LYNCH GROUP HOLDINGS LIMITED

FY22 INVESTOR PRESENTATION

24 AUGUST 2022

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In certain places within the presentation, the rounding of figures may result in some immaterial differences between the sum of components and the totals outlined within graphs and percentage calculations. Segment revenue is stated excluding intersegment revenue eliminations. Historical numbers may be Pro-Forma numbers where Pro-Forma has a basis of calculation consistent with the Prospectus and as disclosed in the Company's annual report. Cash conversion is calculated as cash generated from operations divided by EBITDA. Working capital is the sum of trade and other receivables, inventories, and other assets less the sum of trade and other payables, current tax liabilities, lease liabilities and provisions. Net debt / EBITDA is calculated as Cash and cash equivalents less borrowings less lease liabilities divided by EBITDA. Revenue per sqm reflects farm revenue in a period divided by the average number of square meters of productive farmland used to grow sellable product.

The working currency of the China segment is RMB. As such there will be foreign exchange gains or losses when comparing this segment against prior periods or forecast. The actual FY22 RMB / AUD foreign exchange rate of 4.69 is 5.2% favourable to the FY21 rate of 4.94.

LYNCH GROUP

AGENDA AND CONTENTS

FY22 Highlights
Hugh Toll, Group CEO

Financial Review
Steve Wood, CFO

Strategy and Outlook
Hugh Toll, Group CEO

Q&A

LYNCH GROUP

FY22 HIGHLIGHTS

HUGH TOLL
Chief Executive Officer

LYNCH GROUP

KEY ACHIEVEMENTS

Results demonstrate strong underlying revenue growth in both markets, with supply chain pressures and lock down impacts affecting margins

- **FY22 Revenue +11%, EBITDA -18%, NPATA -24%** against FY21
- **Strong revenue growth in Australia**, EBITDA results impacted by labour shortages and supply chain disruption
- **Robust EBITDA and revenue growth in China** as a result of volume expansion and continued strength in market demand
- **Key operational objectives continue to be delivered** across both geographies
- **Major Australian events delivered successfully with high sell through rates** despite labour challenges and some product shortages. Mother's Day was the largest single event in the group's history
- **Sale or return store conversions continue to exceed forecast,** now c.25% of store network
- **Added 18ha of additional greenhouse capacity in China, taking total capacity to 79ha**, with volume growth tracking to targets

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AUSTRALIA

STRENGTH IN REVENUES WITH EARNINGS RESULT IMPACTED BY COSTS AND LABOUR SHORTAGES

LYNCH GROUP

Revenue up **8%** on pcp

EBITDA down **36%** on pcp

Supply side constraints impacted margins

- Revenue growth driven by strength in supermarket customer demand across a COVID disrupted year and growth in wholesale markets (organic and via Market Flowers Brisbane acquisition)
- Underlying consumer demand for floral products remains strong
- Key customer events (Spring, Christmas, Valentine's Day and Mother's Day) successfully delivered despite significant supply side constraints and labour shortages
- Mother's Day was the largest single event in the Group's history with strong customer sell through rates
- Mother's Day performance was impacted by some local product shortages (March flooding), and high demand on production teams
- Higher landed cost of imported lines has led to equivalent cost increases to local product for uncontracted volumes
- Price increases and range modifications have been implemented to improve and stabilise margins. During FY22 costs increased more rapidly than the business was able to react and recover margins through price and range management

STRENGTH IN REVENUE DELIVERED FROM CAPACITY LED VOLUME GROWTH AND FAVOURABLE MARKET DEMAND

LYNCH GROUP

Revenue up **36%** on pcp

EBITDA up **12%** on pcp

Farm capacity increased by 18ha to **79ha**

- Increasing household demand for flowers drove volume growth across all customer channels
- Winter and event pricing increased year on year, before Shanghai restrictions impacted demand across final quarter of FY22
- Strength of domestic sales platform mitigated both provincial customer and export risk exposures during east coast lockdown restrictions across cities and airports
- Domestic channel share evenly balanced between retail and wholesale customers, on increasing year on year volumes
- Farms remained fully operational during restrictions and continue to meet volume targets
- Differentiated product offering (quality and scaled supply) continued to enable premium customer pricing
- Productive farm area in line with guidance at 79ha as at end FY22

PROGRESS ON KEY OPERATIONAL OBJECTIVES

Australia

Operational Objective	Outcome
Enhancing customer experience	Revenue up c.8%, with strong underlying demand and price increases secured
Improved operational efficiency	EBITDA Margin 7.5% (pcp 12.6%), impacted by freight, labour availability, and COVID related expenditure
Lifting merchandising effectiveness	New technology rolled out and embedded, delivering improved reporting and pathway for future efficiency improvement
Channel expansion	Market Flowers Brisbane acquisition fully embedded. Further expansion of markets footprint planned across FY23

CHINA

Operational Objective	Outcome
Production base expansion	Accelerated FY22 construction program completed, full year revenue per sqm $91 (pcp $79)
Increase retail customer penetration	Retail / wholesale share of total domestic revenue remaining balanced at c. 50 / 50 on increased volumes
Drive increased customer engagement via range development and merchandising support	Steady progress on bouquet order demand although traction slowed due to Shanghai restrictions (Shanghai facility closed during restrictions but now operating)

