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TASFOODS

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Investor Presentation

February 2021



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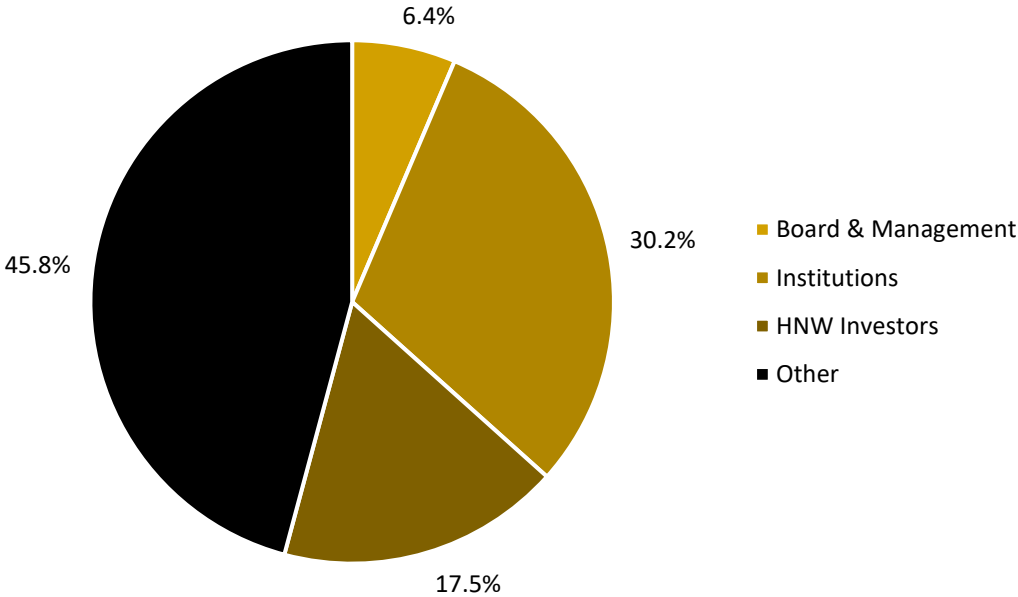
We believe that life is better accompanied by great tasting food sourced with authentic provenance.

We are building a portfolio of leading food and beverage brands that leverage the natural advantages of Tasmania and its reputation for fine food to deliver the essence of Tasmania to the table.



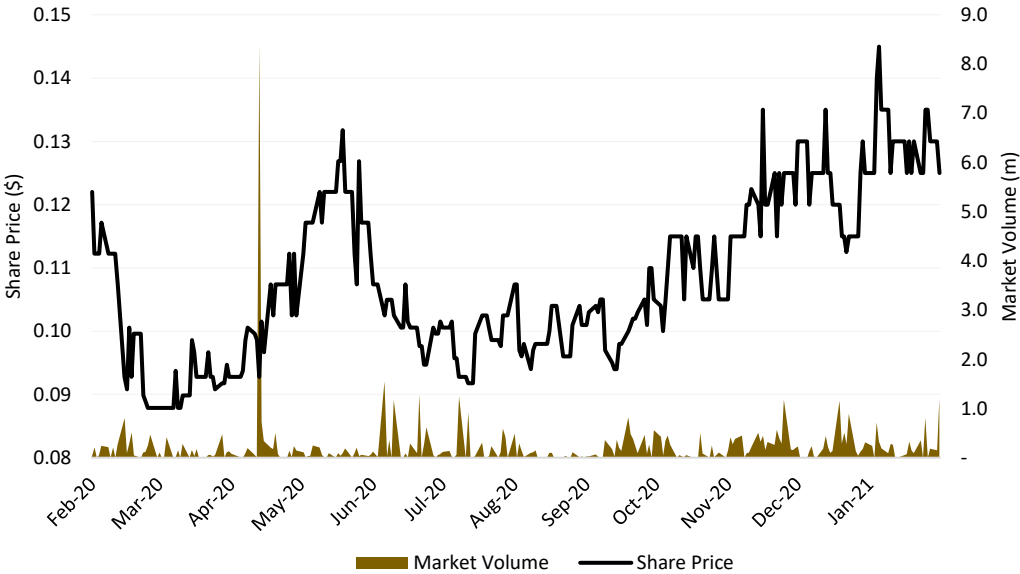
TasFoods Ltd has a long-term investor base that has shown strong support for Tasmania's food heritage including Jan Cameron (17.5%), CVC Limited (14.7%) and AgFood Opportunities Fund (9.5%)

