



MARQUIS
MACADAMIAS

ANNUAL GENERAL
MEETING
AND AGENDA

2021



ANNUAL GENERAL MEETING

BALLINA SURF CLUB

FRIDAY, 27 AUGUST 2021

Registration Time: 9.15am – 10.00am

Meeting Commences: 10.00am

4 August 2021

Dear Shareholder,

Attached please find the following:

1. Notice of Meeting
2. Minutes of the 38th Annual General Meeting held on 28 August 2020.
3. Proxy Form – if applicable to be returned by 10.00am on 25 August 2021.
4. Annual Report including Financial Statements of the Company for the year ended 31 March 2021, together with the Directors' Report and Declaration and Auditor's Report.

The AGM will be held at the Ballina Surf Club, however, due to COVID-19 restrictions at the venue, we are limited to 30 Shareholders attending the Meeting in person. Accordingly, the Meeting will also be available to attend virtually, and we encourage our members to join the virtual meeting or submit proxies if you do not intend or are unable to join the Meeting. Please note if you are attending the Meeting in person, you will be required to wear a mask at the venue.

Please RSVP to Jodie Hearity (02 6624 3900) to attend the Meeting. If you would like to attend the Meeting in person, please RSVP before 5.00pm (AEST) on 13 August 2021 to assist in managing capacity constraints. We will confirm whether you are able to attend in person no later than the week of the AGM.

Yours sincerely

Justin Truscott

Company Secretary

NOTICE OF THE 39TH ANNUAL GENERAL MEETING

MARQUIS MACADAMIAS LIMITED

Date: Friday, 27 August 2021

Time: Registration from 9.15am
The meeting will commence at 10.00am

Venue: Ballina Surf Club
65 Lighthouse Parade
East Ballina, NSW 2478

Virtual: The virtual meeting will be hosted using the Lumi Global platform. Please refer to the instructions on the next page or go to <http://marquis.com/agm-2021/>
A strong internet connection is required to attend the virtual meeting.

AGENDA

1. Opening of Meeting – 10:00am

2. Apologies

3. Minutes of the 38th Annual General Meeting held on 28 August 2020

4. Chair Address

5. Ordinary Business

a. To receive and consider the following items for the year ended 31 March 2021

- i. Directors' Report and Declaration
- ii. Auditor's Report
- iii. Income Statement for year ended 31 March 2021
- iv. Balance Sheet as at 31 March 2021

b. Election of Directors

In accordance with the Constitution adopted on the 26 March 2019, the following Directors retire:

- Mr Andrew Leslie

Mr Andrew Leslie, being eligible, offers himself for election.

The following nominations for directorship were received by the closing date of Friday, 16 July 2021:

1. Mrs Phillipa Howsan

Accordingly, 2 nominations have been received for 1 director position.

c. The Fixing of the Remuneration of Directors

To consider and if thought fit, to pass the following ordinary resolution:

Resolution 2: *The total aggregate of Directors' fees remains at \$160,000 (plus superannuation where applicable) to be divided amongst the Directors in such manner as they determine.*

6. General Business

7. Close of Meeting

By order of the board

Justin Truscott

Company Secretary

NOTES

- a. The Board has determined that persons who are registered holders of shares in the Company as at 10.00am (AEST) on Wednesday, 25 August 2021 will be entitled to attend and vote at the Annual General Meeting as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.
- b. A member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- c. The proxy need not be a member of the Company. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- d. If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form.
- e. A corporation may elect to appoint a representative in accordance with the Corporations Act 2001 (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to, the Company before the meeting.
- f. If you have any queries on how to cast your votes then call Justin Truscott on 02 3025 4903 during business hours.

NOTICE OF THE 39th ANNUAL GENERAL MEETING continued

HYBRID AGM

This year, Marquis Macadamias' 2021 Annual General Meeting is a hybrid event, held virtually and in person. Attendance in person is limited in numbers due to COVID-19.

Your participation in the Meeting is important to us. The Meeting will be webcast live via the Lumi online platform. You will be able to listen to the proceedings, view the presentations, ask questions and vote.

Further information on how to participate in the Meeting is provided in this Notice of Annual General Meeting, and in the Virtual AGM Online Guide, which you can access at <https://marquis.com/agm-2021/>.

If you are unable to attend the Meeting online at the scheduled time, you can participate in the Meeting by appointing a proxy to attend and vote on your behalf. Details on how to appoint a proxy are contained in this Notice of Annual General Meeting.

Copies of both the Chairman's and CEO's addresses will be available on the website at <https://marquis.com/agm-2021/>.

