

Investor Presentation

31 August 2020



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Building a business that's better for you

Murray River Organics is Australia's leading producer, grower, manufacturer and seller of certified organic dried vine fruit and better-for-you food products. Our ambition is to be a global leader in this \$100+ billion market



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- Executive Summary
- Who We Are
- FY20 In Review
- Summary and Outlook



Executive Summary

We have commenced our multi-year transformational journey

- In FY20, we grew sales in our Murray River Organics (MRO) branded national retail business by 28%, our ingredients business by over 50% whilst export sales grew by 3% despite severe COVID-19 restrictions in key export markets
- We reduced our national retail lower margin conventional (non-organic) private label sales contracts by \$13m whilst our fresh sales fell 12%, mainly due to COVID-19 restrictions and severe weather events, impacting table grapes pricing
- We continued to restructure and exit underperforming farms
 - Exit of Colignan lease incurred write downs of \$11.7m, however we have avoided an estimated annualised \$10m of ongoing farming costs
 - Wrote down other farm assets by \$3.9m, mainly resulting from the restructure of Yatpool (turned off fresh, and dried vine varieties with limited demand and underperforming patches)
 - In the final stages of the sale process for Fifth Street conventional fresh table grapes property
- Our underlying EBITDA-SL* loss of \$10.3m included higher operational costs from investment in building our MRO branded food business, adverse weather events and excess/idle plant capacity
 - Investment in marketing, product development and retail sales capability
 - The extended drought, extreme summer, very high-water pricing were then followed by a wet harvest period in March and April
 - Excess/idle plant caused by lower yields; reduced export demand due to COVID-19
- The adverse weather events and COVID-19 market closures also decreased our farm yields and pricing for fresh table grapes and dried vine fruit, which resulted in a SGARA loss of \$5.3m being incurred
- Statutory NPAT loss of \$39.1 includes the impacts of the one-off items above

