



THE FOOD REVOLUTION GROUP

ASX Announcement

29th April 2022

March 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 31 March 2022.

Highlights

- Q3 gross revenue was \$11.5m, increase of 14.3% on Q3 March 2021.
- Original Juice Co and FOD fresh juice business continue to grow ahead of market over the past six months with 5.8% vs 4.1% respectively (IRI data)¹.
- Juice Lab wellness shots continue to outperform competitors with greater than 50% market share in the newly created wellness shots segment (IRI data).
- Introduction of new Juice Lab plant-based protein smoothies, nationally ranged in Coles.
- Positive operating cash in Q3 on the back of ongoing cost restructuring and sales margin improvements.
- Repayment of NAB debt facility of \$0.88m YTD (\$0.32m Q3).
- Cash receipts from customers of \$9.2m during the quarter, cash balance is \$0.9m on 31st March 2022.
- FOD continued to maintain high service levels through difficult COVID conditions, whilst maintaining supply continuity to customers, safe protocols and compliance.

Activities during Q3 of FY2022

The Company ended the quarter with a cash balance of \$0.9m (\$0.9m as at 31 December 2021). Quarterly operating cash inflow for the period was \$0.4m, compared to a cash outflow of \$0.6m in the previous quarter, an improvement on operating cashflow of \$1m.

Manufacturing and operating expenditure of \$6.2m for the quarter were in line with expectations, which resulted in \$1.4m reduction compared to December 2021 quarter. The improved cash inflow is predominantly driven by strategic changes to sales mix and procurement of inventory and changes to production efficiency.

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 relating 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.

¹ Source data- IRI Australia data Total Grocery MAT dollars to 27/03/22

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

Q3 – Consolidating on strategic objectives

It is pleasing to announce a strong result for Q3 FY22 consolidating on H1 FY22, with revenue up 14.3% on prior year to \$11.5m. The result further demonstrating positive outcomes from the investment in fixing the foundations and improving the profitability of the business' core range.

The Food Revolution Group CEO, Steven Cail, commented *“It is extremely pleasing to have delivered a positive quarter of operating cash flow which continues the cash improvement as announced to the market in Q2. The cashflow position was supported through strong sales, with January delivering the highest sales month YTD. The business finished the quarter on a positive, despite the months of February and March experiencing significant transport delays, due to floods impacting Western Australia and the East Coast of Australia.*

The business' growth result is particularly impressive given the difficult operating environment from the extended impacts of COVID-19. This impact has meant labour resourcing has been challenging not only on our business, but our major retail partners, which in-turn impacts production, supply chain and the ability to physically get the stock on the shelf. The Company has effectively and efficiently worked through these challenges and has proven to be extremely resilient, meeting every challenge it has been presented with, while continuing to develop its offering to meet the changing needs and demands of consumers.

On the product development front, Q3 delivered the successful launch of our Juice Lab plant-based protein smoothies through Coles supermarkets nationally. In the last 12 months the Juice Lab has introduced three new wellbeing ranges including shots, carbonated wellness cans and this new smoothie range, which further strengthens the Juice Lab brand in market, and demonstrating the success of FOD's continued focus on product development and innovation. The business has also committed to further resources being allocated to product development to ensure The Food Revolution Group continues to be first to market with exciting, better-for-you wellness products. The business continues to pursue strategic objectives working on strategic partnerships and exploring new opportunities for export of our quality Australian products into international markets.

The business continues to drive sales and innovation with a strong commercial focus. Internal improvements on cost reduction via efficiencies and strategic procurement are vital for FOD's success going forward. Internal capability continues to improve with investments in both production capability as well as key personnel during Q3 – the health and wellbeing of our people and partners remains paramount as we cycle through this difficult environment.”

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 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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,249	26,552
1.2 Payments for		
(a) research and development	-145	-427
(b) product manufacturing and operating costs	-6,229	-21,025
(c) advertising and marketing	-283	-588
(d) leased assets	-230	-690
(e) staff costs	-1,589	-4,052
(f) administration and corporate costs	-278	-808
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-46	-130
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-1,355
1.9 Net cash from / (used in) operating activities	449	-2,523
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-111	-430
(d) investments	-	-
(e) intellectual property	-	-

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)	-	-
2.6 Net cash from / (used in) investing activities	-111	-430

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	-867
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	-567

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	878	4,411
4.2 Net cash from / (used in) operating activities (item 1.9 above)	449	-2,523

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)	-111	-430
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-325	-567
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	891	891

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	891	878
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)	891	878

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Payment for director fees	42

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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,534	5,534
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,534	5,534
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.		
<ol style="list-style-type: none"> 1. \$5.5m equipment finance loan at an improved 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. 2. \$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)	449
8.2 Cash and cash equivalents at quarter end (item 4.6)	891
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)	1,891
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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: 29th April 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.