

TASFOODS LTD

Delivering the essence of Tasmania to the table

Strategic Equity Placement & Business Update

November 2020



TasFoods is building a portfolio of food brands that leverage the natural advantages of Tasmania and its reputation for fine food to deliver the essence of Tasmania to the table.

TasFoods will harness Tasmania's natural advantages to deliver value for stakeholders through a diversified brand portfolio structured to meet current and emerging consumer needs.

Our key strategic drivers for growth are;

- Organic growth from our existing core business operations through expansion of market penetration and product innovation.
- Acquisitive growth through strategic acquisitions that offer synergies to our existing operations with capacity to scale and grow or offer significant revenue and EBITDA contributions.



To support us in delivering the essence of Tasmania to the table there are 4 core pillars to our strategy



Brand Hierarchy
built on a portfolio
of brands reflecting
the relevant
essence of
Tasmania at each
brand level to meet
a diverse range of
consumer needs

Omnichannel
approach to sales
that supports us to
deliver the essence
of Tasmania to
where consumers
choose to shop and
eat

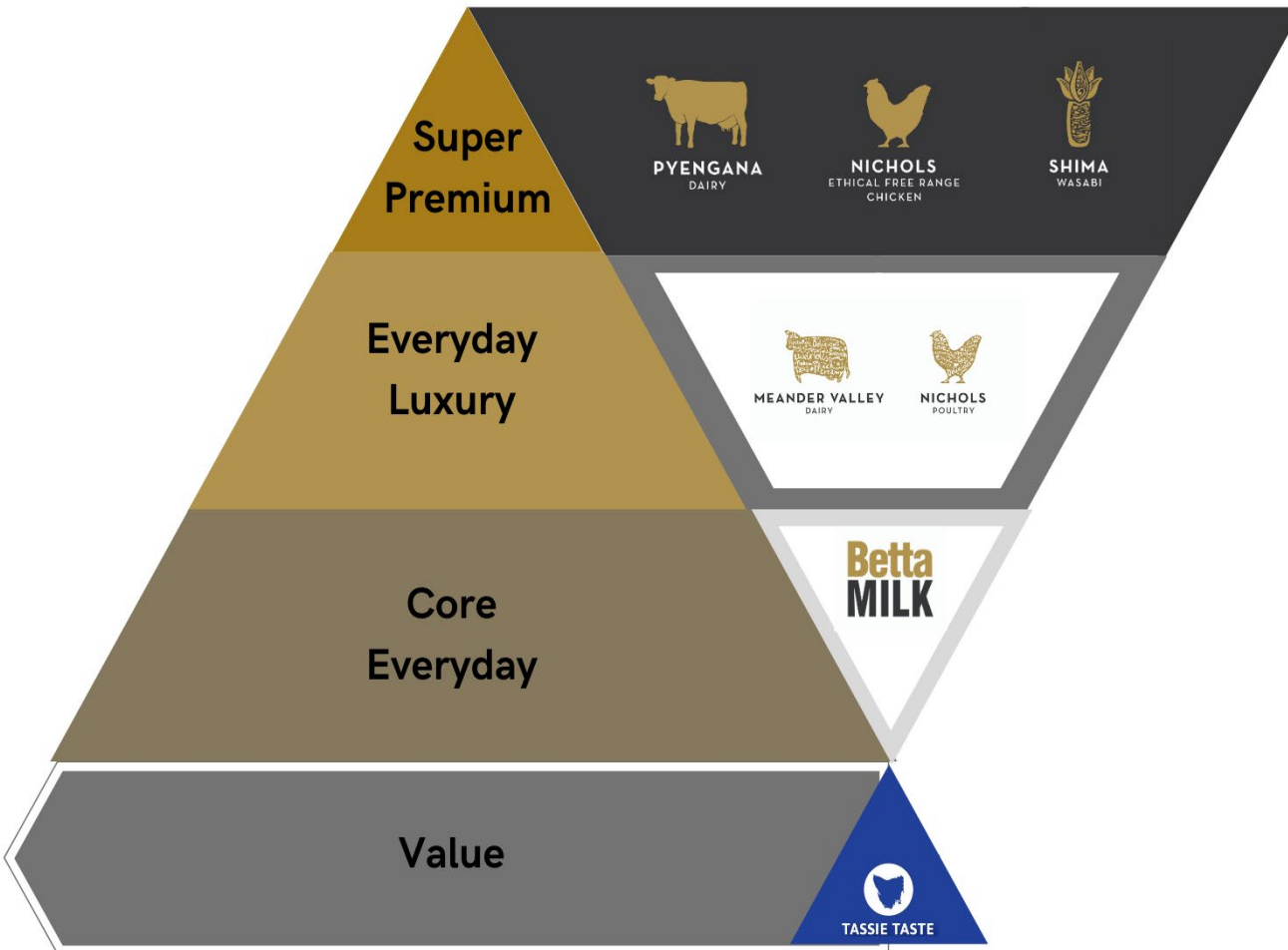
Product Range
that reflects a
Tasmanian lens to
consumer demand
and emerging
trends

