



ASX Announcement

18 November 2021

Investor Day 2021

Lynch Group Holdings Limited (ASX: LGL) ('Lynch' or 'the Group'), Australia's leading vertically integrated wholesaler and grower of flowers and potted plants, is hosting an Investor Day today, commencing at 9.30am for investors and analysts.

For those wishing to join the call this morning please see link below:

[Investor Day 2021](#)

A copy of the presentation will be added to the investor section of the website, including a replay of the webcast, later today.

-ENDS-

Authorised for release by the Board of Lynch Group Holdings Limited

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Lynch Group Limited

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Market Eye

Adrian Mulcahy

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About Lynch Group Holdings

Lynch Group is a vertically integrated value-added wholesaler and grower of flowers and potted plants with a strong market position in both the Australian and Chinese floral markets. It is the largest wholesaler of floral and potted products to Australian supermarkets and a leading grower of premium flowers with a developed wholesale distribution platform in China.



INVESTOR DAY

18 NOVEMBER 2021



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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. Revenue and EBITDA are pro-forma numbers unless otherwise stated. Pro-forma includes adjustments made to reflect the post listing Group structure on a consistent basis as the Company's Prospectus. Segment revenue is stated excluding intersegment revenue eliminations.

AGENDA

Welcome and Introduction

Hugh Toll, Group CEO

Regional Business Update

Australia: David Di Pietro, CEO, Lynch Australia

China: Dirk Vlaar, Head of Sales, Lynch China

Quality and Technical, Market Access and Biosecurity

Scott Salter, Chief Scientist, Lynch

Close

Hugh Toll, Group CEO

WELCOME AND INTRODUCTION

HUGH TOLL
Chief Executive Officer,
Lynch



TODAYS PRESENTERS



Hugh Toll
CEO



David Di Pietro
CEO, Lynch Australia



Dirk Vlaar
Head of Sales, Lynch China



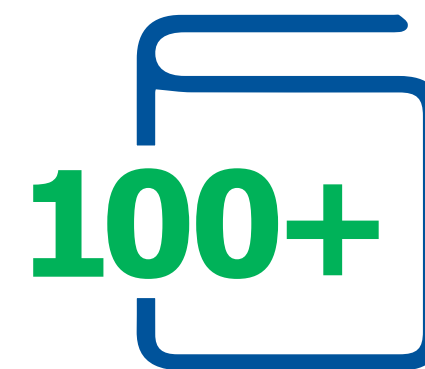
Scott Salter
Chief Scientist, Lynch





Floral category leader

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



100+ years of history

with deep supply
chain expertise



>17 years presence in China

with strong platform
established to
accelerate growth and
capture opportunity



- 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

LYNCH AUSTRALIA

DAVID DI PIETRO
CEO, Lynch Australia



KEY METRICS: AUSTRALIA

\$287.5m FY21 Revenue

(+27% on FY20)

\$36.3m FY21 EBITDA

(+92% on FY20)

c.400 Employees

(excluding labour hire)

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

Focussed 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

Revenue and EBITDA numbers are Pro-forma. Pro-forma includes adjustments made to reflect the post listing Group structure on a consistent basis as the Company's Prospectus.

The main floral supplier to Australian supermarkets

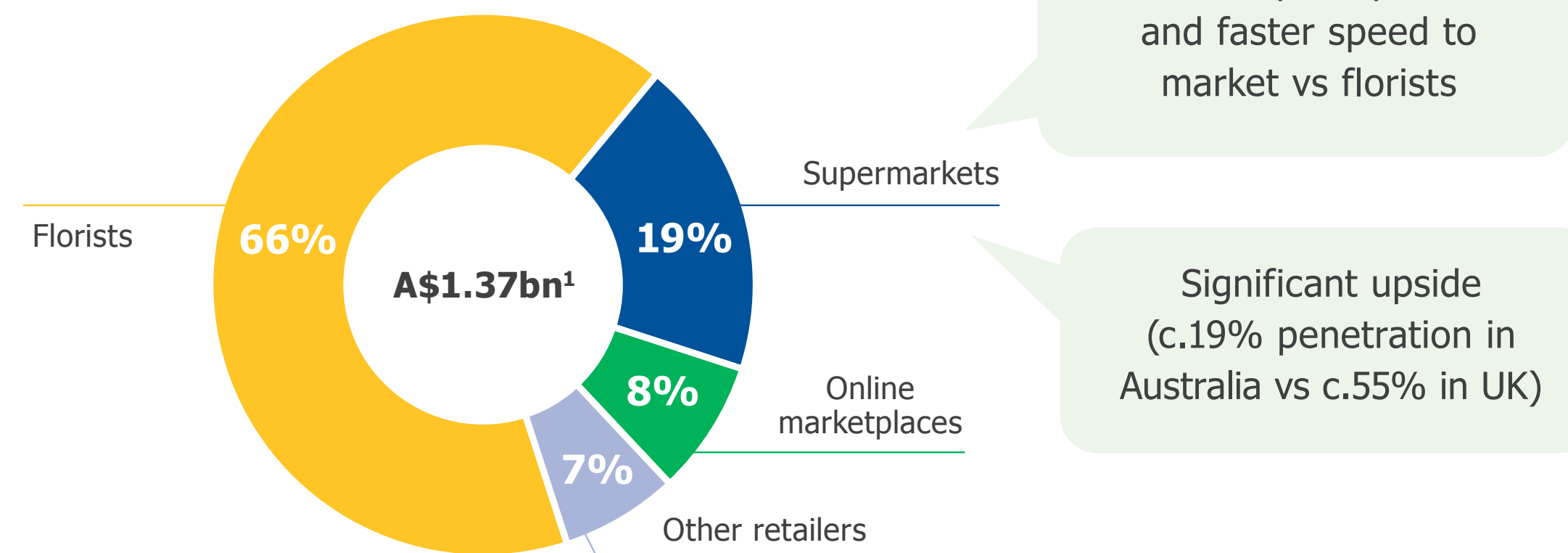
Lynch is the only player with the scale, security of supply, speed to market and product expertise to provide supermarkets with a consumer-ready national offering



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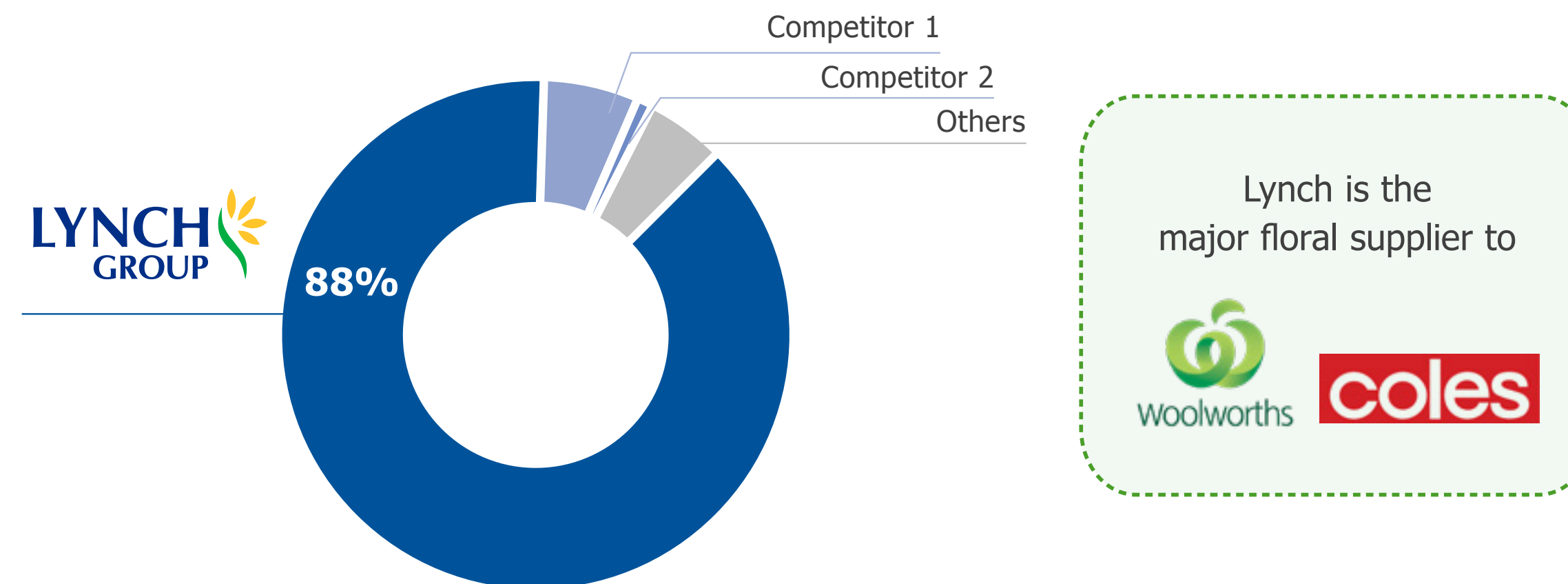
Positioned to benefit from structural shift to supermarkets

Australian floral retail market (A\$ billion)



Positioned to benefit from structural shift to supermarkets

Australia supermarket wholesale market



Source: Australian Bureau of Statistics, Euromonitor, IBISWorld and Management.