PARTICIPATION AT THE VIRTUAL AGM

Shareholders are invited to participate in Marquis Macadamias' 2021 Annual General Meeting by watching and participating in the AGM virtually via the online platform by using:

- computer or mobile device: the weblink will be available on the Marquis website at <https://marquis.com/agm-2021/>.

To participate in the Meeting you will be required to RSVP now to Jodie Hearity at reception in Lismore (02 6624 3900) who will send through your meeting ID and unique password. We encourage participants to log into the Meeting at least 15 minutes before it starts. Tech support information will be available at <https://marquis.com/agm-2021/> from 30 minutes prior to the commencement of the Meeting.

Participating in the Meeting online enables shareholders to view the Meeting live, ask questions and cast votes at the appropriate times during the Meeting. All Shareholders will have an equal opportunity to participate in the online meeting regardless of their physical location.

Verified Shareholders will be taken to be present at the Meeting for all purposes, until either the Meeting ends or the shareholder exits the online platform.

It is important that you have a strong internet connection and are connected to the internet at all times during the Meeting in order to vote when balloting commences.

VOTING OPTIONS

Voting on all resolutions at the Meeting will be conducted by a poll. Shareholders have three options to cast votes at the Meeting:

- voting in person at the Venue
- appointing a proxy to vote on your behalf; or
- voting online during the Meeting.

QUESTIONS

At the Meeting, Shareholders may ask questions in person if they can attend or online once they are verified. It may not be possible to respond to all questions, however Shareholders as a whole will have a reasonable opportunity to ask questions about or make comments on the management of the Company. Shareholders are encouraged to lodge questions prior to the Meeting by submitting your questions directly to the company secretary at jtruscott@marquis.com

EXPLANATORY MATERIAL FOR AGM AGENDA ITEMS

NOMINATED DIRECTOR MOTIVATIONS

Andrew Leslie

Andrew has been a shareholder of Marquis Macadamias Ltd for the past 21 years, owning macadamia farms as well as managing orchards on a share farming basis, in the Alstonville area.

Andrew's professional qualifications and expertise is in finance, and he specialised in management accounting for 19 years, including financial reporting, budgeting and performance reporting. Andrew is the only accountant on the Marquis board and as such is able to bring a technical focus to the financial reporting of the Company, ensuring the accurate reporting of that performance to shareholders.

Andrew has been a director of Marquis for four years and is currently seeking re-election. His aim is to foster a true co-operative ethos and ensure that a wide range of members' views are considered in Marquis decision making forums. Andrew is an active director and shareholder who regularly attends Marquis grower events and uses these opportunities to seek feedback on issues that impact all shareholders. Andrew is focused on financial performance, corporate governance and communication between all Marquis stakeholders, to help drive future growth.

Andrew has recently been appointed a director to the Australian Macadamia Society (AMS). This appointment provides Marquis with a direct communication line to the AMS board and his focus within this role is to achieve improved spending on levy funds.

Andrew and his wife Ann, own the "Avilla Farm" macadamia skin care range. This value adding product range is wholesaled and retailed in Australia and overseas. They started the macadamia skin care range following owning and operating a successful retail Garden Centre on their macadamia farm for five years, winning the Ballina Shire retail business award.

Andrew graduated from the University of New England with a Bachelor of Economics and a Post Graduate Diploma of Financial Management. He has been a director of Marquis Macadamias Ltd for the past four years, is a director of the Australian Macadamia Society (AMS), chair of the AMS Audit Committee, member of the Australian Institute of Company Directors and a member of the Marquis Remuneration Committee. Andrew also gives back to the community with his role as Treasurer of the Alstonville Tennis Club.

Phillipa Howsan

Phillipa currently works full time as a Solicitor. She has been in practice for 29 years. She holds a Bachelor of Arts/Law from the University of Queensland and a Diploma of Legal Practice from QUT, Brisbane.

Phillipa has been in the Macadamia Industry for 26 years, 11 years with her partner Tony Pagotto and for the last 15 years she has continued to operate their two farms in Lindendale in the Northern Rivers area of New South Wales. Phillipa was also involved in the acquisition, development and subsequent sale of several large macadamia farms in the Bundaberg area.

Phillipa seeks the support of the shareholders to utilise her experience as a lawyer, grower and a shareholder of Marquis to contribute to the stability, success and continued growth of this company.

MINUTES FROM THE 38TH ANNUAL GENERAL MEETING 2020

MARQUIS MACADAMIAS LIMITED

MINUTES OF 38TH ANNUAL GENERAL MEETING HELD ON 28 AUGUST 2020

AT BALLINA RSL, 246 RIVER STREET BALLINA, NSW 2478 VIRTUAL MEETING BY LUMI GLOBAL PLATFORM

1. Opening: The meeting opened at 10:32am
Welcome by Chairman

Good Morning Ladies and Gentlemen, welcome to the Thirty Eighth Annual General Meeting of the company, the first under its new name of Marquis Macadamias.

