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FY 2021 Results & Resetting Strategic Focus

Scott Hadley – Chief Executive Officer
Shona Croucher – Chief Financial Officer

Our Brand Portfolio & Customer Channels

Brands & Product Strategy

PREMIUM — PYENGANA DAIRY; ISLE & SKY TASMANIAN ORGANIC PRODUCE; SHIMA WASABI

Brands that reflect artisan provenance & heritage, targeted at food lovers seeking provenance behind the product

EVERYDAY LUXURY — NICHOLS ETHICAL FREE RANGE CHICKEN; MEANDER VALLEY DAIRY

Brands that provide a piece of indulgence for everyday life, targeted at national retail & export markets

MAINSTREAM / VALUE — Betta MILK; NICHOLS; TASSIE TASTE

Brands that support local markets with local produts, providing profitable volume to underpin the operations

Sales Channels

- Retail
- Distributors
- Food Service
- Consumer Direct

FY21 Profit & Loss

$000's	FY21	FY20	% Change
Income			
Revenue from operations	69,441	66,911	3.8%
Other income	626	526	19.2%
Total income	**70,067**	**67,436**	**3.9%**
Expenses			
Fair value adjustment of biological assets	(76)	(1,300)	94.1%
Impairment of goodwill	(3,907)	(3,500)	(11.6%)
Raw materials used	(40,840)	(39,193)	(4.2%)
Employment and contractor expense	(20,230)	(17,487)	(15.7%)
Freight	(5,048)	(4,516)	(11.8%)
Occupancy costs	(1,422)	(1,446)	1.7%
Depreciation and amortisation	(2,037)	(2,107)	3.3%
Finance costs	(314)	(346)	9.4%
Travel and accommodation	(72)	(71)	(1.3%)
Legal and professional fees	(637)	(472)	(34.9%)
Marketing and event expenses	(730)	(514)	(42.1%)
Repairs and maintenance	(1,091)	(889)	(22.7%)
Research and development	(27)	(25)	(11.4%)
Investment expenses	-	(15)	100.0%
Other expenses	(4,377)	(3,265)	(34.1%)
Loss before income tax	**(10,741)**	**(7,709)**	**(39.3%)**
Income tax benefit/(expense)	-	1,302	100.0%
Net Loss after tax for the year from continuing operations	**(10,741)**	**(6,407)**	**(67.6%)**

- Revenue from operations increased by 3.8% on the back of increased volume in Nichols, MVD and Pyengana
- Betta milk volume faced competitive headwinds in the core white milk business
- Raw material costs increases of 4% were predominately felt in milk, cream and wheat (major component of poultry feed)
- Employment cost comparison to prior years is significantly impacted by the one-off benefit received in 2020 of circa $1.2m relating to Payroll Tax relief and JobKeeper payments.
- Freight and distribution costs increased as a result of higher fuel, insurance and supply chain inefficiencies
- The increase in marketing on last year was as a result of developing the new organic brand, Isle & Sky
- Repairs & Maintenance increased due to catch up with maintenance program
- Other expenses have risen predominately due to increases in insurance costs and IT related expenditure (including ERP related costs)
- The goodwill impairment charge of $3.9m is attributable to Dairy ($2.8m) and Poultry ($1.1m). Brand valuation remain intact.

FY21 Balance Sheet

$000's	FY21	FY20
Current Assets		
Cash & Cash Equivalents	1,450	7,635
Trade & Other Receivables	4,973	4,493
Biological Assets	2,145	2,338
Inventory	4,646	4,504
Prepayments	976	905
Total Current Assets	14,191	19,877
Non-Current Assets		
Property, Plant & Equipment	25,904	25,308
Right of Use Assets	1,418	968
Intangible Assets	7,195	10,953
Biological Assets	30	38
Total Non-Current Assets	34,547	37,267
Total Assets	48,738	57,144
Current Liabilities		
Trade & Other Payables	9,605	9,175
Borrowings	1,047	539
Lease Liabilities	193	327
Provisions	1,365	1,172
Total Current Liabilities	12,210	11,214
Non-Current Liabilities		
Borrowings	6,422	5,278
Lease Liabilities	1,339	1,258
Provisions	169	153
Total Non-Current Liabilities	7,930	6,688
Total Liabilities	20,140	17,903
Net Assets	28,598	39,241
Equity		
Contributed Equity	61,053	61,053
Reserves	691	594
Accumulated Losses	(33,146)	(22,406)
Total Equity	28,598	39,241