Note: 1. Estimated floral retail market in FY19.

The main floral supplier to Australian supermarkets

Lynch is the only player with the scale, security of supply, speed to market and product expertise to provide supermarkets with a consumer-ready national offering



Why supermarkets partner with Lynch

- ✓ Global, diversified procurement secures year-round supply
- ✓ Short vase life and delicate handling requirements means logistics expertise is important – Lynch's cool-chain logistics across all stages of the supply chain to maximise vase life
- ✓ Expertise required to navigate strict Australian biosecurity laws
- ✓ Ability to deliver and meet peak demand for key events (e.g. Valentine's Day and Mother's Day)
- ✓ Value-added activities such as event planning and product innovation
- ✓ Unique category for supermarkets, which requires dedicated merchandising focus
- ✓ SOR model reduces supermarket store risk. Lynch optimises product mix, invests in merchandising and takes responsibility for waste when products are not sold

KEY VALUE DRIVERS: AUSTRALIA

Sales Growth

Driving increased penetration by delivering on the key consumer preferences:

- Quality, freshness and vase life
- Product range and innovation
- Visual presentation
- Value

Margin Performance

Highly developed metrics and management capability to manage margin

Floral category leadership in stores and via channel expansion

- Improved speed to market and cool chain
- Range innovation meeting evolving consumer requirements across self consumption and gifting
- Attractive/ high impact store displays
- Right product right store ordering algorithms, demographics / product preference
- Leveraging our Procurement capability to deliver value to the consumer
- Geographic expansion of our Markets operation

Embedded processes for continuous review and adjustment

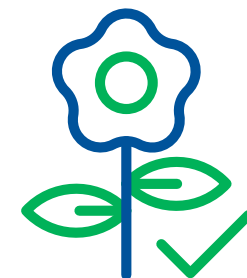
- Floral and Potted margin management
- Production labour efficiency
- Quality and waste controls
- Product range management
- Supply side diversification
- Channel diversity
- Overhead cost

AUSTRALIA STRATEGY: 5 KEY PILLARS



Merchandising scale and effectiveness

- New technology
- Improving our people capability



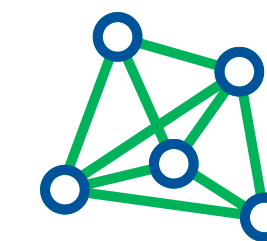
Improving in store freshness and product innovation

- S&OP alignment
- Investment in new state of the art facilities and equipment
- Investing in our Product and Sales teams
- Driving indoor potted growth



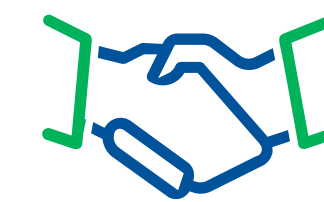
Continuous margin improvement

- Procurement pathways and diversity
- S&OP further development
- Enhanced BI tools



Growing the SOR network and increased merchandising coverage of Core stores

- Opportunity from improved Merchandising capability
- Working with our customers to identify opportunity stores



Execute new business initiatives

- New business opportunities in Potted and Gardening
- Execution of Qld Flower HQ expansion
- Developing capacity in our local farms

MERCHANDISING AT LYNCH

What our merchandisers do

- Store engagement
- Stand location and size
- Managing sales orders and freshness
- Visual presentation

The impact of merchandising

- Key learnings were taken from pilot stores that delivered accelerated sales growth and/or turnaround success. These learnings were replicated in a 21 focus store program in FY21 delivering >50% sales growth¹
- Our priority is to build technology and people capability to apply these learnings to our total network

Strategy moving forward

Replicating our successful model across the whole network through:

- Investing in our people
- Investing in new technology
- New and innovative ways to display products for different store formats

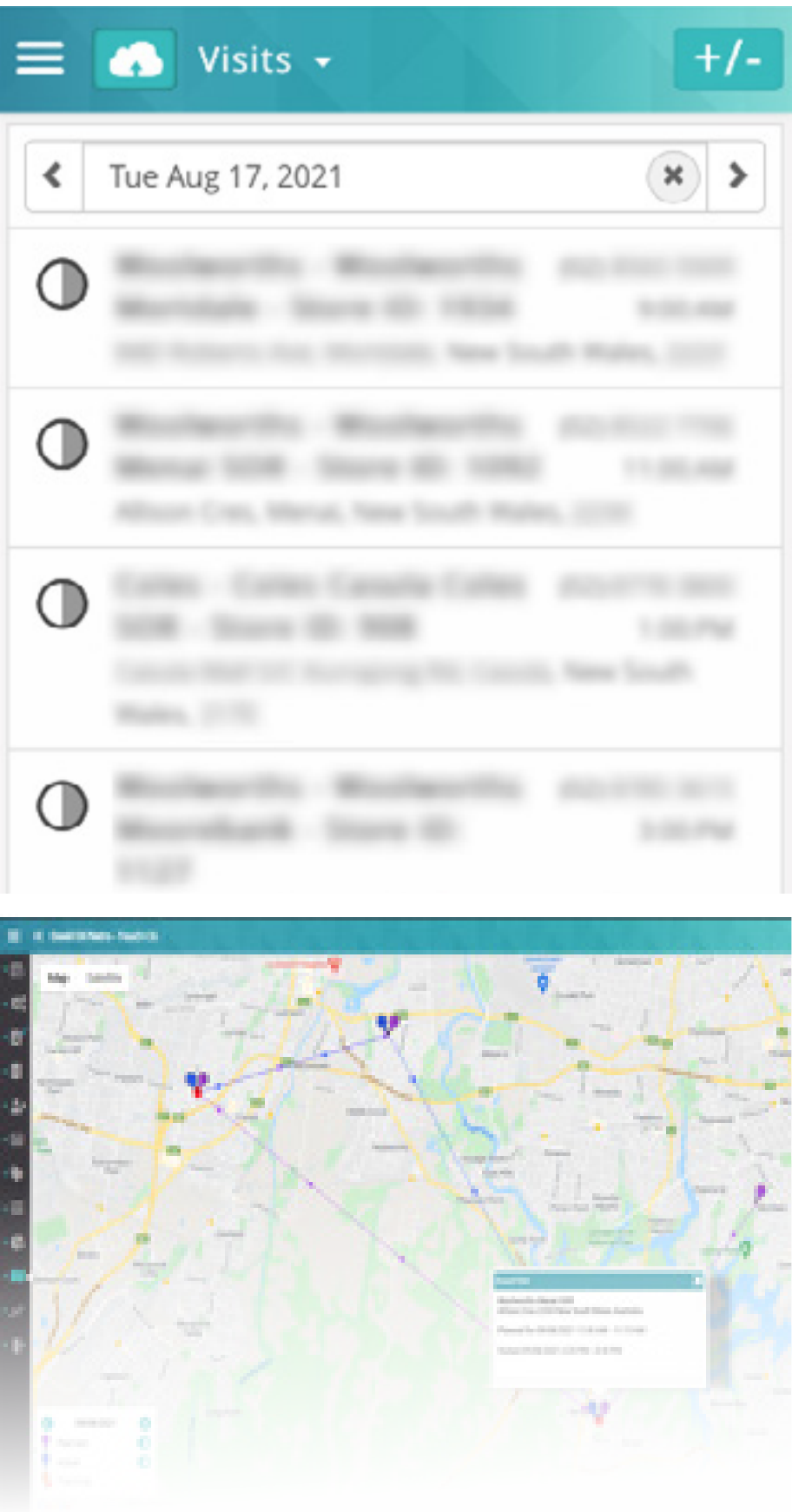
Note: 1. Year on year, based on a 4 week period.



