



Happy Valley Nutrition Limited Investor Presentation

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November 2019

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Presentation

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Information purposes only

The Presentation is for information purposes only and is provided so that you may consider an invitation to participate in the proposed offers of securities in the Company, contained in the replacement Prospectus prepared under Chapter 6D of the Corporations Act which was lodged by the Company with the Australian Securities and Investments Commission (**Prospectus**) in connection with the IPO. The presentation provides an overview of the Company and the proposed IPO. It does not contain all information necessary to make an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (Corporations Act). The Presentation is of a general nature and does not purport to be complete or verified by the Company or by Bell Potter Securities Limited and Shaw and Partners Limited (Joint Lead Managers) or any other person. Neither the Company nor the Joint Lead Managers have any responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of the Presentation, which may affect any matter referred to in the Presentation. The information in the Presentation is subject to change without notice.

Conditions

The IPO is conditional on the lodgement of a prospectus with the Australian Securities and Investments Commission and the ASX, listing approval by the ASX and the receipt of a minimum subscription of \$12 million by the Company. An application has been made to the ASX for an in principle approval for listing which has been approved by the ASX.

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The Presentation includes forward-looking statements and comments about future events, including the Company's expectations about the performance of its businesses. Forward-looking words such as "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" or other similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward-looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in the Presentation to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

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Additional information

The following information is provided for the purposes of section 734(6) of the Corporations Act, if applicable. The issuer of the securities will be the Company. During the Offer period, a copy of the Prospectus will be made available to Australian and New Zealand resident investors by calling the Company IPO Information Line on 1800 131 904 from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays) and in electronic format at www.hvn.co.nz. A person should consider the Prospectus in deciding whether to acquire securities. Any application for shares in the Company must be made in accordance with a Prospectus. The Prospectus was lodged with ASIC on 22 November 2019.

Prospective investors who are eligible to participate and wish to acquire Shares under the IPO Offer will need to complete the relevant application form that is in or accompanies the electronic or paper Prospectus. The IPO Offer is expected to open on 25 November 2019.

Representations, warranties, acknowledgement and indemnity

This document is provided to you in consideration of you making the statements set out below. By accepting this document, you:

- represent and warrant that you are a person to whom an offer of securities can be made without a disclosure document:
- in Hong Kong, because you (and any such person) because you are a “professional investor” as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;
- represent and warrant that you are not in the United States;
- represent and warrant that you will act on the basis of your own investigations and analysis and place no reliance on this Presentation;
- acknowledge that this Presentation does not purport to contain all of the information that you may require for the purpose of making an investment in the Company, is not a prospectus and does not contain the same degree or standard of information as a prospectus, and has not been checked, verified or assessed for accuracy or completeness by external advisers, intermediaries or independent experts, nor by any party who has distributed those documents on behalf of the Company including the Joint Lead Managers.
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- acknowledge that the Company, and its related bodies corporate rely on you complying with this disclaimer and on the truth and accuracy of the representations and warranties given by you; and
- indemnify and agree to keep indemnified the Company, and its related bodies corporate and their officers, employees and advisers against any loss, damage or costs relating to any breach by you of this disclaimer or representations and warranties given by you.

Any investment in the Company should be regarded as a speculative investment.

Today's presenters



Ivan Hammerschlag
Non-Executive Chairman

- 40 years' of business and finance experience including as a retail specialist
- Founder and Chairman of ASX listed RCG Corporation Limited (now called Accent Group Limited)



David McCann
Non-Executive Director

- 25 years' experience in managing and operating businesses
- Prior experience building an infant milk formula brand



Randolph van der Burgh
Non-Executive Director

- Several years' experience building an infant milk formula brand
- Former partner at Ernst & Young New Zealand and Australia



Greg Wood
General Manager

- 20 years' experience in the dairy and technology sectors
- Previously a Senior Principal and Business Director responsible for Beca Limited's New Zealand and Australia dairy business

Introducing Happy Valley Nutrition Limited



- ▶ Happy Valley Nutrition Limited (**Company**) is a New Zealand company developing a vertically integrated, formulaic milk processing, blending and packaging Facility (**Facility**) that produces Infant Milk Formula (**IMF**) and Other Nutritional Products for sale in the global export markets
- ▶ The Company's site is strategically located in the Waikato region, a large catchment area of A2, organic, and pasture fed milk herds in New Zealand¹
- ▶ The Company's vision is to become a trusted business-to-business (**B2B**) supplier of consumer ready IMF and other nutritional products that will primarily utilise A2 and organic milk. The other nutritional products include IMF base powders, IMF ingredients and Liquid variants that align with market demands (**Other Nutritional Products**)
- ▶ The Company has obtained land use Resource Consents from Otorohanga District Council (**ODC**) to build the Facility and Waikato Regional Council (**WRC**) Resource Consents relating to air, storm water, waste water and water supply
- ▶ Experienced and capable board and management team with a proven track record to execute on the Company's business model and growth strategy

Note:

1. <https://www.dairynz.co.nz/media/5791052/quickstats-about-dairying-new-zealand-2019.pdf>



