



ASX Announcement

29th January 2020

## **16% growth in Q2 Sales Revenue with YTD EBITDA in excess of \$2m**

The Food Revolution Group Limited (ASX: FOD, or 'the Company') is pleased to update the market on activity levels for the quarter ended 31 December 2020.

### **Highlights**

- Gross juice sales revenue of \$11.1m for the 3-months ended 31 December 2020, a 16.2% increase versus the prior quarter and an 9.8% increase on previous corresponding period (pcp)
- Total sales for 1H FY21 of \$20.7m delivering positive unaudited EBITDA in excess of \$2m.
- The 1H FY21 EBITDA represents a significant turnaround from a \$1.2m loss over the same period last financial year<sup>1</sup>. The turnaround in financial performance reflects both improved trading conditions and operational performance
- The strong revenue for the quarter reflected the price increases received in September 2020 with all of our major retailing customers for the Original Black Label (OBL) juice products
- Cash receipts from customers of \$9.4m during the quarter (up 5.6% vs pcp)
- Based on market data<sup>2</sup> total FOD juice business grew at 22% over the quarter outperforming the broader juice market that grew at 3%. FOD growth was driven by Original Juice Co (OBL) brand as well as roll out of new variants
- OBL brand is now available in South Australia via independent retailers including Metcash, Drakes and Foodland
- Successful placement of \$4m to institutional and sophisticated investors to support the rollout of Juice Lab wellness products, build brand awareness of the Original Juice Co and drive further operational efficiencies
- The Share Purchase Plan was well supported by current shareholders raising \$498k.

*With improving volumes, strengthening prices, security of raw material supply and a focus on operational efficiencies and cost control, FOD is well positioned, subject to broader macro-economic conditions, to continue to deliver improved financial performance in FY21.<sup>1</sup>*

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<sup>1</sup> Excluding any adjustments to 1H FY21 EBITDA

<sup>2</sup> Market Data is based on IRI readings which reflect volume and value sold from retailer outlets.

Food Revolution Group CEO and Managing Director, Tony Rowlinson, commented *"It is extremely pleasing to see a second quarter of positive turn-around momentum in FOD's financial performance. The strong sales for our Original Juice Co brands reflects the growing consumers demand for fresh and healthy juices (especially oranges) with increased importance on vitamin enriched and functional beverages to help build the immune system. The full effect of the price rise announced in September was evident in our revenue and operating margins during the quarter.*

*The operational 'performance improvement' programs commenced at the beginning of the financial year continue to improve our operational efficiencies. The Mill Park facility has seen an increase in production through-put, reduced waste and lowered overall labour costs. Our continued focus on operational excellence and efficiencies will continue to enhance our financial performance.*

*The launch of Eridani in September marked the launch of our wellness range from our state-of-the-art clean room facility in Melbourne.*

*I would like to thank both our existing and new shareholders who supported our recent placement. The funds raised will be used to improve the operational performance and efficiencies of our Mill Park facility as well as increase the profile of our Original Juice Co and Juice Lab products."*

## **Financial and Operational Review**

The Original Juice Black Label products continue to grow market share with a quarterly growth of 18%. OBL continues to outperform fresh juice market, increasing our share to 12% of the \$560m market.

The OBL brand now available in South Australia via independent retailers including Metcash, Drakes and Foodland. South Australia accounts for approximately 10% of the Australian fresh juice market.

FOD's revenues for the quarter were \$11.1m an increase of 9.8% versus the pcq and 16.2% uplift from the September 2020 quarter. The uplift in revenue was driven by strong sales volumes as well as the impact of the price increases for the OBL product range announced in September 2020.

Cash receipts for customers for the quarter was \$9.4m, a 5.6% increase from the PCQ. The pick up in cash receipts was driven by strong revenue growth. As at 31 December the Company has \$2.94m cash.

Total sales for 1H FY21 of \$20.7m delivering positive unaudited EBITDA in excess of \$2m.

The company continues to focus on costs and expenses. Staff, administration and corporate costs were \$1,711k in terms of cashflow for the quarter, down from \$1,968k in the previous quarter as the company focusses on operational efficiency improvements.

Payments to the Directors of the entity, comprising of salaries and fees for Executive and Non-Executive Director, totalled \$0 during the quarter (see section 6 of the Appendix 4C). No other payments were made to any related parties or their associates of the entity.

## **Equity Placement**

During the quarter (ref ASX announcement 3rd December 2020) the Company announced that it had received binding commitments to raise \$4 million before costs under a placement of new shares to a range of institutional and sophisticated investors. The company also launched a Share Purchase Plan (SPP) which raised a further \$498,000. Funds raised from the Placement and SPP will be allocated towards:

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- Support for roll out of Juice Lab wellness products
- Installation of ERP system
- Original Juice Co and Juice Lab brand awareness and consumer activation strategies
- General working capital requirements

## **Outlook**

The Company remains focussed on being a leading provider of beverages, functional foods, nutraceuticals and wellness supplants that improve the quality of consumers' lives. For the balance of FY21 key focus areas:

- Leveraging the OBL brand to maximise value from new products
- Obtain listings for the new Functional beverage ranges with launch of Juice Lab shots, carbonated beverages and juice range
- Extend OBL and Juice Lab availability into petrol and convenience outlets
- Establish Eridani brand on Careline C-Mart ecommerce platform in increasing distribution into China
- Present Eridani Marine Collagen range to Chemist Warehouse and other leading pharmacy outlets
- Development of new wellness supplements under the Juice Lab brand
- Continue to upgrade and drive operational performance improvements from the Mill park production facility
- Implement ERP system
- Invest in our brand to grow consumer franchise
- Build our teams capabilities – appointment of new CFO by March 2021

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, infused fruits and fruit waters 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 Australian and key international markets, including China.