

**ASX Announcement:** 17 April 2025

## **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 2025 (Q1 2025).

### **Highlights for Q1 2025:**

- Signing and execution of a Sales and Distribution Agreement in the quarter with Natures Best (a division of leading domestic distributor Pet Solutions International) for freeze dried Pet Treats;
- Isle and Sky Pet Treats brand continues to deliver consistent growth with sales revenue up by 83% and sales volume by 90% compared to prior comparable period (PCP);
- The Tasmania Poultry market has seen a continuation of oversupply leading to heavily discounted wholesale pricing late in Q1 2025 from mainland processors and wholesalers;
- Gross margins for Nichols Poultry increased by 3% on the PCP. This performance was largely driven by input cost reductions of day-old chicks and feed efficiencies from the transition of feed suppliers in H2 2024;
- Pyengana Dairy cheese sales performance into the 182 Coles stores continues to grow in revenue and volumes by 75% in Q1 2025, since commencement in October 2024, highlighting the scale opportunity;
- Pyengana Dairy's major focus for the Quarter remains to complete export certification by H1 2025. We anticipate the café and visitor centre refresh to be complete by mid H2 2025;
- Indirect costs across the Company decreased 19.4% compared to PCP, reflecting the positive impact of cost management strategies despite persistent challenges in consumer spending and the unprecedented oversupply of poultry;
- The ongoing effort to right-size the corporate structure has resulted in a \$0.5m reduction in corporate costs compared to the PCP; and
- We remain committed to pro-actively assess business operations and the asset profile under our Capital Management Framework and exploring all opportunities to enhance returns for shareholders.

### **Operational Update**

TasFoods remains focused on aligning its operations with its core vision to operate as a poultry, cheese and pet treats business. The Company continues to prioritise a sales mix that reflects core consumption patterns in poultry and cheese, adjusting this mix in response to market demands and supply capability. We continue to see the speciality pet treat and pet food market as an attractive, uncorrelated exposure to a fast-growing consumer channel and are pleased with the initial customer response to the Isle and Sky brand

In Q1 2025, total revenue for the Poultry division declined by 16% compared to the PCP, driven by an oversupply of mainland poultry into both local Tasmanian and mainland markets. This has increased

competition and lowered wholesale price points in the respective markets as mainland-based competitors and wholesalers seek to move inventory at low cost.

Gross margins in Nichols Poultry increased by 3% on the PCP, driven by input cost reductions of day-old chicks and feed efficiencies from the transition of feed suppliers in H2 2024 from Inghams Group Ltd (ING.ASX) to Ridley Corporation Ltd (RIC.ASX). This has been a significant achievement by the Poultry division, particularly against a backdrop of oversupply of poultry volumes and heavily discounted pricing experienced in the local Tasmanian market. The Company has continued to strengthen the Poultry supply chain with the signing of a lease of growing shed facilities with our largest chicken contract grower in Q1 2025, being 37% of the external chicken contract growing for Nichols Poultry. This will provide greater certainty and control of our broader Nichols Poultry supply chain.

Isle and Sky pet treats delivered strong sales growth performance in Q1 2025 with an 83% increase in revenue and 90% increase in sales volumes to PCP. Isle and Sky has received strong customer feedback from customers and distributors. We intend to leverage this interest in the Isle and Sky brand to expand expansion domestically and, over time, through international markets.

Work on our Poultry waste stream began in late Q4 2024. This is expected to yield cost savings with feathers and blood waste for processing instead of deep burial, commencing late Q2 2025.

Pyengana Dairy sales for the quarter were down 37% on the PCP, primarily due to reduced discretionary spending. This was compounded by a reduction in tourist numbers at the farmgate café and visitor centre compared to PCP. We are confident in the growth potential of Pyengana Dairy as we increase our focus on growth opportunities commercially and operational efficiency strategies in cheese production together with a refresh of the café and visitor centre as a stand-alone business within TasFoods.

### **Financial update**

Major financial metrics for the Company have been significantly impacted by the unprecedented oversupply of mainland sourced Poultry in the Tasmanian market through Q1 2025.

TasFoods reported a total revenue decrease of 17% to \$10.1m on the PCP from continued operations. This decline reflects the unprecedented oversupply of lower cost poultry products sourced from mainland Australian states entering the Tasmanian poultry market. The substitute of lower cost, competitive poultry offerings were further impacted by the challenging economic climate and tightened household spending we continue to experience.

Sales revenue in the Poultry division remain challenging with total revenue being 16% down compared to PCP. This is represented by sales volumes 14% (216 tonnes) lower than PCP and price being 2% (\$0.13/kg) lower compared to PCP. We anticipate wholesale poultry prices and the oversupply from mainland processors and competitors to remain through 2025.

TasFoods is focused on strict working capital and operational management in the industries it operates within –Poultry and Cheese. The Company remains driven on achieving incremental improvements and upholding a strong working capital framework to maintain sufficient cash levels and financial stability.