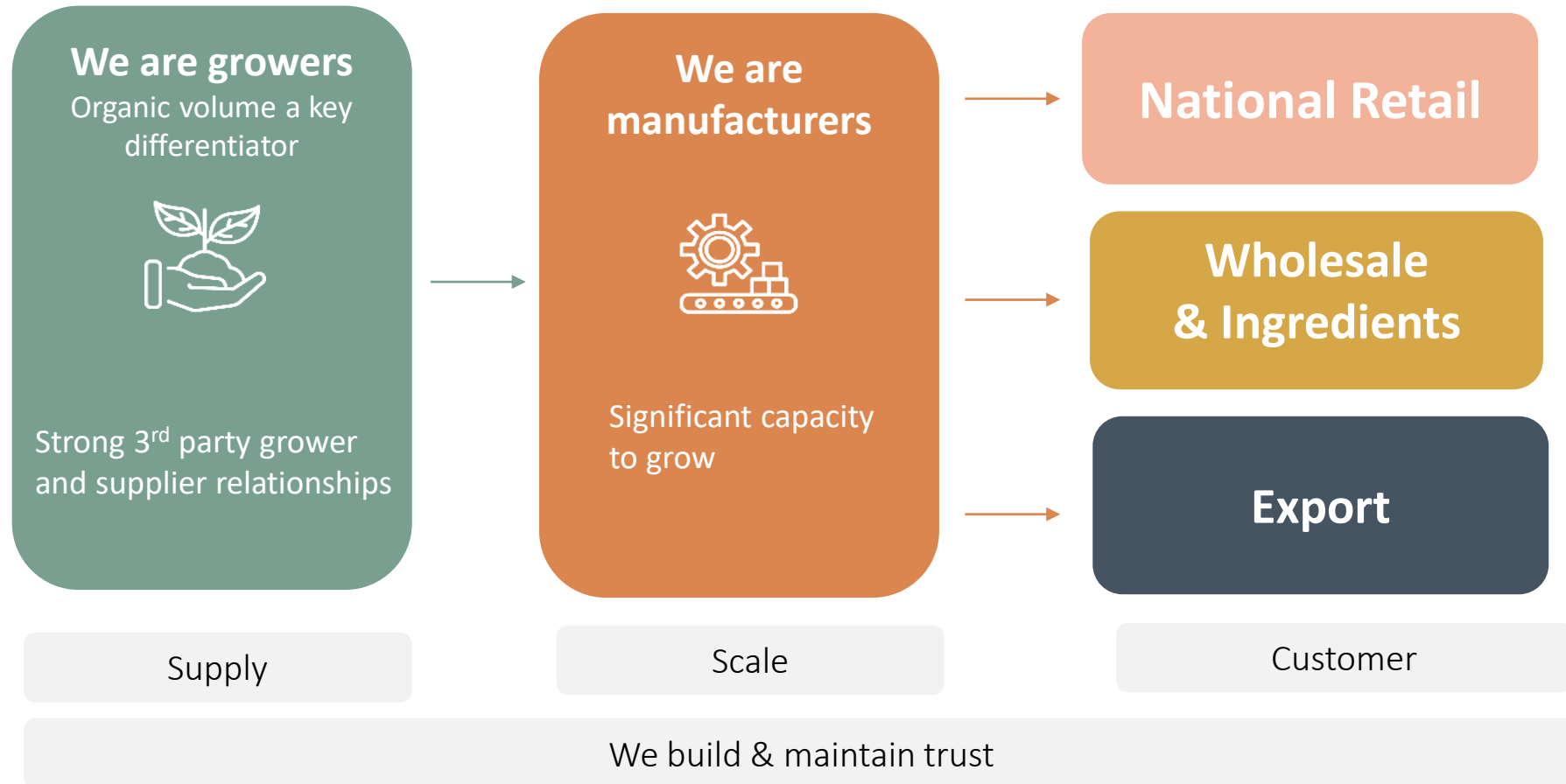
Outlook Summary

- The global uncertainty, brought on by the pandemic, has also strengthened community interest and demand for health, wellness and organic food
- We have an agile, lean and experienced team focused on accelerating our growth in the global organic markets



Who are we?

Murray River Organics is Australia's leading producer, grower, manufacturer and seller of certified organic dried vine fruit and better-for-you food products. Our ambition is to be a global leader in this \$100+ billion market



Our organic positioning is supported by macro food and beverage trends



Increase in demand for socially conscious brands

- 30% of Millennials say they *go out of their way* to buy organic or natural products. This is the highest of all generational groups.



Rise of plant-based alternatives

- Growth in veganism and awareness of the benefits of plant-based foods is on the rise.