We will be feeling our way a little during this meeting as we run a hybrid meeting. Myself, Andrew Leslie and a select number of shareholders are here at the Ballina RSL, a number of directors and senior management based in Queensland are in our Brisbane office and some shareholders are joining the meeting virtually. Hopefully, this will be the only time we have to run this meeting in such a format but please bear with us.

If there are any shareholders who have not signed the Attendance Register, I would be grateful if you could do so after the meeting closes.

Present in Lismore: Chris Ford (Chairman), Andrew Leslie (Director)

Present in Brisbane: Peter Costi (Director), Scott Norval (Director), Peter Zadro (Director), Clayton Mattiazzi (Director)

Via Lumi Virtual Platform: Phil Zadro (Director)

Invited Attendees via Lumi Virtual Platform: Larry McHugh (CEO), Charles Cormack (GM MMAR), Ivan Giurichich (CFO MMAR, Company Secretary), Emma Rose (Company Secretary), Ruth Klug Betti

Shareholder Attendees (Please see attached list)

2. Apologies: Per attached list

3. Minutes of the 37th Annual General Meeting held on 23 August 2019

| | |
|------------|---------------|
| Moved by: | Second by: |
| Greg Jones | Tony Kempnich |

The minutes of the previous meeting were accepted and passed

Matters arising from previous minutes: Nil

The plan this year is to simplify the process, there will be only presentations from Larry McHugh – The Chief Executive of the group and myself. Larry will include in his report the areas normally covered by Steve Lee our Chief Operating Officer and Charles Cormack the General Manager of our marketing company.

As there are three nominees for two directors position each nominee will be invited to give a presentation of up to three minutes prior to the formal voting later in the meeting.

4. Chairman's Address by Chris Ford

What an extraordinary year, drought, fires and then the COVID 19 pandemic the ongoing impact of which is still unknown. Through all this the company has continued to flourish.

I am pleased to report a post-tax profit of \$3.123 million for the last financial year. If it had not been for the impact of Covid on the Australian dollar in March this figure would have been in the region of \$11 million. The reason for this is that the company has for many years had a policy of not speculating in the foreign exchange markets. When we set our notional price early in the year we fix the value of the forecast US\$ sales by taking out forward foreign exchange contracts, thereby establishing a notional price that will not be impacted by foreign exchange movements during the year. The impact of Covid in March was to cause an unprecedented fall in the value of the Australian dollar and to comply with accounting standards we were required to

recognise in our financial statements the unrealised loss on those foreign exchange contracts. We were not permitted to recognise the offsetting increased value of the US\$ sales until such time as they take place. The effective impact of this is that the unrealised loss reverses in the current year forecast as we will have additional revenue to bring to account of approximately \$12 million over what we had originally forecast.

Whilst talking about financial performance I would also like to highlight that the comparative figures in the financial statements for 2019 are not true comparatives with the 2020 figures. The 2020 figures reflect a combination of balances for the two factories. The 2019 figures reflect only the Lismore factory with Bundaberg being only reflected as a share of net profit. This is another one-off anomaly of accounting standards, which will not be applicable in 2021.

The last financial year saw the completion of two major events in the company's development. Firstly, the full acquisition of Pacific Gold Macadamias in Bundaberg was completed at the end of April 2019. From 1 April 2020 the business of PGM has been transferred to Marquis Macadamias which now operates with two divisions, Bundaberg and Lismore. This integration offers management increased flexibility in directing product between the two factories to optimise their performance and opportunities for greater economies of scale. Over the next few months, the integration of the business will be completed with the transfer of the assets of PGM to Marquis Macadamias after which PGM will become a dormant company. At the end of March PGM also transferred its existing computer applications to the same platform as Marquis Macadamias resulting in an integrated system. I would like to thank the management and staff for all the effort in making this transition appear almost seamless although in reality it came with major challenges.

The second event was the rebranding of the business under the Marquis brand. As you are aware, we were a group with numerous identifies which confused both growers and our customers and failed to achieve the focus we needed for our excellent products. Whilst the new name may not have had universal support, I believe that the support is increasing. From what we can see our customers have been overwhelmingly positive about the rebranding and we believe we now have a strong base to build our markets into the future.

One other major event which was completed earlier this month is the formalisation of our marketing partnership with Global Macadamias in South Africa. Global is a partnership of five major growers in South Africa, including the Zadro family which has just built a new factory near Nelspruit with an initial capacity of up to 30,000 tons a year. Very quickly they will become a major part of the world supply chain. Through partnering with them we are able to increase our influence in the world market which is key to developing markets to meet the forecast growth in world supply. Global has taken a fifty per cent shareholding in our marketing company Marquis Marketing which operates out of offices in Brisbane. I would like to emphasise that this is strictly a marketing partnership and has no impact on the ownership or operations of Marquis Macadamias. This is a very exciting opportunity and we look forward to working with Global in affirming Marquis as the preeminent Macadamia brand in the world.

