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TASFOODS

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The TasFoods Vision

To become Australia's leading source of Tasmanian food and beverage products by offering a curated portfolio of Tasmanian brands to discerning food lovers through acquiring and integrating scalable food businesses



Dairy Division

Dairy revenue has grown from \$2.0 million to \$29.5 million over 5 years to FY2020* through a combination of organic growth and acquisition.



Poultry Division

Poultry revenue has grown from \$13.8 million to \$37.0 million over 5 years to 2020 through organic growth achieved through strategic investment in growing capacity.



Inorganic Growth

Growth and acquisition has resulted in operational synergies to support production and distribution.



Meander Valley

TasFoods acquired Meander Valley Dairy in September 2015. Meander Valley produces some of Australia's finest, award winning dairy products in Tasmania.



Nichols Poultry

TasFoods acquired Nichols Poultry in June 2016. Nichols Poultry was founded in 1988 by the Nichols family to be a leader in the industry for quality, sustainability, and animal welfare.



Pyengana Dairy

TasFoods acquired Pyengana Dairy, located in Northeast Tasmania, in October 2017. Pyengana Dairy creates some of Australia's finest artisan farmhouse cheeses.



Betta Milk

TasFoods acquired Betta Milk in July 2019. Betta Milk is Tasmania's leading milk brand.

*Year end 31 December

TasFoods Portfolio

Our curated portfolio of brands and diverse customer base support us to deliver the essence of Tasmania to where our consumers choose to shop & eat

