



ASX Announcement

31st October 2022

September 2022 – 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 2022.

Highlights

- Q1 Gross revenue was \$11m, increase 8% on Q1 September 2021.
- Original Juice Co and FOD fresh juice business continues to grow 2.4% compared to Q1 FY2022 (IRI data)¹.
- Repayment of NAB debt facility of \$0.32m during the quarter.
- Cash receipts from customers of \$8.7m during the quarter, cash balance of \$0.6m on 30 September 2022.
- FOD continued to maintain service levels throughout difficult market conditions regarding transport and labour shortages.

Upcoming

- Juice Lab shots range is extended with the launch of two new 5-day multidose products.
- Juice Lab launches new range Green Oat-based Smoothie product.
- Original Juice Company launches new Clear Apple 1.5L product.

Activities during Q1 of FY2023

The Company ended the quarter with a cash balance of \$0.6m which is down by \$0.3m from 30 June 2022 balance. Quarterly operating cash outflow for the period was \$0.3m, which is an improvement from Q1 FY2022 outflow of \$2.4m, but down from the previous quarter (Q4 FY2022) performance.

Manufacturing and operating expenditure of \$6.3m for the quarter were in line with expectations. Whilst the business has made extensive changes to the sales mix, seasonality means that Q1 continues to be the lowest receipts quarter for the year, whilst also being the highest expenditure quarter, due to seasonal procurement and investment in navel oranges. Q1 expenditure also reflects further payments to reduce balance sheet debt, whilst also allowing the 'working capital intensive' changes required to enable the increase in sales expected this year. To mitigate seasonal cash strain on the business during Q1 additional steps were taken during October to bring forward the receipt of debtors.

¹ Source data- IRI Australia data Total Grocery MAT dollars to 11/09/22

Advertising and marketing expenditure for the quarter has delivered a focused investment in building our brand story and for developing material to share with consumers of our ongoing partnership with Australian farmers.

The payments made related to research and development expenditure for the quarter and are in line with previous quarters and are based on the time and effort invested in creating and formulating future products.

The interest paid on the NAB facility is at a fixed rate of 4.2%

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 2022 quarter the aggregated amount of payments made to related parties and their associates totaled \$42k, comprising directors fees.

New Products

Juice Lab shots range

- FOD has launched two new extensions of its current Juice Lab shots range. The new 350ml multidose SKU's offer consumers a 5-dose option and will retail for \$12. Each of the two new products will be ranged nationally, with products available in Woolworths late October and Coles mid-November 2022.
- Coles has also agreed to range the 60ml Calm Juice Lab shot nationally, in addition to the current shot range. The new product will be in store from mid-November 2022.

Juice Lab smoothie range

- FOD has launched a new green plant-based smoothie incorporating wholegrain oats as part of its ongoing strategy of developing healthier impulse juices to meet consumer demands. Juice Lab 350ml Green Oat Smoothie will be ranged nationally in Woolworths and Coles stores from late October 2022.

Original Juice Company range

- FOD has also launched a new 1.5L Clear Apple SKU to augment the current range of cloudy apple. The new Clear Apple SKU is aimed at meeting the taste profile of children and consumers who prefer a milder apple taste. The new Clear Apple SKU will be ranged nationally in Coles from mid-November 2022.

Q1 – Investment in growth.

It is pleasing to announce a strong sales base to start FY2023, recording further revenue growth, up 8% on prior comparative period to \$11m. The result demonstrates positive outcomes from continued investment in new product development and expanding the strong core offering.

The Food Revolution Group CEO, Steven Cail, commented

"It is pleasing to continue our sales growth into FY2023. The business is further strengthening the sales and procurement models, to service further growth this year. June through to November are the key buying periods for the business and a lot of cash was invested to ensure we have adequate supply heading into Christmas and beyond.

Changes to our procurement model are designed to drive costs down, support increased volumes, whilst always maintaining our quality. This model will support the increased sales expected in our domestic juice trade, industrial juice trade, along with our new entry into export markets.

An increase in domestic sales is expected on our branded products heading into the peak season over the coming months. We continue to see the 'Original Juice Company' brand as our staple brand of the business, along with further fresh juice volumes in the form of contracts via private label and industrial sales. As mentioned in previous announcements, the business has also secured further private label contracts in the form of National Aldi supply (except QLD) and an increased focus in industrial (tanker) sales, due to our push for increased volumes in Australian juices both domestically and export.

It's also pleasing to see the growth of our 'Juice Lab' brand with further ranging in the supermarkets. The Juice Lab wellness shots remain the preferred small format wellness drink and I am looking forward to seeing the extended range in stores in the coming months.

Regarding export, the business completed its first shipment of juice in September, with plans to partner with key distributors in the coming months to support the export growth strategy. Eridani brand began initial sales in Q1, with further expected throughout FY2023."



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

FOD uses a range of processing technologies, including Counter Current 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 September 2022

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	8,728	8,728
1.2 Payments for		
(a) research and development	-158	-158
(b) product manufacturing and operating costs	-6,313	-6,313
(c) advertising and marketing	-68	-68
(d) leased assets	-240	-240
(e) staff costs	-2,064	-2,064
(f) administration and corporate costs	-173	-173
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-48	-48
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	-336	-336
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-253	-253
(d) investments	-	-
(e) intellectual property	-23	-23

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	-276	-276

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	660	660
3.6	Repayment of borrowings	-325	-325
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	335	335

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	910	910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-336	-336

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)	-276	-276
4.4	Net cash from / (used in) financing activities (item 3.10 above)	335	335
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	633	633

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	633	910
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)	633	910

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Payment for director fees	42
<i>The above payments are director fees.</i>		

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	5,884	5,544
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,884	5,544
7.5	Unused financing facilities available at quarter end		340
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"> \$4.9m equipment finance loan at a 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)	-336
8.2	Cash and cash equivalents at quarter end (item 4.6)	633
8.3	Unused finance facilities available at quarter end (item 7.5)	340
8.4	Total available funding (item 8.2 + item 8.3)	973
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.90
	<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?	
	Answer:	
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?	
	Answer:	

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:

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: 31 October 2022

Authorised by: The board
(Name of body or officer authorising release – see note 4)

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.