Nuchev Limited
Investor Presentation

May 2020, Wilsons Rapid Insights Conference

Today's presenters

Ben Dingle
CEO, Executive Director and Founder

Chantelle Pritchard
CFO and Company Secretary

Agenda

Business strengths

Significant global market opportunity

- Goat milk based infant formula (**GIF**) is a rapidly growing segment of the infant formula (**IF**) market
- Global GIF market is forecast to grow at an estimated CAGR of 16.6% to A$13.6 billion by 2023, predominantly driven by the Chinese market[1]

Premium, differentiated product, supported by science

- GIF offers natural health benefits to infants
- Attractive to health conscious end consumers (key group is Chinese mothers) prepared to pay a premium for differentiated products
- RMIT University published scientific laboratory studies supporting the potential health benefits of Oli6®[2]

Oli6® is a premium, trusted, Australian made and owned brand

- Oli6® is Australian made and has demonstrated success in domestic Australian and Chinese markets
- Oli6® brand benefits from the premium position of GIF, with growing awareness of GIF health benefits
- Brand positioning attractive to Chinese mothers and channel partners

High quality, established supply chain & distribution network

- Quality, secure and scalable supply chain - capital light model, with significant excess capacity
- Utilises leading manufacturing partners with necessary certifications and expertise
- Supply chain expertise supported by Nuchev's significant in-house experience & capability

Proven management and board with deep industry expertise

- Founded and led by Ben Dingle, co-founder of Synlait Milk, processing partner of a2 Milk
- Supported by experienced management team and Board, with deep knowledge of the IF sector and channels to market

