



# ASX Release Quarterly Report

For the quarter ending 31 December 2020

29 January 2021



## KEYTONE DAIRY QUARTERLY REPORT

**Keytone Dairy Corporation Ltd (ASX:KTD)** (“Keytone” or the “Company”) is pleased to provide the following update on its activities and lodge the Appendix 4C Cash Flow Statement for the quarter ending 31 December 2020. Keytone operates on a 31 March 2021 financial year and consequently, the 30 December 2020 quarter was the third quarter of its financial year 2021 (“Q3 FY21”).

During Q3 FY21, a number of a major achievements were achieved:

- **Award of material private label tenders by Coles Supermarkets and Foodstuffs New Zealand to Keytone, totaling approximately \$12.0m in sales revenue** over the initial terms of the contracts and further signifying that Keytone is not reliant on any one client, product, distribution channel or country to derive its sales, rather having a fully diversified and robust client base;
- Keytone’s proprietary branded products, **Tonik Plant and Tonik Pro, ranged nationally in Coles Supermarkets and Coles Local stores from mid-November 2020;**
- **Sales of the proprietary branded products increased 36%** over the prior quarter
- **Significantly increased forecasts provided by a number of international clients** for the calendar year 2021. Forward purchase orders tracking ahead of supplied client forecasts through the first quarter of calendar year 2021; and
- A further and material **reduction of 88% realised in net cash outflow from operating activities to a negligible \$90,000** in the quarter, highlighting the strong financial trajectory of the Company.

Danny Rotman, Keytone Dairy’s Chief Executive Officer, commented upon the release of the results: “This third quarter has been another highly successful quarter and one of significant progress and development on multiple fronts. While headline sales growth eased moderately on a consolidated basis, proprietary brands continued to grow at an impressive rate, and the growth in the consolidated business is multiples ahead compared with the third quarter of the prior financial year. Furthermore, sales will continue to grow as the outstanding new client wins with Coles and Foodstuffs New Zealand, among others, come fully on stream over the course of 2021.”

“Pleasingly and building on the material reduction achieved in the second quarter, net cash outflow from operations materially decreased to near break-even for the consolidated Keytone group through the third quarter ahead of management expectations, prior to any normalisations. This result is significant and represents continuous sales growth, procurement, logistics and financial management improvements implemented over the last twelve plus months.”

“As we begin calendar year 2021, Keytone has an exciting strategic agenda and is incredibly well positioned to capitalise upon the momentum and growth the Company has achieved over the last 12 months, building on the credentials of the business and the growing brand awareness of our proprietary brands and private label business in core markets.”



*A production run in Keytone's Melbourne powder facilities*

### **Financial Highlights**

The third quarter of FY21, being 1 October 2020 to 31 December 2020, continued to achieve new and record financial milestones for the group, including near break-even cash from operations, prior to normalisations being applied and notwithstanding the marketing spend more than doubling in the quarter to approximately \$350,000 while grant receipts fell 91% to an immaterial \$38,000, compared with the prior quarter.

The significant and material reduction in cash burn of a further 88% to an immaterial \$90,000 for Q3 FY21 compared with the cash burn in Q2 FY21 of \$735,000 and Q1 FY21 of \$4,300,000 demonstrates the strong financial trajectory of Keytone. The Company is accelerating towards net cash generation as supported by a growing branded business, an increasing, robust and diversified client base and six operational manufacturing sites across Australia and New Zealand providing operational leverage, economies of scale and a broad product capability.

Sales growth in the proprietary branded division continued to accelerate and grew a further 36% over Q2 FY21 to more than \$1.4m. This growth came from a standing start a little over 12 months ago and highlights the increasing demand and growing traction for the Company's branded health and wellness products across Australia, New Zealand and international markets complemented by the increased marketing spend and efforts, both through traditional channels and social media platforms.

While the consolidated sales result of the quarter eased to \$13.0m compared with the prior quarter, this is attributable in part to seasonality in the New Zealand business where the December quarter is typically a quieter quarter but more importantly is completely mitigated by new and material contract wins with Coles Supermarkets and Foodstuffs New Zealand, among others, as production volumes are expected to ramp up through calendar year 2021.



