



Half Year Results

31 December 2023

Agenda



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Mick Myers
Interim Chief Executive Officer &
Chief Financial Officer

Business Highlights



Business Highlights



- Australian and China sales channels delivered revenue from branded sales of Oli6^{®1} of **\$6.7m**, an increase of **78% pcp²**
- Strategic distribution agreement with H&S Group has delivered substantial sales growth in China Cross-Border e-Commerce (CBEC), with branded sales of Oli6^{®1} of **\$4.4m** up **157% pcp**
- Australian retail branded sales of Oli6[®] of **\$2.3m**, with Oli6[®] continues to drive strong momentum in the Australian Retail Goat Infant Formula (“GIF”) Market, up **12.2% MAT³**
- Oli6[®] voted the “**Number 1 Toddler Drink**” by Product Review for the fourth consecutive year (**2021, 2022, 2023 and 2024**)
- Nuchev continues to actively explore new business development opportunities in domestic and overseas markets aligned with the Group’s strategy of providing ***functional foods for a better life*** through premium immunity and digestion products

Notes:

1. Represents the sale of Oli6[®] products and excludes sales of raw ingredients and adjustments for recognition of H&S contract incentives

2. Previous corresponding period (“pcp”), representing the for the six months ending 31 December 2022.

3. Measured on a Moving Annual Total (“MAT”) basis for the half year

Our Purpose



Our Purpose

Functional foods for a better life

We are committed to improving families' lives

Demonstrated by Leadership in premium digestion and immunity

- Backed by science
- Fueled by consumer led innovation
- World class ingredients

Supported through

Premium nutrition

- Consumer endorsement
- Gold standard, Australian made quality
- Safe and reliable supply chain



Our Growth Strategy



Our Growth Strategy

EXPANDING OUR PURPOSE

Functional foods for a better life

Leading in premium digestion and immunity nutritional products

Future focus

Lead the market for premium digestion, immunity and wellness nutritionals in multiple categories

Diversify portfolio of profitable and sustainable businesses

Accelerate international growth in China and South East Asia

Unlock innovation through world class partnerships and supply chain excellence



WHAT WE DELIVER TODAY



Product innovation



Brand builders



Supply chain excellence



Distribution network



ASX listed

DRIVERS TO SCALE

Function

- Digestion
- Immunity
- Wellness

Ingredients

- Goat
- Bovine
- Plant
- Other

Type

- Infant Formula
- Formulated Foods
- Formulated Beverages
- Digestive Wellness and Health

Value Chain

- Brand

Consumer

- Infant
- Child and Student
- Adult
- Senior

Region

- ANZ
- China
- Asia
- Middle East

■ Established ■ Launched ■ Future Opportunity

Financial Results Update



Financial Results Update



- Revenue from branded sales of Oli6^{®1} for the trailing 12 months (“TTM”) ended 31 December 2023 **\$10.5m** (2022: \$7.3m) an increase **\$3.2m** or **44% pcp²**
- Having successfully launched **Oli6[®] Immunity+** in Q1 FY24 delivering **\$0.3m** in H1 FY24
- **Adjusted EBITDA³ improved** by **\$0.5m** or **14% pcp**
- Continued inventory and working capital management has enabled the Group to further reduce its inventory holdings to \$4.1m during the quarter, representing a reduction of **23% since 30 June 2023** and **~42%** over the last twelve months
- Ongoing, disciplined cash controls ensured cash used in operations was **\$0.4m lower pcp**, with the cash position at 31 December 2023 of **\$5.6m** and \$0.4m financing facility remaining available

Notes:

1.Revenue reflects the sale of Oli6[®] products, and excludes sales of raw ingredient and adjustments for recognition of H&S contract incentives