- The Group is supported by a balance sheet with a net asset position of $28.6m (including property, plant and equipment balances of $25.9m)
- Cash position reduced compared to 2020 with $1.4m cash at bank. $2.5m of unused finance facility available to be drawn upon if required.
- During 2021 the group invested $2.4 million into fixed assets including $1.6 million for new organic chicken farming sheds. These were later recapitalised through a funding arrangement of $1.5 million
- After the goodwill impairment charge, the intangible assets solely relate to the brand values in Dairy and Poultry business units
- All other elements of the balance sheet are relatively consistent with last year

FY21 Cash Flow

$000's	FY21	FY20
Cash flows from operating activities		
Receipts from customers	69,587	67,342
Payments to suppliers and employees	(73,969)	(68,225)
Interest received	1	2
Interest paid	(127)	(339)
Expenditure incurred in the pursuit of acquisitions and inv. opportunities	-	(15)
Income taxes received	-	-
Other	51	712
Net cash used in operating activities	(4,457)	(523)
Cash flows from investing activities		
Payments for property, plant and equipment	(2,436)	(1,082)
Payments for leases	(196)	-
Payments for other non-current assets	(159)	(16)
Proceeds from disposal of property, plant, and equipment	-	23
Net cash used in business combination	-	-
Net cash used in investing activities	(2,791)	(1,075)
Cash flows from financing activities		
Proceeds from issue of shares	-	7,134
Cost of issuing shares	(14)	(125)
Proceeds from borrowings	2,136	1,123
Principal elements of borrowing payments	(450)	-
Principal elements of lease payments	(196)	(732)
Transaction costs related to borrowings	(23)	(1)
Net cash provided by financing activities	1,453	7,399
Net (decrease)/increase in cash held	(5,795)	5,801
Cash and cash equivalents at the beginning of the year	7,245	1,444
Cash and cash equivalents at the end of the year	1,450	7,245

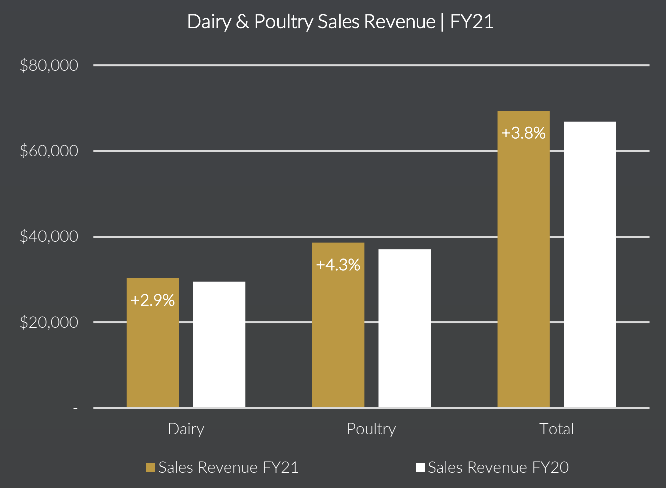
- Net cash outflows from operating activities were $4.4 million which is reflective of the increased input costs including grain costs associated with feed, substantial increases in milk purchases, increased labour processing costs and significant increases in freight and distribution costs
- We invested $2.4 million into fixed assets including $1.6 million for new organic chicken farming sheds and other smaller projects
- The business conducted capital raises last year of $7.1m which was not replicated in 2021
- The proceeds from borrowings increase in 2021 relates to the recapitalisation of the organic sheds of $1.5m

