



AFC GROUP HOLDINGS LIMITED

(Listed on the NZX: AFC)

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AFC Group Holdings Limited (AFC) Releases Interim Results

AFC Group Holdings Limited (AFC Group) reports its financial results for the six months ended 30 September 2021. The interim financial statements for the period have not been audited.

2021 Half Year Summary

The net assets of AFC Group were NZ\$840 thousand, with a 63% down from the half-year position as at 30 September 2020. The decrease was mainly due to the impairment of stock and fixed assets resulting from COVID-19. Property, plant, and equipment were NZ\$1,463 thousand. Investment in PPE was on hold considering significant economic uncertainty. Total revenue was NZ\$111 thousand for the six months ended 30 September 2021, a decline of 61% compared to the previous corresponding period due to the lockdown from August 2021. Ongoing pressure from COVID-19 containment measures impacted the results, and the net loss for the period was NZ\$451 thousand.

Outlook

In the first half of the financial year 2022, AFC encountered continuous challenges due to COVID-19 spread, NZ border closure and the slow recovery of overseas sales. However, AFC has developed a list of actions to get through the current difficult situation, to enable future revenue growth and return value to our shareholders:

AFC Longview Limited ("AFCLV" and "Longview Estate")

1. With an updated pricing strategy on the core product (White Diamond wine) and marketing campaigns were launching, AFCLV intends to allow more customers to gain access to our products. In Oct 2021, a new sales contract of \$180,000 of wine was signed, and other sales contracts are under negotiation.
2. Longview Estate will continue to participate in different wine exhibitions, such as Winetopia and NZWINE Roadshows, to increase brand awareness and promote sales.
3. AFCLV has significant unencumbered property at Longview Vineyard, including three residential housing units to back up debt raised at the low-interest rate if liquidity requires it. It is not forecast that this will be necessary for the foreseeable future.

AFC Biotechnology Manufacture Co Ltd ("AFC")

1. New distribution channels in China were created for the sales of cosmetic face masks. Sales contracts with significant volume are in advanced negotiations. It is believed that the considerable stocks of Finished Goods will be converted to positive cash inflows with little or no cash outflow required.

2. The relief of Covid-19 containment measures (such as the movement from level 4 to level 3) is a good sign for New Zealand domestic sales.

AFC Group Holdings Limited ("AFC")

1. Independent directors of AFC will continue to take a 30% reduction in remuneration. Other directors will voluntarily receive no director fees.

2. AFC has reduced the fixed cost base by continuously reducing directors' fees and staff levels and optimal allocation of resources. The space taken at the manufacturing facility premises has been adjusted flexibly and surplus space offered for sub-letting.

3. AFC actively participates in product exhibitions and expands online and offline product distribution channels in China to enhance brand awareness and promote sales.

Overall, AFC Group has made a qualitative leap on brand building and publicity. We shall expect to improve the revenue in the next half.

On behalf of the Board of Directors

Hao Long
CFO
AFC Group Holdings Limited