

Noumi Limited

H1 2023 Results

28 February 2023



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Non-IFRS information

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

Agenda



HY23 OVERVIEW

01



COMPANY EVOLUTION

02



FINANCIAL PERFORMANCE

03



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HY23 Overview

Improved results in all segments – Adj Operating EBITDA up 149%

Milklab leads Plant-based Beverages to a record EBITDA result



- > Reset, Transform, Grow strategy delivers improved results despite rising inflation and macro-economic uncertainty. Adjusted Operating EBITDA of \$11.4m up 149% on HY22
- > Plant-based Beverages delivers record adjusted operating EBITDA \$18.6m up 19.8%
- > Market leading Milklab brand continues strong domestic and export growth, up 14.6%
- > Dairy and Nutritionals adjusted operating EBITDA losses reduced
- > Farmgate milk prices impacting export competitiveness. Low margin volumes reduced
- > Operating Cash Flow after US litigation settlement costs, other litigation costs and net finance costs \$0.9m

HY23 Financial & Operating Metrics



1. Adjusted Operating EBITDA excludes discontinued operations, restructuring costs, litigation costs, onerous contracts provision and other non-trading items, pre-AASB 16
% change represents change from HY22

HY23 Strategy Achievements

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

- ✓ **Reset Achievements** – completion of sale of non-core shareholding in AFMH and continue to manage other corporate legacy issues
- ✓ **Transformation progress** – domestic margin improvements, improved efficiency metrics for all sites and replacement of discontinued plant-based revenues
- ✓ **Transformation next steps** – replace the earnings from lower export dairy volumes and continue to rebuild domestic dairy margins. Further improvements to business performance
- ✓ Plant-based business firmly in **growth phase** anchored by Milklab and Australia's Own brand strength
- ✓ **Next phase of growth** beginning to get traction – international expansion opportunities identified, and Oat milk relaunched



Company's Transformation and Evolution



HY23 puts Noumi firmly in the Transform phase



HY22

RESET

The financial, structural, operational and cultural **Reset** of the Company was substantially completed in FY22



HY22-23

TRANSFORM

Actions to **Transform** the Company continue, 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

Financial Performance



HY23 Financial Performance

\$ million	HY23	HY22 ²	Change	Change (%)
Net Revenue	279.8	265.3	14.5	5.5%
Adj Operating EBITDA ¹	11.4	4.6	6.8	149.1%
Adj Operating EBITDA margin % ¹	4.1%	1.7%	240 bps	136.2%
Net Loss after tax	(23.6)	(65.8)	42.3	64.2%

\$ million	31 Dec 2022	30 Jun 2022	Change	Change (%)
Cash and Cash Equivalents	24.1	16.2	7.9	48.4%
Financial Debt (excluding CN)	(109.7)	(104.2)	(5.5)	(5.2%)
Convertible Notes	(272.9)	(253.1)	(19.8)	(7.8%)
Shareholder equity	(172.0)	(149.0)	(22.9)	(15.4%)
Proforma Net Equity (Con Note classed as equity not debt)	100.9	104.0	(3.1)	(3.0%)



Net Revenue growth includes domestic dairy price rises and Milklab growth offsetting deliberately discontinued plant-based products and lower dairy exports



Adjusted Operating EBITDA \$11.4m – improvement across both segments and record plant-based EBITDA result



Adjusted Operating EBITDA margins improved – Dairy with price increases and Plant-based by replacing lower margin products with Milklab



Statutory Net loss after tax includes fair value adjustment for Convertible Note interest of \$20.7m



Cash at bank of \$24.1m provides liquidity for operations. Additional liquidity from \$10m increase in revolver approved in January 2023



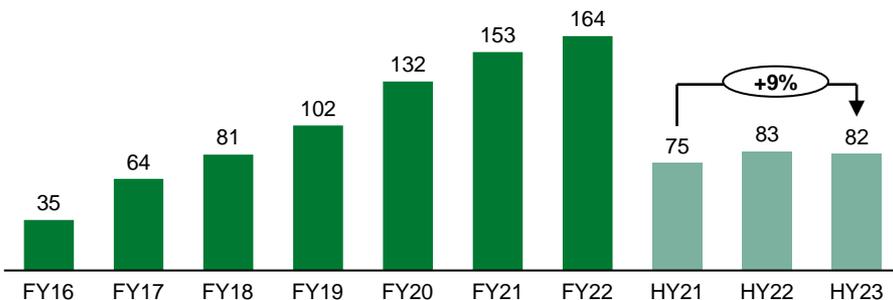
Proforma Net Equity assumes Convertible Notes all converted at 31 December 2022

