18 August 2022

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street,
Sydney NSW 2000

2022 FULL YEAR RESULTS PRESENTATION

Attached for release is the Full Year Results Presentation for the year ended 30 June 2022.

Further information on Blackmores can be found at www.blackmores.com.au.

This announcement was authorised for release by the Board of Directors.

Helen Mediati
Group General Counsel & Company Secretary
Blackmores Limited

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Financial Results and Strategy Update

For the full-year ended 30 June 2022

Blackmores Limited

18 August 2022

Important information

Important Information
The information in this presentation about Blackmores Limited and the entities it controls (**Group**) and its activities is current as at 18 August 2022 and is being given in conjunction with the Company's Appendix 4E and Annual Report for the year ended 30 June 2022. It is in summary form and does not purport to be complete.

The financial information contained in the Annual Report for the year ended 30 June 2022 has been reviewed by the Group's external auditors.

Forward-looking statements
The presentation may contain certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "would", "could", "expect", "intend", "plan", "aim", "estimate", "target", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding the Group's intent, belief or current expectations with respect to the Group's business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management. These forward-looking statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events and is, however, subject to risks, uncertainties, contingencies and assumptions that could cause actual results to differ materially from the expectations described in such prospective information. The Group disclaims any obligation to update any forward-looking statement to reflect events or circumstances after the date of the presentation, subject to the disclosure requirements applicable to the Group.

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Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell the securities of Blackmores Limited or any member of the Group in any jurisdiction. The information in this presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account your financial objectives, situation or needs. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any investment decision.

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Accounting standards
The Group's statutory results are prepared in accordance with International Financial Reporting Standards (**IFRS**). This presentation may also include non-IFRS financial information. The non-IFRS financial information is unaudited and has not been reviewed by the Group's external auditors. Non-IFRS financial information should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

Software as a Service (SaaS) clarification
The Group's accounting policy has historically been to capitalise all costs related to the customisation and configuration of SaaS arrangements as intangible assets in the statement of financial position. During FY21, the International Financial Reporting Standards Interpretations Committee (**IFRIC**) issued a clarification regarding accounting for expenses due to SaaS arrangements. In accordance with the IFRIC clarification, the Group has changed its accounting policy retrospectively to account for such arrangements as an expense in the statement of profit or loss.

Totals throughout the presentation may not sum due to rounding

Agenda

01

Introduction and FY22 highlights

02

Segment performance

03

Financial performance

04

Outlook

FY22 | result overview

1 **Blackmores continues to deliver strong revenue & profit growth, with all three brands and all markets in growth for the first time in four years:**

- **Group:** revenue **up 12.8%** (**12.9%** constant FX) and group Underlying EBIT **up 19.0%** in FY22
- **ANZ:** revenue **up 2.7%** (**2.7%** constant FX) despite disruption from lockdowns; Underlying EBIT **up 7.0%** driven by cost discipline
- **International:** revenue **up 31.8%** (**31.2%** constant FX) from winning share in key markets; Underlying EBIT **up 43.9%** as the business gains scale
- **China revenue up 10.6%** (**10.6%** constant FX) notwithstanding disrupted supply chains and lockdowns across major cities; Underlying EBIT **up 11.2%**

2 **Continued margin improvement:** group Underlying Gross Profit margin up **1.1 ppts** and Underlying EBIT margin up **0.5 ppts**, driven by price/mix, trade spend, inventory management and supply chain initiatives, despite supply chain and inflation cost headwinds

- **Business Improvement Program on track,** with **$17m** annualised gross cost savings delivered in FY22, taking total FY21/FY22 annualised savings to **$45m** (vs **$55m** target **by FY23**)

3 **Strong cash flow used to support near-term working capital:** delivered **66.9%** operating cash flow conversion, with **$39.7m** near-term increase in inventory to support growth in International and China, and to cover out of stock positions and demand spikes, as global supply chains remain disrupted

4 **Transformation strategy update:** Blackmores continues to deliver against its strategic plan, focused on profitability and investing in our attractive growth markets. Near-term volatility has increased but we continue to be confident of our profit growth momentum and trajectory into the medium and long term

1. Introduction and FY22 highlights

Alastair Symington - Chief Executive Officer

FY22 | result highlights

Solid growth on all key metrics

Revenue	Underlying EBIT[2]	Underlying NPAT[3]	Underlying EPS
$649.5m ↑	$56.6m ↑	$31.1m ↑	160.2 cents ↑
+12.9% (constant FX)[1]	+19.0%	+22.6%	+22.0% Statutory EPS 157.9 cents

Gross margin	Underlying EBIT margin	Final dividend per share	Full year dividend per share
53.4% ↑	8.7% ↑	32 cents	95 cents ↑
+1.1ppts	+0.5ppts		+33.8%

Notes:
1. Revenue up 12.9% on a constant currency basis (up 12.8% after adjusting for FX movements)
2. Underlying EBIT (Earnings Before Interest and Tax) is a non-IFRS measure and used by management to assess the operational performance of the business. Refer to page 31 for a reconciliation to statutory figures.
3. Refer to page 31 for a reconciliation to statutory figures