Brands & Product Strategy



Sales Channels



Retail



Distributors



Food Service



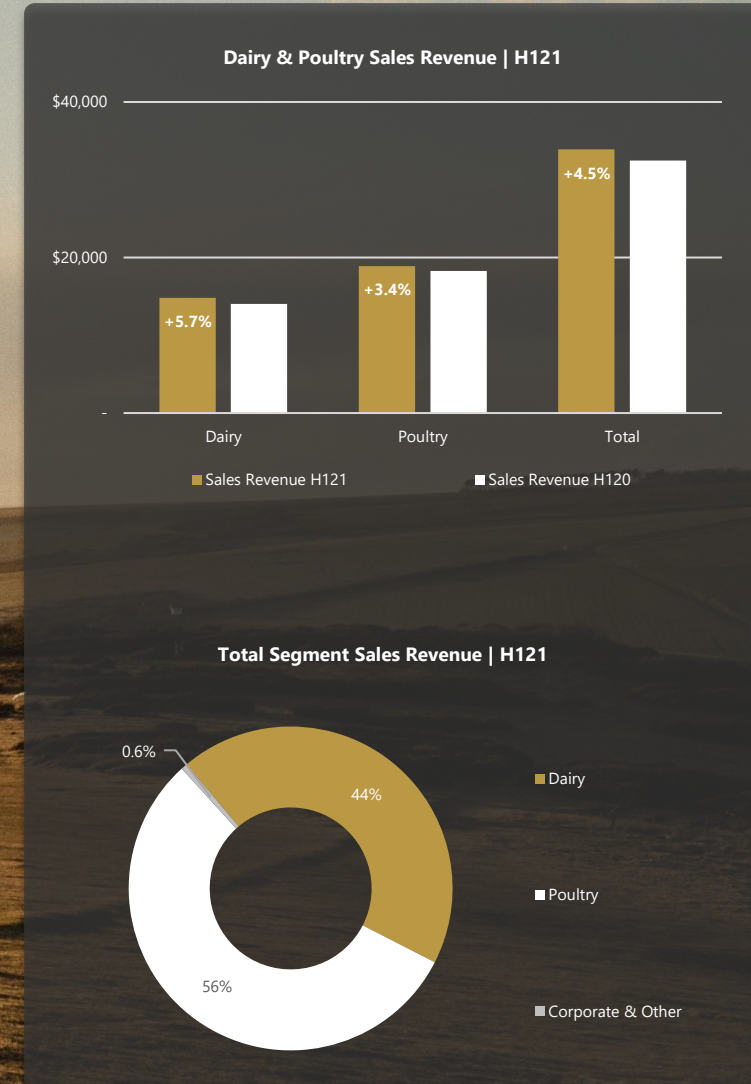
Consumer Direct

H121 Operating & Financial Review

Continued organic growth in sales revenue and strong margin improvement

\$000's	Half Year 30 June 2021				Half Year 30 June 2020			
	Dairy	Poultry	Corporate & Other	Total	Dairy	Poultry	Corporate & Other	Total
Revenue								
Total Segment Sales Revenue	\$14,812	\$18,906	\$216	\$33,934	\$14,015	\$18,291	\$153	\$32,459
Other Income	\$58	\$235	\$33	\$327	\$64	\$148	\$70	\$282
Total Segment Revenue	\$14,870	\$19,142	\$249	\$34,261	\$14,079	\$18,439	\$224	\$32,742
Segment EBITDA								
	\$1,088	\$852	(\$2,238)	(\$299)	\$690	\$281	(\$2,289)	(\$1,318)
Depreciation	(\$441)	(\$456)	(\$90)	(\$987)	(\$464)	(\$472)	(\$99)	(\$1,034)
Interest	(\$23)	(\$104)	(\$11)	(\$139)	(\$27)	(\$141)	(\$12)	(\$179)
Impairment Expense	-	-	-	-	(\$1,500)	(\$2,000)	-	(\$3,500)
Biological Asset Write Down of Wasabi Crop	-	-	-	-	-	-	(\$1,179)	(\$1,179)
Segment Profit / (Loss)	\$624	\$291	(\$2,340)	(\$1,426)	(\$1,301)	(\$2,332)	(\$3,579)	(\$7,212)
Loss Before Income Tax Expense				(\$1,426)				(\$7,212)
Income Tax Expense				-				-
Loss Before Income Tax Expense				(\$1,426)				(\$7,212)

- Growth in sales revenue was achieved across all operating divisions in H1 2021 resulting in a 5% increase in sales revenue over H1 2020 to \$33.934 million
- The more stable trading conditions experienced in H1 2021 compared to H1 2020 resulted in a significant improvement to gross margin across the operating divisions which contributed to a \$1 million improvement on operating EBITDA to negative \$0.3 million
- The company reported a loss of \$1.424 million, a \$5.788 million improvement over H1 2020 which was influenced by a \$3.5 million impairment expense and \$1.179 million write down of the wasabi crop biological asset



Dairy Division

Continued growth in revenue & margins delivered profitability within the Dairy Division

\$000's	H1'20 Dairy	H1'21 Dairy	Δ PCP	Comments
Revenue				
Total Segment Sales Revenue	\$14,015	\$14,812	6%	Dairy sales revenue increased by 6% over H1 2020 to \$14.812 million
Other Income	\$64	\$58	-9%	
Total Segment Revenue	\$14,079	\$14,870	6%	
Segment EBITDA				
	\$690	\$1,088	58%	EBITDA increased materially, a combination of revenue growth & margin expansion
Depreciation	-\$464	-\$441	-5%	
Interest	-\$27	-\$23	-15%	
Impairment Expense	-\$1,500	0	n/m	
Segment Profit / (Loss)	-\$1,301	\$624	n/m	The dairy division delivered a segment profit of \$0.624 million

- Dairy sales revenue increased by 6% over H1 2020 to \$14.812 million
- Containment of COGS combined with sales growth to deliver a 3% improvement in gross margin over H1 2020 and an 18% increase in gross profit
- Gross margin improvement contributed to the operating EBITDA contribution increasing by 58% over H1 2020 to \$1.09 million.