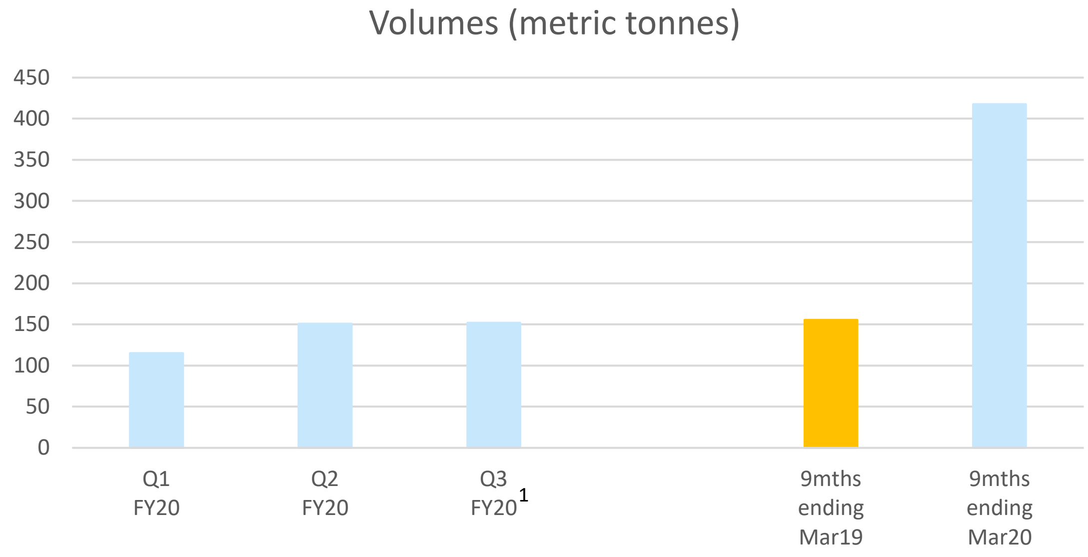
Significant volume and revenue growth

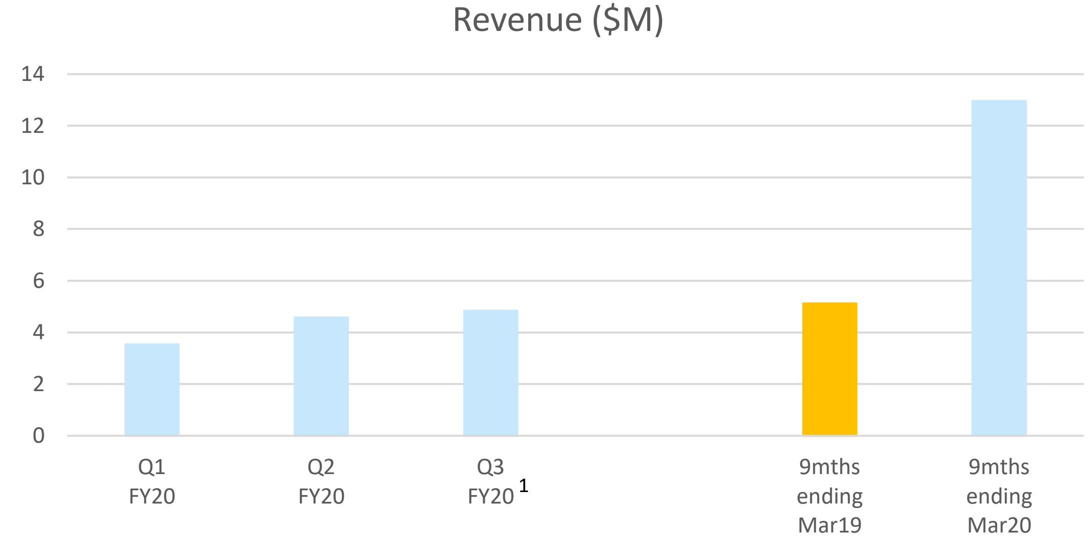
- Nuchev has and continues to achieve significant sales volume and revenue growth including exceeding 1H20 Prospectus forecasts
- Potential upside from sales of China-specification product (subject to SAMR brand registration)

Sources

1. Frost & Sullivan, *The Infant Formula Market,* October 2019.
2. Leong, A., Liu, Z., Almshawit, H., Zisu, B., Pillidge, C., Rochfort, S., & Gill, H. (2019). *Oligosaccharides in goats' milk-based infant formula and their prebiotic and anti-infection properties*. British Journal of Nutrition, 122(4), 441-449.

Financial and business highlights





Continued revenue and volume growth

- Strong sales momentum of Nuchev's Oli6® goat-milk infant formula and nutritional products
- Volume and Revenue for the 9 months ending March 2020 was up 168% and 153% respectively compared with PcP
- Q3 FY20 volumes and net revenue increased by 87% and 78% over the PcP driven by increasing penetration across Nuchev's key distribution channels.
- March 2020 was an all-time record sales month for Nuchev
- 1H20 Revenue and Volumes exceeded 1H20 Prospectus forecast

Strong balance sheet, positioned for growth

- No debt, net cash reserves of $13 million (31 March 2020)
- Q3 reflected a strong quarter on quarter improvement in operating cash flows

Other

- No adverse material impacts from COVID–19
  - strong market demand
  - capably met by Nuchev's high quality supply chain

1. Q3 FY20's performance includes Chinese New Year with typically low sales during that month, and in direct contrast to Q2 which includes Singles Day (11/11) the largest annual promotional event.

Key financial and operational metrics

	9 months ending Mar20[6]	Full Year Prospectus forecast[5]	9 months ending Mar19 (PcP)	% Change
Volume (MT)[1]	**418**	573	156	168%
Revenue ($ million)[1]	**$13**	$18	$5.1	153%
Core volume (MT)[2]	**392**	573		
Core revenue ($ million)[2]	**$12**	$18		
ASP/MT ($ thousands)[3]	**31**	31		
Gross Margin%[4]	**39%**	38%		
Marketing % of Revenue	**39%**	30%		
CAPEX % of Revenue	**-**	-		

Notes:
1. Revenue / volume reflects the sale of GIF, other goat nutritional products and raw ingredient sales.
2. Core revenue / volume is from Australia-specification GIF and Goat Milk Powder only and excludes goat milk sales and raw ingredient sales.
3. Average selling price per MT represents the total revenue of Australia-specification GIF and Goat Milk Powder sold divided by the total volume of Australia-specification GIF and Goat Milk Powder sold.
4. Gross Margin is calculated as core revenue, less costs of sales divided by core revenue, expressed as a percentage.
5. Prospectus forecasts relate to the full year.
6. Unaudited results before statutory adjustments for the 9 months ending 30 March 2020.

Commentary

- Continued strong Volume and Revenue growth for the 9 months ending March 2020 compared with PcP - Volume up 168%; Revenue up 153%
    - 1H20 Volume and Revenue exceeded half year Prospectus forecasts by 10% and 7% respectively. This included sale of surplus ingredients as part of typical inventory balancing. Excluding these sales, 1H20 Volumes were 3% ahead and Revenue was in line with Prospectus forecast
- ASP/MT is in line with full year Prospectus forecast
- Gross Margin is in line with full year Prospectus forecast
- Marketing % of Revenue remains ahead of full-year Prospectus forecast driven by:
    - Investment in brand to meet market conditions, leverage growth opportunities and recognising the importance of building brand equity at Nuchev's relatively early stage; and
    - Full, upfront expense of distributor equity (subject to agreed volume thresholds) compared with Prospectus forecast which expensed this cost over the agreement's initial multi-year term
- CAPEX % of Revenue is in line with full year Prospectus forecast reflecting Nuchev's capital light model
- Cost base is relatively fixed, and Nuchev expects to continue to benefit from operating leverage as the business scales

nuchev®
food for a better life


Oli
Goat Milk TODDLER DRINK
3
1-3 YEARS
CONTAINS NATURAL PREBIOTIC OLIGOS
1
0-6 MONTHS
NATURALLY GENTLE NUTRITIONALLY COMPLETE
FOLLOW ON FORMULA
2
6-12 MONTHS
NATURALLY GENTLE NUTRITIONALLY COMPLETE

