

MARQUIS MACADAMIAS LIMITED
MINUTES OF 39th ANNUAL GENERAL MEETING
HELD ON 27th AUGUST 2021
VIRTUAL MEETING BY LUMI GLOBAL PLATFORM

1. Company Secretary Address

Good morning, ladies and gentlemen, welcome to the 39th Annual General Meeting of the company. My name is Justin Truscott, I am the company secretary.

Voting will be conducted by the way of a poll on all items of business in order to provide you with enough time to vote. I will open voting for all resolutions when the meeting is declared open. You do however have the ability to change your vote up until the time Andrea declares voting closed. I would now like to pass the meeting to the chair Andrea, to open the meeting.

2. Welcome by Chair

Good morning, ladies and gentlemen, my name is Andrea Lemmon, welcome to the 39th Marquis Macadamia Annual General Meeting. Thank you for joining us wherever you are today.

I will declare the meeting formally opened at 10:03am.

I also now declare open for voting on all items of business. The polling item icon will soon appear, so please submit your votes at any time and I will give you a warning before I close the votes.

Voting open

Directors present via Lumi Virtual Platform: Andrea Lemmon (Chair), Andrew Leslie (Director), Donald Ross (Director), Phil Zadro (Director), Peter Zadro (Director), Clayton Mattiazzi (Director)

Shareholder attendees who joined via Lumi Virtual Platform: Per attached list

Apologies: Per attached list

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

Moved by:	Second by:
DR	FCZ

The minutes of the previous meeting were accepted and passed

Matters arising from previous minutes: Nil

4. Chair's Address by Andrea Lemmon

The Chair provided an update on following three areas:

- Processing results over the 2020 and 2021 season
- Our financial results for the year ended 31 March 2021
- One of the main projects we are working on at present, which is welcoming new growers into Marquis and the share issuance attached to that Project.

Marquis initial forecast was based on a crop size of 21,000t, however as we come towards the end of deliveries, it is likely we will receive around 21,750t.

As I stated in the annual report, the statutory accounts note an improvement in profit from approximately \$3m to \$9m. However, this includes the impact of foreign exchange contracts which are a tool used to manage risk associated with selling our nuts in US dollars. When we look at purely an operational position, the profit has reduced.

The main contributor to the difference in profit was that Growers were paid \$9m more for their NIS, with a record high price of \$6.20 per kg.

Net assets have increased over the past year, the current ratio which is current assets divided by current liabilities and is considered to be a measure of liquidity, has increased. Note that the net asset value per share has had another jump to \$18.66. This will be at the new share issue price for applications received after this AGM.

One of the significant corporate projects that the board and management have been working on for a period of time, is the ability to invite new Growers into Marquis through the purchase of Marquis shares. This provides our pathway to growth.

Therefore, it is in every Marquis shareholders interest to grow and maintain our position and the board has set about identifying a path that protected the equity our existing shareholders have built in the company, with the need to invest in our processing capacity as we bring new growers on board.

This investment in our processing capacity will be funded by a combination of debt and equity, with the equity coming from new shareholders (or existing shareholders expanding) purchasing shares issued by the company.

Therefore, the process set out by the Board reduces the number of shares required per ha to 100. This will mean that new shareholders are contributing around \$1,500 per ha. As a result of the lower ratio, those shareholders who came in with 495 shares per ha have more voting rights, receive more dividends however this is reflective of the equity they have built up in the business. The shares will all be the same class, with the only difference being the delivery rights.

A reminder to all shareholders that we maintain a Willing Buyers register and a Willing Sellers register.

I will end my report by sincerely thanking the shareholders. Thank you for the opportunity to serve you and we trust that we can continue to do so into the future. Thank you also to my fellow board members for each of their contributions this year. I would also like to acknowledge and thank our wonderful staff. This year has brought extra level of challenges across the business and our executive, management team and staff have risen to the challenge. We have a good product, and we have good company, and we are fortunate to be one of the businesses that are planning for growth. So, whilst we are impacted by covid challenges these can be managed sensibly, and we can go on to a bright, growing future.