On track versus our Strategy

Blackmores has continued to deliver against its strategic plan in FY22

1. Driving growth in targeted segments and markets	1	Positive shift in revenue and earnings mix, double digit growth in International segment in FY22 ✓	
	2	Entered new segments: India, launch of halal certified product line; increased brand investments in Asia ✓	
2. Simplify our operations and reduce cost	3	SKU productivity via portfolio optimisation and delivery of higher margin innovation ✓	**Business Improvement Program**
	4	Gross annualised savings in COGS and OPEX of $45m, on-track to deliver FY23 target of $55m ✓	
3. Strengthen our supply chain	5	Braeside output increased with investment in efficiency; further improvement in conversion costs ✓	
	6	Investment in planning systems and capabilities, improving customer service ✓	**Business Improvement Program**
4. Ignite the Australian VDS opportunity	7	Channel strategy working with all 3 brands growing, >90% of channels growing ✓	
	8	Margin mix improvement funding increases in advertising, leading to stronger brand performance ✓	
5. Transform Digital	9	Oracle cloud-based ERP completed in Asia; content and digital asset management system in place ✓	
	10	E-commerce now represents 29% of group sales ✓	

A winning brand portfolio

Positioned to win with consumers and practitioners

In FY22 Blackmores Group had the **largest incremental retail sales growth** in the Australian vitamins and supplements (VDS) category[1]

Blackmores global brand growth in FY22

+15%

Net sales

BioCeuticals

#1 **Practitioner brand in pharmacy in Australia[2]**

Inspiring brand communications cohesively executed across consumer, retail and practitioner touch points in FY22

Our consumer and practitioner led innovation has ramped up significantly in FY22

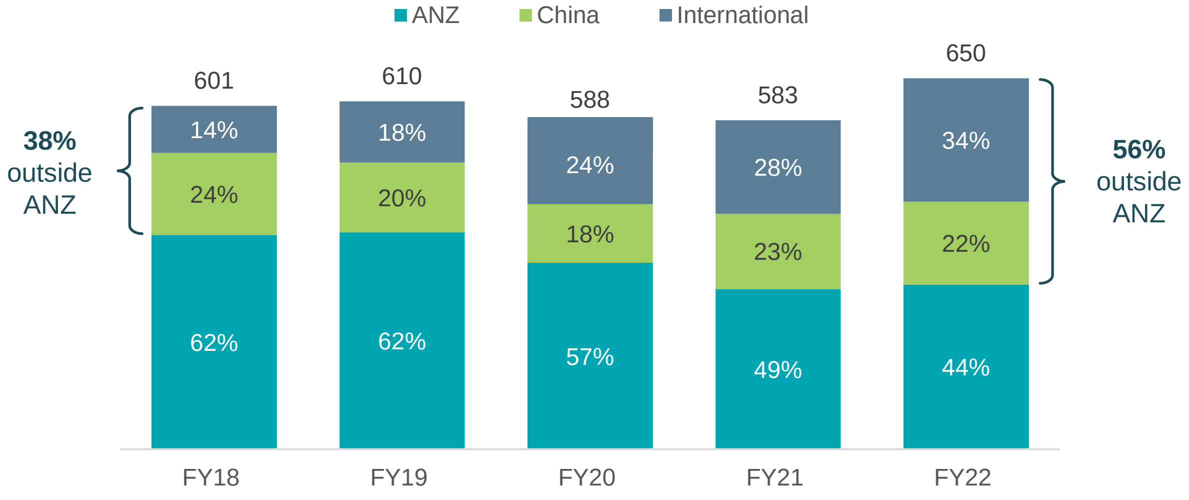
+$50m Net sales delivering our **biggest product innovation year in recent history**

Notes:
1. Combined Blackmores and BioCeuticals portfolio growth, RSV FYTD 2/7/22 in VDS. Nielsen AU Pharmacy + Grocery
2. Nielsen AU Pharmacy + Grocery FYTD 2/7/22 Practitioner sales only

Blackmores has improved its geographic diversification

Investments into markets outside ANZ (now **56%** of revenue) have allowed Blackmores to return to growth despite ongoing disruption in ANZ markets

Blackmores revenue by segment contribution ($m)[1]



Daigou sales contribution	**34%**	**24%**	**13%**	**12%**	**10%**

1. Presented on a continuing and discontinued business basis

Commentary

- Blackmores investments in International markets since FY20 have delivered strong growth, and improved quality of earnings; more than offsetting:
  - i. decline in Daigou sales;
  - ii. the discontinuation of the Global Therapeutics business; and
  - iii. rationalisation of unprofitable SKUs
- Reduction in Daigou channel more than compensated by other markets - now accounts for only 10% of group sales (vs 34% in FY18)

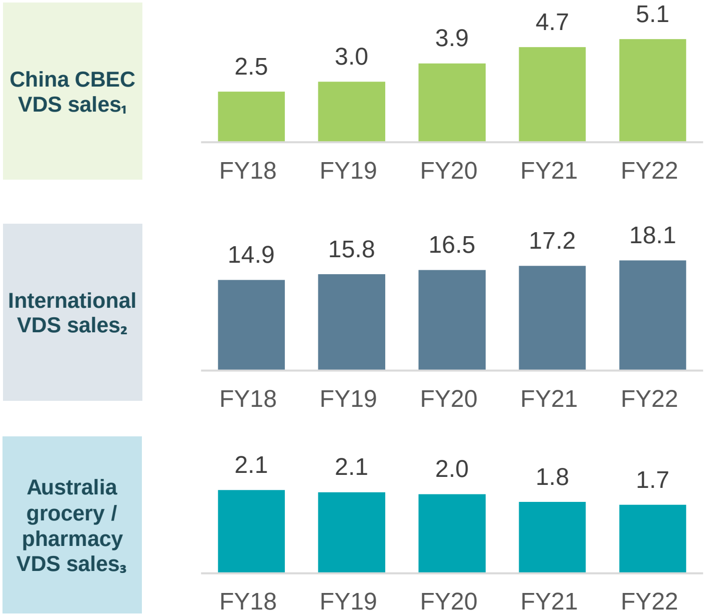
Blackmores operates in highly attractive markets and channels

