

Appendix 4C Quarterly Cash Flow and Market Update

Australian Dairy Nutritionals Limited (**AHF** or the **Group**) today lodged its Appendix 4C and provided a review of the Group's progress for the first quarter ended 30 September 2024 (**Q1 FY25**).

Quarterly Activity Report (QAR)

Details of Group Business Activities for Q1 FY25

The Group's business activities during Q4 FY25 focussed on dairy farming and nutritional powders manufacturing.

The cash outflows reported relate 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; and
- corporate costs in relation to the Group including employment costs, ASX fees, registry fees, and professional fees.

Financial Update

In line with expectations, net cash outflows from operations were \$1.16m for Q1 FY25 (Q4 FY24: \$1.19m). The Group ended Q1 FY25 with cash holdings of \$5.09m (Q4 FY24: \$6.11m).

During Q1 FY25, \$2.13m was received from a placement to fund brand development, market expansion and support ongoing operations and working capital. The Group also repaid the drawn down \$1.78m of its loan facility with Gippsreal Limited. The unused facility of \$1.22m remains available to the Group if required.

With a closing cash balance of \$5.09m and total funding facility available of \$1.22m, we have an estimated 5 quarters of funding available in accordance with Section 8.5 of the attached Appendix 4C.

Directors, being related parties of the Group, were paid remuneration in the amount of \$63k during the September quarter.

Exclusive Supply Agreement – Mutree Science and Technology Limited

The Group announced on 6 September 2024 that it has entered an exclusive supply partnership with Mutree Science and Technology Limited, for distribution and marketing of AHF infant formula and other products in China.

The supply partnership has an initial term of 5 +5 years and requires a minimum 1st twelve months volume of 100,000 units, which will translate to sales of at least \$2.5m over the twelve-month period.

This agreement establishes a key strategic partner for the business within China, which is the largest infant formula market in the world and sales are expected to commence in H2 FY25 following development of the product.

[Manufacturing Agreement – Nutura Organic Ltd](#)

The Group announced on 11 September 2024 that it has entered into a manufacturing agreement with Australian-based company Nutura Organic Ltd (Nutura) to manufacture intermediate and fortified milk formula base powder.

The manufacturing agreement has an initial term of 1 year with an option to extend for a further 2-year term. The first trials are currently in progress with the view to commencing manufacture in Q2 FY25.

[Appointment of new Non-executive Director](#)

The Group announced on 3 October 2024 that Mr Wenjun (Andy) Zhang was appointed as a Non-Executive Director.

Andy brings a wealth of experience and knowledge in the Infant Formula category in both China and Australia with over 10 years' experience as a major distributor.

Andy has a unique position in the Infant Formula industry in Australia, as he established and built his own cross border business for key ANZ brands from scratch to revenue of circa AUD 400M empire over a 10-year timeframe. His distribution platform leverages his deep and unique knowledge of e-commerce platforms & the O2O and Daigou channels.

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 Limited

ABN

36 057 046 607

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,205	1,205
1.2 Payments for		
research and development	-	-
product manufacturing and operating costs	(1,715)	(1,715)
advertising and marketing	(72)	(72)
leased assets	-	-
staff costs	(433)	(433)
administration and corporate costs	(379)	(379)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	15
1.5 Interest and other costs of finance paid	219	219
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	(1,160)	(1,160)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(i) entities	-	-
businesses	-	-
property, plant and equipment	(24)	(24)
investments	-	-
intellectual property	-	-
other non-current assets	(13)	(13)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	(37)	(37)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,133	2,133
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	(11)	(11)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,815)	(1,815)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease liabilities	(128)	(128)
3.10	Net cash from / (used in) financing activities	179	179

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,106	6,106
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,160)	(1,160)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(37)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	179	179
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,088	5,088

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	5,088	6,106
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)	5,088	6,106

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
63
-

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 \$63K is comprised of directors' fees (including superannuation).

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

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	1,220	-
7.2 Credit standby arrangements	-	-
7.3 Other (Short-term credit facility - insurance)	-	-
7.4 Total financing facilities	1,220	-

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%.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,160)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,088
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)	6,308
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.44

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?

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?

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

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 October 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.