

TasFoods Limited

ACN 084 800 902

Financial Report

For the Half Year Ended 30 June 2024

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The Directors of TasFoods Limited (the Company) present the financial report on the Company and its controlled entities (the Group) for the half-year ended 30 June 2024.

Directors

Details of the Directors of the Company in office at any time during or since the end of the financial year and at the date of this report are:

Mr Ben Swain	Non-Executive Director
Mr John Murphy	Chair, Non-Executive Director
Mr John O'Hara	Non-Executive Director

Company Secretary

Joshua Fletcher (from 1 January 2024 to 28 March 2024)

Leanne Pritchard (Appointed 29 March 2024)

Principal Activities

The principal activities of the Group are the processing, manufacture and sales of premium Tasmanian food products.

Operating and Financial Review

In the half-year ended 30 June 2024 the TasFoods Group reported a statutory net loss after tax of \$5.0 million which includes a \$2.9 million impairment of poultry assets. The Group net loss after tax (excluding impairment) of \$2.1 million was an improvement of 45% compared to a net loss after tax of \$3.8 million for H1 2023.

For H1 2024 total revenue from continuing operations of \$24.5 million, which was an improvement of 2.1% on H1 2023 of \$24.0 million.

Gross margins in the poultry division remain flat compared to pcpc with challenging market conditions and tightening of household spending, together with significantly higher labour costs have offset productivity and efficiency initiatives implemented in other sections of the poultry division operations.

Operating EBITDA for total operations was a loss of \$1.0 million which is a 56% improvement on pcpc EBITDA loss of \$2.3 million. Operating EBITDA for continued operations was a loss of \$1.1 million which is a 51% improvement on pcpc EBITDA loss of \$2.3 million, driven by cost reduction in corporate share services.

Isle & Sky pet treats continues to reach further with consumers who are seeking a premium, all natural, chemical free, 100% Tasmanian-made, human grade pet treat for their dogs and cats. We are confident of growing the demand within this segment as we continue to increase distribution through our domestic retailers.

Sales revenue in the Pyengana Dairy cheese and café sales revenue for H1 2024 was \$1.3 million, a 1.1% increase from the pcpc regardless of the challenging current economic environment. We continue to increase focus on growth opportunities in cheese markets together with our distribution partners.

TasFoods Limited
Directors' Report

Revenue in shared services reflects the Transitional Services Agreement (TSA) with Bega Cheese Limited which was entered into following their acquisition of the Betta Milk and Meander Valley Dairy businesses concluded in June 2024. Operating EBITDA in share services segment includes Boxolove online sales operations, centralised expenditures such as audit fees, ASX listing costs and insurances, IT related expenditure, share based payments, expense human resources and payroll services.

	H1 2024							
	Continued operations				Discontinued operations			Consolidated
	Dairy \$'000	Poultry \$'000	Shared Services \$'000	Total \$'000	Dairy \$'000	Horticulture \$'000	Total \$'000	TOTAL \$'000
Total Revenue	1,260	23,001	233	24,494	186	-	186	24,680
Operating Expenditure	(1,056)	(22,705)	(1,841)	(25,602)	(101)	1	(100)	(25,702)
Operating EBITDA	204	296	(1,608)	(1,108)	85	1	86	(1,022)
GP Margin	47%	23%	0%	25%	0%	0%	0%	25%
Movement in Fair Value	-	72	-	72	-	-	-	72
Sale of Assets	-	-	(16)	(16)	(13)	-	(13)	(29)
EBITDA	204	368	(1,624)	(1,052)	72	1	73	(979)
NPAT (excluding impairment)				(2,099)			20	(2,079)
Impairment Expense	-	(2,926)	-	(2,926)	-	-	-	(2,926)
NPAT				(5,025)			20	(5,005)

	H1 2023							
	Continued operations				Discontinued operations			Consolidated
	Dairy \$'000	Poultry \$'000	Shared Services \$'000	Total \$'000	Dairy \$'000	Horticulture \$'000	Total \$'000	TOTAL \$'000
Total Revenue	1,246	22,685	46	23,977	14,272	205	14,477	38,454
Operating Expenditure	(1,018)	(21,807)	(3,406)	(26,231)	(14,273)	(278)	(14,551)	(40,782)
Operating EBITDA	228	878	(3,360)	(2,254)	(1)	(73)	(74)	(2,328)
GP Margin	26%	23%	0%	23%	25%	39%	32%	23%
Movement in Fair Value	-	249	-	249	-	(1,121)	(1,121)	(872)
Sale of Assets	-	19	-	19	647	-	647	666
EBITDA	228	1,146	(3,360)	(1,986)	646	(1,194)	(548)	(2,534)
NPAT (excluding impairment)				(2,856)			(954)	(3,810)
Impairment Expense	-	-	-	-	-	-	-	-
NPAT				(2,856)			(954)	(3,810)

Events Occurring After Reporting Date

Post half-year end, a \$1.3m loan facility was established with NAB effective 15 July 2024 to payout an existing loan held with Roadnight Capital.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' Report.