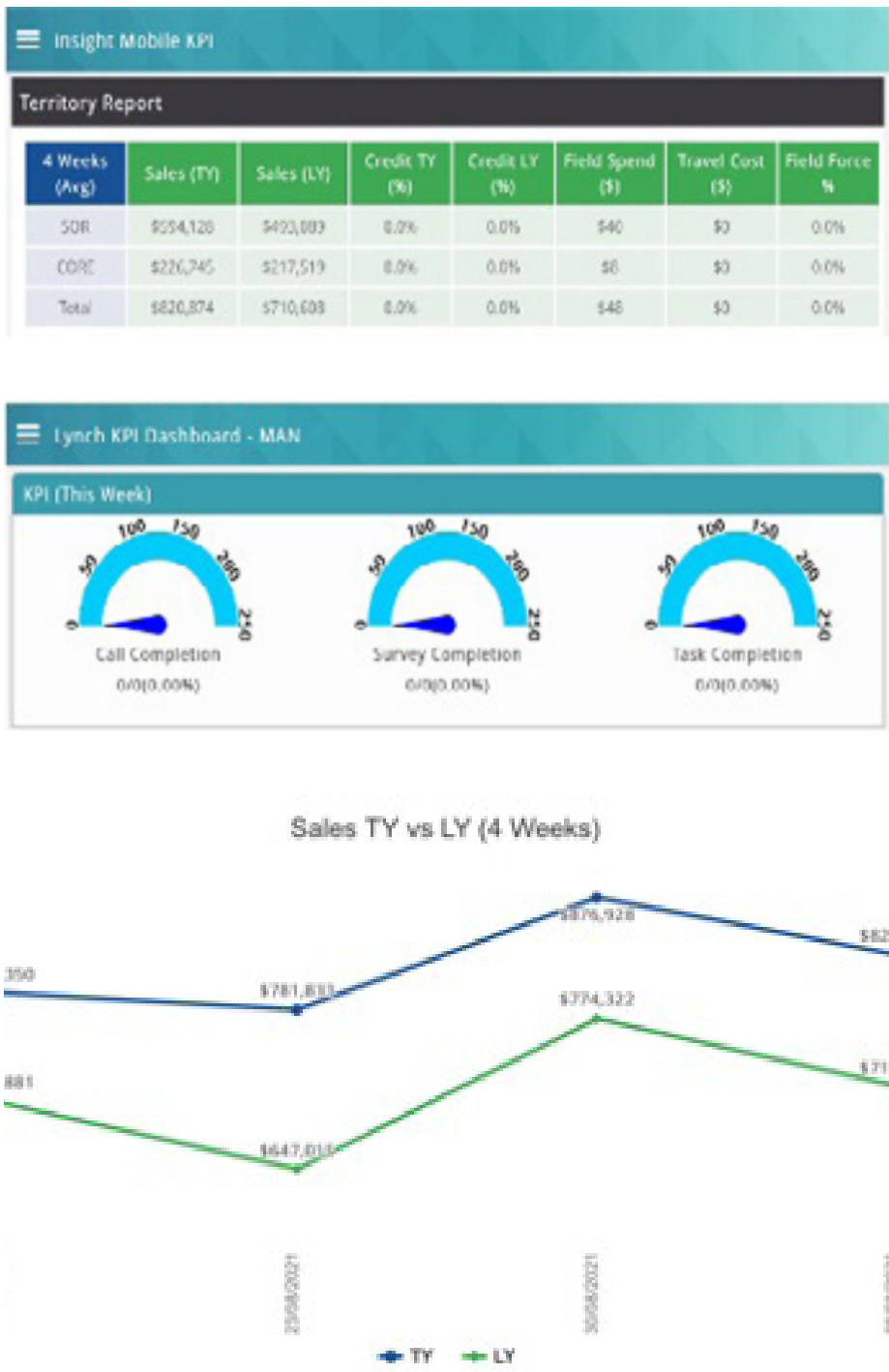
MERCHANDISING TECHNOLOGY



Effectiveness and efficiency



Information and training for our field teams



Performance management tools

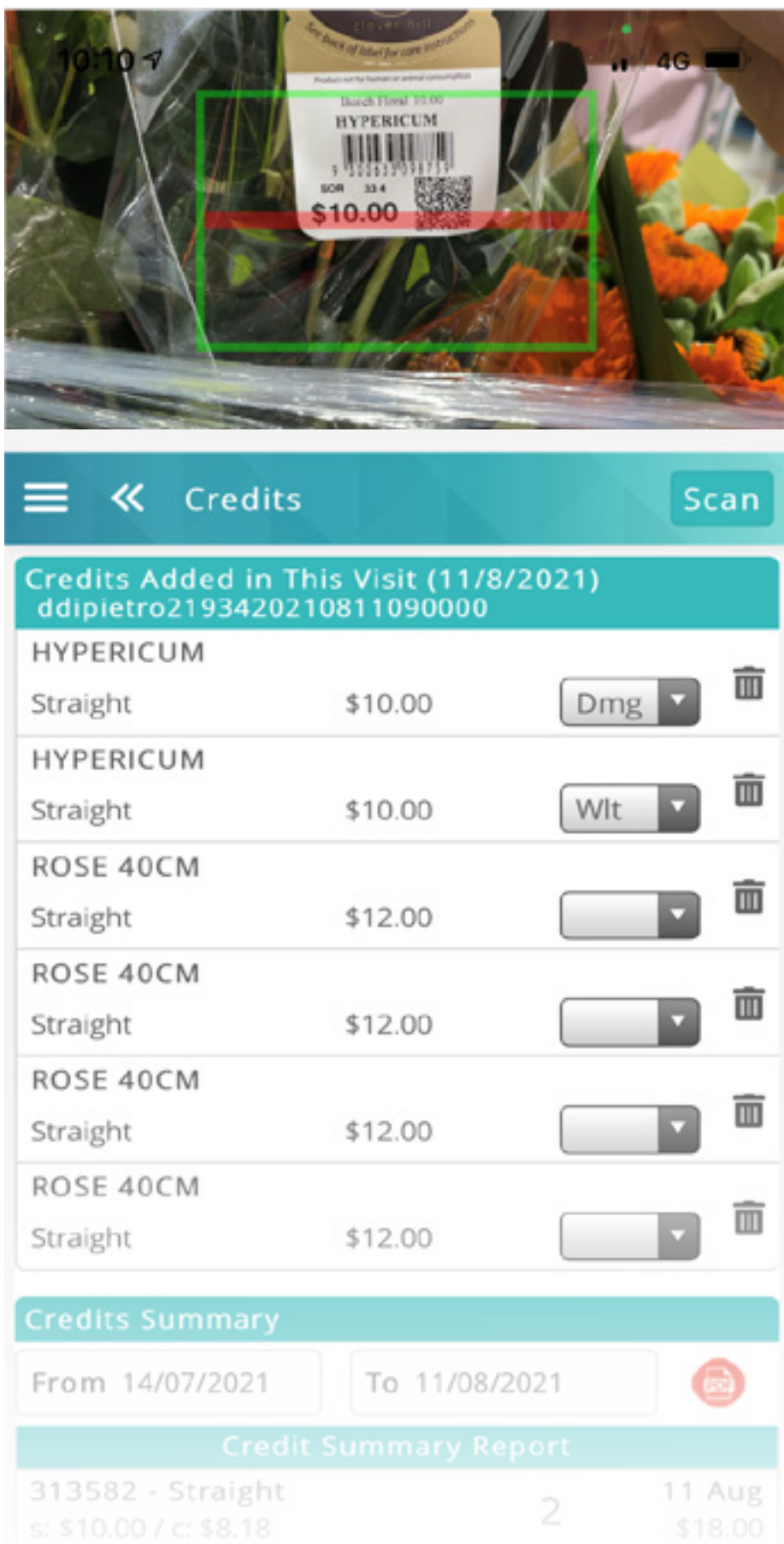
	Sales \$	Credits \$	Credits %	Profit \$	Merch \$	Profit % on FFS Spend
Total	43,745	3,724	-8.5%	6,625	2,625	252%

	Sales \$	Credits \$	Credits %	Profit \$	Merch \$	Profit % on FFS Spend
Total	49,356	2,172	-4.4%	10,267	2,961	347%