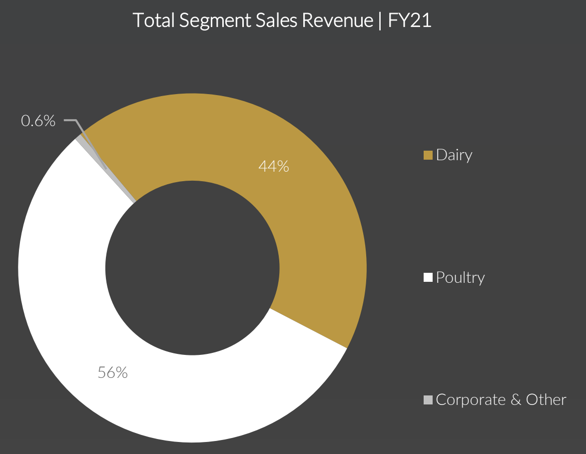
FY21 Operating & Financial Review

Continued organic growth in sales revenue

$000's	FY21 Dairy	FY21 Poultry	FY21 Corporate & Other	FY21 Total	FY20 Dairy	FY20 Poultry	FY20 Corporate & Other	FY20 Total
Revenue								
Total Segment Sales Revenue	30,362	38,636	443	69,441	29,502	37,030	378	66,911
Other Income	134	448	45	626	115	281	130	526
Total Segment Revenue	**30,497**	**39,083**	**488**	**70,067**	**29,617**	**37,311**	**508**	**67,436**
Segment EBITDA	**2,377**	**(1,123)**	**(5,683)**	**(4,429)**	**2,908**	**1,075**	**(4,426)**	**(443)**
Acquisition costs							(15)	(15)
Depreciation	(899)	(957)	(181)	(2,037)	(938)	(973)	(197)	(2,107)
Interest	(43)	(233)	(16)	(291)	(53)	(267)	(24)	(344)
Impairment Expense	(2,770)	(1,137)	-	(3,907)	(1,500)	(2,000)	-	(3,500)
Biological Asset Write Down	(32)	(113)	69	(76)	(38)	(107)	(1,154)	(1,300)
Segment Profit / (Loss)	**(1,367)**	**(3,563)**	**(5,811)**	**(10,741)**	**379**	**(2,272)**	**(5,816)**	**(7,709)**
Loss Before Income Tax Expense	(1,367)	(3,563)	(5,811)	(10,741)	379	(2,272)	(5,816)	(7,709)
Income Tax Benefit / (Expense)	(157)	1,006	(850)	-	(394)	298	1,398	1,302
Loss After Income Tax Expense	**(1,524)**	**(2,556)**	**(6,661)**	**(10,741)**	**(14)**	**(1,975)**	**(4,418)**	**(6,407)**

- Sales growth of 3.8% achieved despite challenging conditions and covid related headwinds
- EBITDA positioned worsened in 2021 as input cost increases relating to raw materials and labour impacted the business. Mitigation strategies are now in place to improve product and customer profitability
- Strategic review of the value chain has highlighted immediate areas of focus for the business in terms of value enhancement and cost mitigation

