

Noumi Limited

2022 Results

29 August 2022



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Operating Profit, Statutory EBIT and Statutory EBITDA are unaudited, non-IFRS financial information.

Agenda



FY22 OVERVIEW

01



COMPANY EVOLUTION

02



FINANCIAL PERFORMANCE

03



STRATEGY

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FY22 Overview

Encouraging result in complex trading conditions

MILKLAB leads strong Plant-based Beverages growth outcome



Reset, Transform, Grow strategy delayed by COVID-19, rising inflation and geopolitical uncertainty



Plant-based Beverages a standout performance, with revenue up 7% and adjusted operating EBITDA up 30%



Market leading MILKLAB brand set to continue strong domestic and export growth following resolution of US litigation



Dairy & Nutritionals challenges include COVID-19 disruption and cost inflation



Responses include dropping unprofitable product lines, cost controls and Q4 productivity improvements



Impairment reflects recent increases in global capital costs, material costs and incomplete export price negotiation

FY22 Financial & Operating Metrics



↓ 4.6%
\$522.3m
Net Revenue²



↑ 3.4%
89.7ML
Plant-based sales



↑ 15.7%
130.4ML
Total export sales



↓ 68%
\$7.3m
Adj Op EBITDA¹



↓ 3.8%
246.3ML
Dairy UHT sales



↑ 18.7%
49.8ML
MILKLAB sales



n.m.
\$161.1m
Statutory
net loss after tax



↓ 23.3%
21T
Lactoferrin sales

1. Adjusted Operating EBITDA excludes discontinued operations, restructuring costs, US litigation settlement and associated costs, onerous contracts provision and other non-trading items, pre-AASB 16

2. Excludes Cereal & Snacks divested in March 2021 and Specialty Seafood divested in November 2021

FY22 Strategy Achievements

'Reset, Transform, Grow' transformation program that will return the Company to long-term, sustainable and profitable growth

- ✓ **Reset Achievements** - include US litigation settlement, Sale of Specialty Seafood and sale of shareholding in AFMH
- ✓ **Transformation progress** - workforce training, deletion of unprofitable lines, and productivity gains as lockdowns abated
- ✓ **Transformation next steps** – embed improvements, rebuild export margins in dairy
- ✓ Plant-based business firmly in **growth phase** anchored by MILKLAB and Australia's Own brand strength
- ✓ **Next phase of growth** beginning to get traction – SEA grows and new products such as OAT grows



Company's Transformation and Evolution



FY22 puts Noumi firmly in the Transform phase



FY21

RESET

The financial, structural, operational and cultural **Reset** of the Company was substantially completed in FY21 with the Convertible Note recapitalisation and re-listing



FY21-23

TRANSFORM

Actions to **Transform** the Company are underway, with operational improvements across the business already driving improved sales, earnings performance and with our new values incorporated into all work practices



FY23-25

GROW

Those improvements provide the springboard to **Grow** the business through three pillars: Products, Channels and Geographies

Transform - What has been achieved so far?

The Company has made significant progress on the turnaround since June 2020

Financial Improvement

- ✓ Encouraging FY22 result in face of external pressures due to COVID-19, cost inflation and geopolitical uncertainty
- ✓ Plant-based Beverages gaining share and securing new markets, recording strong year-on-year growth
- ✓ US litigation settled, with license agreement terminated, removing all restrictions on expansion in plant-based beverages
- ✓ Sale of AFMH shareholding to meet obligations under the US settlement agreement
- ✓ Adjusted Operating EBITDA¹ from continuing operations² of \$7.3m down 68% on FY21

Development of detailed business plan and operating strategy

- ✓ Operational excellence programs commenced at sites, enabling clearer performance targets
- ✓ New Product Pipeline developed for longer term growth
- ✓ Detailed business plan and processes have been developed to drive financial performance and operating decisions
- ✓ Transformation Program has been established to implement and drive turnaround
 - ✓ A number of segment-level initiatives have been identified and implementation commenced
 - ✓ Argon Consulting has been appointed to assist with execution
- ✓ Sale of Specialty Seafood completed