The financial highlights for Q3 FY21 quarter include:

- A further and material **reduction of 88% in net cash outflow from operating activities to a negligible \$90,000** in the quarter, prior to normalisations being applied. The decrease is driven by significantly improved working capital management, growing proprietary branded business and material new client wins;
- The material decrease in net cash outflow from operating activities comes notwithstanding the significantly **increased spend on marketing Keytone brands** during the quarter, increasing 130% to approximately \$357,000 compared with Q2 FY21, while **cash receipts attributable to grants through the period fell by 91%** to \$38,000 compared with \$446,000 in Q2 FY21;
- Sales recorded in the New Zealand division of Keytone for Q3 FY21 **totalled approximately \$2.7m, being 329% of the prior corresponding quarter** FY20 recorded result of \$0.8m;
- Sales of the Company's proprietary products **exceeded \$A1.4m sales for the quarter and were 136% of the prior quarter**. This growth was recorded as Tonik Plant and Tonik Pro were launched in Coles and Coles Local stores respectively in mid-November 2020 and as such only contributed in part to the strong result. Keytone expects additional volume growth and traction with Tonik and its broader branded portfolio through existing channels and new and additional ranging in future quarters, along with further new product launches under existing brands;
- **Sales for the consolidated group totalled \$13.0m for Q3 FY21, being 196% of the prior corresponding quarter FY20 result of \$6.6m**. While headline sales fractionally eased on the consolidated sales result of the prior quarter due to the seasonality of the New Zealand business in Q3 FY21, this is mitigated by new client wins as outlined in this activity report (and previously announced) with the additional volumes to be manufactured through calendar year 2021;
- During the quarter, **\$A0.7m was spent on capex initiatives principally in relation to the expansion of Keytone's Sydney protein bar/snacking plant** (the previously announced acquisition of the AusConfec assets) where capability enhancements and upgrades are ongoing. The capex spend at this facility will be offset by the remaining balance of \$560,000 being the grant awarded to Omniblend by the Victorian Government, expected to be received over the course of the next six months; and
- As at 31 December 2020, Keytone had a combined cash balance of \$A7.7m as outlined in the accompanying Appendix 4C.

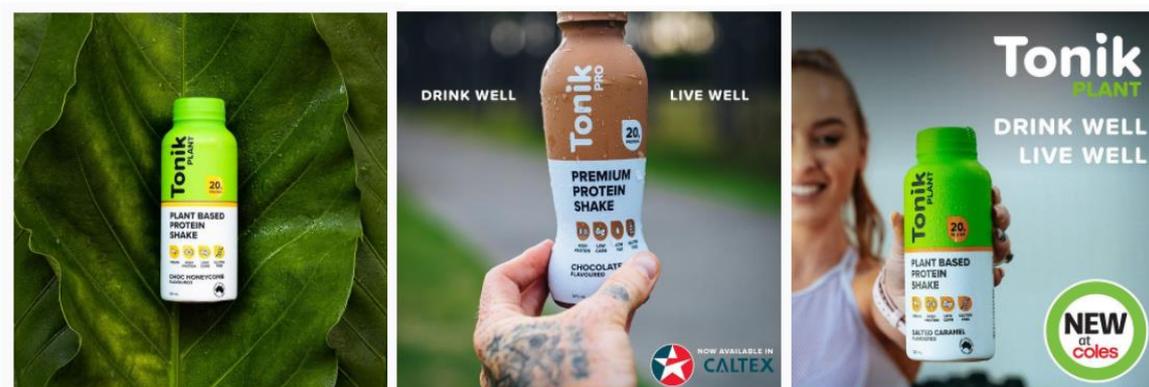
### Proprietary Product Expansion and Distribution

Q3 FY2021 realised further significant growth in the proprietary branded portfolio of the Company through Australia and new international markets notwithstanding much of the new ranging and distribution occurred in the second half of the quarter. Tonik Pro and Tonik Plant continued to roll out through Keytone's Australian distribution network, including major grocer Coles. Notably, Tonik Plant was ranged within weeks of its launch and was in over 400 Coles stores from November, while Tonik Pro was stocked in Coles Local stores nationally from the same date.

Furthermore, Keytone secured ranging in the petrol and convenience channel for Tonik Pro throughout the quarter. The petrol and convenience channel is a key strategic channel for protein shakes and on-the-go healthy snacking and drinks with high footfall traffic across all target consumers. Specifically, ranging has been secured in 250 Caltex/Ampol outlets, a leading banner group in the channel, 320 United Petroleum and 55 Freedom Fuels petrol stations for Tonik Pro across Australia, totalling an additional 625 outlets for the Tonik brand. On The Run, a leading distributor in the petrol and



convenience channel in South Australia, confirmed ranging of Super Cubes products and Keytone's Gran's Fudge across all of its 145 petrol and convenience stores in the State.