Rounding of Amounts

The 'rounding off' of amounts in the directors' report has been conducted in accordance with Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission. Amounts have been rounded off to the nearest thousand dollars or, in certain cases, to the nearest dollar.

TasFoods Limited
Directors' Report

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in blue ink, appearing to read 'J. Murphy', is written over a horizontal line.

John Murphy
Non-Executive Chair

30 August 2024

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Auditor's Independence Declaration

As lead auditor for the review of TasFoods Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TasFoods Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads "Brad Peake".

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
30 August 2024

TasFoods LimitedConsolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 30 June 2024

Continued Operations		30 June 2024 \$'000	30 June 2023 \$'000
	Note		
Revenue from operations		23,985	23,681
Other income		509	297
Fair value adjustment of biological assets	4	72	249
Impairment expense	6a	(2,926)	-
Raw materials used		(12,852)	(13,347)
Employment and contractor expense		(7,935)	(8,223)
Freight		(1,702)	(1,569)
Occupancy costs		(440)	(483)
Depreciation and amortisation		(744)	(616)
Insurance		(373)	(373)
Finance costs		(383)	(217)
Repairs and maintenance		(442)	(343)
Loss on sale of assets		(16)	(24)
Other expenses		(1,778)	(1,887)
Loss before income tax		(5,025)	(2,855)
Income tax expense		-	-
Net loss after tax for the half year from continuing operations		(5,025)	(2,855)
Net profit/(loss) after tax for the half year from discontinued operations		20	(955)
Net loss after tax for the half year		(5,005)	(3,810)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in the future:</i>			
Other comprehensive income net of tax		-	-
Total comprehensive loss		(5,005)	(3,810)
Net loss for the period attributable to:			
Owners of TasFoods Limited		(5,005)	(3,810)
		(5,005)	(3,810)
Total comprehensive loss for the half year is attributable to:			
Owners of TasFoods Limited		(5,005)	(3,810)
		(5,005)	(3,810)
Basic loss per share (cents per share)		(1.15)	(0.87)
Diluted loss per share (cents per share)		(1.15)	(0.87)
Basic loss per share from continuing operations (cents per share)		(1.15)	(0.65)
Diluted loss per share from continuing operations (cents per share)		(1.15)	(0.65)
Basic loss per share from discontinued operations (cents per share)		0.00	(0.22)
Diluted loss per share from discontinued operations (cents per share)		0.00	(0.22)

Prior year comparatives have been restated due to continued operations, refer note 2 for details of discontinued operations.

The above consolidated statement should be read in conjunction with the accompanying notes

TasFoods Limited

Consolidated Statement of Financial Position

As at Half Year Ended 30 June 2024

	Note	30 June 2024 \$'000	31 December 2023 \$'000
Current Assets			
Cash and cash equivalents		999	3,432
Trade and other receivables		2,704	3,209
Biological assets	4	3,418	3,487
Inventory		2,365	2,128
Assets classified as held for sale	5	1,597	-
Prepayments		500	691
Total Current Assets		11,583	12,947
Non-Current Assets			
Property, plant and equipment	6a	12,411	17,264
Right of use assets	6b	4,395	4,422
Intangible assets		435	572
Total Non-Current Assets		17,241	22,258
Total Assets		28,824	35,205
Current Liabilities			
Trade and other payables		7,425	9,662
Borrowings	7	3,185	2,284
Lease liabilities	6b	322	332
Provisions		837	987
Total Current Liabilities		11,769	13,265
Non-Current Liabilities			
Borrowings	7	2	13
Lease liabilities	6b	4,276	4,241
Provisions		127	111
Total Non-Current Liabilities		4,405	4,365
Total Liabilities		16,174	17,630
Net Assets		12,650	17,575
Equity			
Contributed Equity	8	66,834	66,834
Reserves		1,433	1,353
Accumulated Losses		(55,617)	(50,612)
Total Equity		12,650	17,575

