

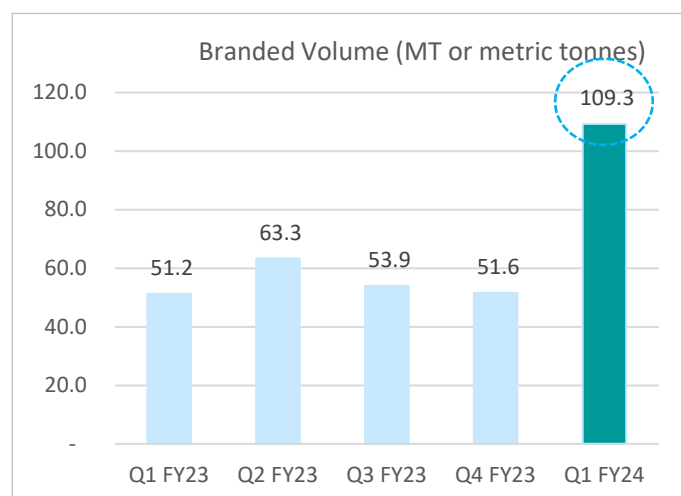
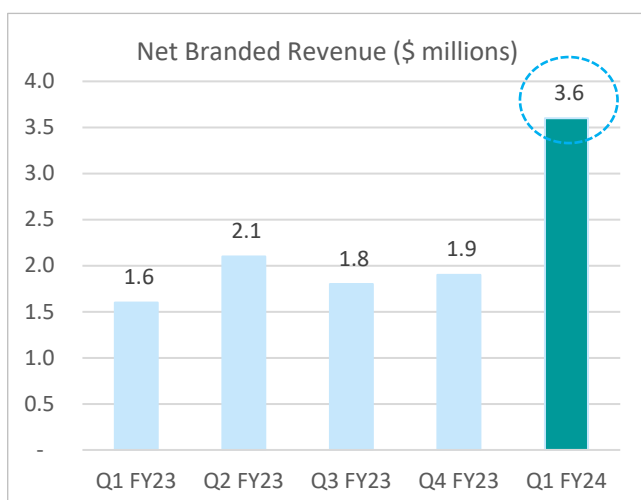


Quarterly Activity Report and Appendix 4C New Strategic Distribution Agreement Delivers Growth

Quarterly Highlights

- The new strategic distribution agreement with H&S Group has delivered growth with sales in China Cross-Border e-Commerce (CBEC), up **190%** on the previous quarter (“QoQ”) and up **300% prior period comparative** (“pcp”);
- Revenue from branded sales of Oli6^{®1} of **\$3.6m** for the quarter, up **89% QoQ** and up **126% pcp**;
- In line with the Group’s refreshed strategy, Nuchev launched **Oli6[®] Immunity⁺** during the quarter which is the first new product developed under the H&S strategic distribution agreement, and Nuchev’s first Bovine product;
- Oli6[®] continues to drive strong momentum in the Australian Retail Goat Infant Formula (“GIF”) Market, up **11%** measured on a Moving Annual Total (“MAT”) basis for the quarter;
- Continued inventory and working capital management has enabled the Group to further reduce its inventory holdings to **\$5.0m** during the quarter, representing a reduction of **~44%** over the last twelve months;
- Ongoing, disciplined cash controls ensured cash used in operations was **\$0.6m lower QoQ** and **\$0.4m lower pcp**, with the cash position at 30 September 2023 of **\$6.6m** and \$0.4m financing facility remaining available; and,
- Nuchev continues to actively explore new business development opportunities in domestic and overseas markets aligned with the Group’s updated strategy of providing formulated foods providing digestive wellness and health.

¹ Oli6[®] branded sales are core business, and exclude sales of raw materials



Unaudited	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Growth % (qoq)	Growth % (pcp)
	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023		
Net branded revenue (\$ millions)	1.6	2.1	1.8	1.9	3.6	89%	126%
Raw materials revenue (\$ millions)	0.0	0.3	0.3	0.7	0.0	-99%	0%
Total revenue (\$ millions)	1.6	2.4	2.1	2.6	3.6	40%	125%
Volume - branded (metric tonnes)	51.2	63.3	53.9	55.5	109.3	97%	114%

Revenue from branded sales of \$3.6m for Q1 FY24, up 89% on the prior quarter and 126% pcp

Nuchev delivered net revenue of **\$3.6m** for Q1 FY24 from branded sales, significantly up on prior periods, reflecting sustained sales in Australian retail and the uplift in sales through the Group's new, exclusive distributor, H&S Group. Sales revenue from Oli6® branded sales was up 6% pcp as result of strong pricing discipline and changes in product mix.

Gross margins for Oli6® branded sales remained in line with prior periods.

