

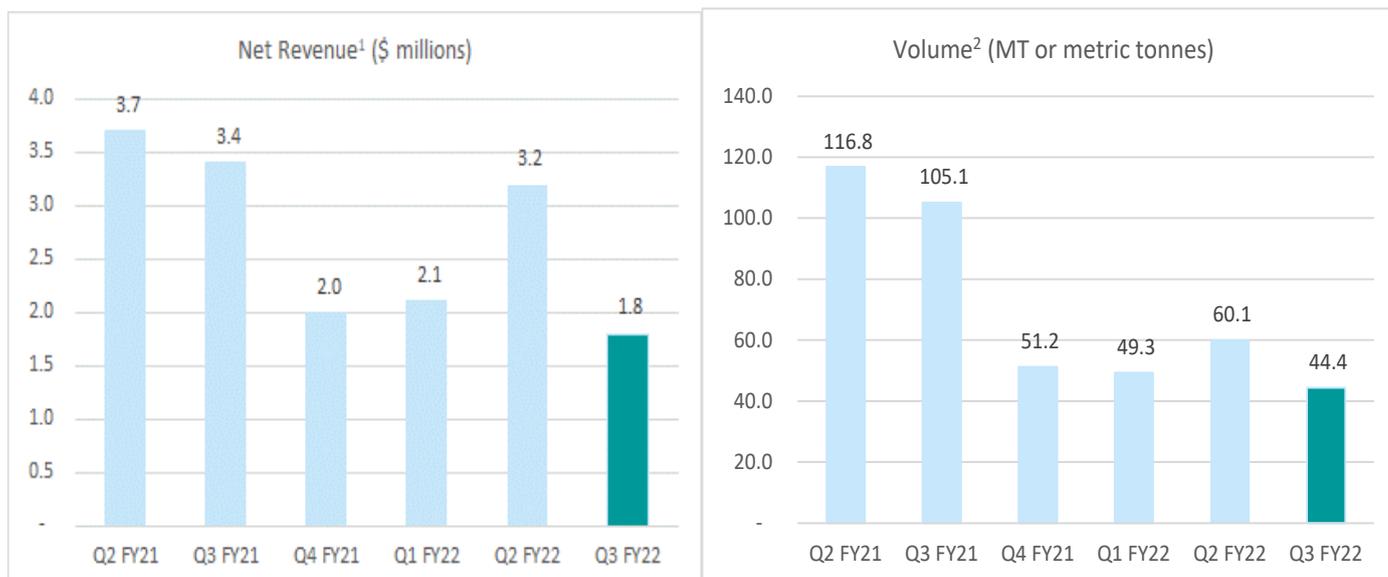
28 April 2022

ASX Market Release

31 March 2022 Quarterly Activity Report and Appendix 4C

Quarterly Highlights

- Strong momentum achieved in Nuchev's Australian retail with 36% growth year on year; offset by subdued sales in the Cross Border E-Commerce ("CBEC") channel.
- Continued strong Oli6[®] performance in Coles for the quarter, soon to be supported by ranging in Woolworths from May in 455 stores nationally.
- Gross Margin consistent with prior quarter, reflecting the continued brand strength, pricing discipline and value chain enhancement.
- Total Goat Milk Infant Formula ("GMIF") for CBEC performance has slowed since Double 11 driven by highly competitive market pricing.
- Net revenue for the quarter was \$1.8m, down on Q2. Most of the variance came from lower raw material sales in the quarter compared with the previous quarter.
- Net cash outflows during the quarter were lower than for the previous quarter, with the closing cash position at 31 March 2022 of \$5.8m. During the quarter Nuchev established a facility of \$2m that remains undrawn.



<i>Unaudited</i>	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Growth % (qoq)	Growth % (pcp)
Net revenue ¹ (\$ millions)	3.7	3.4	2.0	2.1	3.2	1.8	(43%)	(47%)
Volume - core ² (metric tonnes)	116.8	105.1	51.2	49.3	60.1	44.4	(26%)	(58%)
ASP / MT - core ³ (\$ thousands)	31.9	30.8	32.3	32.5	35.2	34.2	(3%)	11%

Strong momentum achieved in Nuchev’s Australian retail with 36% growth year on year; offset by subdued sales in the Cross Border E-Commerce (“CBEC”) channel.

The Australian retail channel grew 36% in revenue in Q3 FY22 versus prior year, with strong growth in both supermarkets and pharmacy. Positive momentum has been maintained in Coles supermarkets with Oli6[®], the fastest growing GMIF brand up +136% for the quarter versus last year.

To further strengthen the Australian retail performance, Oli6[®] will be ranged in Woolworths Supermarkets from May in 455 stores nationally. The brand will be supported by strong activity to drive new user acquisition. This new ranging will drive revenue growth in Q4 FY22 and FY23.

In the CBEC channel, total GMIF market performance has slowed since Double 11. With increased market competition the consumer retail price has decreased by -8.1%⁴ year to date versus prior year. This competitive market activity is expected to continue over the coming months. In addition, the current COVID-19 zero policy adopted by China has created uncertainty in supply chain logistics which is currently impacting consumer sales and delivery of products.

¹ Includes impact of raw materials

² Excludes impact of raw materials

³ Excludes impact of raw materials

⁴ Smart Path CBEC Data to Feb 22

Sales and marketing activities across CBEC have been reviewed, with changes being made to improve the Group's return on its investment. In addition, market pricing has been adjusted along with consolidated campaign activation in response to the highly-competitive market conditions in CBEC for GMIF.