Appendix

Strategy – 3 key pillars

Brand positioning & awareness

- Invest in building brand equity amongst channel partners and end consumers
- Key brand factors:
  - product safety and quality;
  - International brand backed by deep history;
  - Super premium, differentiated health and nutritional benefits backed by science
  - positioned as experts in the GIF category

Product quality and nutritional development

- Laser focus on quality of product, through ingredient sourcing, manufacturing, distribution and support
- Dedicated to continual nutritional development of goat milk based products
- Differentiated health benefits and quality of Nuchev's GIF and goat nutritional products as a key competitive advantage
- Nutritional development founded upon product innovation supported by scientific research

Multi-channel sales strategy and channel support

- Leveraging existing distributor relationships to drive sales
- Increased penetration of the CBEC channel
- Expansion into other international markets
- Rapid growth of China-specification product sales based on contracts in place, subject to SAMR brand registration

Nuchev's Oli6® GIF range

The product range covers the full age spectrum and development requirements

Stage 1 formula
(0-6 months)

Stage 2 formula
(6-12 months)

Stage 3 formula
(1-3 years)

Stage 4 formula
(3-7 years)

Goat Milk Powder
(adult)

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Oli6’s value proposition is differentiated and compelling to end consumers

Health benefits supported by research

- Oli6® offers credible, differentiated health benefits
- Scientific laboratory research on the health benefits associated with oligosaccharides in Oli6®[1]

Peer-to-peer endorsement

- Rapidly growing consumer base – Oli6®products are loved by infants and children
- Industry leading peer-to-peer endorsement of Oli6® – important for driving demand from Chinese mothers

Strong Brand:
Premium product, Australian made and owned

- Premium, trusted product that is reliable and safe
- Oli6®is made in Australia, and has an established presence in prominent Australian pharmacy (Chemist Warehouse) and grocery (Coles) outlets

Experts on goat milk products

- Exclusively focused on goat based nutritional products
- Founder led by 4th generation farmer with deep industry experience and demonstrated success with Chinese parties

Sources:

1. Leong, A., Liu, Z., Almshawit, H., Zisu, B., Pillidge, C., Rochfort, S., & Gill, H. (2019). *Oligosaccharides in goats’ milk-based infant formula and their prebiotic and anti-infection properties*. British Journal of Nutrition, 122(4), 441-449.

Capital light business model focuses on quality, security and scalability

Supply chain (primary strategic partners)

Imported goat ingredient sourcing

Base powder manufacturing

Blending, canning and packaging

Distribution chain

Distribution via multiple sales channels

End consumers

Supply redundancy / additional capacity built in at each stage of the supply chain

Optionality for Australian sourced ingredient supply

Expertise of supply chain and distribution partners are complemented by Nuchev's internal experience and capability

*Nuchev has developed and owns all of its proprietary product specifications, processes and know-how and has control over the chemical and microbiological specifications of its products across the supply chain

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Flexible supply chain delivers competitive advantage

Supply Chain

1 Highest quality materials

- Direct goat ingredient supply from the Netherlands, the centre of excellence for goat
- Positively perceived by Chinese and other end consumers – Dutch goat industry is highly reputable and reliable

2 Flexibility

- Goat materials imported in stable powder form with long shelf-life (contrast with fresh milk challenges)
- Production flexibility - suited to meeting rapidly growing demand and managing supply chain risk

3 Quality control

- Stage gated quality control and stringent testing regime throughout the supply chain focused on delivering highest quality
- Leverages Nuchev’s goat expertise in conjunction with industry leading strategic outsourced partners

4 Cost competitive

- Imported ingredients cost competitive with Australian sourced ingredients (local industry developing and processing assets not specifically designed for goat)
- Nuchev retains farming optionality (owns ~2,500 goats and has demonstrated expertise)

5 Capital-light

- Cost-efficient capital-light business model
- Investment in premium brand positioning and developing multi-channel distribution partnerships where the majority of valuation creation occurs

6 Significant excess capacity

- Significant excess supply chain capacity
- Complemented by supplemental raw ingredient & processing alternatives in place

