LYNCH GROUP HOLDINGS LIMITED

1H FY24 INVESTOR PRESENTATION

21 FEBRUARY 2024

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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. Some numbers may be Underlying or Non-AASB financial measures as defined in the Directors' report numbers as defined in the 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.

Australian information includes 26 weeks (prior corresponding period 27 weeks). The additional week is due to the Australian segment utilising a retail accounting calendar of 4-4-5 weeks per quarter. In a normal year the retail calendar has 52 weeks (364 days) as such to make up for the lost day, an extra week is added to the calendar every 5-7 years. The previous financial period includes this additional week.

The working currency of the China segment is RMB. As such there may be foreign exchange gains or losses when comparing this segment against prior periods or forecast. The actual 1H FY24 RMB / AUD P&L foreign exchange rate of 4.75 is 1.0% favourable to the 1H FY23 rate of 4.70. The closing 1H FY24 RMB / AUD balance sheet foreign exchange rate of 4.85 is 1.0% favourable to the FY23 closing balance sheet rate of 4.81.

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AGENDA AND CONTENTS

1H FY24 KEY DRIVERS

HUGH TOLL
Chief Executive Officer

1H FY24 KEY DRIVERS

Guidance exceeded, Australian margin recovery continued, and economic conditions in China remain soft

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- **1H FY24 Group Revenue +3%**, and +6% excluding additional week in 1H FY23
- **1H FY24 Group** EBITDA $16.7m, 28% up on 1H FY23, exceeding guidance of $15m - $16m
- **Australia 1H revenue growth 4%**, underpinned by consistent consumer demand via the supermarket channel
- **Australia 1H EBITDA $13.7m at 8.7% margin**, 79% improvement on 1H FY23 and also ahead of 2H FY23 result supported by ongoing profit recovery initiatives across procurement, freight and labour
- **China 1H revenue decline of 8%**, reflecting a mix of lower domestic and export pricing, on higher volumes. Consumer demand remains subdued for floral
- **China 1H EBITDA $3.0m at 8.3% margin**, 44% down on 1H FY23 with margin underperformance attributable to weaker year on year pricing
- **Operational volume, quality and cost performance** continues to track in line with expectations
- **Non-cash impairment charge against China goodwill of $30.1m**, the Group's positive medium to long term outlook, and commitment to China market remains unchanged

AUSTRALIA

REVENUE GROWTH AND MARGIN RECOVERY PROGRESS CONTINUED

- **Revenue growth** underpinned by stable consumer demand for floral product in the supermarket channel. Revenue from the wholesale market channel declined with florist demand impacted by lower consumer spending
- **Sale or return stores sales** performance remains strong
- **Key customer events** (Spring and Christmas) successfully delivered in full with strong sell through
- **Margin recovery initiatives translated to 1H cost line improvement**. Sea freight supply chain impacted by port disruptions, (delay and cost)
- **Labour availability** remains stable

Australia, A$ millions	1H FY24	1H FY23	YOY
Including additional week in 1H FY23			
Revenue	157.6	155.6	1.3%
EBITDA	13.7	7.7	78.5%
Margin	**8.7%**	**4.9%**	**3.7%**
Excluding additional week in 1H FY23			
Revenue	157.6	151.7	3.9%
EBITDA	13.7	7.7	78.5%
Margin	**8.7%**	**5.0%**	**3.6%**

CHINA

DOMESTIC PRICE PERFORMANCE KEY IMAPCT TO PROFITABILITY, UNDERLYING OPERATIONS PERFORMING WELL

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- **Revenue decline** reflects a mix of lower domestic and export pricing, and higher production volumes
- **Domestic pricing** adversely affected by weak consumer confidence and softening economic conditions for discretionary items, as well as an uplift in market volumes
- **Export pricing** has reduced due to lower freight rates
- **Production volumes and costs** remain on track, with strong volume growth and costs well controlled
- **Production capacity** increased by 1ha during the 1H as expansion works were paused to reflect current market conditions
- **Guangzhou site** now operational allowing for development of additional customer channels

China, A$ millions	1H FY24	1H FY23	YOY
Revenue	36.4	39.3	(7.5%)
EBITDA	3.0	5.4	(43.5%)
Margin	**8.3%**	**13.6%**	**(5.3%)**