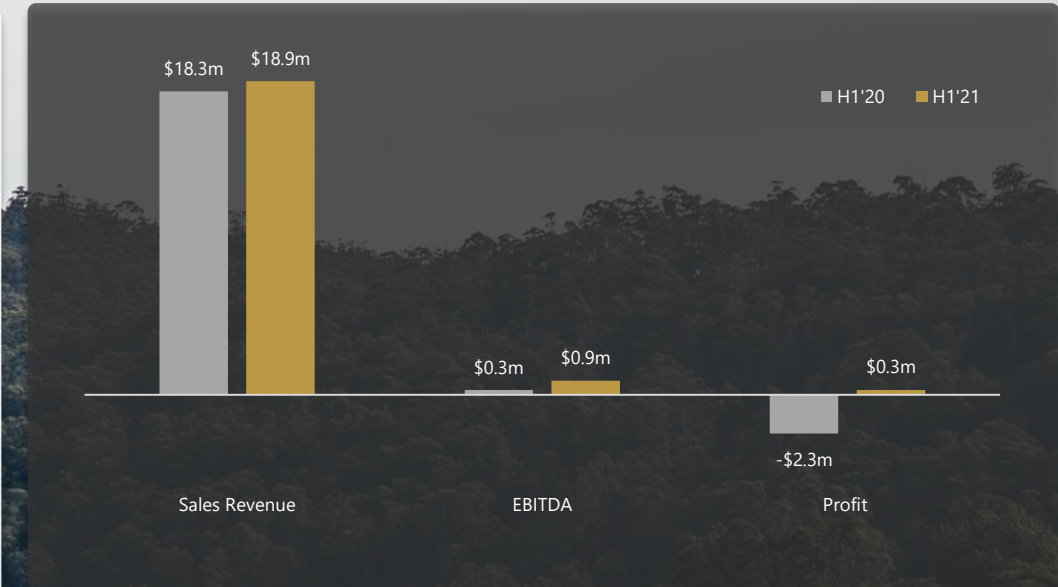


Poultry Division

A disciplined approach to cost containment & margin expansion drove material EBITDA growth in the Poultry Division

\$000's	H1'20 Poultry	H1'21 Poultry	Δ PCP	Comments
Revenue				
Total Segment Sales Revenue	\$18,291	\$18,906	3%	Poultry sales revenue increased by 3% over H1 2020 to \$18.906 million
Other Income	\$148	\$235	59%	
Total Segment Revenue	\$18,439	\$19,142	4%	
Segment EBITDA				
	\$281	\$852	203%	
Depreciation	-\$472	-\$456	-3%	
Interest	-\$141	-\$104	-26%	
Impairment Expense	-\$2,000	0	n/m	
Segment Profit / (Loss)	-\$2,332	\$291	n/m	The poultry division delivered a segment profit of \$0.281 million

- Poultry sales revenue increased by 3% over H1 2020 to \$18.906 million
- The more stable trading conditions experienced in H1 2021 contributed to a small reduction in COGS over H12020. This combined with sales growth resulted in a 3% increase in gross margin over H1 2020 and a 20% improvement in gross profit to \$4.189 million
- Gross margin improvement contributed to the operating EBITDA contribution increasing by 204% over H1 2020 to \$0.852 million



H121 Balance Sheet

\$000's	FY20	H1'21	Comments
Current Assets			
Cash & Cash Equivalents	\$7,635	\$4,273	June 30 2021 closing cash on hand balance of \$4.2m and unused finance facilities of \$1.5m
Trade & Other Receivables	\$4,493	\$4,282	
Biological Assets	\$2,338	\$2,543	
Inventory	\$4,504	\$4,867	
Prepayments	\$905	\$424	
Total Current Assets	\$19,875	\$16,390	
Non-Current Assets			
Property, Plant & Equipment	\$25,308	\$26,125	Investment in PP&E for the half year totalled \$1.6m primarily investment in the organic chicken growing farm
Right of Use Assets	\$968	\$1,519	Increased as a result of entering into organic land lease arrangement for organic chicken operation
Intangible Assets	\$10,953	\$11,059	
Biological Assets	\$38	\$31	
Total Non-Current Assets	\$37,267	\$38,733	
Total Assets	\$57,144	\$55,123	
Current Liabilities			
Trade & Other Payables	\$9,175	\$8,450	Declined by \$0.72m over 31 December 2020 reflecting seasonal changes to purchasing
Borrowings	\$539	\$178	Declined by \$0.36m over 31 December 2020 as a result of a reduction in overdraft facility
Lease Liabilities	\$327	\$449	
Provisions	\$1,172	\$1,240	
Total Current Liabilities	\$11,214	\$10,317	
Non-Current Liabilities			
Borrowings	\$5,228	\$5,224	Borrowings remain consistent with 31 December 2020
Lease Liabilities	\$1,258	\$1,591	Increased as a result of entering into organic land lease arrangement for organic chicken operation
Provisions	\$153	\$143	
Deferred Tax Liabilities	\$0	\$0	
Total Non-Current Liabilities	\$6,689	\$6,957	
Total Liabilities	\$17,903	\$17,274	
Net Assets	\$39,241	\$37,849	