FINANCIAL REVIEW

STEVE WOOD
Chief Financial Officer

LYNCH GROUP

FINANCIAL PERFORMANCE – FY22

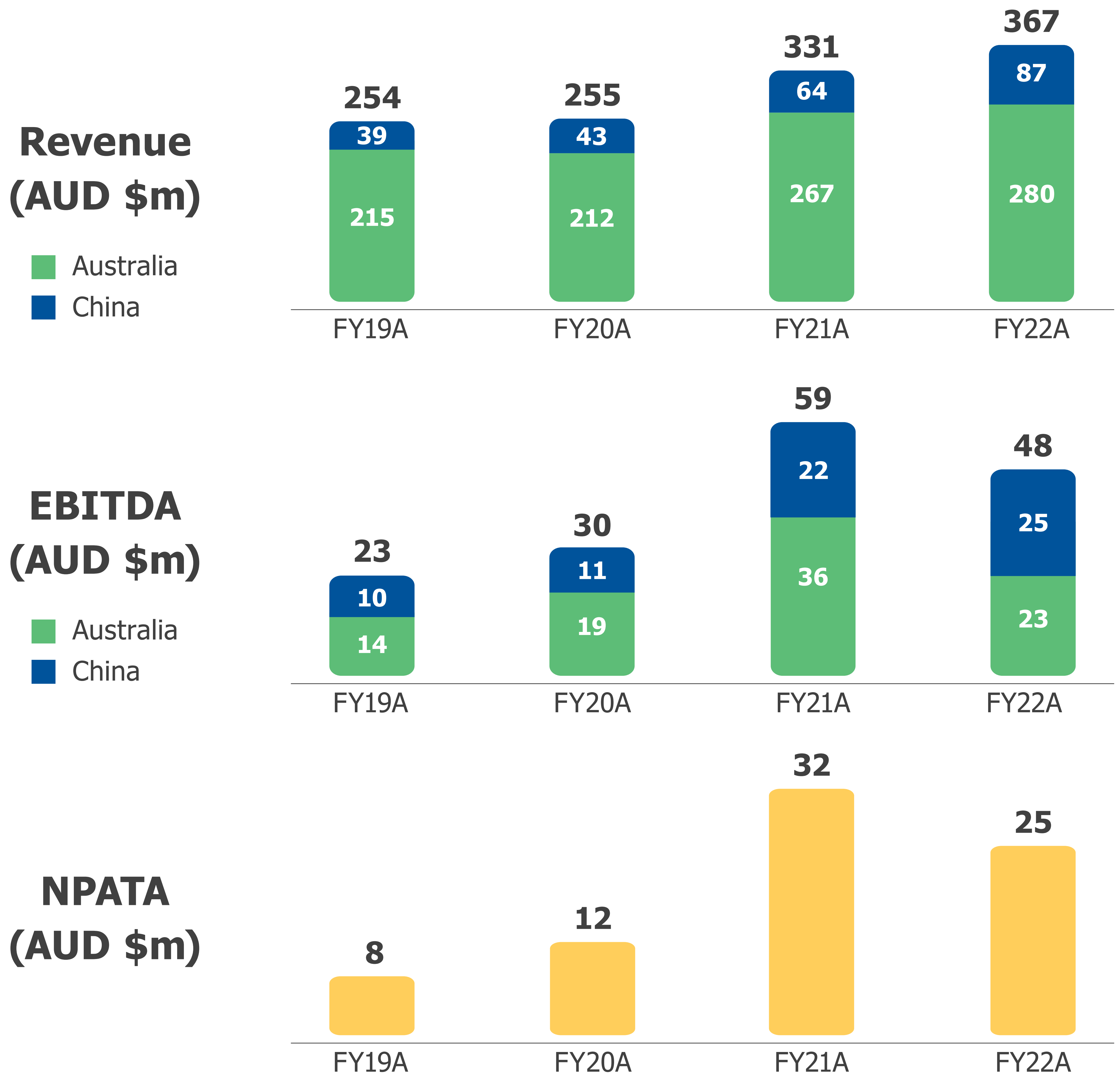
Underlying revenue on track with profit impacted by COVID disruptions and supply chain pressures

Key Metrics

- Revenue $366.5m, 10.7% up on FY21
- EBITDA $48.2m, 17.8% down on FY21
- NPATA $24.7m, in line with updated earnings guidance provided in May 2022
- Cash conversion of c.90%

Dividend

- Fully franked dividend of 6.0 cents per share declared (interim dividend declared in February of 6.0 cents per share)



