

## **Appendix 4C Quarterly Cash Flow and Market Update**

Australian Dairy Nutritionals Group Limited (**AHF** or the **Group**) advises that this activity report relates to the Appendix 4C for the quarter ended 30 September 2023 (**Quarter**) released to the market on 31 October 2023.

### **Quarterly Activity Report (QAR) –for the quarter ended 30 September 2023 (Quarter)**

#### **(a) Details of the Company’s Business Activities for the Quarter**

The Group’s business activities during the Quarter focussed on dairy farming and dairy manufacturing. The expenditure reported in the Quarter relates primarily to:

- dairy farm operating costs including feed and employment costs;
- infant formula production costs including purchase of raw materials, packaging, employment and other associated manufacturing costs;
- corporate costs in relation to the Group including employment costs, ASX fees, registry fees, insurance and professional fees.

The Quarter also includes proceeds of \$710k in respect of a private placement to sophisticated investors announced on 11 July 2023.

The Board is carefully monitoring the cash position of the Group and is focussed on reducing operational costs as it works to grow domestic and international distribution of its infant formula ranges. In addition, the following initiatives are being progressed to support cash flow requirements:

- a) the Brucknell South dairy farm has been listed for sale through Elders Camperdown (refer to ASX Announcement dated 16 October 2023); and
- b) the Group is in the final stages of negotiation of a secured loan facility.

#### **(b) Payments to an associate of, a related party of the Company (section 6 of Appendix 4C)**

Section 6 of the Appendix 4C reports expenditure of \$68k paid as Director’s fees (including superannuation) during the Quarter.

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

**Ends**

#### **Further Details**

##### **Australian Dairy Nutritionals Limited**

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## **About Australian Dairy Nutritionals Group**

*Australian Dairy Nutritionals Group (AHF) is a vertically integrated Australian dairy group which owns high quality organic and organic A2 dairy farms, and a processing facility located in Southwestern Victoria, the 'Golden Triangle' of Australia's dairy industry. In addition to our premium Future range of infant formulas the Group has also commenced production of Australia's first Organic A2 infant formula made with farm fresh Australian milk from our farms at our purpose-built infant formula factory.*

## **Disclaimer – Forward Looking Statements**

*This announcement may include "forward looking statements" within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry, in which it operates, and beliefs and assumptions. Readers are cautioned not to place undue reliance on forward looking statements.*

## Appendix 4C

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

#### Name of entity

Australian Dairy Nutritionals Group: Comprising  
Australian Dairy Nutritionals Limited – ABN: 36 057 046 607; and  
Australian Dairy Farms Trust – ARSN: 600 601 689

#### ABN

See Above

#### Quarter ended (“current quarter”)

30 September 2023

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | 1,545                      | 1,545                                 |
| 1.2 Payments for  |                            |                                       |
| research and development                                  | -                          | -                                     |
| product manufacturing and operating costs                 | (1,699)                    | (1,699)                               |
| advertising and marketing                                 | (156)                      | (156)                                 |
| leased assets   | -                          | -                                     |
| staff costs   | (681)                      | (681)                                 |
| administration and corporate costs                        | (490)                      | (490)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | 4                          | 4                                     |
| 1.5 Interest and other costs of finance paid              | (7)                        | (7)                                   |
| 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>(1,484)</b>             | <b>(1,484)</b>                        |
| <b>2. Cash flows from investing activities</b>            |                            |                                       |
| 2.1 Payments to acquire:                                  |                            |                                       |
| (i) entities  | -                          | -                                     |
| businesses  | -                          | -                                     |
| property, plant and equipment                             | (32)                       | (32)                                  |
| investments   | -                          | -                                     |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
|                                      | intellectual property                                 | -                          | -                                     |
|                                      | other non-current assets                              | (11)                       | (11)                                  |
| 2.2                                  | Proceeds from disposal of:                            |                            |                                       |
|                                      | (i) entities  | -                          | -                                     |
|                                      | businesses  | -                          | -                                     |
|                                      | property, plant and equipment                         | -                          | -                                     |
|                                      | investments   | -                          | -                                     |
|                                      | intellectual property                                 | -                          | -                                     |
|                                      | other non-current assets                              | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 2.5                                  | Other   | -                          | -                                     |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(43)</b>                | <b>(43)</b>                           |

|             |   |            |            |
|-------------|---|------------|------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |            |            |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 710        | 710        |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -          | -          |
| 3.3         | Proceeds from exercise of options   | -          | -          |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | (68)       | (68)       |
| 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 – lease liabilities   | (106)      | (106)      |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>536</b> | <b>536</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 period                             | 2,007   | 2,007   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (1,484) | (1,484) |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)  | (43)                               | (43)   |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 536                                | 536  |
| 4.5   | Effect of movement in exchange rates on cash held                | -                                  | -  |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>1,016</b>                       | <b>1,016</b>                                   |

| <b>5. Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 1,016                              | 2,007                               |
| 5.2 Call deposits  | -                                  | -                                   |
| 5.3 Bank overdrafts  | -                                  | -                                   |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>1,016</b>                       | <b>2,007</b>                        |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1.
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

68

-

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

6.1 The \$68K is comprised of directors' fees (including superannuation).

**7. Financing facilities**

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.

|  | Total facility<br>amount at quarter<br>end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|---|---|
| 7.1 Loan facilities                                | -   | -   |
| 7.2 Credit standby arrangements                    | -   | -   |
| 7.3 Other (Short-term credit facility - insurance) | -   | -   |
| <b>7.4 Total financing facilities</b>              | -   | -   |

7.5 **Unused financing facilities available at quarter end** nil

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.

| <b>8. Estimated cash available for future operating activities</b>                | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | (1,484)        |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 1,016          |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 1,016          |
| <b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | <b>0.68</b>    |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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?

Answer:

The current level of net operating cash flows is expected to continue in the short-term. The Group expects to increase cash flows as domestic sales grow and, it commercialises the sale of its infant formula ranges in overseas markets. Registration of both the Ocean Road Dairies and future Gradulac Gentle ranges is progressing in both Vietnam and Canada.

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?

Answer:

The Board is carefully monitoring the cash position of the Group and is focussed on reducing operational costs as it works to grow product sales. In addition, the following initiatives are being progressed to support cash flow requirements:

- a) the Brucknell South dairy farm has been listed for sale through Elders Camperdown (refer to ASX Announcement dated 16 October 2023); and
- b) the Group is in the final stages of negotiation of a secured loan facility.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. As outlined in section 8.6.2 (above).

## 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: 31 October 2023

Authorised by: the Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.