



12 May 2021

ASX Announcement

Metcash Limited

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1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

Tobacco Excise

Metcash Limited (MTS:ASX) provides the following update in response to yesterday's Federal Budget which Metcash understands does not include an increase in tobacco excise duty in September 2021.

Metcash has historically recognised a stock valuation gain in its Food pillar based on the value of tobacco stock on hand at the time of the excise duty and the related sales price increase. This gain flowed through to earnings as the stock was sold.

The Company has previously stated that should the Australian Government-legislated annual 12.5% increase in tobacco excise be reduced or not continued post the September 2020 increase, it would work with tobacco suppliers to ensure it continues to be appropriately remunerated for the service provided to them.

For FY22, Metcash estimates that the net adverse impact in the Food pillar of no increase in tobacco excise in September 2021 is ~\$10m EBIT. The net impact is after anticipated mitigating actions including revised trading terms with suppliers and cost reductions. The adverse impact is expected to be reflected in the Company's financial statements for the first half of FY22.

This announcement has been approved by the Board of Directors of Metcash Limited.

Ends

For further information:

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