

Mr John Murphy

Chair Address – AGM 30 May 2024 11am

As announced at our AGM 12 months ago our key focus for the business, given the prevailing economic conditions, was to reduce the operating cost base and challenge every aspect of our brand and product portfolio to improve the financial performance. This would include assessing new product opportunities, leveraging our core capabilities and exploring all strategic options, including asset utilisation, partnerships and divestment to establish a foundation from which we could deliver an enhanced return to shareholders. Overall, 2023 has been a transformative year and I am pleased that we have been able to achieve much of what we set out to do.

Year in review

Significant progress has been made through 2023 and into 2024 to reposition and rebase the business in the most extensive review and restructure of the business model since TasFoods' inception.

The start of 2023 saw an uncertain business outlook with a backdrop of macro-economic factors, including rising inflation and interest rates that impacted household budgets and saw consumers seeking everyday value, particularly in the grocery channel. This was particularly noticeable in the categories in which TasFoods operates, where we have seen value and private label brands grow at the expense of premium-positioned brands and channel switching from independent to national chains.

Notwithstanding the challenging market conditions, we have moved at pace in managing the day-to-day operations and completing multiple significant work streams to build a path to a sustainable business. This has included strengthening our balance sheet and reducing our operating fixed cost base. It has been pleasing to see revenue growth of almost 5% on the prior comparable period given the focus on internal operations.

Our extensive review of our product portfolio highlighted that our Shima Wasabi, Betta Milk and Meander Valley Dairy business units had significant structural and scale dynamics that were not aligned to deliver future sustainable value growth to shareholders. Likewise, in our review of the Nichols Poultry business unit it was clear that we did not have control of critical elements of our supply chain, resulting in the Board and senior management taking key decisive action as follows;

- Divestment of Shima Wasabi business;
- Divestment of Betta Milk and Meander Valley Dairy business;
- The launch and ranging in a significant national customer of the Isle & Sky Pet Treat brand;
- Acquisition of Redbank Poultry Broiler and Breeder Business to secure our poultry supply-chain;
- Repayment of all term debt and overdraft with ANZ; and
- Reduction of almost 50% of our corporate support office to ensure we are right-sized for our future operations.

Amidst the significant structural changes, we were very pleased with the successful launch of our Isle & Sky Chicken Pet Treat range, which achieved ranging in Australia's largest Pet retailer, Pet Barn. Isle & Skye is made from 100% human-grade produce and is 100% waste neutral. Our ranging throughout Pet Barn is a very significant achievement and highlights the opportunity we have in identifying and creating new growth streams that leverage existing capabilities within the business.

These extensive activities were the culmination of over 18 months' work to right-size the business and deliver a more sustainable financial performance going forward. We were able to achieve robust valuations for each of the divested businesses which is a testament to the strong work our team has delivered within those business units during the period of our custodianship. We continue to review both our Nichols Poultry and Pyengana Dairy business units to deliver improved and sustainable performance going forward. The acquisition of Redbank Poultry is a very important step towards this and having control over our supply chain.

I will now make some overall comments on the FY23 results and Josh will provide more commentary and detail on trading and performance in his address.

FY2023 Results

The Company produced a solid total revenue performance of \$74.9m, up 4.7% on prior year, despite the distraction of the divestment of three business units during the year and the challenging macroeconomic backdrop. Removing the impact of discontinued operations, sales performance was up 15% on prior year, a result well above core inflation.

Gross margins for the year were improved on FY22 through refinements in the Company's logistics network, together with an ongoing extensive product rationalisation process to focus on profitable SKUs. This efficiency program in part offset significant increases in input costs in areas such as labour and raw materials which many FMCG companies have incurred through the past two financial years. Whilst improved on prior year we recorded a disappointing Group Operating EBITDA loss of \$4.6m, albeit an improvement on the prior year loss of \$7.3m.

The company delivered a Net Loss After Tax (NLAT) of \$1.0M compared to the prior year NLAT of \$16.5m. This significant improvement is inclusive of the net profit received on sale of assets of \$6.0m.

