

Farm Pride Food Ltd.
ABN: 42 080 590 030

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VIC 3173 Australia

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31 January 2024

ASX Announcements Office

Farm Pride Foods Limited (ASX:FRM)

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C (UNAUDITED)

Farm Pride Foods Limited ("**Farm Pride**", "**Company**") is pleased to provide the following update to shareholders for the quarter ended 31 December 2023 ("**Quarter**").

The Company had net operating cash outflows of \$0.256m during the quarter, including net receipts from customers of \$24.800m. Receipts were 6% higher than the previous quarter and 28% higher than the prior corresponding period.

Revenue (unaudited) for the Quarter was 5% higher than the previous quarter and 18% higher than the prior corresponding period. This is the highest quarterly revenue in six years.

The Company continued to enhance its farming operations by investing in farming infrastructure and enhancing the farm management team. \$362k of the cash outflows from investing activities detailed in Section 2.1 of Appendix 4C relate to refurbishing laying and rearing farms. Significant payments for repairs and maintenance on farms also occurred during the Quarter.

Payments included in Item 6.1 of the accompanying Appendix 4C relate to the Director's fees and the Managing Director's salary.

During the Quarter, the second in-house reared flock from the refurbished rearing farm was housed in a laying shed and all sheds on the rearing farm are now fully utilised.

Cash flows in the Quarter were impacted by the requirement to replace a disproportionate number of birds compared to a more even replacement cycle. Multiple free range flock changeovers took place during the Quarter.

The Company continues to experience rising cost pressures. There is continued focus on achieving price increases across shell and product egg sales. Reviews of operations are continuing to identify areas of improvement, address inefficiencies and achieve cost savings. Improvements were made in warehousing, production, and farming during the Quarter.

Cash on hand at the end of the Quarter of \$2.206m includes a cash backed rental guarantee of \$1.017m. Unused financing facilities available at Quarter end were \$0.066m. The Company obtained a funding facility of \$1.250m from interests associated with its Chair, Mr. George Palatianos during the Quarter in order to assist progressing various initiatives and improvements to the business.

Further progress has been made on the sub-division and land sale of the Lethbridge property which is expected to settle in the current Quarter.

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This announcement has been authorised by the Board of Farm Pride Foods Ltd.



About Farm Pride (FRM)

Farm Pride is a leading ASX listed vertically integrated egg company that farms, processes and markets a range of egg and egg related products. FRM continues to develop its farming business to meet the markets evolving requirement for cage free eggs. FRM maintains strong relationships in the supermarket channel and with industrial food manufacturers. FRM is also committed to maintaining the highest level of environmental, social and corporate governance responsibility and is the only egg company in Australia to manufacture its own egg cartons using recycled newsprint and cardboard. For more information, visit FRM's website.

Appendix 4C

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

Name of entity

Farm Pride Foods Limited

ABN

42 080 590 030

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	24,800	48,214
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(17,730)	(33,956)
(c) advertising and marketing	-	-
(d) leased assets	(1,387)	(3,055)
(e) staff costs	(5,914)	(11,451)
(f) administration and corporate costs	(1,034)	(1,974)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(553)	(1,090)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund)	1,562	3,202
1.9 Net cash from / (used in) operating activities	(256)	(110)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(383)	(941)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	Net cash from / (used in) investing activities	(383)	(941)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	1,400	2,900
3.6	Repayment of borrowings	(413)	(1,631)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	987	1,269
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,858	1,988
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(256)	(110)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(383)	(941)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	987	1,269
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,206	2,206

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	1,189	841
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	1,017	1,017
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,206	1,858

Other – this is a cash backed rental guarantee for the Keysborough production facility. These funds are not available for operating purposes.

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	206
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments to related parties and their associates included at 6.1 include:

- Managing and Non-executive directors' salaries \$150K.
- Egg and egg product purchases \$31K.
- Interest on financing facility \$25k.

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	17,592	17,526
7.2	-	-
7.3	812	812
7.4	18,404	18,338
7.5	Unused financing facilities available at quarter end	
		66
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.	
	<p>The Company has facilities with five different parties.</p> <p>The first is held with with MC FP Pty Ltd (Merricks Capital). The interest rate is currently 12.92% with a maturity date of 31 August 2024. The facility limit is \$14.342m and is secured by a fixed charge over company assets.</p> <p>The second facility is held with AMAL Trustees Pty Ltd (TP24). The interest rate is currently 10.94% with a maturity date of 31 August 2024. The facility limit is \$2.000m and is secured over receivables.</p> <p>The third facility is held with Ackenberg Holdings Pty Ltd. The interest rate is currently 10.35% with a maturity date of 30 June 2024. The facility limit is \$1.250m and it's an unsecured facility.</p> <p>The facilities included under "other" include:</p> <ul style="list-style-type: none"> • \$0.446m of balance owed to creditor (Scolexia Pty Ltd). In March 2023, it was converted into an unsecured 3 year loan at an interest rate of 7.5%, to be repaid monthly. • \$0.366m of balance owed to Elantis Premium Funding to finance the \$1.1m annual Insurance Premium for FY24. It was obtained in July 2023 at an interest rate of 3.65% p.a (flat) with a maturity date of 13th March 2024. 	

8. Estimated cash available for future operating activities	\$A'000
8.1	(256)
8.2	2,206
8.3	66
8.4	2,272
8.5	8.9
<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?

Answer: N/A

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?

Answer: N/A

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?

Answer: N/A

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.

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 January 2024.....

Authorised by:The Board.....
(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.