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

Noumi delivers improved H1 FY24 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 6 months to 31 December 2023 (**H1 FY24**) and provides the following financial and operational update.

Results	H1 FY24	H1 FY23	Change
Net Revenue	\$296.7m	\$279.8m	6.0%
Adjusted Operating EBITDA ¹	\$23.1m	\$17.1m	35.2%
Adjusted Operating EBITDA margin	7.8%	6.1%	1.7ppt
Net loss after tax	(\$27.7m)	(\$23.6m)	(17.4)%

Key points

- Group revenue up 6.0% to \$296.7m, including strong sales of Plant-based Milks, particularly MilkLab and private label, and a continued improvement in Dairy and Nutritionals
- Group adjusted operating EBITDA up 35.2% to \$23.1m, reflecting improved performances across both key segments
- Adjusted operating EBITDA margin up 1.7 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 6.1%, with adjusted operating EBITDA margins remaining strong at 26.5%
- A turnaround in Dairy and Nutritionals despite challenging industry conditions, with positive adjusted operating EBITDA of \$2.2m compared to H1 FY23 loss of \$1.9m. The Consumer Nutritionals portfolio delivered 10.7% revenue growth through investment in brands such as Vital Strength and new product extensions such as High Protein, Lean Meal and Protein Water
- A net loss after tax of \$27.7m including \$32.3m of the convertible note fair value adjustments
- Cash at bank and undrawn facilities \$26.5m provide sufficient liquidity for day-to-day operations based on current market conditions and expectations

¹ Adjusted for non-trading and non-recurring items (including restructuring costs and other litigation costs, the US litigation settlement and unrealised foreign exchange loss). The Company is transitioning to adjusted operating EBITDA (post AASB 16) as its primary measure of operating performance (previously pre AASB-16). Accordingly, all references to adjusted operating EBITDA and the prior period comparisons are on a post AASB 16 basis

Noumi Chief Executive Officer Michael Perich said:

“The results for the first half of FY24 represent another period of solid progress against our plan to Reset, Transform and Grow the Company, with all key operational financial metrics moving consistently in the right direction.

“Both of our segments delivered strong sales and profit growth, with another record performance from Plant-based Milks and positive earnings from Dairy and Nutritionals marking a genuine improvement in challenging market conditions.

“Our flagship Milklab brand continues to perform strongly, with healthy growth across both the plant-based range, particularly Oat milk, and in dairy, lactose-free. Overall Milklab sales were up 6.8% compared to H1 FY23. We continue to explore opportunities to introduce what is already Australia’s favourite café brand to new consumers, with new markets opening up as café culture expands throughout South East Asia.

“We are pleased with the performance of the Dairy and Nutritionals segment at a time of significant stress for the Australian dairy industry. Despite headwinds caused by Australia’s uncompetitive farmgate milk price in comparison to the global market, the segment has gone from a loss 12 months ago to a positive adjusted operating EBITDA through a relentless focus on revenue management, delivering consistent and efficient operating performance, improved service and product quality.

“While considerable challenges remain – from increased domestic and international competition to cost-of-living pressures on consumers – the operating improvements we have been making as a business are now being reflected in more consistent performance and have put us on a clear path to long-term sustainable growth.”

H1 FY24 performance

Net revenue rose 6.0% to \$296.7 million on the back of strong sales of Plant-based Milks, particularly Milklab, and a continued improvement in Dairy and Nutritionals.

Adjusted operating EBITDA was up 35.2% to \$23.1 million, with the adjusted operating EBITDA margin rising from 6.1% to 7.8%. Both segments delivered EBITDA gains through management’s focus on higher-margin sales, operational improvements and efficiencies.

Noumi reported a statutory net loss after tax of \$27.7 million, compared to the \$23.6 million reported in H1 FY23. H1 FY24 includes a \$32.3 million fair value charge in respect of the convertible notes.