BLACKMORES | GROUP 90 YEARS OF NATURAL HEALTH

Strong category growth in Asia markets, with Blackmores well-positioned to take further share

Blackmores FY22 sales mix

Category (market) value over time (A$bn)



FY18-22

105% category expansion
(20% CAGR)

21% category expansion
(5% CAGR)

19% category decline
(-5% CAGR)

Commentary

- **China CBEC VDS** market growth slowed in FY22, impacted by a weakening consumer outlook, though category remains in growth
- **International, including South-East Asian VDS markets** continue to deliver strongly, driven by further heightening of natural health and wellbeing awareness
- **Australia grocery/pharmacy VDS** volume stabilised in FY22; pricing impacted by competitor discounting resulting in some category decline

1. Smart Path China VDS Ecommerce Market Share data for the period ending May 2022.
2. Euromonitor International, constant currency in $AUD bn – as at 31 March 2021
3. IQVIA Total Aus Scan Sales VDS Category (Grocery & Pharmacy) – MAT to 2/7/22

Business Improvement Program

BLACKMORES GROUP

On track to deliver $55m in gross annualised savings by FY23 that will drive margin improvement and enable disciplined re-investment in growth

Gross savings overview

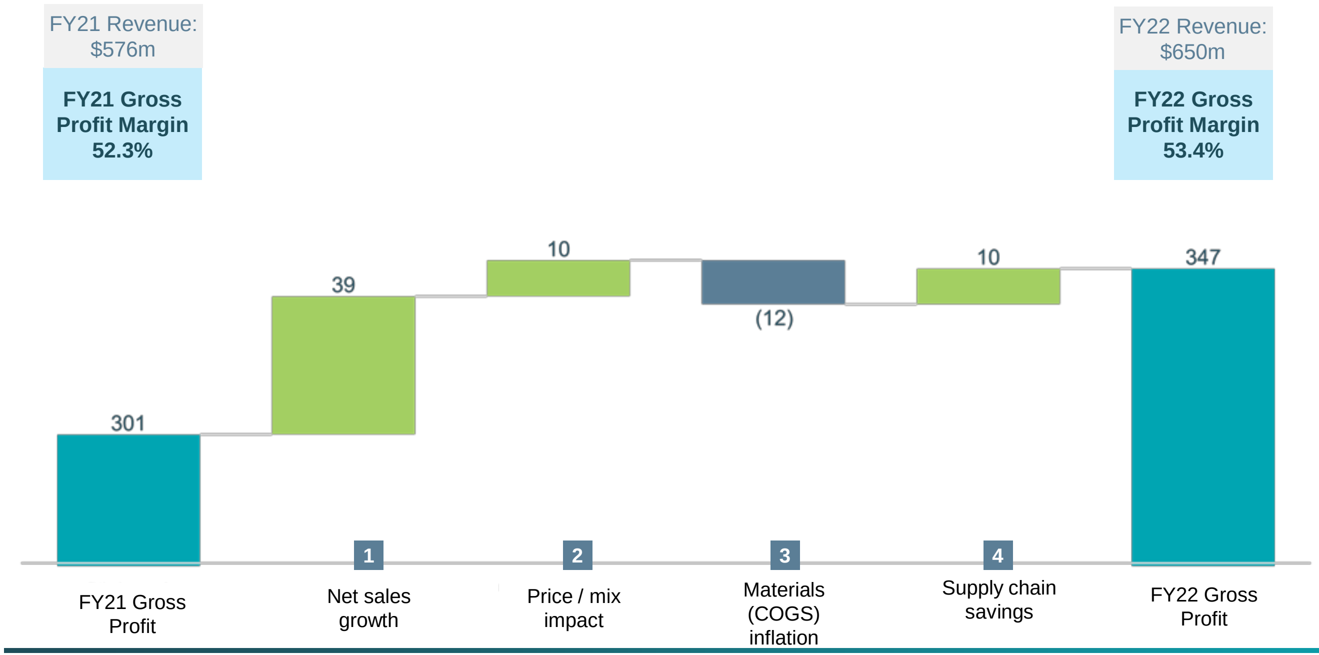
	FY21 Annualised Savings Delivered	FY22 In-Year Savings Delivered	FY22 Annualised[1] Savings Delivered	Cumulative FY21 & FY22 Annualised Savings	Target FY23 Annualised Savings
Supply chain savings (primarily COGS)	$13m	$10m	$11m	$24m	$30m
Operating model savings (primarily opex)	$15m	$6m	$6m	$21m	$25m
TOTAL SAVINGS / EFFICIENCES	**$28m**	**$16m**	**$17m**	**$45m**	**$55m**

[1]Annualisation of savings calculated from run rate of in year delivery

Gross profit margin improvement

Price / mix optimisation and supply chain efficiencies driving +1.1ppts of gross profit margin uplift

Gross profit (A$m)