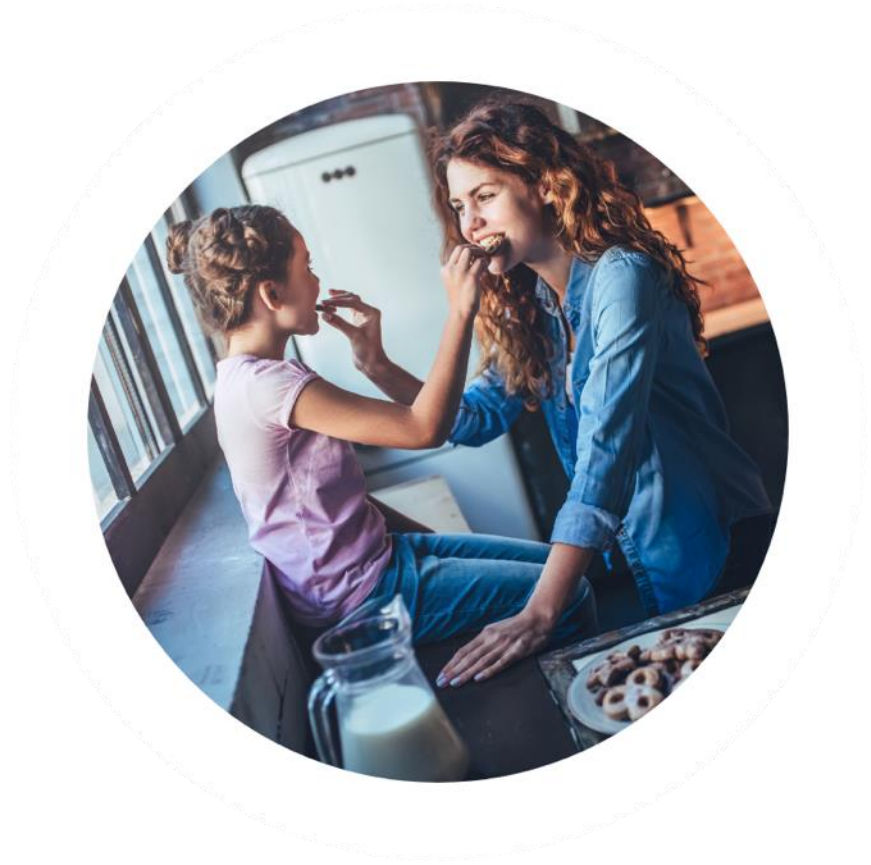
Healthy eating increases with age

- With an ageing population awareness for healthier food is growing exponentially to cater for specific health issues or concerns.



Seeking innovation and new products






- Shoppers continue to seek out new products and new brands. Innovation remains critical in order to engage and excite consumers of the future.



Our Vision, Purpose and Beliefs



Strategic Pillars

1		2		3		4		5	
Leverage our agricultural footprint & flexible processing capabilities		Build a global organic & better for you ingredients business		Develop market leading, purpose-driven organic brands with exceptional product innovation		Disrupt the food market via strong relationships with customers & leading edge thinking		Drive process excellence to develop best-in-class operating model	
<ul style="list-style-type: none"> • Leverage our vertical integration & utilise existing farming assets fully • Ultimately extend footprint through collaboration & partnerships 		<ul style="list-style-type: none"> • Expand our global supply chain for organic ingredients • Create a business ecosystem which promotes the development of organic supply 		<ul style="list-style-type: none"> • Become the go-to organic brand • Deliver leading customer & consumer experience • Create leading organic product innovation 		<ul style="list-style-type: none"> • Organify & transform whole retail categories in the Australian & international markets • Partner with retailers & distributors to drive the organic markets 		<ul style="list-style-type: none"> • Invest in technology & processes which improve the quality of products, our efficiency and ability to supply 	

A top-down view of various organic ingredients arranged on a dark, textured surface. The ingredients include a pile of almonds, some in a wooden spoon, a small bowl of olive oil with a spoon, a pile of sesame seeds, a small bowl of quinoa, a small bowl of coconut flakes, a pile of dried cranberries, a pile of dried apricots, a pile of dried raisins, a pile of pumpkin seeds, and a pile of sunflower seeds.