Broad ownership with long-term investor base



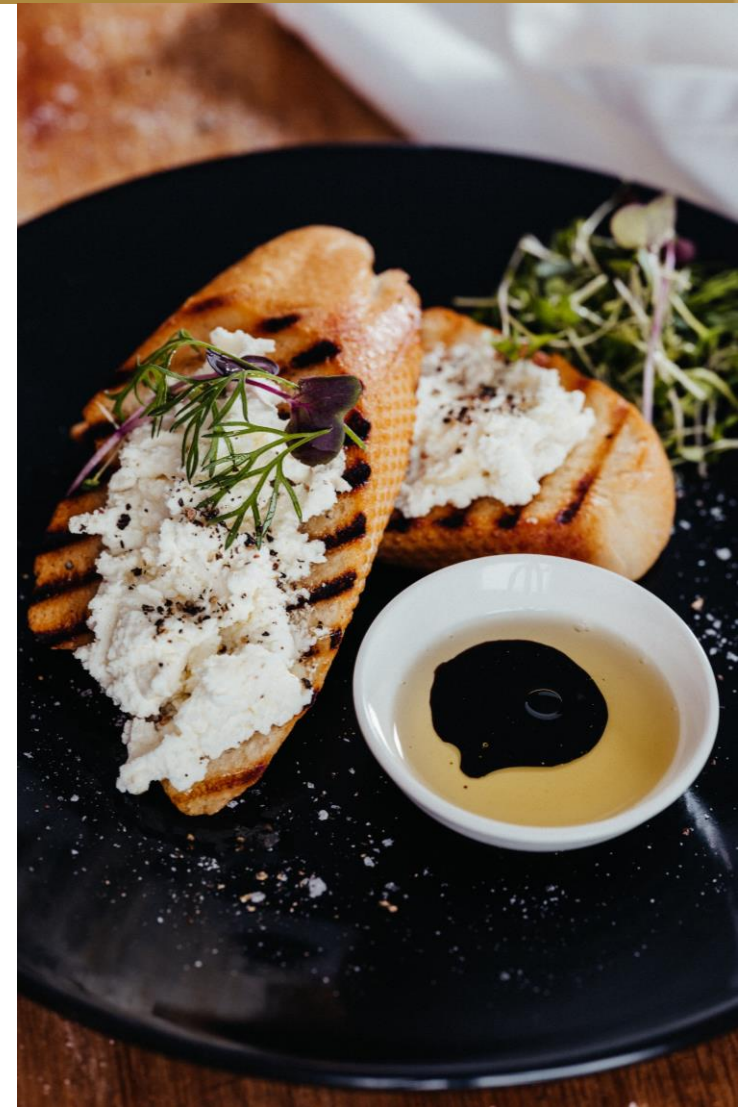
Note: Board & Management includes parties under control or associate with senior managers and board members and former board members.

