1 September 2021

Full Year Results Announcement for FY21

Branded retail sales gaining traction

Murray River Organics Group Limited (ASX: MRG) ("Company" or "MRG") today announced a net loss after tax of $21.6m which represents a $17.4m reduction on the corresponding prior year net loss.

FY 2021 Highlights

- MRG continues to transform towards a branded organic and better for you FMCG business combined with a best-in-class organic procurement capability
- Over 30 new MRO-branded products including Muesli, Confectionary and Dried Fruit and Nut categories successfully ranged in major supermarkets
  - Sales in our Retail branded products were up by 24%,
  - The Wholesale and Ingredients strategic procurement business was up 20%
  - Export sales grew 14% with encouraging signs in our branded export retail business.
- $22.5m of asset realisation initiatives were signed, with $7.75m settled in August and a further $4.5m anticipated to settle in September.
- Net Debt was reduced by $1.0m and will reduce by a further $12.25m following the settlement of our Wargan and Mourquong properties in August and Nangiloc property expected to settle in September.
- New leadership leading a stringent focus on costs and capital management and acceleration of growth pathways to profit for the Company

Commenting on the result, CEO, Birol Akdogan said, "Our performance in FY21 saw significant green shoots emerge from our Branded products in Retail and Export Divisions. Demand for our Dried Fruit continues to be strong in MRG's Domestic and Export markets. The FY20 harvest was badly impacted by drought and unseasonal rain events, which necessitated a rework of the harvest and discounting of the remaining produce in the second half. Our FY21 harvest, whilst below expectations in terms of yield, resulted in much higher quality fruit which will largely be sold during FY22.

Whilst our processes are now greatly improved, past Sales & Operations Planning process issues led to an overstocking in certain categories during the first half. This had an adverse affect on our results as a number of product lines were sold at a steep discount or provided for during the second half.

Furthermore, our sales fell significantly in the Fresh Category as a result of our exit from those farming assets, whilst the exit from a low margin private label contract also impacted top-line revenues."

Financial Summary

$m	FY21	FY20	Change	%
Net Sales	42.6	48.3	5.7	-11.9%
EBIT-L	(19.6)	(36.3)	16.7	46.1%
One off items	1.7	15.9	-	-
SGARA loss	2.6	5.3	-	-
Depreciation	3.6	4.9	-	-
Underlying EBITDA - SL	(11.7)	(10.3)	(1.4)	-13.5%
NPAT (loss)	(21.6)	(39.1)	17.4	44.6%
Net Debt	40.1	41.1	1.0	-
Net Assets	(2.8)	20.6	(23.4)	-

MRO chairman Andrew Monk said, "The Board is looking to accelerate our growth towards becoming a branded retail organic and better-for-you food business. Our returns on the farming and agricultural assets of the business have been poor, and whilst we are making improvements, the business is better placed to focus on expanding our modern Dandenong food production facility by focusing on branded FMCG opportunities and capitalizing on the strong consumer trend towards organic and better-for-you foods."

Strategy and Outlook

In the second half, the Company continued to strongly pursue its asset realisation program by announcing $12.75m of asset sales relating to its Gol Gol, Wargan and Mourquong properties. Furthermore, a marketing campaign commenced in July for the sale of our remaining Farms. Our desire is to attract new investments onto the farms in return for long term supply arrangements. Those new investments should ultimately result in a meaningful increase in yields and we are confident that we would be able to achieve solid margins on any additional fruit.

There will be a continued focus on the fast-growing MRO branded retail categories, which has shown encouraging signs thus far. Further investments in MRG's marketing, branding and product development activities will accelerate this growth and the Company believes that it is in an excellent strategic position in its field; An agile leader in the organic and better-for-you category while also being large enough to supply large retail markets and export globally.

Capital Management

Alongside the Company's asset realization strategy, MRG is actively seeking value-accretive acquisitions to expedite its growth and accelerate the Company's return to profitability.

MRG has explored a range of financing initiatives to compliment an equity raising to fund any value accretive acquisitions. The Company's bank is continuing to be supportive of the transformation process and the acquisition strategy however it is likely that any acquisition transaction undertaken would include a refinance of the NAB facility with another party.

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This announcement has been approved for release by the Board of MRG.