FINANCIAL REVIEW

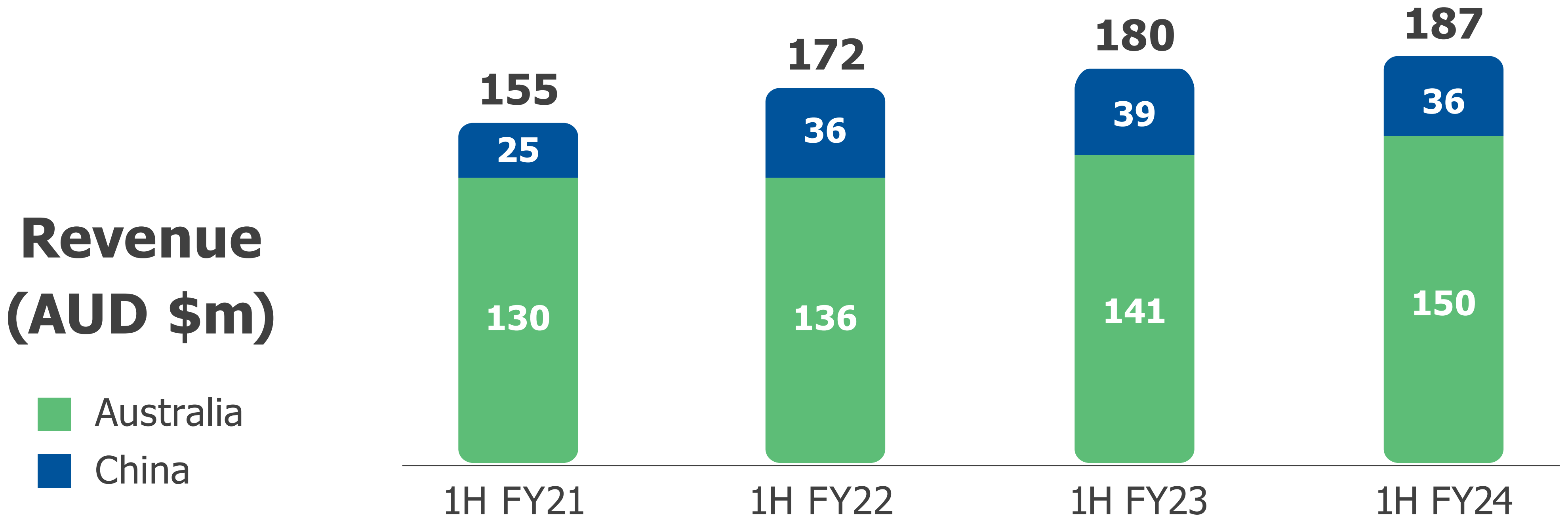
STEVE WOOD
Chief Financial Officer

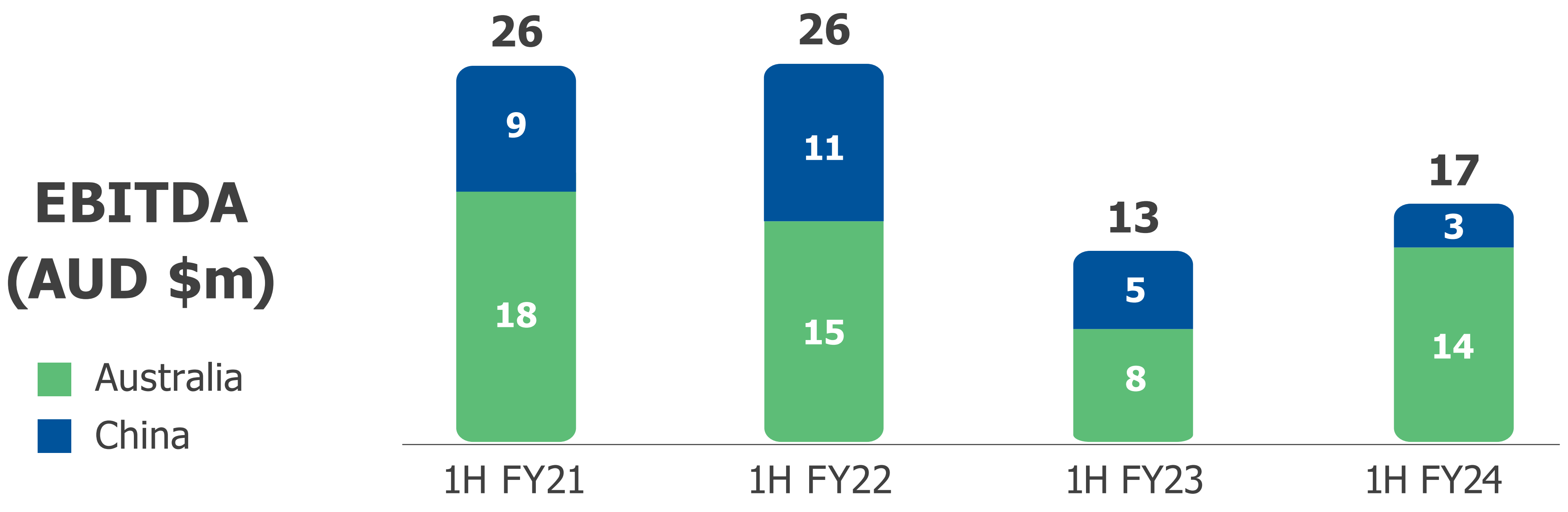
LYNCH GROUP

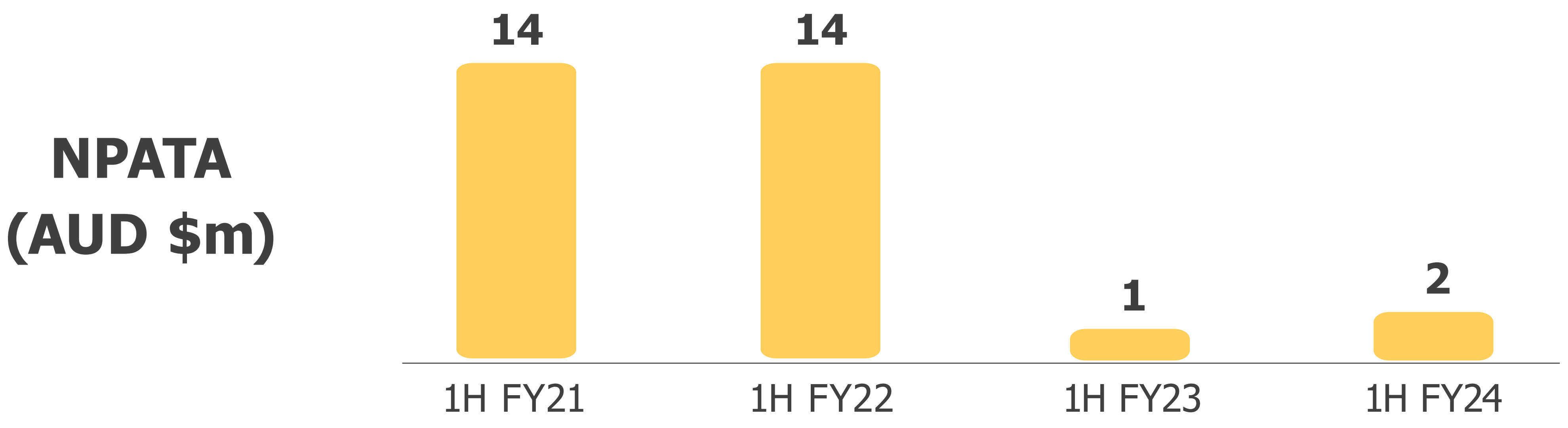
FINANCIAL PERFORMANCE – 1H FY24

Key Metrics

- **Revenue** $186.6m, 3% up on 1H FY23 (6% excluding additional week)
- **EBITDA** $16.7m, exceeded guidance of $15m - $16m, and up 28% on 1H FY23
- **NPATA** $2.2m, up 54% on 1H FY23
- **Cash conversion** 66% compared to 37% in 1H FY23. Seasonal unwind of working capital expected in 2H
- **Interim dividend** reinstated for 1H FY24 with 4.0 cents fully franked dividend declared





