



THE FOOD REVOLUTION GROUP

ASX Announcement

31st January 2022

December 2021 – 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 31 December 2021.

Highlights

- Q2 Gross revenue was \$12m, increase 5% on Q2 December 2020¹.
- Original Juice Co and FOD fresh juice business continue to grow ahead of the market at 5.7% vs 2.0% respectively (IRI data)².
- Juice Lab wellness shots continue to outperform competitors with a 55% market share in the newly created wellness shots segment (IRI data)³.
- Introduction of new Juice Lab Carbonated Wellness Drinks range, nationally ranged in Coles and Woolworths.
- Positive operating cash in November and December on the back of cost restructure and sales margin improvements.
- Repayment of \$0.56m YTD (\$0.33m Q2) on NAB debt facility.
- Cash receipts from customers of \$9.2m during the quarter, cash balance was \$0.9m on 31st December 2021.
- FOD continued to maintain service levels to customers through difficult COVID conditions, whilst maintaining continuity of production, safe protocols and compliance.
- Appointment of CFO.

Debt repayment of NAB Equipment Finance Loan

As announced in Q1, a \$6.5m equipment finance loan was established with the National Australia Bank (NAB) to replace the previous loan facility with Greensill. In line with the strategy presented to the market at the AGM, the business has made repayments on this loan facility with \$0.33m repaid within Q2 (\$0.56m YTD).

Appointment of Ashley Bottrell as Chief Financial Officer

On 24th November 2021, The Food Revolution Group announced the appointment of Ashley Bottrell as Chief Financial Officer effective 17th January 2022. Ashley joins the Company with an extensive career with prominent experience in the retail sector. Joining The Food Revolution Group from Emirates Leisure Retail Group, Ashley held the position of General Manager of Finance/IT/Business

¹ December 2020 gross sales exclude sales from sanitiser products

² Source data- IRI Australia data Total Grocery MAT dollars to 02/01/22

³ Source data- IRI Australia data Total Grocery MAT dollars to 02/01/22

Services and the Company Secretary. Prior to Emirates, Ashley was Finance Accounting Manager at Wesfarmers/ Target and has also worked for Village Roadshow (ASX).

Activities during Q2 of FY2022

The Company ended the quarter with a cash balance of \$0.9m (\$2m as at 30 September 2021). Quarterly operating cash outflows for the period was \$0.6m compared to \$2.4m in the previous quarter.

Manufacturing and operating expenditure and cash outflow for the quarter were in line with expectations as well as with the September 2021 quarter with \$7.6m worth of payments. The slight increase from the previous quarter is predominantly due to the increase in manufacturing costs due to the increase in sales.

Advertising and marketing expenditure for the quarter was primarily used for brand support and the promotion of the Juice Lab Wellness Shots and Carbonated Wellness Cans.

The payments made related to research and development expenditure for the quarter are as per previous quarters and are allocated to 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 December 2021 quarter the aggregated amount of payments made to related parties and their associates totaled \$39k, comprising of directors fees.

Q2 momentum from foundations established in Q1

It is pleasing to announce a strong result for Q2 FY22 with revenue up 5% on prior year to \$12m and delivering a positive unaudited EBITDA for the first half FY22. The result demonstrates positive outcomes from the investment in fixing the foundations and improving the profitability of the OBL core range.

The Food Revolution Group CEO, Steven Cail, commented *"It has been a strong and pleasing quarter for the Company, delivering on the strategy and reporting a positive unaudited EBITDA result within the first half of FY22. Overall, a strong performance for H1 and in particular the second quarter with FOD juice business and Original Juice Co ranges exceeding the drink and juice category growth versus last year. We see our juice range building further support in the half as consumers place greater emphasis on where the fruit is sourced, as well as looking for products free of artificial sweeteners or preservatives.*

Commercial stability has been the initial priority of the business, driven by changes to our operating cash and sales strategy. Whilst the company has been able to strengthen margins of the OBL core range, costs associated with elevated stock holdings and high levels of COVID-related absenteeism have impacted overall performance through the first half of 2022 financial year. The COVID-19 pandemic is now causing significant supply chain delays to many industries, in particular food

processing companies as can be seen from shortages in major supermarkets. The Company has remained focused in its efforts to manage supply chain, ensuring business continuity and supply of range to ensure Australian families continue to enjoy our range of quality products every day.

We continue our focus on product and brand innovation to ensure we evolve with market demands. This was evidenced in Q2 with the launch of carbonated wellness drinks (CWD) cans across major supermarket channels. The CWD range expands on the success of the Juice lab shots which continue sales momentum within the quarter.

As announced on 24th January, our Product Development Team have been working hard on an exciting new range of 100% plant-based protein chilled drinks containing plant-proteins, vitamins and minerals sourced 100% from Australian farms. This new range demonstrates our commitment to innovation and providing Australian consumers with 'better for you' alternatives. This new range will launch nationally with Coles in February 2022 and deliver further incremental sales growth through product expansion.

I am also very excited by further opportunities being developed to increase our product range; the business is also well down the track on exploring potential partnerships from the use of the full product lifecycle of our oranges. The by-products extracted from the juicing process including orange fibre, orange oil and peel juice, delivering natural ingredients that have a powerful impact on overall health and wellbeing.

This announcement was authorised by FOD Board.

For more information, please contact:

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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 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 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")

31 Dec 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,171	17,303
1.2 Payments for	-	
(a) research and development	-141	-282
(b) product manufacturing and operating costs	-7,676	-14,796
(c) advertising and marketing	-138	-305
(d) leased assets	-229	-460
(e) staff costs	-1,270	-2,463
(f) administration and corporate costs	-251	-530
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-54	-84
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-1,335
1.9 Net cash from / (used in) operating activities	-588	-2,972
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-268	-319
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	-268	-319

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	-	300
3.6 Repayment of borrowings	-325	-542
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	-325	-242

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,059	4,411
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-588	-2,972

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-268	-319
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-325	-242
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	878	878

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	878	2,059
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)	878	2,059

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
	Payment for director fees	39

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	5,859	5,859
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,859	5,859
7.5 Unused financing facilities available at quarter end		1,000
7.6	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.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	-588
8.2 Cash and cash equivalents at quarter end (item 4.6)	878
8.3 Unused finance facilities available at quarter end (item 7.5)	1,000
8.4 Total available funding (item 8.2 + item 8.3)	1,878
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.2
<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:	
<i>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.</i>	

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 January 2022

Authorised by: 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.