H&S delivering uplift in China CBEC sales

During the quarter, the Company recorded sales of **\$2.3m** to H&S Group through the exclusive distribution agreement entered into with H&S Group in June 2023. This represents a significant increase in sales to the CBEC channel in comparison with previous periods and reflects the benefits of the Company entering into its strategic distribution agreement with H&S Group.

The uplift in sales also represents the cyclical timing to support the annual Double 11 sales event planned during Q2 FY24.

Sustained growth in Australian Retail

Oli6® scan sales across all of AU retail were up **+11% in value²**, with Oli6® the fastest growing brand.

Growth for the quarter was primarily due to higher Pharmacy sales. Total sales in Australian Retail were up **6.5% QoQ** and **16.0% pcp**.

² Source: Iqvia Scan Data - MAT quarter to 30 September 2023.



Inventory holdings reduced by 44% LTD FY23

Nuchev's disciplined approach to inventory and working capital management has seen the Group's net inventory holdings reduced from \$5.3m at the end of FY23 to **\$5.0m** at 30 September 2023³, an overall reduction of ~44% over the last twelve months.

The Group will continue to manage inventory levels in line with forecast sales commitments and growth projections.

Effective working capital management delivered a closing cash position of \$6.6m at 30 September 2023

Net cash used in operating activities was **\$0.6m lower QoQ** and **\$0.4m lower pcp** was predominantly due to higher receipts from customers combined with the continued tight control of advertising, marketing and general administration costs.

The Group continues to maintain a robust and flexible balance sheet, with positive working capital and net assets including **\$6.6m** in cash with no debt.

Based on the net cash used in operating activities during the quarter, Nuchev's total cash and cash equivalents together with unused finance facilities available are sufficient to fund operating activities for **15** quarters.

Focusing on the future

Nuchev CEO Greg Kerr commented: "We have had a strong start to the FY24 financial year as we commenced our strategic distribution agreement with H&S Group on 1 July. This deal will enable us to leverage H&S' proven capabilities and accelerate our growth in China CBEC, with total China CBEC sales in the quarter **up 190% QoQ**.

This alongside our launch of **Oli6® Immunity+** in readiness for 11/11 is very pleasing progress as we maintain our focus on building shareholder value. We continue to take an active approach to manage working capital and operations effectively, with inventory levels at 30 September at **\$5.0m** and total cash used in operations down **\$0.6m QoQ**.

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and as outlined in the Appendix 4C, the Company advises it spent \$1.0m on product manufacturing and operating costs, \$1.2m on advertising and marketing, \$1.1m on staff costs and \$0.6m on administration and corporate costs during Q1 FY24.

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 \$134,963 to key management personnel.

The Nuchev Limited Appendix 4C Quarterly Cashflow Statement for the period ended 30 September 2023 is attached.

For and on behalf of the Company

Greg Kerr
Chief Executive Officer
Nuchev Limited

³ Unaudited financial information



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 functional foods business built on the purpose of *Food for a Better Life*. Nuchev's products are branded under the Oli6® name and are sold in key Australian Pharmacy and Grocery channels as well as in China and Vietnam markets, through online and general trade retail. Nuchev is committed to sourcing world class ingredients and manufacturing under industry leading Australian manufacturing facilities that ensure the best possible products for our consumers.

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")

30 September 2023

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(3 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	3,405	3,405
1.2 Payments for	-	-
(a) research and development	(38)	(38)
(b) product manufacturing and operating costs	(971)	(971)
(c) advertising and marketing	(1,186)	(1,186)
(d) staff costs	(1,085)	(1,085)
(e) administration and corporate costs	(582)	(582)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(7)	(7)
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	(464)	(464)
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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	1	1
(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	1	1

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	(426)	(426)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(17)	(17)
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	(443)	(443)

4 Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	7,479	7,479
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(465)	(464)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(444)	(443)
4.5	Effect of movement in exchange rates on cash held	21	19
4.6	Cash and cash equivalents at end of period	6,592	6,592

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	6,262	2,359
5.2	Call deposits	330	330
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)	6,592	2,689

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	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Item 6.1 includes:

\$134,693 paid for Directors fees and related payments paid to the Directors

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	-	-
7.2 Credit standby arrangements	124	-
7.3 Other (please specify)	276	22
7.4 Total financing facilities	400	22
7.5 Unused financing facilities available at quarter end		378
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: - Standby letter credit facility of \$124k secured against a cash-backed deposit, zero interest - Other facilities of \$276k comprising Trade Facility of \$206k, secured against a cash-backed term deposit with an interest rate of 3.31%, and Credit Card Facility of \$70k. These facilities are held with ANZ and are reviewed annually		

8 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(464)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,592
8.3 Unused finance facilities available at quarter end (Item 7.5)	378
8.4 Total available funding (Item 8.2 + Item 8.3)	6,970
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	15.0

Compliance Statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A
- This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2023
 Authorised by: the Board of Directors
 (Name of body or office authorising release - see note 4)

Notes

- 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.
- 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.
- 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.
- 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".
- 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.