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Business performance and year end guidance update

Blis Technologies Limited's (BLT:NZX) programme of investment in new markets and product pipeline initiatives is the cornerstone growth driver for the business' future success. Third quarter activity supporting this strategy has seen several key projects reach finalisation with business partners, leading to the announcement of product roll out programmes.

"Last month we launched the BLIS PROBIOTICS™ store on Alibaba's Tmall Global marketplace tmall.com. As China's largest cross-border marketplace, Tmall Global is the premier channel through which overseas brands and retailers can directly reach Chinese consumers, build brand awareness and gain valuable consumer insights. The store is the ideal market entry for introducing BLIS PROBIOTICS™ to the Chinese market" said Blis Chief Executive, Brian Watson.

"Along with this we've received Health Canada approvals for our full product range. These approvals were delayed due to COVID-19 but will enable Blis to launch the range in Canada in the 4th quarter of this financial year".

Both of these significant market developments occurred late in this financial year so will have limited impact on the FY21 financial results but they are both expected to be important contributors to sales in future years.

"Our new product development pipeline offers several exciting new probiotic based product lines. We are in the late stages of launch planning for our skincare range with the first release to market expected early in the new financial year. The product a "Live probiotic hydration serum" powered by our unique patented strain BLIS Q24, will target the lucrative cosmetic market and has gone through extensive market research in the US and New Zealand, receiving very favourable customer feedback in both markets".

The product will initially be launched in NZ direct to consumers supported by a high profile multichannel campaign. Over time we intend to expand launch activity to the US and our China Tmall global site. Skincare is seen as having the potential to be a significant future revenue driver for Blis and we will look to bring to market other unique products to expand our presence in this thriving category.

Year to date performance

Trading revenue for the 9 months ending 31 December 2020 increased 10% to \$8.2m, compared with the previous year. EBITDA increased 12% to \$1.5m.

Results for the period ended 31 Dec	Third quarter			Year to date		
	FY21	FY20	Change	FY21	FY20	Change
Trading revenue	\$2.4m	\$2.3m	+ \$0.1m + 6%	\$8.2m	\$7.5m	+ \$0.7m + 10%
EBITDA	\$0.2m	\$0.3m	- \$0.1m - 38%	\$1.5m	\$1.3m	+ \$0.2m + 12%

The third quarter of the 2021 financial year saw ongoing strong sales in the US market for both our ingredient sales and our own BLIS branded finished products sold on Amazon. Along with this we have continued to see signs of a recovery in our European business that was affected by lockdowns through the middle of the year. Offsetting improved sales performance for the quarter, increased costs associated with initiatives to support future growth contributed to EBITDA decreasing to \$0.2m from \$0.3m in the third quarter of the 2020 financial year.

The 4th quarter

In the 4th quarter of FY20, we experienced a sharp uplift in demand related to the COVID-19 outbreak. In general, our customer base brought forward ordering through our distributors and direct through our online sales presence. This reflected both panic buying but also a sustained increased interest in immunity solutions.

In contrast this year we are expecting a more settled 4th quarter for FY21. We are seeing our customers become conservative in their ordering and, despite ongoing uncertainty around the world, there is an expectation that the supply chain provides flexibility to respond to just in time orders. Equally we have seen delays in anticipated orders as our customers look to de-risk by managing stock holdings.

Operating costs for 4th quarter of FY21 are forecast to increase relative to the preceding quarter with further investment to support pending product and market launches, as well as increased supply chain and sales costs associated with the new market activity.

Outlook for FY21

Based on latest sales forecasts and planned market and product investment activity for the final quarter, guidance for the 2021 financial year is for revenue similar to FY20 or at the low end of single digit growth. EBITDA is expected to be in the range of \$1.0 - \$1.3m.

This compares with previous guidance for FY21 of an EBITDA similar to the \$2.1m earned in FY20.

The expectations for stable FY21 sales revenue is against the backdrop of FY20 revenues which saw a 29% increase in sales over the FY19 financial year, with FY20 fourth quarter sales of \$3.1m.

Blis has previously signalled it has a strategy of investing for growth. Delivery on this strategy is expected to lead to a reduction in EBITDA for FY21 due to increased costs associated with building Blis' capacity for future commercialisation opportunities, including the launch of the skincare range. The Board and management continue to closely monitor trading conditions while balancing longer term challenges and opportunities. The steadfast focus on the delivery of value enhancing growth is unchanged.

Ends

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About Blis Technologies Ltd

Delivering proven health benefits through evidence-based, advanced probiotics

Blis Technologies is an NZX-listed manufacturer of advanced probiotic strains that go beyond the gut. Combining innovation with evidence-based research and the highest quality production controls enables the delivery of probiotic solutions for specific health targets including throat health, halitosis (bad breath), immune support and teeth and gum health. BLIS® products are sold throughout New Zealand and in Australia, Asia, Europe and the USA. Products can be bought online at blis.co.nz, by searching for Blis probiotics at amazon.com and blis.tmall.hk

More information about Blis Technologies Ltd can be found at www.blis.co.nz.