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

Noumi delivers another year of solid sales, EBITDA growth

Noumi Limited (**ASX: NOU, the Company**), a leading Australian producer of plant-based and dairy milks, nutritional products and ingredients, presents its financial results for the 12 months to 30 June 2024 (**FY24**) and provides the following financial and operational update.

\$ million	FY24	FY23	Change (\$)
Net revenue	589.8	551.6	38.2
Adjusted operating EBITDA¹	50.8	41.6	9.2
Depreciation, amortisation, bank and lease interest	(36.1)	(39.8)	3.7
Non-operating items including restructuring and litigation	(6.4)	(1.0)	(5.4)
Pretax earnings before fair value adjustment on Convertible Notes and impairment charge	8.3	0.8	7.5
Fair value adjustment on Convertible Notes and non-cash impairment charge	(106.9)	(47.7)	(59.2)
Income tax benefit	0.3	-	0.3
Net loss after tax	(98.3)	(46.9)	(51.4)

Key points

- Group revenue up 6.9% to \$589.8 million, with strong sales of Plant-based Milks, including MilkLab, and steady improvement in Dairy & Nutritionals
- Group adjusted operating EBITDA up 22.2% to \$50.8 million, reflecting improved performances across both key business segments
- Plant-based Milks delivered record adjusted operating EBITDA of \$49.4 million, up 12.3%, with adjusted operating EBITDA margins remaining strong at 27.8%
- Dairy & Nutritionals continued to improve, with positive adjusted operating EBITDA of \$5.5 million
- Consumer Nutritionals delivered 9.8% revenue growth, reflecting new product launches and investment in brands such as Vital Strength
- A net loss after tax of \$98.3 million, including \$59.0 million for Convertible Note fair value adjustments and a non-cash impairment of Dairy & Nutritionals of \$47.9 million. Without these items, net earnings would have been positive.

¹ Adjusted for non-trading and non-recurring items (including restructuring costs and other litigation costs, the US litigation settlement and unrealised foreign exchange). 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:

“Noumi’s FY24 results demonstrate that the hard work of the past four years in the transformation of the Company is paying off. Our strategy has delivered another record operating performance from the Plant-based Milks segment and underlying improvements in Dairy & Nutritionals means that business, is more profitable and resilient to the current tough conditions in the dairy industry.”

“We are very pleased with the performance of Plant-based Milks, with sales up 9.4% and earnings up 12.3% as both Milklab and Australia’s Own delivered strong results after launching new products, investment in the brands and carefully targeted expansion into new markets.”

“Our ambition to make Milklab an international brand is taking shape, with sales of Milklab’s plant-based and dairy milk range now tracking at more than \$135 million a year. We are focused on the opportunities to expand distribution and sales of Milklab across the Retail, Out-of-home and selected international markets.”

“Dairy & Nutritionals remains a significant focus of the Board and executive team. Notwithstanding a full year of positive operating earnings, the non-cash impairments booked in the FY24 accounts reflect the challenges of global dairy conditions on the entire Australian dairy industry and the impact to Noumi’s Long-life dairy milk export volumes and commodity prices.”

“Overall, the FY24 results demonstrate that we are succeeding in our strategy to make Noumi a more efficient, productive and resilient business. While challenges remain – from tough 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 path to long-term sustainable growth.”

FY24 performance

Noumi’s operating performance continued to improve through FY24, with a commitment to cost control and pursuing only profitable growth delivering improved operating margins on solid sales increases across the Plant-based Milks and Dairy & Nutritionals segments.

Total revenue rose 6.9% to \$589.8 million, with domestic sales up 9.9% year-on-year and export revenue down 3.0%. Plant export sales grew, however in dairy we decided to exit low-margin overseas sales in challenging conditions for Australian exporters.

Group adjusted operating EBITDA rose 22.2% to \$50.8 million led by another record result from Plant-based Milks and a full year operating profit from the Dairy & Nutritionals segment. Group adjusted operating EBITDA margin improved 1.1 percentage points to 8.6%.

The Company recorded a loss after income tax of \$98.3 million, up from a loss of \$46.9 million in FY23, as a result of the fair value expense adjustment of \$59.0 million related to the Convertible Notes and a non-cash impairment of the Dairy business of \$47.9 million as international dairy conditions impact Noumi’s Long-life dairy milk export sales volumes and global commodity prices.

The headline loss masks the significant improvement in Noumi’s underlying operating performance, with the Company delivering positive earnings before the fair value adjustment for the Convertible Notes and the non-cash impairment.

As at 30 June 2024, Noumi’s cash at bank and undrawn facilities of \$32.6 million provide sufficient liquidity for day-to-day operations based on current market conditions and expectations.

In parallel with the operational improvements, the Company has continued to manage legacy issues related to its history as Freedom Foods Group with a view to securing the best outcome for all stakeholders.

