

Noumi Limited (ASX: NOU) Quarter ended 30 September 2022 Quarterly Activities and 4C Report:

Noumi Limited (**ASX: NOU**) (**Noumi** or the **Company**), a leading producer of long-life dairy and plant-based beverages and nutritional products, today releases its Appendix 4C Quarterly Cash Flow Report for the quarter ended 30 September 2022 (unaudited) and is pleased to provide the following update on the Company's financial and operating performance.

Q1 FY2023 key features:

Trading in the period reflected the circumstances outlined by the Company in its 2022 full-year results announcement released on 26 August 2022, including;

- the continued strong performance of its Plant-based Beverage business, particularly the flagship Milklab brand; and
- in respect of the Dairy and Nutritionals segment, the importance of price increase negotiations with customers to help recover the significant cost inflation, including milk, transport costs, energy and other utilities, that occurred during the latter part FY2022.

For the quarter ended 30 September 2022:

- Total Q1 FY2023 revenue of \$134.0m was up 3.9% compared to Q1 FY2022.¹ Revenue was up \$0.3m or 0.2% compared to Q4 FY2022.
- Dairy and Nutritionals Q1 FY2023 revenue of \$93.3m was up 8.6% compared to Q1 FY2022. Revenue was up \$2.3m or 2.5% compared to Q4 FY2022.
- Plant-based Beverages Q1 FY2023 revenue of \$40.6m was up 2.8% compared to Q1 FY2022. Revenue was down \$2.4m or 5.5% compared to Q4 FY2022.
- Operating cash flow for Q1 FY2023 was negative \$13.0m, including \$5.3m of legal and US litigation costs and the negative impact of approximately \$8m from the timing of certain June 2022 payments that moved into July 2022. In addition, other cash flow for the period included the proceeds of the sale of the Company's shares in Australian Fresh Milk Holdings of \$29.3m (of which \$24.8m was set aside as a guarantee for the US litigation payments) received following the approval of Noumi's shareholders on 17 August 2022.
- At 30 September 2022, the Company's unrestricted cash position was \$6.9m, with undrawn facilities of \$13.0m. Combined unrestricted cash at bank and undrawn facilities total \$19.9m.

Current trading

- The impact of dairy price increases is beginning to be reflected in the Company's financial performance – especially price increases agreed with domestic retail customers – but the full effect of the increases was not reflected in the September quarter.

¹ Continuing operations, excludes Specialty Seafood divested in November 2021

- Some markets continue to be subdued in accepting the dairy price increases that are required to achieve positive margins and, accordingly, the company expects to reduce lower-margin volume in export markets in order to maintain positive margins from its export portfolio. The Company has also implemented a cost-reduction program to streamline support costs.
- The recent floods in regional Victoria have caused some disruption to Noumi's dairy operations in Shepparton, although the main processing facilities were not directly impacted with flooding and no material property losses were incurred. Since the rain event began, Noumi's staff have worked tirelessly and selflessly to minimise disruption to operations caused by road closures and access to customer supply lines, site operations and supplier farms. These efforts have limited processing delays and the extent of cost impacts. The current estimates are that certain export orders have been delayed for up to two weeks, which should be caught up in early November, and that the increased cost of working, including continuity payments to staff unable to attend work, labour hire and milk losses, will be approximately \$1m.

Business performance

Plant-based Beverages

A leading producer of long-life plant-based products including soy, rice, oat, almond milk and liquid stocks.

The Plant-based Beverages segment continues to grow, with revenue for Q1 FY2023 of \$40.6m, up 2.8% overall or 19.0%² compared to Q1 FY2022 excluding certain discontinued products. Revenue was up 3.0%² compared to Q4 FY2022, excluding certain discontinued products.

Plant-based sales for Southeast Asia rebounded in the period, up \$1.0m or 44.1% compared to Q4 FY2022. Milklab continued its strong momentum, with overall sales growth in the period of 31.6% compared to Q1 FY2022, and sales to Southeast Asia up 51.7%.

So Natural plant-based products were launched in China in the period, while Australia's Own secured distribution through a new Australian retailer. Overall, the Out of Home channel delivered growth of 19.4% compared to Q1 FY2022, with e-commerce sales up 79.0%.

Dairy and Nutritionals

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

Total Dairy and Nutritionals revenue grew to \$93.3m, or 8.6%, compared to Q1 FY2022. Total revenue was up \$2.3m or 2.5% compared to Q4 FY2022, with sales of long-life dairy milk and Consumer Nutritionals products rising.

Sales to domestic retail customers were up \$6.5m or 24.3% compared to Q4 FY2022, reflecting increasing prices and volumes. Solid growth seen on Milklab Dairy up 71.6% in the Out of Home channel and up 123.4% in Southeast Asia versus Q1 FY2022.