Board and Management renewal

- ✓ Board changes implemented:
 - ✓ New Independent Chair
 - ✓ Majority of Independent Directors on the Board
 - ✓ New Independent Chair of Finance and Audit committee
- ✓ Management changes include:
 - ✓ Added CCO and CMO to Executive Leadership team
 - ✓ New CFO completes the build of an effective and operationally orientated executive team – aligned to transform and grow strategy
 - ✓ Several new and replacement operational roles to drive efficiency and planning have been filled

Cultural and Governance change

- ✓ Cultural and leadership change program implemented, driving new values, measurable behaviours, accountability, collaboration and co-ordination across the business
- ✓ Full employee survey completed to assist in delivering change
- ✓ New incentive program implemented, tied to financial and operational turnaround and aligned with shareholder value and culture change outcomes
- ✓ Updated accounting and governance policies
- ✓ Tightened management controls, delegations of authority and operating procedures
- ✓ New management framework and policies under development and implementation in progress

Financial Performance



FY22 Financial Performance (continuing operations²)

\$ million	FY22	FY21 ¹	Change	Change (%)
Net Revenue	522.3	547.3	(25.0)	(4.6)
Adj Operating EBITDA ³	7.3	22.5	(15.2)	(67.5)
Adj Operating EBITDA margin % ³	1.4	4.1		(2.7bps)
Net Loss after tax	(161.1)	(38.6)	(122.5)	(n.m.)

\$ million	FY22	FY21	Change	Change (%)
Cash and Cash Equivalents	16.2	31.7	(15.5)	(48.9)
Financial Debt (excluding CN)	(104.3)	(98.9)	5.4	5.5
Convertible Notes Debt	(253.1)	(251.0)	2.1	0.8
Shareholder equity	(149.0)	1.5	(150.5)	(n.m)
Proforma Net Equity (Con Note classed as equity not debt)	104.1	252.5	(148.4)	(58.8)



Net Revenue declines due to decision to reduce loss making/low margin products – otherwise revenue up YoY



Adjusted Operating EBITDA³ from continuing operations² of \$7.3m down \$15.2m on FY21 – with all of the decline reported in H1 FY22



Statutory **Net loss after tax** of \$161.1m includes US litigation settlement related expenses of \$55.6m and non-cash impairment \$95.7m.



Cash at bank of \$16.2m plus \$19.0m of undrawn facilities and net AFMH proceeds provide liquidity for day-to-day business operations



Additional **Convertible Notes** issued to fund US litigation settlement



\$104.1m of **Proforma Net Equity** assuming notes converted at 30 June 2022

Reset and Transformation items dominate statutory loss of \$161.1m¹



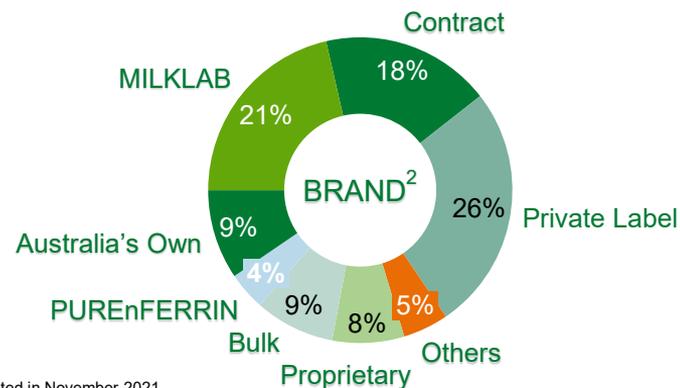
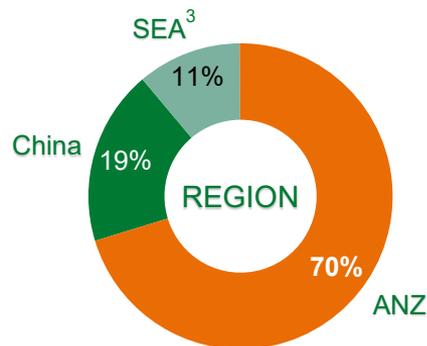
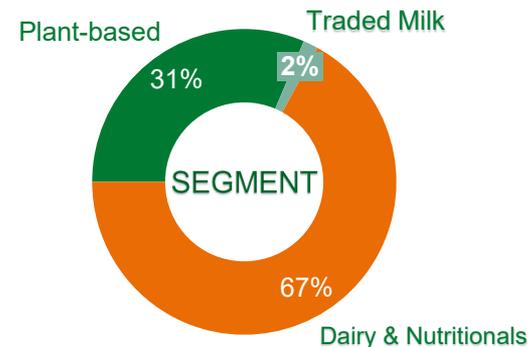
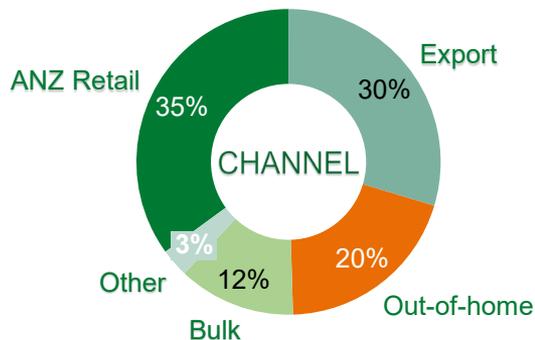
US Litigation Settlement Expenses \$55.6m

