

16th February 2021

ASX Market Announcements Office

Farm Pride Foods Ltd (ASX: FRM) (Company) Announcement

In August 2020 the Company advised the market that it had sustained a confirmed Avian Influenza outbreak. The outbreak was confined to only two farms and whilst all other Company operations were unaffected the financial impact was material with the Company losing 33% of its productive hen flock.

The Company now advises that at the end of last week, Agriculture Victoria issued a Revocation of Quarantine Notice for both sites.

As a result, our restocking program for those 2 farms will now be commenced as quickly as possible to allow a full return to production with particular focus on cage-free and free-range egg production.

Following the AI outbreak the Company with the assistance of its advisors undertook a strategic review of the business to determine a pathway to facilitate a timely and sustainable financial recovery.

As a consequence, the Company determined that its farm located in Pittsworth, Queensland, is no longer a core asset and is therefore not relevant to our longer-term strategy. Accordingly, the Company resolved to offer the Pittsworth farm for sale through an open market Expression of Interest process (EOI) conducted on the Company's behalf by CBRE Brisbane in late 2020.

The Company is pleased to advise that an unconditional contract has now been entered into with Hall & McLean Pty Ltd to purchase the farm and associated assets. Settlement for the sale is expected by mid-March 2021. Settlement proceeds are \$3.1m excluding expenses. Funds from the sale will be directed to working capital to support business development, capex and to reduce debt.

The Company also expects to undertake additional action to strengthen working capital by realising further value contained within its balance sheet and in particular its strong property portfolio. Further updates will be provided to the market in due course.

Our primary requirement is to be able to support our major customers with the objective of meeting their future volume requirements for cage free and free range eggs. Our transition timetable clearly shows that we can do this with most of the necessary infrastructure already in place.

This announcement has been authorised by the Farm Pride Foods' Company Secretary, Bruce De Lacy.

Further Information

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About Farm Pride Foods

Farm Pride is a vertically integrated egg producer supplying egg and egg products across Australia. In addition to the production of eggs at its egg farms and the operation of a number of egg processing sites, the Company is also one of only two producers of egg cartons in Australia.

For further information about Farm Pride Foods please visit our website at www.farmpride.com.au

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