



ASX Announcement

31st July 2024

June 2024 – Quarterly Activity Report

The Original Juice Co. Ltd (**Company**) is pleased to update the market on activity levels for the quarter ended 30 June 2024 (Q4).

Highlights

- **Record Q4 sales with gross revenue of \$17.3m, an increase of 17.3% on Q4 June 2023.**
- **Cash receipts from customers of \$14.4m during the quarter and a cash balance of \$1.3m as at 30 June 2024.**

Activities during Q4 of FY24

The Company ended the quarter with record Q4 sales of \$17.3m and a cash balance of \$1.3m. The quarterly operating cash inflow for the period was \$64k, with \$14.4m received from customers.

The manufacturing and operating expenditure of \$11.5m for the quarter was impacted by the significant increases in procurement costs, which the business also experienced throughout Q2 and Q3 of FY24. Increases in citrus fruit prices (of circa 50% compared to Q1 of FY24) negatively impacted profitability for the quarter. However, the availability of fruit improved significantly with the start of the Navel season in May. Higher overall costs also reflected the substantial uplift in sales for Q4 (a 13.1% increase over Q3 FY24). Overall, the Company has shown an improvement in both profitability and cash flow over Q2 and Q3 and expects this trend to continue into FY25. The Company does not anticipate facing the same challenges with fruit availability that were encountered in FY24.

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 2024 quarter, the aggregated number of payments made to related parties and their associates totaled \$102k, comprising directors fees.

Q4 – Higher revenue

The Company's substantial revenue growth in Q4 FY24, which was up 17.3% on the prior comparative period to \$17.3m, highlights the strength of both the Original Juice Co (OJC) and Juice Lab brands in the market. This growth was achieved despite facing significant challenges with procurement and adverse market conditions. Although the industry anticipated relief with the start of the Navel orange season in May 2024, rising orange prices continue to impact the market.

Pricing & Supply Update

As mentioned in FY24 H2; to offset some of the increase in procurement costs, the Company has had to pass these costs on to retailers. The price rises that were submitted to help align with procurement are reflected in the results for Q4. However, with the price of citrus continuing to increase, the Company remains focused on adapting its business model and product suite to future-proof the business against volatile seasonal pricing variations in citrus. The plan includes diversifying the OJC range beyond citrus, to more apple and pear products, and also increasing the amount of fruit under contract to ensure improved supply and cost control.

The Company is also focused on growing its Juice Lab brand. A new glass shots line (the second additional glass line in 12 months) has been installed on-site to enable increased production of our 60ml Juice Lab shots SKUS and enhance efficiencies to meet ongoing demand.

The complications with the supply of Private Label products due to the citrus shortage improved in Q4 with increased fruit availability. We are now better able to service these contracts, albeit at a higher cost, and we have been working with our customers to ensure we maintain a margin (via price adjustments) that is appropriate for both parties. Given the steep growth profile of the business, any current products which don't currently contribute to the bottom line will be removed from the portfolio.

Industrial sales for FY24 were below expectations, again due to fruit supply issues. However, the Company anticipates a strong uplift in industrial sales in FY25.

The Original Juice Co. Ltd CEO, Steven Cail, commented:

"Consistent with our strategy, the business grew in Q4 and rounded out the year with 14% full-year growth in a challenging market. Both Q4 top and bottom line saw significant improvement compared to the prior quarter, as we implemented changes in pricing and procurement that helped offset the sharp rises in fruit and operational costs. These strategic changes helped contribute to a neutral operating cash position for the quarter, which is pleasing considering the challenges and cash drain in previous quarters.

There were no shortages of challenges in FY24, the supply and cost of fruit, in particular citrus, significantly impacted the top line and bottom line. The business was unable to fulfill its full demand in citrus, but more disappointingly it was the increase in orange prices that impacted the business the most. The global citrus challenges have impacted the demand/supply model in Australia, and our ability to procure the volume whilst keeping costs down were a huge challenge. Whilst OJC was not alone in these challenges, OJC determined focus on profitable growth was hindered in FY24 due to the rapid shift in our cost base.

