SPEIRS GROUP

NEW ZEALAND GROWN : GROWING NEW ZEALAND

SPEIRS GROUP LIMITED 2025 AGM Chairman's Address

I can now report on our results to 30 June 2025 and an update on Company and the Group's affairs since that date.

Equipment, Leasing and Finance Holdings Limited was successfully sold off during the year ended 30 June 2024, with the remaining sale proceeds owing at 30 June 2024 being collected during the year ended 30 June 2025. This allowed the business to pay a 5 cent per share fully imputed dividend in May 2025.

Overall Results

The overall financial results compared to last year are shown on the slide:

	2025 $'000	*2024 $'000*
Speirs Foods (2018) LP trading profit before interest and wage adjustment error	**216**	97
Speirs Foods (2018) LP wage adjustment error	**-**	(395)
Gain on Settlement of Disposal of Investment	**41**	-
Corporate governance costs	**(292)**	(257)
Net financing costs	**(119)**	(221)
Depreciation Expense of Speirs Group Limited in relation to acting as landlord for Speirs Foods (2018) LP	**(73)**	(76)
Total Profit/(Loss) Before Tax	**(227)**	(852)
Tax Expense	**-**	(50)
Total Profit/(Loss) After Tax	**(227)**	(902)
(Profit)/Loss attributable to non-controlling Interest	**63**	198
Overall Profit/(Loss) Attributable to Ordinary Shareholders of Speirs Group Limited	**(164)**	(704)

The Group reported a loss attributable to the Speirs Group ordinary shareholders of $164,000, an improvement from the $704,000 loss recorded in the previous year.

Turning to each of our core investments:

Equipment, Leasing and Finance Holdings Limited (EL&F)
Speirs' investment in Equipment, Leasing and Finance Holdings Limited was successfully sold off during the year ended 30 June 2024.

The Sale and Purchase Agreement for the Equipment, Leasing & Finance Holdings Limited Ordinary Shares specified that payment for the EL&F ordinary shares was to be made in three tranches:

- $2,400,411 was received on 31 May 2024;
- The second payment was made after a final set of "Completion Accounts" for Equipment, Leasing & Finance Holdings Limited had been prepared as at 31 May 2024 and all necessary adjustments made to the payment mechanism in the Sale and Purchase Agreement are agreed by the purchaser and vendors. The negotiations to finalise the second payment were concluded in October 2024 with a further $530,337 being received on 30 October 2024. At 30 June 2024 the directors had assessed that the estimated value for this second payment would be $488,875, accordingly a gain on this receivable in the amount of $41,462 was recognised in the year ended 30 June 2025; and
- The final instalment of $227,867 was received on 3 June 2025 as part of a deferred payment mechanism.

Speirs Foods (2018) LP (Speirs Foods)
Speirs' sole remaining investment is a 67% interest in Speirs Foods (2018) LP. I now invite Craig Tucker, Managing Director of Speirs Foods to update the meeting on this business.

Strategically Speirs Foods is laying the foundations to rebalance our customer base thereby reducing our reliance on the two supermarket chains. This needs to be achieved without adding complexity and overhead to our production processes. Our target is to secure 30% of our revenue from non-supermarket channels, which will most likely come from the food service segment.

The business rebuilt and extended relationships into the food service segment earlier this calendar year enabling the opportunistic acquisition of the supply of school lunches to the School Lunch Collective for Terms 1 and 2 of 2025. With delivery pressure on the Collective from the Government this was transacted above the Ministry of Education contract price delivering an above average margin to Speirs Foods.

As importantly, this opportunity has fortified our understanding of volume capability through the Marton plant. A sizable day for us previously in prepacks was 6,000 units whereas our big days of school lunches saw us hit 32,000 units. It has also opened doors to conversations both with suppliers and potential customers we previously haven’t been talking to, working with or in some cases were even aware of. Over and above reigniting pride in the business for the team it will enable us to pitch for large volume tenders that we would previously have shied away from.

We are actively focused on building an opportunity pipeline in front of the business, reflective of the necessity that a business needs to keep adding to that pipeline, rather than relying solely on existing sales channels. The wider networks developed over the past 10 months have seeded a number of pipeline opportunities, assessed against a criteria to ensure we don’t add undue complexity and cost as I’ve previously mentioned.