5. Ordinary Business

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

- i. Directors Report and Declaration
- ii. Auditors Report
- iii. Income Statement for year ended 31 March 2021
- iv. Balance Sheet as of 31 March 2021

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

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 nomination for directorship were received by the closing date of Friday 16 July 2021: Mrs Phillipa Howsan

I invite the nominated to present their case:

Andrew Leslie

Thank you, Madam chair. Good morning, my name is Andrew Leslie and I'm seeking your nomination for the board position. I've been a shareholder of Marquis Macadamias for the past 21 years and a director for the past four years. I have macadamia farms at Alstonville and own the Avilla Farm macadamia skin care range with my wife. This is a value adding product range using the macadamia oil and is wholesaled in retail in Australia and overseas. The success of Marquis Macadamias over the past 37 years has been its clear vision and purpose of the company of leading the industry and ensuring the long-term viability and profitability of its shareholder farms. But it could not have achieved this without the cooperative ethos and loyal shareholders of the company. A positive relationship with our shareholders is, in my opinion, one of the reasons why Marquis has achieved so much in its short 37 years.

My aim as director is to continue to foster a true cooperative ethos and ensure that a range of shareholder views are considered in Marquis decision making forums. I like to consider myself as an active director and shareholder who regularly attends Marquis grower events

and uses these opportunities to seek feedback on issues that impact shareholders. I'm generally one of the first at these events and last to leave to maximise time with shareholders and staff of the company.

My qualifications include a Bachelor of Economics, Postgraduate Diploma in Financial Management and I'm a member of the Australian Institute of Company Directors, and these qualifications enable me to bring a specific skill set to the board. Marquis Macadamia's strategic direction is to have a representation on the Australian Macadamia Society, and I've recently been reappointed as a director to the Australian Macadamia Society. This appointment provides Marquis with a direct communication line to the AMS board. The priorities that I would like to work with the current board, management, growers and staff are to improve culture in the company. To increase financial performance, to ensure there is clear communications between all Marquis stakeholders and most importantly, to ensure that there's a plan in place to what the company would look like in 10 years' time given the growth of the industry.

Thanks for the opportunity to talk and offer myself for your nomination for the board.

Phillipa Howsan

Good morning. To those I cannot see and who cannot see me. For those of you who do not know me as my bio indicates, I am a practising lawyer, a position which I have held for past 29 years. I've been in the macadamia industry for 26 years, 11 years with my partner Tony Pagotto and 15 years in my own right. I own and operate two farms in Northern NSW. In addition to my farms, I was part of a group who acquired and developed several cane farms into macadamia plantations in the Bundaberg region.

We are all aware that the past 12 months have been challenging, to say the least, and our industry is no different. We have, however, weathered those challenges better than some industries and that is in no small way because of the support and services that we as growers and shareholders have available to us through the strength and focus of this company. It is quite likely that the challenges of the past 12 months are going to be with us for some time and we need to adapt and work together and push ahead.

As a grower and shareholder for many years, I have a practical knowledge of this industry and as a lawyer I have a different and maybe complementary skill set which have given the opportunity I believe, would assist me to make a useful contribution to the board.

Your concerns and your interests as shareholders are also my concerns and interests as a shareholder. What benefits you as a shareholder benefits me. As a shareholder, I want to see this company thrive and grow for the benefit of us all, the shareholders. To that end, I've put myself forward for a position on your board and look forward to working with you as shareholders, if that is the decision that you make, thank you.

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 where applicable) to be divided amongst the Directors in such a manner as they determine.

Announcement of the close of polls

6. General Business

CEO Address, Larry McHugh

The CEO provided an update on the crop forecast, market situation and quality initiatives.

Thank you very much Andrea and welcome shareholders to the AGM.

Overall, the world crop is down on expectations, and fortunately that's helping firm the market.