Keytone continues to pursue further international growth across a number of key markets and through Q3 FY2021 ranging of Tonik Plant was secured in Malaysia at the premium chain of supermarkets, Village Grocer, across all stores in Kuala Lumpur and the Klang Valley. The Company will continue to work with its local distribution partners in Malaysia for further ranging as well as continue efforts throughout the South-East Asian region, China, Middle East and beyond.

The gym channel is of increasing importance to Keytone's overall distribution strategy and through the launch of Tonik Pro and Plant, health-conscious gym clientele and consumers continue to resonate strongly with the Tonik brand and products. Keytone has partnered with national distributors Brackenbury Nutrition and Nutrition Systems for Tonik Pro and Plant. Follow-on orders are continuing on a regular basis and are growing in volume and frequency. These distributors represent key channels, including the gym chains of Anytime Fitness and Snap Fitness, where the initial feedback and response to the Tonik range of products has been strong. Keytone will continue to add further gym chains to its national distribution footprint in due course.

Baileys non-alcoholic coffee flavoured milk, manufactured and distributed under Keytone's licensing agreement with Baileys, was ranged nationally in BWS stores (Woolworths Australian retail chain of liquor stores) through Q3 FY2021. Ongoing product development work continues with Baileys non-alcoholic range of drinks and the Company expects further products to be ranged over the course of the next twelve months, subject to the approval of Baileys' local Australian agent.

Keytone continues to aggressively build its higher value, higher margin proprietary products further diversifying the Company's revenue base and building brand awareness. This strategy and growth will continue into calendar year 2021 and beyond with further range reviews scheduled and occurring on a regular basis. While initial purchase orders in new distribution channels are often immaterial in value, follow on orders across many channels have been received in a number of weeks following initial orders highlighting the growing demand for many of the Company's own products.

Whilst simultaneously growing the demand and distribution footprint of the existing branded portfolio and products, Keytone's product development team continues to work on expanding the range, depth and breadth of the portfolio. In this regard, the Company continues to work on a number of exciting new product initiatives, all well underway, and due for release in the short term. These product initiatives are the result of product trials, consumer and market feedback and the expertise of product development team and the Company looks forward on updating the market in due course.



## 2020 China International Import Expo (“CIIE”)

Despite the challenges for international travel as a result of COVID-19, Keytone was present at the 2020 China International Import Expo (“CIIE”) held in November 2020 over six days. Keytone had a dedicated stand as part of the broader Victorian Government for Trade pavilion and was represented by the Company’s China-based agent.



The Keytone stand was one of 180 Australian companies represented at CIIE in November 2020, where more than 400,000 professional, trade and industry specialists visited the Expo. Over the course of the six days at CIIE, Keytone held a series of one-on-one meetings in its customised trade stand with potential distributors/retailers, e-commerce platforms and new customers. The meetings provided a showcase and opportunity for feedback and interest in Keytone’s proprietary product suite, including the existing product suite, plus in-market testing of potential new proprietary products in the pipeline. Further discussion and interest was registered on the Company’s deep expertise in product development and manufacturing of powdered dairy products for private label brands from potential new customers in the region. The company looks forward to updating the market on further developments as the result of meetings and contacts made at

CIIE in due course.

## Private Label Clients

Building on the record second quarter in the contract manufacturing business, Keytone has won and signed multiple high profile private label clients in Q3 FY2021 both in Australia and New Zealand, including Foodstuffs New Zealand (“Foodstuffs”) and Coles Supermarkets in Australia. These blue chip and sizeable clients were won via competitive tender, highlighting the first-class credentials, capabilities, team and offering of the Company, and continue to build the scale, volume and breadth of Keytone’s customer base. Simultaneously, these wins further diversify the revenue base of the business and offer additional economies of scale and operational leverage across Keytone’s manufacturing operations in Australia and New Zealand.

The contract manufacturing/private label wins with Foodstuffs and Coles are sizeable multi-million dollar tenders at a combined sales value of approximately \$12.0 million to Keytone as determined by client forecasts. Specifically, Foodstuffs is estimated to be worth NZD7.1m over two years, with an initial two-year term, where the products are to be manufactured in the Company’s New Zealand facilities, commencing in September 2020, while the significant Coles tender win is valued at \$5.2 million per annum with an initial 12 month term, and will be serviced and manufactured in Keytone’s Melbourne powdered facilities from Q1 FY2022, that is the quarter ending 30 June 2021.

