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Kimly's 2Q net profit gains 20.2% to S\$5.5 million

Financial Highlights for six months ended 31 March 2018

S\$' 000	2Q FY2018	2Q FY2017	+ / (-) %	1H FY2018	1H FY2017	+ / (-) %
Revenue	49,177	47,369	3.8	99,325	94,314	5.3
Gross Profit	9,616	9,943	(3.3)	19,800	20,425	(3.1)
Profit Before Tax	6,258	5,216	20.0	13,020	12,891	1.0
Profit Attributable to Owners of the Company	5,453	4,538	20.2	11,201	11,215	(0.1)

SINGAPORE, 8 May 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 strong bottom-line growth of 20.2% to S\$5.5 million for the second quarter ended 31 March 2018 (“2Q FY2018”).

Revenue gained 3.8% year-on-year to S\$49.2 million, which was mainly attributable to higher contributions from the Group’s Outlet Management Division and Food Retail Division of S\$0.5 million and S\$1.3 million respectively. Accounting for 56.9% of the Group’s total revenue, the growth in Outlet Management Division was due to an increase in income from sub-leasing of food stalls in its coffee shops and food courts, as well as from related cleaning and utilities services provided. The growth in Food Retail Division resulted from an increase in the number of food stalls since April 2017.

On the cost front, selling and distribution expenses rose 8.8% to S\$0.8 million due to an increase in cleaning and packaging materials used. On the other hand, administrative expenses registered a 10.2% decline to S\$3.8 million due to the absence of the one-off listing expenses incurred in the previous corresponding quarter (“2Q FY2017”), which was partially offset by higher employee benefits expenses, depreciation of property, plant and equipment, repair and maintenance expenses and compliance cost.

As at 31 March 2018, the Group had zero borrowings and total cash and bank balances stood at S\$85.5 million.

Interim Dividend

The Group has declared a one-tier tax-exempt interim cash dividend of 0.28 Singapore cents per share, translating to a dividend payout ratio of 28.9% of the Group's net profit for the half year ended 31 March 2018. The interim dividend will be paid on or about 30 May 2018.

Key Operational Highlights in 2Q FY2018

- Opened a new coffee shop at Block 29A in Ghim Moh, bringing the total number of coffee shops operated and managed by the Group to 68.
- Added four food stalls to food outlets located in Ghim Moh, Pasir Ris and Tampines, expanding our food stalls network to 131.

Outlook

To stay ahead of competition and keep pace with changing consumer trends, the Group has embraced new technology and initiatives that will benefit the community. An example of our initiative includes, the Nets' QR code payment that was introduced at the Group's Utown food court located at the National University of Singapore since the beginning of this year. The Group plans to gradually implement cashless payment systems to its food outlets island-wide to improve operational efficiency.

The Group's coffee shop in Yishun will also be participating in a pilot project – POSB Smart Senior, where the senior residents in Yishun will be issued a POSB ATM Contactless Card to encourage them to go cashless when dining out in the Yishun neighbourhood. This three-month project starting from May 2018, is initiated by Post Office Savings Bank in partnership with the People's Association and the Residents Committee at Yishun Riverwalk.

"Operationally, in April 2018, the Group acquired the operating lease of a coffee shop in Tampines and will begin operations in May 2018, and will be opening our "productive¹" coffee shop in 3Q FY2018. We also plan to refurbish three of our coffee shop outlets to refresh the look and improve operational efficiency. The final phase of upgrading of our new central kitchen is also on schedule to be completed in 3Q FY2018. We expect the new semi-automated central kitchen to improve work processes and maximise manpower resources to boost productivity in the long run." said **Mr Vincent Chia (谢书强), Executive Director of Kimly.**

¹ Jointly facilitated by SPRING Singapore ("SPRING") and the Housing & Development Board ("HDB"), these have been rolled out under the pilot tender system that encourages operators to innovate and transform from traditional formats into more efficient ones. This initiative is in line with the recommendations proposed under the Food Services Industry Transformation Map ("ITM"), which was launched in September 2016.

Added Mr Chia, “As part of its expansion plan, the Group is also exploring potential accretive acquisition opportunities to enhance its earnings.”

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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 131 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 60 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 to offer its Dim Sum and Seafood “Zi Char” products for online ordering through Deliveroo, Food Panda and UberEats.

Issued for and on behalf of Kimly Limited

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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).