TasFoods Strategic Growth Focus

TasFoods has well established markets in Tasmania with loyal local consumers. Our focus for revenue growth is through expansion of sales for brands in our premium tiers to interstate and export markets



Achievements in H1 2021 include:

- 2 additional Meander Valley Dairy cream products ranged in national independent retail from May 2021
- New interstate Food Service distribution channel added from May 2021
- Launch of Betta Lactose Free milk
- 21% increase to farm milk supply for the Pyengana brand to support the growth focus for premium brands

H2 2021 actions:

- Launch of a range of Meander Valley Dairy cheese into national independent retail
- 3 Meander Valley Dairy flavoured creams ranged nationally in Woolworths for Christmas seasonal sales
- Further category expansion is flagged for 2022 through a mix of inhouse production and contract manufacturing.



Achievements in H1 2021 include:

- Establishment of organic chicken growing farm and certification by Australian Certified Organic (ACO) Standard for both farm and processing plant
- Additional 10 product lines secured for Coles RSPCA Barn Raised contract supply to Tasmanian Coles stores. Supply commenced from July 2021
- Launch of ready to cook kebab range into Tasmanian independent retail and food service

H2 2021 actions:

- Launch of organic brand and product range into national retail market
- Launch of ready to cook curry packs into independent retail in Tasmania and Victoria

New Brand Introduction

ISLE & SKY

TASMANIAN
ORGANIC PRODUCE



+

\$2.0bn

2021 AUS Organic Farming
Market¹

+

7.9%

Australian Organic Farming
Market size growth in
2021¹

+

8.4%

Australian Organic Farming
Market Annualized growth
2016 - 2021¹

Launch of ISLE & SKY

A Brand for Tasmanian Organic Produce

- Organic foods are the key to a more sustainable future and unlocking extraordinary flavours. The organic farming market has a value of \$2 billion in Australia with an annualised growth rate for the 5 years to 2021 of 8.4%.
- As an island in the Southern Ocean with the cleanest air in the world, reliable rainfall and rich soils, Tasmania's natural elements come together to create the perfect environment for producing organic foods.
- TasFoods has developed a new brand called ISLE & SKY Tasmanian Organic Produce to use the natural advantages of Tasmania and teams of skilled craftspeople to create a range of Tasmanian organic foods that have been ethically farmed, antibiotic free and taste delicious.
- ISLE & SKY Tasmanian Organic Produce will be launched in September 2021 with a range of organic chicken products to drive super premium chicken sales growth in interstate markets.
- Future products that may be added to the range include dairy, honey, other meats, grains and pulses.

Brand Launch Strategy

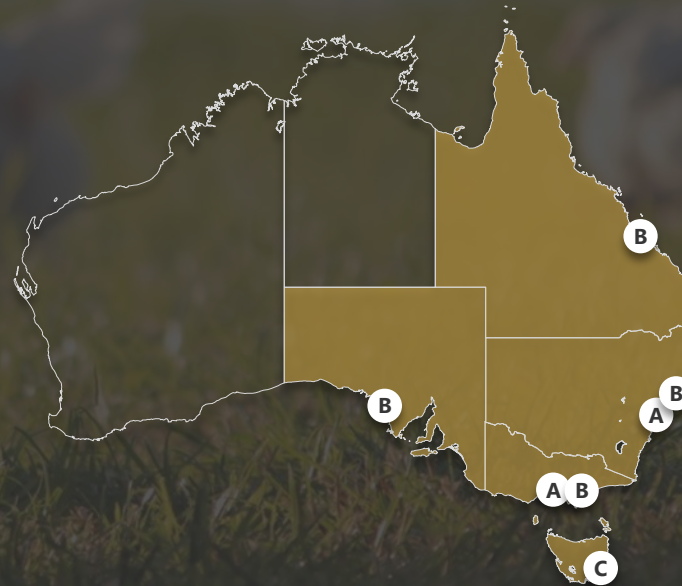
ISLE & SKY

TASMANIAN
ORGANIC PRODUCE



ISLE & Sky

Tasmania Organic Chicken to Launch nationally



Sales Channels

- A** coles
- B** Premium Butchers & Retail
- C** Independent Retailers & Premium Restaurants

- Isle and Sky Tasmanian Organic Chicken products will be launched in September 2021 into premium Coles stores across Victoria and New South Wales.
- Supply agreements are being established with premium butchers and retail stores in Victoria, New South Wales Queensland and South Australia. These customers will be serviced by a new direct to door refrigerated delivery service agreement commenced in July 2021.
- Independent retailers and premium restaurants in Tasmania will be included in the September launch of the brand.
- Covid influenced uncertainty for interstate restaurants will delay the launch into premium food service interstate until the market reopens with certainty.