Gross Margin⁵ levels consistent with prior quarter, reflecting the continued brand strength, pricing discipline and value chain enhancement.

Average Selling Price for the core Oli6[®] business (excluding raw material sales), in Q3 FY22 was the highest quarterly result recorded for Nuchev, supported by the transition to new super premium Oli6[®] enhanced formulation and strong in market pricing discipline. This has translated into a strong Gross Margin in the core Oli6[®] business.

Reduced expenditure, including raw material production costs, resulted in a reduced net cash outflow during the quarter compared with the previous quarter.

Net cash used in operating activities reduced to \$1.7M in Q3 FY22 from \$4.1M in Q2 predominantly due to the timing of raw material purchases of Goat Full Cream Milk Powder. Raw material inventory continues to be managed carefully given the COVID-19 impacts and supply chain uncertainty. Spend on product and manufacturing costs in Q4 FY22 is anticipated to be less than spent in Q3 FY22.

Given the seasonal nature of the promotional periods in the CBEC channel, and the impact of COVID-19 shutdowns across China, investment in advertising and marketing spend is expected to be more subdued for the remainder of H2 FY22.

Nuchev continues to invest in the innovation and new business development pipeline, which is not expected to deliver short term revenue, however, is critical to the long-term growth strategy of the business.

Nuchev remains focused on achieving State Administration of Markets Regulation ("SAMR") registration to sell Chinese specification Oli6[®] product in the offline environment in China, and throughout the quarter has maintained investment in progressing this initiative.

Nuchev CEO Ben Dingle commented "Recognising the competitive challenges in CBEC and having reset investment and pricing we remain nimble and responsive in relation to the impacts of China lockdowns. In the Australian market it is pleasing to see the continued growth and maintenance of margins, during a time when we remain focused on building scale in our core business."

⁵ Excludes impact of raw materials

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and as outlined in the Appendix 4C, the Company advises it spent \$1.2M on product manufacturing and operating costs, \$1.0M on advertising and marketing, \$0.8M on staff costs and \$0.7M on administration and corporate costs during Q3 FY22. Details of the business activities are found within this report.

Pursuant to ASX Listing Rule 4.7C.3, the Company advises that payments to related parties consist of \$193,311 to key management personnel.

The Nuchev Limited Appendix 4C Quarterly Cashflow Statement for the period ended 31 March 2022 is attached.

Ben Dingle
CEO and Executive Director
Nuchev Limited

This announcement has been approved for release by the Board.

For further information please contact:

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About Nuchev Limited

Nuchev is an Australian based, globally oriented food business with a dedicated focus on developing, marketing and selling a range of premium Australian made goat nutritional products. Nuchev's primary products include its Oli6[®] branded goat infant formula and nutritional range, which are sold across multiple sales channels in Australia, China, and the Hong Kong Special Administrative Region. Oli6[®] products are formulated with the benefits of goat, supported by ongoing scientific research. Nuchev operates a capital-light business model, leveraging leading raw goat ingredient suppliers and Australian-based manufacturers in an established, secure, and scalable supply chain to deliver high quality products under a premium, trusted brand.

Appendix 4C

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

Name of entity

NUCHEV LIMITED

ABN

54 163 225 090

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(9 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	2,171	7,295
1.2 Payments for	-	-
(a) research and development	(5)	(72)
(b) product manufacturing and operating costs	(1,231)	(5,990)
(c) advertising and marketing	(1,041)	(3,856)
(d) leased assets	26	(39)
(e) staff costs	(828)	(2,790)
(f) administration and corporate costs	(756)	(2,171)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	30
1.5 Interest and other costs of finance paid	(40)	(55)
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	(1,683)	(7,649)
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(5)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	117
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	55
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	250	(1,081)
2.6 Net cash from / (used in) investing activities	250	(914)

Item 2.5 includes:

\$250,000 transferred to a cash deposit account with a maturity date greater than three months;
\$1,081,081 cash held on deposit with third parties.

3	Cash flows from financing activities		
3.1	Proceeds from equity securities	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to equity securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of selling shareholders	-	-
3.10	Net cash from / (used in) financing activities	-	-

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,346	14,515
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,683)	(7,649)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	250	(914)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(107)	(145)
4.6	Cash and cash equivalents at end of period	5,806	5,806

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	5,476	7,266
5.2	Call deposits	330	80
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)	5,806	7,346

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	193
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Item 6.1 includes:

\$193,331 paid for Directors fees, CEO salary and related payments paid to the Directors

7	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,000	-
7.2	Credit standby arrangements	80	-
7.3	Other (please specify)	320	2
7.4	Total financing facilities	2,400	2
7.5	Unused financing facilities available at quarter end		2,398
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.		

Facilities comprise:

- Loan facility of \$2.0m with Whiti Trust (a related party of the CEO), available in installments of \$250k at an interest rate of BBSW+12%
- Trade Facility of \$250k secured against a cash-backed term deposit, with an interest rate of 3.31%
- Standby letter credit facility of \$80k secured against a cash-backed deposit, zero interest
- Credit card facility limit of \$70k.

8 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,683)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,806
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,398
8.4 Total available funding (Item 8.2 + Item 8.3)	8,204
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.9

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: 28 April 2022
 Authorised by: the Board of Directors
 (Name of body or office 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.