

ASX ANNOUNCEMENT

FY21 Financial Results and Annual Report

HPP CONTINUES TO FURTHER ITS TRANSFORMATION TO MULTI-NATIONAL HEALTH AND PLANT PROTEIN ENTERPRISE

- Completion of rebranding to Health and Plant Protein Group Limited
- Owner of fastest growing macadamia brands and continuing share growth¹
- Net product sales of c. \$36.2 million
- First and second tranche investments in the LAVVA® plant-based beverages business
- Successful \$6.2 million capital raising
- Material reduction of debt and successful refinance with American AgCredit FLCA
- COVID-19 impacts underlie net loss after tax of \$10.6 million from continuing operations
(cf net loss \$2.5 million FY20) principally due to \$8.3m non-cash inventory adjustment

Milton, 30 August 2021: Health and Plant Protein Group Limited (ASX:HPP) (Company) lodged with the Australian Securities Exchange its Financial Results and Annual Report for Financial Year 2021.

Releasing the Annual Report and Results, HPP Executive Chairman Dennis Lin said “Despite ongoing pandemic and its impacts on business, the 2021 financial year has seen the Company achieve a number of strategic goals as well as establishing our position as a health and plant protein specialist across multiple brands, categories, and touch points for consumers, anchored by our primary business in branded macadamia.

“Operationally, we are pleased to see the Company, through its Royal Hawaiian Orchards® and MacFarms® brands, is now the largest vertically integrated orchard to retail macadamia nut processor and No. 1 in branded macadamias in the Snack Nuts category in the USA since April 2021, maintaining sales and increasing share where our peers saw decreases.

“While the share growth did not translate to material sales increase, sales revenues through a mixture of retail and bulk sales were maintained close to FY20 levels.

“Importantly, looking to the longer term, the market for plant protein varieties as an option for all consumers is becoming mainstream, and we remain confident in our ambitions to become a global lead player in our chosen categories.

“In this vein, the strategic opportunity we took up in January 2021 to invest in LAVVA®, a health and functional brand in plant-based yoghurt and beverages is highly appropriate, kick starting our vision of having a portfolio of brands with synergetic benefits, given the

¹ AC Nielsen period ending 19 June 2021 (26 weeks, 13 weeks and 4 weeks)

Company's strengths in its understanding of tree nuts, and its ability to have distribution footprint across over 52,000 stores in the United States of America. In April, the Company committed to second tranche investment in in LAVVA® following the appointment of Julie Wurfel as the CEO and board director. Julie has extensive experience as an operative in finance and high growth food ventures.

"Another key initiative has been the investment in the MacFarms® ingredients business with several new accounts gained in North America and in Europe. In addition to providing macadamia solutions, the Company is now working with its customers in co-developing new products that may be suitable for HPP channels. Importantly, the ingredient solutions initiative has been instrumental in delivering two consecutive quarters of operational positive cashflow since January 2021," said Mr Lin.

Business Overview

In FY21, the Company achieved consolidated sales of \$36.2 million for continuing operations, c. 14% lower than FY20 reflecting a downturn in certain retail key accounts exposed to the tourist trades, now much compromised due to COVID-19 disruption. In contrast, while retail conditions remained difficult, significant uplift has been seen in the industrial sales/bulk areas validating the Company's decision to invest in processing to serve this segment.

Notwithstanding the market volatilities, the HPP team maintained margin with retail accounts while creating a new ingredients solutions business by leveraging our immediate focus of rebalancing inventory and as a result, gross margin was maintained at c. 30% for retail accounts.

COVID-19 impacts were the major contributor to reducing Macadamia Segment Operating Profit to \$3.2 million from \$4.2 million the prior year before. The net segment result after impairments, inventory write downs, provisions, depreciation and amortisation was a loss of \$8.6 million compared to \$1.5 million profit for the prior year.

In consequence, the Group recorded a net loss after tax of \$10.6 million from continuing operations for the year ended 30 June 2021 compared to a net loss of \$2.5 million after tax last year after taking a number of one-off adjustments, the majority of which comprised \$8.3 million in non-cash inventory adjustments in relation to excess production in combination with adverse harvesting conditions and net realisable value adjustments due to COVID-19.

During the year Company undertook a \$6.2 million capital raising to accelerate its growth strategy and provide capital for potential strategic acquisitions. In April 2021, successfully transitioned its finance arrangement to American AgCredit FLCA.

This announcement has been authorised for release to ASX by the Board.

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About HPP

HPP, through its Royal Hawaiian Orchards® (RHO) and MacFarms® brands, is the largest vertically integrated orchard to retail macadamia nut processor and marketer in the USA. Macadamia nut contains rich nutrients and beneficial plant compounds, and HPP makes its products from wholesome and unmodified ingredients. The macadamia business forms the basis of HPP's strategic ambitions in becoming a leading independent participant in health and plant-based protein food categories.