TasFoods Strategic Growth Focus

TasFoods utilises a range of channels to market to deliver product to where consumers of our brands choose to shop and eat. Our focus for growth is strengthening relationships to deliver products to national consumers



Customers

TasFoods delivers product to over 1,400 active retail, distributor and food service customers across Australia



Expanded Range

Existing national supply relationships with major retailers and demonstrated capability to deliver to retail distribution centres in all States underpins the strategy to expand national retail ranging for both dairy and poultry brands



Distribution

We are working with key distributors in each State to expand the range of TasFoods products supplied to independent or niche retail and food service customers



Refrigerated Logistics

TasFoods entered into a contract with a national refrigerated logistics provider in July 2021 to establish capacity to supply small orders of perishable goods directly to interstate markets. This service will provide a refrigerated delivery service solution for Organic Chicken orders to butcher stores, premium retail and interstate restaurants



Online

The refrigerated logistics solution will also enable the inclusion of perishable products such as chicken meat and fresh milk in our online store offering from September as well as improve the customer experience by ensuring perishable products arrive in suitable condition

COVID-19 Management Strategy

The natural biosecurity barrier of an island has provided a COVID advantage to Tasmania with the State remaining free of the COVID virus since June 2020. The Tasmanian economy is benefiting from this with the quarterly CommSec State of the States report released in July 2021 declaring Tasmania to be the best performing State economy.



Operational Impact

TasFoods has proactively supported employees to get vaccinated. Over 85% of the workforce has now received at least a first dose vaccine.

Nichols Poultry is a high risk meat processing site. 98% of all employees working on this site are fully vaccinated.

COVID safe plans remain in place across the business.

To date there has been no disruption to supply chains resulting from COVID lockdowns in other states.

We continue to work closely with our customers and suppliers to minimize the risk of COVID influenced disruptions.



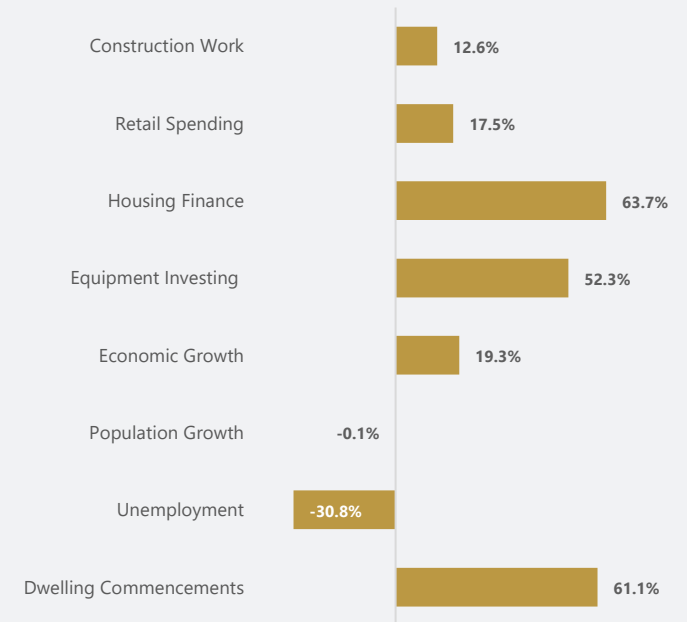
Sales Impact

As a provider of leading Tasmanian produce TasFoods is saddened to see the impact the current lockdowns in major cities across Australia are having on the food service and hospitality industry.

Whilst we continue to support our food service customers, the impact of lockdowns on our supply chain has been largely mitigated by the multi-channel route-to-market strategy we have adopted.

Retail sales represent 63% of all sales revenue with a further 12% of sales revenue from distributors supplying retail markets. Retail sales remain strong across the business.

TAS: Key Economic Indicators vs Decade Average¹



Tasmania Leads on four of the eight economic indicators

¹CommSec State of the States Report July 2021

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TASMANIA'S
NATURAL ADVANTAGE