Impairment Charges \$95.7m

AFMH gains \$6.6m, Convertible Note fair value gains \$9.5m

Restructuring Costs \$6.5m, Onerous Contracts \$4.7m

Revenue composition¹

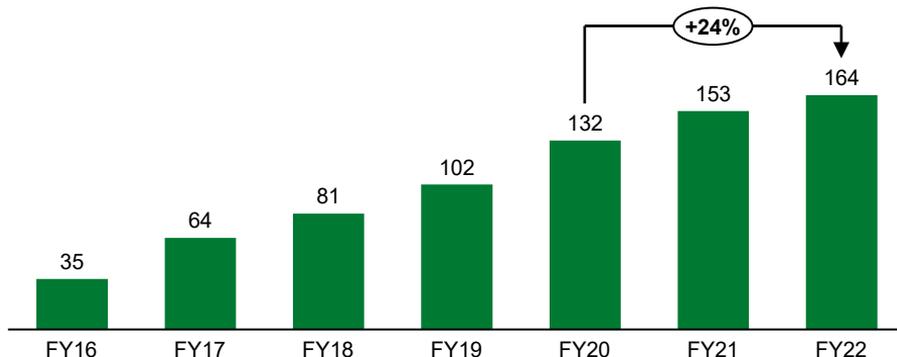


Financial Performance | Plant-based Beverages

Financial results

(\$m)	FY22	FY21 ¹	Change (\$)	Change (%)
Net Revenue	164.0	152.9	11.1	7.2
Adjusted Operating EBITDA ^{2, 3}	33.4	25.7	7.8	30.3
Adjusted Operating Margin (%) ^{2, 3}	20.4	16.8	-	3.6bps

Plant-based Revenue (\$m)



Summary of performance

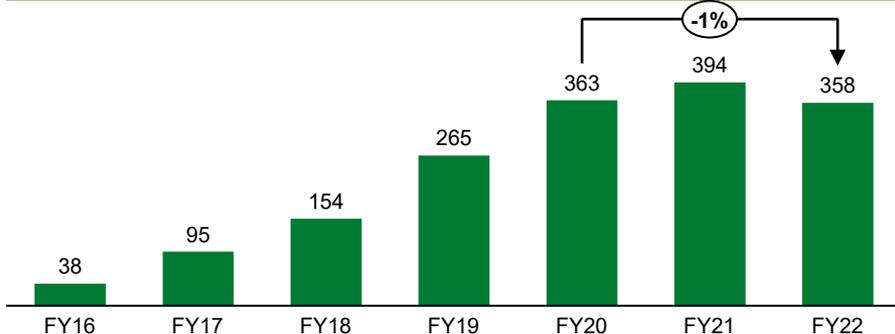
- Record revenues and earnings, overcoming headwinds from impact of COVID-19 on domestic and export markets
- Australia's Own plant-based sales up 16% and MILKLAB plant-based sales up 25% with strong growth in Australian and international markets
- Targeted marketing and investment in out-of-home direct sales underpinned successful launches of oat-based products for MILKLAB and Australia's Own
- Sales through out-of-home channel up 17% and exports to Asia up 38%
- New distribution points added to meet strong consumer demand for healthier lifestyle choices

