



Noumi Limited
8a Williamson Road
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Australia
ABN 41 002 814 235

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ASX Market Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Noumi delivers strong revenue and earnings growth

Noumi Limited (**ASX: NOU, the Company**), a leading Australian producer of long-life dairy and plant-based beverages, nutritional products and ingredients, presents its financial results for the 6 months to 31 December 2022 (**1H FY23**) and provides the following financial and operational update.

Results	H1 FY23	H1 FY22	Change
Net Revenue	\$279.8m	\$265.3m	5.5%
Adjusted Operating EBITDA ¹	\$11.4m	\$4.6m	149.1%
Adjusted Operating EBITDA margin	4.1%	1.7%	240 bps
Net loss after tax	(\$23.6m)	(\$65.9m)	64.2%
Cash at bank	\$24.1m	\$16.3m	47.2%

Key points

- Revenue up 5.5% to \$279.8m, reflecting the continued strong growth of the flagship Milklab brand and the recovery of farmgate milk price rises in domestic retail markets
- Adjusted Operating EBITDA up 149.1% to \$11.4m, with higher margins in Plant-based Beverages and reduced operating losses in Dairy and Nutritionals
- Statutory net loss after tax from continuing operations down 64.2% to \$23.6m
- Plant-based Beverages delivered a 19.8% increase in Adjusted Operating EBITDA on revenue growth of 10.8% excluding discontinued low-margin products
- Dairy and Nutritionals delivered an 8.7% increase in revenue and reduced operating losses, reflecting the recovery of higher farmgate milk prices and a deliberate reduction of low-margin sales
- Company remains committed to the three-year Reset, Transform, Grow strategy and expects its underlying operational performance to continue to improve through FY23
- Cash at bank of \$24m and undrawn facilities of \$8m provide sufficient liquidity for day-to-day business operations based on current market conditions and expectations.

¹ Adjusted operating EBITDA excludes discontinued operations, restructuring costs, US litigation settlement and associated costs, onerous contracts provision and other non-trading items, pre-AASB 16



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Noumi Chief Executive Officer Michael Perich said:

“Against a backdrop of continued economic uncertainty and a number of unforeseen external challenges, this was a very pleasing result for Noumi, with strong revenue growth from continuing operations, improved earnings and significant progress in our three-year transformation strategy.

“Our Plant-based Beverages business continues to go from strength to strength, with our investments in flagship brands such as Milklab and in our sales team delivering sustainable performance in a large and attractive market that continues to offer opportunities for further growth both here and overseas.

“Our Dairy and Nutritionals business is showing significant signs of recovery, with our ability to recover the impact of unprecedented increases in farmgate milk prices through domestic retail markets translating into strong sales growth and a reduction in operating losses. Export markets, which have not experienced the same inflationary pressures, have been less willing to accept higher prices, prompting our decision to wind back low-margin or unprofitable international sales.

“After recent increases, the Australian farmgate milk price is out of balance with the weakness in the global dairy market. This is one factor that needs to be addressed, but all participants, including Noumi, need to deliver innovation and efficiency gains to improve the financial health of the Australian dairy industry.

“While we have been able to reduce our Dairy and Nutritionals operating losses, we need to continue to improve our margins, particularly in export, to achieve breakeven cashflows as soon as possible and to achieve reasonable returns on the capital invested in our facilities in the future.

“Noumi’s Reset, Transform and Grow transformation program remains on track, with the Plant-based Beverages business now comfortably in the Grow phase and the operational and commercial improvement program in Dairy and Nutritionals already delivering a more efficient, more productive, and more resilient business.

“These results give us confidence that we can continue to show operational improvement through FY23 as we pursue our goal of long-term sustainable and profitable growth.”

1H FY23 performance

Net revenue from continuing operations increased 5.5% to \$279.8 million, largely due to the recovery of farmgate milk price rises with domestic customers and the continued strong growth in sales of Noumi’s own Plant-based Beverages brands. Overall, out-of-home sales grew 9.1% as COVID-19 conditions eased. International sales now represent 26% of net revenue, with Plant-based Beverages delivering 21.1% growth in exports to Asian markets.

Adjusted Operating EBITDA rose 149.1% to \$11.4 million, with higher margins in Plant-based Beverages and improved margins in the Dairy and Nutritionals segment.

The statutory net loss after tax from continuing operations improved from \$65.9 million to \$23.6 million. This 1H FY23 statutory net loss, in addition to interest and depreciation, includes a \$20.7 million non-cash fair value charge in relation to the convertible notes on issue. The cost of the notes



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is not paid in cash during the half year but represents an increase in the liability during the period. The 1H FY22 statutory net loss after tax included US litigation settlement costs and non-cash impairments.

During H1 FY23, cash flow was impacted by significant litigation and restructuring costs of \$9.4 million.

At 31 December 2022, the Company's unrestricted cash position was \$24.1 million, with an undrawn revolving credit facility of \$8 million. Since calendar year end, the Company has reached agreement with its bankers to increase the limit of its revolving credit facility by \$10 million. Had this increase been in place at 31 December, combined unrestricted cash at bank and undrawn facilities would have been \$42.1 million, providing the Company with sufficient liquidity for day-to-day business operations based on current market conditions and expectations.

The December 2022 cash position was favourably impacted by approximately \$9.0 million due to the timing of certain supplier payments that moved into H2 FY23. The impact of these payments on future periods will be reflected in the Q3 FY23 cashflow and cash position reported in the Appendix 4C Quarterly Cash Flow Report to be released in April 2023.