Our prior communications have highlighted the need to drive change within OJC's operating model. These changes in Q4 have included in-market price adjustments, access to cheaper citrus fruit, operational efficiencies, and growth in strategic products that maximise margin. All OBL and private label products saw price rises, which helped boost top line sales, combined with a reduction in product promotions to reflect the supply challenges. From a procurement perspective, the business continues to evolve the working capital model to reduce severe exposures to fruit pricing. Our product development and ranging are also focused at non-citrus SKUs such as apple, pear and vegetable equivalent, now visible on supermarket shelves.

The overarching strategy within the business remains unchanged. OJC will continue to drive growth through innovation, more retailer partnerships, and key consumer offerings. Our key learnings in FY24 have also accelerated the need to have a diverse portfolio of product offerings that can defend against seasonal shortages, particularly in citrus.

This sustainable growth will place OJC in a strong position to access market synergies and key strategic investment, solidifying our future as a popular and profitable leader in fruit juice and wellness beverages.”

This announcement was authorised by the Company’s Board of Directors.

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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.

Appendix 4C

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

Name of entity

The Original Juice Co. Ltd

ABN

20 150 015 446

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	14,421	48,932
1.2 Payments for		
(a) research and development	(141)	(633)
(b) product manufacturing and operating costs	(11,521)	(39,457)
(c) advertising and marketing	(61)	(255)
(d) leased assets	(449)	(1,419)
(e) staff costs	(1,608)	(9,206)
(f) administration and corporate costs	(319)	(1,229)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	26	40
1.5 Interest and other costs of finance paid	(284)	(954)
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	64	(4,181)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) Entities	-	-
(b) Businesses	-	-
(c) property, plant and equipment	(718)	(1,941)
(d) investments	-	-
(e) intellectual property	-	(9)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(718)	(1,950)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,985
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	581	2,635
3.6 Repayment of borrowings	(342)	(1,734)
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	239	5,886

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,733	1,563
4.2 Net cash from / (used in) operating activities (item 1.9 above)	64	(4,181)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(718)	(1,950)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	239	5,886
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,318	1,318

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	1,318	1,733
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)	1,318	1,733

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Payment for director fees	(102)

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	7,208	6,775
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	7,208	6,775
7.5 Unused financing facilities available at quarter end		433
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.		
<p>1. \$2.69m NAB 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.</p> <p>2. \$1.0m NAB 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, and as at 30 June 2024 the company had drawn \$567k from total \$1.0m available.</p> <p>3. \$2.4m NAB trade facility at 8.27% variable -is secured over all the company's assets and will be reviewed annually on an ongoing basis.</p> <p>4. \$674k NAB trade finance facility at 8.32% interest- is secured over all the company's assets with a maturity date of 9 September 2024. This trade finance facility will convert to an equipment finance loan upon commissioning of the new capital expenditure.</p> <p>5. \$88k NAB equipment finance loan at a fixed 7.86% interest. The equipment finance loan is secured over racking assets and will be over a 36-month term.</p> <p>6. \$350k Director loan from Mr. Jeff Kennett at 8% interest – this loan is unsecured with no due date and was used for opportunistic new capital, the business will payback this loan within Q1 FY25.</p> <p>7. Additional financing has been formally approved by NAB to increase the \$2.4m trade facility by \$2m to \$4.4m and the \$1m invoice finance facility by \$1m to \$2m.</p> <p>The trade facility will continue to be secured over all of the company's assets and will be reviewed annually on an ongoing basis. The interest rate will increase to 9.48%.</p> <p>The invoice finance facility will continue to be secured over all of the company's assets and will be reviewed by annually on an ongoing basis. The interest rate will increase to 10.88%.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	64
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,318
8.3 Unused finance facilities available at quarter end (item 7.5)	433
8.4 Total available funding (item 8.2 + item 8.3)	1,815

8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)**

N/A

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.

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: 31 July 2024

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.