Review of FY20

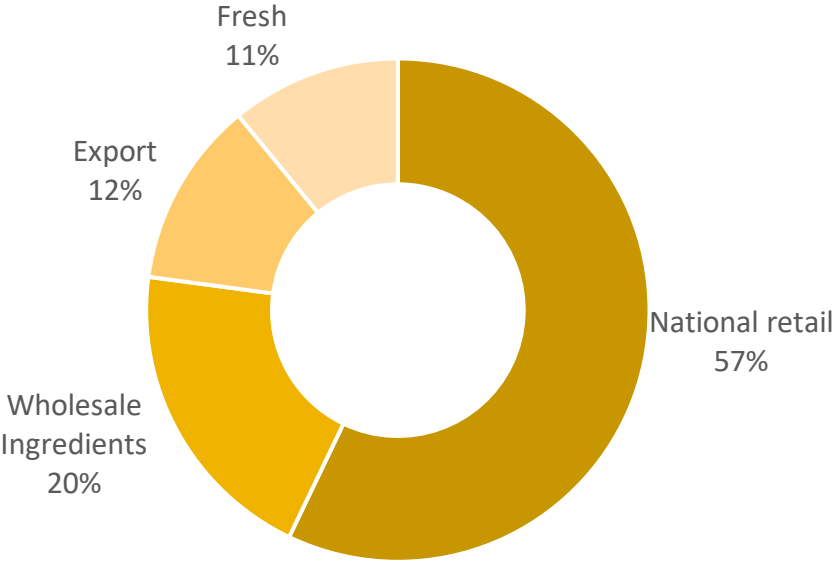
Financial performance

Earnings impacted by COVID-19, adverse weather, farming asset exit and reduced private label sales

\$m	FY20	FY19	Change	%	Comments
Sales	48.3	60.1	(11.7)	(20%)	<ul style="list-style-type: none"> We have continued to drive growth in branded retail and export, whilst reducing low margin private label contracts. Export sales and fresh table grapes affected by COVID-19 driven market closures; dried fruit harvest affected by adverse weather
EBIT-L*	(36.3)	(8.2)	(27.2)	(332%)	
One off items	15.9	-			<ul style="list-style-type: none"> One-off items include: <ul style="list-style-type: none"> Early exit from unprofitable long-term Colignan lease saving an estimated annualised \$10m but incurred one-off write downs of \$11.7m plus further asset write downs \$3.9m of write-downs of other farming assets
SGARA impact	5.3	0.2			<ul style="list-style-type: none"> Adverse weather events and very high cost of water resulted in SGARA losses Farming assets operating at much lower cost base in FY21
Depreciation & Amortisation	4.9	4.4			
Underlying EBITDA - SL*	(10.3)	(3.6)	(6.7)	(186%)	<ul style="list-style-type: none"> Underlying EBITDA-SL expected to recover as branded sales grow and export markets re-open

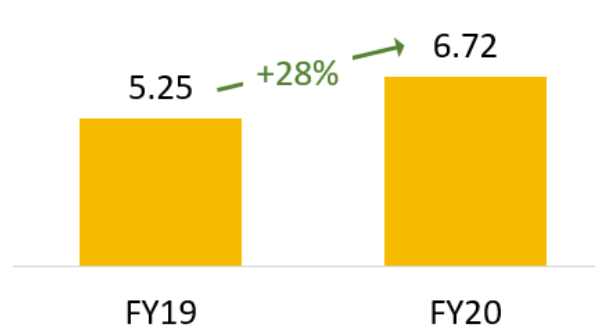
Sales Overview

Gross Sales by channel	FY20	FY19	%	Comments
National Retail	28.9	41.3	(30%)	• Reduction in annual private label contracts of \$13.5m offset by ~28% growth in MRO branded national retail
Wholesale ingredients	9.9	6.3	+53%	• Continued strong growth despite COVID challenges – strong strategic supply partners
Export	5.8	5.6	+3%	• Export achieved 3% growth, despite COVID market closures. At half year, growth from prior year was 19%.
Fresh	5.3	5.9	(12%)	• Adverse weather (yields) & COVID (market closures) affected fresh table grape sales and pricing



National Retail achieves major milestones with ranging confirmed for 37 new MRO branded products

MRO Branded Retail Sales (\$m)



New Five-Year Strategy Launched

July 2019

MRO brand first ranged in Costco

Dec 2019



100% Organic Sultanas appears in market, followed by 100% Organic Goji Berries & Fruit Medley in May 2020



100% Organic MCT and Avocado Oil



100% Organic Virgin Coconut Oil

MRO brand first ranged in WW Oils category

March 2020



100% Organic Muesli Range

MRO Brand first launch in Coles Breakfast category

June 2020

MRO Brand launched in Metcash/IGA for across Pantry category

Aug 2020



100% Organic Pantry Range



100% Organic Trail Mix & Dried Fruit Mix

MRO Brand enters Confectionery and Dried Fruit & Nut categories with WW

Sept 2020



Organic Mylk Chocolate



100% Organic Trail Mixes

MRO to extends confectionery with launch of Xmas Gifting for WW

Oct 2020



Organic Mylk Chocolate Seasonal Jars

Leading Organic Brand

Our launches are aligned to building a large-scale Organics business....