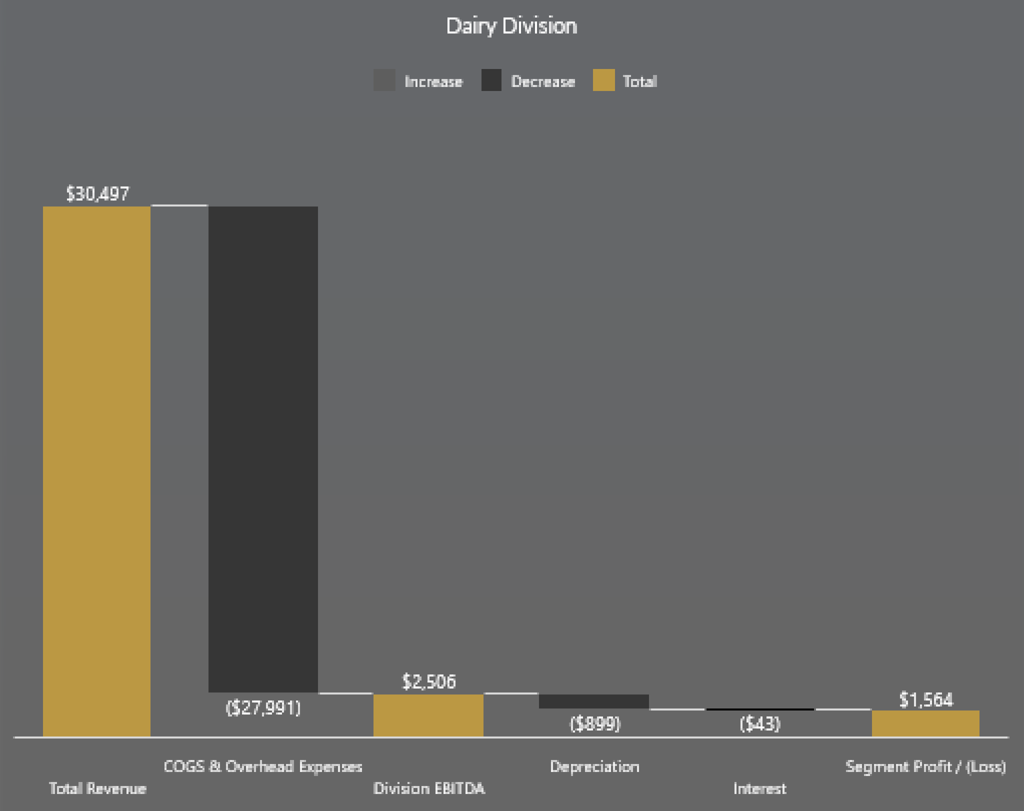




Dairy Division

Continued growth in revenue & margin management delivered profitability within the Dairy Division

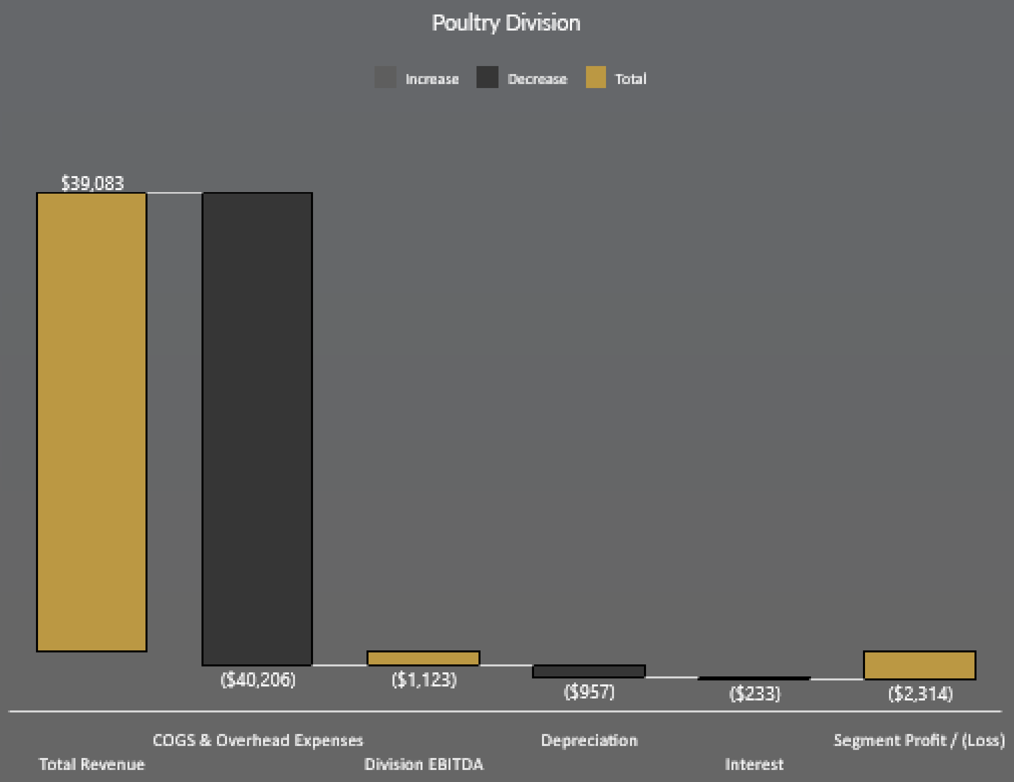
- Sales revenue for the dairy division grew by 3% to $30.4 million. The sales growth was primarily driven by increases in Pyengana Cheese and Milk, Meander Valley Cream range and our new Lactose Free Milk
- Input costs in the dairy division increased significantly during the year, predominately on the back of rises in farm gate milk prices
- The Pyengana business unit was a highlight in this division. Sales (including our Farm Gate Café) increased by 37% which flowed through to an excellent EBITDA performance. The premium brand positioning of this high-quality product resonates strongly with customers who are looking for more indulgent experiences
- The Meander Valley Dairy business unit recorded sales growth across all its key categories of Cream, Butter, Cheese & Buttermilk
- White milk volume and value under the Betta Milk brand declined from 2020 levels as competition intensified within the Tasmanian market in this commodity category
- White milk remains a competitive category but new products such as Lactose Free has helped maintained Betta milk brand equity