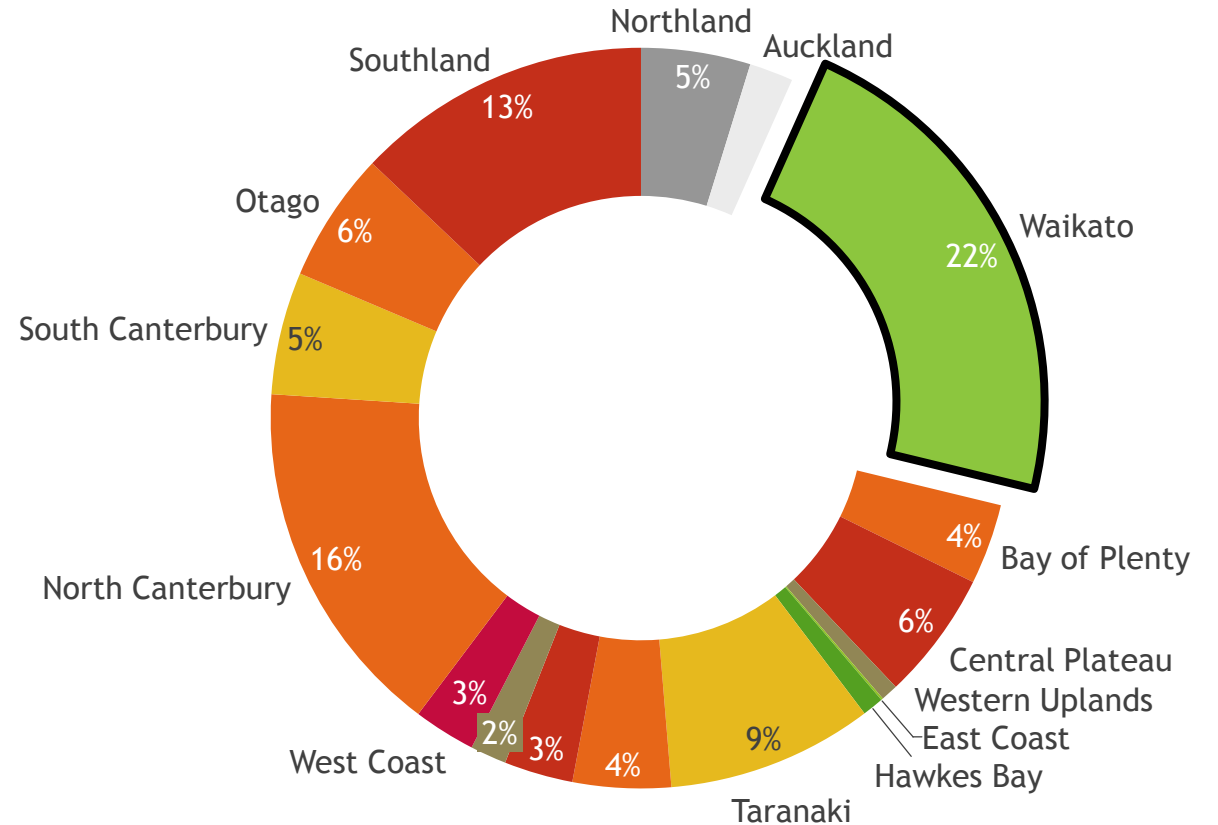
Ideal Location

- ▶ 72% of all New Zealand dairy herds are located in the North Island, with 33% situated in the Waikato region¹
- ▶ The Company's site is strategically located in the Waikato region, the largest catchment areas of A2, organic, and pasture fed milk herds in New Zealand
- ▶ Of the milk produced in New Zealand, as seen to the right, the Waikato region produces 22%¹ of all milk solids, valued at \$NZ3.29 billion²
- ▶ The site for the Facility is approximately 180 kilometres south of the Port of Auckland

Note:

1. <https://www.dairynz.co.nz/media/5790451/nz-dairy-statistics-2017-18.pdf>
2. <https://www.dairynz.co.nz/media/5791537/quickstats-about-dairying-waikato-2018.pdf>

New Zealand milk production (by region)¹



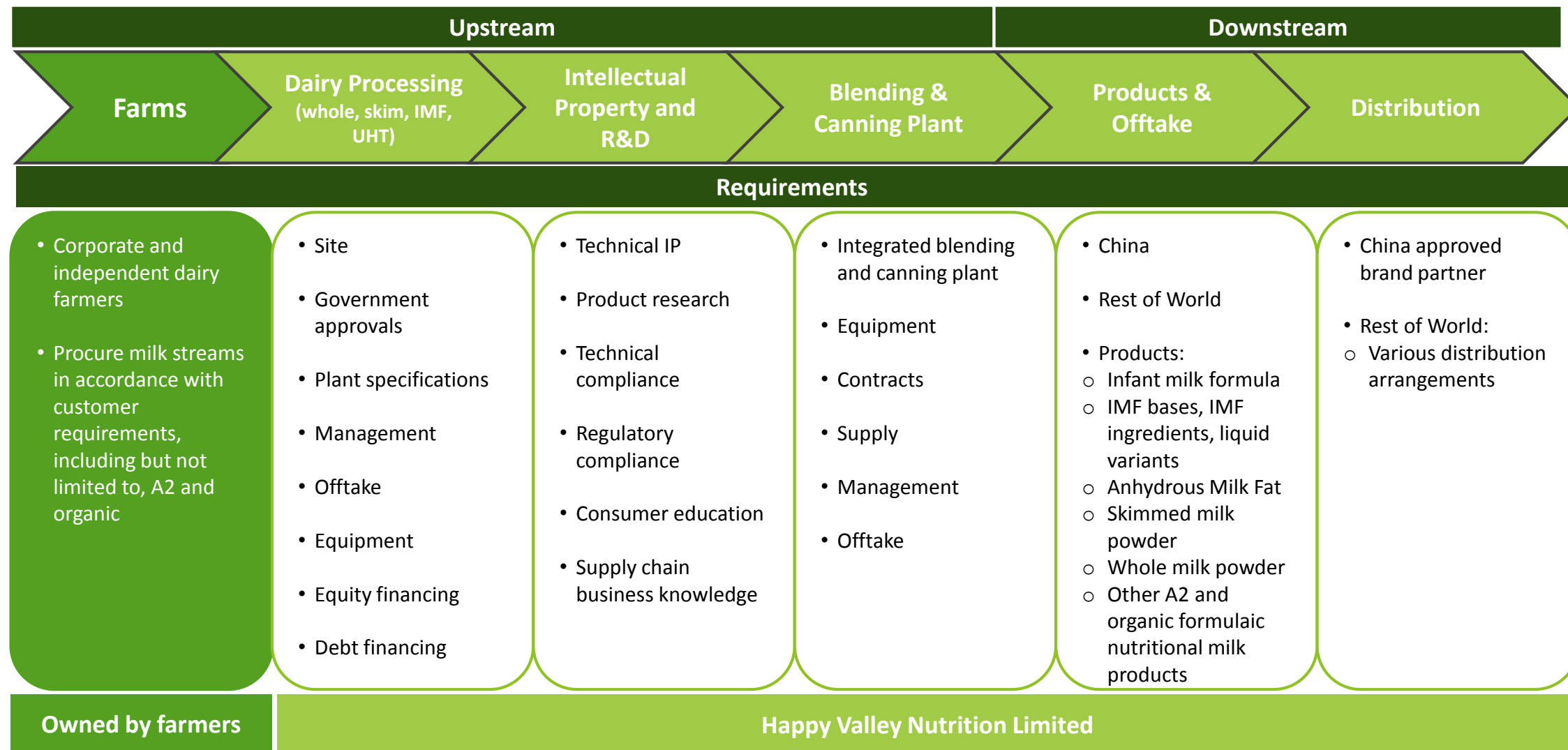
Source: Dairy NZ-LIC New Zealand Dairy Statistics (2017 – 18)

Track Record of Achieving Key Milestones



Sustainable Integrated Platform

Why build a vertically integrated nutritional grade plant?