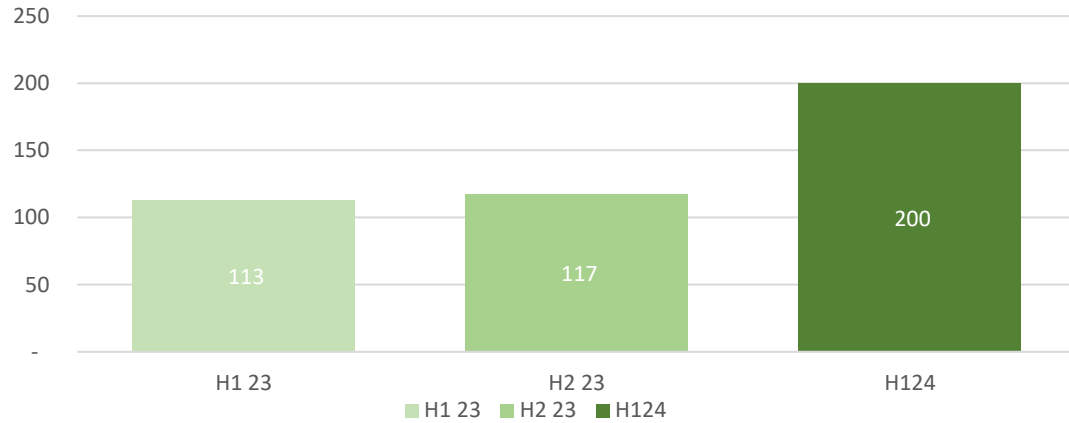
2.Previous corresponding period (“pcp”) represents the six months ending 31 December 2022

3.Adjusted EBITDA is earnings before finance costs, finance income, depreciation, amortisation and tax and excludes sales of raw ingredients, adjustments for recognition of H&S contract incentives, product obsolescence and impairment of assets

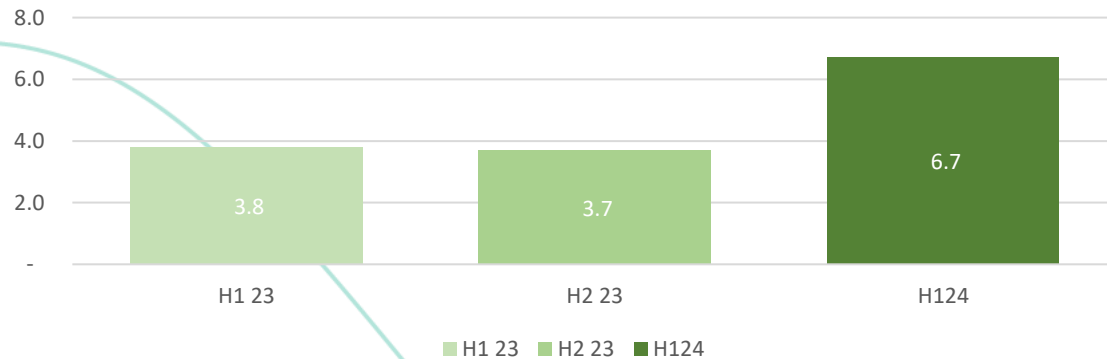
H1 FY24 financial and operational performance



Volumes (Metric Tonnes)



Sales Revenue (\$ millions)



Notes:
1. Volumes and Revenue reflects the sale of Oli6® products, and excludes sales of raw ingredient and adjustments for recognition of H&S contract incentives
2. Previous corresponding period (“pcp”) represents the six months ending 31 December 2022
3. Source: Iqvia Scan Data - MAT to 9 December 2023

Higher sales volumes¹

- Total sales volumes increased significantly on the back of H&S distribution arrangements
- H1 FY24 sales volumes up **71% pcp²**

Increased branded sales¹ revenue

- H1 FY24 branded revenue of **\$6.7m** were up **\$2.9m** or **78% pcp**
- Oli6® continues to **drive strong momentum** in the Australian Retail Goat Infant Formula (“GIF”) Market
- Oli6® **fastest growing GIF brand** which is available across all 3 major outlets
- FY23 Oli6® scan sales grew by **12.2% pcp³** delivering **increased market share** with Oli6® market share