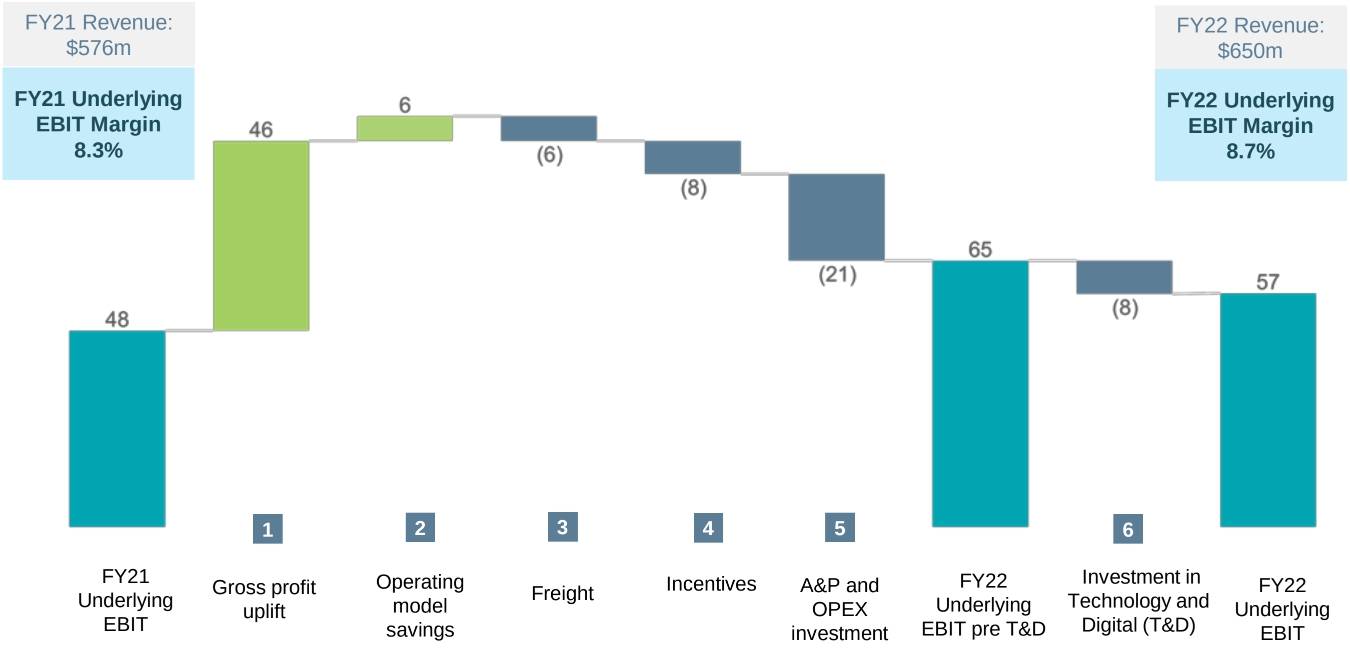
Key drivers

1. **Revenue growth** of **$74m +12.8% (+12.9% constant FX)** at FY21 gross margin of **52.3%**
2. **Price / mix impact:** impact of pricing, product mix and trade spend optimisation benefits
3. **Materials (COGS) inflation:** **4.4%** increase in direct input costs
4. **Supply chain (COGS) savings:** driven by network and facility optimisation, and strategic sourcing

EBIT margin improvement

Gross margin expansion and operating model savings funded investments in A&P and technology. Still able to deliver net +0.5ppts in Underlying EBIT margin

Underlying EBIT[1] (A$m)



Key drivers

1. **Gross profit uplift** of **$46m** (**+15.1%**)
2. **Operating model savings: $6m** saved from cost reduction initiatives per Business Improvement Program
3. **Freight:** elevated outbound freight oncosts of **$6m** due to supply chain disruption / inflation
4. **Incentives** for key personnel in FY22 of **$8m**
5. **A&P and OPEX investment** of **$21m** driven by increased headcount and Product Advisors in International and Governance
6. **Investment in Technology and Digital** of **$8m**

[1] Underlying EBIT is a non-IFRS measure and used by management to assess the operational performance of the business. Refer to page 31 for a reconciliation to statutory figures

2. Segment performance

Alastair Symington - Chief Executive Officer

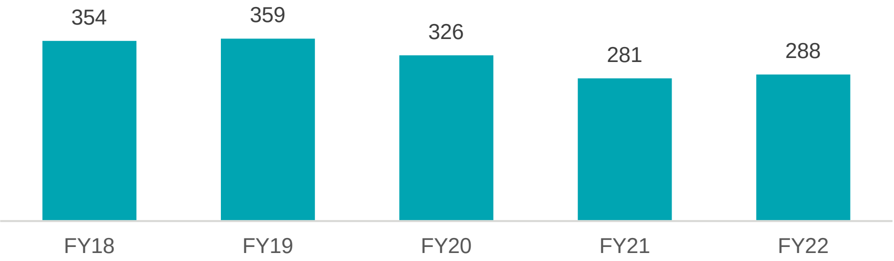
FY22 | Australia and New Zealand

Segment revenue growth of 2.7% and Underlying EBIT growth of 7.0% in FY22

Segment result

A$m	FY22	FY21	% vs pcp	% vs pcp (constant FX)
Sales revenue	**288.2**	**280.6**	**2.7%**	**2.7%**
Underlying EBIT	**43.1**	**40.3**	**7.0%**	
% of sales revenue	15.0%	14.4%	+0.6ppts	

Revenue (A$m) – last 5 years[1]