Financial Performance | Dairy & Nutritionals

Financial results

(\$m)	FY22	FY21 ¹	Change (\$)	Change (%)
Net Revenue	358.3	394.3	(36.0)	(9.1)
Net Revenue excl. traded milk	350.0	359.1	(9.1)	(2.5)
Adjusted Operating EBITDA ²	(20.6)	(4.1)	(16.6)	n.m.
Adjusted Operating Margin (%) ²	(5.8)	(1.0)	-	(4.7bps)

Dairy and Nutritionals Revenue (\$m)



Summary of performance

- Disappointing outcome, significantly affected by cost inflation and the impact of COVID-19 including key operational turnaround initiatives
- Revenue declines reflect decision to reduce traded milk sales and unprofitable products. Excl. traded milk HY22 revenue up 1.5% YoY
- H1 impacted by \$10m Lactoferrin disruption
H2 cost inflation (\$8m impact) masks productivity gains in Q4
- Consumer Nutritionals revenue gains - U Protein powder up 13%
Crankt sales up 3% - cost inflation creates margin squeeze
- Unprecedented increase in raw milk prices late in FY22 reset the sector. Domestic price increases agreed – export still in negotiation

Cash Flow

	30 Jun 2022	30 Jun 2021 ¹
Cash flow from continuing operations ^{2,3}	3.6	12.3
Restructuring and US litigation	(34.7)	(14.6)
Income tax refund	4.1	-
Net finance costs	(16.2)	(32.2)
Property plant and equipment	(6.0)	(2.7)
Cash flow from discontinued operations	4.5	(10.2)
Convertible note issues	27.0	265.0
Movement in borrowings	5.7	(190.0)
Other net financing cash flows (including AASB 16)	(3.5)	(13.2)
Net cash increase / (decrease)	(15.5)	14.5
Cash at the beginning of the financial year	31.7	17.2
Cash at the end of the financial year	16.2	31.7

Summary

- > Net cash outflow of \$15.5m plus additional borrowings of \$5.7m equal increase in net debt of \$21.2m
- > Adjusted Operating EBITDA² of \$7.3m compares to cash from continuing operations³ of \$3.6m
- > Restructuring costs of \$34.7m – partially covered by convertible note issue of \$27.0m
- > Discontinued operations cash flow includes proceeds
- > Property plant and equipment spend carefully managed

Strategy



Strategy | Plant-based Beverages



Focus Areas

- Continued expansion into high potential markets, with particular focus on Southeast Asia
- Leveraging investment in out-of-home direct sales force to build market share
- Build on MILKLAB's growing consumer popularity in the out-of-home and café segment
- Continued product innovation with Australia's Own brand extensions
- Building production capability by optimising processing facilities

Strategy | Dairy & Nutritionals



Focus Areas

- > Work co-operatively with farmers to negotiate contracts to address farmgate raw milk costs
- > Continued focus on margin growth through waste reduction and other operational efficiencies
- > Sales focus on Consumer Nutritionals through high volume retail channels
- > Pursue export markets at competitive pricing which recognises farmgate pricing in Australia
- > Commitment to improve yields through further rationalisation of product lines

Healthier Tomorrow Plan

Healthier lifestyles

We aim to create products and offer resources to improve consumers' and communities' nutritional and social outcomes.



Focus areas



Consumer health, nutrition and education

- We develop quality products that meet the nutritional, cultural and taste needs of our customers, across all life stages.



Community engagement and impact

- We support positive nutrition outcomes among targeted community groups.



Diversity and inclusion

- We celebrate diversity and it is our business objective to reflect the diversity of the communities in which we operate.



Employee development and wellbeing

- We enable our people to thrive at work through engaging work experiences.

Focus areas

Healthier planet

We aim to continuously improve our environmental footprint for future generations



Healthier workplace

Our people live our values and are supported through positive work experiences.



Focus areas



Waste and Packaging

- We minimise the waste we generate, maximising recyclable materials and encouraging recycling.



Energy and Climate

- We reduce our carbon footprint, investing in renewable energy and supporting our growers to tackle their emissions.



Sustainable water use

- We conserve water across our business, supporting our suppliers to achieve water efficiency.



Sustainable agriculture

- We partner with our growers to protect the land that we source from and the animals in our supply chain.