H1 FY24 Branded Adjusted EBITDA



\$ millions	H1 FY24	H1 FY23
Oli6 Sales Revenue ¹ (excluding raw material sales)	6.7	3.8
Cost of sales (excluding raw material sales)	(4.4)	(2.5)
Gross Profit	2.2	1.3
Distribution, warehouse and logistics expenses	(0.3)	(0.4)
Marketing and selling expenses	(2.0)	(1.1)
Employment expenses	(1.9)	(1.8)
General and administration expenses	(1.2)	(1.6)
Other Income	0.1	0.0
Adjusted EBITDA³	(3.1)	(3.6)

Sales revenue¹ up

- Oli6[®] sales revenue in H1 FY24 increased **\$2.9m** or **78% pcp²**
- ANZ H1 FY24 sales increased **\$0.3m** or **13% pcp**, with increased sales in Australian Grocery and Pharmacy
- H1 FY24 sales in China CBEC were **\$4.4m**, an **increase of \$2.7m** or **157% pcp**, driven by the successful transition to new distribution arrangements to H&S Group in H1 FY24

Stable cost of sales

- Cost of sales includes the total production costs for Oli6[®] products sold, excluding the cost of raw material ingredients sold separately
- Gross margins for Oli6[®] branded sales remained in line with prior periods

General and administration efficiency gains

- Strong cost control measures combined with reductions in discretionary expenditure delivered savings of **\$0.5m** or **28% pcp**

Adjusted EBITDA³

- Adjusted EBITDA improved **\$0.5m** or **13% pcp** due to the higher gross profit and cuts in general & administration expenses

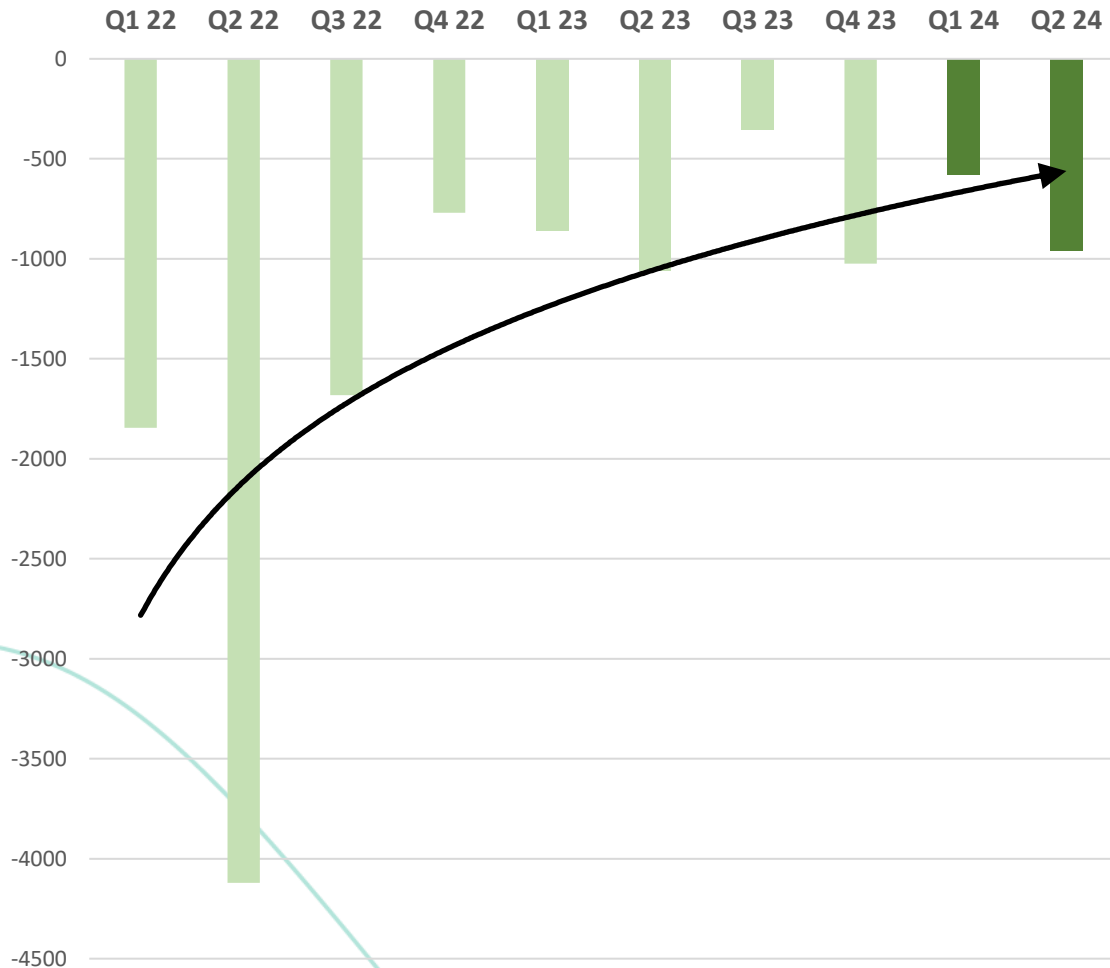
Notes:

