

2022 Annual General Meeting Chairman's Address

As always, I am pleased to be here today and update shareholders on another significant year of growth for the Halo business.

The 2022 financial year, being the year ended 31 March 2022, has proved to be another year of strong growth, positive financial trajectory and significant evolution for Halo Food Co. At last year's AGM, shareholders approved the name change of the consolidated group to Halo Food Co., representing the vertically integrated and diversified nature of the business, our brands and our operations across health and wellness. Halo has undertaken significant work across the business both within our branded portfolio and our manufacturing operations to optimise the performance and sales potential of the consolidated group.

The contract manufacturing operations across Halo have achieved another record year, consolidating on the success and the scale built over the prior years. The Company operates a footprint of seven sites, five being in Australia and two in New Zealand. The facilities offer a robust and diversified manufacturing and operating base with a broad capability including, dairy and sports nutrition powders, long life UHT drinks, protein bars, healthy snacking and fudge. The sites are spread across Victoria and New South Wales and Christchurch, New Zealand. The diversified nature of the facilities and growing client base of Halo continues to mitigate and dilute customer concentration risk while simultaneously growing the sales pipeline and profitability of the group.



Within the branded division, Halo has refocussed and established a clean foundational base from which to strategically drive the business forward. A material review of the division was undertaken through the last 12 months resulting in a core focus on Tonik, with a number of under performing SKUs and lines rationalised for the long-term success. Tonik has undergone a brand refresh, providing a contemporary, fresh, standout brand in the protein shake / protein bar category. The brand refresh has been amplified and complemented with an ongoing targeted marketing approach both in retail stores and on Halo's social media accounts. Tonik sales increased over 48% through the last financial year and commenced the 2023 financial year with strong momentum and the launch of Tonik Protein Bars. Material ranging has been secured and activated at major Petrol & Convenience banner group, 7 Eleven, alongside further product penetration within Coles who have added the Tonik Plant protein bars to their instore ranging. With the growing ranging across the Tonik brand, Halo is confident the brand will continue to gain traction and build brand equity as a leading protein brand of the future.

Conversely, and as part of the strategic review of the branded division, the Company elected to impair the Super Cubes brands and concentrate efforts and funding on Tonik. This impairment lead to a significant impact within the 2022 financial accounts, specifically in the branded division, as previously disclosed. While the impairments and write-offs related to Super Cubes in the FY22 accounts had a non-cash impact for the twelve-month period, it materially impacted the statutory results of the division and the group. The strategic decision to re-focus the brands division, concentrate on the growing success of Tonik, and impair the Super Cubes brand sets up Brands for a successful future into 2023 and beyond.



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During February 2022, Halo announced the acquisition of The Healthy Mummy, a leading digital health and wellness business and platform focussed on the health of mothers and their families. The Healthy Mummy is a fully integrated business model with more than 98,000 subscribers to its leading and highly rated apps including The Healthy Mummy app and The Healthy Mummy Wellness app. The apps are digital subscription based enabling mothers and their families access to leading fitness trainers, motivational coaches, nutritionists and newly created health and wellness programs, complemented by a broad range of consumable and non-consumable products. These products include powdered smoothies, snacks and supplements in addition to skincare, books and merchandise sold online via The Healthy Mummy website direct to consumers. In more recent times The Healthy Mummy is being ranged in mainstream retailers, including 440 Priceline stores and there are a number of well progressed discussions for further retail ranging. A significant competitive advantage of The Healthy Mummy is its engaged community of mothers and the support network which the community provides. In this regard and demonstrating the strength of the community, Healthy Mummy has millions of Facebook followers across its public and private members pages as well as more than 200,000 Instagram followers.

The acquisition of The Healthy Mummy is transformational, highly complementary and financially compelling for Halo Food Co. The business was acquired on an upfront valuation of 4.1x EV/EBITDA multiple, being at a significant discount and comparing favourably to direct comparable transactions in the market at the time of the acquisition. The business is a natural fit to the existing Halo business, increasing the lifetime value of customers to the group and adding high margin digital distribution channels and cross-sell capability for the broader portfolio of Halo.



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Through FY22 Halo revenues have continued to grow to an all time high of \$59.9 million representing more than 18% growth compared with the FY21 result of \$50.7 million. On a pro-forma basis, including The Healthy Mummy, sales topped \$80 million. The Healthy Mummy will be officially consolidated into the financial results of the group from 1 April 2022. Pleasingly, the underlying normalised EBITDA in FY22 for Halo recorded a positive swing of \$4.4 million to a profit of \$2.1 million compared with a loss in the prior financial year.

Halo has established a diversified portfolio of brands, complemented by a multi-site, multi-country operational base of manufacturing facilities across powders, long life UHT drinks and snacking/protein bars underwritten by a diverse and growing client base. With the recent acquisition of The Healthy Mummy, Halo has extended its distribution with direct to consumer highly attractive digital channels and a recurring digital subscription base. These channels and the Healthy Mummy business further enhances the lifetime value of a customer to Halo.

FY22 has been another successful year of growth, evolution and progress for the Company. Over the past years, a robust and diversified business has been established and is emerging as a leader in the Health and Wellness sector.

As always, I would like to conclude by taking this opportunity to thank our growing and loyal customers, my fellow board members, the executive team and all our Halo team across Australia and New Zealand who work tirelessly for the success of the group. Most importantly we appreciate the support of you, our shareholders, as we continue to build a robust and successful business in health and wellness.



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About Halo Food Co. Limited

Based in Sydney and Melbourne, Australia and Christchurch, New Zealand, Halo Food Co. Limited is an established manufacturer and exporter of formulated dairy products and health and wellness products. Halo Food Co. is a leading Australian and New Zealand product developer and manufacturer in the health and wellness sector, with dry powder, ready to drink UHT and protein bar health and wellness-based product capability. In addition to Halo Food Co.'s own brands, the company is a trusted production partner, contract packing for well-known brands in Australia, New Zealand and internationally. The Company's purpose-built production facilities in Australia and New Zealand offer a wide range of dairy, health and wellness and nutritional packing solutions, meeting the diverse needs of consumers from different markets and cultures. Please visit www.halofoodco.com for further information.

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