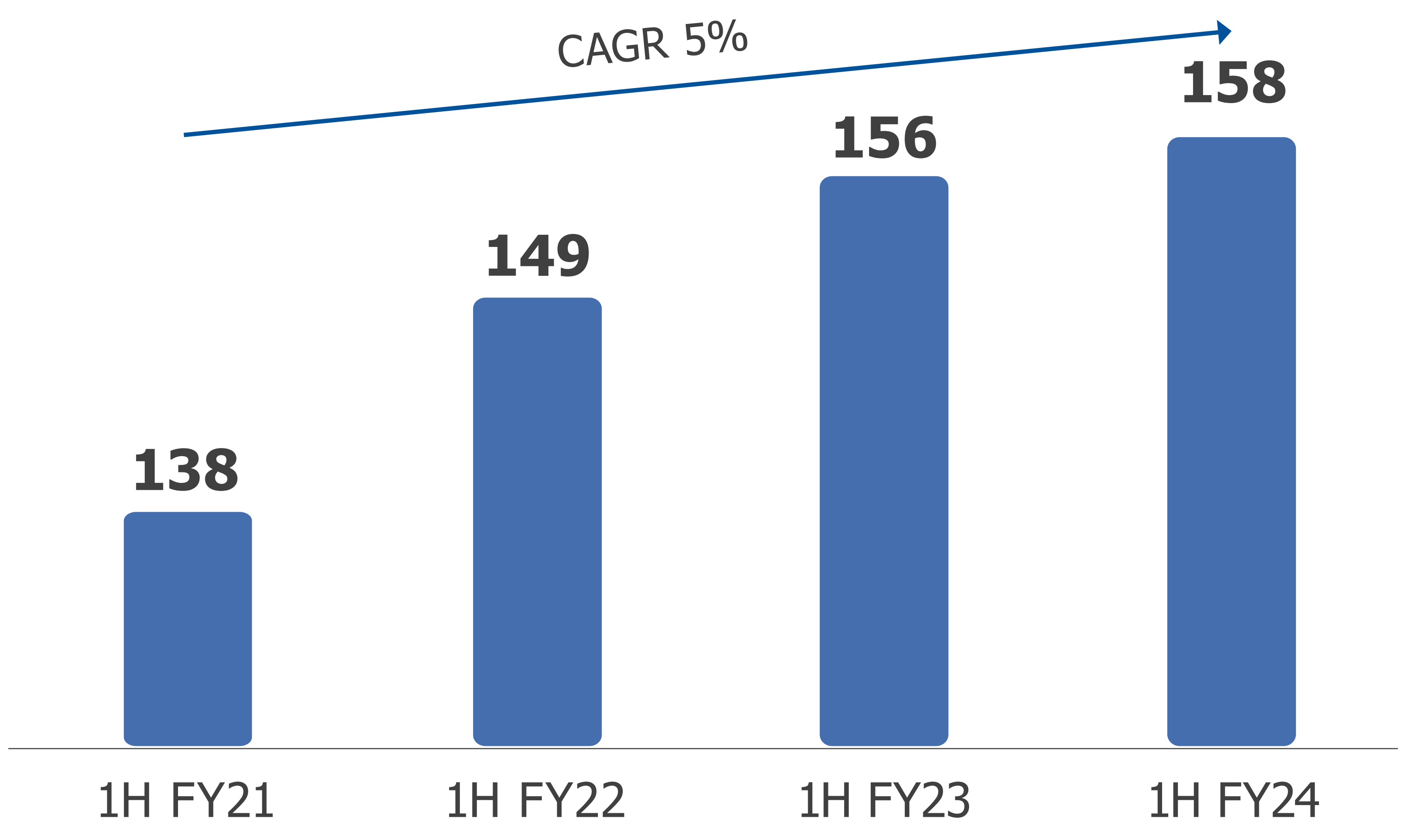


Australia revenue shown net of intersegment eliminations and includes 26 weeks (1H FY23: 27 weeks)

