

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 31 March 2024 (**Quarter**) released to the market on 30 April 2024.

Quarterly Activity Report (QAR) – for the quarter ended 31 March 2024

(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.

Settlement of Brucknell South Farm Sale

The Group announced the settlement for the sale of the Brucknell South Farm on 24 April 2024. The net cash received from the sale was \$7.01m.

Gippsreal Loan Facility

The Quarter includes drawdowns of \$1.53m (Q2 FY24: \$250k) under the Group's \$3m finance facility with Gippsreal Limited announced on 9 December 2023. From the proceeds of the Brucknell South Farm sale, the Group will repay the total drawdown facility amount (net of prepaid interest) in the coming days.

Current Cash Holdings

As at the date of this announcement, the Group has cash holdings of \$7.12m.

Following the repayment of the Gippsreal facility, as outlined above, the cash holdings will be \$5.51m, placing the Group in a position to support ongoing business operations.

(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 \$56,000 paid to the Directors 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. The Group produces the Ocean Road Dairies Organic A2 infant formula range, Australia's first Organic A2 infant formula made with farm fresh Australian milk from our organic dairy farms and manufactured at our infant formula factory in Camperdown, Victoria.

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”)

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	1,506	5,343
1.2 Payments for		
research and development	-	-
product manufacturing and operating costs	(1,335)	(4,989)
advertising and marketing	(66)	(298)
leased assets	-	-
staff costs	(424)	(1,680)
administration and corporate costs	(334)	(1,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	6
1.5 Interest and other costs of finance paid	(324)	(352)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(977)	(3,247)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(i) entities	-	-
businesses	-	-
property, plant and equipment	(195)	(242)
investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	intellectual property	-	-
	other non-current assets	(2)	(26)
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	-	-
2.6	Net cash from / (used in) investing activities	(197)	(268)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5	Proceeds from borrowings	1,530	2,113
3.6	Repayment of borrowings	(99)	(195)
3.7	Transaction costs related to loans and borrowings	(6)	(104)
3.8	Dividends paid	-	-
3.9	Other – lease liabilities	(128)	(422)
3.10	Net cash from / (used in) financing activities	1,297	2,034

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	403	2,007
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(977)	(3,247)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(197)	(268)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,297	2,034
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	526	526

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	526	403
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)	526	403

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
56
-

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 \$56K 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 amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	3,000	1,780
7.2 Credit standby arrangements	-	-
7.3 Other (Short-term credit facility - insurance)	137	137
7.4 Total financing facilities	3,137	1,917

7.5 **Unused financing facilities available at quarter end** 1,220

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.

7.1 Gippsreal Limited – Secured 24-month loan facility – Variable interest rate: Reserve Bank of Australia rate plus 5.4%.

7.3 Hunter Premium Funding (Insurance) – Unsecured short-term loan facility. Flat interest rate: 5.96%.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(977)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	526
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,220
8.4 Total available funding (Item 8.2 + Item 8.3)	1,746
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.79

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?

The current level of net operating cash flow is expected to continue in the short-term. The Group expects to increase cash flows as it commercialises the sale of its infant formula ranges.

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?

As announced to the ASX on 24 April 2024, the group completed the sale of the Brucknell South farm and received net cash proceeds of \$7.01m.

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

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: 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.