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

Noumi delivers strong FY23 revenue and earnings growth

Noumi Limited (**ASX: NOU, the Company**), a leading Australian producer of dairy and plant-based milks, nutritional products and ingredients, presents its financial results for the 12 months to 30 June 2023 (**FY23**) and provides the following financial and operational update.

Results	FY23	FY22	Change (%)
Net Revenue ¹	\$551.6m	\$522.3m	5.6
Adjusted Operating EBITDA ²	\$30.4m	\$7.3m	314.7
Adjusted Operating EBITDA margin	5.5%	1.4%	4.1ppt
Net profit (loss) excluding fair value adjustment on convertible notes and non-cash impairments	\$0.8m	(\$80.3m)	n.m.
Net loss after tax	(\$46.9m)	(\$161.1m)	70.9

Key points

- Group revenue up 5.6% to \$551.6m, led by strong sales of Plant-based Milks, particularly MilkLab, and a significant turnaround in Dairy and Nutritionals
- Group adjusted operating EBITDA up four-fold to \$30.4m, reflecting improved performances across both key business units
- Adjusted operating EBITDA margin up 4.1 percentage points, with a focus on higher-margin sales and cost discipline offsetting inflation, higher milk prices and weak demand in overseas markets
- Plant-based Milks delivered record adjusted operating EBITDA, up 12%, with adjusted operating EBITDA margins expanding 2.7 percentage points to 23.1%
- A significant turnaround in Dairy and Nutritionals, with \$3.8m positive adjusted operating EBITDA in H2 and near breakeven for the full FY23 year, compared to \$20.6m full year loss in FY22
- Consumer Nutritionals portfolio delivered 10.8% revenue growth through investment in brands such as Vital Strength and new product development
- A positive net profit after tax of \$0.8m excluding non-cash impairments and convertible note fair value adjustments
- Cash at bank and undrawn facilities up slightly to \$36.6m, provide sufficient liquidity for day-to-day operations based on current market conditions and expectations

¹ All financials reflect continuing operations, excludes Specialty Seafood business divested in November 2021

² Adjusted for non-trading and non-recurring items (including restructuring costs and other litigation costs, the US litigation settlement and unrealised foreign exchange loss), pre-AASB 16

Noumi Chief Executive Officer Michael Perich said:

“The past year was one of meaningful progress for Noumi as we continued to pursue our three-phase Reset, Transform and Grow strategy against the backdrop of sometimes intense headwinds. We are focused on the execution of our plan and can point to genuine achievements on the journey to long-term profitable and sustainable growth.”

“On top of the continued growth of our Plant-based Milks business, which delivered another record earnings performance on the back of rising sales of our flagship brand, Milklab, we’re very pleased with the significant turnaround of Dairy and Nutritionals. From an operating loss in FY22, Dairy and Nutritionals delivered positive adjusted operating EBITDA in the second half of FY23, a significant step in providing a pathway to long-term sustainability.”

“At a group level, we are pleased to have delivered solid revenue and earnings growth, with improvements in operating margins as our focus on higher-margin sales and cost discipline helped offset the impact of cost inflation, higher farmgate milk prices and weak consumer demand in some of our overseas markets.”

“Our focus for the coming year is to build on these achievements by driving distribution of the Plant-based Milks business, both domestically and internationally, and consolidating the turnaround in Dairy and Nutritionals. At the same time, we must continue to respond to challenging market conditions, in particular the ongoing dislocation of the Australian farmgate milk price from global prices, which has further reduced the competitiveness of our dairy industry in export markets.”

“While there is more to do, we can now see that the progress we have made in the past two years and our clear strategy going forward is making us a more efficient, productive and resilient business – one that is well placed to navigate the ongoing external challenges and deliver long-term success.”

FY23 performance

Net revenue from continuing operations rose 5.6% to \$551.6 million, reflecting the strong performance of Dairy and Nutritionals and the Plant-based Milks business, particularly Milklab.

Adjusted operating EBITDA was up more than 300% to \$30.4 million, with the adjusted operating EBITDA margin up from 1.4% to 5.5% as both operating divisions delivered gains through management’s focus on higher-margin sales, operational improvements and costs discipline.

Noumi reported a statutory net loss after tax of \$46.9 million – a substantial improvement on the loss of \$161.1 million reported in FY22. The net loss includes the impact of \$8.2 million in non-cash impairments related to the value of plant and equipment in the Dairy and Nutritionals business, and \$39.5 million in adjustments to the fair value of convertible notes. Excluding these non-cash items, the Company reported a positive net profit after tax of approximately \$0.8 million, compared to a loss of \$80.3 million in FY22.

As at 30 June 2023, the Company had cash at bank and undrawn facilities of \$36.6 million, up slightly from \$35.2 million at the end of FY22. Noumi has sufficient funding to pursue day-to-day operations based on current market conditions and expectations.

The Company further improved its operational efficiencies with the closure of its Marrickville site and the integration of the Consumer Nutritionals business into its Ingleburn site.

In parallel with the operational improvements at Noumi, the Company continues to manage legacy issues with a view to delivering the best outcome for all stakeholders.