While the product SKUs, formats, flavours and pack sizes have been specified by the respective clients, given the growing strategic relationship between Keytone and the parties above, Keytone anticipates further upside to these strategic relationships and continued collaboration with the product development team, ultimately delivering further growth to the business.

Through the quarter, Keytone has secured a number of new clients (in addition to the above), received updated forecasts from key international clients as well as continued follow-on orders from existing clients through the quarter. The continued momentum in the contract manufacturing/private label



business provides economies of scale and substantial operational leverage used to amplify and enhance the overall operations of Keytone.

Keytone continues to work on a number of tenders for new strategic clients leveraging the broad manufacturing capability, capacity and expertise of Keytone, both in New Zealand and Australia, as Keytone continues its impressive growth trajectory in health and wellness.

### **Capacity Expansion**

#### ***Capital Enhancements to the Protein Bar Manufacturing Facility***

Keytone acquired the assets of AusConfec in early FY2021. AusConfec is a highly strategic acquisition, completing Keytone's fully diversified manufacturing operation across powders, ready to drink protein drinks and protein bars, while providing a synergistic and complementary permissible indulgence brand, Gran's Fudge. The acquisition offers significant upside for proprietary product development in the Company's existing proprietary product range, in addition to substantial cross-sell opportunities for the Company's large existing client base and other new contract manufacturing clients.

Expansion of the AusConfec facilities continued in Q3 FY2021 with capital expenditure progress payments of \$696,000 incurred and as detailed in the accompanying Appendix 4C. Further capital payments will be made in Q4 FY2021 and these strategic and capital enhancements will utilise the \$A800,000 Manufacturing Modernisation Fund grant awarded to Omniblend by the Australian Federal Government offsetting future capital expenditure.

The capital enhancement program for the protein bar manufacturing facility is expected to be completed by early FY2022 and a number of discussions are continuing with existing and new clients regarding the manufacture of protein bars providing additional revenue and earnings upside for the FY2022 financial year, in addition to the manufacture of the company's own proprietary products.



## Other

Payments to executive and non-executive directors totalled approximately \$A237,000 for salaries and wages in the period, as outlined in section 6.1 of the accompanying Appendix 4C.

As at 31 December 2020, 124,767,442 Performance Shares are on issue. No performance share vesting or conversion milestones were met during the period, and no performance shares were redeemed during the period.

	Performance Shares on issue at start of period or issued through the period (A)	Performance Shares converted to KTD shares during the period (B)	Performance Shares expired during the period (C)	Performance Shares on issue at the end of the period (A) – (B) – (C)
Class A <sup>1</sup>	16,500,000	0	0	16,500,000
Class B <sup>2</sup>	16,500,000	0	0	16,500,000
Class C <sup>3</sup>	16,500,000	0	0	16,500,000
Class D <sup>4</sup>	23,255,814	0	0	23,255,814
Class E <sup>5</sup>	23,255,814	0	0	23,255,814
Class F <sup>6</sup>	23,255,814	0	0	23,255,814
Class G <sup>7</sup>	2,200,000	0	0	2,200,000
Class H <sup>8</sup>	3,300,000	0	0	3,300,000
Total	124,767,442	0	0	124,767,442

The release of this announcement was authorised by the Non-Executive Chairman, Mr. Peter James on behalf of the board.

1 Each Class A Performance Share will convert into one share upon Keytone Enterprises (NZ) Company Limited achieving, \$3,000,000 of earnings before interest, taxes, depreciation and amortisation (EBITDA) in any financial year occurring on or before 31 March 2022.

2 Each Class B Performance Share will convert into one Share upon Keytone Enterprises (NZ) Company Limited achieving, \$6,000,000 of EBITDA in any financial year occurring on or before 31 March 2022.

3 Each Class C Performance Share will convert into one share upon (I) the shares achieving a 30-day volume weighted average price per share exceeding \$0.30, and (II) Keytone Enterprises (NZ) Company Limited achieving, in relation to Keytone, \$6,000,000 of revenue in any financial year occurring on or before 31 March 2022.

