

Noumi Limited (ASX: NOU)

Quarter ended 31 March 2022 Quarterly Activities and 4C Report:

Noumi Limited (**ASX: NOU**) (**Noumi** or the **Company**), a leading producer of long-life dairy and plant-based beverages and nutritional products, today releases its Appendix 4C Quarterly Cash Flow Report for the quarter ended 31 March 2022 (unaudited) and is pleased to provide the following update on the Company's financial and operating performance.

Q3 FY2022 key features:

- As foreshadowed in the Q2 FY2022 update, trading for the period was affected by the spread of the Omicron strain of COVID-19 across Australia's eastern seaboard and in Asia, which impacted sales in the out-of-home channel and key export markets during much of Q3 FY2022.
- Trading was also affected by the extensive flooding in NSW and Queensland, however overall trading conditions showed signs of improvement late in Q3 FY2022.
- The Company continues to carefully manage the impact of inflation as well as cost pressures related to or caused by COVID-19 and other external factors including the international conflict, rising domestic and international transport costs, shipping disruptions from the latest COVID-19 outbreak in China and increases in raw material pricing.
- As announced on 22 February 2022, the Company resolved all outstanding disputes with Blue Diamond Growers, removing all restrictions on Noumi's ability to sell nut-based beverages, including MILKLAB, in Australia or elsewhere.
- Total Q3 FY2022 revenue of \$123.3m, down \$18.5m or 13.0% QoQ.¹ Notwithstanding the difficult trading conditions in Q3 FY2022, total revenue from continuing operations was down just 3.9% compared to Q3 FY2021.
- Dairy and Nutritionals Q3 FY2022 revenue of \$85.2m, down \$11.0m or 11.4% QoQ. Revenue was down 6.9% compared to Q3 FY2021.
- Plant-based Beverages Q3 revenue of \$37.8m, down \$6.0m or 13.7% QoQ. Revenue was up 0.7% compared to Q3 FY2021.
- Specialty Seafood divested on 12 November 2021. Q3 revenue nil compared to Q2 revenue of \$1.9m.²
- Operating cash flow for the quarter was -\$34.2m including the \$26.4m payment in relation to legal expenses. Excluding these expenses, operating cash flow was approximately -\$7.8m.
- At 31 March 2022, the Company's cash position was \$15.4m. Cash at bank and undrawn facilities of \$34.4m provide sufficient liquidity for day-to-day business operations.

¹ Quarter on quarter, Q3 FY2022 compared to Q2 FY2022

² For the period until the divestment of Specialty Seafood on 12 November 2021

Business performance

Dairy and Nutritionals

A leading producer of long-life dairy milk, nutritional products and performance powders.

Total Dairy and Nutritionals sales declined in Q3 compared to Q2. This included seasonal phasing of lower Q3 sales into China across Chinese New Year and the impact of the Omicron outbreak. Sales to Southeast Asia grew both QoQ and YoY due to increased contract and proprietary brand sales.

Consumer Nutritionals sales declined QoQ due to the effect of COVID-19 on consumer traffic in key retail channels, supply constraints and manufacturing interruptions, each exacerbated by the Omicron outbreak. Nutritional Ingredients revenue grew in Q3 FY2022 compared to Q3 FY2021, with strengthening demand for key proteins, such as lactoferrin.

As signalled in the Company's 1H FY2022 announcement, the impact of COVID-19 reduced productivity and caused delays to the introduction of some operational improvement initiatives.

Despite these disruptions, the Company remains committed to its operational turnaround strategy, which is focused on reducing wastage, improving production efficiencies, rationalising unprofitable product lines, optimising milk supply and reducing losses from the sale of surplus milk.

Plant-based Beverages

A leading producer of long-life plant-based products including soy, rice, oat, almond milk and liquid stocks.

The Plant-based beverage category continues to grow as more products and formats become available for health-conscious consumers.

During Q3, the company experienced a decline in QoQ sales due to the impact of COVID-19 in key markets during January and February, and the widespread flooding in NSW and Queensland. Overall plant-based beverages returned to Q2 levels during March as factors impacting January and February began to normalise. Revenue in Q3 was up 0.7% compared to Q3 in FY2021.

ANZ Retail sales grew 5% QoQ following introduction of new products during FY2022. MILKLAB Oat which was launched in June 2021 continues to gain market share within the plant-based beverage category, with distribution growing QoQ.

Appendix 4C cashflow report – released with this activity report

- Resolving the US litigation involved the payment by Noumi of US\$35m. The initial payment of US\$17m (A\$23.4m) was made during Q3, funded by a short-term loan provided by certain of the Company's Convertible Noteholders. The loan will be refinanced with the issue of the Tranche B Convertible Notes, as outlined in the announcements on 22 February 2022 and 11 April 2022.
- Q3 operating cashflow of -\$34.2m includes legal expenses of \$26.4m and prepaid insurance premiums of \$3.0m.
- Excluding legal expenses, Q3 operating cash flow was circa -\$7.8m.
- Capital expenditure investment of \$2.3m was recorded during Q3.
- At Q3 close, the Group had \$435.9m of available finance facilities, of which \$416.9m was drawn.

