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# TASFOODS

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**CEO & Managing Director's  
Address**

**20 May 2021**



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Life is better accompanied by great tasting food sourced with authentic provenance.



# 2020 Financial Year Results

	FY 2020				FY 2019				Change \$ 000	Change %
	Dairy	Poultry	Corporate and other	Total	Dairy	Poultry	Corporate and other	Total		
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000		
Revenue	29,617	37,311	508	67,436	15,415	35,176	514	51,105	16,331	32%
Expenditure	-28,247	-38,344	-6,105	-72,696	-14,392	-32,901	-4,969	-52,262	-20,434	39%
<b>EBITDA</b>	<b>1,370</b>	<b>-1,033</b>	<b>-5,597</b>	<b>-5,260</b>	<b>1,023</b>	<b>2,275</b>	<b>-4,455</b>	<b>-1,157</b>	<b>-4,102</b>	<b>-354%</b>
Less Non-operating Items:										
Acquisition Costs	-	-	-15	-15	-	-	-497	-497	482	97%
Movement in Fair Value	-38	-107	-1,154	-1,300	37	439	692	1,169		
Impairment Expense	-1,500	-2,000	-	-3,500	-	-	-	-		
<b>Operating EBITDA</b>	<b>2,908</b>	<b>1,074</b>	<b>-4,427</b>	<b>-455</b>	<b>986</b>	<b>1,835</b>	<b>-4,650</b>	<b>-1,829</b>	<b>1,384</b>	<b>76%</b>
GP Margin	<b>35%</b>	20%		27%	34%	22%		25%		2%
<b>NPAT</b>				<b>-6,407</b>				<b>-3,495</b>		

- Revenue growth of 32% to \$67.43 million includes 10% organic revenue growth after adjusting for Betta Milk, which was acquired on 31 July 2019.
- Operating EBITDA improvement of 76% to negative \$0.445 million. Positive operating EBITDA for 2H20 of \$0.677 million.
- Gross margin improvement of 2%.
- Containment of corporate costs at 2019 levels.
- Movement in Fair Value was negatively impacted by downward revaluation of wasabi crop by \$1.154 million at 30 June. This had no cash impact on the business.
- Impairment of goodwill at 30 June of the dairy (\$1.5 million) and poultry (\$2.0 million) business units created an impairment expense of \$3.5 million. This had no cash impact on the business.
- Net loss after tax of \$6.407 million

# Balance Sheet 31 December 2020

	2020 \$'000	2019 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	7,635	2,209
Trade and other receivables	4,493	4,394
Biological assets	2,338	2,729
Inventory	4,504	4,123
Prepayments	905	699
<b>Total Current Assets</b>	<b>19,877</b>	<b>14,155</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	25,308	25,048
Right of use assets	968	1,081
Intangible assets	10,953	14,013
Biological assets	38	1,170
Deferred tax assets	-	-
<b>Total Non-Current Assets</b>	<b>37,267</b>	<b>41,313</b>
<b>Total Assets</b>	<b>57,144</b>	<b>55,466</b>
<b>Current Liabilities</b>		
Trade and other payables	9,175	8,628
Borrowings	539	765
Lease Liabilities	327	423
Provisions	1,172	976
<b>Total Current Liabilities</b>	<b>11,214</b>	<b>10,793</b>
<b>Non-Current Liabilities</b>		
Borrowings	5,278	4,500
Lease Liabilities	1,258	1,477
Provisions	153	220
Deferred tax liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>6,688</b>	<b>6,197</b>
<b>Total Liabilities</b>	<b>17,903</b>	<b>16,990</b>
<b>Net Assets</b>	<b>39,241</b>	<b>38,477</b>
<b>Equity</b>		
Contributed Equity	61,053	53,982
Reserves	594	493
Accumulated Losses	(22,407)	(15,998)
<b>Total Equity</b>	<b>39,241</b>	<b>38,477</b>

- Balance sheet has been strengthened by cash injection of \$7.1 million from two equity raisings undertaken in 2H20
- Cash and cash equivalents increased by \$5.426 million as a result of the equity raisings undertaken in 2H20
- Intangible assets decreased by \$3.060 million as a result of the impairment of goodwill in the dairy and poultry business units at 30 June. This was offset by an increase to goodwill associated with finalisation of the prior year acquisition accounting for Betta Milk\*
- Biological assets decreased primary as a result of the revaluation of the wasabi crop at 30 June of \$1.179 million due to a change in market conditions and product sales mix\*
- Borrowings increased by \$0.778 million (net of repayments) due to restructuring of the finance facilities in 1H20

\*Both the impairment expense and biological asset write down are non cash items

# Strategy



**RETAIL**

Retail is a core channel to consumers as the growing trend for home consumption of food is sustainable

