

## **ASX Announcement: 26 April 2024**

### **Business Activity Report and Appendix 4C Quarterly Cash Flow**

TasFoods Limited (**TasFoods**, **ASX:TFL**, the **Company**) today released its Business Activity Report and Appendix 4C Quarterly Cash Flow for the quarter ended 31 March 2024 (Q1 2024).

#### **Highlights:**

- Revenue growth in the Poultry division of 7% compared to prior comparable period (PCP) whilst maintaining gross margin % (GM%) in line with PCP. A strong result given the challenging backdrop for household spending within the grocery channel;
- Revenue growth in Pyengana Dairy of 9% compared to PCP and increased GM% compared to PCP;
- TasFoods continues to receive strong feedback from customers on the recently launched Isle & Sky pet treats range as we expand distribution through Australia;
- Successful integration of Redbank Poultry hatchery business is ahead of expectations for the first 3 months of operations, delivering security, control and financial benefits to our poultry supply chain;
- A continued focus on building our relationship with Pyengana Dairy's main distributor has resulted in a significant increase in sales volumes, increasing 28% compared to PCP;
- Successful transition in Q1 2024 to a substantially reduced costs and fit for purpose corporate office by 50%.

#### **Operational Update**

TasFoods has strategically realigned its operational focus to operate largely as a poultry-focussed business, ensuring the Company's sales mix is heavily weighted to core consumer consumption patterns. Following the restructure, TasFoods is positioned to take advantage of the continued strong poultry demand by consumers within the Australian market as it remains the most affordable protein in the Australian consumer market.

During Q1 2024, total revenue for Poultry increased by 7% compared to PCP, demonstrating resilience amidst challenging conditions across the Tasmanian and mainland markets and an encouraging result moving forward.

This strong performance in the Poultry division was inclusive of the newly launched Isle & Sky Pet Treat range in Q4 2023, which continues to receive strong customer feedback. Isle & Sky is continuing to resonate with consumers who are seeking a premium, all-natural, human-grade pet treat for their dogs and cats. TasFoods is confident of growing demand within this segment as we expand distribution throughout domestic retailers.

Gross margins within the Poultry division remained flat compared to PCP as challenging market conditions and significantly higher labour costs offset productivity and efficiency initiatives implemented in other areas of the supply chain. However, restructuring efforts undertaken during 2023 have yielded positive cost savings and operational improvements, remaining a major focus within the division going forward.

Our Transitional Services Agreement (TSA) with Bega Cheese Limited which was entered into following their acquisition of the Betta Milk and Meander Valley Dairy businesses remained active in Q1 2024 and is anticipated to conclude in Q2 2024.

Pyengana Dairy experienced strong sales during the quarter up 9% on PCP. We remain confident in this division as we increase our focus on growth opportunities and operational improvements as a stand-alone business within TasFoods.

### **Financial update**

During the Quarter TasFoods recorded a total revenue increase of 6.6% over PCP for continued operations (Poultry and Pyengana Dairy), reflecting strong operational efficiency improvements following restructuring activities.

Major financial metrics for the Group in the quarter have been significantly impacted by timing of payments relating to discontinued operations (Betta Milk and Meander Valley Dairy), together with corporate activity undertaken relating to the sale of the discontinued operations.

The Company incurred remaining one-off costs relating to discontinued operations and our corporate restructuring activities from Q4 2023, which is delivering a right-sized support office for the two remaining business units in 2024.

### **Quarterly Cash Flow**

TasFoods' Appendix 4C for the quarter ended 31 March 2024 (Q1 CY2024) has been lodged with the ASX today. Key points include:

- The quarter ended with a closing cash on hand balance of \$1.09m. This amount excludes \$2m undrawn working capital facility with NAB.
- Cash receipts from customers of continued operations were \$12.4m, an increase of 9% on the PCP. Underlying cash receipts decreased 3.3% compared to PCP (including discontinued operations in PCP);
- Net operating cash outflows from continued operations was \$1.2m which was a \$0.25m improvement compared to the PCP;
- Investing net cash outflows for the quarter of \$0.6m included costs from discontinued operations that remained on the balance sheets of Betta Milk and Meander Valley Dairy at the end of December 2023. These have been fully paid and we continue to collect the remaining outstanding receipts owed to these previous business units; and
- Financing net cash outflows for the quarter of \$0.5m was largely due to the reduction of debt associated with discontinued operations and transition of financial institutions from ANZ to NAB.

