



## ASX Announcement

10 May 2021

### Q3 TRADING UPDATE

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- Strong trading performance through Q3, generating revenues of \$8.8M and an underlying EBITDA of \$2.0M for the quarter (unaudited figures)
  - FY21 full year earnings tracking in line with analyst consensus of \$7.3M EBITDA
  - Water Testing Hawkes Bay acquisition settled and integrated into Analytica
  - First major accreditations granted for Foodlab Pacific
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#### Trading Update

Trading performance during the third quarter was very pleasing with the Group generating an underlying EBITDA of \$2.0M on \$8.8M revenues (unaudited figures). March in particular was strong with all-time high revenues for the group.

#### Food and Environmental Laboratory Services

Analytica achieved record revenues during Q3, driven largely by the seasonal honey and environmental testing service lines.

Honey volumes growth was driven by increased market share and strong uptake in demand for the new glyphosate testing service. Volumes for the rest of the season are expected to taper off from mid-April with apiaries reporting lower yields than in previous years.

Environmental testing has continued to grow with activity now exceeding pre-COVID levels. Analytica continues to invest resources in this service line with the goal of increasing its relatively modest market share.

Dairy testing was slightly lower during January and February with lower activity in the beta casein testing segment. Activity did improve through March.

Other service lines all traded in line with expectations.

#### HAZMAT

Australian operations remained solid during the quarter and in line with expectation. The laboratory continues to see modest but pleasing growth from its formative environmental test offering.



Despite a slow return to work for the industry post-Christmas, the New Zealand business performed well for the quarter. Over the past year, the occupational hygiene service offering has been expanded and the first major contract was awarded during March. Workloads for all service lines and regions are expected to be strong over the coming months.

## **Software**

Revenue was flat during the period with business development activities, especially in interstate regions and New Zealand, still frustrated by COVID-19 restrictions. The opening of Trans-Tasman travel should allow OCTFOLIO to re-engage with New Zealand opportunities. Development of the software platform continued with features added to meet the needs of a wider range of industries and smaller commercial operators.

## **Geotechnical**

Activity right across the south-east QLD construction sector was heavily impacted by the extreme rainfall events. Sites were unable to be accessed for a good portion of February and March resulting in a disappointing quarter. Weather permitting, the outlook for Q4 is much more promising with planned activity across south-east QLD at high levels.

## **Water Testing Hawkes Bay Acquisition**

On 1 March 2021 HRL settled the purchase of Water Testing HB (2016) Limited (WTHB) for NZD \$650,000.

Water Testing Hawkes Bay is one of New Zealand's leading regional bacteriological water-testing and analysis laboratories, focused primarily on providing sampling and routine water-testing for the government authority and businesses in the Hasting District, Napier City and Hawkes Bay region.

Whilst modest in size, the acquisition of WTHB is important strategically as it:

- ✓ accelerates HRL's expansion into routine water quality and environmental laboratory testing;
- ✓ provides a solid recurring revenue base with approximately 80% of revenues coming from local government authorities;
- ✓ expands HRL's geographic coverage in New Zealand to the Hawkes Bay region on the east coast;
- ✓ through an integration into the Analytica Laboratories business unit, takes advantage of advanced technology and lean operating procedures; and
- ✓ provides opportunity to offer Analytica's full range of laboratory services to a new segment of customers.



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## **Foodlab Pacific Granted First Accreditations**

Foodlab Pacific Limited (Foodlab), a 50:50 joint venture company with MilkTestNZ, achieved a major development milestone during the quarter receiving its first phase of accreditations from IANZ. This accreditation will now allow Foodlab to provide an initial range of services to dairy customers.

Foodlab continues to focus on business development with customers and the next phase of its methods accreditation.

## **Full Year Guidance**

FY21 underlying EBITDA is tracking in line with analyst consensus of \$7.3M.

Operating cashflows continue to be strong and the Company is comfortably meeting all banking covenants.

Further updates will be provided with the full year result in late July.

Authorised by the Board

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