CUSTOMER DEMAND REMAINS RESILIANT, MARGIN RECOVERY CONTINUES

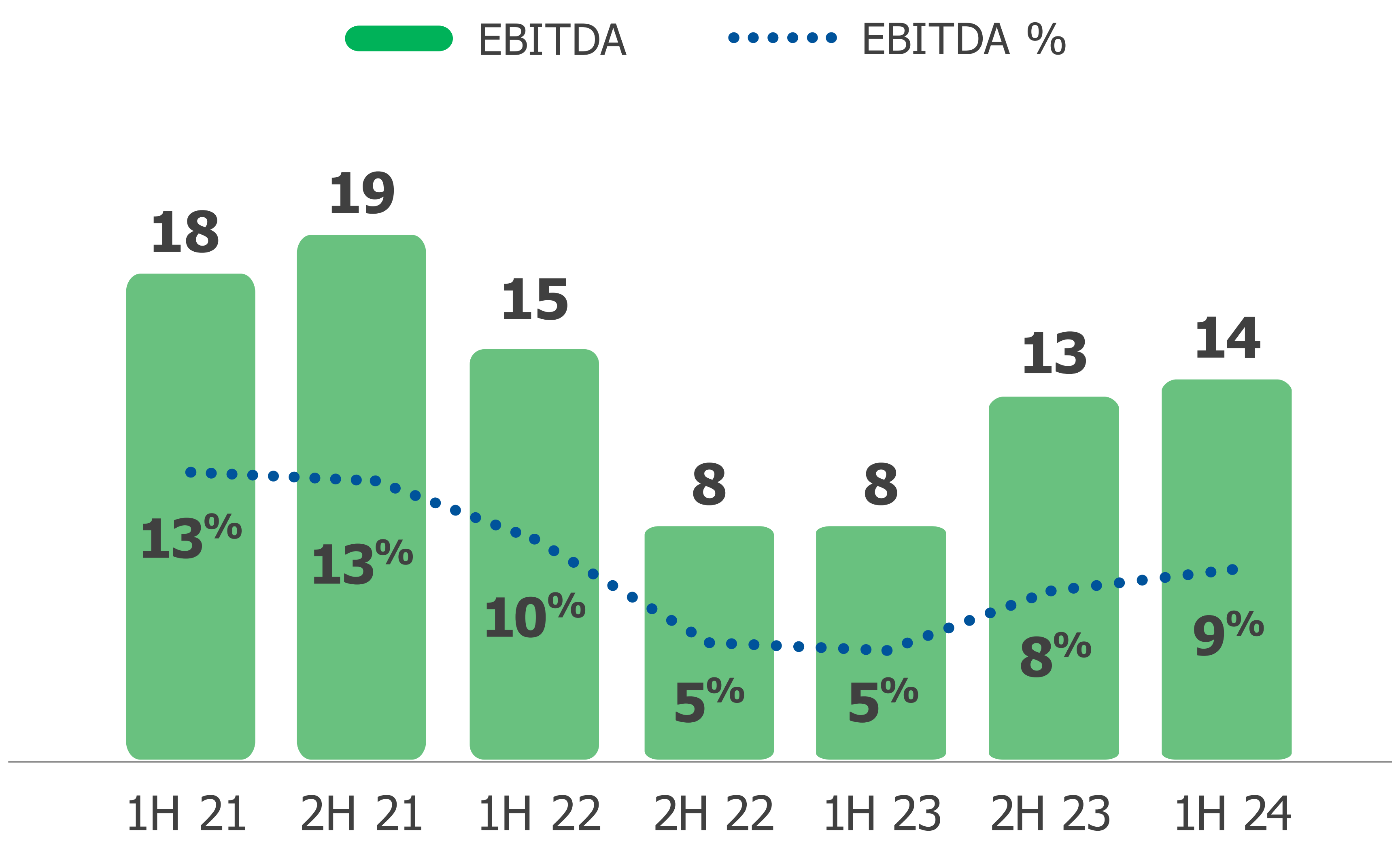
AUSTRALIA

Australia revenue (AUD $m)



1H FY24 includes 26 weeks (1H FY23: 27 weeks). 1H FY23 revenue excluding additional week is $152m

Australia EBITDA (AUD $m)



1H revenue growth 3.9% (excluding additional week in FY23)

Proportion of SOR stores remains consistent at c. 25% of store network

EBITDA margin of 8.7% for 1H FY24, further recovery from 2H FY23 rate of 7.7%

Consistent demand from supermarkets. Weaker demand year on year from florists

Labour availability stable, labour rate inflation reflects economic trends

International freight rates consistent with some impacts in sea freight from recent disruption at Australian ports