Pantry



Leveraging access to 100% Organic ingredients into pantry friendly packaging

Snacking



Range of ready-to-eat single serve and sharing snack formats leveraging access to organic supply

Muesli



100% organic Muesli range in 400g canisters and multipack single serve formats

Oils



Healthy cooking with 100% Organic Virgin Coconut Oil, Avocado Oil and MCT Oil

Confectionery



Launch of Organic Mylk Chocolate coated fruit and nuts to prove that chocolate can also be delicious and healthy at the same time

Export sales up 3% on prior year, despite being affected by COVID-19 impacts

- We are capturing a value premium for our finest certified organic products, and expanding our market share with our unique Australian food offering
- Export sales grew by 19% in H1, but were severely affected by COVID-19 in H2 in several key export markets with restrictions and closed borders impacting trade
- Our export retail branded offering grew and strengthened despite the global uncertainties with export sales from MRG retail brands growing to 35% of FY2020 export sales
- Our branded retail exports to China were up 139% for the year with our products now available across more than 1800 physical stores across China as well as a range of e-commerce sites
- Export markets commenced opening back up in June 2020 and are returning to pre-COVID levels
- 54% of our export portfolio is under contract in FY21, of which 33% is locked into multi-year agreements
- We have a strong growth pipeline

Export Focus

Sunraysia to Asia

- Accelerate activation of Gobble minis and Premium Australian Clusters
- Launch new snacking retail range in China

