

26 May 2021

Strategic Asset Sale, 10-year Processing Agreement

Murray River Organics Group Ltd (MRG) today announces that it has entered into a Memorandum of Understanding to divest its dried vine fruit (DVF) Mourqoung processing facility and Wargan, Merbein (Mildura) farm for a combined \$7.75 million.

The transaction includes securing a 10-year processing agreement for MRGs own and third party grown fruit. An off-take agreement for the Wargan farm has also been agreed.

The Memorandum of Understanding is subject to due diligence by the purchaser.

The transaction is expected to complete by 30 June 2021 with the proceeds used to retire debt. The move will provide MRG with processing cost and DVF supply certainty for the decade ahead as it grows its high value added organic and better for you business. This brings total asset sales for FY21 to almost \$23m for the year and we now anticipate that net debt will be below \$30m as of 30 June 2021.

Mourqoung Processing Plant

The DVF Processing facility is a purpose-built facility in Mourqoung NSW, one of three processing facilities in the Sunraysia region servicing the DVF sector. CEO Birol Akdogan noted "The region will continue to have excess processing capacity for the decade ahead, even with additional DVF plantings and growth planned across the industry. This strategic partnership and consolidation forms part of rationalising our processing cost base as we reduce our own farming footprint and increase our focus on high value added and organic food business units."

"This will drive efficiencies and deliver overall a financial and strategic benefit for MRG and its shareholders, enabling a greater operational focus on its food business. This is about smart allocation of capital, forging effective agri-partnerships in the region, and enabling us to focus on our strengths in organic and better for you supply chains here in Australia and globally."

Farming Results

The FY21 harvest resulted in a yield improvement on the prior year, however overall tonnage was down 500 tonnes on original expectations. Our focus on improving our quality delivered positive results with our DVF grades achieving noticeably higher gradings than anticipated.



Strategy

MRG's future strategy focuses on pursuing Organic and Better for You branded products as a FMCG food business.

On that basis, MRG is pursuing a number of opportunities with investors to divest its remaining farming operations in return for cash and long-term dried vine fruit 'off take' supply agreements. The aim of this initiative is to attract further investments in new vines to achieve supply agreements with volumes significantly above those currently being achieved at our farms.

MRG expects to announce further asset sales during FY22, as the group increases its focus on growth in its non DVF FMCG business categories.

In addition, MRG is actively pursuing value accretive Organic and Better for You opportunities in order to complement its existing brands and accelerate the company's return to profitability.

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Murray River Organics Group Limited (ASX: MRG) is a leading Australian producer, manufacturer, marketer and seller of certified organic, natural and better-for-you food products. We service the organic, natural and healthy food and snack market globally.

For further information please visit www.murrayriverorganics.com.au