[1] Historical revenue and EBIT includes Australia & NZ and Bioceuticals

[2] IQVIA Total Aus Scan Sales VDS Category (Grocery & Pharmacy) – MAT to 2/7/22

Commentary

- **Revenue** of **$288.2m** up **2.7%** vs pcp (up **2.7%** constant FX), or 3.2% excluding legacy Braeside contract sales
  - **Strong execution in a disrupted market:** total business market share growth[2] despite ongoing elevated levels of discounting by competitors and impact of COVID-19 lockdowns in 1H FY22
  - **Growth in all brands** (Blackmores, BioCeuticals, PAW) with continued investments in advertising and increased points of sale
- **Underlying EBIT** of **$43.1m** up **7.0%** vs pcp; **Underlying EBIT margin** up **0.6ppts** to **15.0%**
  - **Gross profit margin up 2.3ppts** vs pcp driven by COGS reduction (Leading Value Proposition program) and price/mix improvements
  - **Braeside** conversion costs continue to improve vs pcp
  - **A&P investment up $3m** with investment behind Good Health Changes Everything, Immunity and PAW

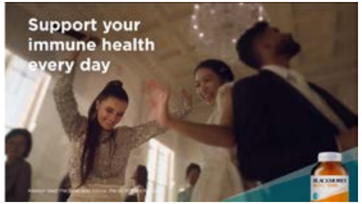
FY22 | Australia and New Zealand

Strong brand and channel execution leads to growth across all three brands

Driving brand saliency and trust

Blackmores masterbrand campaign *Good Health Changes Everything* **reaching 9M Australians**

Unmissable Moments **Blackmores immunity campaign launched in May 2022**



PAW brand campaign reached 5.5M pet parents and delivered **> 30% uplift** in online and retail channels

Delivering product innovation

Bio C Cold & Flu Fighter

Daily Immune Action

PAW Hepato Advanced
Veterinary Liver Care

ArmaForce Daily Protect

Improving customer experience

BioCeuticals pharmacy and consumer winter campaign **reaching over 1M** Australians to-date

Award-winning education and training for pharmacists and pharmacy retail – 40k course completions

CMEd

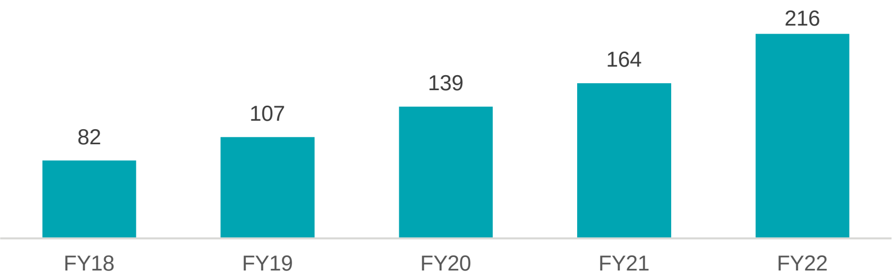
FY22 | International

Constant currency revenue growth of 31.2% and Underlying EBIT growth of 43.9% in FY22

Segment result

A$m	FY22	FY21	% vs pcp	% vs pcp (constant FX)
Sales revenue	**215.7**	**163.7**	**31.8%**	**31.2%**
Underlying EBIT	**29.8**	**20.7**	**43.9%**	
% of sales revenue	13.8%	12.6%	1.2ppts	

Revenue (A$m) – last 5 years



Commentary

- **Revenue** of **$215.7m** up **31.8%** vs pcp (up **31.2%** constant FX)
  - **Significant growth in key markets** – strong performance in Thailand **+33.3%** and Indonesia **+36.7%** notwithstanding cycling of comparatives with elevated immunity-related demand
  - **Strong operational execution** – agility in execution delivered share gains in both COVID-19 surge and non-surge periods. Supported by new product launches, distribution expansion and sustained on-shelf availability
  - COVID-19 related surge demand particularly significant in 1H FY22
- **Underlying EBIT** of **$29.7m** up **43.9%** on pcp; **Underlying EBIT margin** up **1.2ppts** to **13.8%**
  - **Margins grew in all key markets**, underpinned by disciplined cost management and pricing – remains our highest gross margin segment
  - **Operating leverage** continues to drive margin expansion – supporting investment in Product Advisors and growth
  - Inventory built in markets to ensure product availability against backdrop of disrupted supply chain and surge demand

FY22 | International

Initiatives are accelerating market share gain in fast growing markets

Reaching new consumers

- **Halal**: 99% of the range now certified.
- Expanded distribution to 2,000 new **independent pharmacies** throughout regional **Indonesia**

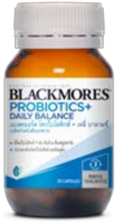
- **Blackmores India** expanded distribution in ten eCommerce platforms and now in over **100** stores in top 4 cities

Delivering product innovation

Sunny D 1000 Gold

Multivitamins + Vitality with Black Seed Oil

Complexion Renewal



Probiotics Daily Balance

Driving distribution, advocacy and trial

700+

Product Advisors

The PA Academy empowers our PA's with the sales skills and product knowledge to succeed

PA App developed in-house to support the PA's and collect real time data and insights

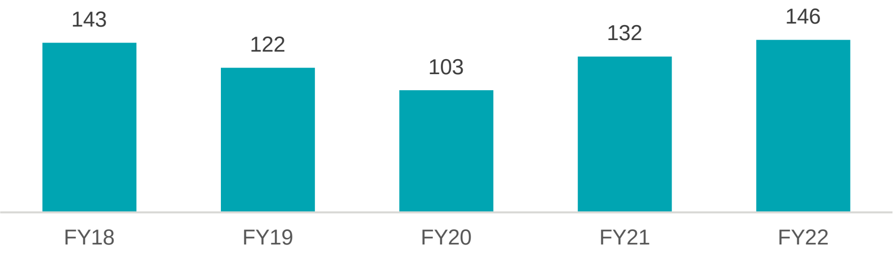
FY22 | China

Segment revenue growth of 10.6% and Underlying EBIT growth of 11.2% in FY22

Segment result

A$m	FY22	FY21	% vs pcp	% vs pcp (constant FX)
Sales revenue	**145.6**	**131.6**	**10.6%**	**10.6%**
Underlying EBIT	**16.0**	**14.3**	**11.2%**	
% of sales revenue	11.0%	10.9%	0.1%	