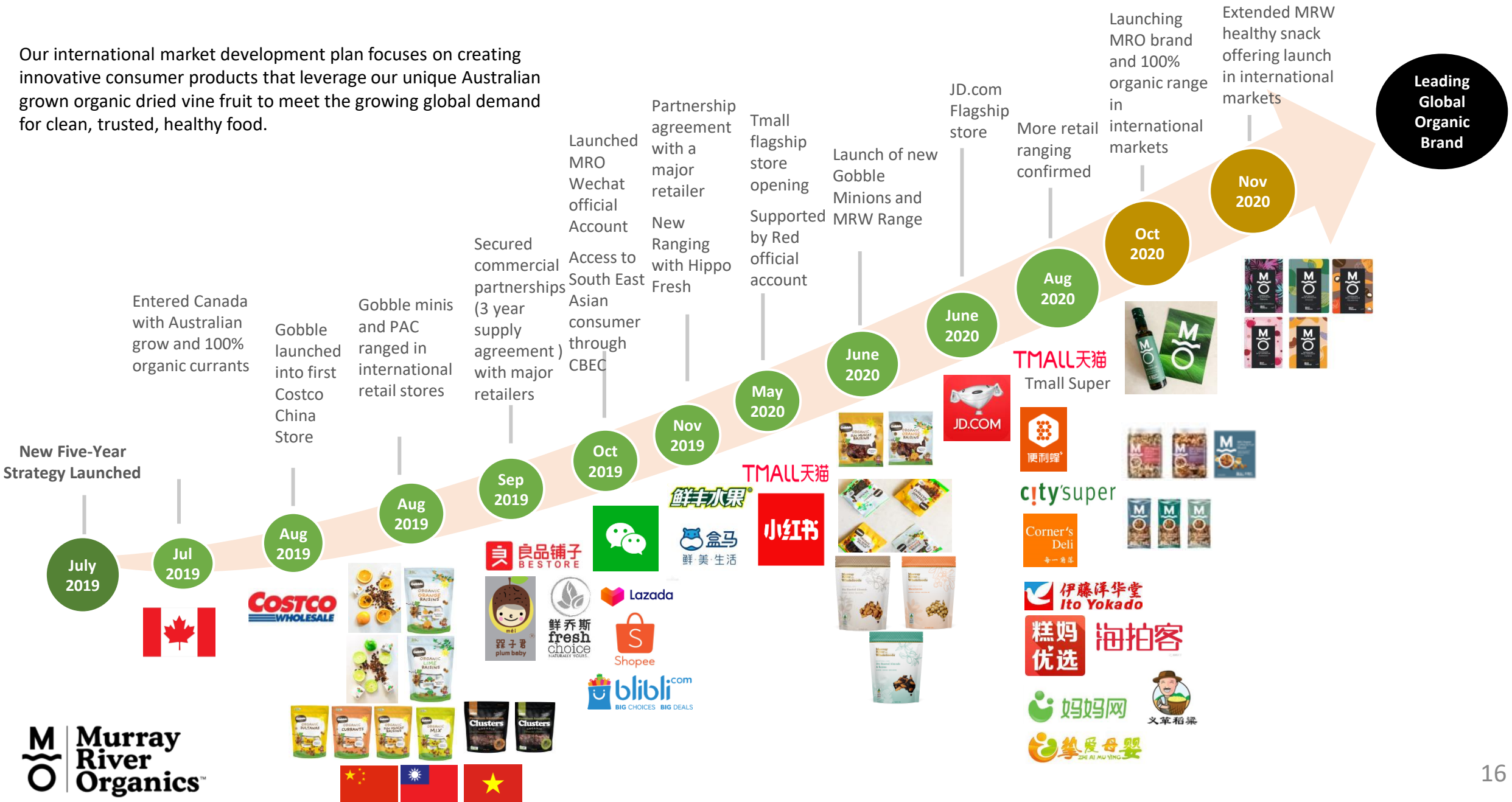
Global Organic Export Leadership

- Enter USA Retail Market with value-added Organic DVF
- Grow European DVF markets targeting snacking & bakery segments



Our Export business is connecting MRO to the international consumer, building a global brand presence

Our international market development plan focuses on creating innovative consumer products that leverage our unique Australian grown organic dried vine fruit to meet the growing global demand for clean, trusted, healthy food.



Wholesale & Ingredients sales up 50% on prior year, on our way to becoming the leading organics ingredients supplier

- Wholesale & Ingredients sales increased to \$9.9 million, up 50% on FY19
- Business was challenged by COVID-19 as global freight movements were prevented and/or constrained. Offset by sales uplift in selected products
- >90% of revenue from organic products
- Growth expected from expansion of existing customer basket and acquisition of new customers
- Developed strong partnerships with leading Australian brands
- Growing supply across a range of organic categories, leveraging our existing supply and processing capabilities to a broader market
- Forged grower-producer supply partnerships outside Australia (North America, South America, India, Turkey and Asia) providing ingredients including dried fruits, grains, flours, dried berries and seeds and reducing supply risks

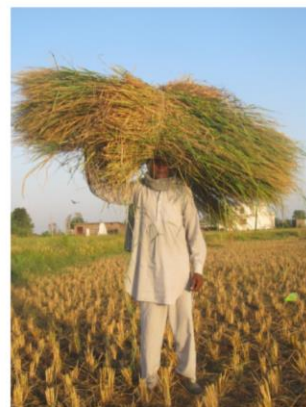
~1400 tonnes globally sourced

>100 containers

>40 sourcing partners

>25 countries supplying

Working with our partners around the world



Major restructure of our farming portfolio in FY20

Farm profitability severely affected by extended drought, extreme summer and low water allocation and high spot water pricing

