

31 October 2022

ASX Announcements Office

Farm Pride Foods Limited (ASX:FRM)

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Farm Pride Foods Limited (**Farm Pride, Company**) provides the following update to shareholders for the quarter ended 30 September 2022.

- **Re-flocking across Q1** - 37% of the Company's total flock were changed over during the quarter.
- **Price increases** - increases have been negotiated in Q1 which will impact from Q2
- **Board strength boosted** - the appointment of Mr Roland Roccioletti and Ms Beth Mathison as Non-executive directors in August 2022 enhances the skills and experience of the Board moving forwards.
- **Increased working capital** - establishment of \$2.0m facility with TP24

Sales and commercial update

Q1 revenue down 4% on the previous quarter and 9% on the corresponding period FY22. This was driven by lower volumes due to the both the National under supply and the higher than normal replacements (37% of total flocks) as a result of the recovery from the Avian Influenza event in August 2020. With the National under supply of egg there continues to be little external egg available to supplement the Company's own production.

Price increases have been negotiated and implemented across both shell and product sales in Q1 which will impact Q2. Further increases have been implemented in Q2 and will be realized across Q2 and Q3.

Farm update

Q1 had a heavy focus on flock replacement with 37% of the Company's flocks replaced during the quarter. The delay between flock depopulation and the housing of new flocks with such a large replacement cycle has adversely impacted on the availability of egg for sale. Volumes will improve across Q2 as the flocks mature.

Board and Senior management update

During the quarter, Ms. Beth Mathison and Mr. Roland Roccioletti were appointed Non-executive Directors.

Mr. Roland Roccioletti has been appointed Non-executive Chair to replace Mr. Peter Bell who stepped down due to family commitments.

Additionally, at the end of the quarter, Mr. Daryl Bird stepped down as Chief Executive Officer. Mr. Bruce De Lacy, Non-Executive Director has agreed to act as Interim Managing Director while the Company identifies a suitable replacement. Bruce has over 35 years' experience in the egg industry and has previously been employed in a number of positions at the Company including CEO.

Increased Working Capital

During the quarter, the Company finalized a \$2.0m working capital facility with TP24 (previously Tradeplus 24). The facility is a line of credit secured by the Company's receivables.

Quarterly cashflow analysis

During the quarter, the Company saw a net operating cash outflow of \$1.891m. This includes net receipts from customers of \$17.0m and net cash received from financing activities of \$3.010m.

Cash on hand at the end of the quarter of \$3.270m includes a cash backed rental guarantee of \$1.017m which cannot be used for operational purposes.

Operating cash inflows were adversely impacted by lower available egg for sale due to the higher than normal flock rotations and the National egg shortage.

Operating cash outflows were also impacted by the timing of insurance premium funding payments with a higher than expected proportion up front and a lower number of installments. This meant a significant percentage of the annual insurance premium was paid in the first quarter.

October weather

The floods across central and northern Victoria cut off access to two of our farming sites. While both sites experienced flooding we avoided any material losses.

Contact Details

Robin Donohue

T :61 3 9798 9207

E: companysecretary@farmpride.com.au

About Farm Pride (FRM)

Farm Pride is a leading ASX listed vertically integrated egg company that farms, processes and markets a range of egg and egg related products. FRM continues to develop its farming business to meet the markets evolving requirement for cage free eggs. FRM maintains strong relationships in the supermarket channel and with industrial food manufacturers. FRM is also committed to maintaining the highest level of environmental, social and corporate governance responsibility and is the only egg company in Australia to manufacture its own egg cartons using recycled newsprint and cardboard. For more information, visit FRM's website.

View our catalogue www.farmpride.com.au



Appendix 4C

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

Name of entity

Farm Pride Foods Limited

ABN

42 080 590 030

Quarter ended ("current quarter")

30 September 2022

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	17,039	17,039
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(12,432)	(12,432)
(c) advertising and marketing	-	-
(d) leased assets	(1,725)	(1,725)
(e) staff costs	(3,915)	(3,915)
(f) administration and corporate costs	(2,103)	(2,103)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(227)	(227)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund)	1,535	1,535
1.9 Net cash from / (used in) operating activities	(1,828)	(1,828)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(63)	(63)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	(63)	(63)

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	3,010	3,010
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,010	3,010

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,150	2,150
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,828)	(1,828)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(63)	(63)

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)	3,010	3,010
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,270	3,270

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	2,253	1,133
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	1,017	1,017
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,270	2,150
Other – this is a cash backed rental guarantee for the Keysborough production facility. These funds are not available for operating purposes		

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(155)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>	
Payments to related parties and their associates included at 6.1 include:	
- Non-executive director salaries \$72k	
- Egg and egg product purchases \$84k	

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	16,342	14,409
7.2	-	-
7.3	-	-
7.4	Total financing facilities	14,409
7.5	Unused financing facilities available at quarter end	
		1,933
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.	
	<p>The Company has facilities with two different parties.</p> <p>The first is held with with MC FP Pty Ltd (Merricks Capital). The interest rate is 11.025% with a maturity date of 31 August 2024. The facility limit is \$14.342m and is secured by a fixed charge over company assets.</p> <p>The second facility is held with AMAL Trustees Pty Ltd (TP24). The interest rate is 9.36% with a maturity date of 31 August 2023. The facility limit is \$2m and is a secured over receivables.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)
	(1,891)
8.2	Cash and cash equivalents at quarter end (item 4.6)
	3,270
8.3	Unused finance facilities available at quarter end (item 7.5)
	1,933
8.4	Total available funding (item 8.2 + item 8.3)
	5,203
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)
	2.75
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	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

8.6.2 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

8.6.3 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

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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 Oct 2022.....

Authorised by:By 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.