Australia revenue shown net of intersegment eliminations

FULL YEAR RESULTS REFLECT STRONG CUSTOMER DEMAND AND IMPACTS OF COVID AND SUPPLY CHAIN DISRUPTION

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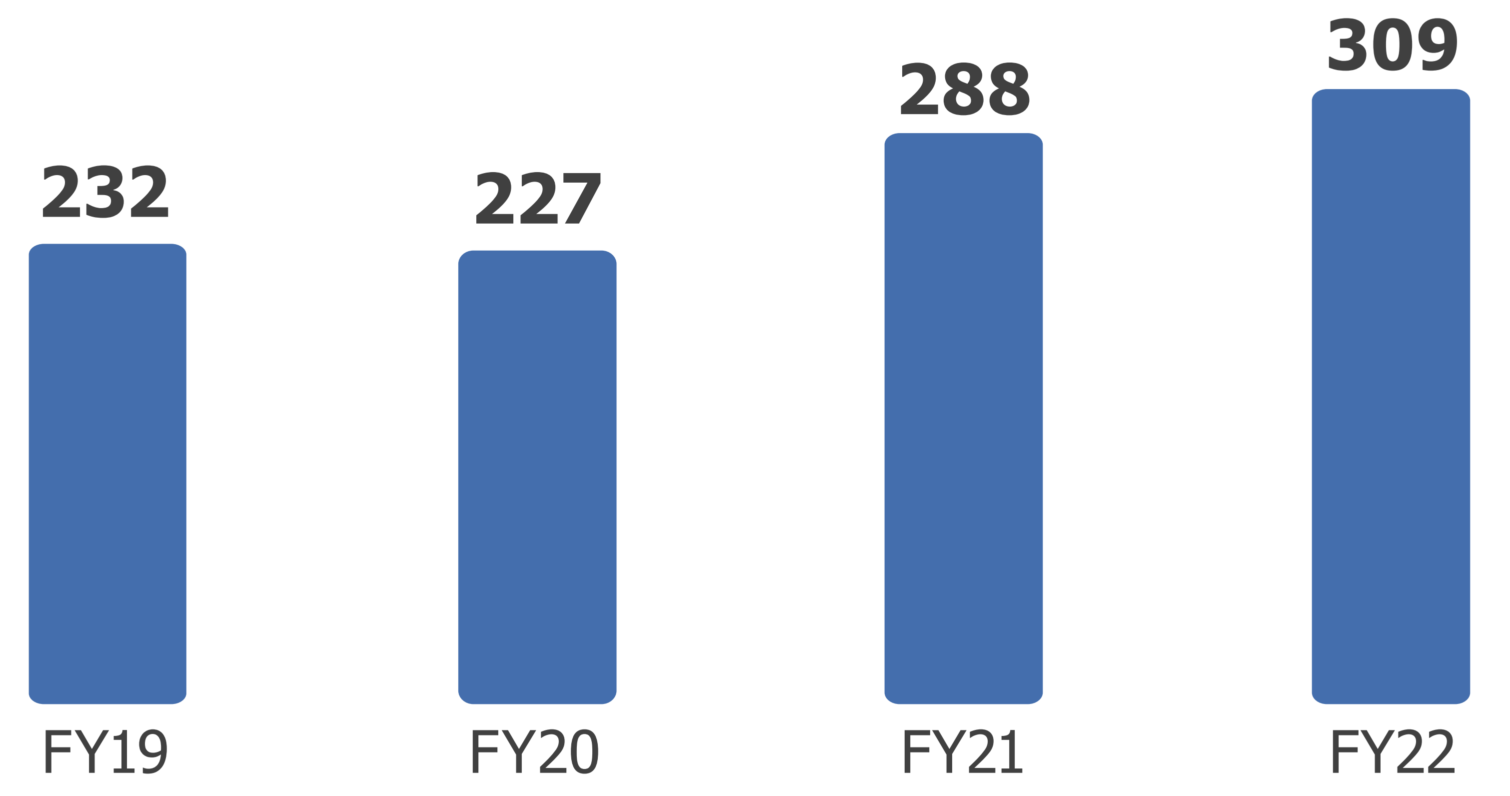
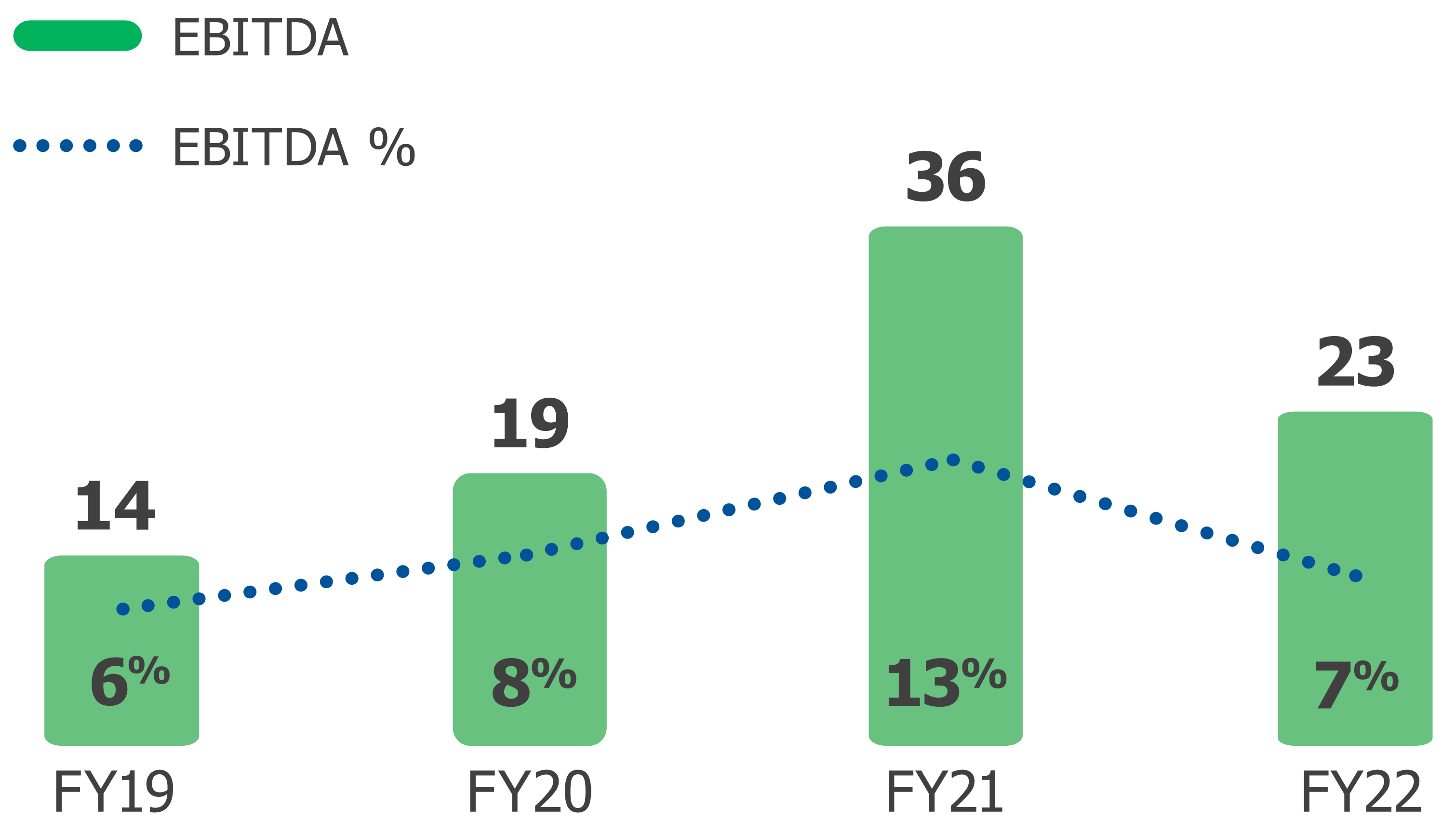
Strong revenue growth despite lockdown restrictions, EBITDA margins impacted by supply chain pressure

