



THE **FOOD**
REVOLUTION
GROUP

INVESTOR SITE VISIT

MARCH 2019

Introduction

Servicing the global functional food, beverages & “Better for you” markets



PROVEN PRODUCTS

Our range of Better for you functional beverages are sold in all major retailers - Coles, Woolworths, Aldi & IGA.

EXPANDING INTO CHINA

Distribution agreements with leading Chinese distributors, growth still in embryonic stage.

HUGE MARKET

Functional food & beverage markets are growing exponentially as consumers seek healthier options.

SECURITY OF SUPPLY

High-quality supply chain: 80% of annual volume is under contract to our growers.

H1 2019 Highlights



FOD welcomed Norman Li as its new major shareholder and Chairman greatly increasing the Company's financial strength and international distribution capabilities



The Company is well funded - Norman Li has committed to invest \$20.25 million in equity funding, \$3.5 million settled in October and the \$16.75 million balance to settle over next 12 -18 months



Signed key Chinese distribution deals – Careline, JJ Global and a MOU with Sinopec – one of the largest Oil and Gas companies in the world with over 35,000 convenience stores



Sales of Kombucha continue strong growth in Australia – FOD's The Bucha Shop brand, is now one of the largest independent Kombucha's in the domestic market.



Plant upgrade underway - New dry room facility to be up and running in the new financial year and **relaunch of Juice Lab v2 – New size, bottle, label – Q3**



New business was won with Woolworths, Coles, Aldi and Metcash commencing in Q3 & Q4

The Functional Food & Beverage Market

A rapidly growing sector

KEY MARKET OBSERVATIONS

- Functional food & Beverage is growing.
- Sugar is not wanted.
- Convenience & RTD.

Key Points of Difference

- Natural ingredients – *Health*
- *Added Functionality.*
- Country of Origin – *Trust & Quality Assurance.*

OUR MARKETING & BRANDING

- Closely following consumer trends, Global and Domestic.
- Innovative packaging and branding.
- Leading the way in large categories that have had little innovation (juice, supplements, skin care).

STRATEGIES TO DELIVER VALUE

- Focus on functional beverage & food supplements.
 - Beverages
 - Sachets
 - Supplements
 - Citrus Oil
- Consolidate domestic market.
- Enter the Chinese market using distribution partners.

Value Proposition

WHOLESALE INGREDIENTS	THIRSTY BROTHERS BEVERAGES	SALES INTO CHINA	PRODUCT INNOVATION
<ul style="list-style-type: none"> • Contract juicing and bottling services. • Heinz Co-Pack and PSA. • Sale of Canola & citrus oil. • Japanese foodservice. • Flavors Proud/Punch. 	<ul style="list-style-type: none"> • 30 branded product launched in 2000+ outlets. • Growing into Route, Independents and P&C. • Entering into new categories. • Launch ambient juice. 	<ul style="list-style-type: none"> • Leverage distribution partners. • Careline to utilize established China channels. • 10,000 distributors, expected to grow to 30,000 in next few year. 	<ul style="list-style-type: none"> • Constantly developing new innovative products. • Consolidating umbrella brands. • Improving existing product lines.



Vertically Integrated Model

Increased production capacity to support growth



MILL PARK PROCESSING CAPABILITIES

- Juice Squeezing and processing.
- Citrus oil extraction.
- Cold & ambient storage and distribution.
- Combination technologies and micro-dosing.
- Bottling (50m litres p.a.).
- New dry room facility for functional gels and sachets in development.
- Operational leverage over fixed cost base
- On cost, high quality and efficient production
- Quality assurance and compliance with key government certifications
- Opportunities to insource and process additional fruit products
- Strong funding position allows for further upgrades and capacity increases to meet demand

Security of Supply

80% of annual volume is under contract to our growers



GROWERS

- Fruit and vegetable products source from leading industry suppliers in locations including Griffith, Goulburn Valley & Mildura
- 60+ citrus growers, long-term relationships
- Grower Manager on the ground with 45 years' experience
- Orange grower provided 504kL of juice in 2017



PACKAGING

- Packaging inputs sourced from quality manufacturers
- Bottles – Visy Plastic & Brickwood
- Bottle caps – Brickwood, Caps & Closures and PB Packaging
- Boxes – Visy Board
- Labels – Adhesive & Lemac
- Pallets - Chep