Approved Project

- The Company has obtained Resource Consents from the ODC and WRC to develop the proposed Facility

CONSENT	DATE	CONSENT GRANTED
Stormwater discharge consent	30 November 2016	A stormwater discharge consent from WRC for the purposes of construction activities
Cleanfill discharge consent – construction activities	30 November 2016	A cleanfill discharge consent from WRC to undertake cleanfilling activities associated with the construction of the Facility
Land use consent	8 February 2018	Land use consent from the ODC to build the Facility on the acquired site. This allows for up to two 8 metric tonne per hour spray dryers, a warehouse, blending and packaging plant, and associated services
Air discharge consent	12 November 2018	An air discharge consent from WRC for dust, gases, particles and odour from the Facility
Stormwater discharge consent	26 November 2018	A stormwater discharge consent from WRC to discharge into the Waipa River during the operation of the Facility
Wastewater discharge consent	7 February 2019	A wastewater discharge consent from WRC to allow dairy factory wastewater to discharge to land including associated aerosols and odour
Surface water take consent	19 April 2019	A water take consent from WRC to include the Company in a water user group that will provide all necessary water required for the Company operations
Ground water take consent	20 September 2019	A water take consent from WRC to take water from the Company's two bores located at 132 Ouhouero Road, Otorohanga

Business Model

- ▶ The Company intends to build and operate the Facility that produces IMF and Other Nutritional Products for sale in the global export markets. The Company's intention is to become a trusted business-to-business (B2B) supplier.
- ▶ Post Listing, the initial phase for the Company is to carry out Pre-Project Activities which are set out in more detail below:

Site preparation

- ▶ Detailing designs to enable earthworks to commence and prepare for the construction of the proposed Facility
- ▶ Develop key management plans in accordance with the requirements by the ODC for earthworks and preliminary construction activities
- ▶ Secure any further required consents and permits

Industry-leading talent

- ▶ Attract, retain and develop industry-leading talent
- ▶ Appoint key senior management across key functional areas to build organisational capability

Finalise basis of design and construction planning

- ▶ Engage engineering consultants to assist with finalising the basis of designs, procurement strategy, budgeting and planning for the construction of the proposed Facility
- ▶ Refine user requirements and specifications with strategic partner product requirements

Strategic partners

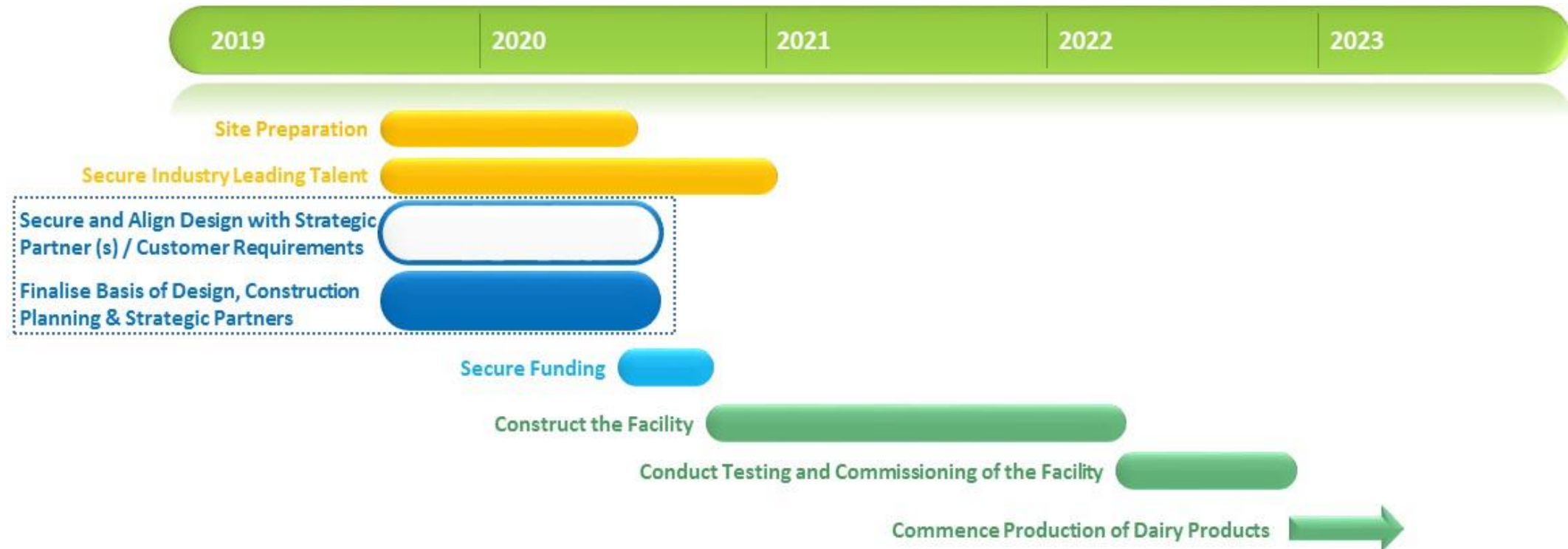
- ▶ Secure a strategic partner(s) for IMF and/or Other Nutritional Products. The Company intends to secure a strategic partner early to address project design and other key considerations, including possible funding and/or other long term agreements
- ▶ Continue discussions with milk suppliers, ideally located within a 150 kilometre radius of the site

Secure funding

- ▶ Undertake a process to identify the available sources of funds, then structure, document and secure the funding from those sources for the procurement and construction of the Facility and the working capital requirements during the periods of construction, commissioning and the ramp up phase of production
- ▶ The Company currently estimates it will require approximately \$328 million to fund the Facility and working capital requirements. Alternatively if a strategic partner is secured for Other Nutritional Products the funding requirement will be significant less than \$328 million