- FY19 review resulted in the exit of the Colignan lease in December 2019, reducing annual cash flow requirements by an estimated ~\$10m
- FY20 Farming costs increased ~32% (excluding Colignan), mainly due to increased cost and use of water
- Project Lift initiated to focus on performance and re-development of existing core-farm portfolio
 - Detailed review of Yatpool and Gol Gol identified assets impacted not only by the drought and weather events, but also historically poor farming practices in the areas of nutrition, grafting and vine/crop management. Operational changes were implemented targeting poor performing patches and turning off poor performing fresh and dried varieties with limited commercial market potential
 - This has resulted in a further reduction cash outflows for FY21 as we continue to rationalise poor performing farming assets and earmark them for future re-development
- Asset sales program for non-core farms underway
 - Fifth Street sale process was delayed by COVID-19. Now in the final stages
- Project Magnum – long term development of Nangiloc
 - Detailed feasibility study in progress
 - Ensuring long term security of access to economically priced water is the focus of the next phase of development. Alternative water access solutions being explored, including a potential localised water desalination plant
- 4GL of water under 5-year lease, enough for all existing plantings once asset sales are completed
- Organic vineyards better placed for an improved crop in 2021 season

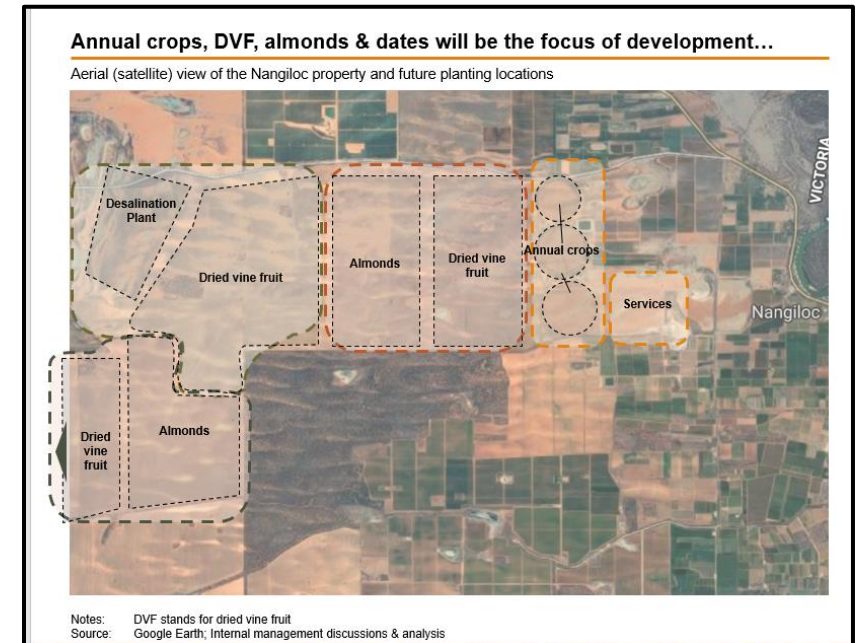
Yatpool



Improved Farm Management & Planning



Project Magnum – Illustrative Vision – Feasibility Underway



Financial Performance

Balance sheet deleveraged by capital raising, asset sales and improved working capital

Balance sheet	FY20	FY19	Change	Comments
Working capital	19.61	24.05	(4.44)	<ul style="list-style-type: none"> Working capital reduced \$4.44 m with lower inventories and improved terms
Land, PPE, Right of use assets	38.97	71.09	(32.12)	<ul style="list-style-type: none"> Exit from the loss making Colignan lease resulted in a one time write down in assets of \$11.7m which has improved our balance sheet debt levels
Other assets*	0.77	1.09	(0.32)	
Assets held for sale	5.38	6.36	(0.98)	<ul style="list-style-type: none"> Wrote down other farm assets by \$3.9m, mainly resulting from the restructure of Yatpool (turned off fresh, and dried vine varieties with limited demand and underperforming patches)
Agricultural produce	1.74	2.05	(0.31)	
Net Bank Borrowings	(41.08)	(41.82)	0.74	<ul style="list-style-type: none"> Fifth Street held for sale – In the final stages of the sale process
Colignan finance lease	-	(26.23)	26.23	
Right of use (lease) liabilities	(3.40)	-	(3.40)	
Provisions and other liabilities**	(1.41)	(1.16)	(0.25)	
Net Assets	20.59	35.44	(14.85)	