Over the past year we have continued to ensure that our factories continue to utilise industry leading technology to optimise their operations. In Lismore we have completed a rebuild of our cracking room to significantly increase throughput and minimise losses in the cracking process. In Bundaberg we have increased our sorting capacity and are completing the installation of a sprinkler system to comply with insurance requirements. We are also evaluating options for expansion to meet future growth in supply.

One issue we have been considering for the past few years is as to how we should deal with requests from growers both existing and new for shares in the company. The last time the company issued shares was in the early 2000s. With the fall in NIS price around 2008 there was a period during which there was no demand. Over the past decade the Board have sought to enhance the value of shares through the payment of an annual dividend. This together with the performance of the company and a number of new entrants to the industry has increased the demand for shares and indeed recent exchanges of shares have been at much higher prices than over the past decade. We would encourage prospective shareholders where possible to acquire the shares of existing A Class shareholders which can then be converted to Ordinary shares to match supply. This supply of shares is however limited, and the Board has decided that new ordinary shares will be available for sale to growers based on the net asset value of a share based on the audited financial statements each year. The current price is \$16.18 per share. There is a detailed document which sets out the full terms and conditions in relation to the issue of shares which is available from the company secretariat. In accordance with the Constitution all transfers or issues of shares are subject to the approval of the Board.

Minutes from the 38th Annual General Meeting 2020 continued

The current year has presented us with the challenge of dealing with Covid-19. It is impossible to clearly determine either the short term or long-term effect this will have on the industry as no one knows when it will be controlled. The immediate impacts have been firstly we have had to introduce controls into our factories to minimise the risk of cases arising in the factories. These include all the standard controls of temperature checks limiting contact between staff etc. They however can never provide an iron cast guarantee that an incidence will not be introduced. As has been seen in Victoria with the meat processing industry the government may at any time introduce controls that limit operations. So far, we have been fortunate and if the country continues with its success in controlling the incidences of the virus, we are hopeful the factories will not be impacted.

The second impact of the virus is on world markets. For a period from April to July most of the world markets closed down. We were fortunate that we already had agreements in place with most of our customers and to-day a very high percentage of our output has been sold. Over the past month there has been a considerable increase in activity, and we are confident when we have a clear picture of the balance of styles available, we should be able to sell them. The virus has had an impact on the ingredients market, less restaurant business etc and the disappearance of the airport trade. There has at the same time been a reduced availability of kernel with the smaller Australian crop and South Africa being impacted by poor production from their Beaumont's which account for about 60% of their crop. This limited supply has been good for underwriting prices.

The final major impact of the virus has been on cash flow. Whilst customers are committed to and need their supply of kernel and NIS as with most businesses the focus has moved from profit to managing cash flow. This means where possible not receiving product until the last moment. This has impacted our cash flow forecast for the year and resulted in the final payment for NIS currently being made in January. Based on current developments in the market we are hopeful of making final payments in December but can't make that commitment at present.

We have a history of paying dividends for the past decade and it is our intention to make a payment to shareholders on the register at 31 March 2020. Our priority however is to first make full payments to growers for 2020 supply. Subject to no further disruption to world markets we plan to pay a fully franked dividend of 40cents per ordinary share in January.

I know everyone is concerned about the outlook for the Industry. Covid 19 has introduced a factor of disruption that no one ever anticipated, and it is unclear as to when we will return to a semblance of normality. The major challenge for the industry continues to be to create increases in demand to match the forecast increases in supply. As a company we have placed much focus on this over the past decade. We established our marketing company, acquired some then all of Pacific Gold Macadamias, have marketed supply from South Africa and Kenya, have rebranded under a common banner as Marquis and most recently gone into a marketing partnership with Global Macadamias. All this has given us both increasing scale and influence in the market. The increased scale is particularly important as it gives us the financial strength to develop new markets for the benefit of our growers. The increased scale enables us to build our marketing team and next month we are adding a product development manager to develop new opportunities in the market. We see this as the greatest challenge the industry is facing at present but believe there is considerable opportunity to grow the macadamia market around the world.

The AMS a couple of weeks ago came out with its Maccelerate proposal to address growing supply. Whilst we welcome the fact that they see the same challenge as us, we are currently considering the best way forward. The Maccelerate proposal had only once been discussed briefly with our Board and we had asked for further details which have not yet been received. We indicated that we would look favourable at their proposal but at this stage have not given the level of support suggested in their proposal. Our final decision will be based on what we believe is in the best interest of our growers.