Share price has recovered from COVID-19 impact



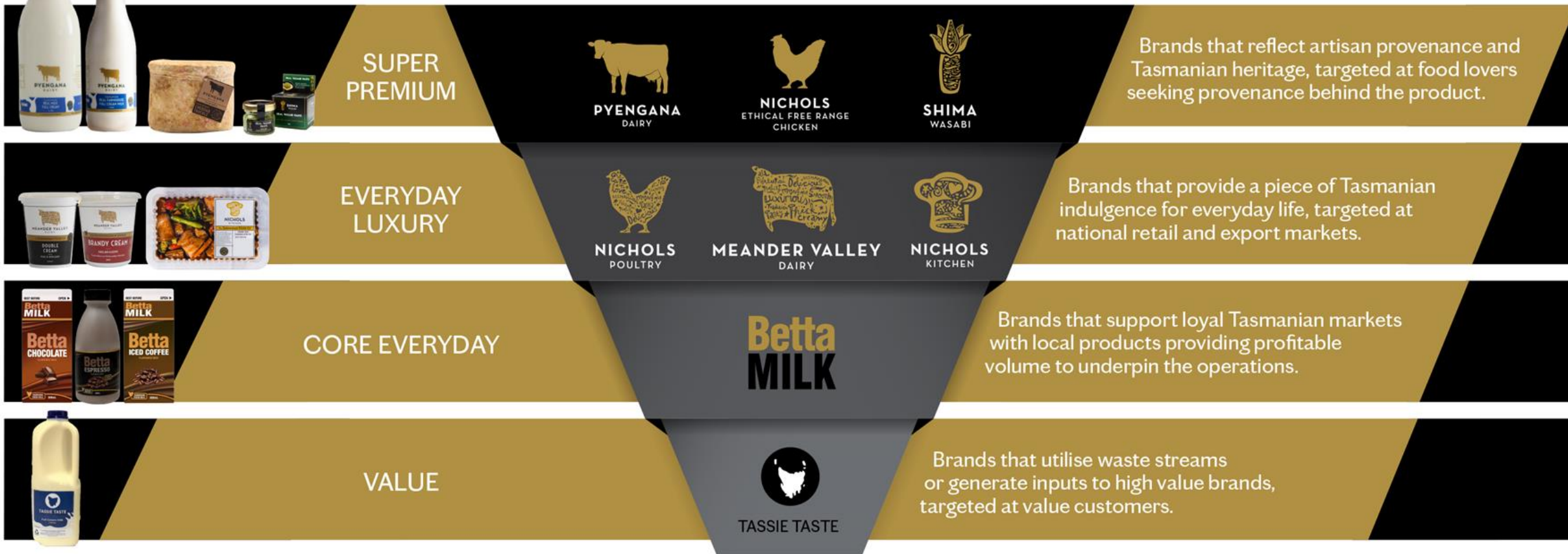
TasFoods' portfolio of high-quality Tasmanian brands across the value spectrum highlighted the resilience of the business model throughout COVID-19

- Despite Tasmania shutting its borders to interstate and overseas visitors, TasFoods recorded 32% revenue growth on prior comparable period (**pcp**), led by our Dairy division, including the Betta Milk brand
- Poultry division suffered supply-side shocks with a oversupply of chicken meat into the market in Q2 2020 due to the shutdown of food service sector from COVID-19. This has impacted on the full-year result with division costs +16.5% on the pcp, however this was skewed to H1 2020
- Positive operating EBITDA for each quarter other than Q2 2020, which was impacted by COVID-19 market volatility
- Strong focus on operational enhancements through H2 2020, with Dairy bottling operations consolidated and Corporate costs remaining a key area for additional improvement
- The Company used the second half of 2020 to reset the foundations of the business in order to ensure we have a platform for future growth:
 - Impairment expense of \$3.5m recognised. \$2.0m in Poultry and \$1.5m in Dairy;
 - Wasabi crop fair value decline also recognised in June 2020;
 - Strengthened the Board with the appointment of Craig Treasure as Non-Executive Chairman and Ben Swain as Non-Executive Director. Both individuals have had an immediate impact on the Company's operations; and
 - Executed two successive capital raisings in September and November 2020 raising \$7.1m and welcoming long-term, supportive investors to the share register
- With \$7.24m in available cash at 31 December 2020 TasFoods is well capitalised and positioned to leverage its brand portfolio, distribution and manufacturing capabilities to grow through FY2021
- TasFoods will continue to focus on brand and distribution expansion through the next 12 – 24 months



Our brand hierarchy and diverse customer base enables us to deliver the essence of Tasmania to where our consumers choose to shop and eat

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RETAIL



Retail is a core channel to consumers as it remains the most convenient format to purchase food for home consumption

DISTRIBUTORS



Distributors are an important link in the supply chain for perishable goods, particularly for interstate markets

