, the Group has adapted to these hurdles and is constantly looking to innovate to stay ahead in this volatile economy by deploying new technology to leverage on emerging trends. As it is difficult to predict how long the situation in Singapore would take to normalise given the global lingering uncertainties, the Group will continue seeking for opportunities available in the market to grow its revenue streams while monitoring the situation cautiously.

On 1 April 2021, the Group acquired 60% of the issued and paid-up share capital of a general cleaning solutions provider, Klovex Holdings Pte. Ltd.. With the pandemic elevating the importance of hygiene and cleanliness and spurring greater demand for cleaners and cleaning services, this presented a great opportunity for the Group to expand into the cleaning services industry to further increase its revenue streams. This acquisition allows the Group to ride on the growing trend for cleaning services, potentially enhancing the profitability of the Group. The Group will also be provided with an enhanced set of cleaning capabilities, where it will be able to deliver elevated standards of cleanliness and hygiene at its operating premises for its customers.

The Group has entered into joint venture agreements with third parties to operate and manage the respective short-term coffeeshop leases at Block 134 Lorong Ah Soo, #01-454 Singapore 530134, Block 233 Bukit Batok East Avenue 5 #01-53 Singapore 650233 and Block 153A Serangoon North Avenue 1 #01-462 Singapore 551153. The Group will hold 49% stake in each of the joint ventures while the joint venture partners will hold 51% in the respective joint venture. The joint ventures are in line with the Group's strategy to expand its network of food outlets locally and to establish new outlets and stalls as and when strategic locations become available. This will help the Group diversify and expand its revenue stream and mitigate uncertainties in the private leasing category.

Moving ahead, the Group will continue exploring opportunities to increase its own portfolio of food outlets in mature estates with established footfalls with the view of enhancing long-term shareholder value.

Barring unforeseen circumstances, the Group expects to continue growing its revenue base and remain profitable for FY2021.

## 11. Dividend

**Decision regarding dividend has been made, the required information has been disclosed.**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

Despite a challenging economic environment, the Group remains profitable for 1H FY2021 and in a healthy net cash position. Therefore, the Group wishes to reward shareholders for their continued loyalty and support by declaring an interim dividend as detailed below.

**(b)(i) Amount per share:**

0.56 Singapore cents per ordinary share

**(b)(ii) Previous corresponding period**

0.28 Singapore cents per ordinary share

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)**

The interim dividend is one-tier tax exempt.

**(d) The date the dividend is payable**

The interim dividend will be paid on or about 15 July 2021.

**(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

2 July 2021

## 12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

## 13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group had obtained a general mandate from shareholders for IPTs disclosed in pages 147 to 153 of the Offer Document. The general mandate for IPT has been renewed at the Annual General Meeting held on 26 January 2021.

There were no interested person transactions entered into that exceeded S\$100,000 for 1H FY2021.



#### 14. Use of IPO proceeds

The Company refers to the gross proceeds amounting to S\$43.5 million raised from the IPO on the Catalist of the SGX-ST on 20 March 2017.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

	Allocated S\$'000	Utilised S\$'000	Balance S\$'000
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	(30,363)	-
Refurbishment and renovation of existing food outlets	3,000	(2,092)	908
Headquarters/Central Kitchen upgrading	5,000	(2,312)	2,688
Productivity initiatives/IT	2,000	(1,770)	230
Listing expenses	3,087	(3,087)	-
<b>Total</b>	<b>43,450</b>	<b>(39,624)</b>	<b>3,826</b>

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document.

#### 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

#### 16. Negative Confirmation by the Board Pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the half year ended 31 March 2021 to be false or misleading in any material aspect.

#### 17. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

The Company has acquired the following subsidiaries, associate and joint ventures during 1H FY2021. Please refer to the relevant announcements for further information on these entities.

S/N	Name of entity	Relationship	Nature of transactions	Date of announcement
1.	Kedai Kopi Pte. Ltd.	Subsidiary	Joint venture with Tenderfresh Fried & BBQ Chicken Pte Ltd to operate and manage halal coffeeshop	3 November 2020
2.	Jin Yuan 134 Food House Pte. Ltd.	Joint venture	Entry into a joint venture agreement to operate and manage short-term HDB coffeeshop lease	21 January 2021

#### BY ORDER OF THE BOARD

Wong Kok Yoong  
Finance Director  
10 May 2021