



THE FOOD REVOLUTION GROUP

ASX Announcement/Press Release

2 May 2018

The Food Revolution Group outlines strategy for growth as directors re-invest in the Company

Highlights

- **The Food Revolution Group is one of the largest beverage and functional food companies in the Australian grocery channel and positioned for further growth**
- **Branded products continue strong performance encompassing 41% of current net sales and growing at 37% YoY – driving margin**
- **Plant capacity available to expedite growth - Australian based fresh / natural plant running at 37% capacity provides huge leverage and opportunity for international distribution**
- **Actively engaged with Chinese distribution partners**
- **Investment in new process innovations to drive efficiencies**
- **Refinanced balance sheet – asset revaluation to \$18m and debt refinancing completed**
- **New long term lease signed over 15 years to underpin manufacturing capability**
- **Clean up of share register – directors buy more shares providing validation of growth trajectory**
- **Divestment of legacy mining assets now completed**

The Food Revolution Group Limited (ASX: FOD, “the Company”) is pleased to provide an update on its business and operational activities.

Strategy

The Food Revolution Group will continue with its strategy of innovation which has enabled it to become one of the largest beverage and functional food companies in the Australian grocery channel.

The company will look grow by:

1. Increasing its distribution into Route and Petrol and Convenience
2. Establishing distribution partnerships into China;
3. Moving into new product categories; and
4. Continuing to innovate.

Current Business - Brand Growth a key feature:

FOD has continued to grow its branded business by bringing new innovative products to market.

Revenue Breakdown

Revenue	1HY17	1HY18	% Growth
Branded	\$5,074,365	\$6,947,199	37%
Co-packing /Ingredients	\$9,261,528	\$8,900,348	-4%
Other	\$1,095,693	\$1,264,265	15%
Total	\$15,431,586	\$17,111,812	11%

After the successful launch of its range The Juice Lab, it has continued to innovate by launching new brands:

- The **Bucha Shop** range – a top-selling kombucha. The kombucha market is growing as consumers continue to look for a health product. FOD developed its first Kombucha product more than three years ago . Since the launch of our Kombucha range in Q4 FY17, we have seen our sales grow by over 40% each quarter. This has seen The Bucha Shop become one of the top 3 kombucha on the market.

Fruit Farm – A premium quality juice for the in-home market. Products in the range are 1.5 litres or 2L. The in-home market is the largest category.

All our brands are leading brands in their channels.

New products

The company has continued to innovate by developing new products which it will launch in the next 12 months. These products will be a key driver as we move into new categories. Some of the new products include cold extracted coffee, brewed tea, carbonated beverages, low sugar beverages, soups, lcy poles, a supplements range and plant-based milks.

Increasing plant capacity

FOD's Mill Park plant is operating at approx. 40% capacity. We have made significant improvement in productivity. The plant has capacity to do more than \$110M in revenue at gross margins of between 30% to 45%. With a relatively fixed overhead structure we are well positioned to grow.

Distribution into China:

The company is developing strong relationships with established partners to take its products into the Chinese market. These discussions are at an advanced stage.

Process innovation

FOD has consistently looked at driving process innovation. We are able to extract more valued-added products and preserve the natural nutrients of fruit and vegetables. This gives us a more commodities like orange oil and orange pulp to sell and products that will be able to be distributed into the Asian markets safely.

Asset revaluation

The company, Mill Park facility has had over \$30M invested into plant and equipment . After a recent revaluation of our assets, valuation of our plant and equipment assets has increased from \$8M to \$18M.

New Lease

The company has moved to shore up its Mill Park facility by signing a new 15-year lease. The new landlord will be upgrading the plant to bring it in line with current modern standards. This will mean FOD will keep its capital expenditure on the facility to a minimum.

Debt refinancing

The company has refinanced its debt, signing an agreement for a \$10 million revolving credit facility with Assetsecure Pty Ltd as Asset Manager and Greensill Capital as Senior Secured Lender.

The facility has an 18-month term and can be renewed every six months. This will provide working capital to fund the company's growth in addition to refinancing existing debt.

Importantly this allows us to grow our business using the receivables from customers as security.

Share Register

After a recent sale of shares from our largest shareholder, total shares held by the top 20 shareholders has decreased from 83.51% to 80.7% and improved the liquidity of the shares.

Executive Chairman Bill Nikolovski and Director Matt Bailey have recently increased their shareholding by 1.5M and 2M shares respectively with off-market purchases.

Mining assets

FOD has divested the remainder of the mining assets previously held by its shell company Crest Minerals Limited to Fortify Mining Pty Ltd for a nominal value. This allow FOD to focus on its Food and beverage business.

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