4 Each Class D Performance Share will convert into one share upon the Omniblend Pty Limited achieving, in relation to the Omniblend Group, \$2,600,000 of earnings before interest, taxes, depreciation and amortisation, in any financial year occurring on or before 31 March 2022

5 Each Class E Performance Share will convert into one share upon the Company achieving a volume weighted average price of its shares over a period of 30 consecutive trading days upon which the shares are traded that exceeds \$0.65 and, in relation to the Omniblend Group, \$50,000,000 of annual revenue, in any financial year occurring on or before 31 March 2023

6 Each Class F Performance Share will convert into one share upon the Company achieving a volume weighted average price of its Shares over a period of 30 consecutive trading days upon which the Shares are traded exceeding \$1.00 and, in relation to the Omniblend Group, \$100,000,000 of annual revenue and \$7,500,000 of earnings before interest, taxes, depreciation and amortisation, in any financial year occurring on or before 31 March 2023

7 Each Class G Performance Share will convert into one share upon the business of Super Cubes achieving sales revenue of \$20,000,000 in the financial year ending 31 March 2021

8 Each Class H Performance Share will convert into one share upon the business of Super Cubes achieving sales revenue of \$35,000,000 and Omni Brands Pty Limited achieving \$5,000,000 of earnings before interest, taxes, depreciation and amortisation in the financial year ending 31 March 2022



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## Further Information

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## About Keytone Dairy Corporation Limited

Based in Sydney and Melbourne, Australia and Christchurch, New Zealand, Keytone Dairy Corporation Ltd is an established manufacturer and exporter of formulated dairy products and health and wellness products. Keytone Dairy's wholly-owned subsidiary Omniblend is a leading Australian product developer and manufacturer in the health and wellness sector, with both dry powder, ready to drink and protein bar health and wellness-based product capability. In addition to Keytone Dairy's own brands, the company is a trusted production partner, contract packing for well-known brands in Australia, New Zealand and internationally. The Company's purpose-built production facilities in Australia and New Zealand offer a wide range of dairy, health and wellness and nutritional packing solutions, meeting the diverse needs of consumers from different markets and cultures. Please visit [www.keytonedairy.com](http://www.keytonedairy.com) for further information.

**ENDS**



## Appendix 4C

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

**Name of entity**

Keytone Dairy Corporation Limited

**ABN**

49 621 970 652

**Quarter ended ("current quarter")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,668	34,833
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,349)	(31,115)
(c) advertising and marketing	(347)	(665)
(d) leased assets	(0)	(0)*
(e) staff costs	(2,345)	(6,528)
(f) administration and corporate costs	(614)	(2,027)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	19
1.5 Interest and other costs of finance paid	(13)	(38)
1.6 Income taxes paid	(132)	(148)
1.7 Government grants and tax incentives	38	534
1.8 Other (provide details if material)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(90)</b>	<b>(5,135)</b>
<i>* payment for leased assets have been reclassified to section 3.6 Repayment of borrowings consistent with AASB 16 disclosure requirements.</i>		
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(2,286)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) property, plant and equipment	(696)	(1,612)
(d) investments	-	-
(e) intellectual property	(7)	(19)
(f) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(703)</b>	<b>(3,917)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
<b>3.1</b> Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,859
<b>3.2</b> Proceeds from issue of convertible debt securities	-	-
<b>3.3</b> Proceeds from exercise of options	-	-
<b>3.4</b> Transaction costs related to issues of equity securities or convertible debt securities	-	(855)
<b>3.5</b> Proceeds from borrowings	(523)	2,487
<b>3.6</b> Repayment of borrowings	(228)	(2,051)
<b>3.7</b> Transaction costs related to loans and borrowings	-	-
<b>3.8</b> Dividends paid	-	-
<b>3.9</b> Other (provide details if material)	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>(751)</b>	<b>12,440</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</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	9,284	4,389
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(90)	(5,135)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(703)	(3,917)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(751)	12,440
4.5	Effect of movement in exchange rates on cash held	30	(7)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,770</b>	<b>7,770</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7,770	9,284
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,770</b>	<b>9,284</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**

237

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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**

*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	3,775	1,707
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	3,775	1,707

7.5 **Unused financing facilities available at quarter end** 2,069

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.

The financing facilities outlined above include:

- equipment finance facilities, secured against selected plant and equipment. Commonwealth Bank of Australia is the financier at an average interest rate of 5.7% with an average maturity of December 2022;
- A secured rolling overdraft facility of NZD500k with ANZ New Zealand at an interest rate of 5.2%; and
- A secured rolling trade finance facility of up to NZD1,500k with ANZ New Zealand at an average rate of 2.29%.

<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)	(90)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,770
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,069
8.4 Total available funding (Item 8.2 + Item 8.3)	9,839
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	109.32

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: N/A

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

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

## 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: 29 January 2021.....

Authorised by: Peter James, Chairman on behalf of 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.