- The company elected to pay interest-in-kind amounting to \$5.8m on Convertible Notes for the period 1 January 2022 to 31 March 2022, of which \$2.8m is attributable to related party investors.

Related party payments – Current Quarter (January 2022 to March 2022)

Payment to	Nature of Payment	Amount (A\$)
Independent Directors	Director fees	137,500
Non-Independent Directors	Director fees	81,250
Michael Perich – CEO	Employment costs	191,728
Australian Fresh Milk Trading P/L	Milk purchases	6,574,593
Perich Property Holdings P/L	Rent and outgoings	1,114,791
Perich Property Unit Trust	Rent and outgoings	2,131,941
Leppington Pastoral Co P/L	Directors' indemnity recharges	162,149
	Q3 FY22 Total	<u>10,366,951</u>

Note to Market

None of the information included in this announcement should be considered individually material, unless specifically stated. All figures in this announcement are provided on an unaudited basis.

This Company presentation may include certain statements, estimates or projections with respect to the anticipated future performance of the Company, and any ongoing or future projects or both. Those statements, estimates or projections are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may, or may not, prove correct. No representation is made as to the accuracy of those statements, estimates or projections.

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Investor contact:

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The release of this announcement was authorised by the Board of Directors.

Appendix 4C

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

Name of entity

Noumi Limited

ABN

41 002 814 235

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	123,174	388,904
1.2 Payments for		
(a) research and development	(76)	(225)
(b) product manufacturing and operating costs	(112,835)	(348,514)
(c) advertising and marketing	(3,370)	(11,812)
(d) leased assets	(1,908)	(7,084)
(e) staff costs	(6,826)	(19,980)
(f) administration and corporate costs	(4,380)	(12,481)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	0	586
1.5 Interest and other costs of finance paid	(1,653)	(5,122)
1.6 Income taxes paid	0	4,061
1.7 Government grants and tax incentives	0	0
1.8 Other (legal costs)	(26,359)	(32,956)
1.9 Net cash from / (used in) operating activities	(34,233)	(44,623)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	0	0
(h) businesses	0	0
(i) property, plant and equipment	(2,293)	(4,719)
(j) investments	0	0
(k) intellectual property	0	0
(l) other non-current assets	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	2,087
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(2,293)	(2,632)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(428)	(759)
3.5	Proceeds from borrowings	39,000	43,000
3.6	Repayment of borrowings	(2,336)	(9,816)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (lease payments)	(618)	(1,408)
3.10	Net cash from / (used in) financing activities	35,618	31,017
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,338	31,668
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(34,233)	(44,623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,293)	(2,632)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	35,618	31,017
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	15,430	15,430

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	15,430	16,338
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,430	16,338

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	10,367
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<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>		


7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																																																																																				
7.1	Loan facilities	435,945	416,945																																																																																																				
7.2	Credit standby arrangements	0	0																																																																																																				
7.3	Other (please specify)	0	0																																																																																																				
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7.5	Unused financing facilities available at quarter end		19,000																																																																																																				
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.																																																																																																						
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<p>¹The carrying amount of the convertible notes recorded in 31 December 2021 statutory accounts in accordance with the accounting standards is \$239.5m. The above-mentioned loan facilities amount contains principal of \$265m and capitalised interest (Paid in Kind) of the convertible notes at 31 March 2022 of \$19.5m.</p> <p>The Group's primary bank facilities are with HSBC Bank Australia Limited (HSBC) and National Australia Bank (NAB). They include an undrawn \$19m syndicated facility, equipment financing facilities (NAB) and debtor financing facilities (HSBC). The Group also has other bi-lateral equipment finance facilities from a number of financiers and other general transactional banking facilities.</p>																																																																																																							

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(34,233)
8.2 Cash and cash equivalents at quarter end (item 4.6)	15,430
8.3 Unused finance facilities available at quarter end (item 7.5)	19,000
8.4 Total available funding (item 8.2 + item 8.3)	34,430
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1
<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: It is not expected that the current level of net operating cash flows will continue. Q3 FY22 operating cash flow include legal expenses payments of \$26.4m which are expected to reduce significantly in future. In accordance with recent US litigation settlement, an amount of \$23.4m (US\$17m) was paid in Q3 FY22 and the balance \$24.1m (US\$18m) will be paid in 16 quarterly instalments commencing from 15 Aug 22 (refer announcement 22 nd February 2022).	
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: Steps are taken to raise additional funding and the amount raised will be used to fund US litigation Settlement. Initial payment of \$23.4m (US\$17m) related to US litigation was funded by a subordinated loan facility which will be replaced by Tranche B convertible notes. The balance amount of US litigation (US\$18m) will be funded by sale on investment in Australian Fresh Milk Holding (refer announcement 22 nd February 2022).	
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: Yes, based on the information provided in section 8.6.1 and 8.6.2, it is expected that Noumi will be able to continue its operations and meet its business objectives.	
<i>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.</i>	

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: 29 April 2022

Authorised by: 
The Board of Directors