RAW MATERIALS

- Aus Chilli
- Tropico
- Easy Chef
- Interaust
- Natural Ingredients
- Directus
- Fruitmark
- And 22 additional specialty ingredient suppliers



TRANSPORT & TECHNOLOGY

- Reliable and efficient transport contractors in key locations across Australia
- Various sub-contractors to ensure secure supply chain
- Technology exist to debitter our product
- Cold fill method means 9 month shelf life

Key Customers

We supply major supermarkets and retailers



EXISTING
CUSTOMERS

coles



DOMESTIC
GROWTH:
PETROL &
CONVENIENCE



NEW GROWTH
CATEGORIES



Plant-based
milks

Functional
beverages

Oils

Ambient
market

Entering the Next Phase of Growth



PRODUCT DEVELOPMENT

New products and continued innovation to drive sales



DOMESTIC & CHINA

Leverage existing and opening new distribution channels to grow orders



PIPELINE OF OPPORTUNITIES

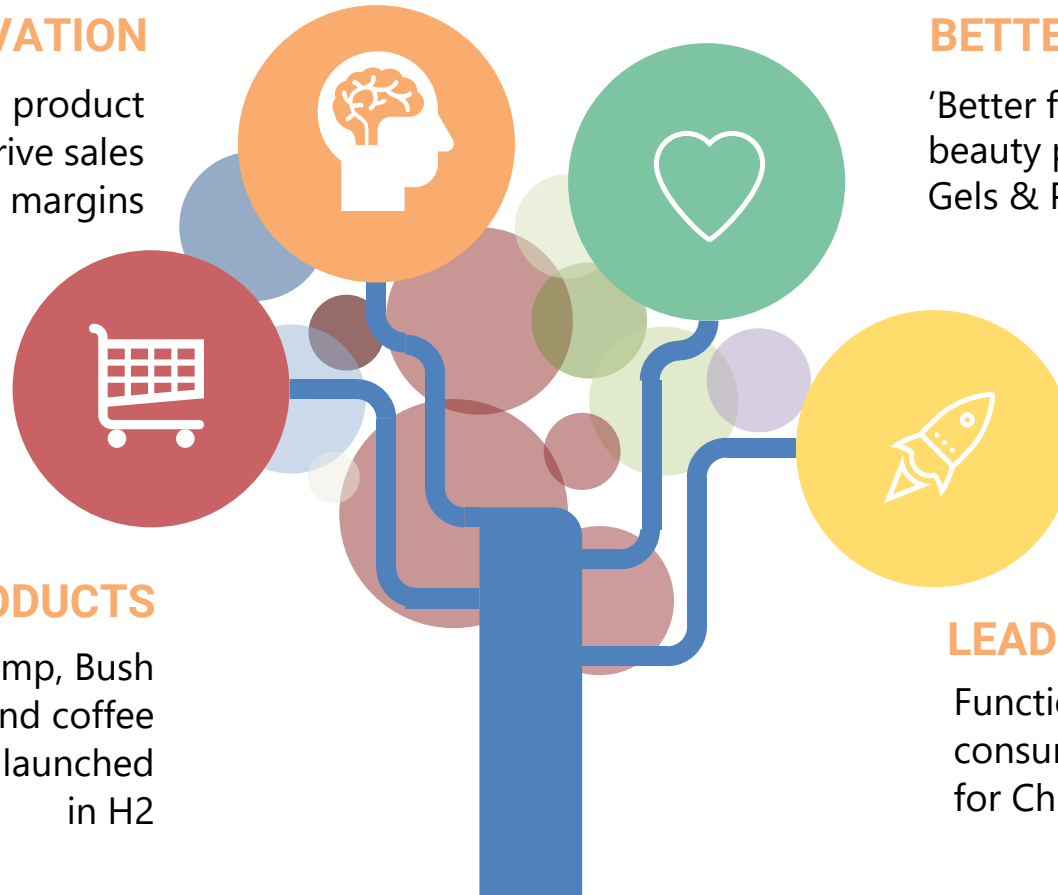
Significant pipeline of opportunities in China