Poultry Division

Several headwinds arising from Covid-19 cause margin compression leading to an EBITDA loss in the Poultry Division

- Sales revenue for the poultry division grew by 4% on the pcp in 2021 to $38.6 million. Revenue growth was largely driven by the launch of our new organic range, Isle & Sky, which contributed $0.6m of sales in only 3 months of the financial year having been launched in September 2021
- Gross margin was significantly impacted in this division by increased input costs including grain costs associated with feed, increased labour processing costs as the business dealt with continued Covid-19 related pressures.
- Volume sold increased on 2020 levels and revenue per kg increased however this was not able to offset the increase in costs
- The Poultry division reported an operating EBITDA loss for 2021 primarily due to the increased input costs. Whilst the new organic range contributed positively to revenue, it was not EBITDA positive for the 3-month contribution
- The Company extended its partnership with Coles during the year which is testament to the quality of our product and the service we provide to this valued partner
- Sales of premium chicken under the Nichols Ethical Free-Range brand continued to increase throughout 2021, achieving 15% growth over 2020
- Sales to interstate markets increased by 22% over 2020 levels which is a pleasing performance given sector headwinds through the year



Business Review & Future Strategy

Management Insights – the first four months

Strong brand & product assets that require a solid corporate foundation to realise their potential

- Outstanding base of strong local (Betta and Nichols) and national (Pyengana, Meander Valley & Shima) brands with heritage and authenticity.
- Commercial foundations of the business are below expectations of an emerging branded food & beverage business
- TasFoods has been operating as individual business units. We are not taking advantage of why we are TasFoods:
    - The business has a fragmented supply chain with 5 manufacturing sites and 6 warehouse / cool rooms
    - Distribution and warehouse operations are not integrated across TasFoods with separate route to markets for Milk/Cream, Cheese, Wasabi and Poultry, resulting in duplicated effort and increased cost.
    - No ERP which leads to inefficiencies throughout the value chain and ways of working
- Consolidation opportunity to enhance simplicity and efficiency.
- Opportunity lies in building sales and marketing investment, category & insights capability.
- Opportunity to capitalise on our strength in Tasmania with strong customer relationships to provide a platform for future growth.
- Untapped potential in Mainland markets with circa 10% of sales outside of Tasmania.

What have we done to date?

Following the initial findings of the review, management have already implemented changes

1. Operational and strategic reviews of Dairy and Poultry business divisions complete
2. Implemented price adjustments in dairy & poultry to reflect actual input costs and reviewed major customer supply contracts.
3. Reconfigured the ERP solution to be fit for purpose with a Q3 2022 implementation target date
4. Started SKU rationalisation with initial focus in poultry
5. Distribution, warehouse and route to market review underway with a view to reduce costs and improve customer service under a one TasFoods umbrella
6. Reviewed major input cost contracts with a view to improve effectiveness
7. Planning underway to increase production and distribution of our award-winning Pyengana cheese to take advantage of increased consumer demand for premium, indulgent produce
8. Refreshed leadership to increase capability across finance, sales, procurement and supply chain.
9. Engaged a marketing professional to update our brand strategy to improve awareness, attributes and sales of key brands. Consumer drivers and barriers of purchase study to understand consumer behaviours towards dairy categories and brands is underway.
10. Updated Vision, Mission, Values and Purpose to improve corporate culture and accountability
11. Capital management framework implemented to improve discipline and rigour in capital allocation. Framework to assess initiatives on 4 criteria; Strategic fit, Financial profile, Risk profile, Resource profile