The overall current through put of the factories is currently forecast to be much in line with budget, with Lismore being slightly over and Bundaberg slightly lower. As reported earlier a high proportion of the crop is sold and we anticipate selling the rest when we know the final balance of styles. Sales to date are at or above forecast and we anticipate meeting or exceeding our forecasts for the year.

Acknowledgement

It has been another successful year and thank you to both you the growers for your support and the management and staff for all their efforts over the past year.

In particular I would like to thank Scott Norval for his six years as a director. During that period, he has made a significant contribution to the Board and his input will be missed. Scott will continue to be heavily focused on the industry managing Rural Funds Managements increasing involvement in the Industry.

We look forward to a challenging, dynamic year ahead. On behalf of the Board-Thank You.

5. Ordinary Business

a) To receive and consider the following items for the year ended 31 March 2020

- i. Directors Report and Declaration
- ii. Auditors Report
- iii. Income Statement for year ended 31 March 2020
- iv. Balance Sheet as at 31 March 2020

These financial statements have been adopted and signed on behalf of the Board

Are there any questions that anyone would like to raise in relation to the financial statements either to the board or the auditors? If any online attendees have any questions, please submit them through the Lumi portal.

b) Election of Directors

In accordance with the Articles of Association, Scott Norval and myself retired as directors. I have offered myself for re-election and Mr Donald Ross and Mrs Andrea Lemmon were also nominated. As there are three nominations for two positions, we will have an election. Each nominee will be invited to give a presentation of up to three minutes prior to the formal voting.

In no particular order, I invite the nominated directors to present their case:

Donald Ross

We live in challenging and changing times Covid19, Virtual AGM and presenting to shareholders that I can't see, and you can only hear me.

As many of you know I have been involved in this industry for over 30 years and in the late 1990s I spent 8 years on the board three of these years as Managing Director. The new board at that time had to navigate difficult world economic conditions, problems with markets -the US market in particular, fluctuations in exchange rate it dropped to the 40cent level and back to 70cents level, Forward Exchange Contracts that we out of the money resulting in foreign exchange losses impacting on the company's Profit and Loss Statement, stock build up and increasing inventories, problems with factory efficiencies at Alphadale, adoption of technology, the need to manage cashflow and compliance (both Corporate and Operational).

The basics haven't changed.

Any shareholder elected to the board as a result of this election will be faced with similar issues -world economic conditions impacted by Covid19, difficult market conditions especially with China and USA trading blows, fluctuations in exchange rates - this time down to 50cent mark and bouncing back around the 70cent mark, management of Forward Exchange Contracts and the subsequent impact on the company's Profit and Loss statement, management of stock and the build-up of inventory, factory efficiencies at Bundaberg and monitoring of cashflow.

We have come a long way and have seen great changes. As a company we need to maintain the momentum. I have experienced these issues both from within the company in the role of management and as a director and if elected I would work as part of a coherent board to again manage these issues for the benefit of all shareholders – large and small alike. I am committed to ensure that Marquis Macadamias continues to perform - we must protect the strength we have in our company.

I thank you for again having the opportunity to be nominated for the board.

Andrea Lemmon

Today, I present to shareholders for their consideration an offer of a different skill set, one that encompasses a deep knowledge of agriculture, as well as a strong background in corporate governance in both listed and unlisted environments. It will surprise no one listening that I am not a "hands on" macadamia grower. You and I have many similarities, however. Like you, I have a financial investment in the macadamia industry. Rather than being through direct farm ownership, mine is through a material investment in the Rural Funds Group.

Minutes from the 38th Annual General Meeting 2020 continued

I have worked in agriculture for the past 25 years and it is an industry I am very passionate about. My expertise has included the management of macadamias, almonds, olives, wine grapes, cotton and chickens. I particularly enjoy the technical side of agriculture – and how networks across commodities can bring enormous gains through the cross fertilisation of ideas.

It is often ideas from other industries that drive yield improvements, and it is critical that Marquis is at the forefront of these new ideas and new technologies as we learn how to cope with perhaps the biggest threat to tree yields – climate change.

Of course, yield is one significant driver of farm profitability, and price is the other. The industry has undergone rapid growth in the past decade and the price achieved by Marquis has reflected a growing demand for macadamias, and Marquis' influence within the global industry. We need to continue to grow our traditional markets including the promotion of new products and new customers. However, we require a second strategy, that encompasses a robust plan, accounting for a marketplace where China is absent or significantly absent. We cannot assume that the macadamia industry will be insulated from any trade war with China.