Timeline to first production

- ▶ In 2020, the Company will aim to complete the Pre-Project Activities.
- ▶ The timeline to first production will be firmed up during the Pre-Project Activities period



Industry Overview and Trends



Industry Overview

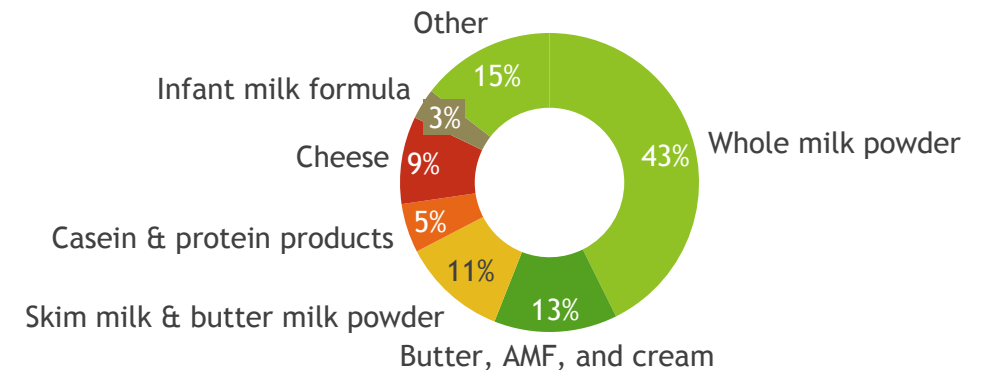
- ▶ New Zealand is the 7th largest milk producer of milk equivalents in the world, yet it is the largest exporter¹
- ▶ Between 2006 and 2019, export revenue relating to milk equivalents in New Zealand increased from NZ\$7b to NZ\$18.1b, representing a CAGR of 8%
- ▶ In 2018 the total amount of world milk exports was approximately 75 million tonnes. Of this, New Zealand contributed 18.7 million tonnes, representing a 25% share of total world exports²
- ▶ Approximately 88%⁴ of New Zealand's annual milk production is exported each year to more than 140 countries³

Top 10 export destinations for New Zealand milk equivalents – March 2019⁴



Source: Situation and Outlook for Primary Industries June 2019

New Zealand dairy product export quantities – June 2019⁵



Source: New Zealand Ministry of Primary Industries

Note:

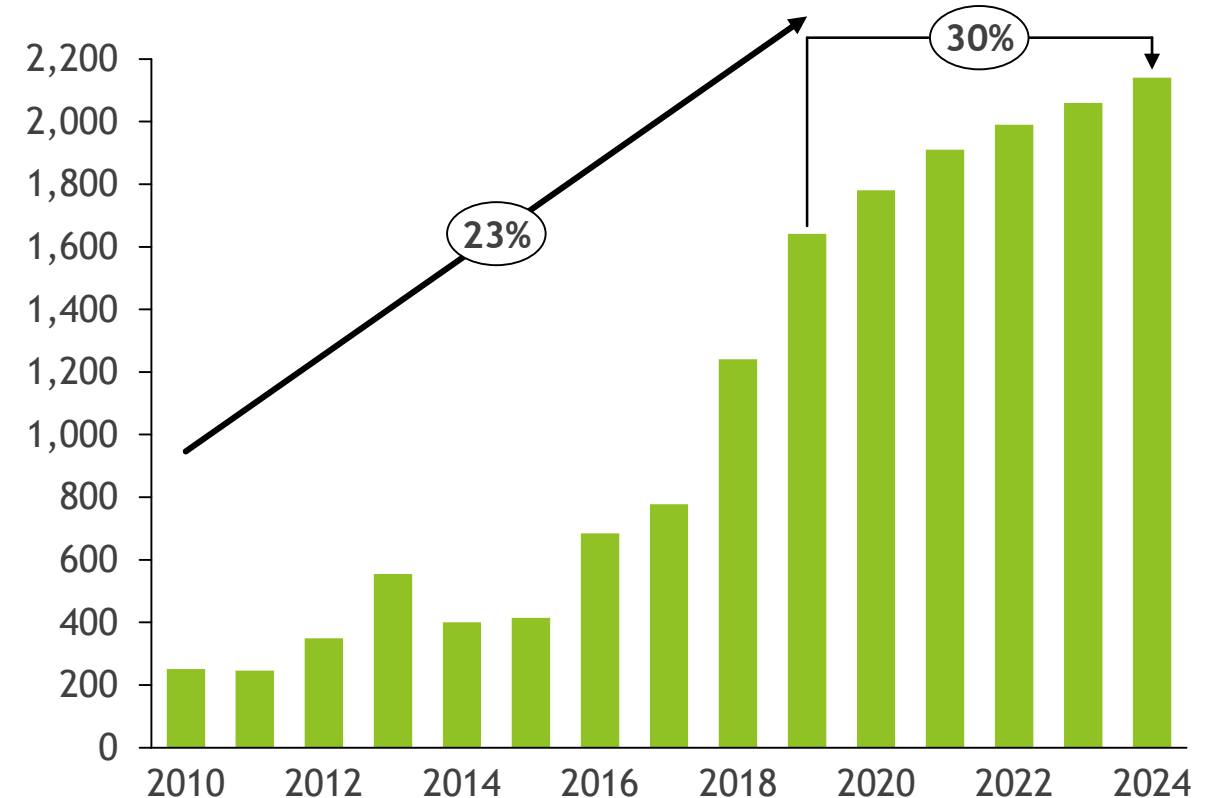
1. <https://www.dairynz.co.nz/media/5791052/quickstats-about-dairying-new-zealand-2019.pdf>
2. <http://www.fao.org/3/ca3879en/ca3879en.pdf>
3. <https://www.dcanz.com/about-the-nz-dairy-industry/>
4. <https://www.mpi.govt.nz/dmsdocument/34938/direct>
5. <https://www.mpi.govt.nz/news-and-resources/open-data-and-forecasting/situation-and-outlook-for-primary-industries-data/>