FOOD SERVICE

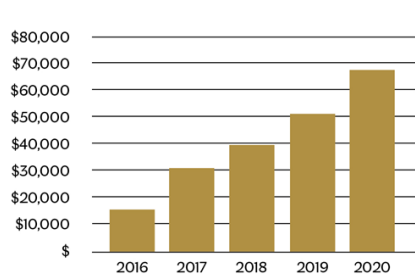


Direct supply to businesses preparing and selling food supports deeper understanding of products and their attributes

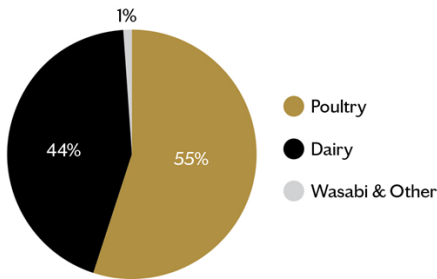
CONSUMER DIRECT



Direct engagement with consumers provides unique customer insights and builds relationships that foster brand champions



32% growth in sales revenue to \$67.4m despite challenging conditions



92% growth in dairy sales revenue to represent 44% of total revenue



New Strategic Plan focussed on organic and inorganic growth opportunities through 2021



Well funded with cash balance of \$7.2m. Total funding \$9.1 m

Dairy Division Review 2020

TasFoods' Dairy division experienced 92% revenue growth driven predominantly by the acquisition of Betta Milk. The division accounts for 44% of group revenue

Our dairy division established its position as a key pillar of profitability in FY2020, reporting a strong financial contribution at both the revenue and EBITDA levels despite being impacted by a loss of revenue from cheese sales and the closure of the Pyengana Dairy Café for the entire Q2 due to COVID-19 restrictions.

Key highlights from the dairy division for FY2020 include:

- Operating EBITDA contribution of \$2.908 million achieved.
- Organic revenue growth of 17% when compared to FY2019, with growth across all dairy brands.
- Interstate dairy sales revenue growth of 16% over FY2019. This increased to 22% for H2 as a result of expanded ranging in national retail for a number of Meander Valley Dairy branded cream products.
- New products launched in 2020 included Meander Valley Dairy branded Sour Cream, Pouring Cream, Brandy Cream, flavoured butters, Real Milk branded cartons, Betta Milk branded flavoured milk range.
- Streamlining of our dairy processing sites into 3 centres of excellence which resulted in improved operational efficiency that supported a 50% increase in the volume of milk being processed at the Betta Milk site.
- Improved efficiencies in the dairy distribution network supported a 50% increase in the volume of milk being delivered and contributed to reduced operating costs.



Poultry Division Review 2020

TasFoods' Poultry division provided a strong underlying revenue base despite the challenge of oversupply in the market due to food service shutdowns in Q2 2020. Overall revenue growth of 6.1% across the division

The poultry division was significantly impacted by volatility in the national poultry meat demand and mix as a result of COVID-influenced market closures during 2020 which impacted both revenue and gross margin resulting in a decline in EBITDA contribution from the division for the year.

Key highlights from the poultry division for FY2020 include:

- Revenue growth of 6% over FY 2019 to \$37.31 million. Processing volumes and revenue were lower in H2 as a result of a reduction in field inventory implemented in Q2 in response to emerging market volatility. A return to pre-COVID levels of field inventory was not completed until Q4.
- 45% growth in interstate poultry sales over FY2019. Our team assisted interstate customers of Super Premium branded chicken to rapidly pivot from sales to high end restaurants to online home delivery to consumers through development of fixed weight retail pack offerings.
- 22% growth in revenue from ready to cook Nichols Kitchen branded products over FY2019. This was achieved through the launch of new products including ready to cook stir fry mixes and breast steak flavour variants that meet the growing demand for convenience from retail and food service customers.
- A comprehensive COVID-Safe plan remains fully active for the poultry processing facility.