The above consolidated statement should be read in conjunction with the accompanying notes

TasFoods Limited**Consolidated Statement of Changes in Equity****For the Half Year Ended 30 June 2024**

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 January 2023	66,834	1,121	(49,625)	18,330
Loss for the half year	-	-	(3,810)	(3,810)
Total comprehensive loss for the half year	-	-	(3,810)	(3,810)
Share-based payment expense	-	135	-	135
Balance at 30 June 2023	66,834	1,256	(53,434)	(14,656)
Balance at 1 January 2024	66,834	1,353	(50,612)	17,575
Loss for the half year	-	-	(5,005)	(5,005)
Total comprehensive loss for the half year	-	-	(5,005)	(5,005)
Share-based payment expense	-	80	-	80
Balance at 30 June 2024	66,834	1,433	(55,617)	12,650

The above consolidated statement should be read in conjunction with the accompanying notes

TasFoods Limited
Consolidated Statement of Cash Flows
For the Half Year Ended 30 June 2024

Consolidated Statement of Cash Flows

	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities		
Receipts from customers relating to continued operations	24,161	23,920
Payments to suppliers and employees relating to continued operations	(25,245)	(25,787)
Interest paid relating to continued operations	(113)	(151)
Net cash used in operating activities relating to continued operations	(1,197)	(2,018)
Operating cash flows relating to discontinued operations	(524)	(255)
Net cash used in operating activities relating to continued and discontinued operations	(1,721)	(2,273)
Cash flows from investing activities		
(Payments)/Proceeds from disposal of property, plant and equipment relating to continued operations	150	(24)
Payments for property, plant and equipment relating to continued operations	(279)	(78)
Payments for other non-current assets relating to continued operations	-	(85)
Net cash (used in)/provided by investing activities relating to continued operations	(129)	(187)
Investing cash flows relating to discontinued operations	(12)	2,523
Net cash (used in)/provided by investing activities relating to continued and discontinued operations	(141)	2,336
Cash flows from financing activities		
Proceeds from borrowings relating to continued operations	1,400	-
Principal element of borrowing payments relating to continued operations	(2,128)	(1,992)
Transaction costs related to borrowings relating to continued operations	(11)	(111)
Principal element of lease payments relating to continued operations	(256)	(108)
Net cash used in financing activities relating to continued operations	(995)	(2,211)
Financing cash flows relating to discontinued operations	(40)	17
Net cash used in financing activities relating to continued and discontinued operations	(1,035)	(2,194)
Net decrease in cash held	(2,897)	(2,131)
Cash and cash equivalents at the beginning of the half year	3,432	351
Cash and cash equivalents / (bank overdraft) at the end of the half year	535	(1,780)

The above consolidated statement should be read in conjunction with the accompanying note

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

This consolidated interim financial report and notes represent those of TasFoods Limited and controlled entities (the Group). TasFoods Limited is a company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX).

1. BASIS OF PREPARATION

This consolidated interim financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

a) New and amended standards adopted by the Group

There have been no new accounting standards adopted by the Group in the half year ended 30 June 2024.

b) Critical accounting estimates, judgements and errors

The preparation of the interim financial statements of the Group requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Groups accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

c) Going Concern, Debt Funding and Working Capital

These financial statements have been prepared on the basis the Group is a going concern.

For the half-year ended 30 June 2024, the consolidated entity incurred a statutory net loss before tax of \$5.0 million (H1 2023: \$3.8 million) which included a \$2.9 million impairment of the poultry assets and incurred net cash outflows of \$1.7 million (H1 2023: \$2.3 million). At 30 June 2024, the Group had net cash and cash equivalents on hand of \$0.5 million (December 2023: \$3.4 million cash and cash equivalents), and is in a net current liability position of \$0.2 million (December 2023: \$0.3 million) with total external borrowings of \$3.2 million and unused facilities of \$1.5 million.