Top 10 Performing Stores	Sales	Credits	Credits %	Profit
Total	140,263	7,651	-5.5%	28,352

Worst 10 Performing Stores	Sales	Credits	Credits %	Profit
Total	16,618	6,347	-38.2%	2,211

Sell through information for decision making



MARGIN MAINTENANCE & SECURITY OF SUPPLY

Procurement diversity and multiple pathways

Procurement diversity enables solutions and opportunities in buying:

- Diverse Grower base in Australia
- Diverse import grower base, geographies and pathways
- Transport mode flexibility (air, sea, road)

Recipe management

Working with our Customers to optimise recipes

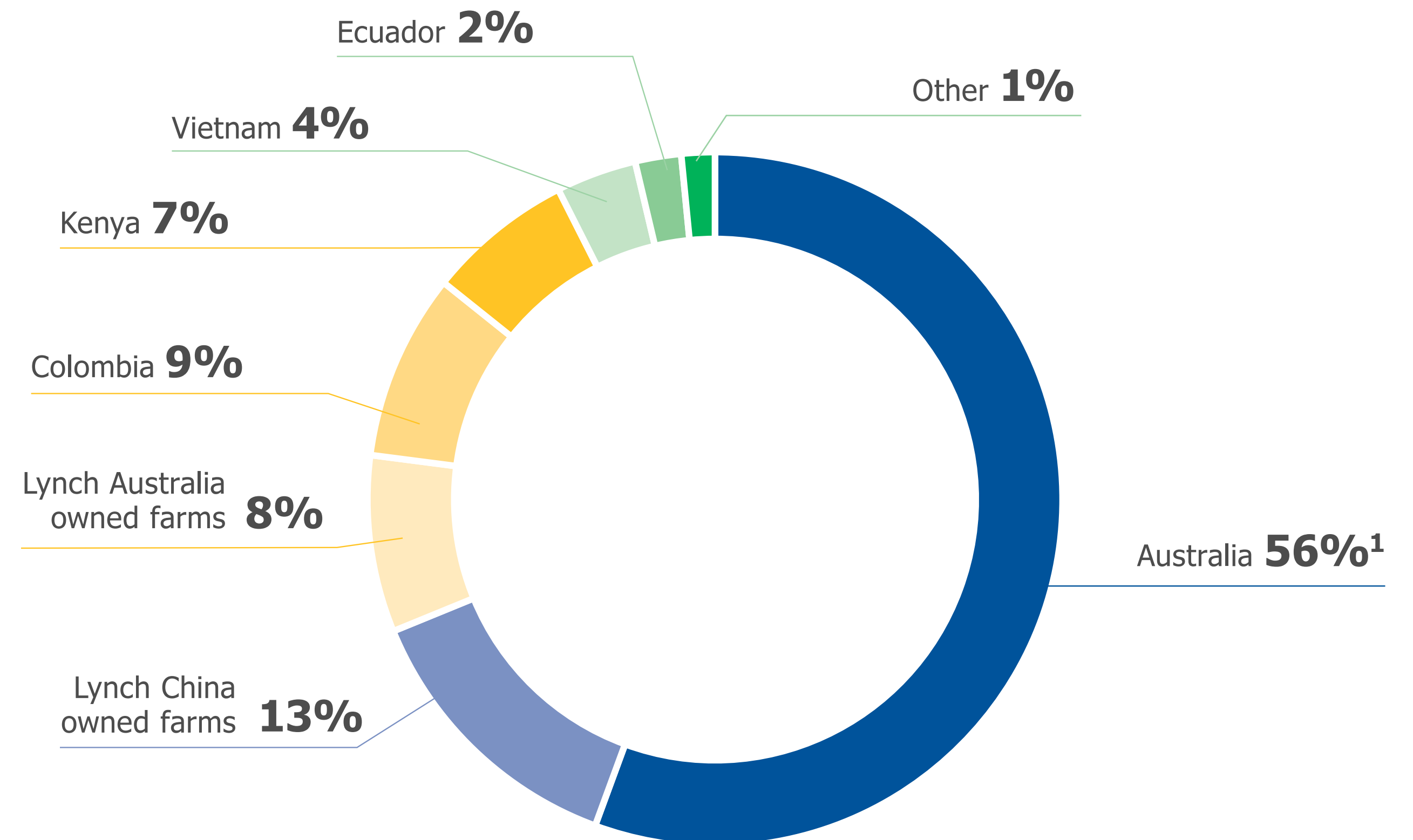
Driving higher asp's

Product Mix: floral / potted, self consumption / gifting / gardening / events

Events

- optimising the number of SKU's and display impact

Lynch FY21 procurement by country

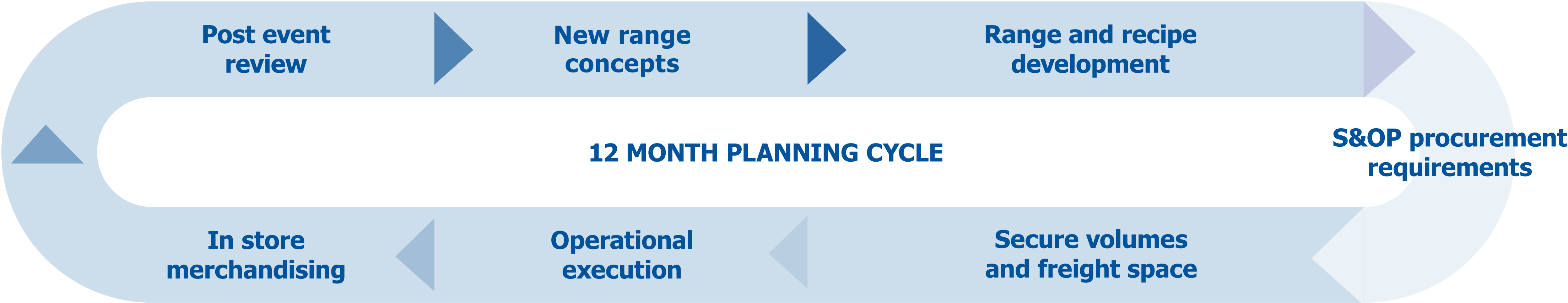


Lynch FY21 procurement by country includes flowers, plants and value-add items (wraps, pots etc).

Note: 1. External suppliers excluding Lynch Australia owned farms.

EVENT PLANNING AND MANAGEMENT

- An opportunity to showcase floral category in stores with significantly increased impact
- Attracting new and existing consumers creating momentum and repeat purchases
- Requires Lynch's leading expertise in the category to successfully execute