## Quarterly Cash Flow

TasFoods' Appendix 4C for the quarter ended 31 March 2025 (Q1 FY2025) has been lodged with the ASX today. Key points include:

- The quarter ended with a closing cash on hand balance of \$1.6m, inclusive of the \$2.0m in working capital facilities available through NAB;
- Cash receipts from customers from continued operations (poultry, cheese, online) totalled \$10.2m, representing a 17.8% decrease compared to the PCP;
- Net operating cash outflows of \$1m reflected a \$0.2m improvement on the PCP (\$1.2m net operating cash outflow in Q1 2024); and
- Net financing cash inflows for the quarter totalled \$0.2m, comprising a \$0.5m drawdown from the NAB term loan facility for working capital, offset by repayment of operating leases and insurance premium funding payments.

## Outlook

We observed in Q1 2025 a continuation from FY2024 of the unprecedented surplus of mainland chicken and increased competition through the grocery channel in Tasmania. This was particularly exacerbated by competitors heavily discounting poultry volumes at the wholesale and consumer levels late in the quarter. Trading conditions are expected to remain challenging into 2025 for food manufacturing companies operating in the domestic grocery and food service channels. Continued cost-of-living pressures and economic uncertainty continue to weigh heavily on both business and consumer confidence.

TasFoods continues to closely monitor the dynamics of the macroeconomic and market trading conditions that we compete in, as along with the challenges facing both TasFoods and the broader food production and manufacturing industry. This diligence is required to ensure we can adapt effectively and with speed to the ever-changing market conditions locally in Tasmania and mainland markets.

Management remains focused and proactive in reviewing, implementing and adjusting operational and strategic initiatives to establish a more resilient operating model for 2025. TasFoods is confident these initiatives will enable the Poultry, Cheese and Pet Treats divisions to adapt to both local Tasmanian mainland and international markets to deliver a more sustainable financial performance for the Company moving forward.

Key areas of priority for the Company in 2025 are:

- Enhance earnings in the Poultry division through disciplined cost management, improved equipment reliability, increased production efficiency and further optimise sales channels and product mix initiatives;
- Scale up Pyengana Dairy product range, capability and access to domestic and international markets by completing export accreditation. This will be completed by our refreshed café

and visitor centre as part of our premium growth strategy;

- Maximise value from our poultry waste streams to reduce costs and increase yield at our poultry production facility and avoiding unsustainable landfill;
- Accelerate our sales and distribution of Isle and Sky Pet Treats leveraging our premium positioning and strong customer feedback to extend further into new products as per recent announcement with a three-year Sales and Distribution Agreement with Natures Best one of Australia's largest vertically integrated pet retail and distribution businesses (1 April 2025). This agreement also includes utilising Nichols Poultry waste stream for other products in the Natures Best portfolio; and
- Further reduce our overhead cost base reviewing all options to insource or outsource service provisions to enhance our earnings position where required.

Under our Capital Management Framework TasFoods continues to evaluate its business and asset portfolio to optimise shareholder returns. The Company will continue to evaluate the market conditions and demand for our branded product assets to achieve optimum shareholder returns. We believe our Nichols Poultry, Pyengana Dairy and Isle & Sky businesses each have their own unique brand equity, and the Company will continue to explore opportunities to realise that potential.

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 2025

<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	10,185	10,185
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,970)	(7,970)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(3,164)	(3,164)
(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	(85)	(85)
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>(1,034)</b>	<b>(1,034)</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	(18)	(18)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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

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	-	-
	(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>(18)</b>	<b>(18)</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	509	509
3.6	Repayment of borrowings	(213)	(213)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(140)	(140)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>156</b>	<b>156</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	489	489
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,034)	(1,034)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(18)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	156	156
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>(407)</b>	<b>(407)</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	(407)	(407)
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>(407)</b>	<b>(407)</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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)	9,536	9,536
7.2 Credit standby arrangements	-	-
7.3 Other (bank overdraft)	2,000	2,000
<b>7.4 Total financing facilities</b>	<b>11,536</b>	<b>11,536</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>2,654</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 –</p> <p>TasFoods Ltd Group's total loan facilities available as at 31 March 2025 amounted to \$9.5m of which \$4.4m relates to financial liabilities under AASB 16 Leases, \$3.7m relates to term loans with NAB, \$0.7m relates to a shareholder loan from Research Corporation Pty Ltd (undrawn at 31 March 2025), \$0.5m relates to asset finance facility with NAB (unused \$0.4m) and \$0.2m insurance premium funding.</p> <p>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 3.70% and 11%, with the weighted average interest rate being 6.66%.</p> <p>Item 7.3 and 7.5 –</p> <p>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 \$1.6m.</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)	(1,034)
8.2 Cash and cash equivalents at quarter end (item 4.6)	
8.3 Unused finance facilities available at quarter end (item 7.5)	2,654
8.4 Total available funding (item 8.2 + item 8.3)	2,654
<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:	

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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: 17 April 2025

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.