Australia revenue (AUD $m)



Australia EBITDA (AUD $m)



Continued growth in underlying revenue reflecting ongoing structural shift to supermarket channel despite COVID disruption and periodic short supply

SOR conversions continue to drive uplift in same store sales. Material increase in SOR stores in FY22 to 25% of store network

Unrecovered impact from elevated international freight costs (and associated impact on local buying costs) > $8m

Domestic freight costs impacted by fuel surcharges and operational inefficiencies > $1m

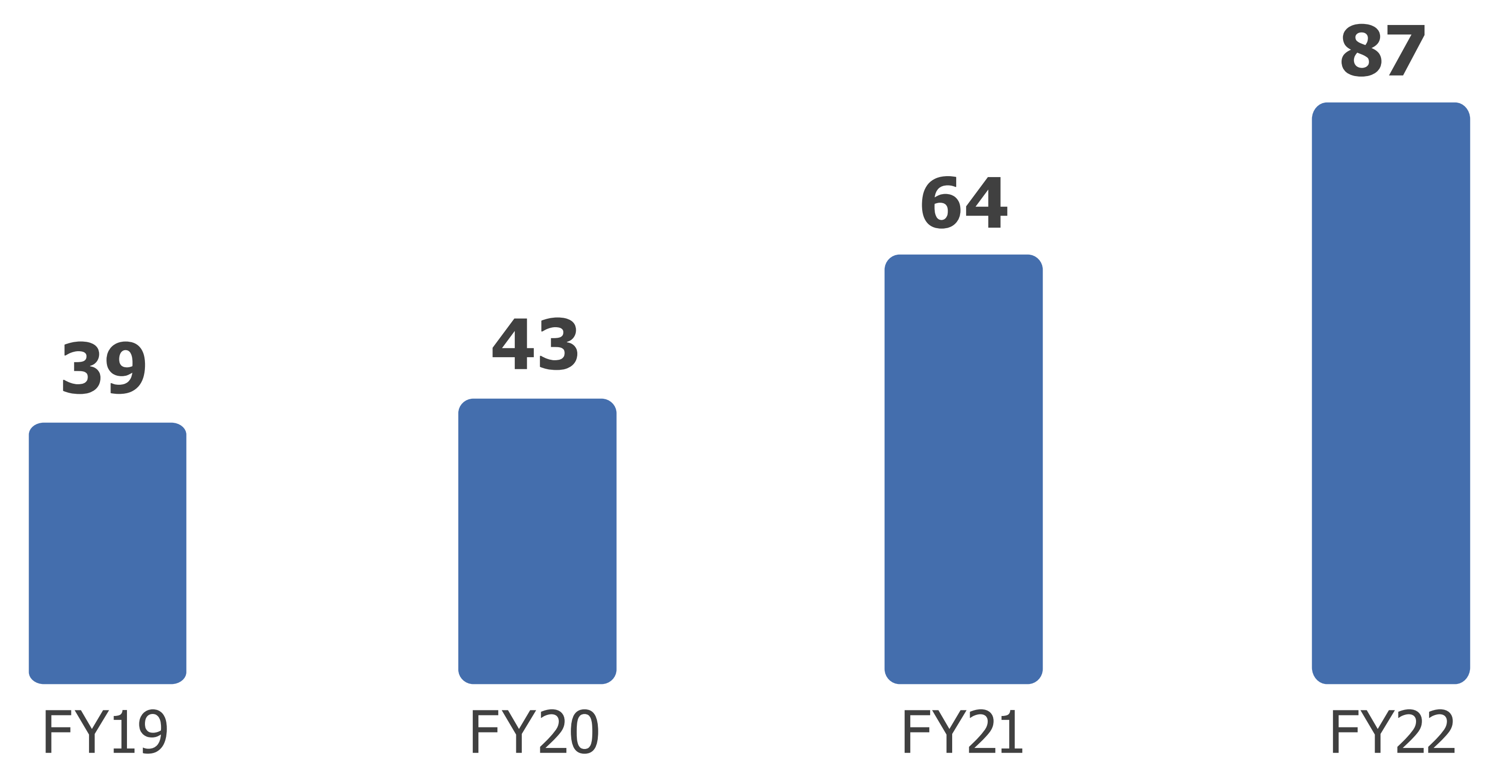
Limited labour availability has resulted in operational inefficiencies and increased overtime spend around key event periods > $1m