CHINA

LOW CONSUMER CONFIDENCE IMPACTING PRICE AND DEMAND, PRODUCTION VOLUMES REMAIN ON TRACK

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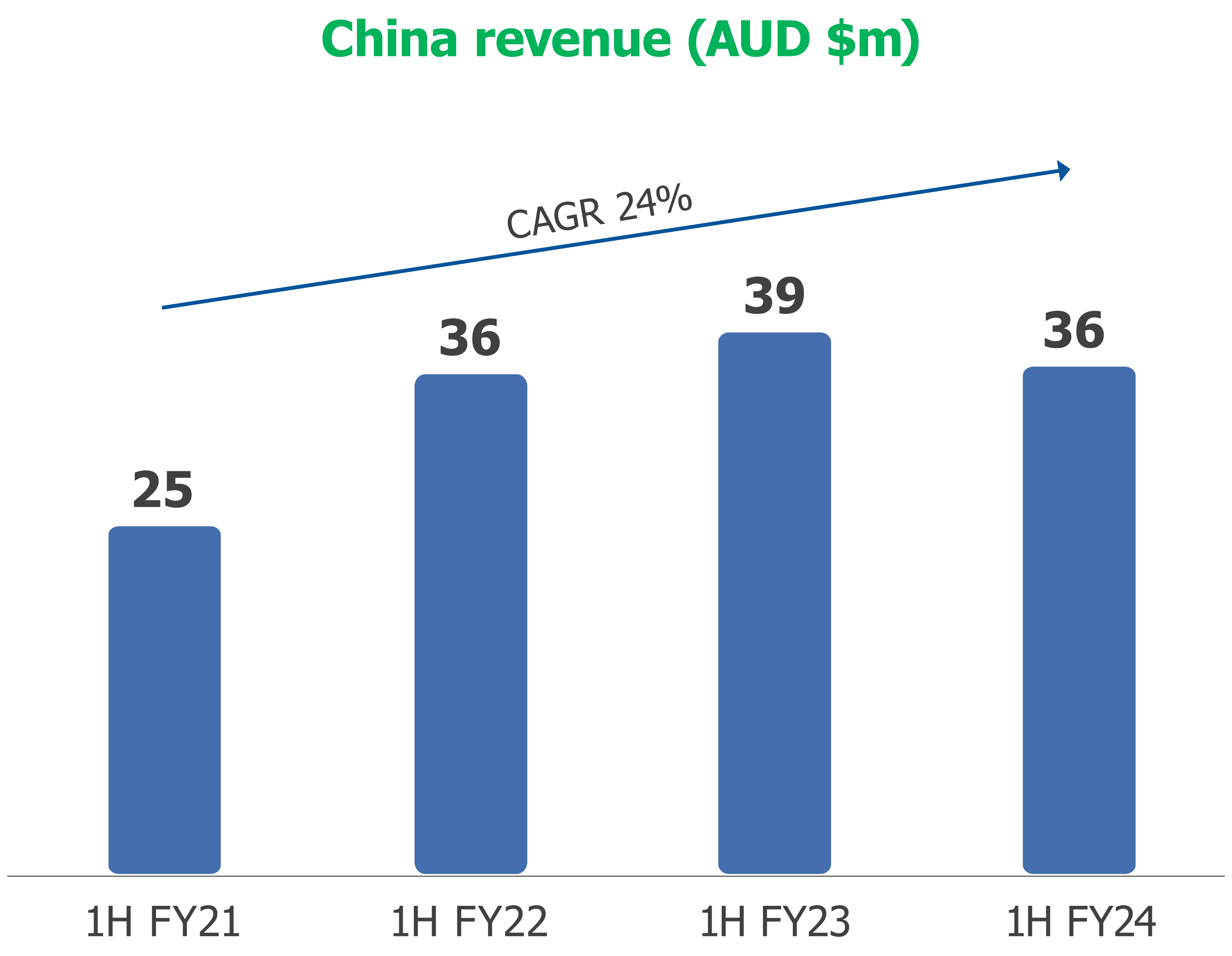
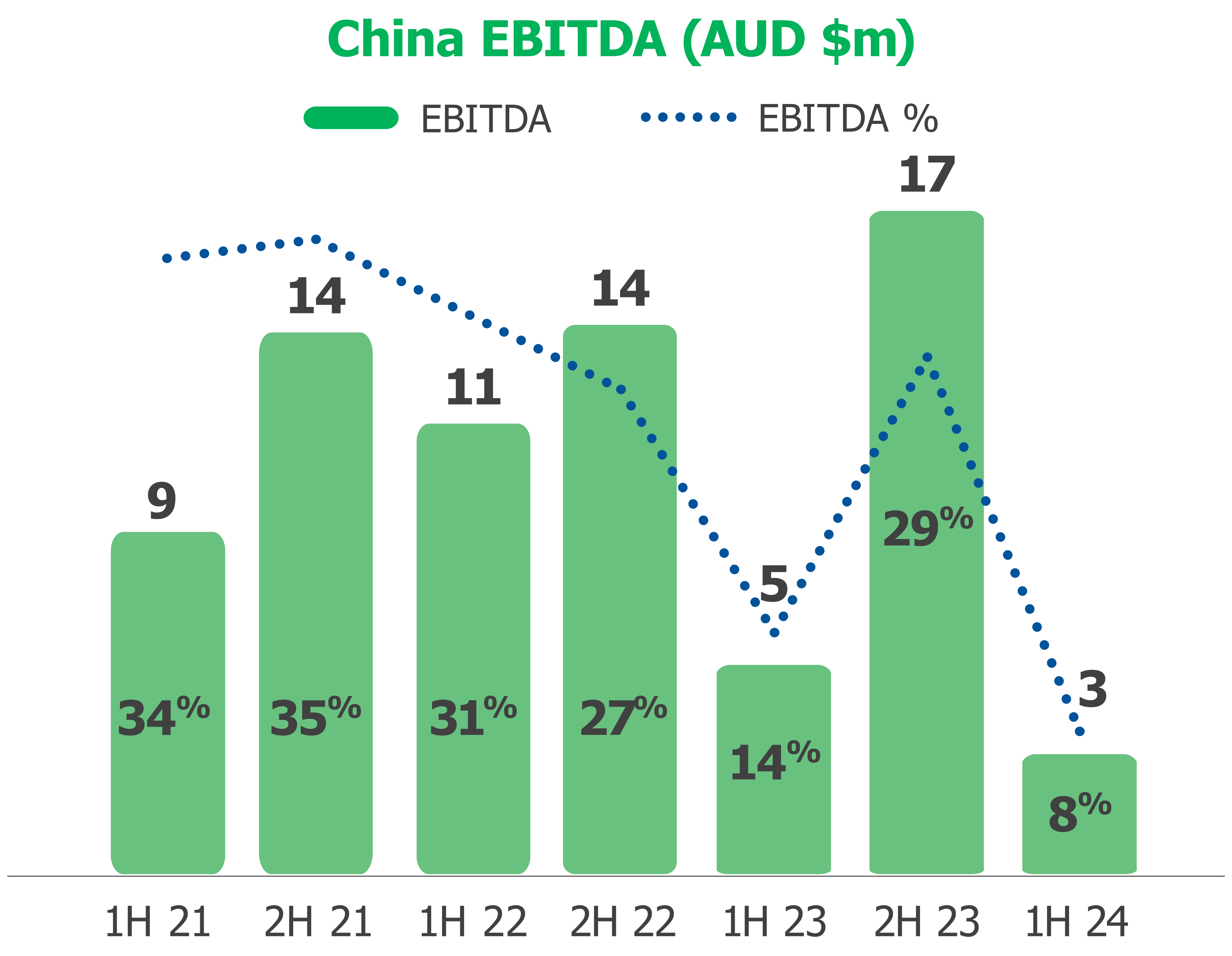




Domestic rose pricing is down 4% on 1H FY23 (33% down on 1H FY22)

Farm volumes have increased in 1H as prior year expansions mature

Major production costs – heating, fertilisers, packaging, freight and labour remain well controlled