My focus on price and yield is deliberate: these two factors are the main drivers of operating profitability for Growers which in turn guides and protects the value of their farm. The other factor protecting the value of your farm is Marquis size and influence on the global stage. Marquis must continue to grow so that it remains a major player in a growing global industry. It is this very issue of relativity, of retaining its place, that Larry reminded me of when I managed the merger between the then MPC and Pacific Gold. Whilst cost savings and synergies were achieved, these were lower priorities to ensuring the value of your farm was protected through Marquis growth and retention of its influence. It was also the first thing that Scott Norval talked to me about when we discussed my nomination for the Marquis Board.

The framework or environment in which the board operates and grows is very important and this is an area where I have extensive experience. My aim is to ensure that the Board decision making process is carried out within the appropriate governance framework. Directors are legally obliged to act in the best interests of shareholders as a whole, and robust corporate governance is designed to ensure this happens.

It is not a tick a box approach. It is simply having the right mindset, procedures and policies in place and ensuring that they are adhered to and independent advice is sought where appropriate.

This framework also demands respect. Respect for shareholders and respect between directors for different views, and, importantly, respect for the staff and the commitment, loyalty and intellect they bring to the business.

I would be honoured to serve as a director of Marquis. My aim is to protect farm values through the diligent oversight of Marquis and the pursuit of suitable growth opportunities so that we remain a major force in the industry. I am seeking to do this within a robust governance framework to ensure that Board decisions benefit shareholders as a whole and are in line with their high expectations and those expectations of our other stakeholders such as our staff, our financiers and our suppliers.

Chris Ford

I have been privileged to have been on the Board for 14 years and Chairman for the past 13 years in this company. It has been a very interesting time.

When I first became Chairman, prices were down around \$1.50. Growers were abandoning us. We have had a big upsurge in the business, we built the business with the involvement first of all of PGM, acquisition of PGM, rebranding partnership with South Africa. We have a lot of substance today.

Back then the company was worth about \$13Million and today is worth over \$50Million. As both my fellow nominees said, the challenges are ahead of us. We do know we have increasing supply; we have to move and change to meet that market and to develop those market.

I would like to offer myself forward. I believe I have had involvement and experience with the company now for a number of years and would like to continue to face those challenges.

c) Fixing Remuneration of Directors

To consider and if thought fit, to pass the following ordinary resolution:

Resolution 1: The total aggregate of Directors' fees remains at \$160,000 (plus superannuation) to be divided amongst the Directors in such a manner as they determine.

Announcement of the close of polls

6. CEO Address

Larry McHugh presented the CEO address with the use of a slide presentation

A year of changes and firsts

At the end of last year shareholders approved name change

Beginning of 2020 we officially changed our name and started rolling out the brand

Pacific Gold Macadamias stopped trading at the end of March and since that time we have been integrating Pacific Gold Macadamias into Marquis macadamias

Recently Global macadamias took a 50% shareholding in Marquis Marketing

We saw extended drought conditions followed by massive bushfires

To cap it all off we saw Covid 19 spread around the world

Current structure

Chris Ford and I have mentioned Global's 50% shareholding in Marquis Marketing. This diagram shows our current company structure after rebranding to Marquis, merging Pacific Gold into Marquis and Global macadamias taking a stake in Marquis marketing

Our group is now capable of processing approximately 50000t of NIS between Marquis Australia's 2 factories and Global macadamias main plant and secondary plant Ivory Macadamias. All this product is being sold through Marquis Marketing. Putting this in perspective, this is more than the whole Australian crop.

Our future

As you can see, we have been working hard to ensure that our growers continue to receive good prices and to protect your farm values.

As discussed at grower and shareholder meetings last year, our future includes, increasing our market share in Australia, producing substantially more retail ready products, developing new products, increasing return from our by-products, and making our factories more efficient. I will talk a bit more detail about these items

Efficient factories

One area of focus is ensuring that our factories are efficient and have sufficient capacity to deal with the increasing crop. The first step in this was integrating Pacific Gold into Marquis Macadamias to allow us to share the load, play to the strengths of each factory and reduce the overall cost of processing

Another important step was the appointment of Steve Lee to the Chief Operation Officer role allowing time to focus on the important issues in the factories his aim is to

- Improve operational efficiencies and generate more value from the crop delivered
- Maximise the utilisation of both factories
- Ensure standardisation of products to customers
- Develop expansion plans to match strategy

Lismore NIS Bagging

We have already undertaken a number of projects. Towards the end of last year, a new building was completed on the Lismore site that houses extra drying and storage, at the beginning of this year we moved the NIS bagging line into that building. It provides a dedicated work area and allows for more efficient streaming and drying of NIS for both the cracking and drying processes and has freed up space in the warehouse

Lismore Cracking room

After 37 years of upgrades and modifications the cracking room was gutted and rebuilt from the ground up with improved layout, computer-based operator controls, Stainless steel equipment with hygienic design, high capacity – 4 old lines replaced with 6 new lines effectively providing 20,000t plus of cracking capacity.

