

TasFoods AGM

Chairman's Address

20 May 2021

If we take a moment to look back on FY20, it has again presented some challenges for the Company. Despite these events, the business has now gained some forward momentum, delivering positive outcomes.

Covid-19 response

I am very proud of TasFoods immediate and continued response to the pandemic. We responded swiftly with our people, customers, communities and shareholders in mind. We continued to supply our products to customers, we continued to pay our suppliers, and we incurred additional costs to keep our team members and customers safe

The Company took several important steps to provide capacity to manage the impacts of Covid-19. The Board took a voluntary twenty five per cent reduction in fees, the Executive Leadership Team relinquished short- and long-term incentives, we reduced discretionary spend, and we deferred non-essential capital expenditure. Further, we renegotiated debt facilities and raised capital.

The impacts of the pandemic were felt, particularly in the second quarter, but thanks to the collective efforts of our CEO & Managing Director Jane Bennett and the Executive team, together with the wider TasFood employees, we remained resilient.

FY20 Results

I'll make some general observations about the last 12 months and the business environment and Jane will provide us with some reflections on the current trading and on the outlook for the Company.

Despite the highly challenging conditions, TasFoods revenue grew 32% to \$67 million. As a result, the Company recorded an improved operating EBITDA of -\$0.45 million, compared to the previous years' operating EBITDA of -\$1.8 million.

Financial Year 2020 was a year of reset. The valuation of the dairy, poultry and wasabi operations was conservatively assessed resulting in impairments and fair value write-downs totalling \$4.8 million. As a result, the Company delivered a net loss after tax of \$6.4 million.

Balance Sheet and Capital Management

At year end, the Company held \$7.6 million in cash, debt of \$5.8 million, and \$1.9 million of undrawn capacity in debt facilities. Net tangible assets at year-end were \$39.2 million, up from \$38.5 million, representing \$0.11 per share.

The Company successfully raised \$7.1 million in September and November 2020, to reinforced our balance sheet. This is been applied to working capital, as well as capital expenditure and brand development. These raising were strongly supported by existing shareholders and also welcomed new long-term, supportive investors to the share register.

Behind the scenes, the Board has maintained a focus on taking the Company forward by ensuring effective oversight in the areas of strategy, governance, risk and remuneration.

Strategy

The Board and Management have worked to develop a strategic plan which will underpin the Company's next phase of growth.

Our vision is to build a portfolio of leading food and beverage brands that leverage the natural advantages of Tasmania and its reputation for fine food. We will bring the essence of Tasmania to the table through:

- A brand hierarchy in each of our divisions;
- Our diversified customer base; and
- Our sourcing, production and distribution capabilities, that enable us to deliver our product to where our customers choose to shop and eat.

Looking forward, in FY21 we are growing our sales of Super Premium and Everyday Luxury brands. This is being achieved by expanding our distribution networks interstate, and new product development. We also continue to seek strategic acquisitions that meet our purpose – *bringing the essence of Tasmania to the table*.

Board renewal

Sustainable businesses require robust succession planning at every level of the business, including the Board. Last year, in line with our Board renewal process, two directors retired from the Board and committees, and Ben Swain and I joined.

Recently the Board assessed our collective strengths. In undertaking the self-assessment, the Board considered the matter of re-election, and is supportive of Roger McBain's nomination. Roger brings significant financial and strategic expertise to the Board, as well as FMCG, agribusiness and marketing experience.

The Board is currently in the process of identifying potential new directors to strengthen our collective skills in the areas of food, agriculture, sales and distribution. We hope to be in a position to conclude that over the next few months.

Remuneration

The Board considers the Company's remuneration structure on an annual basis, and makes regular changes to ensure it is fit for purpose.

At the beginning of 2020 the Board carefully set Short Term Incentives with a weighting towards financial performance and an EBITDA performance hurdle; and discussed granting an LTI that rewarded strong share price performance. However, circumstances altered significantly due to COVID-19, and, as outlined in the Remuneration report, management elected to forfeit any LTI and STI which may have become payable within the 2020 financial year.

As a result, no Long-Term Incentives were granted and no Short-Term Incentives were paid in 2020. Management only received fixed term remuneration.

This year we look to refresh the TasFoods Rights Plan, which aims to improve the long-term performance of the Company and align executive remuneration to business strategy; and grant performance rights to the CEO in accordance with this plan.

The Board remains confident that given the Company's strategic objectives, the remuneration framework is appropriate.

Investor Relations

In keeping with our commitment to being an accessible and transparent company we successfully increased our investor relations activities in 2020. We ran a series of roadshows, investor visits and site tours, speaking to current and prospective investors and analysts, as well as institutional and retail stock brokers throughout the year.

We will continue these investor relations activities in 2021 as we believe an effective two-way communications strategy between the Company and our stakeholders will promote an understanding and fair valuation of the Company.

TasFoods is well positioned to leverage its brand portfolio, sourcing, production and distribution capabilities to grow in 2021.

On behalf of the Board, I would like to close by thanking all our employees for their continued hard work and valued contributions. My thanks go to our CEO & Managing Director Jane Bennett, and the Executive team. To my fellow Board members for their commitment and clear thinking. And to you our shareholders for your continued support.

Thank you.

I look forward to addressing questions submitted by shareholders, but first I invite CEO & Managing Director Jane Bennett to outline the FY20 results and how we are tracking so far in FY21.