Financial Performance | Plant-based Beverages

Financial results

(\$m)	HY23	HY22 ³	Change	Change (%)
Net Revenue	81.9	83.3	(1.4)	(1.7%)
Adjusted Operating EBITDA ^{1, 2}	18.6	15.5	3.1	19.8%
Adjusted Operating EBITDA Margin ^{1, 2}	22.7%	18.7%	400 bps	21.9%

Plant-based Revenue (\$m)



Summary of performance

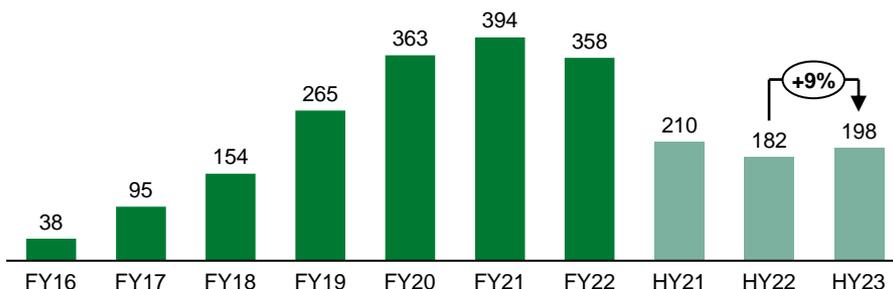
- Record earnings, with higher margin revenues almost offsetting discontinued low margin products
- Australia's Own plant-based sales down 10.3% and Milklab plant-based sales up 11.2% with strong growth in Australian and international markets
- Investment in out-of-home direct sales continues to be rewarded with Sales through out-of-home channel up 2.9%
- Growth opportunities being pursued - Exports to Asia up 21% and Oat milk sales up 112%. Looking to accelerate further
- New product launches and new distribution points to contribute to second half

Financial Performance | Dairy and Nutritionals

Financial results

(\$m)	HY23	HY22 ³	Change	Change (%)
Net Revenue	198.0	182.0	15.9	8.7%
Net Revenue excl. traded milk	193.1	174.5	18.6	10.6%
Adjusted Operating EBITDA ^{1, 2}	(4.3)	(6.9)	2.6	38.0%
Adjusted Operating EBITDA Margin ^{1, 2}	(2.2%)	(3.8%)	160 bps	42.9%

Dairy and Nutritionals Revenue (\$m)



Summary of performance

- Unprecedented increase in raw milk prices late in FY22 reset the sector. Domestic price increases achieved progressively through HY23 - export competitiveness impacted
- Revenue growth led by domestic UHT and Lactoferrin. Export revenues declined as lower margin sales were reduced
- HY23 margins improved through price increases and improved operating efficiency. Focus on higher margin revenues
- Consumer Nutritionals revenue gains - UPROTEIN powder up 26.4% and Crankt sales up 8.1%
- Adjusted Operating EBITDA losses reduced 38%

Cash Flow

	31 Dec 2022	31 Dec 2021
Cash flow from continuing operations	18.4	(2.6)
US litigation settlement and other litigation costs	(8.2)	(4.9)
Income tax refund	0.0	4.1
Net finance costs	(9.3)	(7.7)
Operating cash flow	0.9	(11.1)
Property plant and equipment	(2.0)	(2.4)
Cash flow from discontinued operations	0.0	2.1
Net Proceeds Sales of Assets	29.7	0.0
Security Deposit	(24.8)	0
Movement in borrowings	5.3	(2.9)
Other net financing cash flows (including AASB 16)	(1.3)	(1.1)
Net cash increase / (decrease)	7.8	(15.4)
Cash at the beginning of the financial year	16.2	31.7
Cash at the end of the financial year	24.0	(16.3)

Summary

- > Net cash flow from operations significant turnaround in HY23
- > Active working capital management to manage the impact of input cost inflation and price rises
- > Litigation costs of \$8.2m
- > AFMH sale proceeds received with majority pledged as security deposit to fully fund the FY22 US litigation settlement obligation
- > Property plant and equipment spend carefully managed
- > Cash flow includes \$5.3m of increased borrowings for the period



Strategy

Our Growth Strategy

Develop high quality and innovative dairy and plant products to meet the different nutrition and taste needs of customers and consumers across life stages