Bundaberg Silo drying and Generator

Added additional drying capacity through an indirect heating system added to the existing silo complex. Currently using LPG but configured to allow a change to shell fired biomass boiler in the future.

Generator to reduce the risk associated with extended power outages as happened in the past

Minutes from the 38th Annual General Meeting 2020 continued

Bundaberg Fire Sprinkler and Hydrant system

Requirement of our insurers

Installation almost complete

Bundaberg Sorting and Grading area

Kernel sorting and sizing system that matches the kernel produced at the Lismore factory and allows them to use the full speed of the cracking room that was upgraded in 2019

Both factories have Napasol pasteurizing and packing machines

SAP

Both businesses and Marquis Marketing working on the same software platform.

Improved transactional flow through the business. Building a more efficient and accessible platform

Lismore plans

Site expansion plans

Lismore additional building allowing more space for value adding and storage

Bundaberg plans

Bundaberg plans for factory expansion that include additional cold storage, processing areas and NIS receivals and drying.

Currently NIS drying and storage and finished product warehousing are not large enough to match our cracking and sorting speed.

Global factory

Whilst we are looking at the factories in our group, I would like to show you some pictures of the now complete and operating Global Macadamias factory in South Africa. As you can see the factory has been built for the future with a current capacity of 15000t per annum but with room to add machinery and move to 30,000t per annum.

Global Cracking room

This picture shows the cracking room which uses similar equipment to Australia. It is currently capable of processing approximately 6t/hr, but there is room to double this capacity

Global technology – colour sorters

They have also adopted state of the art technology including the most up to date colour sorters

Covid

A new challenge.

Rapidly changing landscape for our business to operate in – lockdowns, rule changes and border closures are still impacting staff movements and even the AGM today.

We're extremely fortunate to have a great team of staff that adapted quickly to the new conditions, got on board with new technology and have managed to run the business effectively during a very difficult time.

The co-operation of our growers also helped immensely

Covid and the market

At the beginning of the pandemic we were not sure what the effect of covid would be on the market. There were potential issues with shipping, running the factories, demand, contracting etc. It has been a roller coaster ride, but I am pleased to say that macadamias and Marquis have once again remained strong in turbulent times. Happily, we found that although consumers in many countries were stuck at home, they were still buying macadamias to snack on. Our bigger customers although a bit nervous, all signed up for 12month contracts and shipments continued to flow. We have seen smaller users and traders not contracting forward and only buying as they need product, but they are still buying

Covid and the market

During the last 6 months of the year other tree nut have seen significant price drops. The chart below shows a price drop of about 20% in one size of cashew from the beginning of this year.

Price drops in other nuts have caused traders to lose money, so they are being very cautious and only buying small amounts.

There has been price pressure on macadamias but there has only been a relatively small drop in price in our main styles which has been countered by a favourable exchange rate.

Food service issues

Whilst the snack market for wholes and large halves has been reasonably strong the food service and ingredient markets have hit major hurdles. Restaurant and café closures have meant a massive decline in sales into those markets

Ingredients market

Whilst the food service slowing is an issue, it accounts for relatively small percentage of our crop. Of bigger concern was the massive slowdown in the ingredient market for our small chip styles. The American cookie market at least onethousand tonnes of this product and the shutting of convenience stores, fast food outlets etc led to the closure of some of Americas biggest bakeries for several months. This has caused an oversupply of these styles. The market has been slowly recovering but the overhang of product has already caused price drops in these styles that are likely to stay with us for a year or two.

Covid and the market

Whilst demand has been tempered by covid, we are fortunate that the world crop has decreased this year. South Africa's crop was first forecast to be over 60000t the latest forecast is around 49000t and it may be smaller than that. Australia's crop was forecast at 39,000 @ 10%, but handler's data is showing that this number is likely to increase by 10-15%.

The NIS Market was firm at the beginning of the year, but falling prices in other nuts spooked the buyers, the news of a smaller South African crop has stabilised the market. We are heavily sold in wholes and halves. The lack of kernel in the market has prompted people who have been going hand to mouth, to contract further ahead so that they have enough product to get through to next years' crop. The ingredients slowdown has slowed sales of chip styles but this market is now moving and we now beginning to contract large quantities. Overall, we are still looking at a good result for 2020

2021 outlook

Many of you are asking what we think will happen next year. It is very hard to predict due to the constant changes in rules and circumstance brought about by covid 19, Who would have predicted that you couldn't travel from Northern NSW to QLD? We can look at the factors that will affect next year.