The ability of the Group to continue as a going concern is dependent on the continuing implementation of its strategic initiatives, outlined below, a disciplined and focused approach to managing input costs and other profitability enhancement initiatives. In addition, management is aiming to improve the current financial position and cash flows of the Group through

divestment of assets not utilised in the dairy segment and negotiating and obtaining additional funding from alternative sources if required. The strategic objectives include:

- Ongoing implementation of enhanced Poultry operational ways of working, controlling the Poultry supply chain from hatchery through to processing to gain efficiencies, and implementation of further cost saving improvements across both divisions (including wastage reduction and yield improvement initiatives).
- On-going assessment of customer and product profitability with low or negative margin products exited.
- Continuing to increase gross margins through negotiated sales price increases with customers and execution of identified cost savings over raw material inputs, distribution and logistics.
- Continued growth and distribution of Pet Treats in domestic markets.
- Export certification of the Pyengana Dairy cheese product to increase sales for export opportunities outside Australia.
- Continued acceleration of mainland growth initiatives and customer acquisition.
- Sale of land and buildings from discontinued operations.
- Continuing to explore opportunities as part of the capital management framework to monetise certain assets held by the Group and review options in relation to the capital structure.

The Group's ability to repay current borrowings and meet its working capital requirements is based on a forecast EBITDA and cash flow requirements, which is based on meeting operational forecasts together with cost reduction strategies across the remaining business units.

The consolidated entity's forecasted EBITDA is based on a combination of historic trends, engagement with key customers and internal demand analysis and includes judgement in relation to future pricing and demand for existing and new products. Future forecasts incorporate modest price increases with additional growth to be achieved through increased distribution across the existing product range in addition to expanding distribution of the newly launched Isle & Sky pet treats range. Cost will be managed through a combination of previously implemented restructuring activities and cost reduction strategies to be employed across the business, SKU rationalisation where appropriate and divestment of assets not utilised.

Given the risk associated with the timing and quantum of profitability improvement initiatives, the ability to divest assets not utilised and the agricultural risk associated with key drivers of input costs and gross profit margins, there is material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the directors believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

2. DISCONTINUED OPERATIONS

During 2023 the Shima Wasabi, Betta Milk and Meander Valley Dairy business units were sold. These business units have been reported in the current reporting period as a discontinued operation.

Financial information relating to the discontinued operation for the half year is set out below:

Financial Performance Information - Discontinued Operations	30 June 2024 \$'000	30 June 2023 \$'000
Revenue from operations	-	14,477
Other income	186	703
Raw materials used	-	(9,192)
Employment and contractor expense	-	(2,893)
Freight	(5)	(1,377)
Occupancy costs	(37)	(245)
Depreciation and amortisation	(50)	(425)
Insurance	(10)	(111)
Finance costs	(4)	(70)
Repairs and maintenance	(18)	(314)
Loss on sale of assets	(13)	(1,035)
Other expenses	(29)	(473)
Profit/(Loss) before income tax	20	(955)
Income tax expense	-	-
Net Profit/(Loss) after tax for the half year from discontinued operations	20	(955)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Other comprehensive income net of tax	-	-
Total comprehensive income/(loss)	20	(955)
Net Profit/(Loss) for the period attributable to:		
Non-controlling interest	-	-
Owners of TasFoods Limited	20	(955)
	20	(955)
Total comprehensive income/(loss) for the half year is attributable to:		
Non-controlling interest	-	-
Owners of TasFoods Limited	20	(955)
	20	(955)

Accounting policy for discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of that represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately on the face of the consolidated statement of profit or loss and other comprehensive income.

3. SEGMENT INFORMATION

The operating segments are based upon the units identified in the operating reports reviewed by the Board and executive management, and that are used to make strategic decision, in conjunction with the quantitative thresholds established by *AASB 8 Operating Segments*. As such, there are three identifiable and reportable segments each of which are outlined below:

- The Dairy segment incorporates Pyengana Dairy business operations, the assets of which were acquired in October 2017. The Dairy segment primarily derives revenue from dairy processing and manufacturing activity of premium cheese products. These products are sold under the Pyengana Dairy brand;
- The Poultry segment incorporates the net assets and business operations of Nichols Poultry Pty Ltd, which was acquired in June 2016 and Nichols Hatchery Pty Ltd, acquired in December 2023. Revenue is primarily derived from the sale of poultry meat products sold under the Nichols Poultry and Nichols Kitchen brands.
- The Shared Services segment comprises corporate costs that are not directly attributable to operational business units, including Shared Service teams, which provide administrative support to the operational production units in the areas of financial management, human resources, payroll services, IT, sales, marketing, brand management, route to market, quality assurance and food safety, and work health and safety.

Management measures the performance of the segments identified at the 'net profit before tax' level.

