

## ASX ANNOUNCEMENT

Half Year Report as at 31 December 2021

### Results Summary

**Milton, 25 February 2022:** Health and Plant Protein Group Limited (ASX:HPP) (Company) submits the following Appendix 4D Preliminary Report for the six months to 31 December 2021 (1H FY22).

#### Business Performance

Business performance during 1H FY22 has shown:

- another two quarters of positive operating cashflow;
- macadamia revenue up 26% on pcp;
- announcement of strategic review of Kapua Orchard

Executive Director, Dennis Lin, said "During the first six months, the team have worked extraordinarily hard in consolidating our position as the no.1 branded macadamia in leading category growth. Over the next six months, we look forward to sharing some of the exciting new product developments that will be a game changer for the industry."

During the period, the Company has been able to increase macadamia revenue and achieve positive operating cashflow. Despite challenging conditions in the USA, the team have been able to increase brand awareness and interest in its Royal Hawaiian Orchards® (RHO) and MacFarms® brands and maximise retail presence in its chosen stores such as Costco, Walmart as well as online e-commerce, with record breaking sales. At the same time, the conditions have been particularly challenging for Lavva, and the Company has reflected this through an impairment of its investment. The Company is continuing to work with the Lavva team to work through the next steps.

## Sales Performance

- 26% growth in sales;
- 100% increase in ecommerce sales;
- launch of MacFarms brand into Japan;
- return of tourists in Hawaii driving 78% uplift in sales over pcp to AUD\$1.9m

## Financial Summary

The Company recorded statutory loss of \$1,340,000 for 1H FY22. In particular:

- derecognition of the EVR Foods, Inc investment of USD\$2,237,406 (AUD\$3,068,723);
- fair value loss on the derivative liability component of \$823,796 relating to the convertible notes;
- convertible note contract modification gain of \$2,656,955 due to the new contract being assessed against AASB9 Financial Instruments;
- tax expense of \$900,000 has been recognised for the group, representing the movement in current and deferred tax for the period; and
- foreign exchange gains of \$1,131,000 (the Company's core operations are predominantly in USD);

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

**ENDS**

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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.