2022 onwards - TasFoods New Strategic Focus

TasFoods will focus on four key pillars to ensure the Company can leverage our competitive advantage and realise its potential as a leading branded premium produce group

Fortress Tasmania

Capitalise on our home-grown advantage

Mainland Markets

Expand aggressively but strategically with the right products, in the right markets

Adjacent Expansion

NPD and M&A under a strict criteria to ensure success

Centre of Excellence

Right-sized, focussed and professional corporate centre

Our Centre of Excellence is the foundation of everything we do

Fortress Tasmania

Tasmania is our home and we must take advantage of our strong brand equity and route to market scale to build a base line level of financial performance. To achieve this we must be focused on brands and SKUs that can deliver consistently and sustainably over the long-term

Management will apply strict financial criteria in its determination of what brands remain in our portfolio

For those brands that do remain they must fit within our key strategic framework;

- Number one or two Tasmanian brand by market share
- 100% available (must have distribution of one SKU by brand in all available outlets)
- Premium brand position
- Brand consumers demand - drive in-store traffic
- Must be profitable for TasFoods. No exceptions

Our overarching Centre of Excellence capabilities will enable the execution of this Strategy

Mainland Market Expansion

TasFoods will enter mainland markets with considered strategies for each brand. Initially we intend to target only brands that resonate with premium mainland consumers

- Within its portfolio, TasFoods have a range of brands that will resonate with consumers outside of Tasmania.
- For those brands, TasFoods will leverage its Centre of Excellence capabilities to maximise ranging, awareness and sales
- Only brands with a unique selling proposition (USP) and premium positioning will be developed outside of Tasmania.
- Partnering with like-minded organisations across branding and distribution will be critical to achieving success in the broader domestic market
- This model will allow us to partner with sub-scale, premium Tasmanian businesses who already have a Tasmanian footprint but lack scale/resources to grow outside of Tasmania
- We will leverage alternative distribution channels such as hampers and e-commerce to reach a wider variety and breadth of consumer

Adjacent Expansion

TasFoods cannot rely only on organic growth of its existing brand portfolio. We will implement growth strategies across NPD and M&A but pursue only those opportunities that meet our strict capital management criteria

- TasFoods cannot only be positioned as clean/green Tasmanian heritage. This is a crowded space and not an area that only TasFoods can own
- TasFoods needs to leverage its capabilities from the Centre of Excellence to grow into adjacent categories
- Expansion will be through either partnership (licensing) opportunities or M&A activity -whichever provides the greater return via capital management framework and ROI assessment
- TasFoods does not need to be the asset owner of new ventures but needs to own the route to market, brand license and customer relationship

Where do we want to grow?

- Premiumisation will continue and we need to remain at the forefront
- Health & wellbeing is an opportunity to leverage our premium brand position
- Authenticity and provincial products
- E-commerce will continue to grow. Direct to consumer touchpoints are important
- Ethically sourced
- Carbon neutral/reduced footprint
- Expansion not just in food. We will have a wide remit across categories in beverage, kids, nutraceuticals, pets etc

Centre of Excellence

The heartbeat of the entrepreneurial, nimble and value enhancing central function making our business units more valuable than if they were stand alone. **The reason we are TasFoods**

Being an innovator and incubator of ideas to add value for all TasFoods' stakeholders.

Our corporate centre must lead the way in delivering excellence in everything we do and taking advantage of our key core competencies.