Export pricing is down 18% on 1H FY23 due to lower freight component

Additional 1.0ha added during the half to bring productive area to 83 ha

China / Australia freight rates reduced but remain high relative to other supply routes

PROFIT AND LOSS STATEMENT

- **Revenue growth of 3%** (6% excluding additional week 1H FY23)
  - Growth in Australia in supermarket channel
  - Declines in China with price down but volumes up
- **Operating margin improvement of 3%** on 1H FY23 with stability in Australia the key driver
- **Operating expenses increase of 7%** on 1H FY23 reflect ongoing inflationary impacts, in particular employee costs
- **EBITDA margin improvement of 2%** on 1H FY23 with Australia EBITDA margin ahead of 1H FY23 and China EBITDA margin behind 1H FY23
- **Depreciation and amortisation** reflects capital investment predominately in China growth assets
- **Financing costs** are reflective of interest rate increases over 1H FY23

P&L, A$ millions	1H FY24	1H FY23	% on 1H FY23
Revenue	186.6	180.4	3%
Raw materials, consumables and other direct costs	(146.7)	(146.8)	0%
Operating margin	**39.9**	**33.6**	**19%**
Operating margin %	*21%*	*19%*	*3%*
Operating expenses	(23.3)	(21.8)	(7%)
Other income	0.1	1.2	(93%)
EBITDA	**16.7**	**13.0**	**28%**
EBITDA %	*9%*	*7%*	*2%*
Depreciation and amortisation	(12.1)	(11.3)	(7%)
Financing costs	(3.3)	(2.2)	(52%)
Profit before tax	**1.3**	**(0.5)**	**362%**
Income tax expense	(1.6)	(0.7)	(147%)
Profit for the year	**(0.3)**	**(1.1)**	**69%**
Amortisation of acquired intangibles	2.5	2.6	(0%)
NPATA	**2.2**	**1.4**	**54%**
NPATA %	*1%*	*1%*	*0%*

Revenue includes 26 weeks (1H FY23: 27 weeks)
Excludes impairment of goodwill – refer to supplementary materials for reported to statutory reconciliation

CASH FLOW

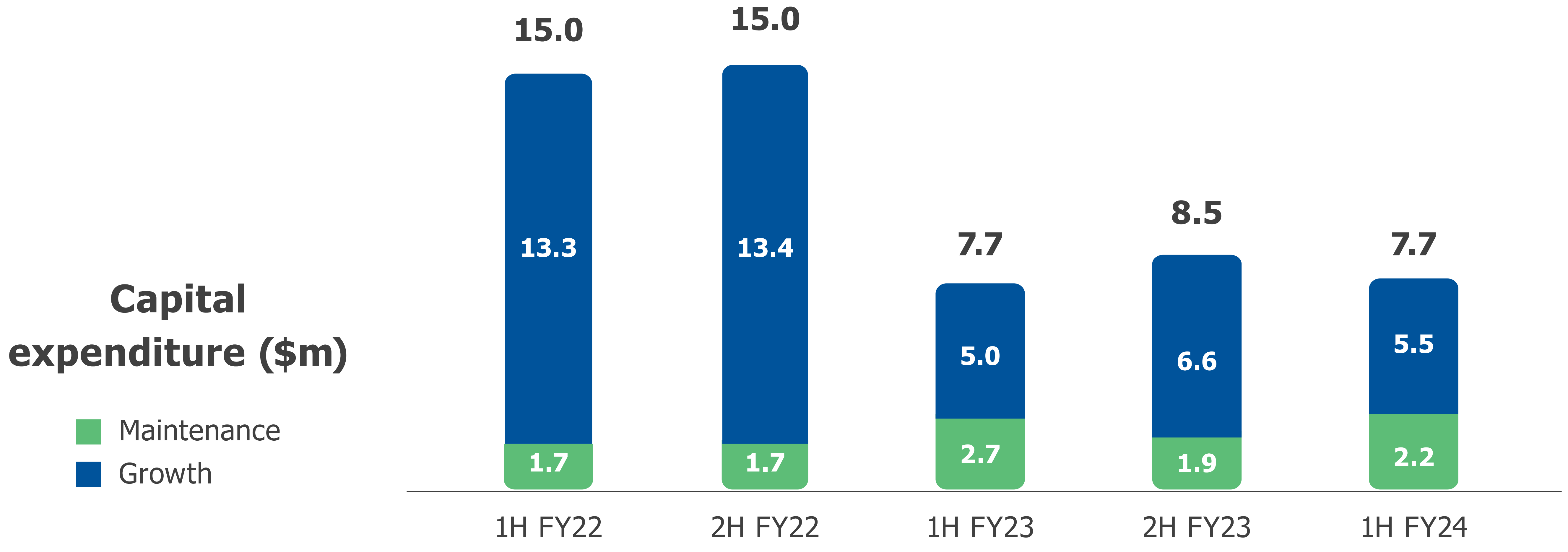
- **Cash conversion of 66%** with substantial unwind of 1H working capital deficit in 2H
- **1H FY24 working capital**
  - deficit of $5.6m is $2.5m favourable to 1H FY23, largely from reduced inventory holdings
  - deficit reflects seasonal inventory holdings of winter tulip bulbs and event lines held in inventory at 1H to be utilised in 2H
- **Free cash flow deficit of $5.2m** is a $4.5m improvement on 1H FY23 from improved EBITDA and working capital, partially offset by higher interest and taxation costs in Australia