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Consumer Trends and Demand

- ▶ Consumer trends are driving industry growth
 - high protein as part of everyday natural health
 - gut health rich in probiotics
 - mass customisation
 - sustainability
 - taste
 - allergy free
 - alternative business models
- ▶ IMF has seen the largest growth out of any segment within the dairy market over the past several years¹
- ▶ According to the Ministry for Primary Industries, New Zealand (MPI), the CAGR of the total export revenue for dairy products in New Zealand between 2010 and 2019 was 6%. During this same period, the CAGR for IMF was 23%¹
- ▶ The MPI expect the growth in the IMF industry to continue, with the expected growth between 2019 and 2024 to be approximately 30%¹
- ▶ The largest driver of this growth is the demand from the Asian markets, especially from China²
- ▶ China represents the world's second largest dairy market and its milk formula market was the largest in 2018³

New Zealand total export revenue of infant formula (\$NZ millions)¹



Source: Ministry of Primary Industries

Note:

1. <https://www.mpi.govt.nz/news-and-resources/open-data-and-forecasting/situation-and-outlook-for-primary-industries-data/>
2. <https://www.mpi.govt.nz/dmsdocument/34938/direct>
3. <http://www.fao.org/3/ca3879en/ca3879en.pdf>

Growth Strategy



Growth Strategy

- The IPO Offer will enable the Company to advance the four pillars of their growth strategy and hire key staff to execute

Four pronged approach:

Partners / Customers and Products

- The Company is pursuing a B2B strategy and has been in discussions with potential strategic partners and customers, for both IMF and Other Nutritional Products
- The Company is required to obtain relevant approvals and any in-market registrations prior to producing IMF and Other Nutritional Products
- During the period the Company is seeking to obtain the relevant approvals and any in-market registrations for IMF, the Company is expected to produce skimmed milk powder, whole milk powder and anhydrous milk fat

Milk Pool

- The Company is situated in one of the largest milk supplying regions in New Zealand and intends to commence negotiations with milk suppliers post Listing
- This involves targeting milk pools that align with product requirements
- This will primarily focus on organic, A2, and pasture fed milk supply

Construction

- The design basis for the Facility, may vary to accommodate the mix of product requirements from strategic partners during the Pre-Project Activities phase. This will align with the partners, milk supply and quality requirements
- Commercial discussions will commence with utility providers, technical providers and equipment suppliers to prepare for construction

Quality

- The Company will be subject to the food safety standards and legislation in New Zealand
- A requirement for a Risk Management Plan (**RMP**) that is verified and registered with the MPI
- For organic products manufactured under the Official Organic Assurance Programme (**OOAP**), the Company will be required to register as an organic operator with an MPI-recognised third party agency and register as an organic exporter with the MPI

Board and Management



Experienced Board and Management



Ivan Hammerschlag

Non-Executive Chairman

- 40 years' of business and finance experience including as a retail specialist
- Founder and Chairman of ASX listed RCG Corporation Limited (now called Accent Group Limited)



David McCann

Non-Executive Director

- 25 years' experience in managing and operating businesses
- Built an infant milk formula brand 'A+Puro' from the ground up with operations in New Zealand, Hong Kong and China



Anthony Kahn

Independent Non-Executive Director

- Mr Kahn will be appointed to the Board upon Listing
- Worked in the finance industry for over 30 years
- Previously worked for Macquarie Bank Group for 18 years, including as Executive Director for 10 years
- Mr Kahn was the head of ASX listed Macquarie Infrastructure Group for 6 years
- Mr Kahn was also a Director of the ASX listed trusts of Transurban, Hills Motorway and Macquarie Communications



Randolph van der Burgh

Non-Executive Director

- Built an infant milk formula brand 'A+Puro' from the ground up with operations in New Zealand, Hong Kong and China
- Founding shareholder in VCFO Group and Rockburgh Fund Services and a former partner at Ernst & Young, New Zealand and Australia



Greg Wood

General Manager

- Previously Senior Principal and Business Director of Beca, responsible for their New Zealand and Australia dairy business
- 20 years' experience in the dairy and technology sectors, having led diverse operational and project teams. Mr Wood has had leadership and oversight roles for Greenfield and Brownfield dairy capital projects across New Zealand and Australia

IPO Offer details



Sources and uses of funds

Sources of funds	Minimum Subscription \$12.0 million	Full Oversubscription \$15.0 million
Cash Balance as at 31 October 2019	\$1.2m	\$1.2m
Capital raised	\$12.0m	\$15.0m
Total sources	\$13.2m	\$16.2m

Uses of funds ¹	Minimum Subscription \$12.0 million	Full Oversubscription \$15.0 million
Site preparation	\$0.7m	\$3.4m
Finalise basis of design and construction planning	\$2.9m	\$2.9m
Employee salaries, recruitment costs	\$2.0m	\$2.0m
Director fees	\$0.6m	\$0.6m
Consultants and marketing	\$0.3m	\$0.3m
Overheads	\$1.0m	\$1.1m
Licences	\$0.7m	\$0.7m
Working capital	\$1.2m	\$1.2m
Costs of the Offers	\$1.5m	\$1.7m
Land costs	\$2.3m	\$2.3m
Total uses	\$13.2m	\$16.2m

(1) More detailed provided within Section 7.1.1 of the prospectus

Shareholder structure and escrow arrangements



Shareholder structure

	Shares held immediately prior to the Completion of the Offers		Shares held at Completion of the Offers			
			Minimum Subscription \$12.0 million		Full Oversubscription \$15.0 million	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Existing Shareholders and parties under the Pre IPO Funding Offer (excluding Directors)	67,586,381	79.0%	125,616,391	59.8%	125,616,391	55.8%
Directors	17,966,000	21.0%	24,383,609	11.6%	24,383,609	10.9%
New Shareholders	-	-	60,000,000	28.6%	75,000,000	33.3%
Total	85,552,381	100.0%	210,000,000	100.0%	225,000,000	100.0%

Escrow arrangements

- ▶ Escrow restrictions apply to 14.9% of Shares held at the Completion of the Offers at the Minimum Subscription and 13.9% of Shares held at the Completion of the Offers at the Full Oversubscription
- ▶ The majority of Shares held by Directors will be subject to mandatory escrow arrangements

