



THE FOOD REVOLUTION GROUP

ASX Announcement

30th August 2021

FOD delivers \$7.3m EBITDA improvement

The Food Revolution Group Limited (ASX: FOD, or 'the Company') is pleased to report its preliminary full year results for the period ending 30 June 2021.

Financial Highlights

- Operating EBITDA of \$1.8m (improvement of \$7.3m vs FY20). The improvement in EBITDA position was driven by a combination of increased juice revenue and reduction of procurement, operational & administration expenses.
- Group gross sales revenue of \$42m (down 0.5% vs \$42.2m in FY20) – FY20 included \$5.6m of revenue from hand sanitiser products (vs \$1.2m FY21).
- Beverage revenues of \$40.6m (up 13% vs FY20 \$36m) reflecting the strength of sales from the Original Juice Black Label brand.
- Cash position of \$4.4m as at 30 June 2021, up from \$2.9m as at 30 June 2020.

Operational Highlights

- Negotiated price increases and improved trading terms with our major retailers in September 2020.
- Launch of the Juice Lab wellness shots into the market.
- Identified initial operational improvements of over \$1.1m, with an ongoing focus on process streamlining and logistics to deliver further savings.
- Improved capability by adding key roles across leadership including a CFO and other key management appointments.

The Food Revolution Group CEO Steven Cail commented *"I am really pleased with the results for FY21, especially in such a challenging climate that many businesses are facing throughout the COVID pandemic. When you hear the generic turnaround term of 'Fix, Reset and Grow', FY21 has proven to be the 'Fix' year for FOD and the launch pad for greater things in the future. Key business changes have been achieved by FOD post the late 2019 acquisition of the Original Black Label brand; that was to establish consistent supply and relationships with our growers, establish a strong presence in the major retailers, reduce costs (via efficiencies not quality) and return EBITDA to positive numbers; resulting in the business establishing the quality that our Australian customers have associated with the iconic OBL brand over many years.*

Whilst the fresh juice market has garnered moderate success, FOD's fresh juice offerings have outperformed the fresh juice market which has been extremely pleasing. Full year growth on the OBL brand came in a 10.0% compared to the chilled juice & beverage market at 2.3% which is a great result considering prior year COVID impacts of panic buying in Q4 FY20 (IRI Data)¹.

¹ Source Data – IRI Australia Scan Data – Quarter ending 20/06/2021 (Scan Data calendar finishes 20th)

Our Juice Lab brand is now gathering significant momentum in the marketplace. The Shots products have been well received, and as mentioned in previous releases, Juice Lab accounted for 68% of all shot sales in Q4 (IRI Data)². Continuing the Juice Labs strong momentum, the brand will release further products into the market throughout FY22, that will help FOD's sales profile and provide further wellness benefits for our customers moving forward. A strong component of FOD's strategy is to really support our two major domestic brands, growing our market-share, and ensuring our presence is prominent in the beverage sector for years to come.

It was a difficult year for export with all the international challenges that have presented with the current climate relating to both COVID and the political landscape impacts on our international relations. FOD still remain confident that as a business we are ready for our wellness offerings to be a key growth pillar for the business in FY22 and beyond. FOD has the strategic advantage of industry leading product development in the wellness & beverage markets along with retaining key relationships with our international distributors.

Whilst FOD achieved its expected sales in Q4, it pulled forward personnel changes involved in its transition to reset, ensuring the business is now ready for the next horizon. These costs resulted in a minor declination of EBITDA.

FY21 is a great result for our shareholders, it's the beginning of the turn-around. The board along with senior management are aware that there is still a lot of hard work ahead, and the journey has only just begun. I personally look forward to leading the journey through the next crucial phase of the business. I will be updating the market further on some additional and exciting new plans very soon".

Financial Review

Revenue and Sales volume

FOD juice business grew to \$40.6m up 13% vs \$36m in FY20. The strong revenue growth was supported by in year price rises and improvements in product availability. The acquisition of the Original Black Label brand has been a success in supporting our Juice growth year on year and the expansion of the Original Juice Co brand has meant an increase in OJC revenue of 25% from \$25m in FY20 to \$31.3m in FY21. Our Juice Lab wellness shots entered the market in March 2021 contributing \$780k in sales. Unfortunately, our export wellness business did not commence due to complications on the international front. Expectation is these issues are nearing the end, and FOD expects to capitalise on this additional sales channel in FY22 and beyond.

FY20 numbers include Sanitiser sales at \$5.6m compared to \$1.2m for FY21 (FY21 Q1 clearance of remaining stock).

Gross Profit & Margins

Margins in FY21 improved significantly with Gross Profit improving by \$4.6m vs FY20.

Key impacts to margin improvements are:

² Source Data – IRI Australia Scan Data – Quarter ending 20/06/2021 (Scan Data calendar finishes 20th)

- Procurement of FOD's orange supply was contracted with the growers for FY21
- Operational savings and efficiencies of over \$1.1m
- In year price rise across the juice range – September 2020

Cash position and the Balance sheet

As of 30 June 2021, the company had \$4.4m of cash at bank. Drawn debt as at 30 June 2021 was \$6.4m which pleasingly is a reduction of \$1.2m compared to FY20 (\$7.6m).

Balance sheet health is a key priority for the business moving into FY22 – FOD have removed Greensill Capital (post 30 June 2021) as their financier and replaced them with National Australia Bank (NAB) which is a strong reflection on how the business is tracking from a governance and profitability perspective, and will in turn reduce financing costs for the business.

FOD have had their assets externally valued to remove all concerns regarding the carrying asset amounts. FOD have also utilised their cash to reduce 'Trade and Other Payables' from \$12.2m to \$6.1m which will ensure the business can continue to trade on better terms with our suppliers and creditors.

Governance

FOD remains committed to strong governance and compliance. The business is actively addressing the independence and governance of the board, with announcements of positive board changes to the market since 30 June 2021, and further changes to be announced within the coming weeks.

Outlook

FOD team remains committed to our strategy. Key focus this year is to continue the journey of improving the foundations whilst focusing on profitability and growth.

Improve the foundations:

- Balance Sheet
- Cash improvements
- Governance
- Capability & Brand

Profitability and growth

- OBL core range growth
- Juice Lab growth
- Maximise margins via procurement changes and asset utilisation
- Domestic channel growth
- Export opportunities

This announcement was authorised by FOD Board

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About The Food Revolution Group

The Food Revolution Group Limited (ASX: FOD) is an Australian-based food processing company that uses a combination of conventional juice processing equipment and custom-developed equipment and processes to manufacture a range of high-quality juices, fibres, infused fruits and fruit waters that are sold as branded products or ingredients to customers domestically and overseas.

FOD uses a range of processing technologies, including Current Counter Extraction (CCE) technology which was developed in conjunction with Australia's CSIRO to extract juice from fruit and vegetables. Its processing facilities are located in Mill Park, Victoria.

FOD is aiming to generate shareholder value through exploring opportunities for growth in the functional food, beverage and nutraceutical markets in Australian and key international markets, including China.