Product Innovation

INNOVATION

Proactive product development to drive sales and improve margins



BETTER FOR YOU

'Better for you' health and beauty products including Gels & Powder sachets

NEW PRODUCTS

Pea proteins, Hemp, Bush Tucker and coffee Kombucha to be launched in H2

LEADING TRENDS

Functional food consumption is the future for Chinese markets

Strategy on Product Range

FOCUS ON PRODUCTS FOR DOMESTIC AND CHINA MARKETS

- Serve size
- Volume
- Flavors
- Recipe

COMMERCIALISE OIL PRODUCTS

- Canola oil (high-priority)
- Citrus oil

FOOD SUPPLEMENTS IN SACHETS

- Skin care
- Gut health
- Women's health
- Men health
- Kids range
- Sleep
- Probiotic
- Protein
- Energy

VALUE ADD IN PACKAGING

- Premium packaging
- Functional call outs



Brands and Innovation

New products are being developed continuously



Key Domestic Brands

THE BUCHA SHOP	REPLENISH	JUICE LAB	THIRSTY BROTHERS
Kombucha (in market)	Pops – Carbonated probiotics	Premium Juices	2lt Thirsty Bros
Ginger beer	Hypertonic sport drink	Pea Protein	2lt Fruit Farm
Yerba Matte'	Infused Water - Hemp	Sparkling Ice Tea	350ml Juicery
Apple Cider Vinegar	Tea - Antioxidant Infusion	Bush Tucker	1lt Juicery

