



ASX Announcement

30<sup>th</sup> April 2024

## March 2024 – Quarterly Activity Report

The Original Juice Co. Ltd (**Company**) is pleased to update the market on activity levels for the quarter ended 31 March 2024 (Q3).

### Highlights

- **Record Q3 sales with gross revenue of \$15m, an increase of 9.4% on Q3 March 2023.**
- **Cash receipts from customers of \$12.6m during the quarter and a cash balance of \$1.7m as at 31 March 2024.**

### Activities during Q3 of FY24

The Company ended the quarter with record Q3 sales of \$15m and a cash balance of \$1.7m. The quarterly operating cash outflow for the period was \$0.8m, with \$12.6m received from customers.

Manufacturing and operating expenditure of \$10m for the quarter was higher than expected. This was largely due to significant increases in procurement and direct labour costs associated with continued fruit shortages, which the business also experienced throughout Q2. Increases in citrus fruit prices (of circa 20%) impacted profitability. However, fruit volumes started to increase by the end of March 2024, therefore the shortages and cost impacts experienced in Q2 and Q3 are not expected to continue at that level for Q4 FY24. Higher overall costs also reflected the significant uplift in sales for the third quarter (a 6.2% increase over Q2 FY24).

### 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 March 2024 quarter, the aggregated number of payments made to related parties and their associates totaled \$73k, comprising directors fees.

### Q3 – Higher revenue

The Company's strong revenue growth continued in Q3 FY24, with revenue up 9.4% on the prior comparative period to \$15m. Our Original Juice Co (OJC) and Juice Lab brands continued to be in high demand, but continued fruit shortages hindered further growth. Expectations were that fruit procurement would improve in Q3, but citrus availability remained a major concern. However, the industry should see relief in May 2024 when the new Navel orange season begins.

## Pricing & Working Model Update

As mentioned in H2 FY24, OJC has been working hard to pass-through increased costs. We are now seeing the benefits of price increases, helping offset our increased procurement costs. Both branded citrus and private label products have received retail price rises to help mitigate procurement changes.

Moving forward, OJC is focused on changing its working model and product suite to future-proof the business from volatile seasonal pricing variations in citrus. This will be done by diversifying the range beyond citrus, to more apple and pear products, and also by increasing the amount of fruit under contract to ensure improved supply and cost control.

## Brand update

### Original Juice Co & Juice Lab range

- Pleasingly, OJC-branded products remain a popular and strong seller with consumers. Product demand currently exceeds supply, which should be more balanced and drive future growth with increased fruit delivery from Q4 FY24 onwards.
- Our Juice Lab shots remain a market leading wellness beverage and continues to improve market share with strong growth.

### Private Label and Industrial Sales

- Private label products have been challenging to deliver with lower fruit supply. However, the Company has tried to supply its contracted customers as best as possible, with significant growth being experienced in the segment. Pricing to customers has been increased to help mitigate profitability issues associated with contracts in place.
- Industrial sales are currently under our FY24 expectations, again due to fruit supply challenges. We expect these to increase in Q4 and beyond as fruit supply improves.

### Export range

- We have temporarily ceased export sales while fruit shortages exist.

The Original Juice Co. Ltd CEO, Steven Cail, commented:

*"We knew heading into Q3 FY24 that it was going to be an extremely challenging period for the business. The continuation of fruit supply difficulties heavily impacted our ability to procure citrus and make enough orange juice products to meet our growing consumer demand. We were not alone in these challenges, as all key players in the citrus juicing industry struggled to combat supply and demand imbalances.*

*However, the business has made significant progress in adjusting our working and product models to mitigate profitability concerns, delivering record Q3 sales in a difficult environment.*

*Pleasingly, our entire product range remains in high demand with consumers, and the strategic changes implemented in our business should ease profitability concerns into Q4 FY24 and beyond. The two key factors that give the business confidence moving forward are:*

- 1. Increased prices to retail customers while retaining top-line growth at a volume level; and*
- 2. Expecting citrus supply issues to ease via citrus seasonal change and ensuring we have significantly more fruit under contract moving forward.*

*The overarching strategy within the business remains unchanged. The Company will continue to push for growth via innovation, more retailer partnerships and key consumer offerings. This sustainable growth will place the Company in a strong position to access market synergies and key strategic investment, solidifying our future as a popular and profitable leader in fruit juice and wellness beverages.”*

This announcement was authorised by the Company’s Board of Directors.

For more information, please contact:

**Steven Cail**

CEO

+61 (03) 9982 1451

**Daniela Stojanoska**

Company Secretary

+61 (03) 9982 1451

**Media:**

Dieter Lehmann

Nominis Communications

+61 427 672 995

**About The Original Juice Co. Limited**

The Original Juice Co. Limited (ASX: OJC) 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.

OJC 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.

OJC 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.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

The Original Juice Co. Ltd

**ABN**

20 150 015 446

**Quarter ended ("current quarter")**

31 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,605	34,510
1.2 Payments for		
(a) research and development	(144)	(493)
(b) product manufacturing and operating costs	(10,197)	(27,935)
(c) advertising and marketing	(52)	(194)
(d) leased assets	(363)	(971)
(e) staff costs	(2,047)	(7,597)
(f) administration and corporate costs	(323)	(910)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	13
1.5 Interest and other costs of finance paid	(254)	(668)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(775)</b>	<b>(4,245)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) Entities	-	-
(b) Businesses	-	-
(c) property, plant and equipment	(439)	(1,223)
(d) investments	-	-
(e) intellectual property	-	(9)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(439)</b>	<b>(1,232)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,985
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	893	2,054
3.6	Repayment of borrowings	(325)	(1,392)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>568</b>	<b>5,647</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,379	1,563
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(775)	(4,245)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(439)	(1,232)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	568	5,647
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,733</b>	<b>1,733</b>

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	1,733	2,379
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,733</b>	<b>2,379</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Payment for director fees	(73)

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	7,013	6,522
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>7,013</b>	<b>6,522</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>491</b>
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> <p>1. \$3.0m NAB 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.</p> <p>2. \$1.0m NAB 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, and as at 31 March 2024 the company had drawn \$509k from total \$1.0m available.</p> <p>3. \$2.4m NAB trade facility at 8.27% variable -is secured over all the company's assets and will be reviewed annually on an ongoing basis.</p> <p>4. \$524k NAB trade finance facility at 8.32% interest- is secured over all the company's assets with a maturity date of 28 June 2024. This trade finance facility will convert to an equipment finance loan upon commissioning of the new capital equipment.</p> <p>5. \$88k NAB equipment finance loan at a fixed 7.86% interest. The equipment finance loan is secured over racking assets and will be over a 36-month term.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(775)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,733
8.3	Unused finance facilities available at quarter end (item 7.5)	491
8.4	<b>Total available funding (item 8.2 + item 8.3)</b>	<b>2,224</b>
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2.87</b>
	<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: 30 April 2024

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.