IPO Offer statistics

Key Offer statistics	Minimum Subscription \$12.0 million	Full Oversubscription \$15.0 million
IPO Offer Price	\$0.20 per Share	\$0.20 per Share
Total proceeds from the IPO Offer	\$12.0m	\$15.0m
Number of Shares offered under the IPO Offer	60.0m	75.0m
Number of Shares held by Existing Shareholder and parties under the Pre-IPO Funding Offer	150.0m	150.0m
Total number of Shares on issue on Completion of the Offers	210.0m	225.0m
Market capitalisation at the IPO Offer Price ⁽¹⁾	\$42.0m	\$45.0m
Estimated net proceeds from the IPO Offer	\$10.5m	\$13.3m
Estimated free float on Completion of the Offers ⁽²⁾	82.1%	83.3%

Notes:

(1) Market capitalisation at the IPO Offer Price is defined as the IPO Offer Price multiplied by the total number of Shares at Completion of the Offers

(2) Free float is calculated as the percentage of Shares on Completion of the Offers that are not subject to voluntary escrow or mandatory escrow nor held by Directors or affiliated Shareholders of the Company

IPO Offer timetable

Date	
Prospectus lodgement with ASIC	22 November 2019
Retail Offer open	25 November 2019
Retail Offer closes and Applications due (5pm Sydney time)	4 December 2019
Settlement of the Offers	9 December 2019
Issue of Shares under the Offers (Completion of the Offers)	12 December 2019
Expected despatch of holding statements	13 December 2019
Shares expected to begin trading on ASX on a normal settlement basis	20 December 2019

Note: The dates above are indicative only and may change

Key Takeaways

1

Positive dairy market dynamics especially for IMF and Other Nutritional Products

2

Obtained land use Resource Consent from ODC, air, storm water, waste water discharge and water take Resource Consents from WRC to build the Facility

3

Experienced and capable management team with a proven track record to deliver growth strategy

4

Well defined four pillar growth strategy:

- Partners / Customers and Products
- Milk Pool
- Construction
- Quality

Appendix



Financial position

<i>In \$ millions</i>	Statutory Historical as at 30-Jun- 2019	Minimum Subscription Impact of Offer / other pro forma adjustments	Pro Forma Historical as at 30-Jun- 2019	Full Oversubscription Impact of Offer / other pro forma adjustments	Pro Forma Historical as at 30-Jun- 2019
Cash and cash equivalents	1,302,009	11,737,016	13,039,025	14,553,787	15,855,796
Other current assets	26,150	-	26,150	-	26,150
Total current assets	1,328,159	11,737,016	13,065,175	14,553,787	15,881,946
Property plant & equipment	5,382,178	-	5,382,178	-	5,382,178
Other Non-current assets	13,566	-	13,566	-	13,566
Total Non-current assets	5,395,745	-	5,395,744	-	5,395,744
Total assets	6,723,904	11,737,016	18,460,919	14,553,787	21,277,690
Trade and other payables	410,061	-	410,061	-	410,061
Secured convertible note	3,072,228	(3,072,228)	-	(3,072,228)	-
Total current liabilities	3,482,289	(3,072,228)	410,061	(3,072,228)	410,061
Converting Loan	2,016,992	(2,016,992)	-	(2,016,992)	-
Total non-current liabilities	2,016,992	(2,016,992)	-	(2,016,992)	-
Total liabilities	5,499,281	(5,089,220)	410,061	(5,089,220)	410,061
Net assets	1,224,622	16,826,236	18,050,858	19,643,007	20,867,629
Share capital	2,278,723	21,822,500	24,101,223	24,642,500	26,921,223
Share options reserve	-	4,538,196	4,538,196	4,538,196	4,538,196
Retained earnings	(1,054,101)	(9,534,460)	(10,588,561)	(9,537,689)	(10,591,790)
Total equity	1,224,622	16,826,236	18,050,858	19,643,007	20,867,629

Notes:

The pro forma statement of financial position as at 30 June 2019 is based on the audited statutory historical statement of financial position of the Company as at 30 June 2019 after allowing for the following adjustments:

- A minimum subscription of \$12 million (60 million shares at \$0.20 under the Public Offer, and the Full Oversubscription of \$15 million (75 million shares at \$0.20 under the Public Offer respectively; ;
- The pro forma statement of financial position reflects the net impact of the proposed capital raising under the IPO Offer. These include the following:
 - A minimum subscription of \$12 million (60 million shares at \$0.20 under the Public Offer, and the Full Oversubscription of \$15 million (75 million shares at \$0.20 under the Public Offer respectively;
 - Expenses of the Offers totalling \$1.513 million (Minimum Subscription) and \$1.696 million (Full Oversubscription) respectively. These represent the gross expenses of the Offers which are split between an equity accounted portion, being \$720,000 (Minimum Subscription) and \$900,000 (Full Oversubscription) which represent the expenses payable to the Joint Lead Managers, and the balance of amounts that will be expensed in the income statement, being \$792,984 (Minimum Subscription) and \$796,213 (Full Oversubscription) as detailed within the Expenses of the Offers;
- Unsecured convertible note 2: on 5 May 2019 the Company agreed to issue \$500,000 worth of convertible notes, which was subsequently amended to \$1.25 million worth of convertible notes on 10 October 2019, to former holders of convertible notes in Longreach Oil Limited (Longreach) who subscribed on the basis that Longreach was to acquire all of the Shares in the Company. Conversion will occur on the receipt of conditional approval from ASX of the Company's admission to the Official List (Longreach Convertible Notes).
- The issue of 17.4 million shares (Minimum and Maximum Subscription in connection with the Longreach Deed of Termination dated 10 October 2019
- 27.9 million Options have been granted to the Directors and will vest on IPO.
 - The Options issued to Randolph van der Burgh and David McCann have an exercise price of \$0.20 each within 60 months of the vesting date. The vesting date for these Options is the Listing date.
 - The Options issued to Anthony Kahn have an exercise price of \$0.20 each within 36 months of the vesting date. The vesting date for these Options is the Listing date.
 - The Options issued to Ivan Hammerschlag have an exercise price of \$0.064 each within 60 months of the vesting date. The vesting date for these Options is the Listing date.
- 38.9 million 'milestone' Options have been granted to the Directors and will vest on the Directors achieving the milestones.
 - The Options issued to Randolph van der Burgh and David McCann have an exercise price of \$0.25 each within 36 months of the vesting date. The vesting date for these Options is determined upon achieving certain vesting conditions.
 - The Options issued to Ivan Hammerschlag have an exercise price of \$0.064 within 60 months of the vesting date. The vesting date for these Options is determined upon achieving certain vesting conditions.
- Secured convertible notes (Convertible Notes) worth \$3million, which is convertible to HVN shares on listing on the ASX.
- Secured converting loan (Converting Loan) worth \$2 million which will be redeemed by issuing 12.5 million shares on listing on the ASX.

