

**FOR IMMEDIATE RELEASE**

## Kimly posts net profit of S\$5.7 million for 1Q FY2018

***Financial Highlights for three months ended 31 December 2017***

	1Q FY2018	1Q FY2017	Increase/(decrease)	
	S\$' million	S\$' million	S\$' million	+ / (-) %
Revenue	50.1	46.9	3.2	6.8
Gross Profit	10.2	10.5	(0.3)	(2.9)
Profit before tax	6.8	7.7	(0.9)	(11.9)
Profit Attributable to Owners of the Company	5.7	6.7	(1.0)	(13.9)

**SINGAPORE, 9 February 2018** – Kimly Limited (“金味有限公司”) (“Kimly” or the “Company” and together with its subsidiaries, the “Group”), the largest traditional coffee shop operator in Singapore, today reported net attributable profit of S\$5.7 million on the back of a 6.8% rise in sales to S\$50.1 million for the first quarter ended 31 December 2017 (“1Q FY2018”).

The S\$3.2 million growth in revenue was underpinned by higher contributions from both the Group’s Outlet Management Division and Food Retail Division. Revenue from the Outlet Management Division increased by S\$1.2 million with higher receipts from its beverages and tobacco products due to an increase in number of coffee shops, food courts and drinks stalls during the financial year ended 30 September 2017 (“FY2017”). Higher rental income from sub-leasing of coffee shops and food courts, as well as income from related cleaning and utilities services also contributed to the growth for this division. The increased revenue contribution of S\$2.0 million from the Food Retail Division was largely attributable to an increase in number of food stalls in FY2017.

In line with the increased number of food outlets and food stalls, the Group’s employee benefits expense rose as more employees have to be hired for operations which commenced in FY2017. As a result, the cost of sales as a percentage of revenue increased to 79.7% in 1Q FY2018 from 77.7% in 1Q FY2017.

The Group’s selling and distribution expenses rose 12.7% to S\$0.8 million in 1Q FY2018 due to increase in cleaning and packaging materials used, in line with the increase in revenue. Administrative expenses also saw a 17.1% increase to S\$3.0 million from higher headcount and employee benefit expenses, as well as an increase in depreciation of property, plant and equipment. This was partially offset by a

decline in repair and maintenance expenses of S\$0.1 million.

**Mr Vincent Chia (谢书强), Executive Director of Kimly** said, “In FY2017, the Group has grown organically with the opening of four coffee shops, one industrial canteen and 15 additional food stalls. In tandem with this expansion, operating cost also increased with the hiring of more employees and an increase in operating lease expense, resulting in lower gross profit margin. As it takes time for new outlet to ramp up sales and generate economies of scale, 1Q FY2018 registered a drop in net profit to S\$5.7 million.

Kimly won the tender to operate a new “productive” coffee shop in Bukit Batok, the tender exercise is jointly facilitated by SPRING Singapore and the Housing and Development Board (“HDB”) in a new bidding process under the food services’ transformation map. This is in line with the Group’s strategy to maintain a steady flow of revenue from its existing food outlets, and at the same time leverage on technology and other innovative features to boost productivity. This new concept will allow the Group to pilot new ideas and operating model, with the potential to scale up to our other coffee shops, realizing further benefits from the economies of scale.

Going forward, the Group remains focused on managing cost and improving productivity and operational efficiency. To this end, we have stepped up investments in IT infrastructure and proprietary software, which also resulted in higher depreciation expense in 1Q FY2018, to manage our business and automate back office functions to maximise our manpower resources.”

The Group’s financial position remained healthy with zero borrowings. Total cash and cash equivalents as at 31 December 2017 increased to S\$91.4 million from S\$35.2 million as at 31 December 2016.

## **Outlook**

Almost a year since the listing of Kimly in March 2017, the Group has made good progress in delivering its growth plans. Construction of its four-storey annex and central kitchen was completed in September 2017, and the final phase of upgrading and installation of equipment and technology is in progress, with expected completion in 3Q FY2018. The Group has purchased an Enterprise Resource Planning software system with expected implementation by end of FY2018.

“Looking ahead, other than organic growth, the Group is also actively exploring suitable opportunities to expand our business through acquisitions and joint ventures,” added **Mr Chia**.

Barring unforeseen circumstances, the Group expects to continue growing its business and remain

profitable for FY2018.

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### **About Kimly Limited**

**Kimly Limited** (“金味有限公司”) is the largest traditional coffee shop operator in Singapore with more than 25 years of experience. The Group operates and manages an extensive network of 68 food outlets and 129 food stalls 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.

For its Outlet Management Division, the Group operates and manages 59 coffee shops and four industrial canteens under the Kimly and third party brands and four food courts, located mainly in tertiary institutions, are managed and operated under the “foodclique” brand. Its Food Retail Division comprises Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood “Zi Char” food stalls and a Live Seafood Restaurant, catering to a broad and varied customer base.

In tandem with the growing demand for online food ordering and delivery services due to changing consumer trends, Kimly Group started availing its Dim Sum products for online ordering through Deliveroo and Food Panda.

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### **Issued for and on behalf of Kimly Limited**

#### ***August Consulting***

Tel: 65 6733 8873

Karen Ting, [karenting@august.com.sg](mailto:karenting@august.com.sg)

Janice Ong, [janiceong@august.com.sg](mailto:janiceong@august.com.sg)

Serene Chia, [serenechia@august.com.sg](mailto:serenechia@august.com.sg)

*Kimly Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 20 March 2017. The initial public offering of the Company (the “IPO”) was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor” or “PPCF”). This press release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release. This press release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this press release including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this press release. The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg)).*