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

Continued Operations	Dairy \$'000	Poultry \$'000	Shared Services \$'000	Total \$'000
Half year 30 June 2024				
Revenue				
Total segment sales revenue	1,262	22,695	28	23,985
Other income/(expense)	(2)	306	205	509
	1,260	23,001	233	24,494
Segment EBITDA	204	296	(1,624)	(1,124)
Depreciation	(62)	(616)	(66)	(744)
Interest	(16)	(235)	(52)	(303)
Impairment expense	-	(2,926)	-	(2,926)
Fair value movement in biological assets	-	72	-	72
Segment profit/(loss)	126	(3,409)	(1,742)	(5,025)
Profit after tax from discontinued operations				20
Loss before income tax expense				(5,005)
Income tax expense				-
Loss after income tax expense				(5,005)
Total segment assets				
30 June 2024				
Segment assets	4,037	22,819	1,968	28,824
Total segment liabilities				
30 June 2024				
Segment liabilities	1,662	11,865	2,647	16,174

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

	Dairy \$'000	Poultry \$'000	Shared Services \$'000	Total \$'000
Half year 30 June 2023				
Revenue				
Total segment sales revenue	1,246	22,396	38	23,680
Other income	-	289	8	297
	1,246	22,685	46	23,977
Segment EBITDA	228	859	(3,368)	(2,281)
Depreciation	(58)	(425)	(133)	(616)
Interest	(14)	(153)	(41)	(208)
Fair value movement in biological assets	-	249	-	249
Segment profit/(loss)	156	530	(3,542)	(2,856)
Loss after tax from discontinued operations				(954)
Loss before income tax expense				(3,810)
Income tax expense				-
Loss after income tax expense				(3,810)
Total segment assets				
30 June 2023				
Segment assets	14,156	21,340	1,408	36,904
Total segment liabilities				
30 June 2023				
Segment liabilities	7,978	12,813	1,457	22,248

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2024

4. BIOLOGICAL ASSETS

	Poultry \$'000	Wasabi Plants \$'000	Total \$'000
Balance as at 1 January 2023	2,227	344	2,571
Increases due to purchases and production	3,244	-	3,244
Decreases due to sales/processing/mortality	(2,227)	(344)	(2,571)
Movement in fair value as a result of physical and/or price changes (ii)	243	-	243
Balance as at 31 December 2023	3,487	-	3,487
Balance as at 1 January 2024	3,487	-	3,487
Increases due to purchases and production	3,346	-	3,346
Decreases due to sales/processing/mortality (i)	(3,487)	-	(3,487)
Movement in fair value as a result of physical and/or price changes (ii)	72	-	72
Balance as at 30 June 2024	3,418	-	3,418

- (i) Includes biological assets reclassified as inventory at the point of harvest and/or processing.
- (ii) Includes physical changes as a result of biological transformation such as growth, degeneration and procreation.

As at 30 June 2024, the Group held 514,074 live poultry and 358,057 fertile eggs (31 December 2023: 553,165).

Fair Value Measurement

	31 December 2023			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
- Poultry	-	3,487	-	3,487
Total biological assets recognised at fair value	-	3,487	-	3,487

	30 June 2024			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
- Poultry	-	3,418	-	3,418
Total biological assets recognised at fair value	-	3,418	-	3,418

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

5. ASSETS HELD FOR SALE

	30 June 2024 \$'000	31 December 2023 \$'000
Cost	1,765	-
Accumulated Depreciation	(168)	-
Net carrying amount	<u>1,597</u>	<u>-</u>

The carrying amount of assets classified as held for sale at 30 June 2024 is \$1.597m. There are no liabilities directly associated with assets held for sale.

The assets held for sale refers to land and buildings owned by Van Diemen's Land Dairy Pty Ltd. It is anticipated that the sale transaction relating to this asset will be completed within 12 months of the reporting date.