## Outlook

TasFoods continues to monitor the prevailing macroeconomic conditions and challenges that both we and other poultry and premium cheese producers continue to face, ensuring we are able to swiftly adapt and pivot to the ever-changing market conditions.

We are confident that our high-quality product portfolio continues to meet the changing consumer trends as they seek trusted, high-quality brands. Each of our products exhibit a compelling value proposition tailored to its targeted demographic, with each SKU priced appropriately for the intended market segment. This strategic focus on product relevance and pricing integrity will continue to guide TasFoods throughout 2024 and into the future.

Managements efforts continue to remain focused on positioning Nichols Poultry as a highly attractive product for consumers in the affordable-premium Poultry segment. We are actively reviewing and implementing operational and strategic initiatives to establish a more resilient business model that will allow the Poultry business to continuously pivot to meet market conditions across Tasmania and the mainland. Through such initiatives we aim to deliver an improved and more sustainable financial performance for the Poultry division moving forward.

Whilst we continue bedding down and implementing the significant changes that occurred in late 2023 and ensuring the operational performance initiatives in the remaining divisions deliver, we continue to pro-actively assess the remaining business divisions and their asset profile under our Capital Management Framework to ensure we can deliver strong shareholder returns.

Authorised for ASX release by the Board of Directors of TasFoods Ltd.

### TasFoods contact

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### Forward-looking statements

The Appendix 4C contains certain forward-looking statements that are based upon information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TasFoods. These factors may cause actual results to differ materially from those expressed in the Appendix 4C contained in this announcement.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

TasFoods Limited

**ABN**

53 084 800 902

**Quarter ended ("current quarter")**

31 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,393	12,393
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,298)	(9,298)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(4,264)	(4,264)
(f) administration and corporate costs	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(37)	(37)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,206)</b>	<b>(1,206)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(127)	(127)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(486)	(486)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(613)</b>	<b>(613)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,400	1,400
3.6	Repayment of borrowings	(1,770)	(1,770)
3.7	Transaction costs related to loans and borrowings	(5)	(5)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(145)	(145)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(520)</b>	<b>(520)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,437	3,437
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,206)	(1,206)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(613)	(613)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(520)	(520)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,098</b>	<b>1,098</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,098	3,437
5.2	Call deposits	-	-
5.3	Bank overdrafts	2,000	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,098</b>	<b>3,437</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities (includes lease liabilities under AASB 16)	7,410	7,410
7.2 Credit standby arrangements	-	-
7.3 Other (bank overdraft)	2,000	-
<b>7.4 Total financing facilities</b>	<b>9,410</b>	<b>7,410</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>2,000</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Item 7.1 – TasFoods Ltd Group's total loan facilities as at 31 December 2023 amounted to \$9.41 million of which \$4.4m relates to financial liabilities under AASB 16 Leases. Borrowings are secured over assets financed, property leases and by mortgage over property and water rights owned by Nichols Poultry Pty Ltd and Van Diemen's Land Dairy Pty Ltd. Interest rates on these liabilities range between 3.06% and 8.06%, with the weighted average interest rate being 6.50%.</p> <p>Item 7.3 and 7.5 – Nichols Poultry Pty Ltd and Tasmanian Food Co. Dairy Pty Ltd (subsidiaries of TasFoods Ltd) have available in unused bank overdraft facilities, combined total being \$2m.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,206)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,098
8.3 Unused finance facilities available at quarter end (item 7.5)	2,000
8.4 Total available funding (item 8.2 + item 8.3)	3,098
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2.57</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 April 2024

Authorised by: TasFoods Limited Board

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.