

# ASX ANNOUNCEMENT

## DECEMBER 2019 QUARTERLY REPORT

### Overview

New products, ongoing product R&D, and a tightly disciplined brand focus on providing effective pain relief are starting to deliver results for Abundant Natural Health, a trend which management expects to accelerate over coming quarters.

Abundant Seeds continues to monetize existing IP with sales in three countries and trials in another four, while reducing costs by pausing further R&D (pending the outcome of the sale investigation process which is underway).

## ABUNDANT NATURAL HEALTH (ANH)

### PRODUCT EXPANSION

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Abundant launched its new Ocean Soothe Range on World Psoriasis Day (29<sup>th</sup> October) to an audience of health and wellness journalists, psoriasis bloggers, vloggers and social media influencers, generating positive social media coverage. This was followed by a social media campaign based around the experience of lifelong psoriasis sufferer and Chief Executive Officer of Abundant Produce, Tony Crimmins, together with independent testimonials generated by public trials indicating improvements across five key symptom groups.

This campaign was a key element of a broader, multi-platform, content driven digital marketing strategy designed to drive engagement with people suffering from ongoing physical pain and/or the mental and emotional pain associated with the social stigma of psoriasis and rosacea. A comprehensively revised website coordinates with Facebook and other social media to offer empathy and education rather than product and sales focused content.

Digital engagement metrics provide early indications of the success of this strategy with a dramatic leap in social media post engagement, website users up 90%, unique page views up 95%, and online sales revenue up 72% (all compared with the September Quarter). Encouragingly, organic searches increased 51% on the previous quarter and, in parallel with the Ocean Soothe activity, Magnesium Pain Relief products experienced significant increases in online sales, highlighting the positive impact of each successful new product on the value of the Abundant Natural Health brand.

Ocean Soothe online sales in Australia have commenced and are well above forecast. Online sales in China have also commenced, following a successful presence at the second China International Import Expo in November and subsequent to the end of the December Quarter, Australian Pharmacies have begun stocking the new range.

### PRODUCT DEVELOPMENT

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Abundant continues to invest in an ongoing product development pipeline, with the objective of building a critical mass of products - facilitating strong international brand development and offering effective over the counter (OTC) relief in four identified target market niches; topical pain relief; relief from the symptoms of mild psoriasis; headache and migraine relief; and relief from the social stigma of rosacea.

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## ABUNDANT NATURAL HEALTH (ANH)

### *Topical Pain Relief*

ANH expects to take delivery of initial shipments of its new Magnesium Lotion during the current quarter, (following packaging related delays in the December Quarter), adding to brand depth. This latest product in the Topical Pain Relief range targets the aging demographic, delivering gentle relief from a moisturising lotion designed to be particularly gentle on the skin.

### *Psoriasis*

Following internal research assessing a range of alternative active biologic ingredients, Abundant is developing a Stage II psoriasis treatment for application on particularly sensitive areas of the body. In addition, the company has developed a leave-in solution designed to help those suffering from scalp psoriasis and is currently conducting public trials.

### *Headache and migraine*

Public trials of an innovative, fast acting, opioid-free nasal spray for the treatment of headaches and migraines initiated in the September quarter are ongoing with positive early results. Management is working with Queensland University of Technology's Professor Lyn Griffiths to move toward stage 1 and 2 clinical trials.

### *Rosacea*

Abundant has developed a natural lotion to help soothe and reduce Rosacea symptoms based on early lycopene research in conjunction with a new delivery medium, and is currently conducting public trials.

For more information about the public trials, visit [abundantnaturalhealth.com/pages/research](http://abundantnaturalhealth.com/pages/research).

During the December quarter, Abundant worked with its consultants, manufacturers and packagers to develop product variants destined for the U.S. market, ensuring they are U.S. Food and Drug Administration compliant and allowing the company to make evidence-backed claims regarding therapeutic efficacy.