1. Sales revenue reflects the sale of Oli6[®] and excludes sales of raw ingredients and adjustments for recognition of H&S contract incentives
2. Previous corresponding period ("pcp") represents the six months ending 31 December 2022
3. Adjusted EBITDA is earnings before finance costs, finance income, depreciation, amortisation and tax and excludes sales of raw ingredients, adjustments for recognition of H&S contract incentives, product obsolescence and impairment of assets

Savings achieved in reducing operating cash outflows



Net cash flows used in operations



Growth coupled with disciplined working capital management has enabled the Group to achieve a sustained reduction in operating cash outflows

Operating cash outflows reduced by a further **\$0.4m or 20% pcp** with the key levers being:

- Sales growth with higher receipts from customers
- Improve ROI¹ from selling and marketing expenditure
- Disciplined cost control measures and reductions in G&A² costs
- Strong working capital management practices

Notes:

1. Return on Investment
2. General & Administration Expenditure

Balance Sheet



\$ millions	31 Dec 2023	30 June 2023
Cash and short-term deposits	5.6	7.5
Trade and other receivables	1.4	0.7
Prepayments	0.8	1.1
Inventories	4.1	5.3
Current assets	11.9	14.6
Property, plant and equipment	0.1	0.1
Intangible assets	0.0	0.0
Right of use assets	0.3	0.3
Other non-current assets	0.4	0.4
Non-current assets	0.7	0.7
Total assets	12.6	15.3
Trade and other payables	2.5	2.0
Provisions	0.1	0.2
Lease liabilities	0.0	0.0
Total current liabilities	2.7	2.2
Provisions	0.1	0.1
Lease liabilities	0.2	0.2
Total non-current liabilities	0.3	0.3
Total liabilities	3.0	2.5
Net assets	9.6	12.8
Issued capital	101.9	101.9
Other capital reserves	2.1	1.9
Accumulated losses	(94.4)	(90.9)
Equity	9.6	12.8

Cash holding of \$5.6m

- Closing cash position reduced from \$7.5m at 30 June 2023 to **\$5.6m** at 31 December 2023, reflecting the net cash used in operations

Inventory reduction

- Disciplined inventory and working capital management enabled the Group to **reduce inventory holdings by 23%** since 30 June 2023
- With appropriate levels across all channels and no overhang, the Group has a **strong base to grow sales in H2 FY24** across ANZ, China, and other sales channels

Net working capital

- Net working capital of **\$9.2m** at 31 December 2023, with management's focus on cost controls and management of cashflows paramount

No debt drawn

- The Group had **no external debt** at 31 December 2023
- The Group had financing facilities of **\$0.4m** at 31 December 2023, with \$0.4m undrawn

Key Priorities in 2024

Key Priorities in 2024



- Grow China CBEC business through our strategic distribution agreement with H&S Group
- Maintain momentum in Australian Retail – Grocery and Pharmacy channels
- Identifying opportunities for product development from the insights gained from consumer data analytics, and bring those new products to the market
- Explore new business development opportunities in domestic and overseas markets, including opportunities to expand into adjacent categories
- Capture efficiency gains through our Supply Chain
- Continue to manage inventory and working capital requirements

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