Covid is still a very big factor in the market. The net effect of this is that the styles 5,6 and 7, the pieces that we've talked about, are still in a high supply situation.

We are now approaching 10,000 tonnes of kernel sales, which is just a little bit less than the total Australian crop volume.

Part of maintaining good market share and expanding the market is concentrating on quality into the future. Marquis has embarked upon a company-wide quality improvement plan. One of the key focuses is further improving the shelf life of our product.

On the farm, the thing that affects shelf life the most is the time taken from when the nut falls off the tree to when it is delivered to the factory. At the factory a key component of shelf life is Nut in Shell storage time and conditions.

Last year in August, Global Macadamias in South Africa became a 50% owner of Marquis Marketing. That has given us strong supply from South Africa. When they first joined us, they were Global Macadamias, since that time, they have rebranded to Marquis Macadamias and we now share the same name. I do stress that Marquis Macadamias in Africa is a separate company to Marquis Macadamias in Australia, sharing the same name.

Whilst concentrating on processing, developing markets, and accessing more product around the world, we have also been working on developing the World Macadamia Organisation. We believe that the World Macadamia Organisation is critical to the ongoing creation of demand around the world over the next 5 to 10 years.

We are 100% grower owned. Between South Africa and Australia we have 485 growers. In Australia we have 170 grower shareholders and there are another six in South Africa.

This year we have processed 32,000 tonnes of macadamias for delivery into 45 countries across five continents. We have 700 plus employees across Africa and Australia and in Australia that is around 350.

Marquis Marketing is approaching \$290 million of turnover.

We remain at 43% of the Australian crop, 16% of global nut is shell supply and 20% of global kernel sales. We have significant presence in the world macadamia industry.

By 2027 we expect the crop will be approaching 90,000 tonnes.

As this expansion of crop is in Bundaberg, we are looking at expanding our processing in Bundaberg.

This will be a staged development. Stage one is expected to be the first two drying buildings and the new receivals area. Stage two is expected to be an extension to the main processing building, and the erection of the automated warehouse. Stage three and four will be the remaining two NIS drying and storage building which will be built as required.

I would like to thank you all for continuing to work with us and I would also like to thank the board and the management for all the time and effort put into building this company. There has been substantial growth over the last five years and there have been many challenges along the way, and I'm pleased to say that we are still here and still growing, and I think we are going to be here for many years to come. Thank you all.

Chairs readdress Andrea Lemmon

Thank you, Larry for your presentation, but probably more importantly than that, thank you for your contribution to the company over the past year. On behalf of the shareholders, I'm sure they wish to thank you.

7. Questions

There have been no questions received during Larry's presentation.

8. Results of Votes

- 1) Election of Directors, Andrew Leslie has been re-elected.
Congratulations, Andrew. Thank you also Philippa for putting yourself forward.
- 2) The resolution on the director's remuneration has been passed.

No one has raised any other any other matters. So, with that, I would like to thank you all for your attendance. As Larry said, we wish we could be with you in person and hopefully next year we can hopefully even sooner than that. Thank you for your attendance.

The meeting closed at 10:50am

Certified a true copy of the minutes of the meeting

A Lemmon (Chair)

Attendees List

Lemmon, Andrea	McHugh, Lawrence
Mattiazzi, Clayton	Truscott, Justin
Zadro, Phil	Zadro, Peter
Verschuer, Ann	Roberts, Viviana
Forsyth, John	Hyde-Page, Murray
Giuricich, Ivan	Arnold, Peet
Revell, Kim	Short, Greg
Smith, Chris	Wardrop, David & Sandra
Fontana, Annette	Sultana, Charlie & Louie
Martin, Trevor & Barbara	Pinter, Michael
Howsan, Phillipa	Shepherd, Peter & Caroline
Ross, Don & Julie	Evans, Bob & Kay
Leslie, Andrew	Keller, Amanda
Johns, Edith	

Apologies List

Ranieri, Dino & Anita	Kempnich, Tony & Lina
Martin-Smith, Leone	