

ASX Announcement: 31 July 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 30 June 2025 (Q2 2025).

Highlights for Q2 2025:

- Unconditional Sale of Burnie property – former Betta Milk site, with settlement due mid-September 2025;
- Continuation of the oversupply of poultry into the Tasmanian market leading to heavily discounted wholesale pricing through Q2 2025 from mainland processors and wholesalers;
- Gross margins for Nichols Poultry remain flat 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;
- Coles signs Poultry Supply Agreement extension and working with Nichols Poultry to commercialise new poultry SKUs for release into the Tasmanian market in Q3 2025. This Highlights the strength of the relationship with Nichols Poultry from breeding at the Hatchery through to the processing facility.
- Key recruitments in late Q2 2025 of experienced operational poultry leadership General Manager and poultry Maintenance Manager at Nichols Poultry. This has had an immediate positive impact with increased production efficiency in direct labour costs, plant and equipment reliability and quality improvements across all products from the Nichols Poultry processing facility;
- Pyengana Dairy cheese sales performance into the 182 Coles stores nationally continues its strength with revenue and volumes increasing 62% in Q2 2025, since commencement in October 2024, highlighting the scale opportunity in the retail market channel for this brand;
- The Company anticipates Pyengana Dairy export accreditation to be granted early in H2 2025;
- In Q2 2025 the Company received an Advanced Manufacturing Productivity Program grant from the Department of State Growth to assist with the quality assurance costs for HAACP as part of export accreditation process. The Company also received an Accelerating Trade Grant Program grant that has assisted in expanding the Pyengana Dairy cheese nationally and internationally.
- Indirect costs across the Company decreased 18.3% compared to PCP, reflecting the positive impact of cost management strategies despite sustained challenges in poultry sales due to consumer spending and prolonged oversupply of poultry into the Tasmanian market channels;
- Operating the corporate office as lean as possible, focusing only on essential services until the poultry market improves has resulted in a \$0.4m reduction in corporate costs compared to the PCP; and
- We remain focused and committed to pro-actively assessing business operations and the asset profile under our Capital Management Framework to explore all opportunities to enhance returns for shareholders. We are currently in the process of undertaking a strategic review of all the business units. We expect this review will conclude in Q4 2025.

Operational Update

In Q2 2025, total revenue for the Poultry division declined by 15.7% compared to the PCP, driven by the prolonged oversupply of mainland poultry into both local Tasmanian and other mainland markets. This has increased competition and lowered wholesale price points between 20% to 38% in their respective markets as mainland distributors and wholesalers seek to move inventory at low cost.

Gross margins in Nichols Poultry remained flat on the PCP, largely driven by lower sales revenue offset by input cost reductions of with feed efficiencies from the transition of feed suppliers in H2 2024 from Inghams Group Ltd (ING.ASX) to Ridley Corporation Ltd (RIC.ASX). This continues to be a significant achievement by the Poultry division, particularly against a backdrop of the prolonged oversupply of poultry volumes and heavily discounted wholesale pricing experienced in the Tasmanian market. The Company has continued to strengthen the Poultry supply chain as part of its operational strategy with the signing of another lease of growing shed facilities for Nichols Poultry. This will provide greater certainty and control across the Nichols Poultry chicken growing network.

Nichols Poultry processing facility operations were severely affected in Q2 2025 from plant and equipment reliability, incurring significant downtime, increased repair costs and increased direct labour overtime. Overall production efficiency and site operations, together with plant and equipment reliability has increased with the recruitment of key experienced poultry site leadership with the General Manager of Poultry Operations and Maintenance Manager for Nichols Poultry.

Isle and Sky pet treats continues to perform in Q2 2025. Sales volumes and revenue have been affected in Q2 2025 with the transition from Petbarn to Natures Best, as part of the Sales and Distribution Agreement with Natures Best. Normalised Isle and Sky pet treats for Q 2 2025 increased 10 % in volume and sales revenue to PCP. This partnership with Natures Best, who is one of Australia's largest vertically integrated pet retailer and distribution businesses will provide a platform to accelerate the sales and distribution of our pet treats range and extend further into new products whilst leveraging our premium product.

Pyengana Dairy sales for the quarter were down 36% on the PCP, primarily due to the constraint of cheese aging in the cellar, this combined with a reduction in tourist numbers at the farmgate café and visitor centre compared to PCP. The Company remains confident in the strong 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.

Pyengana Dairy in Q2 2025, increased momentum and capability as it strides forward to gaining export accreditation for the facility. A final progress update will be made in Q3 2025.

Financial update

The financial metrics for the Company have been significantly impacted by the prolonged oversupply of mainland sourced poultry in the Tasmanian market in Q2 2025.

TasFoods reported a total revenue decrease of 19.9% to \$19.8m on the PCP from total operations. This decline reflects the continued oversupply of lower cost poultry products sourced from mainland Australian states entering the Tasmanian poultry market across all market channels. The substitute of

lower cost, competitive poultry offerings were further impacted by the sustained challenging economic climate and tightened household spending we continue to experience in 2025.

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. Significantly reduced wholesale poultry prices into all market channels and the oversupply from mainland processors and wholesalers is expected to remain through 2025 and into 2026. The significant reduction of sales volume compared to PCP, is the decision not to compete in non-profitable poultry SKUs, when the added costs of delivery and fixed operating costs make it unsustainable.

TasFoods is focused on a strict working capital and operational management across all business segments it operates in – poultry and cheese. The Company remains driven on achieving incremental improvements and upholding a robust working capital framework to maintain sufficient cash levels and financial stability.