QUESTIONS

LYNCH CHINA

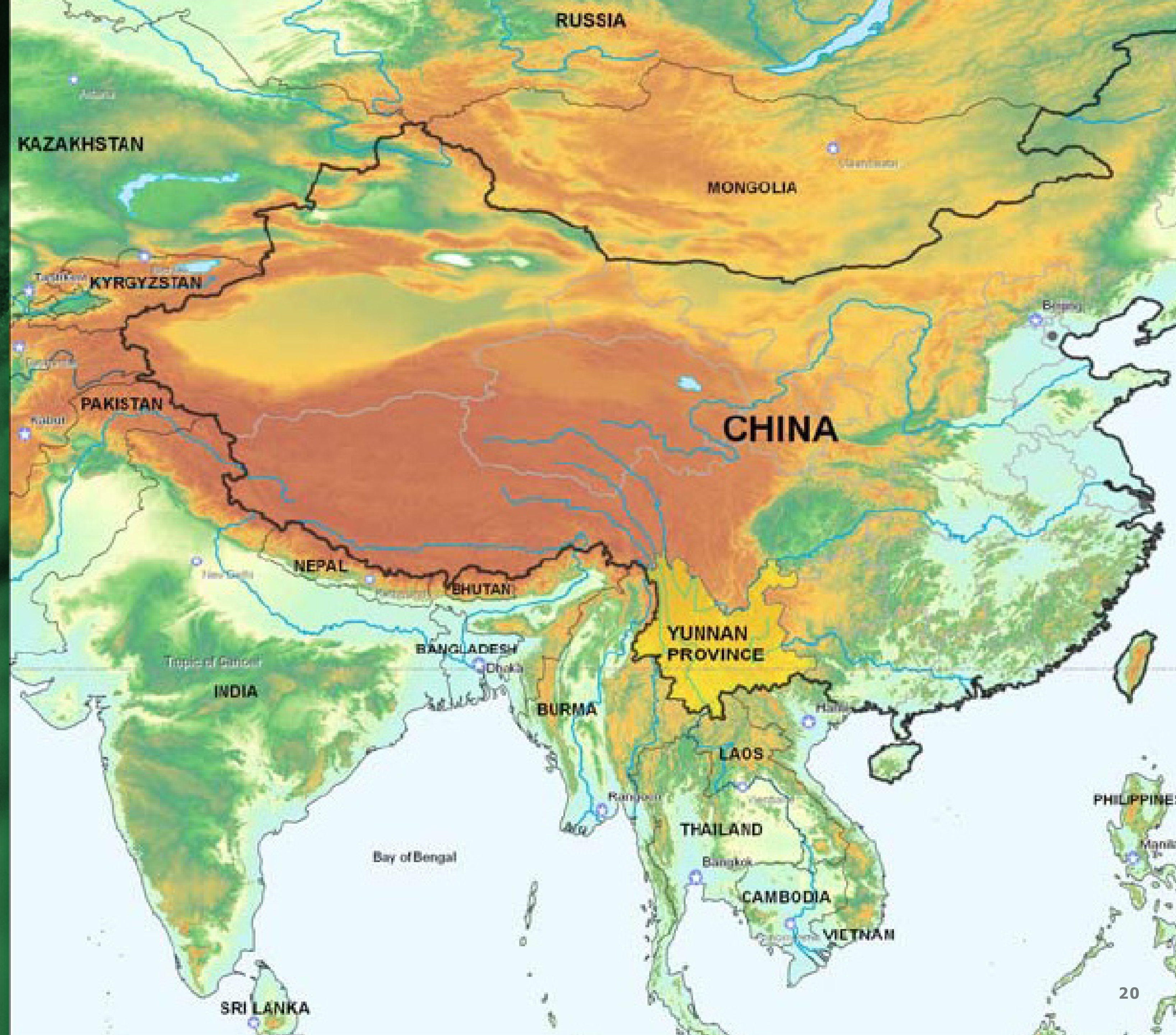
DIRK VLAAR
Head of Sales, Lynch China



YUNNAN PROVINCE



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KEY METRICS: LYNCH CHINA



\$63.6m FY21 Revenue

(+49% on FY20)

\$22.3m FY21 EBITDA

(+95% on FY20)

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

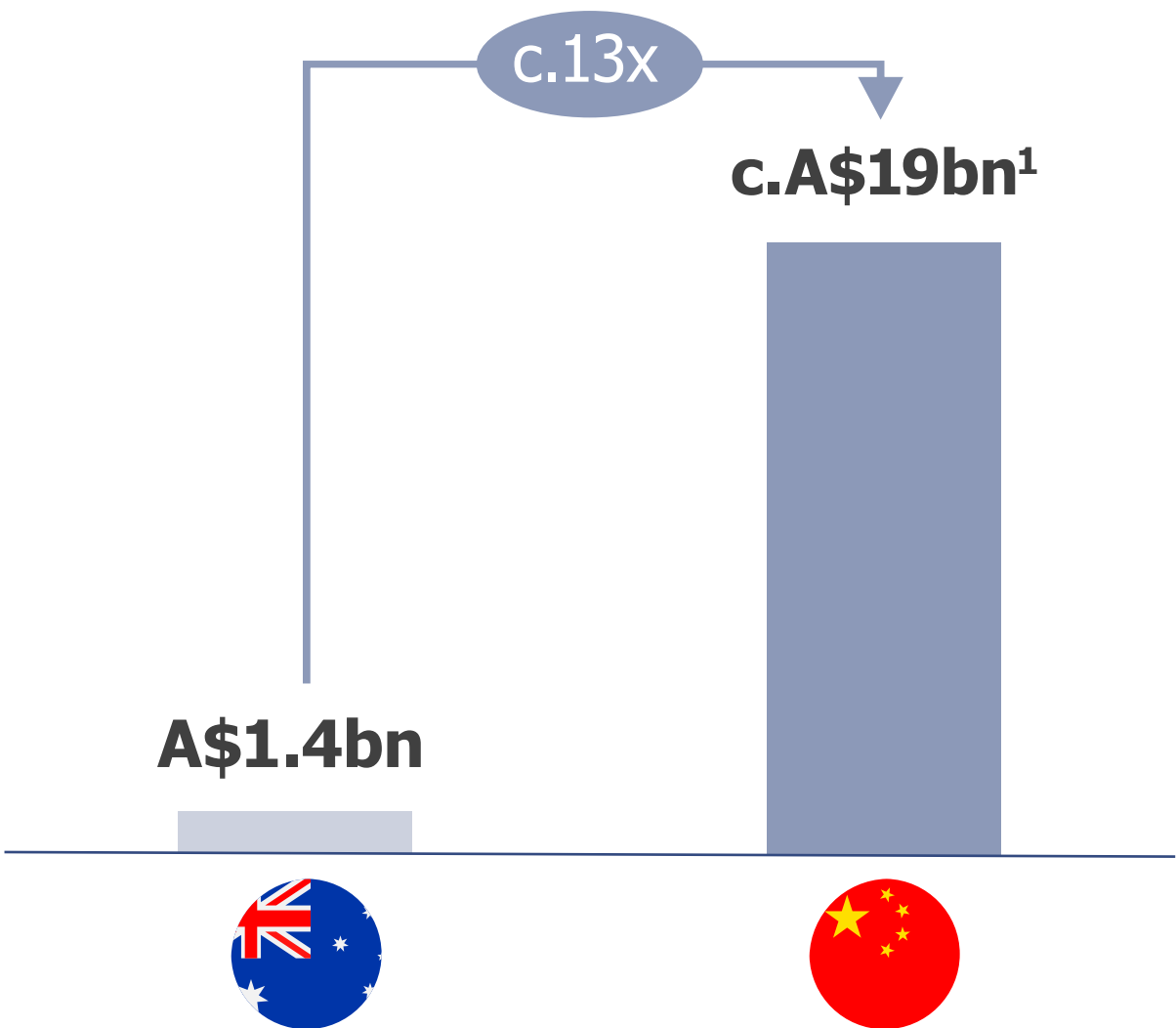
trusted and long-term

Revenue and EBITDA numbers are Pro-forma. Pro-forma includes adjustments made to reflect the post listing Group structure on a consistent basis as the Company's Prospectus.

China market is large, early stage, fast growing and underpenetrated

Significantly larger market

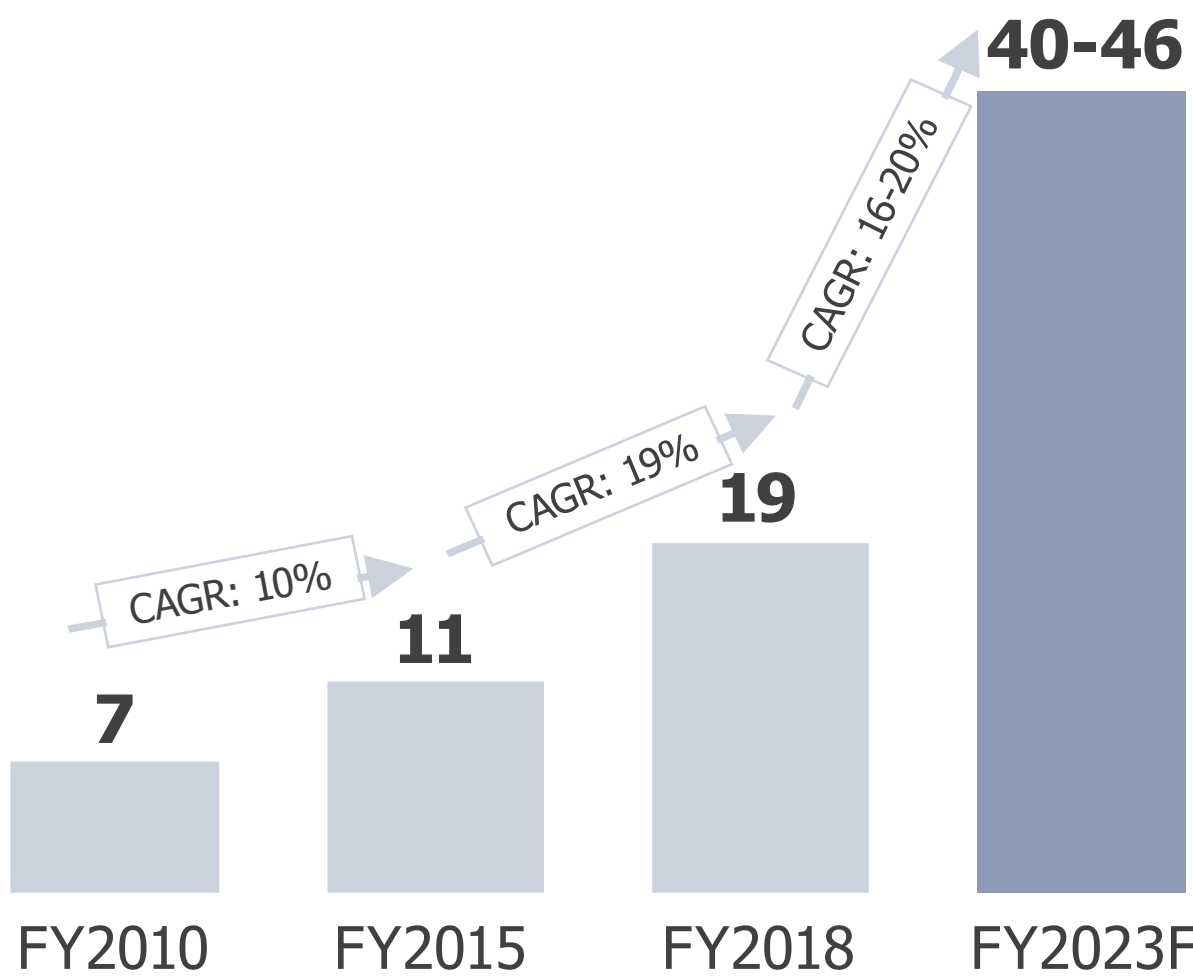
Fresh cut-flower retail sales (A\$ billion)



