

FARM PRIDE FOODS LTD

***2022 Managing Director's
Report to Shareholders***

Presented by Bruce De Lacy



DISCLAIMER

This presentation dated 17th November 2022 provides additional comment on the Annual Report for the 12 months ended 30 June 2022 of Farm Pride Foods Ltd Limited (The 'Company') and accompanying information released to the market. As such, it should be read in conjunction with the explanations and views in those documents.

This presentation is provided for general information purposes only. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should assess their own individual financial circumstances and consider talking to a financial adviser or consultant before making any investment decision.

This presentation is not a prospectus, investment statement or disclosure document. Certain statements in this presentation constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

While all reasonable care has been taken in relation to the preparation of this presentation, none of the Company, its subsidiaries, or their respective directors, officers, employees, contractors or agents accepts responsibility for any loss or damage resulting from the use of or reliance on this presentation by any person.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given. Some of the information in this presentation is based on unaudited financial data which may be subject to change.

MANAGING DIRECTOR'S REPORT

FY22 in summary

- FY22 net revenue remains strong.
- Retailer and industrial relationships strong.
- Underlying EBITDA loss \$2.309m

Investing in change

- COVID now largely behind us.
- AI now in the past.
- New directors appointed.
- Senior management changes.

The year ahead

- Reset moment
- New leadership.
- Refocus the business on fundamentals.
- Rebuild profitability and cash flow.
- Build on the existing underlying strength and resilience.
- Empower latent potential that already exist within the business.

KEY FINANCIAL METRICS – FY22

- Revenue remains stable at \$76.6m;
- EBITDA loss increase of 51% to \$4.6m;
- Underlying EBITDA loss of \$2.3m;
- Cash and short-term deposits increase of 67% to \$2.2m;
- Cash flow prior to financing activities increase of 422% to \$13.04m - sale of Keysborough;
- Net debt excluding lease liabilities reduced by \$7.1m to \$11.6m;
- Deferred tax asset of \$5.8m derecognized – non-cash item;
- Impairment of property, plant & equipment \$4.6m – non-cash item;

CURRENT MARKET

The market place

Increasing input costs

Workforce talent

Egg shortage

COVID

Our response

- Manage cost pressure
- Increase sell prices
- Reduce debt

- Empower existing talent
- Target becoming an employer of choice

- Flock rotation impacted by AI.
- Investing in new flocks

- Flexible working arrangements
- Management of COVID

FY22 – THE YEAR IN SUMMARY

- Revenue remains steady.
- Rising costs of doing business.
- Recovery – there is an underlying resilience.
- Safety increase in reported incidents compared to FY21.
- Quality complaints reduced year on year

FY22 THE YEAR IN SUMMARY

- Egg shortage
- Reset moment
- FY22 response – clearly insufficient but now corrected.
- Latent potential within the business.
- Recovery

AVIAN INFLUENZA

- A thing of the past (but never too far away)
- The customers perspective.
- Replacement cycle – takes time to recover.
- Overseas learnings – no one is immune.

FY23 INVESTING IN CHANGE

- COVID now endemic and lock downs behind us.
- New independent directors appointed.
- Senior management changes.

FY23 THE YEAR AHEAD

- Customer Relationships.
- Rebuild relationships and trust – consumer led strategy instead of producer push
- Pass on significant increases in input costs.
- Customer Responses.
- Current conditions.
- Premiumisation of the egg category – not just a farm based business.

THE YEAR AHEAD

Cage Free Transition

- Proposed Standards.
- Our transition is underway but at what risk
- Production costs for Free Range and Cage Free are almost identical.
- Minimize risk by maintaining geographic spread



PHOTOS FROM THE OCTOBER 2022
FLOODS
BENDIGO FREE RANGE FARM

QUESTIONS