Strategic Pillars	Transform Dairy & Nutritionals profitability	Accelerate Plant Beverage growth	Deliver world class supply chain	Embed high-performance culture	Develop next generation Noumi
Strategic Priorities	Grow UHT Dairy profitability in domestic and international markets	Continue to strengthen Milklab's equity as a speciality brand for coffee	Mitigate inflation through value creation	Build a high-performance, high-integrity culture	Invest in digital capability, including modernising IT architecture and e-commerce capability
	Build branded portfolio with innovative new products	Invest to grow in international markets and new markets	Transform quality to best in class	Organisation design supporting growth & efficiency	Deliver clinical validation of PUREnFERRIN
	Strengthen ingredients Customer Partnerships (B2B)	Expand Australia's Own portfolio through new products	Deliver transparency & excellence in customer service	Developing people to support retention and business growth	Develop precision fermentation capabilities
	Broaden Consumer Nutritionals portfolio	Invest in new packaging formats to target new needs and usage occasions	Drive efficiency to unlock capacity	Continue to promote safety and quality in all we do	Accelerate growth in international markets

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.



Strategy | Plant-based Beverages



Focus Areas

- > Drive Milklab Oat in out-of-home market to partner with Milklab Almond
- > 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
- > Continued expansion into high potential markets, with coffee culture and appetite for plant-based beverages

Strategy | Dairy and Nutritionals



Focus Areas

- > Continued focus on margin growth through waste reduction and other operational efficiencies
- > Targeted portfolio expansion, focusing on consumer demand
- > Strengthen presence of Consumer Nutritionals branded portfolio with promotional activity and updated portfolio
- > Focusing on sustainable contract packing business in domestic retail and export opportunities
- > Work cooperatively with farmers to negotiate renewals with a declining Australian milk pool and weaker export demand

Trading Outlook

Plant-based Beverages firmly established in growth phase

Expect the performance of our Plant-based Beverages to remain strong as it benefits from demand in Australia and targeted overseas

Dairy has made significant progress in domestic markets.

Export competitiveness remains an issue for the Australian dairy industry.

Expect lower export volumes in H2 to protect margin.

Operating efficiencies support overall improvement in performance

Macro-economic conditions create some uncertainty. However the Company remains positive about the progress being made on items within its control.

Appendix

Pre-AASB 16 / Significant Items Reconciliation

	Pre AASB 16	AASB 16	Post AASB 16	Significant Items	Reported
Net Revenue	279.8	-	279.8	-	279.8
Operating expenses	(268.4)	5.7	(262.7)	-	(262.7)
Significant items before EBITDA ¹	-	-	-	(0.1)	(0.1)
EBITDA	11.4	5.7	17.1	(0.1)	17.0
Significant items after EBITDA ¹	-	-	-	(20.7)	(20.7)
Depreciation – AASB 16	-	(2.4)	(2.4)	-	(2.4)
Depreciation – Other	(7.9)	-	(7.9)	-	(7.9)
EBIT	3.5	3.3	6.8	(20.8)	(14.0)
Interest – AASB 16	-	(4.9)	(4.9)	-	(4.9)
Interest – Other	(5.0)	-	(5.0)	-	(5.0)
Loss before tax	(1.5)	(1.6)	(3.1)	(20.8)	(23.9)
Tax	-	-	-	0.3	0.3
Net Loss after tax	(1.5)	(1.6)	(3.1)	(20.5)	(23.6)

¹ Includes restructuring costs, onerous contracts provision and other non-trading items.

¹ Significant items before EBITDA

Onerous contracts provision	4.0
Restructuring expenses	(2.5)
Other litigation expenses	(0.7)
Other	(0.9)
Total	(0.1)

¹ Significant items after EBITDA \$m

Fair value changes of convertible notes	(20.7)
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Profit and Loss Summary

	31 Dec 2022	31 Dec 2021
Adjusted Operating EBITDA (pre-AASB 16) from continuing operations¹	11.4	4.6
Rental expense	5.7	6.0
Significant items impacting EBITDA ²	(0.1)	(53.3)
Adjusted EBITDA (post AASB 16) from continuing operations	17.0	(42.7)
Fair value changes of convertible notes	(20.7)	(10.9)
Depreciation and amortisation	(10.3)	(13.1)
Net finance costs	(9.9)	(7.7)
Other	-	1.0
Net loss before tax from continuing operations	(23.9)	(73.4)
Income tax	0.3	7.5
Net loss after tax from continuing operations	(23.6)	(65.9)

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 Significant items impacting EBITDA

	31 Dec 2022	31 Dec 2021
Onerous contracts provision	4.0	-
Restructuring expenses	(2.5)	(2.4)
US litigation settlement related expenses	-	(50.7)
Other litigation expenses	(0.7)	(1.2)
Other	(0.9)	1.0
Total	(0.1)	(53.3)



Imagining a healthier tomorrow