Quarterly Cash Flow

TasFoods' Appendix 4C for the quarter ended 30 June 2025 (Q2 FY2025) has been lodged with the ASX today. Key points include:

- The quarter ended with a closing cash on hand balance of \$1.3m overdraft, inclusive of the \$2.0m in working capital facilities available through NAB;
- Cash receipts from customers from operations (poultry, cheese) totalled \$9.7m, representing a 21.5% decrease compared to the PCP;
- Net operating cash outflows of \$1m reflected a \$0.4m decrease on the PCP (\$0.6m net operating cash outflow in Q2 2024); and
- Net financing cash inflows for the quarter totalled \$0.3m, comprising a \$0.7m drawdown from the Research Corporation Pty Ltd term loan facility for working capital, offset by repayment of operating leases and insurance premium funding payments.

Outlook

We are observing early in Q3 2025 a continuation from FY2024 and YTD 2025 of the prolonged surplus of mainland chicken and increased competition through all market channels in Tasmania. This was particularly exacerbated by competitors heavily discounting poultry volumes at the wholesale and consumer levels again throughout Q2 2025. Trading conditions are expected to remain competitive and extremely challenging for the remainder of 2025 and into 2026. For food manufacturing and agribusiness companies operating in the domestic grocery and food service channels. Increasing labour, logistics, direct input costs, continued cost-of-living pressure and economic uncertainty – nationally and locally in Tasmania continue to weigh heavily on both business and consumer confidence.

Management remains laser 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 the Pet Treats divisions to adapt to both local Tasmanian and mainland markets to deliver a more sustainable financial performance for the Company for the remainder of 2025 and the future.

Key areas of priority 2025	
<ul style="list-style-type: none"> 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. 	In progress
<ul style="list-style-type: none"> 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. 	In progress
<ul style="list-style-type: none"> Maximise value from our poultry waste streams to reduce costs and increase yield at our poultry production facility and avoiding unsustainable landfill. 	In progress
<ul style="list-style-type: none"> Accelerate 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. 	In progress
<ul style="list-style-type: none"> Further reduce our overhead cost base reviewing all options to insource or outsource service provisions to enhance our earnings position where required. 	Completed

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")

30 June 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,663	19,848
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,248)	(15,218)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(3,340)	(6,504)
(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	(97)	(182)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,022)	(2,056)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(141)	(159)
(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 (6 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)	-	-
2.6	Net cash from / (used in) investing activities	(141)	(159)

3.	Cash flows from financing activities		
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	716	1,225
3.6	Repayment of borrowings	(228)	(441)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(207)	(347)
3.10	Net cash from / (used in) financing activities	281	437

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(407)	489
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,022)	(2,056)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(141)	(159)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	281	437
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(1,289)	(1,289)

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	(1,289)	(407)
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(1,289)	(407)

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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)	9,031	9,031
7.2 Credit standby arrangements	-	-
7.3 Other (bank overdraft)	2,000	2,000
7.4 Total financing facilities	11,031	11,031
7.5 Unused financing facilities available at quarter end		1,169
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 30 June 2025 amounted to \$9.5m of which \$5.3m 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, \$0.5m relates to asset finance facility with NAB (unused \$0.5m).</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 6.46%.</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 \$0.7m.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,022)
8.2 Cash and cash equivalents at quarter end (item 4.6)	
8.3 Unused finance facilities available at quarter end (item 7.5)	1,169
8.4 Total available funding (item 8.2 + item 8.3)	1,169
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.14
<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:

The Company has/is in the process of undertaking the following steps to improve cash flows and is confident these steps will be successful:

- Strategic partnerships across the Poultry, Cheese and Pet Treat division;
- Strategic review of operations in all business units;
- Transition of chicken contract grower agreements to operating leases for the remaining grower network chicken shed sites;
- Export accreditation of the Pyengana Dairy production facility;
- Pricing reviews across Poultry and Cheese business units;
- Adjustment of bird numbers across of the poultry supply chain to right size the poultry operating model to be able to compete in the current oversupplied poultry market in Tasmania;
- Value chain profitability analysis in the poultry division.

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:

Unconditional sale of the Burnie property, formerly Betta Milk, settlement now due mid-September 2025, net funds from the sale would have resulted in 2.07 quarters of funding available.

The Company is currently in the process of a strategic review, across all business segments through H2 2025.

The Company is currently undertaking the following strategic initiatives:

- Strategic partnerships across the Poultry, Cheese and Pet Treats division;
- Strategic review of operations in all business units;
- Discussion with key investors and shareholders of the Company;
- Transition of chicken contract grower agreements to operating leases for the remaining grower network chicken shed sites;
- Export accreditation of the Pyengana Dairy production facility;
- Pricing reviews across Poultry and Cheese business units;
- Adjustment of bird numbers across of the poultry supply chain to right size the poultry operating model to be able to compete in the current oversupplied poultry market in Tasmania;
- Value chain profitability analysis in the poultry division.

The Company remains committed to pro-actively assessing business operations and the asset profile under our Capital Management Framework and exploring every opportunity to enhance returns for shareholders.

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:

Yes, whilst the Q2 2025, financial result was challenging, the new Board and leadership team have made significant headway in the current strategic review and plan to drive operational performance to best deliver sustainable profitability in markets that the Company competes in that are challenging and subdue.

The Company is refreshing our strategic plan with specific focusing on immediate options and actions we can take to improve our cash and working capital position in the short term as we face unprecedented challenging conditions in the poultry business, whilst keeping a lens on our broader strategic longer-term levers and timing options available to us.

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: 31 July 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.