**DISTRIBUTORS**

Distributors are an important link in the supply chain for perishable goods, particularly for interstate markets

**FOOD SERVICE**

Direct supply to businesses preparing and selling food supports deeper understanding of products and their attributes

**CONSUMER DIRECT**

Direct engagement with consumers provides unique customer insights and builds relationships that foster brand champions

# 1Q21 Financial Results

	Q1 2021				Q1 2020				Change \$ 000	Change %
	Dairy	Poultry	Corporate and other	Total	Dairy	Poultry	Corporate and other	Total		
	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000	\$ 000		
Revenue	7,422	9,494	113	17,030	7,113	9,670	95	16,878	152	1%
Expenditure	-6,727	-9,074	-1,116	-16,917	-6,543	-8,864	-1,087	-16,495	-422	-3%
<b>EBITDA</b>	<b>695</b>	<b>421</b>	<b>-1,003</b>	<b>113</b>	<b>469</b>	<b>806</b>	<b>-992</b>	<b>383</b>	<b>-270</b>	<b>-71%</b>
Acquisition Costs	-	-	-	-	-	-	2	2	-2	
Movement in Fair Value	27	-	-	27	-	-	-	-	27	
<b>Operating EBITDA</b>	<b>721</b>	<b>421</b>	<b>-1,003</b>	<b>139</b>	<b>569</b>	<b>806</b>	<b>-990</b>	<b>385</b>	<b>-246</b>	<b>-64%</b>

- Strong financial performance with the third consecutive quarter reporting positive EBITDA.
- 1Q21 Operating EBITDA of \$0.139 million.
- 1Q21 Revenue of \$17 million, 1% higher than 1Q20.
- Dairy revenue growth of 4% over 1Q20 to \$7.4 million.
- Gross margin for poultry division were 1% lower for 1Q21 than previous corresponding period (pcp) reflecting a return to standard product mix away from the abnormally high proportion of retail pack sales in 1Q20.

# Strategic Sales Growth in 2021

- Interstate sales grew 13% in Q1 2021 (over pcp).
- New milk products to be launched under Betta Milk brand in 2Q21.
- Expanded ranging and new products for the 2021 Christmas cream sales.
- Poultry range expansion with Coles Tasmanian stores scheduled for 2Q21.



# Online Sales Growth

- Online sales revenue grew 334% in 1Q21 (over pcp).
- Improved online shopping experience and product offering.
- Focus on seasonal home entertaining solutions.
- Refrigerated logistics solution for perishable goods delivery direct to customers will be offered in 2H21 allowing the addition of fresh milk and poultry products to direct sales offering.

The screenshot displays the TASFOODS website interface. At the top, a gold banner reads "SIGN UP TO OUR TASFOODIES CLUB FOR FREE & GET 15% OFF YOUR FIRST ONLINE PURCHASE". Below this is the navigation bar with links for ABOUT, BRANDS, INVESTORS, PEOPLE, CONTACT, and a SHOP NOW button. A "SORT BY" dropdown menu is set to "Default sorting".

The main content area features a "SHOP BY BRAND" section with checkboxes for Other (1), Pyengana Dairy (28), Meander Valley Dairy (20), Shima Wasabi (23), and Tasfoods (1). Below this is a "FILTER BY" section with checkboxes for Accesories (2), Accompaniments (1), Butter (5), Cheese (19), Cream (5), Hampers (23), Milk (1), and Wasabi (11).

The product grid consists of six items, each with an image, brand information, product name, price, and a plus sign icon:

- Pyengana Dairy, Shima Wasabi BEER & CHEESE HAMPER** - \$85.00
- Pyengana Dairy, Meander Valley Dairy CHARCUTERIE PLATTER HAMPER** - \$50.00
- Pyengana Dairy, Meander Valley Dairy, Shima Wasabi CHEESE PLATTER HAMPER** - \$85.00
- Meander Valley Dairy CHOCOLATE, CHEESE & CREAM HAMPER** - \$70.00
- Meander Valley Dairy D.I.Y. LEMON MERINGUE PIE** - \$23.00
- Shima Wasabi FRESH WASABI STEM AND MEDIUM GRATER** - \$55.00

In the bottom left corner, there is a small image of a field with white chickens under a green canopy.

# Organic Chicken Farm

- Being established on certified organic farmland at Flowerdale in Northwest Tasmania.
- Including construction of new mobile chicken sheds which are based on an existing shed model.
- No modifications to Nichols Poultry processing facilities required. Existing product segregation processes will be adopted.
- Sales anticipated to commence from September 2021, with a focus on interstate premium markets through a number of existing and new customers.



# Thank you

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Thank you to our  
employees, contractors,  
board and shareholders



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