Our identified core areas of expertise we will focus on:

- Consumer / Marketing Insights
- Financial Systems and Compliance
- Logistics
- Procurement
- Manufacturing
- Customer Engagement
- HR & People Capability
- Capital Management

Top 10 initiatives

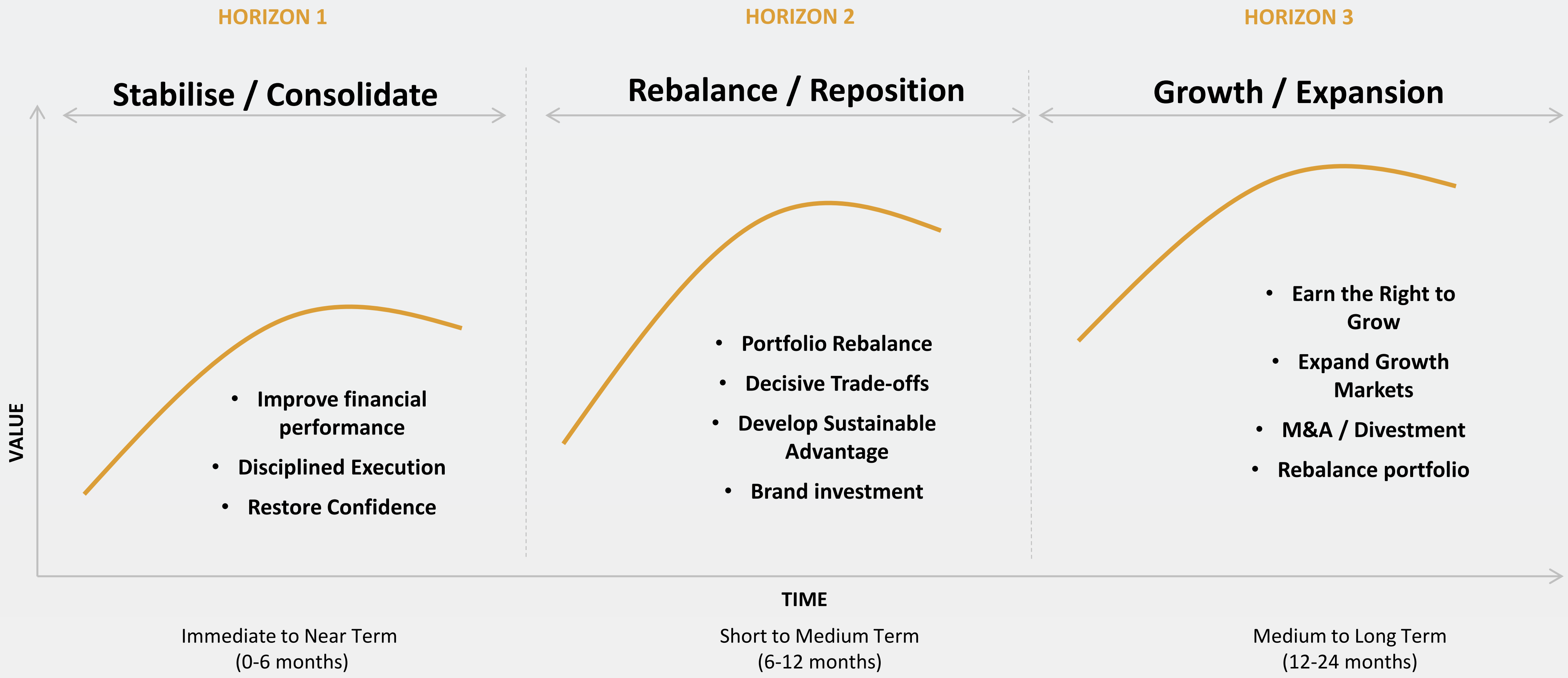
Over the 3 phase horizon period we will focus on the Top 10 priority areas.

1. Fix the foundations
2. Reset strategic direction
3. Implement capital management framework
4. Develop a marketing and brand investment plan
5. Implement ERP
6. Determine TasFoods distribution and warehouse model
7. Build commercial accountability and capability
8. Implement value chain analysis findings
9. Build Centre of Excellence
10. Targeted mainland and e-commerce growth

Our Ambition

TASFOODS

3 phase horizon model shows how we will execute the plan over the next 2-3 years



The opportunity

- We have a premium portfolio of authentic brands – we just need to give them some love and attention
- Unrivalled distribution network in Tasmania
- Product quality is excellent
- A level of integration will unlock efficiency dividends
- Lifting of commercial capabilities will improve profitability
- Under represented in growing e-commerce channel which provides direct to consumer access
- Platform for growth on mainland

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TASMANIA'S
NATURAL ADVANTAGE