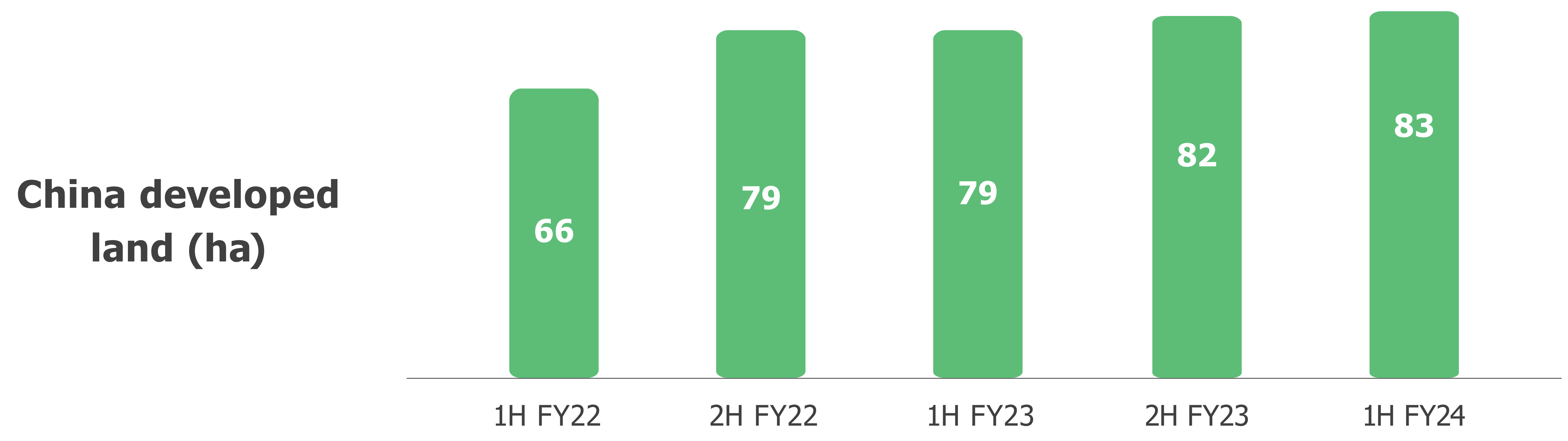
Summary cashflow, A$ millions	1H FY24	1H FY23	Variance to 1H FY23
EBITDA	**16.7**	**13.0**	**3.7**
Changes in working capital	(5.6)	(8.2)	2.5
Cash generated from operations	**11.0**	**4.9**	**6.2**
Cash Conversion	*66%*	*37%*	*29%*
Leases, interest, tax, maintenance CAPEX	(10.8)	(8.7)	(2.1)
Operating cash flow	**0.3**	**(3.8)**	**4.1**
Growth CAPEX	(5.5)	(5.0)	(0.5)
Make good	-	(0.9)	0.9
Free cash flow	**(5.2)**	**(9.8)**	**4.5**
Dividends	(8.5)	(7.3)	(1.2)
Borrowings	-	0.1	(0.1)
Underlying adjustments	-	(0.4)	0.4
Movement in foreign exchange rate	0.3	(0.2)	0.5
Net cash flow	**(13.5)**	**(17.6)**	**4.1**

A reconciliation of statutory net cash generated by operating activities to cash generated from operations is included in the supplementary materials

CAPITAL EXPENDITURE AND DEVELOPED LAND

- **1H FY24 capital expenditure of $7.7m** is in line with 1H FY23 and slightly lower than 2H FY23 of $8.5m
- **Growth CAPEX of $5.5m** includes:
  - **Australia:** production capacity expansion
  - **China:** greenhouse expansion and farm infrastructure including additional tulip capacity
- **Maintenance CAPEX of $2.2m** is largely consistent with previous periods
- **1.0ha of productive land developed in 2H** as CAPEX plans moderated during current economic conditions
- **Full year FY24 capital expenditure** is currently expected to be between $12m - $14m





STATEMENT OF FINANCIAL POSITION

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- **Cash reduction includes** $7.7m CAPEX, $1.8m inventory and $8.5m dividends
- **Trade and other receivables / Trade and other payables** increases reflect seasonality and timing of period end receipts / payments
- **Intangible assets** reduction includes a $30m non-cash impairment of China goodwill as a result of higher discount rate
- **Borrowings:** $55m drawn debt consistent with FY23. $22m undrawn facilities remain available. Banking covenants achieved with satisfactory headroom
- **Leverage (Net debt / EBITDA) is 1.7x.** (FY23: 1.5x). Excluding AASB16 adjustments Net debt / EBITDA is 0.8x (FY23: 0.5x)

Abbreviated Statement of Financial Position, A$ millions	1H FY24	2H FY23	Movement to 2H FY23	% Movement
Cash and cash equivalents (*)	22.9	36.4	(13.5)	(37%)
Trade and other receivables	26.7	20.0	6.7	33%
Inventories	15.1	13.3	1.8	13%
Property, plant and equipment	87.6	86.5	1.1	1%
Right-of-use asset	43.0	44.1	(1.1)	(2%)
Intangible assets	157.2	191.0	(33.9)	(18%)
Other assets	12.4	10.4	2.1	20%
Total Assets	**364.9**	**401.7**	**(36.8)**	**9%**
Trade and other payables	(52.3)	(46.6)	(5.7)	(12%)
Borrowings (*)	(55.1)	(55.1)	(0.0)	(0%)
Lease liabilities (*)	(46.2)	(45.5)	(0.7)	(2%)
Other liabilities	(14.1)	(15.9)	1.9	12%
Total liabilities	**(167.7)**	**(163.2)**	**(4.5)**	**(3%)**
Net assets	**197.2**	**238.5**	**(41.4)**	**(17%)**
Net debt	(78.4)	(64.2)	(14.2)	(22%)
Net debt / EBITDA (x)	**1.7**	**1.5**	**0.2**	**(13%)**
Net debt / EBITDA ex AASB16 (x)	**0.8**	**0.5**	**0.3**	**(60%)**

(*) indicates included in Net debt for Net debt / EBITDA calculation. Net debt / EBITDA ex AASB16 excludes lease liabilities

