

# ASX ANNOUNCEMENT

## JUNE 2019 QUARTERLY REPORT

### Highlights

- Abundant Seeds greenhouses are once again operational following the storm damage incurred in March.
- Country specific social media and PR campaigns are driving increased awareness of Abundant Natural Health as a natural pain relief brand.
- Abundant Natural Health placement in 500 stores across Australia, targeting 2,000 stores over a 12-month period.
- The US National Psoriasis Foundation review panel has approved the use of their Seal of Recognition on our new 100% natural Ocean Soothe Gel and Lotion.
- Social Media continues to help ANH reach potential customers with increased engagement on Facebook and Instagram growing over 100%.
- ANH continue to focus on opportunities in China. Our online presence is growing with the website now having a Chinese domain, Weibo, Little Red Book, Douyin and WeChat Mall.

### Overview

Cash receipts for the quarter totalled \$567,000 (including \$40,000 of Government grants and tax incentives), more than double any previous quarter since the company commenced operations.

Abundant Seeds greenhouses are once again operational following repairs in the aftermath of the supercell storm damage experienced in March, minimising interruptions to the development of new tomato and cucumber varieties.

Abundant Natural Health continues to expand Australian pharmacy penetration, and products are now available in the United States (and 100 other countries) via Amazon.com. In China, Abundant's online presence continues to grow via a Chinese domain, Weibo, Little Red Book, Douyin and WeChat Mall. Country specific social media and PR campaigns are driving increased awareness of Abundant Natural Health as a natural pain relief brand. Following successful trials, Abundant's Ocean Soothe Psoriasis Gel and Lotion are on track to launch in the second quarter.



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## ABUNDANT SEEDS

Year on year June quarter sales were steady, despite an unusually warm Autumn and late start to Winter across New South Wales, Victoria and South Australia

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The unseasonal weather allowed growers to extend their summer growing season, delaying the purchase of winter seeds through to quarter end. Sales are expected to rebound as purchasing commences for the Spring growing season.

Abundant's research and development program has recommenced following the replacement of plastic roof sheeting for Abundant's Greenhouses in Cobbitty. Crops of parental seed lines have been re-planted as the company continues to build up inventory for supply to contract growers.

### Seed Exports

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Trials of cucumber seeds by export partners continue to expand:

- Vietnam – Abundant cucumber plants are growing, with positive results reported to date.
- Mexico – cucumber seeds have arrived in the country and trial crops will be planted in the current Quarter.
- Middle East – Management expects to receive feedback with regard to ongoing cucumber trials during the current quarter.
- USA – Abundant cucumbers are now being grown by a second distributor with results expected in the second Quarter.

### Breeding Update

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Abundant continues to invest in the development of its foundational product line: cucumbers. Exciting new varieties are approaching the commercialisation phase;

- a long cucumber measuring (22-24 cm)
- an even longer Continental Style "Lebanese" cucumber (32-35 cm)
- a sweeter tasting, lime coloured cucumber
- mini cucumbers, soon to be available in various, eye-catching shades of green.

### Research and Development

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Abundant's tomato R&D strategy is on schedule despite the March storms. Management expects 10 tomato varieties to be ready in time for the spring/summer planting season. Contract growers are in place and ready to take delivery of parental line tomato seeds in order to produce a commercial scale inventory of Abundant's much anticipated hybrid tomato seeds for sale to growers in Australia and overseas.

A second phase of tomato R&D is underway, focusing on incorporating disease resistant traits from non-commercial tomato varieties into plants which produce A grade commercial fruits (without losing commercially attractive traits in terms of yield, taste, size, shape, colour and shelf life).

Tomato lycopene extraction and product development continues, based on the benefits of this rich antioxidant and its effectiveness in skincare products, particularly with regard to specific skin conditions.

### Ethical donations and the circular economy

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Abundant continues its policy of supplying pallets of healthy fruit to "Second Bite", Coles Supermarkets' food donation program which delivers delicious, nutritious foods to Australia's neediest families.

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## ABUNDANT NATURAL HEALTH (ANH)

### AUSTRALIA

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The June quarter has been a very busy and exciting time for ANH. We are going from strength to strength in Australia and our expanding international markets.

Substantial investment by ANH in ground-breaking research is driving a world first **new product development** program. Trials were completed for the Ocean Soothe Psoriasis Gel and Lotion, with responses from trialists being overwhelmingly positive. We are now on track to launch in the second quarter.

**Distribution** in independent pharmacies has grown to 650 through our ongoing partnership with a leading Australian pharmacy distributor. Feedback at store level is that our distinctive eye-catching **packaging and unique formula** is helping us stand out against our competitors.