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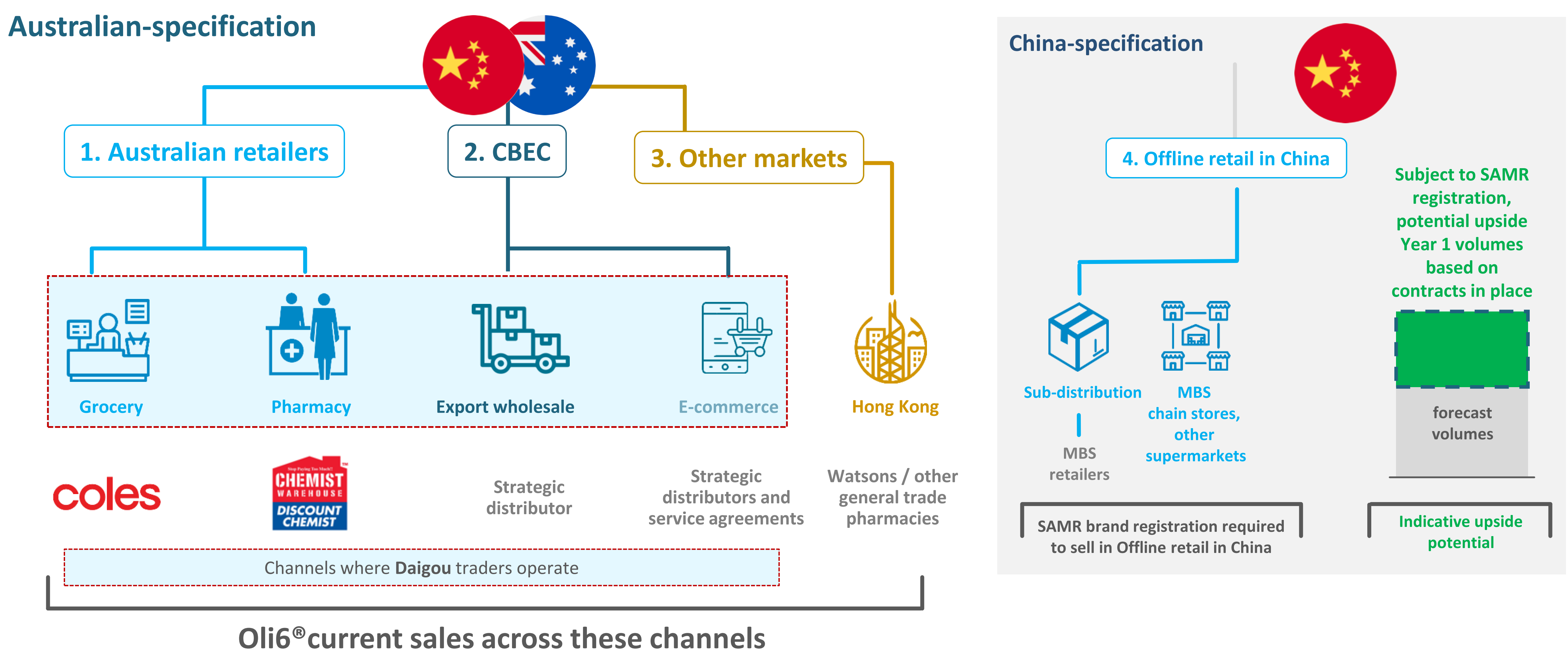
Multiple sales channels ensures efficient routes to market and reduces risk



Oli6 is an attractive value proposition to distribution channel partners

Distribution chain

1 GIF is a premium and differentiated IF product

- Oli6® has differentiated health benefits and a strong brand position
- Allows positioning as a premium product attracting higher margins

2 Growing consumer awareness is driving end consumer demand

- Nuchev delivers targeted marketing spend into Chinese end consumers
- This drives ‘pull’ demand from within China and is beneficial to channel partners

3 Oli6®is a premium, trusted, Australian-made and owned brand

- Distribution reach and sales via prominent Australian retailers helps position Oli6®as a trusted GIF brand
- Australian brands are well regarded

4 GIF is a fast-growing market segment

- Oli6®offers channel partners exposure to the rapidly growing GIF market, with a proven product
- Demonstrated acceptance by Chinese end consumers

5 Limited competition, supporting margins

- Limited foreign owned GIF competition compared to cow’s milk IF – less pricing pressure
- Greater opportunity for strong margins for channel partners

6 Quality record and secure supply chain

- High quality record demanded by channel partners who are investing in the brand
- Nuchev has a demonstrated quality record with an established supply chain focused on quality and aligned to industry best practice

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