**Systems and
Resources**
to support business
growth and
development in
focus areas

A HOUSE OF BRANDS

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Our brands embody the pyramid of consumer needs and reflect a relevant essence of Tasmania at each level



Super premium brands that reflect artisanal provenance and Tasmanian heritage, targeted at food lovers seeking provenance behind the product

Everyday luxury brands that provide a piece of Tasmanian indulgence for everyday life, targeted at national retail and export markets

Core everyday brands that support loyal Tasmanian markets with local products providing profitable volume to underpin the operations

Value brands that utilise waste streams or generate inputs to high value brands, targeted at value consumers

We have a diversified customer base that enables us to deliver the essence of Tasmania to where consumers choose to shop and eat

Retail

Retail is a core channel to consumers as the growing trend for home consumption of food is sustained.

Customers include;
Major retailer – Coles, Woolworths
Independent retail – IGA, Hill St Group, Harris Farm
Specialty retail – butchers, greengrocers, deli's, health food shops
Online retailers – Vic Meats, Cheese Therapy, Mould

Distributors

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

Customers include;
Retail Distributors – Vic, NSW, Qld, SA
Food service Distributors – Tas, Vic, NSW, Qld, SA, WA
Milk Vendors – Tas

Food Service

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

Customers include;
Cafes & restaurants
Caterers
Schools, hospitals, prisons, aged care facilities
Mines
Offices

Consumer Direct

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

Paths to consumers include;
Pyengana Dairy Café
Online stores
Events

DAIRY STRATEGIC FOCUS FOR 2021

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Our dairy growth is focused on expansion of Everyday Luxury and Super Premium products in national markets

New Product Development

- Range extensions for Meander Valley Dairy and Pyengana Dairy brands
- Range extension for Tassie Taste brand to improve utilisation of by-products
- Meal kits featuring dairy range launched for online sales and premium retail



Distribution Expansion

- National retail ranging for products in category extension for Meander Valley Dairy brand.
- Expansion of online sales through direct online offering and expanded relationships with online retailers
- Expansion of flavoured milk distribution



Marketing Activation

- Launch new brand campaign for Betta Milk
- Launch digital media strategy to strengthen awareness of where to buy products and alert relevant product followers when promotions are happening near to them
- Engage influencers to drive sales in Super Premium and Everyday Luxury brands



POULTRY STRATEGIC FOCUS FOR 2021

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Our poultry growth is focused on growth markets of convenience and expanding our Super Premium offering

New Product Development

- 2021 focus is on supporting growth in convenience products
- New products and range extensions for ready to cook offering.
- A ready to eat range of products will be released in 2021



Distribution Expansion

- Extended ranging within major retailer with private label and branded offering
- Expansion of Super Premium chicken offering in interstate markets



Brand Realignment

- Improvement to the Super Premium chicken brand offering that aligns with consumer expectations through easily identified claims
- Expansion of the Super Premium chicken brand into ready to cook products



FINANCIAL PERFORMANCE

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Our strategy for growth is supported with positive operating results and a capital injection