Closing Remarks

Key drivers of potential future profitability into FY23 and beyond

	Key Drivers	Progress
Operational initiatives - Transformation Program	<ul style="list-style-type: none"> ✓ Operational turnaround initiatives critical to improving processes at the sites, particularly at Shepparton ✓ Transformation Program launched with Argon Consulting engaged to help support the execution ✓ Initiatives range from procurement savings and manufacturing efficiencies to product mix optimisation and ingredient value recovery. Moderate capital investment will likely be required 	<ul style="list-style-type: none"> ✓ Operational turnaround initiatives continue with Operational Excellence program launched ✓ Program now owned by Noumi focus on continuation of the transformation ✓ Procurement and product mix optimisation initiatives momentum continues
Market focus to support Dairy growth	<ul style="list-style-type: none"> ✓ Milk price increase changes key driver from volume to margin ✓ Export margin negotiations not subject to same conditions as domestic circumstances ✓ Optimising geographic mix in a differential margin structure 	<ul style="list-style-type: none"> ✓ Export growth demonstrated with key focus on price pass through ✓ Updated agreements with domestic customers
Continued volume growth in Plant-based Beverages	<ul style="list-style-type: none"> ✓ EBITDA growth expected to be largely volume driven with key contributions from Milklab and plant-based Australia's Own ✓ Continue roll out of oat products and increased investment in the field force important in maintaining market share and driving growth 	<ul style="list-style-type: none"> ✓ On track with demand for plant based continuing to increase ✓ Oat launched in FY22, focusing on gaining further distribution under Milklab
Investment into our Brands	<ul style="list-style-type: none"> ✓ Increased investment in brand development ✓ Focused New Product Development 	<ul style="list-style-type: none"> ✓ On-going ✓ On-going
People & Culture	<ul style="list-style-type: none"> ✓ Continuation of cultural transformation, with supporting leadership development initiatives ✓ Increased accountability and collaboration groupwide ✓ Enhanced governance 	<ul style="list-style-type: none"> ✓ High engagement across the workforce ✓ On-going ✓ On-going

Trading Outlook

Dairy remains in transformation phase – rebuilding margins a priority plus embedding Q4 FY22 operating improvements

Plant-based Beverages firmly established in growth phase

Strong brand foundation creates platform for growth in product offerings and new markets

Sector trends underline attractive opportunity

Global uncertainty creates concern for input prices and supply chain cost and reliability and potentially market access

Export competitiveness of Australian dairy challenged

Domestic milk market reset a welcome development for milk suppliers

Appendix

Pre-AASB 16 / Significant Items Reconciliation

	Pre AASB 16	AASB 16	Post AASB 16	Significant Items	Reported
Net Revenue	522.3	-	522.3	-	522.3
Operating expenses	(515.0)	12.1	(502.9)	-	(502.9)
Significant items before EBITDA ¹	-	-	-	(61.2)	(61.2)
EBITDA	7.3	12.1	19.4	(61.2)	(41.8)
Significant items after EBITDA ¹	-	-	-	14.5	14.5
Depreciation – AASB 16	-	(6.2)	(6.2)	-	(6.2)
Depreciation – Other	(20.0)	-	(20.0)	-	(20.0)
Impairment	-	-	-	(95.7)	(95.7)
EBIT	(12.7)	5.9	(6.8)	(142.4)	(149.2)
Interest – AASB 16	-	(10.0)	(10.0)	-	(10.0)
Interest – Other	(7.4)	-	(7.4)	-	(7.4)
Loss before tax	(20.1)	(4.1)	(24.2)	(142.4)	(166.6)
Tax	0.8	-	0.8	4.7	5.5
Net Loss after tax	(19.3)	(4.1)	(23.4)	(137.7)	(161.1)

¹ Significant items before EBITDA

Onerous contracts provision	(4.7)
Restructuring expenses	(6.5)
US litigation settlement related expenses	(55.6)
Other litigation expenses	(1.3)
Fair value changes of assets held for sale	6.7
Reversal of FY20 debtor provision	1.1
Other	(0.9)
	(61.2)

¹ Significant items after EBITDA \$m

Fair value changes of convertible notes	9.5
Gain on remeasurement of leases	5.0
	14.5

¹ Includes restructuring costs, US litigation settlement and associated costs, onerous contracts provision and other non-trading items,



Imagining a healthier tomorrow