COVID specific costs (RATs and cleaning) > $1m

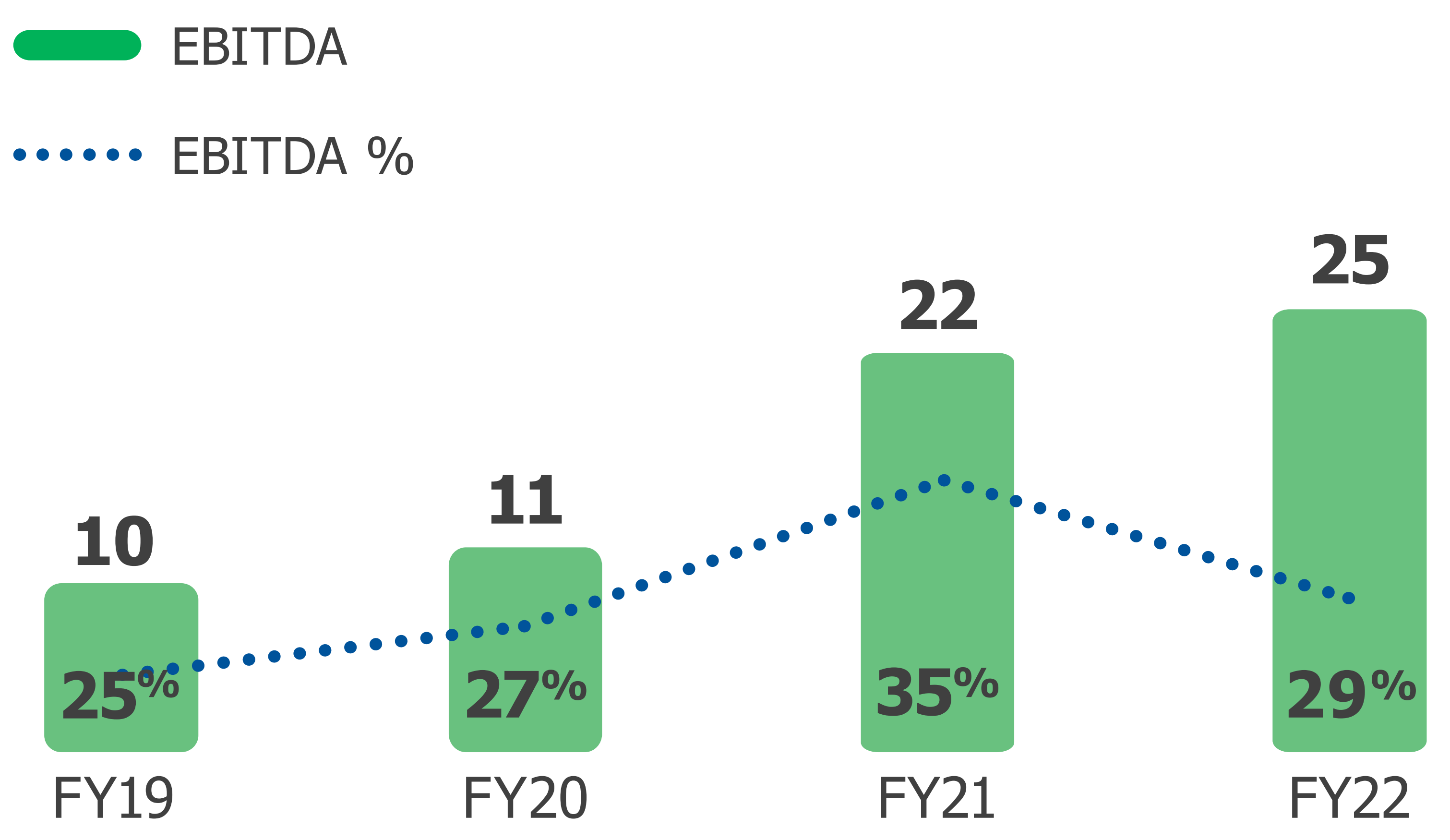
POSITIVE MOMENTUM IN CAPACITY LED VOLUME GROWTH AND HOUSEHOLD FLORAL CONSUMPTION

Revenue and EBITDA growth from strong volume performance and underlying customer demand

China revenue (AUD $m)



China EBITDA (AUD $m)



Demand for premium floral product has remained resilient despite Shanghai lockdowns

Strong volumes and pricing in line with expectations delivered continued growth

Q4 lower realised pricing due to impact of COVID lockdowns and weaker economic environment

Additional 18ha of productive land added during year

Where necessary, export product sold domestically as lockdowns affected ability to export

Channel share between retail and wholesale balanced

PROFIT AND LOSS STATEMENT

LYNCH GROUP

- Revenue growth of 10.7% - strong underlying customer demand in both segments (organic and via acquisition)
- Operating margin decline of 4.2% relative to pcp driven by ongoing global supply chain impacts, and labour availability. Cost increased faster than the business was able to recover through price or range management
- Operating expenses / (income) include variable cost increases due to sales growth (employee costs, warehousing costs) and one off COVID related costs (eg RATs 70,000 tests conducted at a cost of >$1m)
- EBITDA margin decline of 4.6% reflective of cost impacts
- Depreciation and amortisation increase driven by China growth CAPEX
- **NPATA $24.7m, 24% down on FY21 and in line with earnings guidance provided on 24 May 2022**

P&L, A$ millions	FY22	FY21	% on FY21
Revenue	366.5	331.0	10.7%
Raw materials, consumables and other direct costs	(278.9)	(238.0)	(17.2%)
Operating margin	**87.6**	**93.0**	**(5.7%)**
Operating margin %	*23.9%*	*28.1%*	*(4.2%)*
Operating expenses / (income)	(39.4)	(34.3)	(14.8%)
EBITDA	**48.2**	**58.6**	**(17.8%)**
EBITDA %	*13.2%*	*17.7%*	*(4.6%)*
Depreciation and amortisation	(20.0)	(17.4)	(15.5%)
Financing costs	(3.3)	(3.5)	6.1%
Profit before tax	**24.9**	**37.8**	**(34.2%)**
Income tax expense	(5.3)	(10.2)	48.2%
Profit for the year	**19.6**	**27.6**	**(28.9%)**
Amortisation of acquired intangibles	5.1	4.8	6.3%
NPATA	**24.7**	**32.4**	**(23.7%)**
NPATA %	6.7%	9.8%	(3.0%)