	Q3 2020*				Q3 2019*					
	Dairy \$'000	Poultry \$'000	Corporate and Other \$'000	Total \$'000	Dairy \$'000	Poultry \$'000	Corporate and Other \$'000	Total \$'000	Change \$'000	Change %
Revenue	7,565	9,289	137	16,992	4,809	8,819	113	13,741	3,250	24%
Expenditure	(6,591)	(9,004)	(1,160)	(16,756)	(4,548)	(8,211)	(1,296)	(14,056)	(2,700)	19%
EBITDA	974	285	(1,023)	236	261	608	(1,183)	(314)	550	175%
Acquisition Costs	-	-	-	-	-	-	(162)	(162)	162	100%
Operating EBITDA	974	285	(1,023)	236	261	608	(1,021)	(152)	388	255%

Q3 2020 Financial Performance:

- Operating EBITDA returned to positive in Q3 after COVID influenced market volatility impacted the poultry division from April to July.
- The dairy strategy implemented since the acquisition of Betta Milk in Q3 2019 has provided significant synergies and cost reductions.
- Organic revenue growth of 12% was achieved through a combination of expansion in interstate markets that achieved 22% growth and 215% growth in direct online sales.

Balance Sheet:

- Our balance sheet was strengthened from the completion of the placement and accelerated rights issue totalling \$2.005 million in Q3 2020.
- A further \$2.1 million was received in October from the retail rights offer allowing the business to implement actions arising from the strategic review including further development of brand hierarchy and expansion of super premium and everyday luxury brands into national markets.

	Q3 2020 (Sept 2020)* \$'000	H1 2020 (June 2020) \$'000
Current Assets	13,475	12,146
Non-Current Assets	37,477	37,602
Total Assets	50,951	49,747
Current Liabilities	11,528	12,140
Non-Current Liabilities	6,299	6,282
Total Liabilities	17,827	18,422
Net Assets	33,124	31,325
Contributed Equity	55,991	53,980
Reserves	555	555
Accumulated Losses	(23,422)	(23,210)
Equity	33,124	31,325
Net Tangible Assets	22,168	20,366

*Financial information is unaudited

STRATEGIC EQUITY PLACEMENT

The equity placement of \$3m will further strategy implementation and business growth opportunities in key markets

	Oct 2020* \$'000	Equity Placement Proceeds \$'000	Oct 2020 Pro Forma* \$'000
Current Assets	14,834	3,000	17,834
Non-Current Assets	37,461	-	37,461
Total Assets	52,295	3,000	55,295
Current Liabilities	11,016	-	11,016
Non-Current Liabilities	6,284	-	6,284
Total Liabilities	17,300	-	17,300
Net Assets	34,995	3,000	37,995
Contributed Equity	57,854	3,000	60,854
Reserves	555	-	555
Accumulated Losses	(23,414)	-	(23,414)
Equity	34,995	3,000	37,995
Net Tangible Assets	24,040		27,040

- The Board of TasFoods has today announced an equity placement to AgFood Opportunity Fund Pty Ltd through the issuing of 30 million new shares at a price of \$0.10 to raise \$3 million to support the company's strategic growth objectives for its poultry and dairy operations.
- The AgFood Opportunities Fund Pty Ltd (AgFood) was established in 2020 to invest across the global agriculture and food sectors with 10-15 listed holdings and scope for 5-10 private investments. AgFood seeks Australasian and global listed company with opportunities for significant value improvement.
- AgFood has a long-term investment mandate and has committed to continue to support the TFL management and Board in the execution of the Company's growth strategy
- The funds raised from the placement will be principally applied to further develop the Company's new strategic direction that has evolved from the recent Board strategic review and accelerate delivery of objectives in 2021.

*Financial information is unaudited

The funds raised in the equity placement will be utilised to accelerate key strategic growth initiatives for 2021 & 2022

Capital Investment

- Expansion of the Company's poultry operations through capital investment to grow the super premium branded chicken offering in national markets



New Product Development

- Acceleration of new product development initiatives to meet market demand for convenience through ready to cook and ready to eat meal offerings



Marketing Initiatives

- Investment in digital marketing to support growth in online sales and strengthen brand awareness



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