



ASX Announcement

29 February 2024

## OJC H1 FY2024 Audited Results

The Original Juice Co Limited (ASX: OJC, or 'the Company') is pleased to update the market on activities for the 6-month period to 31 December 2023.

### Financial Highlights

- Gross sales revenue of \$27.6m, up 13.5% vs \$24.4m in H1 FY2023, reflecting the strength and sales growth from our key brands: The Juice Lab and Original Juice Co.
- Cash position of \$2.4m as at 31 December 2023.
- FY2024 margins reflect significant challenges in procurement of raw fruit, in particular the supply and cost of citrus. Supply challenges also created operational impacts due to the inconsistency of raw materials and our inability to service customers as efficiently as normal.
- H1 FY2024 underlying EBITDA loss of \$1.1m.

### Operational Highlights

- Success of the Original Juice Co. and The Juice Lab wellness brands were highlighted by the entrance of Original Juice Co. into 7-Eleven stores, new supermarket ranging for Apple and Green OJC products, and the release of a new Juice Lab Kids shots range.
- Traded through the challenges presented by the short-term global and local shortage of citrus.
- Obtained strategic investment with the Smith Family, including the introduction of new independent director, Ms Kerry Smith.

OJC CEO Steven Cail commented *"The first half of FY2024 was a tale of two outcomes. Pleasingly, the business continued to drive sales and revenue growth and our key brands are more popular than ever. Unfortunately, our citrus procurement challenges hindered the bottom-line result.*

*Our Original Juice Co. and The Juice Lab brands continue to drive excitement in the chilled drinks category. The Original Juice Co. branded product added additional SKUs of multiple Apple 600ml variants and Original Black Label (OBL) Goodness Green juice into supermarkets during H1. As a business, we also entered the strategically important petrol & convenience sector with the Original Juice Co. brand now in 7-Eleven stores with four key products in our exclusive 350ml format. The Juice Lab's shots and multi-shot products remain market leader in their category. We also released the new Juice Lab Kids' Shots range late in 2023, seeking to maximise the back-to-school period and immunisation benefits for children prior to the upcoming autumn and winter seasons. The growth of The Juice Lab brand has been significant since the shots' inception in mid-2021 and now delivers OJC an expected \$10m of top-line sales on an annualised basis.*

*As pleasing as our innovative growth has been, this hasn't fully translated to the bottom line as the business has encountered headwinds in the procurement space. The citrus industry is seeing poor supply locally due to fluctuating weather, and these supply issues are compounded as worldwide shortages have forced an imbalance of demand on local supply. As a business, we've worked hard to*

*mitigate these challenges. But short supply, coupled with a growth focused business, means we've incurred greater material costs to ensure our supply continues for our customers. Heading into 2023, the business had restructured its procurement model to maximise efficiency. However, our supply contracts in FY2024 didn't allow for the unforeseen significant changes in our cost base. In retail, there's a lag in our ability to take price with our customers, but this has now been done in H2 FY2024 to help pass through these significant costs. The business is also focusing on drinks beyond citrus, as our apple, grapefruit and pear products are currently expanding with new SKUs at supermarkets – particularly in apple and pear. We're expecting some cost relief in H2 via available supply of raw materials and, combined with price, our internal expectation is to reverse the profitability challenge.*

*Beyond our current drinks ranging, the business remains focused on further growth via our industrial bulk juice supply and use of our fruit by-products (e.g., oils, peels, fibres, and pulp). Innovation is at the heart of what we do, and the business is confident in our ability to grow into higher margin products."*

## **Financial Review**

### Revenue

- Gross sales for the Company were \$27,649,794, up 13.5% on the PCP. Net revenues after trading terms, volume rebates and other claims (trading terms) were \$22,637,568.

### Gross Profit & EBITDA

- The gross profit for the period was \$5.67m, which equates to 25% of net sales.
- The loss before tax was \$3,377,065 for the half-year.
- Due to citrus supply shortage pressures, increases in overheads and labour costs, the Company reported an EBITDA loss of \$1.11 million for 1H FY2024.

### Cash & Cashflow

- Operational cash outflow for the period of \$2.4m.
- Operating cashflow for the first half was negatively impacted by a \$1.3m settlement of an ATO liability in December 2023.
- Operating cashflows were also adversely affected by supply issues and rising material costs.

### Governance

- Appointment of new independent Director, Ms Kerry Smith.

## **Outlook**

Despite raw fruit supply issues, the OJC team remains committed to our previously communicated growth strategy. The key focus for H2 FY2024 is to continue fixing the business' foundations while focusing on profitability and growth. Obvious procurement challenges exist, but management is continuing to restructure procurement and pricing to ensure improved profitability going forward.



Fix the foundations:

- Balance Sheet;
- Cash improvements;
- Governance; and
- Capability & Brand.

Profitability and growth

- OBL core range growth;
- The Juice Lab growth;
- Maximise margins via procurement changes and asset utilisation;
- Domestic channel growth;
- Export; and
- Develop new and innovative functional food products and ingredients.

This announcement was authorised by the OJC Board.

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### **About The Original Juice Co. Limited**

The Original Juice Co. Limited (ASX: OJC) 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.

OJC 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. OJC 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.

**The Original Juice Co. Ltd.**

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