

Mr John Murphy

Chair Address – AGM 30 May 2023 11am

As announced at our AGM 12 months ago our immediate priority for 2022 was to strengthen the foundations of the business and capitalise on our competitive advantage in Tasmania. This position would enable expansion into new categories and markets leveraging our core capabilities across production, marketing, sales and distribution of high-quality food and beverage products.

Year in review

Significant progress has been made in the 12 months on all key aspects of the business to simplify, streamline and enhance our operating model, delivering improved speed, execution and flexibility notwithstanding the extremely challenging market conditions we faced.

In the first half of 2022 the company completed a successful capital raising of \$5.5m placement followed by a \$0.5m Share Purchase plan to fund the initial stages of the company's rebuild plan and working capital requirements. This placement was strongly supported by existing and new shareholders who share the company's vision.

Like many food and beverage companies 2022 saw significant challenges presented by unprecedented global economic uncertainty, supply chain disruptions and inflationary pressures which have significantly impacted operating performance. COVID-19 related disruptions early in the year affected both our Dairy and Poultry businesses, with factors such as labour shortages severely impacting operations and imposing significant additional costs.

During the second half of the year consumer sentiment and spending was negatively impacted by the upward momentum in inflation and consequential impact on interest rates, leading consumers to shift to private label and value-based products in our core grocery channel. This has had a significant impact on our volumes sold and profitability despite the significant price realisation, cost reduction and supply chain initiatives we have put in place through the first half of the year. It is testament to the strategy implemented in early 2022 that the company was able to deliver like-for-like net sales growth of 26% in the first quarter of 2023 despite the challenges faced.

I'll make some overall comments on the 12-month results and Scott will provide more commentary and detail on trading and performance in his address.

FY22 Results

Despite delivering a solid sales performance of \$70.6m, up 1.6% on prior year, we recorded a disappointing Group Operating EBITDA loss of \$7.3m compared to the prior year loss of \$4.7m.

This performance, coupled with subdued forward looking industry forecasts for the categories we compete in, has resulted in the company recognising an impairment charge of \$6.8m. This comprises brands and trademarks of \$2.9m in the Poultry business and \$3.9m in the Dairy business. Due to the market uncertainty we have adopted a conservative approach to the underlying impairment calculations and this adjustment does not impact the company's cash flow position nor its future trading potential. As a result, the company delivered a Net Loss after tax of \$16.5m.

At year end the company held \$0.4m in cash and \$3.3m of undrawn capacity in debt facilities. Net Assets at 31 December 2022 were \$18.3m, representing 4.2 cents per share.

As the company set out in its strategic review the Board and senior management continue to review our capital management framework on an ongoing basis. Within that framework we have made key decisions to exit the organic poultry operations along with the sale and leaseback of non-core real estate associated with Betta Milk.

Board approach

We are committed to being accessible and transparent with the investment community and have increased engagement across investor meetings and briefings. 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 and also the membership of the board to ensure the members possess the range of skills, knowledge and experience to deal with the current and emerging business environment. At this year's AGM Ben Swain is seeking re-election to the board last elected in 2020 and you will hear from Ben as we move to the formal business of the meeting. Ben is a highly valued contributor to the board and brings significant skills and experience to the TasFoods business.

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 and to retain and recruit the very best talent. This informs the setting of Short and Long Term incentives aligned to growing EBITDA performance and share price performance. As outlined in the remuneration report, the EBITDA hurdle was not met and no short term incentives were paid in 2022. The board believes that it is in the interest of shareholders for executives and directors to receive part of their remuneration in the form of at-risk equity that vest based on performance indicators that are linked to shareholder benefit. Consistent with last year's AGM included in the formal business of today's meeting will be resolutions seeking the issue of share appreciation rights to directors in lieu of a part cash component of director board fees.

Key Executive Changes

As we round off FY22 I would like to welcome Joshua Fletcher to the role of Chief Financial Officer and Company Secretary and to thank Shona Croucher for her significant contribution to the TasFoods business. Shona joined us during an extremely challenging period for the business and has not only managed our financial reporting and operational objectives but ensured a full and robust handover to Josh to enable no disruption to the group. Josh brings significant experience in relevant industries to the business and has really hit the ground running.

Outlook

Whilst we faced challenges 2022 was a transformative year for TasFoods. We have made significant progress in right-sizing and streamlining our business operations whilst exiting unprofitable business units and supply agreements. Whilst the historical financial performance is not where we want it to be, we have seen our extensive operational improvements starting to come through in recent periods. As a Board and senior management team we are cognisant we have further work to do to ensure

sustained success however we remain confident that our strategy outlined in early 2022 will realise future benefits for shareholders over time.

Given the prevailing economic conditions we have accelerated our approach to reducing the near-term operating cost base to ensure a leaner operating model. Included as part of this is a complete review of our go-to-market approach, narrowing the focus on our business development priorities and challenging all aspects of our brand and product portfolio to return TasFoods to profitability in the shortest possible time frame.

We continue to develop new market opportunities with initiatives in digital and online direct to consumer along with deepening relationships with strategic customers and exploring new markets.

Since the implementation of our strategic roadmap the Board and senior management continue to actively explore and assess our strategic options challenging every aspect of our business portfolio. Through this we continue to explore and review all possible strategic initiatives including partnerships, vertical integration, complementary asset utilisation and divestment options. We will continue to review any opportunity through the lens of ensuring enhanced returns to shareholders. We will also continue throughout the year to report against our strategy and key initiatives of the business.

On behalf of the Board, I would like to thank all the staff at TasFoods that have shown and continue to demonstrate great resilience despite the many challenges faced by food and beverage companies in the current market environment. The Board is immensely proud that the people of TasFoods always strive to deliver outstanding products of the highest quality. I would also like to thank my fellow Board members, Scott and his leadership team for their commitment and significant efforts this year. Finally, I would like to thank all our shareholders, customers and suppliers for your continued support.

Thank you.

I look forward to addressing questions submitted by shareholders, but first I invite Scott to address the FY22 results and how we are tracking so far in FY23.