Foreign selling restrictions

Hong Kong

WARNING: This Presentation and the Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the Laws of Hong Kong (CWUMP), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this Presentation and the Prospectus or to permit the distribution of this Presentation and the Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document other than (i) to 'professional investors' (as defined in the SFO and any rules made under that ordinance) or (ii) in other circumstances which do not result in the document being a 'prospectus' as defined in the CWUMP or which do not constitute an offer to the public within the meaning of the CWUMP or the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person issued Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Presentation and the Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offers under the Prospectus. If you are in doubt about any contents of this Presentation and the Prospectus, you should obtain independent professional advice.

New Zealand

The offers under the Prospectus are being extended to New Zealand investors under the New Zealand Mutual Recognition Regime. Investors in New Zealand should refer to the warning statement under the heading 'Important notice to New Zealand Investors' under the Prospectus.

A copy of the Prospectus, other documents relating to the Offers and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at www.business.govt.nz/disclose (offer number, OFR12759). While the offers under the Prospectus are being extended to New Zealand investors under the New Zealand Mutual Recognition Regime, no application for listing and quotation is being made to NZX Limited.

Foreign selling restrictions (cont'd)

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA), (ii) to a relevant person pursuant to section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under section 275 of the SFA by a relevant person which is:

- (a) a corporation (that is not a corporation that is an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trustee of a trust (where the trustee is not an accredited investor) whose sole purpose of which is to hold investments and each beneficiary of which is an individual who is an accredited investor, securities (as defined in section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under section 275 of the SFA except:
- (c) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or to any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;
- (d) where no consideration is or will be given for the transfer;
- (e) where the transfer is by operation of law;
- (f) as specified in section 276(7) of the SFA; or
- (g) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

United Kingdom

If you (or any person for whom you are acquiring the Shares) are in the United Kingdom, you (and any such person) are:

- (a) a "qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000, as amended; and
- (b) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

United States

This Presentation and the Prospectus has been prepared for publication in Australia and may not be distributed to, or relied upon by, person in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (US Securities Act), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of a US person, unless an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available. See Section 9.11 for more details on the selling restrictions that apply to the Offers and sale of Shares in jurisdictions outside Australia.

Specific risks

<p>The Company will require additional capital to fund its growth plans</p>	<p>On Completion of the Offers the Company will have sufficient working capital to achieve its Pre-Project Activities over the next 12 months. The Company however, has limited financial resources and will need to secure funding of up to \$328 million for the construction of the Facility and working capital funds for operational requirements during the periods of construction, commissioning and the ramp up phase of production. The Company's ability to successfully operate is subject to its ability to secure this additional funding and will be subject to factors beyond the control of the Company and its Directors (including, without limitation, cyclical factors affecting the economy and financial and share markets generally). The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.</p> <p>The Company's financial position may also become highly leveraged due to reliance on commercial and other forms of debt to finance its growth plans. Any equity financing will lead to share dilution for existing shareholders and any debt financing, if available, may involve restrictive covenants. If the Company is unable to meet repayments, the lender may seek to foreclose on the debt.</p>
<p>Going Concern</p>	<p>The funds raised in the IPO Offer will be used to carry-out specified Pre-Project Activities. There is no guarantee that the construction of the Facility will commence after these Pre-Project Activities have been completed, or that the Company will continue as a going concern.</p>
<p>Construction and Commissioning Risk</p>	<p>There is a risk that the construction timeline and budget may be overrun. There may be delays in installing and commissioning the Facility. There is also a risk of that the Company's property could be damaged as a result of equipment failure, interruption to utility services or technical support required for the operation of the Facility, fire, vandalism or other unforeseen natural forces. The Company has developed a high level capital cost estimates to construct the Facility, which is based on inputs from various vendors and consultants in New Zealand. While the New Zealand dairy construction industry has experience in the construction of these types of plants there is a risk that the capital cost could increase due to external forces. Some of these external forces include, but are not limited to, foreign exchange, changes in regulatory and legislative requirements, insurance premiums, material costs and labour costs.</p>
<p>Dependence on milk supply</p>	<p>The cattle owned by dairy farmers can partially affect both the quantity and quality of milk produced. Additionally, high quality cows may be scarce due to the absence of a structured or formal input market. Throughout the upstream process, there are many possibilities for contamination, ranging from farmers' handling of milk after milking the cow, to the transportation process of the milk to milk collection points (MCPs). The quality of the milk could also be affected by handling practices, particularly in terms of microbial load. Given raw milk's high sensitivity to temperature, any (cooling) equipment failure before the product reaches the Company's Facility would lead to the deterioration of the whole batch, thus potentially disrupting the supply chain.</p>
<p>Fluctuations in input prices</p>	<p>The Company will be exposed to movements in underlying commodity prices, and foreign currency exchange, for raw materials and ingredients required for the manufacture of its proposed products. Any increase in raw material and input costs may have a material adverse effect on The Company's operations, and thus the financial conditions of the Company.</p>

Specific risks (cont'd)