## DISTRIBUTION

In addition to the pleasing online sales results, Australian Pharmacy sales were up 50% in the December Quarter as consumer demand drove re-ordering of the Magnesium Spray and Gel. Sales of the new Ocean Soothe range will start to impact cashflows during the current quarter.

Preparations are underway for Abundant to attend the 30<sup>th</sup> annual Australian Pharmacy Professional Conference & Trade Exhibition (APP) being held at the Gold Coast Convention & Exhibition Centre from 19<sup>th</sup> to 22<sup>nd</sup> March 2020. This is the biggest event on the Australian pharmacy industry calendar and offers access to; accredited, community, hospital and intern pharmacists and pharmacy assistants, students and new graduates; pharmacy industry service providers and educators; government officials and representatives; pharmacy trade press, and other pharmaceutical and health-related industry professionals.

In November 2019, Abundant exhibited at the second China International Import Expo, distributing over ten thousand sample sachets, promoting direct-to-consumer online cross-border sales from free-trade-zone bonded warehouses, and initiating discussions with Chinese distributors that are currently ongoing.

During the quarter, Abundant staff worked with its U.S. consultant Market Solutions Inc. to ensure FDA product compliance and develop its U.S. distribution strategy, co-ordinating with the US National Psoriasis Foundation and relevant Facebook groups regarding brand development. Preparations are currently under way to exhibit at the world's largest natural, organic and healthy products trade show, Expo West, from 3<sup>rd</sup> to 7<sup>th</sup> March in Anaheim, California. The 2019 expo was attended by over 86,000 industry professionals offering an excellent opportunity to accelerate brand penetration in the U.S. and develop distribution agreements.

## ABUNDANT ABUNDANT SEEDS

In November, the Board cancelled Abundant Seeds' horticultural research and development agreement with the University of Sydney's Plant Breeding Institute, pending the outcome of the sale investigation process which is now underway (and may take 6 to 9 months to complete). This initiative offers savings of approximately \$680,000 per annum.

In the meantime, the substantial intellectual property developed by Abundant Seeds offers a multi-year commercialization pathway. Existing parental germ plasm can be multiplied by growers under contract and commercial inventories of hybrid seeds produced at significantly lower cost. Cucumber sales to growers and distributors continue to expand in Australia, the United Kingdom and Vietnam. Trials are ongoing in the Middle East, Mexico, Canada and the United States offering the potential for substantial sales expansion based on existing cucumber and tomato plant IP.

### FINANCIAL COMMENTARY

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Costs were approximately \$159,000 lower in the December quarter, as cost saving measures began to positively impact accounts. Management expects a similar cost profile in the current quarter in conjunction with revenue growth as ANH sales continue to develop.

Tony Crimmins, Chief Executive Officer

ABUNDANT PRODUCE LTD

ABN 46 606 255 887  
ASX CODE: ABT

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## 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")**

31 December 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year To Date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	277	526
1.2 Payments for		
(a) research and development	(60)	(120)
(b) product manufacturing and operating costs	(139)	(359)
(c) advertising and marketing	(217)	(352)
(d) leased assets	-	-
(e) staff costs	(372)	(680)
(f) administration and corporate costs	(172)	(539)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(684)</b>	<b>(1,527)</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 (3 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 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	89	1,451
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	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>89</b>	<b>1,451</b>

<b>4. 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	2,472	1,953
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(684)	(1,527)
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)	89	1,451

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year To Date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,877</b>	<b>1,877</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,877	2,472
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,877</b>	<b>2,472</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

<b>Current quarter \$A'000</b>
18

Directors fees of 6K were paid in the quarter.

**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

<b>Current quarter \$A'000</b>
-
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

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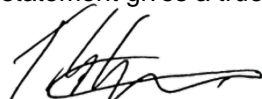
9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	60
9.2 Product manufacturing and operating costs	150
9.3 Advertising and marketing	150
9.4 Leased assets	-
9.5 Staff costs	300
9.6 Administration and corporate costs	220
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>880</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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:



(Director)

Date: 29 January 2019

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

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