2021 Organic Growth Strategies

- Leverage existing relationships with retail and distribution channels to expand ranging for current products and line extensions into interstate markets for brands across the company's Super Premium and Everyday Luxury branding tiers.
- Launch of new products into high growth convenience categories of ready to eat and ready to cook ranges
- Expand online sales significantly through a new digital commerce strategy and logistics solution tailored to provide a service for perishable goods sourced from Tasmania directly to consumers.
- Improve gross margin through manufacturing efficiencies derived from increased equipment utilisation and further processing of waste streams.



Acquisitive Growth Strategies

The company will continue to identify potential acquisition opportunities that can accelerate the business growth. Key criteria for acquisition consideration

- Sales revenue derived from product categories with high future growth potential
- Product range in company's premium brand tiers of Super Premium and Everyday Luxury with capacity to maintain strong margins
- Capacity to leverage existing TasFoods relationships with national retail and distribution partners to achieve sales growth
- Surplus capacity that can support significant revenue growth without high capital investment
- Ownership by TasFoods can generate value to acquisition target – e.g. through improved manufacturing efficiencies, activation of sales and marketing strategy





Marketing Strategy for FY2021

- Online sales growth will be supported with activations through social media, SEM and SEO. Targeted campaigns will run for different seasonal occasions throughout the year that include partnerships with premium Tasmanian food and beverage producers to expand offering
- In-store activations and promotional support will be used to assist with expanded ranging and increased pull through of existing products in retail markets
- Engagement with influencers and key industry stakeholders to communicate the benefits of our products and inspire increased usage
- Robur Farm branded products will be amalgamated into the Meander Valley Dairy brand portfolio to streamline dairy marketing activities of everyday luxury tiered products.



Board & Senior Management



CRAIG TREASURE NON-EXECUTIVE CHAIR

Craig has had over 35 years experience in business and property development. His most recent executive role was as CEO and Managing Director of ASX listed Villa World Limited (VLW). He is an experienced ASX Director and has had many roles in private and public sectors as a business owner and director. He is a Member of the Australian Institute of Company Directors and a Fellow of the Urban Development Institute of Australia. He was appointed Non-Executive Chair on 4 June 2020.



ROGER MCBAIN NON-EXECUTIVE DIRECTOR

Roger led a Tasmanian based Chartered Accounting firm as a partner for 25 years ultimately leading the successful merging of the practice into Deloitte in 2010. Continuing as a partner at Deloitte for a further five years, Roger delivered strong results to the Tasmanian practice, through his extensive experience in a broad range of businesses with particular expertise in FMCC, agribusiness and mining services. Roger currently pursues a number of private business interests including a water remediation technology company, property development, tourism, hospitality and retail investments.



BEN SWAIN NON-EXECUTIVE DIRECTOR

Ben is a partner of Tasmanian law firm Murdoch Clarke. His practice areas include corporate advice, transactional mergers and acquisitions, real property and private client matters. Ben is a director of various Pty Ltd companies and trusts including the Elsie Cameron Foundation which has investment in entities including TasFoods Limited. With a passion for Tasmania's finest foods and produce and the companies that grow and produce them, Ben gets great fulfilment from assisting, in his professional capacity, various Tasmanian food and agriculture business to achieve their goals. He was appointed to the Board as a Non-Executive Director on 4 June 2020.



JANE BENNETT MANAGING DIRECTOR/CEO

Jane has over 20 year's of experience as a senior executive in vertically integrated dairy businesses in Tasmania and the UK. She has extensive past experience in regional provenance branding as Chair of the Tasmanian Food Industry Council, Board Member of the Brand Tasmania Council and Nuffield Scholar studying Place of Origin Branding. Jane has previously served on the Boards of Australian Broadcasting Corporation, CSIRO, and Food Innovation Australia Ltd. She is a Fellow of the Australian Institute of Company Directors. Jane was named 2010 Tasmanian Telstra Business Woman of the Year and 1997 Australian ABC Rural Woman of the Year.