Sales to China were lower by \$1.7m or 8.0% compared to Q4 FY2022, in part reflecting COVID-related restrictions.

² Excludes products previously made under licenses terminated pursuant to last year's US litigation settlement

Consumer Nutritionals sales were up \$0.9m or 17.1% compared to Q4 FY2022 with volume relatively flat but an increase in net price as consumers returned to channels such as gyms. Nutritional Ingredients revenue was down \$4.2m or 37%, mainly due to lactoferrin sales scheduled for September 2022 being delayed by a few days and now falling in October. The Crankt brand delivered strong growth of 46.5% compared to Q4 FY2022 and 30.7% compared to Q1F Y2022.

Appendix 4C cashflow report – released with this activity report

- Q1 FY2023 operating cash flow of negative \$13m includes legal and US litigation expenses of \$5.3m and prepaid insurance of \$2.4m
- Capital expenditure investments of \$0.6m in property plant and equipment and \$0.4m in intangible assets were recorded during Q1 FY2023.
- Proceeds from the sale of the Company’s investment in Australian Fresh Milk Holdings of \$29.4m (net of disposal costs) were received in Q1 FY2023. From these proceeds, \$24.8m was placed in a term deposit as security for the bank guarantee facility established to secure the future US litigation settlement payments. The guarantee will progressively step down from March 2023 until January 2027 seven months after each quarterly payment is made.
- At Q1 FY2023 close, the Company had \$443.5m of available finance facilities, of which \$430.5m was drawn.
- The Company elected to pay interest-in-kind amounting to \$6.8m on Convertible Notes for Q1 FY2023, of which \$2.9m is attributable to related party investors.

Related party payments – Current Quarter (July 2022 to September 2022)

Payment to	Nature of Payment	Amount (A\$)
Independent Directors	Director fees	137,525
Non-Independent Directors	Director fees	81,262
Michael Perich – CEO	Employment costs	192,159
Australian Fresh Milk Trading P/L	Milk purchases	5,305,502
Perich Property Holdings P/L	Rent and outgoings	1,113,228
Perich Property Unit Trust	Rent and outgoings	2,131,941
Leppington Pastoral Co P/L	Directors’ indemnity recharges	162,149
	Q1 FY23 Total	<u>9,123,766</u>

Note to Market

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis.

This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Company, and any ongoing or future projects or both. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

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Investor contact:

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The release of this announcement was authorised by the Board of Directors.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Noumi Limited

ABN

41 002 814 235

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	137,747	137,747
1.2 Payments for		
research and development	(123)	(123)
product manufacturing and operating costs	(125,022)	(125,022)
advertising and marketing	(4,100)	(4,100)
leased assets	(2,393)	(2,393)
staff costs	(6,641)	(6,641)
administration and corporate costs	(4,996)	(4,996)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(2,179)	(2,179)
1.6 Income taxes paid	4	4
1.7 Government grants and tax incentives	0	0
1.8 Other (legal and US litigation costs)	(5,270)	(5,270)
1.9 Net cash from / (used in) operating activities	(12,967)	(12,967)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
entities	0	0
businesses	0	0
property, plant and equipment	(555)	(555)
investments	(24,807)	(24,807)
intellectual property	0	0
other non-current assets (software)	(425)	(425)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	entities	0	0
	businesses	0	0
	property, plant and equipment	0	0
	investments	29,379	29,379
	intellectual property	0	0
	other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	3,592	3,592

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(20)	(20)
3.5	Proceeds from borrowings	6,000	6,000
3.6	Repayment of borrowings	(5,175)	(5,175)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (lease payments)	(724)	(724)
3.10	Net cash from / (used in) financing activities	81	81

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,210	16,210
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(12,967)	(12,967)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,592	3,592

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	81	81
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	6,915	6,915

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	6,915	16,210
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,915	16,210