Revenue (A$m) – last 5 years



Commentary

- **Revenue** of **$145.6m** up **10.6%** vs pcp (up **10.6%** constant FX)
  - **Cross Border Ecommerce (CBEC)** channel growing with strong performance during **618 festival**
    - **Blackmores maintains top 4 VDS brands** in CBEC platforms
  - **Effective navigation of lockdown disruption** through:
    - Brand positioning / pricing power
    - Positioning with key platform partners
- **Underlying EBIT** of **$16.0m** up **11.2%** on pcp; **Underlying EBIT margin** up **0.1ppts** to **11.0%**
  - **Gross margin broadly flat** with price initiatives and favourable mix offsetting COGS challenges
  - **Improved efficiency in marketing investments**
  - Investment in team

FY22 | China

Continued double digit revenue growth in challenged market

CBEC platform penetration

Blackmores continued growth in the Direct Cross Border E-Commerce (CBEC) channel **+15%** with Gross Merchandise Value (GMV) sales from 618 festival up **83%**

Blackmores remained in the **Top 4 VDS**[1] brand across all CBEC platforms in China during 618

Delivering product innovation

1H FY23 new launches planned around a highly focused segment strategy

- **Fish Oil Omega Mini Double Concentrate**
- **Vision Care + Energy**
- **Superkids Bright Eye Protect**

Building corporate equity

4th year, Blackmores joined the 3,000 businesses from 127 countries to support **CIIE**[2] and invited by the CIIE Bureau to the ***China Future Clinic*** initiative to participate in the **Prevention** is the **Most Economical** and **Effective Health Strategy** panel

中华人民共和国商务部
Ministry of Commerce
People's Republic of China

Industry contributor to MOFOCM's Technical Guide for **Export Commodities Health Food** published in March 2022

[1] Smartpath data 2/8/22
[2] China International Import Expo

3. Financial results

Patrick Gibson - Chief Financial Officer

FY22 | Group results

Strong growth and EBIT leverage

A$m	Statutory[1] FY22	Underlying FY22	Underlying FY21	% vs pcp
Sales revenue	**649.5**	**649.5**	**575.9**	**12.8%**
Gross profit	**346.6**	**346.6**	**301.0**	**15.1%**
% of sales revenue	*53.4%*	*53.4%*	*52.3%*	*1.1ppts*
EBITDA	**82.3**	**82.9**	**75.9**	**9.2%**
% of sales revenue	*12.7%*	*12.8%*	*12.4%*	*0.4 ppts*
D&A	26.3	26.3	28.3	(7.1)%
EBIT	**56.0**	**56.6**	**47.6**	**19.0%**
% of sales revenue	*8.6%*	*8.7%*	*8.3%*	*0.5 ppts*
NPAT – continuing operations (total)	**38.6**	**39.0**	**30.3**	**28.9%**
Non-controlling interests	(7.9)	(7.9)	(4.9)	61.9%
NPAT – continuing operations (BKL share)	**30.6**	**31.1**	**25.4**	**22.6%**
Earnings Per Share (EPS) – continuing operations	157.9	160.2	131.2	22.0%
Dividend Per Share – final	32 cents			
Dividend Per Share – full year	95 cents			
% payout ratio	*60.2%*			

1 See next page for reconciliation of Statutory to Underlying EBIT. Presented on a continuing business basis
2 Prior year comparative has been adjusted to exclude discontinued operations
3 Statutory sales revenue excludes Other Income

- **Group revenue** of **$649.5m** up **12.8%** (**12.9%** constant currency basis) vs pcp, driven by strong growth in International
- **Underlying Gross margin** expanded by **1.1 ppts** to **53.4%** vs pcp, due to price/product mix and **$10m** in year savings delivered from the LVP program across Braeside and Warriewood in FY22
- **D&A** decreased by **7.1%** to **$26.3m** driven primarily by lower IT capex due to cloud computing now expensed as opex
- **Underlying EBIT** of **$56.6m**, up **19.0%** vs pcp
  - Underlying EBIT margin up **0.5 ppts,** lower than first half due to ongoing supply chain challenges and, as planned, higher A&P in the second half
- **Underlying NPAT** of **$31.1m**, up **22.6%** compared to pcp
- **Fully franked full year Dividend per Share of 95 cents** representing a payout ratio of **60%**

FY22 | Balance Sheet

Headroom to fund growth and Technology & Digital investments

A$m	Jun-22	Jun-21
Cash	82.2	70.1
Receivables	121.1	108.5
Inventories	155.4	115.7
Other current assets	15.8	27.4
Property, plant and equipment	110.2	112.5
Other non-current assets	106.1	115.1
Total Assets	**590.8**	**549.2**
Trade and other payables	127.1	112.7
Other current liabilities	32.8	31.5
Interest bearing liabilities	-	-
Other non-current liabilities	22.2	26.1
Total Liabilities	**182.1**	**170.2**
Net Assets	**408.7**	**379.0**