In August 2024, the Federal Court of Australia approved an agreed penalty of \$5 million for historical breaches of continuous disclosure obligations, bringing to an end the civil penalty proceedings brought

by the Australian Securities and Investments Commission (**ASIC**) against the Company. While the separate shareholder class action relating to the same set of historical events remains ongoing, the closure of the ASIC matter represents a pivotal milestone for the Company and will enable the Board and leadership team to focus more time and resources on growing the business.

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 (\$ million)	FY24	FY23	Change (%)
Net revenue	177.6	162.4	9.4
Adjusted operating EBITDA	49.4	44.0	12.3

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

A strong performance from the Company's flagship Milklab brand helped revenue for FY24 increase 9.4% to \$177.6 million, with adjusted operating EBITDA up 12.3% to \$49.4 million. The adjusted operating EBITDA margin remained strong at 27.8%, up marginally on the back of the Company's continuing and targeted investment in brands and new markets.

Milklab lifted its plant-based sales 7.4%, with healthy growth in Out-of-home and Retail outlets, and Milklab Oat continuing its strong performance, up 42.5% on FY23, following the launch of an improved formula and supported by an integrated marketing program. The successful launch of the 250mL Milklab Minis into Retail in early FY24 was followed by the 1 Litre launch to meet the growing in-home barista market.

Overseas sales of Milklab plant-based milks rose 20.3% in FY24, with Noumi continuing to pursue an expansion strategy in South East Asia and other export markets, tapping into growing demand for quality alternative milks throughout the region. In FY24 we have increased our focus with distribution agreements for five key strategic territories now signed.

Sales in FY24 were boosted by Australia's Own plant-based portfolio and a rise in private label sales, particularly through major Australian retailers. Australia's Own plant-based sales rose 3.7% in FY24. Growth was driven by the launch of Smooth As Oat and Smooth As Almond milk, designed to attract new consumers with a creamier product offering.

Dairy & Nutritionals

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

Underlying Results (\$ million)	FY24	FY23	Change (%)
Net revenue	412.2	389.2	5.9
Adjusted operating EBITDA	5.5	4.1	34.6

After returning to an adjusted operating EBITDA profit in FY23, the Dairy & Nutritionals segment continued to deliver improved results in challenging industry conditions.

The 5.9% rise in revenue to \$412.2 million and the 34.6% rise in adjusted operating EBITDA to \$5.5 million have been driven by a continued focus on revenue management by exiting low-margin sales, growing domestic sales including specialty products and delivering consistent and efficient operating performance.

The performance of Dairy & Nutritionals was achieved in challenging market conditions, with the ongoing disparity between the Australian farmgate milk price and global prices continuing to impact the competitiveness of the Australian dairy industry. Australia is seeing record imports of dairy products which is contributing to an uncertain outlook for the sector.

The solid performance of Long-life milk, with domestic sales up 19.6%, was partly offset by the impact of global commodity prices on bulk cream and export sales. In turn, this had some impact on production of Lactoferrin, which was down 17.2% year-on-year. While Noumi's volume of bulk cream sales was 4.2% higher than FY23, revenue was down 14.0%, impacting the profitability of the Dairy & Nutritionals segment.

Global factors are expected to normalise over time, with any recovery in export volumes allowing Noumi to optimise our Lactoferrin volumes.

Consumer Nutritionals delivered improved results in FY24, including revenue growth of 9.8% on the back of successful new product launches and investment in brands such as Vital Strength. A range of new products were introduced under the Vital Strength brand in FY24, delivering a strong uplift in sales towards the end of the year, with a focus on the pharmacy channel delivering over 20% year-on-year growth.

Current trading and outlook

Noumi remains cautious about the macro-economic environment and consumer spending in Australia. In addition, global dairy prices continue to create challenging conditions for Noumi's Long-life dairy milk export sales and bulk commodities, with all Australian dairy exporters at a disadvantage due to price competition from countries with lower cost of raw milk. Accordingly, Noumi is focused on controllable factors of product innovation, service, quality and operating efficiency.

The Company is positive about the progress made in the past 12 months and considers its diversified portfolio of brands and private label across the plant-based milks and dairy segments positions it to meet the macro-economic uncertainty ahead.

Noumi will continue to focus on the opportunities to grow its Plant-based Milks segment and execute on the initiatives launched in FY24. However, with macro-economic conditions creating uncertainty and volatility, and consumer preferences continuing to evolve, 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 August 2024 at 10:00am (AEST), with a Q&A session to follow the presentation.

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

https://us02web.zoom.us/webinar/register/WN_cdPSQUJtTX6icomMMhmmnQ

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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 beverages, nutritional products and ingredients used across the health and fitness industries. The Company operates state-of-the-art manufacturing facilities in Victoria and NSW and produces key brands including the MilkLab range of long-life dairy and plant-based milks, Australia's Own, So Natural, Crankt, Vital Strength and PUREnFERRIN lactoferrin. <https://noumi.com.au/>