Using our key brand message - "Abundant Natural Health - The Natural Pain Relief solution" our **public relations** team is generating huge interest from the media and influencers. This exposure is one of the key drivers helping increase traffic to our website.

**Social Media** continues to help ANH reach potential customers increased engagement on Facebook and Instagram growing over 100%. We were proud to support our brave brand ambassadors

Chloe Logarzo and Lisa De Vanna who played their hearts out for the Matilda's in their FIFA World Cup campaign.

Traffic to the **website** has increased by 10% which has accumulated in a rise in online sales thanks to our increasing exposure to the Australian consumer. A new look website will be launched in early July in conjunction with a digital marketing campaign to build brand awareness and drive sales.

We achieved massive **brand exposure** to over 40,000 people by promoting ANH at Sydney's Royal Easter Show. Over the course of the show we handed out approximately 4,500 samples and generated \$6,500 in sales.

**Giving back** to the community is a very important part of ANH's culture. Ongoing support of the Gidget Foundations Luncheon saw ANH gift 1,500 guests with a Magnesium Spray and Gel, they are forever grateful. We are reaching out to specific charities focused on helping women and families who are in need and struggling that need support from companies such as ANH.

The marketing team has expanded with the appointment of Anne-Marie Zukerman as Marketing Manager.



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## ABUNDANT NATURAL HEALTH (ANH)

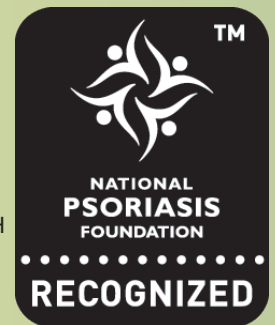
### International Expansion – US

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The US National Psoriasis Foundation review panel has approved the use of their Seal of Recognition on our new 100% natural Ocean Soothe Gel and Lotion. This is an amazing endorsement that will resonate world-wide. Approval is only given when all 10 medical and healthcare panellists agree that the product does exactly what we claim it does – assists in relieving the symptoms of Psoriasis.

A select range of ANH best-selling products are now available in the United States via Amazon.com. Investment to help direct traffic to our products has begun to help potential customers easily find ANH products.

To support our launch on Amazon we have engaged US based Orca Communications to help build our awareness in the US. Orca Communications is known as “America’s PR firm for Inventors and Entrepreneurs. Our hard-hitting, highly effective, out-of-the-box approach to public relations allows us to continually produce exceptional results for our clients.”



### International Expansion – China

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ANH continue to focus on opportunities in China. We have had approval from the organisers of the China International Import Expo (CIIE) to showcase our current and new brands at the November 2019 event. An astounding 1 million people from over 170 countries are expected to attend CIIE.

Discussions commenced with one of the largest Diagou groups in Australia, we continue to work with all partners to find the best and most efficient way to reach the Chinese consumer. Our online presence is growing with the website now having a Chinese domain, Weibo, Little Red Book, Douyin and WeChat Mall.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Abundant Produce Limited

**ABN**

46 606 255 887

**Quarter ended ("current quarter")**

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year To Date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	527	1,060
1.2 Payments for		
(a) research and development	(114)	(436)
(b) product manufacturing and operating costs	(204)	(515)
(c) advertising and marketing	(20)	(141)
(d) leased assets	-	-
(e) staff costs	(354)	(1,124)
(f) administration and corporate costs	(303)	(1,184)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40	732
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(428)</b>	<b>(1,608)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year To Date (12 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	6
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>1,006</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,380	2,554
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(428)	(1,608)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,006

Consolidated statement of cash flows		Current quarter \$A'000	Year To Date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,952</b>	<b>1,952</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,952	2,380
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,952</b>	<b>2,380</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

180

Directors fees of 45K were paid in the quarter. Consulting fees and payments to director related parties totalled \$135K

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**Total facility amount  
at quarter end  
\$A'000**

**Amount drawn at  
quarter end  
\$A'000**

-

-

-

-

-

-

**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1 Research and development

110

9.2 Product manufacturing and operating costs

70

9.3 Advertising and marketing

30

9.4 Leased assets

-

9.5 Staff costs

190

9.6 Administration and corporate costs

270

9.7 Other (provide details if material)

-

**9.8 Total estimated cash outflows**

**670**

**10. Acquisitions and disposals of  
business entities  
(items 2.1(b) and 2.2(b) above)**

**Acquisitions**

**Disposals**

10.1 Name of entity

10.2 Place of incorporation or  
registration

10.3 Consideration for acquisition or  
disposal

10.4 Total net assets

10.5 Nature of business



## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which  
comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: \_\_\_\_\_ Date: 19 July 2019  
(Director)

Print name: Tony Crimmins

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

## ABUNDANT PRODUCE LTD

ABN 46 606 255 887

ASX CODE: ABT

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