Brands and Innovation

New and improved JUICE LAB

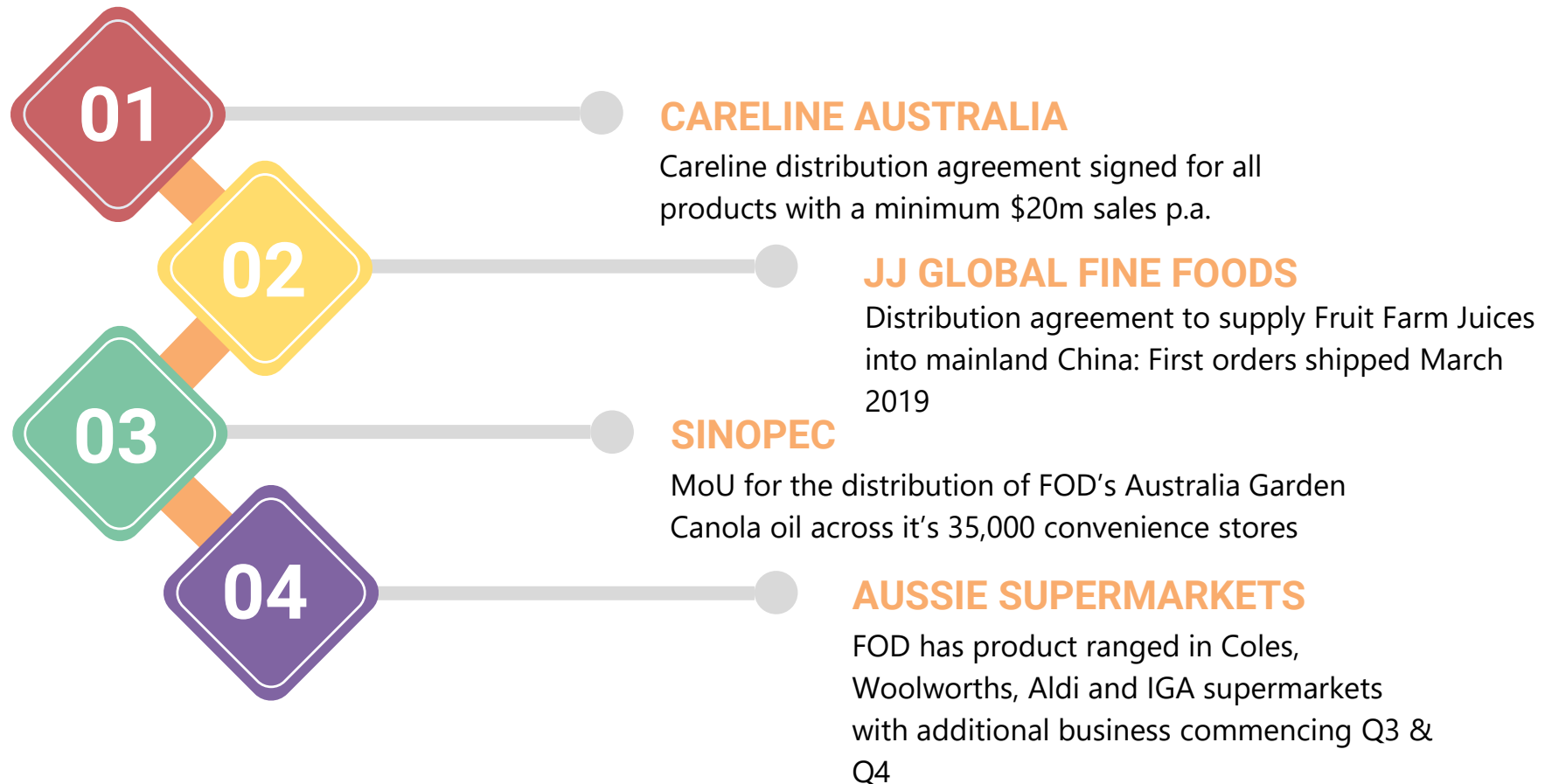


Key China initiatives and innovation

THIRSTY BROTHERS FRUIT FARM	ILLUME/AURORA	OIL	OTHER
1lt & 2lt Apple & OJ	Sachets – Powder and Gels	Sinopec • Australia's Garden (2L & 4L)	HIFI with Vitamins
Super food drinks Immunity & Hypertonic Energy	Beauty Drinks - Collagen	Citrus oil	Soup (ZUP)
Kids Vitamin waters & Juice	Pregnancy Hydration • Folic acid • Electrolytes		
Pops Soda w' Probiotics	Men's health		

Advancing Key Domestic & Chinese Partnerships

Significant growth expected in H2 2019 and beyond as key partnerships continue to develop



Significant Opportunities in the Pipeline

SINOPEC

Commercialise and grow beyond Canola Oil.

ONLINE SHOPPING

JD and T-mall shops to be established

MORE VERTICALS

Develop distribution partnerships to enter and manage new markets

- Chinese hotels through JJ Global
- Supermarkets
- Partnerships through Norman Li

CARELINE NETWORK

Careline to distribute new sachets, Powders, juice cleanser packs, Fruit juice and Citrus oils range

DIRECT TO CHINA

In discussions with leading Chinese distributors Bailian and Dashang Group

NEW CHANNELS IN LOCAL MARKETS

Explore new channels

- Military
- Prisons
- Hospitals
- Cruise ships
- Casinos
- Hotels

Outlook

NEAR-TERM MATERIAL GROWTH

■ Expand capacity at its state-of-the-art beverage plant and solid funding position underpin the **Company's positive growth outlook in 2019 and beyond**

■ **The Company is focused on growing orders in China** through existing channels and opening new distribution channels

■ **Expansion of relationship with major co-pack partner** to increase baseline sales and margin

■ **Implementation of new route trade strategy** – FOD's cold fill technology positions the company to grow café presence



■ **New product development** will drive sales and margin facilitated by continued innovation at the plant upgrade

■ **Expanding Daigou relationships** – FOD has significant interest from the broader daigou community

■ **The Company anticipates delivering a material uplift in net sales in H2 FY19** and Chinese sales begin to take shape

■ **Cost review under way to stream line the business and increase margins**



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FINANCIAL SUMMARY

H 1 2 0 1 9

Profit & Loss Summary

FINANCIAL INFORMATION

Figures shown in A\$000's

H1 2019

H1 2018

Net Sales

15,053

17,112

Gross Profit

4,590

6,668

Other Income

606

602

Expenses

7,969

6,214

ONE OFF ADJUSTMENTS

Provision for doubtful debts

2,101

EBITDA Adjusted

-639

1,018

Commentary

- Net sales lower than due to drop in co-packing sales, logistics and services fees.
- Branded sales 1% higher year on year despite the restructure of Juice Lab contract in one of the majors.
- Drop in sales will be caught up in the second half – through new domestic deals and China sales.
- Margin contraction primarily due to change in product ranging composition in Juice Lab. This will be rectified in the second half and the company expects a minimum 35% gross margin going forward.
- Expenses increased due to a one-off provision for Doubtful Debts primarily to the sale of processing technology in 2017.
- The Company expects a resolution to receiving some this amount but has written off the balance to be conservative.