As at 31 December 2023, the Company had unrestricted cash at bank and undrawn facilities of \$26.5 million, compared to \$36.6 million at 30 June 2023. The December 2023 position was unfavourably impacted by the timing of drawdown of debtor finance facilities compared to prior periods, which delayed certain receipts into January 2024. Noumi has sufficient funding to pursue day-to-day operations based on current market conditions and expectations.

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.

The proceedings brought against the Company and two of its former officers 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	H1 FY24	H1 FY23	Change
Net Revenue	\$87.5m	\$81.9m	6.9%
Adjusted Operating EBITDA	\$23.1m	\$21.8m	6.1%

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

Net revenue increased 6.9% to \$87.5 million, while strong adjusted operating EBITDA margins of 26.5% contributed to a 6.1% increase in adjusted operating EBITDA to \$23.1 million.

Noumi's flagship Milklab brand lifted its plant-based sales by 4.6%. Milklab Oat continued its strong performance, with sales up 51.7% following the launch of an improved formula and supported by an integrated marketing program.

New products in the Australia's Own plant-based portfolio and a rise in private label sales, particularly through the retail channel, also boosted sales.

Noumi continues to target growing demand for quality alternative milks throughout South East Asia and continues to progress its push into selected export markets. Distribution agreements are in place for three strategic markets and negotiations are well advanced in other key territories.

Dairy and Nutritionals

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

Underlying results	H1 FY24	H1 FY23	Change
Net Revenue	\$209.2m	\$198.0m	5.7%
Adjusted Operating EBITDA	\$2.2m	(\$1.9m)	n.m.

Dairy and Nutritionals has delivered an encouraging improvement in its performance, with adjusted operating EBITDA in H1 FY24 of \$2.2 million representing a \$4.1 million turnaround from the corresponding \$1.9 million loss in H1 FY23. Net revenue rose 5.7% to \$209.2 million.

The year-on-year improvement 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.

Domestic dairy long-life sales were up 28.1%, with sales through the retail channel up 30.4%. This improvement reflects both volume increases and the recovery of FY24 cost increases.

This performance was achieved in challenging market conditions, with the ongoing disparity between Australian farmgate milk price and global prices, particularly those in New Zealand, continuing to impact the competitiveness of the Australian dairy industry. This was reflected in Noumi's international performance, with sales of long-life milk to Asia down 2.9% as a 19.4% fall in sales to China was offset by a 21.2% increase in sales to South East Asia.

Noumi expects dairy industry conditions to normalise in time, with rises in global dairy trading

supporting commodity price increases locally and internationally.

Weakness in the global commodity prices for products such as bulk cream has adversely impacted Noumi's results for the period. Sales were down 9.9% for the six months, notwithstanding 11.5% higher sales volumes. This reflects a 19.1% fall in unit prices achieved by Noumi for bulk cream in the current period compared to H1 FY23, and has adversely impacted Noumi's EBITDA for the six-month period by approximately \$4 million.

Demand for lactoferrin remained healthy despite temporary production disruptions. Sales of this high-value product were down 37% in the period, with the production disruptions expected to abate during H2 FY24. Noumi continues to support a number of research projects examining the health benefits of lactoferrin.

The Consumer Nutritionals unit delivered improved results in H1 FY24, including revenue growth of 10.7% over H1 FY23 on the back of successful new product launches and investment in the Vital Strength and Crankt brands.

Current trading and outlook

In H2 FY24, Noumi expects to consolidate the progress it has made in the past 18 months through a continued focus on the execution of its strategy across products, channels and geographies.

In the Plant-based Milks segment, Noumi is investing in the continued growth of its Milklab brand both in Australia and overseas.

In Dairy and Nutritionals, the Company is focussed on executing for its domestic customers and consumers while closely monitoring developments in global dairy prices and the ability for the industry to recover the elevated Australian farmgate milk price.

The Company is positive about its progress. However, macroeconomic 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 27 February 2024 at 10:00am (AEDT), with a Q&A session to follow the presentation.

To access the teleconference and/or webcast [click here for link](#)

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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/>