



**THE FOOD
REVOLUTION
GROUP**

ASX Announcement

31st January 2023

December 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 31 December 2022.

Highlights

- **Appointment of Non-Executive Chairman the Hon. Jeffrey Kennett AC replacing Mr Norman Li who remains an active member of the board in his capacity as Non-Executive Director.**
- **Departure from the Board of Mr Minna 'Norman' Rong as Non-Executive Director.**
- **Q2 Gross revenue was \$13.4m, increase 12% on Q2 December 2021.**
- **Repayment of NAB debt facility of \$0.32m during the quarter.**
- **Cash receipts from customers of \$9.6m during the quarter, cash balance of \$0.7m on 31 December 2022.**
- **FOD continued to maintain service levels through difficult market conditions relating to transport and labour shortages.**

Upcoming

- **Juice Lab shots multipack, fixed term trial with Aldi Australia.**
- **Original Juice Company new 1.5L vegetable juice with purple carrot.**

Activities during Q1 of FY2023

The Company ended the quarter with a cash balance of \$0.7m. Quarterly operating cash outflow for the period was \$0.5m, which is an improvement from Q2 FY2022 of \$0.1m, but down from the previous quarter (Q1 FY2023) performance. Our reported operating cashflow for the quarter was negatively impacted by a missed receipting period in late December from one of our major customers. This meant that an expected December cash receipt of approximately \$1.0 million was not received until the first week in January. If that cash receipt had been made as expected, then the Company would have reported a cash inflow of \$0.5m instead of a cash outflow of \$0.5m.

Manufacturing and operating expenditure of \$7.1m for the quarter were in line with expectations. Q2 expenditure was higher than the previous quarter driven by a strong quarter of sales, with December recording a business record month of juice sales.

Advertising and marketing expenditure for the quarter has delivered a refreshed Original Juice Co. website (www.originaljuiceco.com.au), building on our brand story and developing consumer facing material talking about our partnership with Australian farmers.

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%.

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 December 2022 quarter the aggregated amount of payments made to related parties and their associates totaled \$35k, comprising directors fees.

Brand update

Juice Lab range

- Shots remain market leaders in the category with over 60% market share.
- New products 'calm shot' and our new multidose offerings have recorded very strong sales for their initial first two months.

Original Juice Company range

- Year on year growth of 4.6% for the range.
- New Veggie Juices selling well, with a new 'Purple Veggie' juice to hit shelves in March.

Private Label and Industrial Sales

- Aldi private label increased sales begin February 2023.
- FOD pushing volume in industrial (tanker) sales with a 79% increase YOY.

Export range

- Initial juice container volumes were well received in China, further tenders awaiting response from large retailers.
- Eridani sales of Collagen and Wellness Gels now selling in China. Further orders placed in January 2023.

Q2 – New product driving growth

It is pleasing to announce the continued growth of the sales base in H1 FY2023, recording further revenue growth, up 12% on prior comparative period to \$24.3m. The result demonstrates positive outcomes from continued investment in new product development and expanding a strong core offering.

The Food Revolution Group CEO, Steven Cail, commented:

“The company completed a strong first half of sales in FY2023, aligned with budget expectations and up 12% on last year. This is all due to stronger than anticipated domestic sales in the juice business, as we are yet to make major inroads on export due to the continued difficulty of covid lockdowns and transport impacts moving product into China.

The sales outlook for the business remains strong with plenty of new avenues emerging for sales as we move into 2023. Our branded product continues to grow and sell well, I am also pleased that the business has increased its volume with a successful Aldi tender that kicks off sales in February. The Aldi tender will see FOD as the national supplier of their fresh juices (except QLD). As mentioned in October, FOD began delivery of juice abroad with trial containers. On the back of those initial deliveries the business has an expectation that this will increase in 2023 based on positive discussions with major retailers abroad. We are also pushing our by-product sales, with good profitable growth expected by way of oils and fibre – major changes in the collection of oil in Q2 will provide a great benefit to the second half of the year.

As mentioned in prior Quarterly Activity Reports, our procurement changes increased our stock holdings for the half, which impacted cash. We expect to see the margin and cash benefit of this procurement throughout the second half of the year. Receipts were unfortunately impacted in Q2 due to a missed receipting period from one of our major customers – however this doesn’t impact our expectations of strong sales and profitable growth for FOD this financial year.

The business continues to transform itself from a governance perspective. It has been a fantastic addition to the board to have Mr. Jeff Kennett join as Chairman. Jeff brings obvious benefits to the business with his experience and track record, which will help fast track our turnaround. Jeff is already supporting transformational changes beginning with an approval of a pending name change to ‘Original Juice Co.’ and our drive to push our wonderful products into further distribution points outside the domestic major retail space.

Operationally the business has maintained strong service levels whilst operating in a safe environment. Record volumes leaving the production facility is a great achievement given the complex environment we operate in regarding covid and logistical challenges. The business foundations are well positioned to provide a great launch pad to continue growth and profitability.”

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")

31 December 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 9,574 | 18,302 |
| 1.2 Payments for | - | |
| (a) research and development | -132 | -290 |
| (b) product manufacturing and operating costs | -7,147 | -13,460 |
| (c) advertising and marketing | -76 | -144 |
| (d) leased assets | -248 | -488 |
| (e) staff costs | -2,193 | -4,257 |
| (f) administration and corporate costs | -193 | -366 |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | -86 | -134 |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | -501 | -837 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | -149 | -402 |
| (d) investments | - | - |
| (e) intellectual property | -50 | -73 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| (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) | - | - |
| 2.6 Net cash from / (used in) investing activities | -199 | -475 |

| | | |
|---|------------|--------------|
| 3. Cash flows from financing activities | | |
| 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 | 1,125 | 1,785 |
| 3.6 Repayment of borrowings | -325 | -650 |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 800 | 1,135 |

| | | |
|---|------|------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 633 | 910 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | -501 | -837 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | -199 | -475 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 800 | 1,135 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 733 | 733 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 733 | 633 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 733 | 633 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Payment for director fees | 35 |

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <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 | 6,344 | 6,344 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 6,344 | 6,344 |
| 7.5 Unused financing facilities available at quarter end | | 5 |
| 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"> 1. \$4.6m 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. 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. 3. \$0.8m unsecured short term loan from Batman Investments at 0% interest rate with no maturity date. | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | -501 |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 733 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 5 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 738 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 1.47 |
| <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? | |
| <p>Answer: The reported operating cashflow for the quarter was negatively impacted by a missed receipting period in late December from one of our major customers. This meant that an expected December cash receipt of approximately \$1.0 million was not received until the first week in January.</p> | |

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: No, this was resolved in the first week of January 2023, increasing cash receipts in the month of January.

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: Yes, on the basis of the entity being aware of the delay in receipt and the cash subsequently being received in the month of January 2023.

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: 31 January 2023

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.