6. PROPERTY, PLANT AND EQUIPMENT**a-) Property, Plant and Equipment**

	Land and buildings \$'000	Plant and equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Capital work in progress \$'000	Total \$'000
At 1 January 2024						
Cost	11,644	11,003	245	665	422	23,979
Accumulated depreciation	(1,235)	(5,089)	(214)	(177)	-	(6,715)
Net carrying amount	<u>10,409</u>	<u>5,914</u>	<u>31</u>	<u>488</u>	<u>422</u>	<u>17,264</u>
Net carrying amount at the beginning of the half-year	10,409	5,914	31	488	422	17,264
Additions	-	108	-	7	112	227
Disposals and write-offs	-	-	-	-	(4)	(4)
Impairment of assets	(2,926)	-	-	-	-	(2,926)
Assets classified as held for sale	(1,597)	-	-	-	-	(1,597)
Depreciation expense	(119)	(386)	(8)	(40)	-	(553)
Net carrying amount at the end of the half year	<u>5,767</u>	<u>5,636</u>	<u>23</u>	<u>455</u>	<u>530</u>	<u>12,411</u>
At 30 June 2024						
Cost	6,953	11,111	245	672	530	19,511
Accumulated depreciation	(1,186)	(5,475)	(222)	(217)	-	(7,100)
Net carrying amount	<u>5,767</u>	<u>5,636</u>	<u>23</u>	<u>455</u>	<u>530</u>	<u>12,411</u>

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2024

Impairment

At each reporting period the Group assesses whether there is an indication of impairment for each cash generating unit (CGU), in accordance with AASB 136 Impairment. Where an indicator of impairment is identified, impairment testing is performed.

At 30 June 2024, the Group has two CGUs for which indicators of impairment were considered, which are as follows:

Poultry CGU

Within the Poultry CGU, there are no indefinite lived intangible assets held at 30 June 2024. Based on the EBITDA result during the period, an indicator of impairment was identified. The recoverable amount of the Poultry CGU was assessed using a value in use calculation based on cash flow projections. These projections cover a five-year period and incorporate external market data and financial forecasts approved by management excluding any fair value adjustments relating to biological assets.

Key assumptions used in the value-in-use calculation include:

Assumption	30 June 2024
Weighted average cost of capital (WACC)	11.5%
Revenue growth rate (5 year avg)	4.5%
Terminal year growth rate	2.5%
Gross margin	25.0%

The revenue growth rate at 30 June 2024 is an average of 4.5% across the 5 year period which reflects current market trends and historical growth rates in the Poultry CGU. The gross margin used in the value in use calculation is assumed at 25% reflecting current year margin growth relating to the implementation of cost and production efficiency initiatives.

Based on the above assumptions the recoverable amount of the Poultry CGU at 30 June 2024 is estimated to be \$10.9 million which is a deficit of \$2.9 million when compared to the CGU's carrying value of assets of \$13.8 million.

Sensitivity Analysis

Changes to the assumptions underlying the value in use calculation have the potential to impact the impairment assessment. The following scenarios have been considered as part of the assessment of impairment in the current period:

Assumption change	Change in impairment
0.5% increase in WACC	(\$0.6m)
0.5% decrease in revenue growth rate years 1-4	(\$1.9m)
0.5% decrease in gross margin years 1-4	(\$1.3m)

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

Review outcome

Based on the above assessment an impairment of assets of \$2.9 million has been recognised at 30 June 2024.

Dairy CGU

Within the Dairy CGU, there are no indefinite lived intangible assets held at 30 June 2024. For the Dairy CGU, there were no indicators of impairment as at 30 June 2024.

b-) Right of Use Assets and Lease Liabilities***Right of Use Assets***

Recognised right of use assets relate to the following asset types:

	30 June 2024	
	Land and buildings	Motor vehicles
	\$'000	\$'000
Net carrying amount at 1 January 2024	4,071	351
Additions	278	-
Disposals	-	(84)
Depreciation expense	(173)	(48)
Net carrying amount at 30 June 2024	4,176	219

Lease Liabilities

	30 June 2024	31 December 2023
	\$'000	\$'000
Current	322	332
Non-Current	4,276	4,241
	4,598	4,573

7. BORROWINGS

	30 June 2024	31 December 2023
	\$'000	\$'000
<i>Current</i>		
Bank overdraft	464	-
Bank loan facilities	2,721	1,964
Other	-	320
	3,185	2,284
<i>Non-Current</i>		
Bank loan facilities	2	13
	2	13
Total borrowings	3,187	2,297

TasFoods Limited

Notes to and Forming Part of the Financial Statements
For the Half Year Ended 30 June 2024

Contracted Financial Maturities of Financial Liabilities

	Less than 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contracted cash flows \$'000	Carrying Amount \$'000
At 30 June 2024					
<i>Non-derivatives</i>					
Trade payables	6,190	-	-	6,190	6,190
Bank overdraft	464	-	-	464	464
Other	-	-	-	-	-
Bank loan facilities	2,722	2	-	2,724	2,724
	9,376	2	-	9,378	9,378
At 31 December 2023					
<i>Non-derivatives</i>					
Trade payables	9,662	-	-	9,662	9,662
Bank overdraft	-	-	-	-	-
Other	320	-	-	320	320
Bank loan facilities	1,964	13	-	1,977	1,977
	11,946	13	-	11,959	11,959