Dependence on strategic partners	The Company intends to enter into long-term agreements with international and domestic partners. There is a risk that long term arrangements may not be able to be secured on terms acceptable to the Company within the Company's expected timelines or at all. To the extent that long term agreements are secured, the Company will be required to fulfil its supply obligations as set out under agreed terms should the Company fail to meet, or default on its contractual obligations, the future financial performance of the Company may be adversely impacted.
Facility Laws and regulations	<p>The Company is required to obtain certain regulatory approvals, licenses and/or renewals to build and operate the Facility. The Company's operations are subject to resource consents and regulations relating to the take and use of water, discharge of materials to the environment, the treatment of waste, and contaminated and hazardous matters. There is a risk that the Company may breach the conditions of its consents or not hold all required consents for its activities. In addition, the Company will need to obtain building approval to construct the Facility and register its proposed Facility with MPI, specifically under the Risk Management Program (RMP) to qualify as an exporter of dairy and nutritional products.</p> <p>If the Company fails to comply, or a regulator claims that the Company has not complied, with any of its conditions, the Company may face serious consequences, including criminal, civil and administrative charges. In addition, the regulatory environment in which the Company operate is subject to change and any such change may also require the Company to commit significant resources and/or change planned or existing business practices. As a whole, failure to obtain or retain approvals, licenses, or renewals, thereof, in a timely manner, or at all, may adversely affect the Company's operations.</p>
Other Regulatory risks	The Company and its proposed products are subject to various laws and regulations including but not limited to accounting standards, tax laws, New Zealand and international dairy processing, export and import laws and employment laws. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Company's financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdiction's regulatory requirements (e.g. export requirements) or that the Company does not obtain the local country certifications or approvals it needs under its proposed timelines or at all. If the Company fails to remain compliant with these various regulatory requirements, there is a risk that the Company's financial performance could be adversely affected.
Health, Safety and Environment	The Company must comply with all health and safety laws and regulations. If the Company breaches these laws and regulations, including for example where the Company is held responsible for an injury or death, the Company could be subject to significant sanctions, convictions and fines. Workplace accidents and incidents may adversely affect the Company's safety record and reputation, which may make it difficult for the Company to hire and retain employees, and to win and retain customers.
Product Quality and Contamination	As is the case with other dairy manufacturers, the Company may be subject to product liability claims if certain products do not meet customer specifications or are found to be unfit for human consumption due to contamination of ingredients, human or operational errors, and accidental or illegal tampering. Issues may occur at any point throughout the supply chain process (from transportation, processing and distribution to sales) due to reasons unknown to the Company or out of the Company's control. The Company can make no assurance that that such incidents will not occur. Any problems with products that do not meet customer specifications and product re-calls will significantly damage the Company's reputation and operations.

Specific risks (cont'd)

Reliance on Key Personnel	<p>The Company currently employs a number of key management personnel. The Company's future depends on retaining and attracting suitably qualified personnel. Indeed, the Company's future growth and financial performance depends on the ability of its Board of Directors and management to successfully execute the Company's business strategy in a timely manner and to respond to any unforeseen circumstances that could change the requirements of the Facility. The Company has included in its employment with key personnel provisions aimed at providing incentives and assisting in the recruitment and retention of such personnel. It has also, as far as legally possible, established contractual mechanisms through employment and consultancy contracts to limit the ability of key personnel to join a competitor or compete directly with the Company. Despite these measures, however, there is no guarantee that the Company will be able to attract and retain suitably qualified personnel, and a failure to do so could materially and adversely affect the business, operating results and financial prospects as it may mean that the Company is unable to successfully execute its business strategy or address the challenges faced by the Company.</p>
Competition	<p>The dairy processing industry is highly competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than the Company who may by way of example be able to develop or take advantage of future technology which improves efficiency or quality. There are companies that compete with the Company's efforts to commercialise its products. As a consequence, the Company's future products may become uncompetitive, resulting in adverse effects on revenue, margins and profitability.</p>
Trademark infringement	<p>While the Company is permitted to use its company name, there are trademarks registered in New Zealand, Australia and China using the words "Happy Valley". Accordingly, there is a risk that use of the words "Happy Valley" in relation to milk and milk related products will infringe trade mark laws as a result of other companies having registered those words in those jurisdictions. To the extent the Company seeks to manufacture, distribute or sell dairy products using "Happy Valley" as a brand name in various jurisdictions (including Australia), it will need to obtain the consent of the registered holders in the relevant jurisdictions in which it intends to use this brand or investigate alternative brand names and register its own trademarks in respect of these names to avoid infringing any existing trademarks. The Company does not intend to distribute products labelled with the Happy Valley brand.</p>

Specific risks (cont'd)

Overseas Investment Act (NZ)	<p>Approval under the OIA is required where non-New Zealand investors acquire or increase an existing 25% or more interest in an entity valued at, or where the consideration provided, is NZ\$100 million or more, or where an overseas person establishes a business where the expenditure expected to be incurred. Prior to commencing the business exceeds NZ\$100 million. Consent under the OIA is also required when non-New Zealand investors acquire "sensitive land" or acquire or increase an existing 25% or more interest in an entity that owns "sensitive land" (either directly or indirectly). The Company is an overseas person and it is currently compliant under the OIA in relation to the acquisitions it has made to date. The Company will be required to obtain approval under the OIA for any future "sensitive land" acquisitions and for the establishment of the Facility. In order to obtain approval under the OIA for any "sensitive land" acquisition, amongst other things the Company will need to demonstrate that the acquisition will result in benefit to New Zealand.</p>
No track record of revenue and no history as a listed entity	<p>The Company has no track record of generating revenue and there is no guarantee that it will ever be profitable. If the Company does not achieve a track record of profitability it will be unable to pay dividends in the future and capital growth may be less likely.</p> <p>The Company has a relatively short operating history and has never operated as a listed entity. It is implementing the necessary policies and procedures necessary to effectively operate as a listed entity.</p> <p>Additionally, as a new entrant in the dairy space, the Company faces the challenges common to any new company in this industry including, but not limited to:</p> <ul style="list-style-type: none"> • successfully obtaining relevant domestic and international approvals, licenses, or renewals; • successfully obtaining milk supply and strategic offtake partners; • building the infrastructure; and • ability to service any volume of scale. <p>The development of the Company's management team and obtaining the relevant domestic and international approvals, licenses or renewals may require unexpected levels of management's attention, which could distract management from operating the business and executing its growth strategy.</p>
Construction and Commissioning Risk	<p>There is a risk that the construction timeline and budget may be overrun. There may be delays in installing and commissioning the Facility. There is also a risk of that the Company's property could be damaged as a result of equipment failure, interruption to utility services or technical support required for the operation of the Facility, fire, vandalism or other unforeseen natural forces. The Company has developed a high level capital cost estimates to construct the Facility, which is based on inputs from various vendors and consultants in New Zealand. While the New Zealand dairy construction industry has experience in the construction of these types of plants there is a risk that the capital cost could increase due to external forces. Some of these external forces include, but are not limited to, foreign exchange, changes in regulatory and legislative requirements, insurance premiums, material costs and labour costs.</p>
Other risks	<p>A number of other risks are included in Section 5 of the Prospectus</p>



Happy Valley Nutrition Limited