



THE FOOD  
REVOLUTION  
GROUP

ASX Announcement

27 February 2023

## FOD H1 FY2023 Audited Results

The Food Revolution Group Limited (ASX: FOD, or 'the Company') is pleased to update the market on activity levels for the 6-month period to 31 December 2022.

### Financial Highlights

- FY2023 underlying EBITDA \$0.7m, FY22 \$0.8m including book adjustments (FY2022 EBITDA includes +\$0.45m R&D adjustment relating to prior years).
- Gross sales revenue of \$24.4m, up 12% vs \$22.2m in FY2022, reflecting the strength and sales growth from key brands; The Juice Lab and the Original Juice Black Label brand.
- FY2023 margins includes +5% increase in direct labour (company-wide pay rise 1<sup>st</sup> July 2022), +9% freight increase and +7% packaging increase.
- Cash position of \$0.73m as at 31 December 2022.

### Operational Highlights

- Success of the Original Juice Co. and Juice Lab wellness brands highlighted by new products released with 'Original Juice Co. - Veggie Juices' and 'Multidose Wellness Shots'
- Managed the business through difficult trading climate including significant challenges in labour and supply chain to ensure supply to retailers is maintained.
- Improved board capability with appointment of new Independent Chairman

Food Revolution Group CEO Steven Cail commented *"The business has made further significant improvements in the six-month period to December 2022. Our key brands 'Original Juice Co.' and 'Juice Lab' both experienced continued growth, as our core product range remains a growing staple on the supermarket shelves. Original Black Label orange blend changes were received favourably by the market, and our Juice Lab shots continue to dominate the market at 60% share, with all four of our shot SKUs outselling the competition in this category. Innovation in our brands has also provided new unseen products in the chilled drinks category, with our 'Original Juice Co. - Veggie Juices' and 'Multidose Wellness Shots' well received in the second quarter of FY2023.*

*The continual refinement of our procurement model has been critical to reduce our cost of goods sold (COGS). This reduction of COGS has the added benefit of providing further opportunities to enter new markets, including incremental private label volumes and now the opportunity to enter petrol & convenience (P&C) and export. This cost out has also helped the business combat the COVID cost challenges, impacting supply chain and labour throughout the half.*

*The second half of FY2023 is looking stronger for the business. TFRG is installing a brand-new glass bottling line to increase capability, with the ability to now produce Juice Lab products in-house with an estimated annual saving of \$1.0m. TFRG have also secured the tender of Aldi's national (excl. QLD) private label contracts for all juices, beginning February 2023. TFRG is also in advanced discussions with distribution partners beyond the major supermarkets, to gain further sales both domestically and internationally.*

*Opportunities beyond bottled products is also extremely important for our business growth moving forward, with industrial bulk juice supply and use of our fruit by-products (eg., Oils, Peels, Fibres, Pulp). This financial year has delivered significant returns with increased sales of by-products due to advancements in our extraction and collection processes. New product development (NPD) is well placed to maximise on the Juice Lab success, with an innovative addition to the wellness drinks range that is welcomed by the supermarkets and beyond.*

## **Financial Review**

### Revenue

Gross sales for the Group were \$24,363,492 and are up 12% on the PCP. Net revenues after trading terms, volume rebates and other claims (trading terms) were \$19,283,943. Trading terms generally apply in respect of sales of product into the grocery channel.

### Gross Profit & EBITDA

- Gross profit for the period was \$5.86m, which equates to 30.39% of net sales.
- The loss before tax was \$1,167,108 for the half-year.
- The combination of improving sales volumes, price and efficiencies in production delivered an EBITDA of \$0.74 million for 1H FY2023.

### Cash & Cashflow

- Operational cash outflow for the period of \$58,880, an improvement over the prior comparative period of net cash outflow of \$2,071,924.
- The operating cash outflow for the first half was negatively impacted by a missed receipting period in late December from one of our major customers. This meant that an expected December cash receipt of approximately \$1m was not received until the first week of January.
- \$1.1m operating cash investment into inventory holdings to lock in beneficial fruit pricing from strong market supply and providing flexibility to meet new blends and recipes for out of season raw materials.
- Cash of \$0.73 million on hand as at 31 December 2022.

### Governance

- Appointment of new independent Chairman

## **Outlook**

FOD team remains committed to our strategy as previously communicated. Key focus for FY2023 is to continue the journey of fixing the foundations whilst focusing on profitability and growth.

Fix the foundations:

- Balance Sheet
- Cash improvements
- Governance
- Capability & Brand

#### Profitability and growth

- OBL core range growth
- Juice Lab growth
- Maximise margins via procurement changes and asset utilisation
- Domestic channel growth
- Export

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.