Key transformation achievements in 1H FY23 include:

- Further simplification of the business with the successful sale of the Company's shareholding in Australian Fresh Milk Holdings to help fund the resolution of the US litigation;
- The consolidation of Noumi's three NSW operations at a single site at Ingleburn in Western Sydney is well advanced and is scheduled for completion in 2H FY23; and
- Subsequent to the end of the 1H FY23 reporting period, the Company announced that it reached full and final settlement of a claim by Sunday Collab International Limited in relation to a contractual dispute for \$400,000.

Plant-based Beverages

A leading producer of long-life, plant-based products including soy, almond, rice, oat, macadamia and hazelnut milk and liquid stocks

Underlying results	Net Revenue			Adjusted Operating EBITDA		
	H1 FY23	H1 FY22	Change (%)	H1 FY23	H1 FY22	Change (%)
	\$81.9m	\$83.3m	(1.7%)	\$18.6m	\$15.5m	19.8%

The Plant-based Beverages business continues to perform well, with another period of strong growth led by Noumi's flagship brands including Milklab.

Net revenue for the six months to 31 December 2022 reduced by 1.7% to \$81.9 million but revenue rose 10.8% excluding deliberately discontinued low-margin products that were included in H1 FY22 but have now largely been replaced with higher-margin sales of the Company's own brands.



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Adjusted Operating EBITDA rose 19.8% to \$18.6 million, with margins rising from 18.7% to 22.7%.

Milklab continued its strong momentum, with sales growth of 11.2% across domestic and international markets compared to H1 FY22. This performance reinforces the significant investment made in 2022 to expand the direct sales force for Milklab, reducing the Company's reliance on distributors and giving it greater control over the future of the brand.

Plant-based sales to Southeast Asian markets also rebounded in the period, rising 23.2% compared to 1H FY22. Sales in the out-of-home channel rose 2.9% compared to H1 FY22 as COVID-19 impacts continued to ease. In the fast-growing oat milk segment, Milklab Oat continued its strong performance, with sales up 23.3% in Asia export markets and up 127.2% domestically.

Dairy and Nutritionals

A leading producer of long-life dairy milk, nutritional products and performance powders

Underlying results	Net Revenue			Adjusted Operating EBITDA		
	H1 FY23	H1 FY22	Change (%)	H1 FY23	H1 FY22	Change (%)
	\$197.9m	\$182.0m	8.7%	(\$4.3m)	(\$6.9m)	38.0%

The Dairy and Nutritionals business delivered an improved financial performance in the 6 months to 31 December 2022, with net revenue up 8.7% to \$197.9 million and the Adjusted Operating EBITDA loss reduced from \$6.9 million to \$4.3 million.

During the half-year, the Company was able to recover unprecedented industry-wide increases in farmgate milk costs through price rises agreed with domestic retail customers. Some export markets have not been prepared to accept the price increases required to achieve positive margins and in response the Company chose to reduce unprofitable volumes. Accordingly, the Company has experienced reduced volume and lower-than-expected margins in some export markets.

In addition to improved retail pricing, the Company continued its operational and commercial improvement strategy and implemented a cost-reduction program. Together, these programs have streamlined support cost and driven improvements in yields and most key performance metrics.

Floods in regional Victoria caused some disruption to Company's dairy operations in Shepparton in the half year. While no material property losses were incurred, there was significant disruption to customer supply lines, site operations and supplier farms. Most of these disruptions have now been overcome, although there is some residual pressure on off-farm milk volumes in the region.

The Dairy and Nutritionals business delivered sales growth in all domestic channels, with retail sales up 5.5% and out-of-home sales up 54.3%. Milklab Dairy sales rose 37.8%

Nutritional Ingredients sales were up 46.5%, with sales of PUREnFERRIN lactoferrin returning to growth with a 70.6% rise to \$13.4 million in 1H FY23. Sales of consumer nutritionals benefitted from the reopening of gyms post-COVID-19, improved pricing and effective marketing strategies, with sales



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of UPROTEIN powders and supplements up 26.4%, Crankt protein bars and shakes up 8.1% and Vital Strength protein powders up 7.2%.

Current trading and outlook

Noumi expects its operational performance to continue to improve through FY23 on the back of its investments in key brands and personnel, disciplined costs management and as the results of operational turnaround program gather momentum. Noumi expects the performance of its Plant-based Beverages to remain strong as it benefits from demand in Australia and targeted overseas markets and takes advantage of product development opportunities as consumers move toward healthier lifestyle choices.

The Company is positive about the progress being made on items within its control. However, macro-economic conditions, particularly as they impact discretionary consumer spending, Australia's international competitiveness and the Company's associated ability to pass on input cost inflation, make for an uncertain and potentially volatile outlook. Accordingly, the Company will continue its practice of not providing financial guidance in the current market.

Investor Conference Call Details

Chief Executive Officer Michael Perich and Chief Financial Officer Peter Myers will host a teleconference and webcast on 28 February 2023 at 10:00am (AEST), with a Q&A session to follow the presentation.

To access the teleconference and/or webcast, please use the links below:

Conference Call Registration and dial-in details:

<https://registrations.events/direct/OCP61119>

Webcast Link:

<https://webcast.openbriefing.com/nou-hyr-2023/>

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This announcement was authorised for release by the Board.



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About Noumi Limited

Noumi (ASX: NOU) is a leading Australian FMCG company with a mission to create quality, on-trend, responsibly produced dairy and plant-based beverages, nutritional products and ingredients used across the health and fitness industries. The Company operates manufacturing facilities in Victoria and NSW and produces key brands including the Milklab range of shelf-stable dairy and plant-based milks, Australia's Own, So Natural, Crankt, Vital Strength and PUREnFERRIN lactoferrin. <https://noumi.com.au/>