At year end the Company held \$3.4m in cash, up from \$0.3m cash at FY22 and nil of undrawn capacity in debt facilities. Net Assets at 31 December 2023 were \$17.6m, representing 4.03 cents per share.

Board Approach

We are committed to being accessible and transparent with the investment community and we will continue to report to investors against our strategy and key initiatives as things evolve in this challenging environment. We regularly review the performance and effectiveness of the board, board composition and skills matrix, to ensure board members possess the range of experience, knowledge and capabilities necessary to deal with the current and emerging business environment. At this year's AGM I am seeking re-election to the board after last being elected in 2022. This will be covered when we move to the formal business of the meeting.

The board reviews the Company's remuneration approach on an annual basis to ensure it is fit for purpose considering the relevant market practices and circumstances of the Company. We also continue to recognise the need to recruit and retain the very best talent. This informs the setting of Short-Term and Long-Term incentives that are aligned to growing EBITDA and share price performance. As outlined in the remuneration report, the EBITDA hurdle was not met in FY23 and as such no short-term incentives were paid.

Key Executive Changes

As we round off FY23 I would like to thank Scott Hadley for his significant commitment, insight and energy to make TasFoods a better business over the last two and a half years. Under Scott's leadership TasFoods is now a more streamlined, efficient and nimble operation with a significantly improved financial position. He has led the business through a tough and challenging economic period and has

always put the interests of shareholders and the team at TasFoods first. I know Scott is very highly valued by all our customers, employees and suppliers. On behalf of the board and all the team at TasFoods we wish him all the best for his future endeavours.

I also congratulate Joshua Fletcher (Josh) on taking on the role of Chief Executive Officer effective 29th March 2024. Josh has played a key role supporting Scott as CFO and Company Secretary over the last twelve months during a period of significant change and challenging business dynamics. We are very fortunate to be able to recruit Josh, a proud Tasmanian, from within the business. With such a strong operational background in agriculture, farming and manufacturing businesses in both Tasmania and Victoria, we have every confidence Josh will successfully lead TasFoods through the next stage of the Company's strategy.

I would like to welcome and congratulate Leanne Pritchard on accepting the role of CFO and Company Secretary, also effective 29th March 2024. Leanne was also promoted from within the business and has extensive financial experience across FMCG, banking and IT sectors. She has provided support to boards and leadership teams in strategy development, financial analysis, reporting and compliance.

Outlook

As we now implement and digest the comprehensive changes that occurred during FY23, our future focus is on ensuring that operational performance initiatives deliver the improvements we are seeking. This includes being a more resilient business, with an improved cash flow position and balance sheet strength.

The key priorities for the business in FY24 are:

- Driving further efficiency measures;
- Improving our responsiveness to market shifts and fully integrating the Redbank Poultry business to strengthen our supply chain; and
- Continuing to build awareness of the Isle & Sky brand through growing our distribution and share of space with key customers.
- Continue the process to achieve Export Accreditation for Pyengana Cheese

Given the prevailing economic conditions that see consumers continuing to seek value in all aspects of their household discretionary and non-discretionary spend, we will proactively assess our Nichols Poultry and Pyengana Dairy divisions. We will continue to explore all strategic alternatives including divestment and sale and leaseback, to ensure we deliver the best result for shareholders.

On behalf of the Board, I would like to thank all our valued employees at TasFoods that continue to demonstrate great commitment and energy despite the many challenges and changes we have faced through 2023 and into 2024. The Board is immensely proud that the team at TasFoods goes above and beyond to ensure we continue to deliver products of the highest quality.

I would also like to extend my thanks to my fellow Board members, Josh, Leanne and the executive leadership team, for their commitment and significant efforts through FY23 that have continued through FY24.

Finally, I would like to thank all our valued shareholders, customers and suppliers for your continued support.

Thank you.

I look forward to addressing questions submitted by shareholders, but first I invite Josh to address the FY23 results and how we are tracking so far in FY24.