FINANCIAL PERFORMANCE – CASH FLOW

Cash conversion in line with expectations with realised working capital unwind during 2H

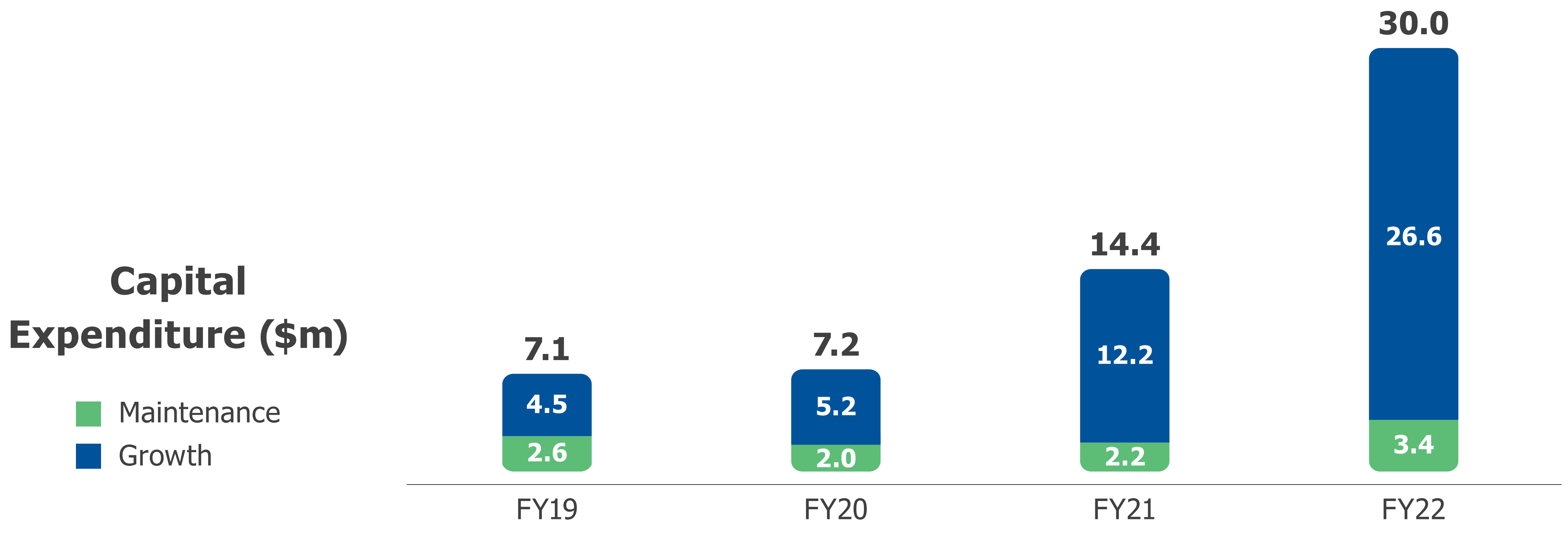
- Cash conversion of c.90% in line with expectations
- Working capital impact of $4.6m primarily driven by increases in Australia non perishable inventories. These inventories are not considered to be aged and are actively planned into upcoming short and longer term sales programs
- Free cash flow is negative $1m after planned substantial growth CAPEX and Market Flowers Brisbane acquisition
- Cash generated from operations of $43.6m reconciles to statutory net cash generated from operating activities of $34.6m by deducting income taxes paid of $5.8m and interest and other costs of finance of $3.2m

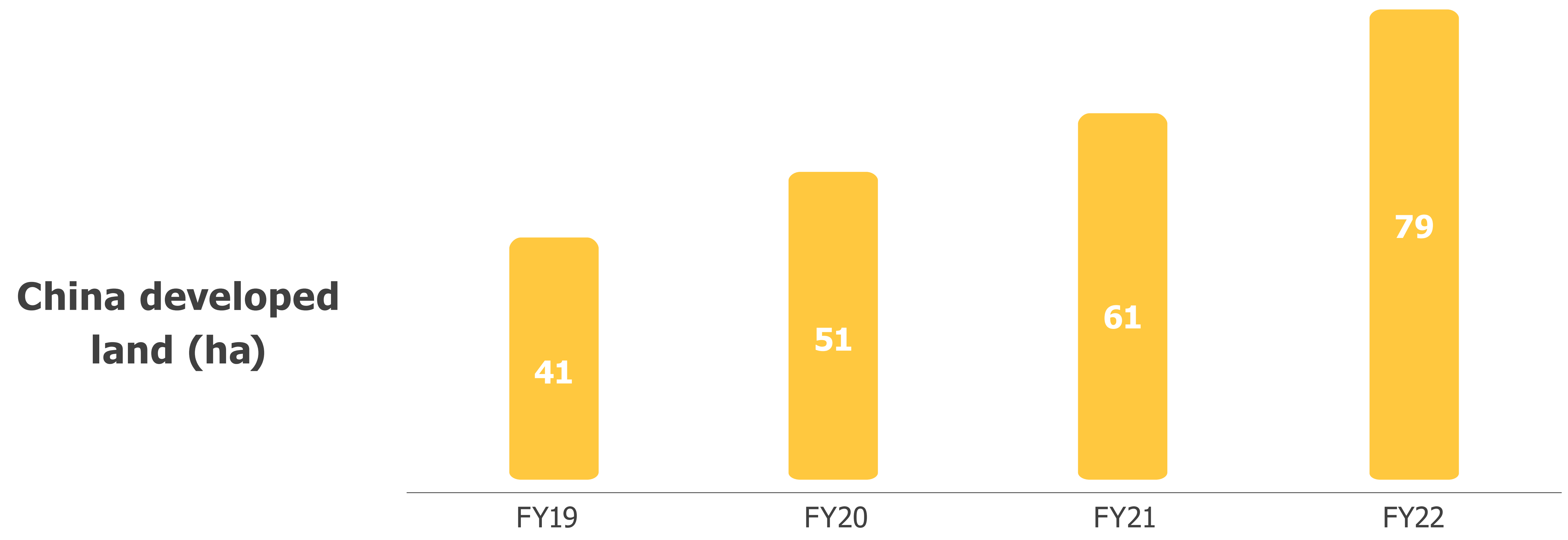
Summary cash flow, A$ millions	FY22	FY21	% on FY21
EBITDA	**48.2**	**58.6**	**(17.8%)**
Changes in working capital	(4.6)	(1.0)	371.4%
Cash generated from operations	**43.6**	**57.7**	**(24.4%)**
Cash Conversion	*90.4%*	*98.3%*	*(7.9%)*
Leases, interest, tax, maintenance CAPEX	(16.8)	(22.7)	(26.2%)
Operating cash flow	**26.8**	**34.9**	**(23.2%)**
Growth CAPEX	(26.6)	(12.2)	118.7%
Acquisitions	(1.2)	(18.6)	(93.6%)
Free cash flow	**(1.0)**	**4.1**	**(124.5%)**
Dividends	(7.3)	-	nm
Borrowings	0.7	(23.6)	nm
Pro-forma including IPO	(8.9)	53.2	nm
Movement in foreign exchange rate	(0.5)	-	nm
Net cash flow	**(17.0)**	**33.7**	**(150.4%)**