- **Total assets increased $41.6m**, driven by:
  - Group cash balance increased by $12.1m to **$82.2m** due to operating profit over the year
    - Extra working capital required to fund market expansion, especially with rapid growth in International across several countries
    - Cash to fund increased investments in Technology and Digital
  - Slightly higher receivables driven by sales growth and 618 timing – no material concerns with debtors ageing or collectability
  - **$39.7m** increase in inventory due to improved out-of-stocks situation and to support Blackmores' continued growth in International markets – higher than indicated at the 1H FY22 results due to conscious decision to improve customer service and reduce OOSs
    - Average inventory age remains in line with prior periods
  - **Total liabilities increased $11.9m**, driven primarily by greater trade and other payables, reflecting increased orders made to suppliers as we increased our inventory balance

FY22 | Cash flow

Positive cashflow generation and debt free

A$M	Jun-22	Jun-21	% vs pcp
EBITDA	82.3	71.6	14.9%
Decrease / (increase) in net working capital	27.3	(8.7)	
Operating cash flow before interest and tax	**55.0**	**80.4**	**(31.5%)**
Operating cash flow conversion	*66.9%*	*112.2%*	*(404ppts)*
Interest	(1.9)	(3.7)	
Tax	(4.9)	(18.3)	
Net operating cash flow	**48.2**	**58.5**	**(17.5%)**
Capital expenditure	(10.7)	(18.4)	
Proceeds from sale of assets	0.0	34.7	
Other investing cash flows	0.3	0.2	
Cash flow after investing activities	**37.8**	**75.0**	**(49.6%)**
Dividends / distributions paid	(17.7)	(4.2)	
Proceeds / (repayment) of leases and borrowings	(9.0)	(95.8)	
Capital raising / share purchase (incl. LTI)	(0.9)	48.3	
Net cash flow before FX	**10.1**	**23.3**	**(56.6%)**
Effects of FX	2.0	(1.0)	
Net cash flow	**12.1**	**22.4**	**(45.9%)**

A$M	Jun-22	Jun-21	% vs pcp
Debt	-	–	n/a
Cash and cash equivalents	82.2	70.1	17.3%
Net Cash/(Debt)	**82.2**	**70.1**	**17.3%**

BLACKMORES | GROUP 90 YEARS OF NATURAL HEALTH

- **Operating cash flow before interest and tax** of **$55.0m** down **31.5%** with **cash conversion ratio** of **66.9%** compared to **112.2%** reported at 30 June 2021, driven by:
  - a **$39.7m** increase in inventory to improve customer service and out-of-stocks and to support our growth in international markets and enable surge demand to be met – inventory age remains in line with prior periods
  - partially offset by higher EBITDA, reflecting continued strong top-line growth and cost discipline
- **Cash flow from investing activities** relates to payments for PP&E. Capex of **$10.7m** was down **42%** vs pcp with cloud computing expense of $9.3m now in OPEX
- **Financing outflow** represents dividends paid by Blackmores and the Kalbe Joint Venture, repayments of lease liabilities and payments for vested share rights
- **Blackmores Group** is in a consolidated net cash position of **$82.2m** compared to **$70.1m** net cash as at 30 June 2021
- **Blackmores Dividend Reinvestment Plan** (“DRP”) will apply for the final dividend with a discount of 2.5%

Investment expenditure

Disciplined investment to support growth

A$M	Jun-22	Jun-21
Technology and Digital spend (non-cloud)	4.2	6.0
Supply chain efficiency	6.1	5.2
Other capital expenditure	0.4	7.2
Total capex	**10.7**	**18.4**
Total capex % sales	*1.6%*	*3.2%*
Technology and Digital spend (OPEX)	**9.3**	**0.8**
Total Investment (incl OPEX)	**20.0**	**19.2**

- **Capital expenditure (capex)** of **$10.7m** in FY22, included:
  - **Maintenance and efficiency capex a**cross IT; upgrades to equipment and facilities, and other items
- **OPEX investment** of **$9.3m that previously would have been treated as capex** is not included in capex but is included in Underlying EBIT – no change to cash treatment
- **FY23 total investment spend** expected to be in the range **$20-$25m including OPEX** (Cloud computing)
  - **Supply chain** investments to enhance efficiency and unlock capacity for more growth
  - **Technology** investments in key processes including enhanced demand and supply planning solutions
  - Of the **$20-$25m** investment, **~$10m** is expected to be in much needed **digital capabilities** including
    e-Commerce platforms and Customer Relationship Management solutions
- All investment spend will continue to be managed in accordance with Blackmores' **capital allocation framework**[1] and require detailed individual business cases / ROI

[1] Refer next page

Capital allocation framework

Aligned with our strategic framework to maximise value and returns

Optimise operating efficiency | **Effective working capital management** | **Capital productivity**

Strong operating cash flow

Balance sheet strength and flexibility
(Target leverage of 1.0x – 2.0x)

Maintenance CAPEX
(30-70% of depreciation pre AASB 16)

Align investment with ESG commitments

Reliable dividends
Target dividend payout ratio (DPR) range of **30-60%**

Free cash flow

Debt reduction | **Investment in organic growth** | **Investment in simplification and cost reduction** | **Return excess capital** | **Acquisitions**

Capital allocation options

BLACKMORES GROUP 90 YEARS OF NATURAL HEALTH

Commentary

- Blackmores regularly evaluates its capital allocation alternatives.
- Capital management options considered against our other investment initiatives including working capital requirements for our fast growth markets and multi-year investments required in Technology and Digital
- Balance sheet remains in a strong position, providing strategic and financial flexibility across each of our geographies in the current volatile geo-political and macro environments
- Further capital management initiatives may be considered over time, subject to operating conditions and capital allocation alternatives

