



ASX Announcement

29th October 2021

September 2021 – 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 September 2021.

Highlights

- Q1 Gross revenue was \$10m
- Original Juice Co and FOD fresh juice business continue to grow in line with the market at 4.6% (IRI data)¹
- Juice Lab wellness shots continue to outperform competitors with a 70% market share in the newly created wellness shots segment. Juice Lab Immunity product the number one selling sku in the segment (IRI data)²
- FOD replaced Greensill debt with NAB equipment finance loan
- Jacqueline Phillips and David Marchant appointed Independent Director
- Cash receipts from customers of \$8.1m during the quarter, Cash balance is \$2m on 30th September 2021
- FOD maintained service levels through difficult COVID lockdowns, whilst maintaining safe protocols and compliance

Replacement of Greensill debt with NAB financing

As announced in the market announcement dated 12 July 2021, based on FOD's improved financial performance, the company successfully gained approval to partner with NAB to refinance the business for the next 5 years.

On 30th July 2021, the existing Greensill loan was paid off in full and replaced with a \$6.5m equipment finance loan from NAB. The new loan is at an improved interest rate of 4.2% and is secured over all of the company's assets over a 5-year term.

Appointment of Jacqueline Phillips and David Marchant as Independent Directors

On 12th July 2021 The Food Revolution Group announced the appointment of Jacqueline (Jac) Philips as an independent director to strengthen the board. Jac is a creative and commercial senior executive with over 25 years' experience working across a broad range of business environments, encompassing banking, finance, wealth management, technology, fast moving consumer goods (FMCG) and retail. She has served

¹ Source Data – IRI Australia Scan Data – Quarter ending 30/09/2021

² Source Data – IRI Australia Scan Data – 3 months ending 10/10/2021

on listed and not-for-profit Australian boards, providing unique contributions in the areas of executive and leadership coaching, consumer insights, brand and marketing, and financial sector proficiency.

On 6th September 2021 The Food Revolution Group announced the appointment of David Marchant as an independent director to assist in corporate governance and also further guide the management of the business. David brings extensive experience to FOD with a career spanning more than 30 years in business and professional services.

On 6th September the Company also announced the resignation of Mr Matthew Bailey from his board position after 5 years on the board. This change was driven by the need to increase independence on the board, as previously announced to the market.

Activities during Q1 of FY2022

The Company ended the quarter with a cash balance of \$2m (\$4.4m as at 30 June 2021). Quarterly operating cash outflows for the period was \$2.4m compared to \$1.4m in the previous quarter. This increase in operating cash outflow is largely due to a one-off payment of \$1.3m to settle an outstanding payable from previous periods.

The Company continues to strive to be the leading provider of beverages, functional foods and wellness supplements, and through sales of its core brand, private label business and newly launched wellness range, the Company was pleased with gross sales for the first quarter of 2022 of \$10m (up 4% year on year).

Manufacturing and operating costs continue to be an area of focus for the Company whilst ensuring our consumers always receive the highest quality of juice. Manufacturing and operating costs for the quarter were in line with expectations and there was no significant unplanned expenditure incurred for the quarter.

Advertising and marketing expenditure for the quarter was primarily used for the promotion of the Juice Lab Wellness Shots as well as the launch of the new Juice Lab Carbonated Wellness Cans.

The payment of research and development expenditure during the quarter pertains primarily to the time and effort invested in the creation and formulation of the future products. The payment of research and development expenditure in Q1 of 2022 was in line with that of Q4 of 2021.

The interest paid on the NAB facility is at an improved rate of 4.2% meaning a significant decrease in interest expense as well as interest payments for the quarter. Interest on the former Greensill facility was 7.75%.

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 September 2021 quarter the aggregated amount of payments made to related parties and their associates totalled \$69k comprising director fees, shared services and professional fees.

