



# THE FOOD REVOLUTION GROUP

ASX Announcement

26<sup>th</sup> July 2022

## June 2022 – Quarterly Activity Report

The Food Revolution Group Limited (ASX: FOD, or 'the Company') is pleased to update the market on activity levels for the quarter ended 30 June 2022.

### Highlights

- **Q4 Gross revenue was \$11.1m, increase 22.7% on Q4 June 2021.**
- **Original Juice Co and FOD fresh juice business continue to grow ahead of market in the quarter with 8.7% vs 7.8% respectively (IRI data)<sup>1</sup>.**
- **Juice Lab wellness shots continue to outperform competitors with 53% market share in the newly created wellness shots segment (IRI data)<sup>1</sup>.**
- **Another quarter of positive operating cash flow in Q4 (also positive in Q3) on the back of ongoing cost restructuring and sales margin improvements.**
- **Repayment of NAB debt facility of \$1.19m YTD (\$0.32m Q4).**
- **Cash receipts from customers of \$9.3m during the quarter, cash balance of \$0.9m on 30 June 2022.**
- **FOD continued to maintain service levels through difficult COVID conditions, whilst maintaining continuity, safe protocols and compliance.**

### Activities during Q4 of FY2022

The Company ended the quarter with a cash balance of \$0.9m in line with 31 March 2022. Quarterly operating cash inflow for the period was \$0.4m, in line with previous quarter performance.

Manufacturing and operating expenditure of \$6.3m for the quarter were in line with expectations. The improved cash inflow is predominantly driven by strategic changes to sales mix, procurement of inventory and changes to production efficiency.

Advertising and marketing expenditure for the quarter was primarily used for brand support and the promotion of the Juice Lab brand.

The payments made related to research and development expenditure for the quarter are as per previous quarters and are based on the time and effort invested in creating and formulating future products.

The interest paid on the NAB facility is at a fixed rate of 4.2%

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<sup>1</sup> Source data- IRI Australia data Total Grocery MAT dollars to 19/06/22

## **Payments to related parties during the quarter**

In accordance with Listing Rule 4.7C.3 and as noted in section 6 of the Appendix 4C Cashflow Statement, during the June 2022 quarter the aggregated amount of payments made to related parties and their associates totaled \$42k, comprising directors fees.

## **Q4 – Setting foundations for growth and investment.**

It is pleasing to announce a strong finish to FY22 with Q4 FY22 recording further revenue growth, up 22.7% on prior comparative period to \$11.1m. The result demonstrates positive outcomes from our investment in new product development and expanding a strong core offering.

The Food Revolution Group CEO, Steven Cail, commented *“It is extremely pleasing to have delivered another positive quarter of operating cash flow which, added to the previous quarter, means we have now delivered positive operating cash flow for H2 FY22. The improved cashflow position was supported through strong sales, with the quarter delivering an impressive 22.7% sales growth on Q4 FY21.*

*The FY22 result is encouraging given the many disruptions the business has experienced throughout the year including COVID-19 disruptions to supply chain, labour shortages, escalating cost of materials and freight, and the negative impacts to sales of floods across many states. Notwithstanding these disruptions, the businesses maintained its strategic focus in strengthening operational position and has bolstered the portfolio of brands through new product development. FOD has also achieved a competitive advantage in the chilled juice category from its strategy of sourcing raw materials only from Australian farmers, which has reduced impacts of foreign exchange and cost of importation.*

*The OBL and Juice Lab range of products have performed well in FY22 and places the business in a position to further capitalise and realise strong growth, through the trusted partnerships built with our customers. The Juice Lab range consists entirely of new products launched within the last 18-months and is on track to becoming a \$7m brand in the next financial year. This is possible thanks to our retail partners’ continued support of this outstanding better-for-you product with further ranging nationally and the acceptance of the new Calm shot offering, as announced to the market on 21 June 2022.*

*The stabilisation of FODs base business, now creates a great platform for further growth in FY23. Expectations are to expand our drinks range, with further distribution both domestically and into targeted international markets. As international borders re-open, we also turn our focus to accelerating our export wellness range of premium powders and gels.*

This announcement was authorised by FOD Board.

**For more information, please contact:**

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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, wellness beverages and supplements that are sold as branded products or ingredients to customers domestically and overseas.

FOD uses a range of processing technologies, including Counter Current 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 Australia and key international markets.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

THE FOOD REVOLUTION GROUP LTD

**ABN**

20 150 015 446

**Quarter ended ("current quarter")**

30 Jun 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	9,267	35,819
1.2 Payments for		-
(a) research and development	-141	-580
(b) product manufacturing and operating costs	-6,299	-27,324
(c) advertising and marketing	-149	-737
(d) leased assets	-225	-915
(e) staff costs	-1,770	-5,822
(f) administration and corporate costs	-213	-1,021
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-56	-186
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-1,355
<b>1.9 Net cash from / (used in) operating activities</b>	<b>414</b>	<b>-2,121</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-58	-488
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(e) intellectual property	-12	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-70</b>	<b>-488</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	300
3.6 Repayment of borrowings	-325	-1,192
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-325</b>	<b>-892</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	891	4,411
4.2	Net cash from / (used in) operating activities (item 1.9 above)	414	-2,121
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-70	-488
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-325	-892
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>910</b>	<b>910</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	910	891
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>910</b>	<b>891</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Payment for director fees	42

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,208	5,208
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>5,208</b>	<b>5,208</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>1,000</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<ol style="list-style-type: none"> <li>1. \$5.2m equipment finance loan at a fixed 4.2% interest. The equipment finance loan is secured over all of the company's assets and will be over a 5-year term.</li> <li>2. \$1.0m invoice finance facility at 6.22% interest – is secured over all of the company's assets and reviewed by annually on an ongoing basis; this facility will be used for working capital.</li> </ol>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	414
8.2 Cash and cash equivalents at quarter end (item 4.6)	910
8.3 Unused finance facilities available at quarter end (item 7.5)	1,000
8.4 Total available funding (item 8.2 + item 8.3)	<b>1,910</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26<sup>th</sup> July 2022

Authorised by: The board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.