Market supported by growing 'middle class' with clear demand for quality products

Market size expected to double

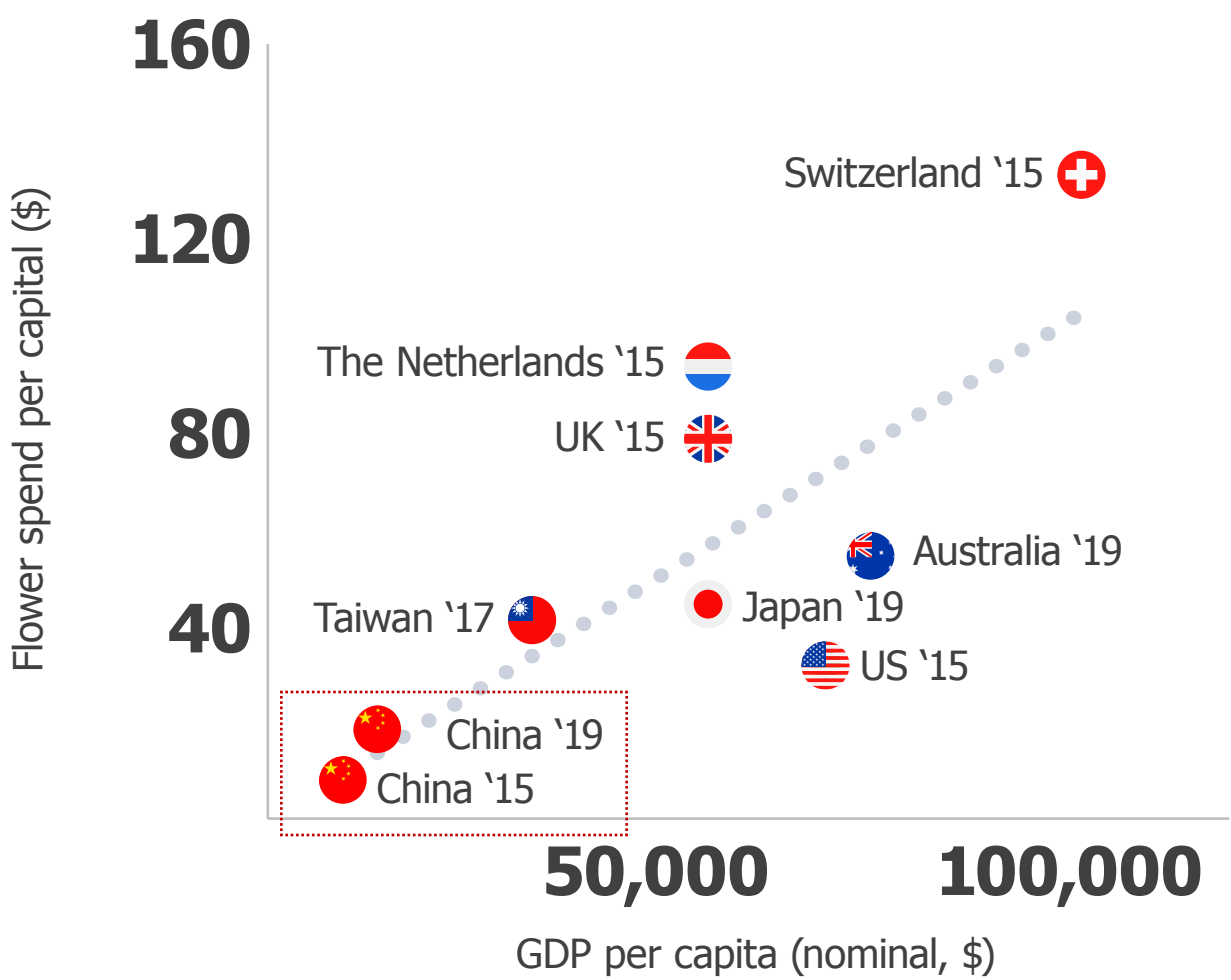
China domestic fresh cut-flower retail sales (A\$ billion)²



c.16-20% market growth driven by positive structural long-term drivers

Spend per capita still very low

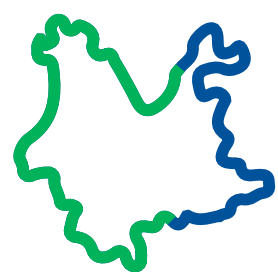
Flower spend per capita vs GDP per capita²



Lower spend per capita but will continue to grow as GDP per capita grows

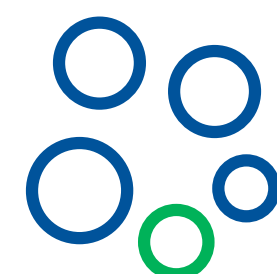
Source: China Ministry of Agriculture, PMA Fresh Cut Flowers in China 2018, Flora Holland, International Association of Horticultural Producers (AIPH) and World Bank

Notes: 1. Converted at AUD/RMB exchange rate of 1:5.00. 2. For flower spend per capita (A\$), latest available data for each country has been used



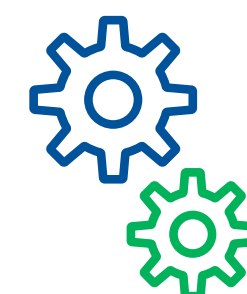
Yunnan Province offers very favourable conditions for cut flower production

- Majority of China's floral production is based in Yunnan, south-west China (imports into China remain low) ideal climate
- Efficient source of supply for major Tier 1 city consumer markets
- Strong government support for floriculture investment



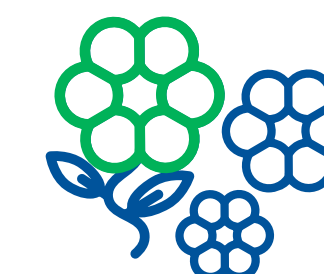
Fragmented growing base

- Typically small land parcels, limited investment in growing infrastructure/technology, older varietal genetics
- Very few producers of scale, but developing over time



Supply chain still developing

- Small growers combine as cooperatives to market product
- Multi layered wholesale channels to market slow (7+ days) and cost additive (3+ wholesale margins)
- Limited focus on cold chain and product integrity through to the consumer



Consumer interface presents opportunity

- Highly fragmented universe of florists
- Chained retailers have historically experienced difficulty with the category scaled and reliable supply being the key challenge
- Relatively poor value proposition for consumers (price and quality)