While nothing is definitive as yet we are working on direct supply opportunities into the Ministry of Education school lunch program and supporting supply into Government tenders for the Ministry of Health and the Ministry of Defence. We are also working to understand opportunities in the Department of Corrections which is the largest of the Government tenders.

The reason for the preponderance of interest in school lunches is the opportunity represents high volume of individual sku’s bringing benefit across raw material sourcing, overhead recovery and delivery logistics.

Until we can deliver on rebalancing our customer base to the extent highlighted, our market remains a challenge. Economic conditions remain repressed and this is impacting household expenditure on grocery items.

While the market remains tight we have also been impacted by two food quality issues and a national shortage of cabbage, our primary raw material.

Listeria is our greatest food safety risk and we had a positive result from cabbage which in the ensuing testing as required by our food control plan, we incurred some delays which over and above the recall related costs, resulted in 9 days lost sales of cabbage inclusive products. With listeria actively present in the environment this remains a constant risk although there are some learnings we've taken which gives us confidence that the extent of the lost sales from this event is a one off.

Our second quality issue was metal inclusions which stepped beyond a trade recall to a full consumer recall. Coming so soon post the cabbage trade recall was both unfortunate and very costly. I am extremely disappointed to lose the gains delivered from the school lunches earlier in the year and have those completely consumed by these two recalls. As with the cabbage recall our internal reviews provide confidence that the extent of this event can largely be mitigated in the future.

Both issues combined to represent a material financial hit for the business

Unluckily we have then been impacted by a cabbage shortage as growers nationally chose to plant less this season after lower-than-expected market demand in 2024 required them to take the expensive step of churning excess crops back into the soil. This underplanting has been widespread across New Zealand which is making cabbage difficult to procure in volume and without price penalty.

We have reason for optimism with management having taken the hard steps to reduce overheads via restructuring of our leadership team, an aggressive focus on costs, reduced overtime and improved productivity. While sales have been negatively impacted by the events I've just described ,the underlying overheads have been stable, providing the opportunity for profitability when sales revenue return and grow.

Management has worked hard to reframe our culture with greater engagement and visibility between leadership and factory staff. Leadership has spent greater time in the factory led by myself working on shift and during the peak activity of school lunches many hours directly helping the team. With purposeful intent I also elected to sit out in the open plan office to make myself more available to all staff

Restructuring of the leadership team has required both the Managing Director and the Finance Manager to become more involved in the operational decisions and day-to-day production which is healthy for any business.

We expect that with some economic improvement, balancing the cost control and the sales pipeline development will begin to deliver sustainable profit growth for the business through Christmas 2025 and into 2026.

Board and Management

The Board of Speirs Group presently comprises two non-executive directors– Nelson Speirs and David Speirs and myself as Executive Chairman.

The Board of the General Partner for Speirs Foods (2018) LP is Robert Speirs (Chair), Craig Tucker (Managing Director) and Ross Kane.

Both boards have continued to work effectively over the last year and I thank my colleagues for their work on behalf of the Company. I would also like to thank the team at Speirs Foods for their continued hard work in a what is always a challenging market environment.

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2025 Redeemable Preference Shares

The 2025 Redeemable Preference Shares had a scheduled redemption date of 30 September 2025, although Speirs Group Limited had the right to redeem at any time before the scheduled redemption date.

- As reported last year on 21 June 2024 Speirs Group redeemed 75% of the 2025 Redeemable Preference Shares on issue at that date – this amounted to 1,650,000 2025 Redeemable Preference Shares at $1.00 per share ($1,650,000).
- On 23 May 2025 Speirs Group redeemed the remaining 25% of the 2025 Redeemable Preference Shares on issue at that date – this amounted to 550,000 2025 Redeemable Preference Shares at $1.00 per share ($550,000).

The repayment of these Redeemable Preference Shares has seen a substantial decrease in borrowing costs incurred by the Group.

Dividends

Future dividends continue to be dependent on trading performance and distributions received from Speirs Foods and the overall cash position of the group. An announcement will be made regarding a dividend in the year ending 30 June 2026 once the directors have assessed Speirs Foods' performance during the busy summer trading period.

Outlook

As noted earlier the business environment at present continues to be very challenging.

Maximising returns from Speirs Foods continues to be our primary goal. We remain firmly on this path with a focus on improving profitability.