Q1 is an important building block for FOD

Sales growth in FOD's core Juice and shots segments is pleasing. Q1 saw significant structural changes within the FOD management at both Board and Executive level, this has provided a strong base to continue the growth strategy of FOD as it heads into the next horizon.

The Food Revolution Group CEO, Steven Cail, commented *"It was a busy quarter as the business repositioned itself with some key changes, setting up for a strong FY2022. It was great to finalise the NAB refinancing deal along with key appointments to the board – providing good stability for the next phase of the FOD business."*

Sales for the quarter were on track, our Juice sales and Wellness Shots continue to perform well, growing 4.6% YOY (IRI data)³, providing a good core range to underpin the expected growth plans for the remainder of FY2022. It was a good result considering the difficult climate the business is currently operating in as our Melbourne base facility remained safe and engaged, whilst managing to keep up service levels through the COVID lockdowns.

We knew cash would be impacted in Q1 as \$2m was required for both prior period cash payments along with stock build, the prior year payments in turn improved FOD's balance sheet position whilst the additional stock commitments are required to support new product and incremental sales for the remainder of FY2022. The business is step changing its operating cash position during Q2 with significant cost saving activities, as the business rolls out positive changes to the sites efficiency and procurement model to support the growing sales.

As mentioned in the ASX release on 20th September, the business has rolled out further product ranges that should provide incremental sales and margins for the remainder of FY2022 backed up by some key product rollouts including the introduction of carbonated wellness drink (CWD) cans, increased shots distribution and the Original Black Label juice expansion.

FOD also expect to appoint a new CFO in Q2 FY2022 to finalise the key leadership team."

This announcement was authorised by FOD Board.

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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

³ Source Data – IRI Australia Scan Data – Quarter ending 30/09/2021

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

FOD uses a range of processing technologies, including Current Counter 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 Sept 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,132	8,132
1.2 Payments for		
(a) research and development	-141	-141
(b) product manufacturing and operating costs	-7,120	-7,120
(c) advertising and marketing	-167	-167
(d) leased assets	-231	-231
(e) staff costs	-1,193	-1,193
(f) administration and corporate costs	-279	-279
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-30	-30
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-1,355	-1,355
1.9 Net cash from / (used in) operating activities	-2,384	-2,384
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-51	-51
(d) investments		
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-51	-51

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	300	300
3.6	Repayment of borrowings	-217	-217
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	83	83

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,411	4,411
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-2,384	-2,384

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-51	-51
4.4	Net cash from / (used in) financing activities (item 3.10 above)	83	83
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,059	2,059

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	2,059	2,059
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)	2,059	2,059

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Payment to ONE A Group Pty Ltd and Healthy Generation Pty Ltd	32
6.2	Payment to Careline Pty Ltd	12
6.3	Payment to Jac Phillips	6
6.4	Payment to Norman Rong	6
6.5	Payment to Rocky Zou	6
6.6	Payment to Matthew Bailey	7
6.1 Payment for professional service provided and shared service recharges		
6.2 Payment for director fee		
6.3 Payment for director fee		
6.4 Payment for director fee		
6.5 Payment for director fee		
6.6 Payment for director fee		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	6,484	6,484
7.2	Credit standby arrangements	-	-
7.3	Other – Trade Finance	1,000	1,000
7.4	Total financing facilities	7,484	7,484
7.5	Unused financing facilities available at quarter end		1,000
7.6	<p>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> <ol style="list-style-type: none"> \$6.5m equipment finance loan at an improved 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. \$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. 		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	-2,384
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,059
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)	3,059
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.28
	<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: No, as the operating cash outflow for the first quarter of 2021 includes a \$1.3m one-off payment relating to a previous period and also includes inventory build for FY22 full year requirements.</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?	
	<p>Answer: No, no further fund raising is required.</p>	

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, as the company has initiatives in place, cost saving initiatives to reduce operating cash outflows, and increased sales expectations for the remainder of FY22.

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: 29th October 2021

Authorised by: By the board

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.