CAPITAL EXPENDITURE AND DEVELOPED LAND

Capital expenditure is on track with growth CAPEX continuing to generate target returns

- FY22 capital expenditure c.$30m (previous guidance c.$26m) predominately China growth CAPEX. Additional investment in heating projects, replacement crops and other farm infrastructure expected to deliver increased revenue from FY23
- 89% Growth / 11% maintenance CAPEX (pcp 85% / 15%)
- c.18ha of production capacity added during the year increasing the developed land to 79ha
- Ingleburn site in NSW well progressed with relocation expected during 1H FY23





STATEMENT OF FINANCIAL POSITION AND PRO FORMA NET DEBT

LYNCH GROUP

Healthy net asset position enhanced from capital investment program

- Cash movement includes $30.0m CAPEX, $8.9m deferred IPO proceeds and $7.4m interim dividends
- Inventories driven by increases in Australia non perishable inventories. These inventories are not considered to be aged and are actively planned into upcoming short and longer term programs.
- Material increase in Property, plant and equipment following growth CAPEX investment in China. Associated depreciation will impact NPATA in future years
- Trade and other payables movement includes $8.9m settlement of deferred IPO proceeds
- Borrowings include $49.8m drawn facilities in Australia maturing April 2024 and $5.7m drawn facilities in China maturing in instalments between Sep 22 and Dec 23
- Net debt divided by EBITDA is 1.1x compared to FY21 of 0.6x, noting FY21 included cash holdings to fund $8.9m deferred IPO proceeds

Abbreviated Statement of Financial Position, A$ millions	FY22	FY21	Mvmt to FY21	% Mvmt
Cash and cash equivalents (*)	32.0	49.0	(17.0)	(34.7%)
Trade and other receivables	22.0	20.4	1.6	7.7%
Inventories	15.1	10.5	4.6	43.9%
Property, plant and equipment	84.2	57.3	26.8	46.8%
Right-of-use asset	25.9	26.4	(0.5)	(1.8%)
Intangible assets	200.5	199.8	0.7	0.4%
Other assets	9.2	9.0	0.2	2.1%
Total Assets	**388.8**	**372.4**	**16.4**	**4.4%**
Trade and other payables	(47.2)	(54.5)	7.3	(13.5%)
Borrowings (*)	(55.5)	(54.6)	(0.9)	1.6%
Lease liabilities (*)	(28.2)	(27.9)	(0.4)	1.3%
Other liabilities	(15.2)	(14.1)	(1.1)	7.8%
Total liabilities	**(146.1)**	**(151.1)**	**5.0**	**(3.3%)**
Net assets	**242.8**	**221.3**	**21.4**	**9.7%**
Net debt	(51.7)	(33.5)	(18.2)	54.5%
Net debt / EBITDA (x)	**1.1**	**0.6**	**0.5**	**83.3%**

(*) indicates included in Net debt

STRATEGY AND OUTLOOK

HUGH TOLL
Chief Executive Officer

LYNCH GROUP

STRATEGIC PRIORITIES – FY23

Australia: To drive floral category growth in the supermarket channel

- Build on merchandising effectiveness through investment in technology and people to support sales growth across our customer store networks
- Grow SOR store network and support more Core stores with merchandising
- Deliver operational improvements focused on product quality and speed to the consumer
- Execute on new channel development initiatives via our market operations, capturing further wholesale share

China: Focus on continued farm expansion and acceleration of integrated floral model

- Leverage Australian know-how to further develop vertically integrated floral supply model into China
- Continue to develop further production greenhouse space to support customer demand and secure additional land for next growth phase
- Build further operational capacity within our supply base in Kunming to support significant ramp-up in customer growth, and replicate Shanghai processing facility into other major metropolitan consumer markets
- Track record of predictable and attractive ROIC on growth capex

REGIONAL OUTLOOK FY23

Australia

- Supply chain disruptions showing early signs of moderating although freight rates remain at elevated levels. Local product pricing remains elevated driven by high import prices
- Freight rates expected to moderate further across FY23 as international airline capacity increases
- Underlying customer demand strong with first seven weeks of FY23 up >10% on same period FY22, noting lockdown conditions were in place during FY22
- Price increases across major customers in place at commencement of FY23
- Active range management of mix and design to achieve targeted margins ongoing
- Labour availability remains constrained, and is expected to remain challenging across FY23