CHINA MARKET DYNAMICS



KEY VALUE DRIVERS: CHINA

Our focus – aligning daily execution with strategy to build value

Production Capacity

Long term track record of investment and performance

Floral category leadership in stores and via channel expansion

- 17+ year operating history in Yunnan Province
- Track record of investment and earnings delivery
- Leading market position
- 61ha in greenhouse production June 2021 targeting 75ha+ at June 2022
- Reliable pathway for ongoing expansion (10ha+ p.a.) on existing farms + development of new land beyond
- Product now primarily distributed in China domestic market, however competitive and relevant to all international consumer markets
- Capex requirement c.\$800k per ha exc. packing and distribution, ROIC hurdle >25% p.a. (recurring EBITDA/Capex), Rose crop maturity profile c.40/80/100% at Yrs 1/2/3 anniversary of planting date

Downstream Development

Moving closer to the consumer

Strong long term supply relationships with retail platform customers

- Leveraging the Australian consumer supply model into the China domestic market environment
- Shanghai processing facility opened January 2021
- Retail platform customer engagement has developed rapidly over 2020/21 (new customers and organic) now representing 50%+ of farm production volumes on fixed pricing
- Incremental development of Tier 1 city processing facilities, for supply of a broader range of consumer products (higher ASP, value added lines, e.g. bouquets), supported by merchandising and in store support
- Leveraging our international procurement reach for supply into China over time
- The consumer supply platform will over time add incremental wholesale margins

Trusted partner to our customers, secure and competitive supply position

Further strengthening our local competitive position

- Product Differentiation
- Scaled and Reliable Supply
- Leading Unit Cost Position
- Sales Channel Management

Farm footprint expansion

- Tied to current/forecast customer and market demand dynamics by product variety and channel to market
- Long historical track record of attractive ROI achievement targets >25%



New amaryllis house, Lufeng (First production Q1 2021)

FARM OPERATIONS

Significant opportunity
to capture further market
share in key varieties



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Four farms in close proximity to transport routes



- ✓ Employs >1,000 people¹ across its China operations – an important employer in Yunnan Province
- ✓ China operations are managed by a highly trained local management team
- ✓ Important government relationships, built from a successful track record of investment and expansion

Note: 1. The figure includes workers who are hired through labour hire arrangements.

FARM OPERATIONS

Significant opportunity
to capture further market
share in key varieties



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Modern greenhouse facilities



Greenhouse and fertigation automation



Sensors, heating infrastructure,
Integrated Pest Management



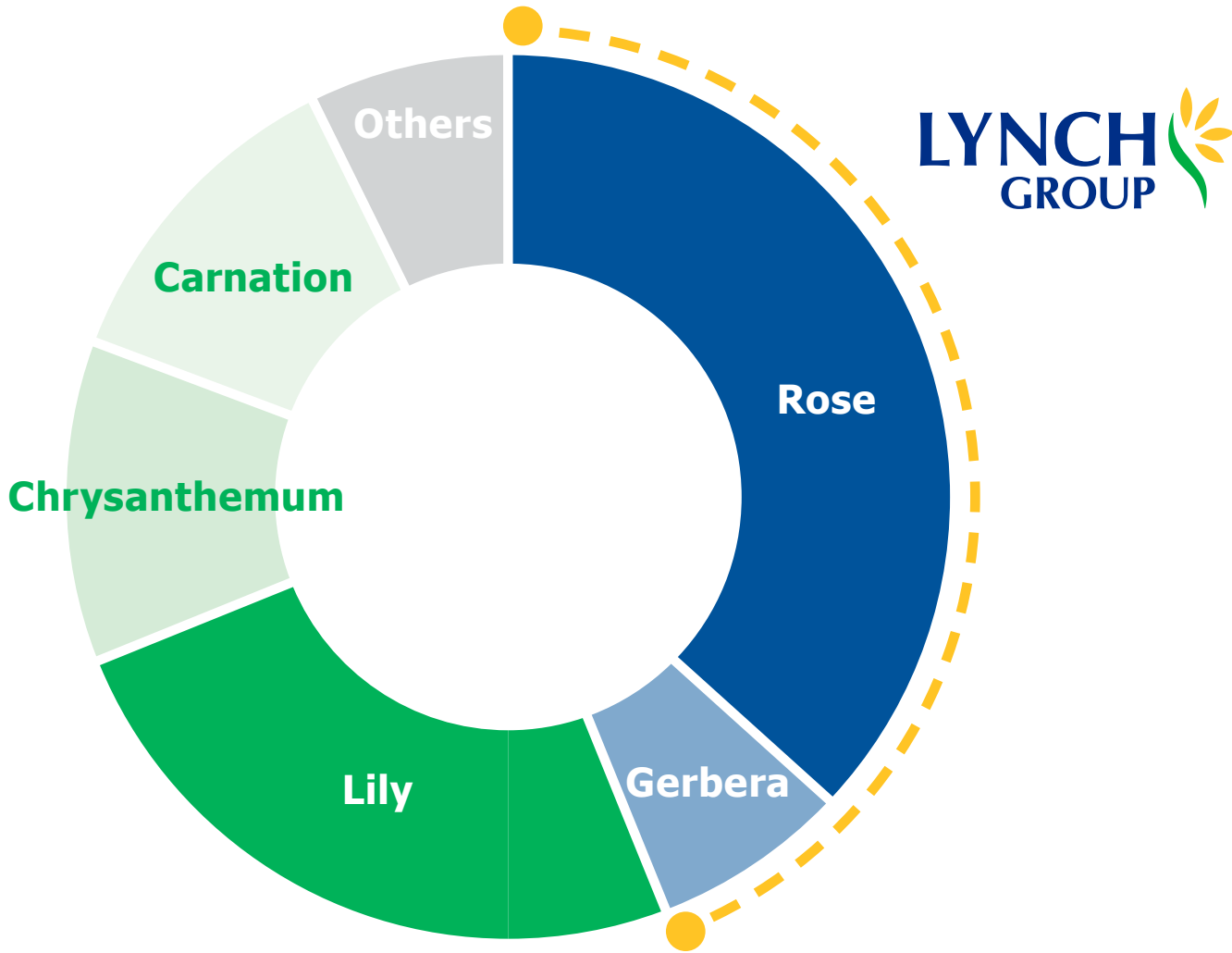
Light, CO2 and air circulation automation

FARM OPERATIONS

Significant opportunity to capture further market share in key varieties



Roses are the #1 variety in China



Lynch currently grows 2 out of the top 5 varieties

Lynch is the largest premium rose grower



Investments being made to broaden floral range, with Lynch well positioned to capture market share in other key varieties

FARM OPERATIONS

61ha

as at June 21

4.5ha

expansion completed
October 21

75+ha

target FY22



Lufeng Farm – November 2021



Yiliang range testing and display

- Shuanghe and Yiliang farms now fully developed
- Expansion works now focussed on Changkou and Lufeng farms

FARM OPERATIONS

- Achieving 95+% 'A Grade' Quality, with heavy focus on greenhouse production efficiency to drive yields and lower unit cost of production
- Market demand dynamics driving crop and varietal selection

Production characteristics:



Rose production is year round,
with peak production in summer



Bulb products (Tulips and Amaryllis) are
winter focussed

- Key priority is to secure additional land beyond current farm capacity to support growth from FY24 and beyond

Retail channel now >50% of farm production volumes, significant uplift from low % in early 2020

- Movement of product in China is currently dominated by multi layers of wholesalers trading via auctions and regional markets through to retail
- Mirroring international trends, retail customers are increasingly focussed on direct sourcing product from growers
- Given perishable nature of the product it is essential to develop channel diversity to optimise speed to market and manage inventory risk
- Our China sales execution is managed by a team of 20, with four channel managers, utilising CRM technology, a defined strategic and tactical sales playbook by channel, and supported by regular training



Olé display



Wholesale

- Direct sales via phone and WeChat
- Volumes sold on defined assortment ratios based on production and inventory mix
- Strict daily pricing disciplines tied to defined inventory, demand, and market factors
- Delivery to Dounan markets
- Farm production only



Retail

- Sales managed directly via account management team
- Volumes sold on customer agreed assortment ratios, and demand requirements
- Fixed pricing
- Packaging designed to customer specification
- Delivery to customer DC's and stores via 3PL partner
- Farm and procured product



Florists & Community

- Direct sales via proprietary WeChat platform
- Customers have flexibility to buy across displayed inventory range – with controls on volume to minimise channel conflict
- Pricing set at a premium to Wholesale price
- Delivered direct to customer nationally via 3PL partner
- Farm and procured product



