



**Australian
Agricultural
Projects Ltd**

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**MARKET UPDATE
QUARTER ENDED 31 MARCH 2024**

30 APRIL 2024

Australian Agricultural Projects Ltd (ASX: **AAP**) (**Company**) is pleased to present its report for the quarter ended 31 March 2024 and advises:

- Preparations for the annual harvest were completed in early April and the harvest is planned to commence this week. Management's expectation is for total oil production in excess of 600,000 litres in what is an "off" year in the biennial cycle of the orchard. This volume is above the result achieved from the 2022 harvest which was the last "off" year.
- There are many reports that the current market price of olive oil has increased significantly as a consequence of recent poor European production caused by unfavourable growing conditions – specifically drought and extreme heat. This increase in international bulk oil prices has flowed through to increases in Australian retail shelf prices which is the principal input into the formula that determines the price we receive for the orchard's extra virgin olive oil. Our expectation is that the price we will receive for oil this season will be the highest in the Company's history.
- In February, the Company restructured its principal banking facilities extending the term from April 2025 to April 2028. In addition, the Company now has the ability to paydown its principal debt facility and redraw balances as required which will provide a more efficient application of surplus cash holdings during the season. The Company also repaid a shareholder loan of \$339,000.
- The Company's priority remains the completion of the replanting project with the expectation that the last tranche of trees planted will enter commercial production next season. Management is waiting until after the completion of the current harvest before commencing on the next strategic project which is the orderly restructuring of the projects the Company manages. The end of the first term of the grower's leases underwriting these projects matures on 30 June 2025 which provides a natural date for any amendments to be implemented.

Quarterly cash flow

The cash receipts for the March 2024 quarter amounted to \$1,125,000 with year to date receipts totaling \$4,213,000 (March 2023: \$3,093,000). The quarterly operating surplus of \$180,000 (year to date: surplus of \$716,000) is in line with management's budgets. The Company continues to forecast an operating deficit for the June 2024 quarter as this is when the annual harvest expenses are incurred at the same time as proceeds from the sale of the previous year's harvest are at their lowest.

The \$1,039,000 detailed as repayment of borrowings represents the repayment of the \$339,000 shareholder loan along with the paydown of the core borrowing facility by \$700,000. As noted above, this paydown of the core banking facility is available for redraw to assist with operating costs as required.

AUTHORISED BY:

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Managing Director

Enquiries may be directed to:

Paul Challis – Managing Director

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Appendix 4C

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

Name of entity

AUSTRALIAN AGRICULTURAL PROJECTS LIMITED

ABN

19 104 555 455

Quarter ended ("current quarter")

31 March 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,125 | 4,213 |
| 1.2 Payments for | | |
| (a) research and development | | |
| (b) product manufacturing and operating costs | (642) | (2,298) |
| (c) advertising and marketing | | |
| (d) leased assets | | |
| (e) staff costs | (133) | (471) |
| (f) administration and corporate costs | (72) | (347) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 2 | 5 |
| 1.5 Interest and other costs of finance paid | (134) | (420) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other – proceeds from insurance claim | 34 | 34 |
| 1.9 Net cash from / (used in) operating activities | 180 | 716 |

| | | |
|--|--|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | | |
| (d) investments | | |
| (e) intellectual property | | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| (f) other non-current assets | | |
| 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 | - | - |

| | | |
|---|----------------|--------------|
| 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 | - | 953 |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | (6) | (6) |
| 3.5 Proceeds from borrowings | | |
| 3.6 Repayment of borrowings | (1,039) | (1,189) |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other (provide details if material) | (4) | (11) |
| 3.10 Net cash from / (used in) financing activities | (1,049) | (253) |

| | | |
|---|-------|-----|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 1,561 | 229 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 180 | 716 |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (1,049) | (253) |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 692 | 692 |

| 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 | 692 | 1,561 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 692 | 1,561 |

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 |
|------------------------------------|
| 49 |
| - |

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

The amount in item 6.1 includes payment for:

| | |
|---------------------------|----|
| Salary and superannuation | 39 |
| Secretarial fees | 10 |

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 amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---------------------------------------|---|---|
| 7.1 Loan facilities | 6,320 | 5,620 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other | 500 | - |
| 7.4 Total financing facilities | 6,820 | 5,620 |

7.5 **Unused financing facilities available at quarter end** 1,200

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.

Bank Loan Facility

- Amount \$5,192,500 – drawn to 4,492,500
- Lender: NAB
- Interest Rate Variable –7.485% pa as at 31 March 2023
- Matures 30 April 2028
- Secured

Shareholder Loan Facility

- Amount \$1,127,000 limit – fully drawn
- Lender Patrac Investments Pty Ltd - a company related to a director and shareholder
- Interest Rate 9.35% pa (weighted average)
- Matures \$127,000: October 2024, balance: October 2025
- Unsecured

Asset Finance Facility

- Amount \$500,000 – undrawn
- Lender NAB
- Interest Rate n/a
- Matures 30 April 2025
- Secured

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | 180 |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 692 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | 1,200 |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 1,892 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | N/A |

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:

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:

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:

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: 30 April 2024

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.