China

- Farm production volumes continue to strengthen based on prior year capacity expansion
- Domestic pricing is currently down YOY impacted by COVID caution and weaker consumer confidence
- Export pathway remains open, freight rates remain elevated and capacity limited
- Active engagement to secure additional land for continued expansion, with a further 10ha expansion likely in 2H FY23

GROUP OUTLOOK FY23

Commentary on current performance trends include:

- Revenue growth in both regions is expected to continue across FY23. Australian customer demand remains consistent with FY22 trends (excluding lockdowns) China growth rates will be supported by expansion led volume growth and remain dependent on seasonal customer pricing
- Margins in Australia are expected to gradually improve from FY22 levels throughout FY23 as a result of already negotiated pricing and range management initiatives and improving freight rates
- Margins in China are exposed to energy pricing, in particular for greenhouse heating. Pricing levels are currently expected to be in line with FY22, however remain correlated with economic conditions and household spending levels
- Depreciation and amortisation and interest are both expected to be above FY22 levels as a result of depreciation from growth CAPEX and increases in debt servicing costs

The Group expects to provide further guidance on current conditions at its AGM in November 2022

SUPPLEMENTARY MATERIALS

LYNCH GROUP

LYNCH OVERVIEW

1

Floral category leader

#1 in Australia – only national scaled supplier to major supermarkets

100+

100+ years of history

with deep supply chain expertise

17+

>17 years presence in China

with strong platform established to accelerate growth and capture opportunity

LYNCH OVERVIEW

LYNCH GROUP

- Dominant position in fast growing supermarket channel
- Perishable product with a complex supply chain creates significant barriers to entry
- Access to own China supply and other Tier 1 growers a competitive advantage
- Diversified supply base and flexibility in downstream distribution (e.g. SOR Stores) minimises risk and protects margins
- Low capex and high cash conversion

- Rapidly developing market with fast growing consumer demand expected to outstrip supply for many years
- Investment driving year-round supply of premium product
- Diversified channels to market
- Majority of production now sold via fixed price retail platform orders
- Track record of predictable and attractive ROIC on growth capex

KEY METRICS: AUSTRALIA

$309m FY22 Revenue
(+8% on pcp)

$23m FY22 EBITDA
(-36% on pcp)

c.400 Employees
(outside of event periods)

4 Cool chain controlled processing facilities
(Sydney, Melbourne, Brisbane and Perth) serving supermarket channel

4 Market Sites
Flower HQ (Sydney, Canberra, Newcastle and Brisbane) serving wholesale and florist channel

3 Farms
Focused on niche high volume supermarket lines – potted and Australian wildflowers (QLD and WA)

2,000+ Retail stores
supplied and serviced

200+ Field force personnel
servicing stores across the country

Full Category Solution
End to end category management and support for our customers - product innovation, Account Management, procurement, biosecurity, processing, distribution and merchandising

KEY METRICS: LYNCH CHINA

$87m FY22 Revenue
(+36% on pcp)

$25m FY22 EBITDA
(+12% on pcp)

c.1,000 Employees
(including labour hire)

4 Farms
utilising leading protected greenhouse infrastructure and systems, enabling year-round, high quality production supermarket channel

Kunming processing facility
full cool chain control, export quarantine accredited

Shanghai processing facility
Lynch's first consumer market cool chain controlled distribution footprint in China

Leading sales platform
leveraging customer demand across florist, wholesaler and retail customers domestically in China, and via export

Established functional teams
across product development, processing, procurement, logistics, quality assurance and finance teams supporting daily volume throughput and administration.

Government relationships
trusted and long-term

SEGMENT REVENUE AND EBITDA

Segment, A$ millions	FY22	FY21	FY20	FY19	% on FY21
Revenue					
Australia	309.3	287.5	227.2	232.4	7.6%
China	86.8	63.6	42.7	39.0	36.4%
Group	**366.5**	**331.0**	**255.2**	**254.2**	**10.7%**
EBITDA					
Australia	23.2	36.3	18.9	13.5	(36.2%)
China	25.0	22.3	11.5	9.6	12.1%
Group	**48.2**	**58.6**	**30.4**	**23.2**	**(17.8%)**
EBITDA margin					
Australia	7.5%	12.6%	8.3%	5.8%	(5.1%)
China	28.8%	35.1%	26.8%	24.7%	(6.2%)
Group	**13.2%**	**17.7%**	**11.9%**	**9.1%**	**(4.6%)**

Group revenue shown net of intersegment eliminations

GROUP KEY OPERATING METRICS

Key Operating Metrics	FY22	FY21	FY20	FY19
Group				
Revenue growth	10.7%	29.7%	0.4%	nm
Operating margin %	23.9%	28.1%	24.8%	21.7%
EBITDA margin %	13.2%	17.7%	11.9%	9.1%
NPATA margin %	6.7%	9.8%	4.7%	3.1%
Cash conversion	90.4%	98.3%	120.9%	63.3%
Australia				
Revenue growth	7.6%	26.5%	(2.2%)	nm
Revenue growth - Flowers	8.6%	24.1%	(4.6%)	nm
Revenue growth - Plants	3.3%	37.8%	9.9%	nm
EBITDA margin %	7.5%	12.6%	8.3%	5.8%
China				
Average productive farm area (ha)	69.9	58.2	45.8	38.1
Revenue per sqm ($)	90.5	78.8	56.3	61.8
Revenue growth	36.4%	49.1%	9.6%	nm
EBITDA margin %	28.8%	35.1%	26.8%	24.7%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