4. Outlook

Alastair Symington - Chief Executive Officer

Adapting to a rapidly changing economic environment

Execution against our strategic plan continues to deliver, our markets are large and attractive, though we recognise near-term volatility has increased

Intentional move to greater geographic and channel diversity drives more profitable growth

- Our strategy has delivered strong results to date – highlighted by the significant turnaround and growth momentum of Blackmores since FY20
- Confident on the strategy to achieve our growth trajectory of our International markets, which drives positive margin mix for Blackmores. Continue to drive channel strategy and product differentiation in ANZ and throughout Asia, which gives us more confidence to achieve price realisation in a high inflation environment

Our markets are highly attractive, but near-term volatility has increased

- We continue to invest in our large and highly attractive growth markets, which represent significant long-term growth opportunities for Blackmores
- However, the macro- and geopolitical environments are challenging and near-term volatility continues as a result of supply chain disruption, COVID-19 lockdowns (particularly in China), escalating inflation and dampened consumer confidence making revenue guidance more challenging

Proven ability on pricing and delivering cost savings, used to fund IT and Brand investments

- Notwithstanding near-term volatility, our strategy is focused on delivering strong, profitable growth for our shareholders, through continued execution against cost savings/efficiency initiatives and margin expansion opportunities via pricing and innovation
- Much needed investments in Technology and Digital to deliver our growth strategy are mostly cloud based (OPEX) and included in Underlying profit

Outlook FY23

Blackmores remains focused on key controllables and execution of our strategic and commercial plans, supporting continued earnings momentum

- We continue to expand our distribution footprint and invest in Blackmores brand awareness in International
- Increasing investment in spend across our 3 brands in ANZ while delivering differentiated channel offers
- Doubling down on pricing implementation to stay ahead on margins in an elevated inflationary environment
- Implementation of important Technology and Digital projects, with depreciation rolling off progressively over time
- Deliver our $55m gross annualised target while assessing further cost-out opportunities beyond FY23

However, we acknowledge several macro-economic variables are outside our control and could impact our business, where a range of outcomes are possible

- Continue to navigate consumer and trade headwinds **in China** with **early signs** of:
  - Supply chains re-shaping
  - Consumer demand improving as lockdowns are lifted
  - E-commerce platforms stabilising
- Inflationary pressure is persisting across all our markets and has potential to impact consumer spending behaviour
  - Though we are confident in our price/mix strategy to mitigate
  - We continue to invest in Blackmores' brand, driving its recognition as a non-discretionary product

Q & A

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Appendix

Other information

Reconciliation of Underlying to Statutory EBIT (FY22 & FY21)

Underlying EBIT excludes the impact of one-off costs and non-recurring benefits

A$m		Adjustments						
FY22	**Underlying**	**COVID support payments[1]**	**Business transformation[2]**	**Impairment**	**Net gain on sale of non-core assets**	**Other non-recurring income / (costs)**		**Statutory**
ANZ	43.1							43.1
China	16.0							16.0
International	29.8	0.1						29.9
Corporate	(32.2)		(0.7)			(0.1)		(33.0)
Group	56.6	0.1	(0.7)			(0.1)		56.0

FY21	Underlying	COVID support payments[1]	Business transformation[2]	Impairment	Net gain on sale of non-core assets	Other non-recurring income / (costs)	Cloud computing clarification	Statutory
ANZ	40.3	7.7	(6.4)	(9.8)				31.9
China	14.3							14.3
International	20.7	0.5						21.1
Corporate	(27.7)				4.0[3]	0.5	1.7	(21.6)
Group	47.6	8.2	(6.4)	(9.8)	4.0	0.5	1.7	45.8

Notes
1 Includes JobKeeper and Jobs Support Scheme
2 Includes transformation costs and redundancy payments
3 Gain on sale of investment property at Jubilee Avenue

FY22 phasing

Sales and EBIT skewed to 1H FY22 due to Covid-19 surge demand and higher 2H A&P investment

A$m	1H FY22	2H FY22	FY22	1H FY22 vs. 1H FY21 %	2H FY22 vs. 2H FY21 %	FY22 vs. FY21
Sales revenue	**346.0**	**303.5**	**649.5**	**14.3%**	**11.1%**	**12.8%**
Underlying EBIT	**38.3**	**18.6**	**56.6**	**21.2%**	**16.6%**	**19.0%**
% of sales revenue	11.1%	6.1%	8.7%	0.6ppts	(0.3)ppts	0.5ppts

- **FY23 EBIT phasing** is expected to be more evenly balanced 1H / 2H assuming surge demand in FY23 normalises and given the return of the Blackmores Sydney Running Festival campaign in 1H FY23
- However, in FY23 **percentage growth vs PCP** for Net Sales and EBIT is expected to be weighted to 2H FY23
    - This is due to 1H FY22 actuals which were boosted by one-off surge demand, especially in International

Acronyms

Acronym	Meaning
ANZ	Australia & New Zealand
CAGR	Category Average Growth Rate
COGS	Cost of Goods Sold
CBEC	Cross Border E-Commerce
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EPS	Earnings Per Share
ESG	Environmental, Social, Governance
FY	Financial Year / Full Year
FX	Foreign Exchange
GMV	Gross Merchandise Value
HY	Half Year
H1 / H2	Half 1 / Half 2
KPI	Key Performance Indicator
LVP	Leading Value Position
NPAT	Net Profit After Tax
OPEX	Operational Expenditure

Acronym	Meaning
PCP	Prior Corresponding Period
PAW	Pure Animal Wellbeing
PPTS	Percentage points
PP&E	Property, Plant and Equipment
VDS	Vitamin and Dietary Supplements

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