

29 April 2022

ASX Market Release

**Amendment to Quarterly Activities Report
31 March 2022**

Nuchev Limited (ASX:NUC) (“Nuchev” or “the Company”) provides an amended Quarterly Activities Report for the 31 March 2022 quarter to that lodged on 28 April 2022. The amended Quarterly Activities Report comprises the revised statement on page 3 relating to the Gross Margin levels being consistent with the prior quarter. The revised statement is as follows:

“Average Selling Price for the core Oli6[®] business (excluding raw material sales), in Q3 FY22 was largely in line with the previous quarter, supported by the transition to new super premium Oli6[®] enhanced formulation and strong in market pricing discipline.”

Nuchev is committed to compliance with the ASX Listing Rules. Nuchev continues to develop its internal processes in line with the ASX Listing Rules and the Corporate Governance Principles and Recommendations.

Ben Dingle
CEO and Executive Director
Nuchev Limited

This announcement has been approved for release by the Board of Directors.

For further information please contact:

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About Nuchev Limited

Nuchev is an Australian based, globally oriented food business with a dedicated focus on developing, marketing and selling a range of premium Australian made goat nutritional products. Nuchev’s primary products include its Oli6[®] branded goat infant formula and nutritional range, which are sold across multiple sales channels in Australia, China and the Hong Kong Special Administrative Region. Oli6[®] products are formulated with the benefits of goat, supported by ongoing scientific research. Nuchev operates a capital-light business model, leveraging leading raw goat ingredient suppliers and Australian-based manufacturers in an established, secure and scalable supply chain to deliver high quality products under a premium, trusted brand.

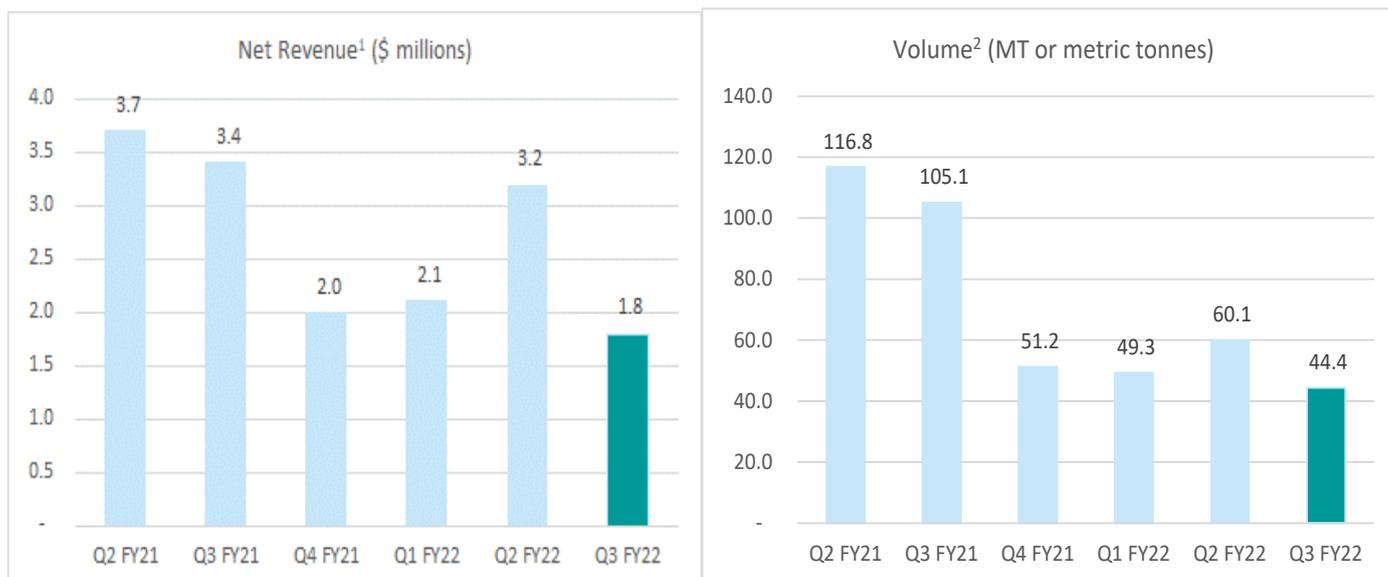
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31 March 2022 Quarterly Activity Report and Appendix 4C

Quarterly Highlights

- Strong momentum achieved in Nuchev's Australian retail with 36% growth year on year; offset by subdued sales in the Cross Border E-Commerce ("CBEC") channel.
- Continued strong Oli6[®] performance in Coles for the quarter, soon to be supported by ranging in Woolworths from May in 455 stores nationally.
- Gross Margin consistent with prior quarter, reflecting the continued brand strength, pricing discipline and value chain enhancement.
- Total Goat Milk Infant Formula ("GMIF") for CBEC performance has slowed since Double 11 driven by highly competitive market pricing.
- Net revenue for the quarter was \$1.8m, down on Q2. Most of the variance came from lower raw material sales in the quarter compared with the previous quarter.
- Net cash outflows during the quarter were lower than for the previous quarter, with the closing cash position at 31 March 2022 of \$5.8m. During the quarter Nuchev established a facility of \$2m that remains undrawn.