Sales & Cost Summary

NET SALES

Figures shown in A\$000's

	H1 2019	H1 2018
Branded Sales	7,041	6,947
Co-packing/ Ingredient	7,303	8,900
Logistics and Services	709	1,264
Total	15,053	17,112

COST SUMMARY

Figures shown in A\$000's

	H1 2019	H1 2018
Employment Costs	2,196	2,654
Administration Costs	1,145	1,064
Marketing Costs	372	318
Operating Costs	4,164	2,178

Commentary

Branded sales

- New products launched have driven sales.
- Uplift expected in H2 FY19 through newly-signed domestic branded product distribution deals, with newly-won business with major supermarkets Woolworths, Coles, Aldi, Metcash and the relaunch of Juice Lab v2 and China.

Co-packing/ Ingredient

- Ingredients sales increased but was offset by lower co-pack volumes.
- FOD in discussions with co-pack clients about taking over new product development and Innovation with the potential to increase volumes and margin
- Logistics and Services provided have decreased due to less bulk storage requirements of co-pack clients – expect this to be steady around \$700,000 going forward

Costs

- Employment cost were down due to restructuring of casual staff to better meet manufacturing needs.
- Admin higher due to one off legal costs and transaction costs associated with the Careline transaction.
- Marketing cost on ingredients lower, branded products marketing increased to support key customers.
- Operating Costs increased due to increase in doubtful debts provision for the sale of processing technology in 2017

Balance Sheet Summary

FINANCIAL INFORMATION

H1 2019 H1 2018

Figures shown in A\$000's

Current Assets	30,666	29,684
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Non-Current Assets	38,950	40,034
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Total Assets	15,890	17,037
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Current Liabilities	2,771	3,014
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Non-Current Liabilities	18,661	20,051
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Total Liabilities	20,289	19,983
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Net Assets	30,666	29,684
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CASH & DEBT

H1 2019 H1 2018

Figures shown in A\$000's

Cash	1,734	889
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Debt	9,355	9,980
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Commentary

- Balance sheet significantly strengthened
- Net assets increased to \$20.2M
- Total Debt reduced by \$1.6M since June 2018

Careline/Norman Li Investment and Performance Shares

\$20.25m Strategic Investment Summary



Tranche 1 – 18.5 million ordinary shares, an investment of A\$1,000,000, on or before 28 September 2018.



Tranche 2 – 46.5 million ordinary shares, an investment of A\$2,510,000, by 31 October 2018.



Tranche 3 - an Investment of A\$5,400,000 being 100 million shares to be settled and issued one business day after the shareholder meeting approves the transaction.



Tranche 4 – an investment of A\$5,400,000 being 100 million shares to be settled and issued on 5 September 2019 (or, if later, one business day after and subject to approval at the shareholder meeting).



Tranche 5 – an investment of A\$5,940,000 being 110 million shares, to be settled and issued on 5 March 2020 (or, if later, one business day after and subject to approval at the shareholder meeting).

Performance Shares Summary

Performance Shares

Milestone

100,000,000

In any 12 month period in the three financial years between 1 July 2019 and 30 June 2022 if Introduced Revenue is at least \$60 million, then 100 million performance shares will be entitled to convert to ordinary shares.

30,000,000

In any 12 month period in the three financial years between 1 July 2019 and 30 June 2022 if Introduced Revenue is at least \$160 million an additional 30 million performance shares will be entitled to convert to ordinary shares.

30,000,000

In any 12 month period in the four financial years between 1 July 2019 and 30 June 2023 if Introduced Revenue is at least \$315 million an additional 30 million performance shares will be entitled to convert to ordinary shares.

30,000,000

In any 12 month period between 1 July 2019 and the fifth anniversary of the date of the issue of the performance shares if Introduced Revenue is at least \$465 million an additional 30 million performance shares will be entitled to convert to ordinary shares.



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