In the past year, Noumi completed the sale of its interest in Australian Fresh Milk Holdings to help fund the US litigation settlement and separately settled the Sunday Collab dispute. The proceedings brought against the Company by the Australian Securities and Investments Commission in February 2023 and a separate shareholder class action, both of which relate to its history as Freedom Foods, are progressing in line with the usual timetable for such matters.

Plant-based Milks

A leading producer of long-life, plant-based products including almond, oat, soy, coconut, macadamia and other plant-based milks and liquid stocks

Underlying results	Net Revenue			Adjusted Operating EBITDA		
	FY23	FY22	Change (%)	FY23	FY22	Change (%)
Plant-based Milks	\$162.4m	\$164.0m	(1.0)	\$37.4m	\$33.4m	12.0

The Plant-based Milks business delivered another year of record earnings growth, reflecting the impact of investments over the past two years in product innovation, marketing and the Company's own direct sales teams.

While overall Plant-based Milks revenue was down 1% to \$162.4 million due to the decision to discontinue lower-margin products and weaker demand in China, the flagship Milklab brand continued to grow strongly.

Milklab lifted overall sales by 10.3%, with growth in Southeast Asia of 8%. Milklab Oat continued its strong growth, with sales nearly doubling, up 89%, following the launch of an improved formula and supported by an integrated marketing program. Milklab also delivered 40% growth in the direct-to-consumer e-commerce channel.

Milklab continued its collaboration with baristas through a new marketing program, leveraging a new oat milk formulation to increase its distribution and presence. With the consumer demand for plant-based milks and wide distribution in the out-of-home channel, Milklab is a leading plant-based milk used in Australian cafés and is currently available in 22 countries.

A further improvement in adjusted operating EBITDA margins for Plant-based Milks to 23.1% reflected an improved sales mix in favour of higher-margin sales of the Milklab range and contributed to a 12.0% increase in adjusted operating EBITDA to \$37.4 million.

Dairy and Nutritionals

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

Underlying results	Net Revenue			Adjusted Operating EBITDA		
	FY23	FY22	Change (%)	FY23	FY22	Change (%)
Dairy and Nutritionals	\$389.2m	\$358.3m	8.6	(\$0.5m)	(\$20.6m)	97.7

Dairy and Nutritionals has delivered a significant turnaround in the past 12 months from a \$20.6 million adjusted operating EBITDA loss in FY22 to a near breakeven result for FY23 and positive adjusted operating EBITDA of \$3.8 million in H2 FY23. Net revenue rose 8.6% to \$389.2 million.

This performance was achieved in challenging market conditions, with an unprecedented 26% rise in farmgate milk prices dramatically increasing the Company's single biggest input cost.

The turnaround in Dairy and Nutritionals has been driven by a focus on revenue management by exiting low-margin sales, growing Milklab lactose free and domestic sales, delivering consistent and efficient operating performance, improved service and product quality.

The ongoing disparity between Australian farmgate milk price and global prices, including those in New Zealand, is harming the competitiveness of the Australian dairy industry and making it difficult to pass through higher milk prices. Export sales in Asia dropped 20.2% in FY23 as Noumi took the decision to focus on products and markets with better margins.

Demand for lactoferrin remained healthy despite production disruptions caused by the ongoing effects of the Victorian floods in 2022 and temporary shortages of the high-quality resin required for the extraction process. Noumi continues to support a number of research projects examining the health benefits of lactoferrin.

The **Consumer Nutritionals** unit delivered improved results in H2 FY23 after a challenging FY22 caused in part by the shutdown of gyms during COVID-19. The segment delivered revenue growth of 10.8% over FY23 on the back of successful new product launches, and investment in the Vital Strength and Crankt brands.

Current trading and outlook

In FY24, Noumi expects to consolidate the progress it has made in the past 12 months through a continued focus on the execution of its strategy across products, channels and geographies.

In the Plant-based Milks business, Noumi intends to invest in the continued growth of its Milklab brand to expand its range and distribution both in Australia and overseas.

In Dairy and Nutritionals, the Company is closely monitoring developments in global dairy prices and the ability for the industry to recover the elevated Australian farmgate milk price. In FY24, Noumi plans to embed the operational benefits of the transformation program and continue to focus on margins and cost control.

The Company is positive about its progress. However, macro-economic conditions create uncertainty and volatility, and consumer preferences continue to evolve. Accordingly, the Company will continue its practice of not providing financial guidance.

Investor Conference Call Details

Chief Executive Officer Michael Perich and Chief Financial Officer Peter Myers will host a teleconference and webcast on 29 August 2023 at 11:00am (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://s1.c-conf.com/diamondpass/10032250-k1ynvw.html>

Webcast Link:

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

Investor inquiries:

Justin Coss
Company Secretary
Noumi Limited
+ 61 2 9526 2555
justin.coss@noumi.com.au

Media inquiries:

Clive Mathieson
Cato & Clive
+61 411 888 425
clive@catoandclive.com

This announcement was authorised for release by the Chair

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 milks, 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, UPROTEIN and PUREnFERRIN® lactoferrin.
<https://noumi.com.au/>