<i>Unaudited</i>	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Growth % (qoq)	Growth % (pcp)
Net revenue ¹ (\$ millions)	3.7	3.4	2.0	2.1	3.2	1.8	(43%)	(47%)
Volume - core ² (metric tonnes)	116.8	105.1	51.2	49.3	60.1	44.4	(26%)	(58%)
ASP / MT - core ³ (\$ thousands)	31.9	30.8	32.3	32.5	35.2	34.2	(3%)	11%

Strong momentum achieved in Nuchev’s Australian retail with 36% growth year on year; offset by subdued sales in the Cross Border E-Commerce (“CBEC”) channel.

The Australian retail channel grew 36% in revenue in Q3 FY22 versus prior year, with strong growth in both supermarkets and pharmacy. Positive momentum has been maintained in Coles supermarkets with Oli6®, the fastest growing GMIF brand up +136% for the quarter versus last year.

To further strengthen the Australian retail performance, Oli6® will be ranged in Woolworths Supermarkets from May in 455 stores nationally. The brand will be supported by strong activity to drive new user acquisition. This new ranging will drive revenue growth in Q4 FY22 and FY23.

In the CBEC channel, total GMIF market performance has slowed since Double 11. With increased market competition the consumer retail price has decreased by -8.1%⁴ year to date versus prior year. This competitive market activity is expected to continue over the coming months. In addition, the current COVID-19 zero policy adopted by China has created uncertainty in supply chain logistics which is currently impacting consumer sales and delivery of products.

¹ Includes impact of raw materials

² Excludes impact of raw materials

³ Excludes impact of raw materials

⁴ Smart Path CBEC Data to Feb 22

Sales and marketing activities across CBEC have been reviewed, with changes being made to improve the Group's return on its investment. In addition, market pricing has been adjusted along with consolidated campaign activation in response to the highly-competitive market conditions in CBEC for GMIF.

Gross Margin⁵ levels consistent with prior quarter, reflecting the continued brand strength, pricing discipline and value chain enhancement.

Average Selling Price for the core Oli6[®] business (excluding raw material sales), in Q3 FY22 was largely in line with the previous quarter, supported by the transition to new super premium Oli6[®] enhanced formulation and strong in market pricing discipline. This has translated into a strong Gross Margin in the core Oli6[®] business.

Reduced expenditure, including raw material production costs, resulted in a reduced net cash outflow during the quarter compared with the previous quarter.

Net cash used in operating activities reduced to \$1.7M in Q3 FY22 from \$4.1M in Q2 predominantly due to the timing of raw material purchases of Goat Full Cream Milk Powder. Raw material inventory continues to be managed carefully given the COVID-19 impacts and supply chain uncertainty. Spend on product and manufacturing costs in Q4 FY22 is anticipated to be less than spent in Q3 FY22.

Given the seasonal nature of the promotional periods in the CBEC channel, and the impact of COVID-19 shutdowns across China, investment in advertising and marketing spend is expected to be more subdued for the remainder of H2 FY22.

Nuchev continues to invest in the innovation and new business development pipeline, which is not expected to deliver short term revenue, however, is critical to the long-term growth strategy of the business.

Nuchev remains focused on achieving State Administration of Markets Regulation ("SAMR") registration to sell Chinese specification Oli6[®] product in the offline environment in China, and throughout the quarter has maintained investment in progressing this initiative.

Nuchev CEO Ben Dingle commented "Recognising the competitive challenges in CBEC and having reset investment and pricing we remain nimble and responsive in relation to the impacts of China lockdowns. In the Australian market it is pleasing to see the continued growth and maintenance of margins, during a time when we remain focused on building scale in our core business."

⁵ Excludes impact of raw materials

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and as outlined in the Appendix 4C, the Company advises it spent \$1.2M on product manufacturing and operating costs, \$1.0M on advertising and marketing, \$0.8M on staff costs and \$0.7M on administration and corporate costs during Q3 FY22. Details of the business activities are found within this report.

Pursuant to ASX Listing Rule 4.7C.3, the Company advises that payments to related parties consist of \$193,311 to key management personnel.

The Nuchev Limited Appendix 4C Quarterly Cashflow Statement for the period ended 31 March 2022 is attached.

Ben Dingle
CEO and Executive Director
Nuchev Limited

This announcement has been approved for release by the Board.

For further information please contact:

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