

## Appendix 4C Quarterly Cash Flow and Market Update

Australian Dairy Nutritionals Limited (**AHF** or the **Group**) today releases its Appendix 4C and provides a review of the Group's progress for the second quarter ended 31 December 2024 (**Q2 FY25**).

### Quarterly Activity Report (QAR)

#### Details of Group Business Activities for Q2 FY25

The Group's business activities during Q2 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

Favourable to expectations, net cash outflows from operations were \$641k for Q2 FY25 which was favourable to outflows of \$1.16m in Q1 FY25 and favourable to the same quarter last year. The Group ended Q2 FY25 with cash holdings of \$4.48m (Q1 FY25: \$5.09m). In addition, the Group has access to a funding facility of \$1.22m should it be required.

During Q2 FY25, farming conditions were favourable, and sales of nutritional powders increased to record quarterly sales of \$307k reflecting the first production and subsequent sales of Nutura Organic. These increases are favourable with expectations and a pleasing start to the objective of fundamentally changing the trajectory of the business which is expected will begin with the imminent launch of the Future brand in Q3 FY25.

Directors, being related parties of the Group, were paid remuneration in the amount of \$79k during the December quarter.

#### Future brand – China launch

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. It was also announced that an agreement was reached to use the M2C global shopping app (M2C APP) which has unique functionality for the o2o channel in China, and is expected to be pivotal in building distribution, gaining trial and driving brand awareness.

The Future brand launch that was announced at the 27<sup>th</sup> November 2024 AGM is progressing well. In addition to the premium positioning of Future Organic A2 Protein, it is confirmed that the Future A2 Protein will include the HMO ingredient (Human Milk Oligosaccharides). The premium positioning of the Future brand will drive brand aspiration as well as differentiation and will be the key driver in the Groups ambition of fundamentally improving gross margins over the longer term. The Future brand was recently presented to key Chinese influencers in Australia and MBS distributors and store owners in China. The response was very favourable which gives management and the Board confidence in the potential of the brand strategy to fundamentally change the trajectory of the business. It is planned to ship Future brand to customers in Q3 of FY25.



MBS Distributor conference, Hangzhou 16<sup>th</sup> Dec 2024

### [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 production was completed and delivered to Nutura in November. Further production runs are planned over the next few months and the volumes manufactured for Nutura will assist in utilising plant capacity in conjunction with production of the Future brand and shipments to Dunamex in Vietnam.

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 protein 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 protein infant formula range, Australia's first Organic A2 protein 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”)**

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,727	2,932
1.2 Payments for		
research and development	-	-
product manufacturing and operating costs	(1,428)	(3,144)
advertising and marketing	(69)	(141)
leased assets	-	-
staff costs	(418)	(851)
administration and corporate costs	(448)	(826)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	28
1.5 Interest and other costs of finance paid	(18)	201
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(641)</b>	<b>(1,801)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(i) entities	-	-
businesses	-	-
property, plant and equipment	(42)	(66)
investments	-	-
intellectual property	-	-
other non-current assets	13	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(i) entities	-	-
	businesses	-	-
	property, plant and equipment	1	1
	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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(28)</b>	<b>(65)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5	Proceeds from borrowings	312	312
3.6	Repayment of borrowings	(121)	(1,936)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease liabilities	(127)	(255)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>64</b>	<b>243</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	5,088	6,106
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(641)	(1,801)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(28)	(65)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	64	243
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,483</b>	<b>4,483</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	4,483	5,088
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>4,483</b>	<b>5,088</b>

**6. Payments to related parties of the entity and their associates**

- |  | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1. | 79                                 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2  | -                                  |

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 \$79K 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.*

7.1	Loan facilities
7.2	Credit standby arrangements
7.3	Other (Short-term credit facility - insurance)
7.4	<b>Total financing facilities</b>

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,220	-
-	-
191	191
<b>1,220</b>	<b>-</b>

**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)	(641)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,483
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)	5,703
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>8.90</b>

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: 31 January 2025

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.