JANELLE O'REILLY COMPANY SECRETARY & GENERAL COUNSEL

Janelle is an expert in commercial law and corporate governance. She previously held the positions of Company Secretary & General Counsel for ASX listed companies Crane Group Limited and Ruralco Holdings Limited and was the General Manager of Governance for Tasmanian State owned Aurora Energy Pty Ltd. Janelle is a Fellow of the Governance Institute of Australia and a graduate member of the Australian Institute of Company Directors. She is a Director of not for profit entities Colony 47 and Women's Health Education Network Inc.

EXECUTIVE TEAM



DONNA WILSON CHIEF FINANCIAL OFFICER

Donna is a qualified finance executive with 20 year's of experience working within public practice at KPMG, ASX listed companies and at an executive level in statutory government authorities. Donna holds a Masters of Business Administration in Corporate Governance and a Bachelor of Commerce. She is a member of Chartered Accountants Australia and New Zealand and a graduate member of the Australian Institute of Company Directors. Donna serves on the Finance Committee of the Scotch Oakburn College School Board.



DAVID BENNETT CHIEF SALES OFFICER

David has extensive experience in national sales, distribution and marketing of fast moving consumer goods, specialising in premium dairy products. David holds a Bachelor of Laws (Honours) and Bachelor of Commerce and has completed a Graduate Diploma in Legal Practice. He previously served as Inaugural Chair of the North West Tasmanian Tourism, Cradle to Coast Tasting Trail.

BOARD AND MANAGEMENT TEAM

2020 Financial Year Results

| | FY 2020 | | | | FY 2019 | | | | Change \$'000 | Change % |
|---------------------------|-----------------|-------------------|----------------------------------|-----------------|-----------------|-------------------|----------------------------------|-----------------|------------------|--------------|
| | Dairy \$'000 | Poultry \$'000 | Corporate and Other \$'000 | Total \$'000 | Dairy \$'000 | Poultry \$'000 | Corporate and Other \$'000 | Total \$'000 | | |
| Revenue | 29,617 | 37,311 | 508 | 67,436 | 15,415 | 35,176 | 514 | 51,105 | 16,331 | 32% |
| Expenditure | (28,247) | (38,344) | (6,105) | (72,696) | (14,392) | (32,901) | (4,969) | (52,262) | (20,434) | 39% |
| EBITDA | 1,370 | (1,033) | (5,597) | (5,260) | 1,023 | 2,275 | (4,455) | (1,157) | (4,102) | -354% |
| Less Non-operating Items: | | | | | | | | | | |
| Acquisition Costs | - | - | (15) | (15) | - | - | (497) | (497) | 482 | 97% |
| Movement in Fair Value | (38) | (107) | (1,154) | (1,300) | 37 | 439 | 692 | 1,169 | | |
| Impairment Expense | (1,500) | (2,000) | - | (3,500) | - | - | - | - | | |
| Operating EBITDA | 2,908 | 1,074 | (4,427) | (445) | 986 | 1,835 | (4,650) | (1,829) | 1,384 | 76% |
| GP Margin | 35% | 20% | | 27% | 34% | 22% | | 25% | | 2% |
| NPAT | | | | (6,407) | | | | (3,459) | | |

- Revenue growth of 32% to \$67.43 million includes 10% organic revenue growth after adjusting for Betta Milk, which was acquired on 31 July 2019
- Operating EBITDA improvement of 76% to negative \$0.445 million. Positive operating EBITDA for half two of \$0.677 million
- Gross margin improvement of 2%
- Containment of corporate costs at 2019 levels
- Movement in Fair Value was negatively impacted by downward revaluation of wasabi crop by \$1.154 million at 30 June. This had no cash impact on the business
- Impairment of goodwill at 30 June of the dairy (\$1.5 million) and poultry (\$2.0 million) business units created an impairment expense of \$3.5 million. This had no cash impact on the business.
- Net loss after tax of \$6.407 million