We expect stock levels to be low in the major styles at the end of the year due to smaller world crop. There is every reason to believe that the sales of snack styles will still be strong. But Ingredient style prices will be down.

There are some factors that could affect prices next year.

In the past when the difference between macadamia and other nut prices became large users started substituting other nuts into their products. A huge amount of macadamias are sold in mixed nuts, a common action when the price of one nut is high is to reduce the % of that nut in the mix. We do not want that to happen.

If the 2021 crop is consistently large around the world it may increase supply above market demand, but this is very dependent on how the world is recovering from the pandemic.

The lower exchange rates we have been seeing have played a strong role in returning good A\$ prices to our growers. A strong Australian dollar will lower our NIS price. It is very hard to predict where our dollar will be. One important factor is the USA election.

Overall, we expect that the world will continue to learn to live with Covid 19, there is potential for a vaccine, the market is freeing up as lock downs ease, this is already improving the ingredients market. As this happens consumer confidence is picking up. This all leads to likely stronger demand in 2020. It is definitely too early to make a confident prediction, but I do know that macadamias have proved very resilient during other world problems and that we have a strong team and strong plan and the resources to make it happen

Our plans

We will continue to move forwards with our plans and continue to leverage our investment in our rebrand and restructure Our plans include a focus on value adding including product innovation, new product development with particular focus on ingredients styles and increasing the amount of retail ready product we sell. Enacting this plan requires new people and skills so we have recently appointed a Product Development Manager and QA manager to Marquis Marketing to ensure we continue to move down our strategic path

Minutes from the 38th Annual General Meeting 2020 continued

World Macadamia Organisation

It is important that as the world crop grows more money is spent in marketing macadamias. This a tried and proven method of increasing demand as industries grow. Almonds and avocados are good examples of this.

We have been working for several years to form a world body that will coordinate

- world quality standards
- health research
- collect data
- market macadamias

Money will come from Contributions from origins proportional to crop size and the organisation will be run by contributing countries

- Chief Marketing Officer in place early 2021
- Reduced spend of Statutory levy on data and health research
- Needs to be funded
- Very important as world crop grows
- Other origins need to contribute

Beginning of a new era

We continue to prepare for changes that are coming in our industry. This is the beginning of a new era for our company where we aim to maintain our relevance and influence as the world crop grows and ensure your businesses remain profitable.

Thank you

Shareholder and growers without you we would not be here

Board- input, guidance, and oversight

Staff and management - hard work, dedication and willingness to adapt

7. Questions

No questions were asked

8. Results of Votes

- The Remuneration committee agreed to the fixed remuneration of Directors
- Chris Ford congratulated Donald Ross and Andrea Lemmon on their appointment to the Board.

Peter Zadro on behalf of the Board

An enormous thank you to Chris Ford. The last 13 years as Chairman, he has made an enormous contribution to the company. He has brought experience, knowledge and commitment and willingness. He has left the company in a very good position.

Welcome to new Directors.

Andrew Leslie

I have been a director for three years, sat in meetings with Chris. His two key skills are his application and skill for financials. He has had an eagle eye for the financials. He has overseen the acquisition of Agrimac, helping set up of the marketing company and the brand change. He has played a significant role in the growing of the company over this past 24 years. Thank you, Chris. The meeting closed at 11:34am

Chris Ford

Chairman

Attendance List

AGM – Friday 28th August 2020

Attendees

Cath Ford
Greg Short
Ron Pirlo
Tony & Lina Kempnich
Salina Edmonds
Kerry Byrne
Scott Leslie
Ken Leslie
Trish Gannon
Greg Jones
Steve Lee
Christine Lucke
Kevin Quinlan
Byrne, Kerry
Edmonds, Stewart & Salina
Shepherd, Peter & Caroline
Pirlo, Ron
Kempnich, Tony & Lina

Attendees who joined via Lumi Virtual Platform:

Byrne, KP and GM
Representative of Dymocks Book Arcade Pty Ltd
Edmonds Pty Ltd, S and S
Evans, RA and KL
Gannon, R and PJL
Hyde, Hyde page, Murray
Keller, A and A
Leslie, K and D
Representative of Martin Family Trust
Representative of New Line Investments P/I
Representative of Ramus Pty Ltd
Representative of Saratoga Holdings Pty Ltd
Representative of Uni-Fact Pty Ltd
Representative of Wardrop Family Trust
Wade Hansen, Ernst and Young
Mark McNamara, NAB
Martin, Trevor & Barbara
Richardson, David
Ross, Don & Julie
Lemmon, Andrea

Apologise:

Leone Martin-Smith
Peter and Rosanne Squire



MARQUIS
MACADAMIAS