OUTLOOK

HUGH TOLL
Chief Executive Officer

LYNCH GROUP

CURRENT TRADING CONDITIONS

LYNCH GROUP

Australia

- Underlying customer demand stable with first seven weeks of 2H FY24 flat on same period in FY23 cycling a strong January result last year
- Demand for lower priced supermarket floral products remains consistent amidst a period of cautious consumer spending. Demand from florists has stabilised at a lower base, impacting sales through wholesale markets channel
- Valentine's Day event successfully executed with high sell through rates achieved by major customers
- International airfreight rates have remained stable, albeit current Middle East situation poses a risk for capacity availability and rate
- Sea freight has experienced disruptions at Australian ports, requiring a short term switch to airfreight on some routes

China

- Across the first seven weeks of 2H FY24 domestic rose and tulip pricing have both tracked c.30% below the strong pricing achieved following the re-opening of China in the same period last year. Consumer confidence and spending remains weak for discretionary items
- Operational execution remains well managed efficiently handling record volumes across production and all sales channels
- The production facility in Guangzhou is now operational allowing for further development of customer channels and sales reach. Expansion into new sites in other Tier-1 cities is a priority
- An additional hectare of production space will be completed in 2H FY24 to bring the total production area to 84ha

GROUP OUTLOOK FY24

- **FY24 Revenue**
  - 2H Australia growth expected to follow 1H trends of 4%
  - 2H China expected to decline year on year, reflecting lower domestic pricing against prior year levels due to a continuation of low consumer confidence impacting demand

- **FY24 full year Group EBITDA in the range of $40m - $43m with:**
  - Australia continued margin recovery in 2H which includes key higher revenue events
  - China 2H EBITDA to decline year on year reflecting forecasted price declines against prior year

Depreciation expected to increase from capital investment (especially China growth) and right-of-use depreciation

Interest charges expected to increase due to RBA interest rate increases throughout FY23

Further guidance on trading conditions expected to be provided following the Mother's Day event in May 2024

SUPPLEMENTARY MATERIALS

LYNCH GROUP

SEGMENT REVENUE AND EBITDA

Segment, A$ millions	1H FY24	1H FY23	1H FY22	1H FY21	% on pcp
Revenue					
Australia	157.6	155.6	149.1	137.6	1.3%
China	36.4	39.3	36.1	25.1	(7.5%)
Group	**186.6**	**180.4**	**171.7**	**154.8**	**3.4%**
EBITDA					
Australia	13.7	7.7	14.7	17.5	78.5%
China	3.0	5.4	11.2	8.7	(43.5%)
Group	**16.7**	**13.0**	**26.0**	**26.1**	**28.2%**
EBITDA margin					
Australia	8.7%	4.9%	9.9%	12.7%	3.7%
China	8.3%	13.6%	31.1%	34.5%	(5.3%)
Group	**8.9%**	**7.2%**	**15.1%**	**16.9%**	**1.7%**
Revenue excluding additional week in 1H FY23					
Australia	*157.6*	*151.7*	*149.1*	*137.6*	*3.9%*
China	*36.4*	*39.3*	*36.1*	*25.1*	*(7.5%)*
Group	***186.6***	***176.5***	***171.7***	***154.8***	***5.7%***

Group revenue shown net of intersegment eliminations

KEY OPERATING METRICS

LYNCH GROUP

Key Operating Metrics	1H FY24	1H FY23	1H FY22	1H FY21
Group				
Revenue growth	3.4%	5.1%	10.9%	22.2%
Operating margin %	21.4%	18.6%	25.6%	27.3%
EBITDA margin %	8.9%	7.2%	15.1%	16.9%
NPATA margin %	1.2%	0.8%	8.1%	9.3%
Cash conversion	66.2%	37.3%	71.7%	99.6%
Australia				
Revenue growth	1.3%	4.3%	8.4%	21.5%
Revenue growth - Flowers	2.5%	6.9%	6.3%	21.1%
Revenue growth - Plants	(3.2%)	(5.2%)	16.2%	23.0%
EBITDA margin %	8.7%	4.9%	9.9%	12.7%
China				
Closing productive farm area (ha)	83.1	78.6	65.6	55.3
Average productive farm area (ha)	82.6	78.6	63.4	53.0
Revenue per sqm ($)	39.2	37.8	41.9	35.1
Revenue growth	(7.5%)	9.0%	43.8%	20.5%
EBITDA margin %	8.3%	13.6%	31.1%	34.5%

1H FY23 Australia revenue includes 27 weeks. Group revenue shown net of intersegment eliminations.

REPORTED TO STATUTORY RECONCILIATIONS

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Reported to statutory reconciliation - profit and loss

Reported to Statutory reconciliation, A$ millions	Reported 1H FY24	China impairment	Amortisation of acquired intangibles	Statutory 1H FY24
EBITDA	**16.7**	**-**	**-**	**16.7**
Depreciation and amortisation	(12.1)	-	-	(12.1)
Financing costs	(3.3)	-	-	(3.3)
Impairment expense (non-cash)	-	(30.1)	-	(30.1)
Profit before tax	**1.3**	**(30.1)**	**-**	**(28.9)**
Income tax expense	(1.6)	-	-	(1.6)
Profit for the year	**(0.3)**	**(30.1)**	**-**	**(30.5)**
Amortisation of acquired intangibles	2.5	-	(2.5)	-
NPATA	**2.2**	**(30.1)**	**(2.5)**	**(30.5)**

Reported to statutory reconciliation - cashflow

Cashflow, A$ millions	1H FY24	1H FY23
Statutory net cash generated by operating activities	**5.3**	**0.1**
Income taxes paid	2.5	1.0
Interest and other costs of finance	3.2	2.3
Make good	-	0.9
Underlying adjustments	-	0.4
Cash generated from operations	**11.0**	**4.9**


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