

30 July 2024

ASX Announcements Office

Farm Pride Foods Limited (ASX:FRM)

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Farm Pride Foods Limited (“**Farm Pride**”, “**Company**”) is pleased to provide the following updates to shareholders for the quarter ended 30 June 2024 (“**Quarter**”).

Operating performance of the Company continued to improve during the first 2 months of the Quarter with Revenue averaging over \$9m per month for April and May prior to the Avian Influenza (AI) outbreak at the Lethbridge farms group. This was the highest monthly Revenue since 2016. For the 12 months to 30 June 2024 (FY24), Revenue was \$97.14m, which was \$14.30m (17%) higher than for the 12 months to 30 June 2023 (FY23).

In June 2024, hens on three laying farms operated by the Company in the Lethbridge, Victoria area returned positive results for AI and were depopulated. The Company has subsequently taken the following actions:

- Lodged a compensation claim with Agriculture Victoria pursuant to the Emergency Animal Disease Compensation Scheme (Scheme) for approximately \$4.2m. The compensation is expected to be received in August 2024.
- Conducted a review of all of the Company’s operations to identify cost reductions both during a period of reduced egg production and on an on-going basis. Actions taken following the review have resulted in changes in workforce planning, transport and logistics and the reduction of casual labour as well as redundancies for permanent roles.
- Secured pricing increases from all major customers.

The Company received net receipts from customers of \$26.28m during the Quarter, the highest receipts since the Company has provided Quarterly Activities Reports in the first quarter of FY23.

Net operating cash outflows for the Quarter were \$0.27m. This included payments for repairs and maintenance of \$0.94m. Total repairs and maintenance payments for FY24 were \$3.08m. This compares to \$2.44m for FY23 and \$2.05m for the year ending 30 June 2022 (FY22).

Capital expenditure for the Quarter was \$225k for the Quarter and \$1.38m for FY24, an increase of \$0.85m from FY23.

The Company improved its balance sheet during the Quarter with the settlement of the Company’s surplus non-arable land at its Lethbridge property. The Company received \$2.35 million (before costs) from the land sale and \$2 million of the proceeds were used to repay borrowings.

During the Quarter, the Company announced a 3:7 non-renounceable fully underwritten pro-rata entitlement offer (Rights Issue) to raise approximately \$6.17m (before costs). The Rights Issue is underwritten by Willow Heights Pty Ltd, an entity associated with Mr George Palatianos, the Company’s Chair. Funds raised under the Rights Issue will be used to support the Company’s operations while it recovers from the adverse impacts of Avian Influenza (AI) and to further enhance and expand the company’s farming, grading and production operations.

Farm Pride Food Ltd.

ABN: 42 080 590 030

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During the Quarter, the Company extended its existing debt facility of \$12.55m with MC FP Pty Ltd (Merricks Capital) until 31st December 2025. The Company is also considering alternatives to its facility of \$2.0m with AMAL Trustees Pty Ltd (TP24) which has a maturity date of 31 August 2024.

Cash on hand at the end of the Quarter of \$1.69m includes a cash backed rental guarantee of \$1.02m. Unused financing facilities available at Quarter end were \$0.04m. The Company received further funding facilities totaling \$0.33m from interests associated with its board members during the Quarter to assist the Company to progress various initiatives and improvements to the business.

Appendix 4C related party payments

Amounts included in section 6.1 of the Appendix 4C relate to Director's fees paid for the June 2024 quarter, egg and egg product purchases and interest on financing facilities.

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This announcement has been authorised by the Board of Farm Pride Foods Ltd.

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.



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 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	26,412	98,311
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(18,323)	(69,636)
(c) advertising and marketing	-	-
(d) leased assets	(1,894)	(6,281)
(e) staff costs	(6,300)	(23,653)
(f) administration and corporate costs	(1,094)	(3,659)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(564)	(2,235)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refund)	1,495	6,077
1.9 Net cash from / (used in) operating activities	(268)	(1,076)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(225)	(1,376)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	2,345	2,345
	(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	2,120	969

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	325	4,000
3.6	Repayment of borrowings	(2,149)	(4,181)
3.7	Transaction costs related to loans and borrowings	(15)	(15)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(1,839)	(196)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,672	1,988
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(268)	(1,076)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,120	969

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,839)	(196)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,685	1,685

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	668	655
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)	1,685	1,672

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	305
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments to related parties and their associates included at 6.1 include:

- Managing and Non-executive directors' salaries \$151K.
- Egg and egg product purchases \$96K.
- Interest on financing facility \$58k.

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	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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	16,805	16,765
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	349	349
7.4 Total financing facilities	17,154	17,114
7.5 Unused financing facilities available at quarter end		40
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 five different parties.</p> <p>The first is held with with MC FP Pty Ltd (Merricks Capital). The interest rate is currently 12.89% with a maturity date of 31 December 2025. The facility limit is \$12.555m 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 currently 10.94% with a maturity date of 31 August 2024. The facility limit is \$2.000m and is secured over receivables.</p> <p>The third facility is held with Ackenberg Holdings Pty Ltd. The interest rate is currently 10.35% with a maturity date of 31 December 2024. The facility limit is \$1.750m and it's an unsecured facility.</p> <p>The fourth facility is held with LDL Custodians Pty Ltd. The interest rate is currently 10.35% with a maturity date of 31 December 2024. The facility limit is \$0.200m and it's an unsecured facility.</p> <p>The fifth facility is held with Oakmeadow Pty Ltd. The interest rate is currently 10.35% with a maturity date of 31 December 2024. The facility limit is \$0.300m and it's an unsecured facility.</p> <p>The facilities included under "other" include: \$0.349m of balance owed to creditor (Scolexia Pty Ltd). In March 2023, it was converted into an unsecured 3 year loan at an interest rate of 7.5%, to be repaid monthly.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(268)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,685
8.3 Unused finance facilities available at quarter end (item 7.5)	40
8.4 Total available funding (item 8.2 + item 8.3)	1,725
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.4
<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:30 July 2024.....

Authorised 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.