Balance Sheet 31 December 2020

| | 2020 \$'000 | 2019 \$'000 |
|--------------------------------------|----------------|----------------|
| Current Assets | | |
| Cash and cash equivalents | 7,635 | 2,209 |
| Trade and other receivables | 4,493 | 4,394 |
| Biological assets | 2,338 | 2,729 |
| Inventory | 4,504 | 4,123 |
| Prepayments | 905 | 699 |
| Total Current Assets | 19,877 | 14,155 |
| Non-Current Assets | | |
| Property, plant and equipment | 25,308 | 25,048 |
| Right of use assets | 968 | 1,081 |
| Intangible assets | 10,953 | 14,013 |
| Biological assets | 38 | 1,170 |
| Deferred tax assets | - | - |
| Total Non-Current Assets | 37,267 | 41,313 |
| Total Assets | 57,144 | 55,466 |
| Current Liabilities | | |
| Trade and other payables | 9,175 | 8,628 |
| Borrowings | 539 | 765 |
| Lease Liabilities | 327 | 423 |
| Provisions | 1,172 | 976 |
| Total Current Liabilities | 11,214 | 10,793 |
| Non-Current Liabilities | | |
| Borrowings | 5,278 | 4,500 |
| Lease Liabilities | 1,258 | 1,477 |
| Provisions | 153 | 220 |
| Deferred tax liabilities | - | - |
| Total Non-Current Liabilities | 6,688 | 6,197 |
| Total Liabilities | 17,903 | 16,990 |
| Net Assets | 39,241 | 38,477 |
| Equity | | |
| Contributed Equity | 61,053 | 53,982 |
| Reserves | 594 | 493 |
| Accumulated Losses | (22,407) | (15,998) |
| Total Equity | 39,241 | 38,477 |

- Balance sheet has been strengthened by cash injection of \$7.1 million from two equity raisings undertaken in half two
- Cash and cash equivalents increased by \$5.426 million as a result of the equity raisings undertaken in half two
- Intangible assets decreased by \$3.060 million as a result of the impairment of goodwill in the dairy and poultry business units at 30 June. This was offset by an increase to goodwill associated with finalisation of the prior year acquisition accounting for Betta Milk*
- Biological assets decreased primary as a result of the revaluation of the wasabi crop at 30 June of \$1.179 million due to a change in market conditions and product sales mix*
- Borrowings increased by \$0.778 million (net of repayments) due to restructuring of the finance facilities in half one

*Both the impairment expense and biological asset write down are non cash items

Statement of Cash Flows 2020

| | 2020 \$'000 | 2019 \$'000 |
|--|----------------|-----------------|
| Cash flows from operating activities | | |
| Receipts from customers | 67,342 | 49,533 |
| Payments to suppliers and employees | (68,225) | (50,030) |
| Interest received | 2 | 60 |
| Interest paid | (339) | (252) |
| Expenditure incurred in the pursuit of acquisitions and investment opportunities | (15) | (498) |
| Income taxes received | - | - |
| Other | 712 | 282 |
| Net cash used in operating activities | <u>(523)</u> | <u>(904)</u> |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (1,082) | (3,357) |
| Payments for other non-current assets | (16) | (28) |
| Proceeds from disposal of property, plant, and equipment | 23 | 20 |
| Net cash used in business combination | - | (11,423) |
| Net cash used in investing activities | <u>(1,075)</u> | <u>(14,788)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 7,134 | 8,000 |
| Cost of issuing shares | (125) | (531) |
| Proceeds from borrowings | 1,123 | 4,645 |
| Principal elements of lease payments | (732) | (954) |
| Transaction costs related to borrowings | (1) | (1) |
| Net cash provided by financing activities | <u>7,399</u> | <u>11,159</u> |
| Net (decrease)/increase in cash held | 5,801 | (4,533) |
| Cash and cash equivalents at the beginning of the year | <u>1,444</u> | <u>5,977</u> |
| Cash and cash equivalents at the end of the year | <u>7,245</u> | <u>1,444</u> |

- The company ended the year with \$7.245 million of available cash, a net increase of \$5.801 million on cash position of 31 December 2019
- Net proceeds from two equity raisings in half two contributed \$7.009 million
- Other revenue of \$0.712 million included Jobkeeper payments for employees of Shima Wasabi and Pyengana Dairy after each business became eligible for Jobkeeper as a result of the closure of parts of each operation from March to July

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