* Other assets in FY19 includes \$0.1m of foreign currency forward contracts (FY20: nil)

** Provisions and other liabilities in FY20 includes \$0.3m of foreign currency forward contracts (FY20: nil)

Financial performance

Operating cash flow improved \$5.2m, aided by reduction in working capital

Cashflow	FY20	FY19	Change	Comments
Underlying EBITDA-SL	(10.3)	(3.6)	(6.7)	• Operating losses higher impacted by reduced crops, pricing and investments to build branded vertically integrated organic food business
Working capital change	4.4	(12.9)	+17.4	• Improved working capital (lower inventory, better terms)
Interest	(3.6)	(4.5)	+0.9	• Lower interest with exit of Colignan lease
Other	5.8	(0.5)	+6.4	• Includes \$5.3m SGARA loss due to adverse weather impacting yields and high costs of water
Cash Used in Operating activities	(15.3)	(20.5)	+5.2	
Net Capex	(3.7)	(3.7)	-	
Repayment of lease liabilities	(0.7)	-	(0.7)	
Net borrowings**	(1.1)	1.9	(3.0)	
Colignan surrender fee	(1.3)	-	(1.3)	• Payment to exit non-performing Colignan lease that would have resulted in an estimated annualised \$10m cash outflow for FY20 if we continued to operate
Net Proceeds from Capital Raising	22.0	27.3	(5.2)	
Net Cash (used)/generated	(0.1)	5.0	(5.1)	

* Refer to Appendix for definitions of unaudited non-IFRS financial measures

** Net borrowings includes equipment loans and borrowing costs

Summary and outlook



An organic and better-for-you food business primed for growth

Outlook

- Part way through major restructure and transformation
- The demand for clean, sustainable, healthy organic products is on the rise with the global pandemic further accelerating this growth
- Focus on core-organic farming to supply our growth in branded products
- Our journey is well progressed to transform into a strong integrated organic food business
- We are building our product portfolio with key investments in marketing, branding and product development
- We are on track to achieve our goal of becoming a major player in organic and 'better for-you' food in Australia and key export markets
- We will explore strategically attractive value-accretive acquisition opportunities to supercharge our growth



Appendices



Appendix 1 - Non-IFRS financial measures

The following unaudited non-IFRS financial measures are included in this report:

1. **Net Debt** - Net Debt, represents total borrowings less cash and cash equivalents.
2. **Net Bank Debt** - Net Bank Debt, represents total borrowings (excluding the Colignan property lease liability and right of use asset lease liabilities) less cash and cash equivalents.
3. **EBIT-L** - EBIT-L, represents earnings or losses before interest, tax, excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.
4. **Underlying EBIT-SL** - Underlying EBIT-SL, represents earnings or losses before interest, tax, and before the fair value gain or loss on Self-Generating and Regenerating Assets ("SGARA" or biological assets), excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*, and excluding one-off items as agreed with the Company's financier.
5. **EBIT-SL** - EBIT-SL, represents earnings or losses before interest, tax, and before the fair value gain or loss on Self-Generating and Regenerating Assets ("SGARA" or biological assets), excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.
6. **Underlying EBITDA-SL** - Underlying EBITDA-SL, represents earnings or losses before interest, tax, depreciation, amortisation, impairment and before the fair value gain or loss on Self-Generating and Regenerating Assets ("SGARA" or biological assets), excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*, and excluding one-off items as agreed with the Company's financier.
7. **EBITDA-SL** - EBITDA-SL represents earnings or losses before interest, tax, depreciation, amortisation, impairment and before the fair value gain or loss on Agricultural Produce (SGARA), excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.
8. **Net Tangible Assets (NTA)** - Net Tangible Assets represents total assets less intangible assets less total liabilities (excluding deferred tax liabilities) less deferred tax assets, excluding the impact of AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*.





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