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	9,124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																																																																					
7.1	Loan facilities	443,479	430,479																																																																																					
7.2	Credit standby arrangements	0	0																																																																																					
7.3	Other (please specify)	0	0																																																																																					
7.4	Total financing facilities	443,479	430,479																																																																																					
7.5	Unused financing facilities available at quarter end		13,000																																																																																					
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																																																																																							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">7.6 Loan Drawn Facilities</th> <th style="text-align: center;">000's</th> <th style="text-align: center;">Average Interest Rate</th> <th style="text-align: center;">Latest Maturity Date</th> <th style="text-align: center;">Secured/Unsecured</th> </tr> </thead> <tbody> <tr> <td colspan="5">Recourse Debtor Finance Facilities</td> </tr> <tr> <td>HSBC</td> <td style="text-align: right;">10,827</td> <td style="text-align: center;">6.26%</td> <td style="text-align: center;">rolling 6 months</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td colspan="5">Convertible Notes</td> </tr> <tr> <td>Various¹</td> <td style="text-align: right;">324,729</td> <td style="text-align: center;">8.50%</td> <td style="text-align: center;">27-May-27</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td colspan="5">Revolver Finance Facilities</td> </tr> <tr> <td>HSBC & NAB</td> <td style="text-align: right;">23,000</td> <td style="text-align: center;">6.67%</td> <td style="text-align: center;">27-May-24</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td colspan="5">Finance Leases</td> </tr> <tr> <td>NAB</td> <td style="text-align: right;">54,594</td> <td style="text-align: center;">4.66%</td> <td style="text-align: center;">Feb-27</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>Tetra Laval</td> <td style="text-align: right;">9,788</td> <td style="text-align: center;">4.50%</td> <td style="text-align: center;">Jan-27</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>Energy Ease</td> <td style="text-align: right;">4,464</td> <td style="text-align: center;">6.52%</td> <td style="text-align: center;">Mar-27</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>Dankse Bank</td> <td style="text-align: right;">456</td> <td style="text-align: center;">4.18%</td> <td style="text-align: center;">Feb-24</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>Bank of Queensland</td> <td style="text-align: right;">176</td> <td style="text-align: center;">4.09%</td> <td style="text-align: center;">Oct-26</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>ChemClean</td> <td style="text-align: right;">1,764</td> <td style="text-align: center;">5.37%</td> <td style="text-align: center;">Jul-25</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>Toyota</td> <td style="text-align: right;">644</td> <td style="text-align: center;">3.25%</td> <td style="text-align: center;">Jun-25</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">37</td> <td style="text-align: center;">4.20%</td> <td style="text-align: center;">Feb-24</td> <td style="text-align: center;">Secured</td> </tr> <tr> <td colspan="2" style="text-align: right;">430,479</td> <td colspan="3"></td> </tr> </tbody> </table>				7.6 Loan Drawn Facilities	000's	Average Interest Rate	Latest Maturity Date	Secured/Unsecured	Recourse Debtor Finance Facilities					HSBC	10,827	6.26%	rolling 6 months	Secured	Convertible Notes					Various ¹	324,729	8.50%	27-May-27	Secured	Revolver Finance Facilities					HSBC & NAB	23,000	6.67%	27-May-24	Secured	Finance Leases					NAB	54,594	4.66%	Feb-27	Secured	Tetra Laval	9,788	4.50%	Jan-27	Secured	Energy Ease	4,464	6.52%	Mar-27	Secured	Dankse Bank	456	4.18%	Feb-24	Secured	Bank of Queensland	176	4.09%	Oct-26	Secured	ChemClean	1,764	5.37%	Jul-25	Secured	Toyota	644	3.25%	Jun-25	Secured	Other	37	4.20%	Feb-24	Secured	430,479				
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<p>¹The carrying amount of the convertible notes recorded on 30 June 2022 statutory accounts in accordance with the accounting standards is \$253.1m. The above-mentioned loan facilities amount contains principal of \$292.0m and capitalised interest (Paid in Kind) of the convertible notes at 30 Sep 2022 of \$32.7m.</p> <p>The Group's primary bank facilities are with HSBC Bank Australia Limited (HSBC) and National Australia Bank (NAB). They include an undrawn \$13m syndicated facility, equipment financing facilities (NAB) and debtor financing facilities (HSBC). The Group also has other bi-lateral equipment finance facilities from a number of financiers and other general transactional banking facilities.</p>																																																																																								

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(12,967)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,915
8.3 Unused finance facilities available at quarter end (item 7.5)	13,000
8.4 Total available funding (item 8.2 + item 8.3)	19,915
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: It is not expected that the current level of net operating cash flows will continue. This is because;</p> <ul style="list-style-type: none"> • the negative operating cash flow in the current quarter is impacted by legal and US litigation payments of (\$5.3m); • the net operating cash flow for the quarter also includes insurance prepayments (\$2.4m) together with the negative impact of approximately \$8m from the timing of certain June 2022 payments that moved into July 2022; and • the phasing of certain price increases negotiated with customers in recent months, as outlined in the Company's full year results announced on 26 August 2022, mean they only partially benefit the current quarter and will have a full impact in future periods. 	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: The benefits of various transformation initiatives and price increases are expected to positively impact cash flows in the December quarter. There are no plans to raise additional funds.</p>	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: As outlined in the Company's announcement accompanying the release of its full year results for 2022, the company has been responding to certain cost increases by negotiating price increases in both its domestic, and more recently, its export markets. The outcome of those negotiations together with certain cost savings are expected to positively impact financial outcomes and accordingly the Company expects to continue its operations and meet its business objectives.</p>	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

Date: 28 October 2022

Authorised by: 

The Board of Directors