Financing Arrangements

	30 June 2024		31 December 2023	
	Limit	Undrawn Balance	Limit	Undrawn Balance
	\$'000	\$'000	\$'000	\$'000
Equipment Finance Liabilities	24	-	36	-
Bank Bill Facility	-	-	-	-
Bank Loan Facilities	2,700	-	1,976	-
Bank Overdraft	2,000	1,536	-	-
	4,723	1,536	2,012	-

Secured liabilities and assets pledged as security

The Group has finance facilities with NAB and Roadnight Capital at 30 June 2024. Facilities held with NAB include a \$2.0 million overdraft and \$1.4 million loan facility effective from March 2024. The loan facility paid out an existing equipment finance loan held with AMAL Financial Services Pty Ltd.

Available bank loan facilities are secured by mortgage over the property and water rights owned by Nichols Poultry Pty Ltd and property owned by Van Diemen's Land Dairy Pty Ltd. The facilities are also secured by a general security agreement over the property of Nichols Poultry Pty Ltd and Van Diemen's Land Dairy Pty Ltd not otherwise secured.

The Company holds a facility arrangement with Roadnight Capital of \$1.3 million, which has a maturity date of December 2025. The Company has classified the external borrowings as Current due to the intention to repay back the loan following divestment of assets from discontinued operations. This debt is subject to two financial covenants being (i) a loan value ratio covenant of less than or equal to

TasFoods Limited

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2024

60%; and (ii) An interest cover ratio of 1 times effective from April 2024 increasing to 1.5 times and from January 2025.

On 15 July 2024, a \$1.3 million loan facility was established with NAB to payout the Roadnight Capital loan in full.

8. CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	30 June 2024	31 December 2023	30 June 2024 \$'000	31 December 2023 \$'000
Ordinary shares - fully paid (no par value)	437,095,516	437,095,516	66,834	66,834
Total share capital			66,834	66,834

TasFoods Limited has issued share capital amounting to 437,095,516 ordinary shares of no par value.

9. SUBSIDIARIES

	Country of Incorporation	Principal Activity	Equity Holding	
			30 June 2024 %	31 December 2023 %
Nichols Hatchery Pty Ltd	Australia	Poultry	100%	100%
Nichols Poultry Pty Ltd	Australia	Poultry	100%	100%
JJBBSM Pty Ltd	Australia	-	100%	100%
Tasmanian Food Co Dairy Pty Ltd	Australia	Dairy	100%	100%
Van Diemen's Land Dairy Pty Ltd	Australia	-	100%	100%

10. EVENTS OCCURRING AFTER REPORTING DATE

On 15 July 2024, a \$1.3 million loan facility was established with NAB to payout an existing loan held with Roadnight Capital.

The Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 22 are in accordance with the *Corporations Act 2001*, including:
 - i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other professional mandatory reporting requirements; and
 - ii. Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half year ended on that date; and
- b) There are reasonable grounds to believe that TasFoods Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

John Murphy
Non-Executive Chair



30 August 2024
Launceston



Independent auditor's review report to the members of TasFoods Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of TasFoods Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of TasFoods Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss of \$5.0 million and a net cash outflow from operations of \$1.7 million during the half-year ended 30 June 2024 and, as of that date, had net current liabilities of \$0.2 million and as a result the Group is dependent on the successful implementation of its strategic initiatives. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake

Brad Peake
Partner

Melbourne
30 August 2024

Board of Directors

John Murphy	Non-Executive Chair
Ben Swain	Non-Executive Director
John O'Hara	Non-Executive Director

Company Secretary

Leanne Pritchard

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Auditor

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Solicitors

HWL Ebsworth Lawyers
Level 26, 530 Collins Street
Melbourne VIC 3000, Australia

O'Reilly Legal & Governance Pty Ltd
Maning Avenue
Sandy Bay, Tasmania, 7005, Australia

Bankers

Australia and New Zealand Banking Group
Bendigo and Adelaide Bank
National Australia Bank

Stock Exchange Listing

TasFoods Limited shares are listed on the Australian Securities Exchange, code TFL