Export

- Principally focussed on supply into Australia
- Historically active selling into most SE Asian markets, with opportunity to expand down this path as logistics platforms stabilise over CY21
- Farm and procured product

AN ATTRACTIVE PARTNER TO CHINESE RETAILERS

Mass-market retailers searching for a national supplier of consumer ready floral products – Sam's Club success has resulted in numerous inbound

Unique proposition to retailers

- ✓ Security of year-round, high quality supply
- ✓ Consistent, certain volume at scale
- ✓ End-to-end cool-chain – key to quality and consumer experience
- ✓ Broad product range – from straights to consumer-ready bouquets
- ✓ Merchandising and in-store florist support

Actively supplying



Other potential customers



AN ATTRACTIVE PARTNER TO CHINESE RETAILERS

Mass-market retailers searching for a national supplier of consumer ready floral products



Sam's Club case study

- Sam's Club began stocking flowers during early 2020, initially relying on two suppliers, Lynch and a local player
- Within 3 months, through service and product quality, Lynch became the preferred supplier nationally to Sam's Club
- Continues to expand its floral offering
- Seeking to introduce value-added products



EXPANDING PROCESSING VOLUME AND LEVERAGING TRANSFERABLE EXPERTISE FROM AUSTRALIA

Leveraging processing expertise from Australia to establish a vertically integrated floral model in China



Shanghai Facility establishes a model for future expansion of processing volume in China

- Shanghai processing facility recently established to produce value-added products at scale – processing is now ramping up

Compelling strategic rationale:

- Closer to retail partners; enhances speed to market
- Process more complex consumer-ready products, including bouquets and arrangements
- Dedicated production and display cool rooms to showcase floral products
- Greater access to e-commerce and mass-market
- Create a broader range of value-added products
- Plans to roll out further processing facilities in target major cities in China

EXPANDING PROCESSING VOLUME AND LEVERAGING TRANSFERABLE EXPERTISE FROM AUSTRALIA

Leveraging processing expertise from Australia to establish a vertically integrated floral model in China



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Leveraging processing expertise from Australia to create value-added products

- ✓ Speed-to-market by removing multiple layers of wholesalers
- ✓ Product expertise enabling creation of appealing, value-added consumer-ready products at scale
- ✓ Know-how to efficiently alter product specifications to assist in margin management
- ✓ Ability to deliver products at agreed pricing for customers and remove risk
- ✓ Expertise in moving flowers from farms to customer, including end-to-end cool-chain management
- ✓ Merchandising expertise for maximum product sell-through and minimal wastage



QUESTIONS

QUALITY AND TECHNICAL, MARKET ACCESS AND BIOSECURITY

SCOTT SALTER
Chief Scientist, Lynch



INTRODUCTION

What does a “Chief Scientist” in a flower company do?

- Quality management across a global supply chain
- Market Access
- Security of Supply - Biosecurity
- Scientific and Policy Innovation
 - Across the Group and the Industry

At Lynch

- Vertically integrated across a global supply chain
- We touch the breeder, the consumer and every point between
- Leveraging information from consumers and matching to breeders and throughout
- Increasing value across the chain

Our robust approach to Quality Assurance, Biosecurity and Innovation is a key competitive advantage for our company.



QUALITY MANAGEMENT

- All four operational sites in Australia are certified to:
 - ISO 9001:2015 QMS
 - HACCP
 - SQF and HARPS
- Our herb production and supply is performed under SQF Food Safety Standards
- Lynch Trading (China) is also certified to ISO 9001:2015 Standards
- In fresh produce, quality is the number 1 determinant of consumer purchase behaviour
- Increasing consumer confidence is therefore key to sustainable growth
- Close customer collaboration on ranging and to building quality standards improves confidence and the customer experience.

Benefits: minimising claims, barriers to entry and supply disruption for suppliers and customers, reduce costs, maximise consumer shelf life and market access



Biosecurity – Context and Approach

- The cut flower, young plant, bulb and seed trade is global. As one of the largest flower companies in the world, we must buy from all flower growing regions
- The international trade of plants is governed by international phytosanitary regulations
- It is essential that we are all present to engage with worldwide stakeholders to maintain continuity of supply
- Australian Biosecurity Department of Agriculture, Water and the Environment (DAWE) is reputed to be the strictest quarantine jurisdiction in the world
- Australian Biosecurity Requirements
 - Biosecurity Act (2015)
 - New Philosophy – Managing Biosecurity Risk Offshore
- Regulatory engagement with DAWE is essential to maintain pathways, improve access, and open access for new products



The International Context

- We bring new technology, processes, methods and regulatory ideas to countries to ensure they can meet international supply requirements
- Governments talk of 'capacity building' – we actually do it
- We develop and grow supply chains and facilitate new trading routes
 - Colombia – 85%+ of flower trade with Australia is to Lynch
 - Colombia's #2 traded commodity from Australia
 - Kenya – Lynch is a key supplier pathway for Kenya outside of Europe
 - The importance and scope of the trade necessitates political and regulatory engagement
 - National Plant Protection Organisations (NPPOs)



Senior Chinese Government Delegation – Yunnan

WORKING WITH NATIONAL PLANT PROTECTION ORGANISATIONS



STRICTLY PRIVATE AND CONFIDENTIAL

GACC (China NPPO) Officials Examining
Our Growing Systems in Kunming, China



Demonstrating High Health Growing Systems To
Directors of Australian Biosecurity (DAWE) and ICA,
Medellin, Colombia

Negotiating Phytosanitary Regulations with
Ministry for Trade, KEPHIS (Kenyan NPPO)
and Kenyan Flower Council in Nairobi, Kenya



GLOBAL MARKET LEADERSHIP

- Lynch has clear market leader status in both Australia and China, demanding responsible stewardship of industry level issues
- Our market leader status results in us 'lifting all boats' while also maintaining commercial confidences on operational methods and processes
 - Lynch co-founded the Australian Flower Traders Association and maintains and increasingly strong relationship with AIPH – to face common industry level challenges in both the Australian and global context
 - As of 1st January 2022, Lynch will have full membership of CIOPORA – the regulatory advocates for worldwide Plant Breeders Rights (PBR)
 - Keeping us ahead of the curve, and part of the conversation, with regards to international PBR issues, which has special application and value with respect to the commercial Chinese (IP) context, but also in the context of overall international trade and local market development



SUPPLY CHAIN AND CHANNEL CREATION CASE STUDY #1: PHALAENOPSIS ORCHIDS

- Lynch identified the significant growth potential for Phalaenopsis Orchids in Australia
- Bilateral agreement with Taiwan for a high health import pathway
- Strong partnership with long term trade prospects
- Using our Australian farms and our partner farm network, in 2020/21 we sold 0.7 million plants, with growth expected
- Lynch Group is now a category leader for the sales of Phalaenopsis Orchids in Australia



CASE STUDY #2: LYNCH TRADING, KUNMING, CHINA

- Established facility in the Chinese flower growing region of Yunnan
- Satisfied and respected requirements set by the Chinese and Australian authorities
- Invested in local communities
- World's highest standards applied to its quarantine treatment facilities
- Sourced breeders/partners to grow its business and increase self sufficiency



CASE STUDY #2: LYNCH TRADING, KUNMING, CHINA



CASE STUDY #2: LYNCH TRADING, KUNMING, CHINA

- From this solid base of regulatory compliance and Worlds Best Practice attention to Quality, learnt through serving the Australian market, we have now launched into the very large local Chinese flower market



Hortifloexpo IPM Shanghai 2019

CASE STUDY #2: LYNCH TRADING, KUNMING, CHINA



- We also export high quality Australian native flowers into China

Our robust approach to Quality Assurance, Biosecurity and Innovation is a key competitive advantage for our company.



QUESTIONS

CLOSE

HUGH TOLL
Chief Executive Officer,
Lynch



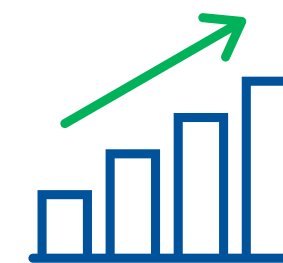
SUMMARY



Lynch is the clear floral category leader in both Australia and China



Our operating model is unique, managing the challenges of a complex product category



Strategies and growth plans in both Australia and China are well defined, and progressing to plan



Our leadership team are industry experts, supported by passionate operational teams in both Australia and China, all dedicated to delivering great product outcomes

