

Koda's 3Q18 Net Profit Up More Than 260%

- 9M18 net profit up sharply
- Retail brand *Commune* on target for China rollout

	3Q18	3Q17	Change (%)	9M18	9M17	Change (%)
	<u>US\$'000</u>	<u>US\$'000</u>		<u>US\$'000</u>	<u>US\$'000</u>	
Revenue	13,447	10,976	22.5	37,603	36,182	3.9
Gross Profit (GP)	4,890	3,315	47.5	13,267	10,657	24.5
GP Margin (%)	36.4	30.2	20.4	35.3	29.5	19.8
Net Profit After Tax	1,174	325	261.2	3,589	2,238	60.4

Singapore, 9 May 2018 – Koda Ltd (“**Koda**” or the “**Group**”) reported today a near four-fold rise in net profit for its third quarter ended 31 March 2018 (“**3Q18**”) as shipments to key export markets grew and retail and distribution sales from its *Commune* brand increased. Revenue for 3Q18 grew 22.5% to US\$13.4 million.

The furniture original design manufacturer and retailer made a net profit of US\$1.2 million in 3Q18 compared to US\$0.3 million in the same period a year earlier (“**3Q17**”). Earnings per share jumped to 1.42 US cents from 0.39 US cent.

Commune, which is targeted at younger homeowners with a strong appetite for contemporary, well-designed furniture, has 45 stores in China as at 30 April 2018. The brand also has outlets in Singapore, Malaysia and Australia.

Overall, the improvement in 3Q18 results brought earnings for the first nine months of FY18 up 60.4% to US\$3.6 million, closing in on the net profit of US\$4.05 million for the entire year ended 30 June 2017 (“**FY17**”).

Barring unforeseen circumstances, the Group expects its performance to improve in FY18.

Mr James Koh, Koda's Managing Director, said: “I am pleased to report that our third quarter Net Profit increased by over 260%, which is one of the best performing third quarter results. Our China expansion plans have also exceeded my expectations.”

Mr Joshua Koh, CEO of *Commune*, says: “Our plan to have 100 stores in China by 2020 is well on track. We are thankful to Enterprise Singapore and the Info-communications Media Development Authority (“IMDA”) for supporting our growth strategies.”

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About Koda Ltd

Established in Singapore and founded in 1972, Koda is backed by a management team with combined experience of close to a century and recognised as a leading Original Design Manufacturer in the world. Koda is a strong contender for home furniture exports and is possibly the largest dining room furniture exporter in Southeast Asia. Koda's range of design-intensive products exudes individuality, sophistication and elegance.

Koda is well-known for its strength in design – leading to appreciation from upscale customers worldwide for its aesthetically pleasing and functional pieces. With proven market experience, strong product development and significant in-house design expertise, Koda is able to offer an extensive range of product models to customers all over the world.

Consistent business strategies and focused growth initiatives differentiate Koda from others. Koda has been emphasising cost-effective expansion, and its enlarged production and sourcing facilities in Vietnam and China enhance its cost competitiveness. In addition to its growing base in Vietnam, the Group has another manufacturing base in Malaysia which specialises in a certain range of products.

About Commune Lifestyle Pte Ltd

Established in 2011, Commune Lifestyle Pte Ltd is a wholly owned subsidiary of Koda. As an in-house brand focusing on retail products, it is managed by the third generation of the founding Koh family and has presence in Singapore, Malaysia, China and Australia.

There are currently a total of 53 *Commune* outlets – four owner-operated stores in Singapore, three distributor-retail ("DR") stores in Malaysia, 45 DR stores in China, and one brand-instore presence in Australia.

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