

ASX Announcement: 27 August 2021

## First half FY2021 financial performance delivering strong margin improvement and sales growth

TasFoods Limited (ASX:TFL) today released its financial results for the half-year ended 30 June 2021 (H1 2021).

### Highlights:

- Sales revenue up 5% to \$33.934 million on prior comparative period (pcp) (H1 2020: \$32.459 million). The continued revenue growth is a strong performance given the pantry-stocking tailwinds experienced in the pcp.
- Improved gross margin of 27% (H1 2020: 23%) despite the dairy division trading through its seasonally highest cost quarter (April – June).
- EBITDA improved by \$1.019 million to negative \$0.299 million (H1 2020: negative \$1.318 million).
- Strong cash position of \$4.241 million, and undrawn facilities of \$1.468 million.
- The trailing last 12 months financial results reflect a positive EBITDA of \$0.37 million, demonstrating the business has started to deliver on the brand growth strategy adopted following the 2020 strategic review.
- Brand development work and go to market plans completed for the launch of Isle and Sky organic range commencing with an organic chicken product range into the national retail market in September 2021, underpinned by ranging in premium Coles stores in NSW & VIC.
- Continued focus on innovation and new product development with the launch of the Betta Milk lactose free range and new ready-to-cook meals.

	Half year 30 June 2021				Half year 30 June 2020			
	Dairy \$'000	Poultry \$'000	Corporate and Other \$'000	Total \$'000	Dairy \$'000	Poultry \$'000	Corporate and Other \$'000	Total \$'000
<b>Revenue</b>								
Total segment sales revenue	14,812	18,906	216	33,934	14,015	18,291	153	32,459
Other income	58	235	33	327	64	148	70	283
Total segment revenue	14,870	19,142	249	34,261	14,079	18,439	224	32,742
Segment EBITDA	1,088	852	(2,238)	(299)	690	281	(2,289)	(1,318)
Depreciation	(441)	(456)	(90)	(987)	(464)	(472)	(99)	(1,036)
Interest	(23)	(104)	(11)	(139)	(27)	(141)	(12)	(179)
Impairment Expense	-	-	-	-	(1,500)	(2,000)	-	(3,500)
Biological Asset Write Down of Wasabi Crop	-	-	-	-	-	-	(1,179)	(1,179)
Segment profit/(loss)	624	291	(2,340)	(1,424)	(1,302)	(2,332)	(3,579)	(7,212)
Loss before income tax expense				(1,424)				(7,212)
Income tax expense				-				-
<b>Loss after income tax expense</b>				<b>(1,424)</b>				<b>(7,212)</b>

## Financial Result

TasFoods has reported a significantly improved H1 2021 result, including a statutory net loss after tax of \$1.424 million (-0.40 cps), compared to a net loss after tax of \$7.212 million (-2.64 cps) for H1 2020<sup>1</sup>.

## Operating Performance

Sales revenue growth was achieved across all operating divisions, resulting in a 5% increase in sales revenue to \$33.934 million (H1 2020: \$32.459 million).

More stable trading conditions and margin improvement initiatives across the business resulted in an improved gross margin of 27% (H1 2020: 23%). As a result, EBITDA improved to negative \$0.299 million (H1 2020: negative \$1.318 million).

The dairy division continued to reinforce its position as a key pillar of profitability, reporting a strong financial contribution at both the revenue and EBITDA levels. Sales revenue increase by 5% to \$14.812 million (1H 2020: 14.015 million) associated with increased ranging in major and independent retail, expanded distribution and the launch of new products. Gross profit margin of 33% (H1 2020: 30%) contributed to the dairy EBITDA of \$1.088 million, up 58% (H1 2020: \$0.690 million).

The poultry division reported stable recovery from the COVID-19 influenced market volatility experienced in FY2020, with sales revenue increasing by 3% to \$18.906 million (H1 2020: \$18.291 million). Gross profit margin of 22% (H1 2020: 19%) contributed to the poultry EBITDA of \$0.852 million, up 203% (H1 2020: \$0.281 million).

## Balance Sheet

Net assets at half year-end were \$37.848 million (FY20: \$39.241 million), representing 10.76 cents per share (FY20: 11.15 cents per share).

Cash and cash equivalents at 30 June 2021 were \$4.241 million (FY20: \$7.245 million), and undrawn facilities of \$1.468 million (FY20: \$1.859 million).

Total borrowings at 30 June 2021 were \$5.401 million (FY20: \$5.817 million).

## Growth Initiatives

TasFoods has well established markets in Tasmania with loyal local consumers. TasFoods will focus on revenue growth opportunities, through expansion of sales of premium brands to interstate and export markets.

In H2 2021 actions, the poultry division will launch the Isle and Sky organic brand and organic chicken product range into the national retail market, initially through Coles stores across Victoria and New South Wales, and premium butchers and retail stores across the east coast and South Australia.

In H2 2021, the dairy division will launch a range of Meander Valley Dairy cheese into national independent retail, as well as 3 Meander Valley Dairy flavoured creams ranged nationally in Woolworths for Christmas seasonal sales. Further category expansion is flagged for 2022 through a mix of inhouse production and contract manufacturing.

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<sup>1</sup> In the prior comparative period (H1 2020), an impairment expense of \$3.5 million, and a write down of biological assets of \$1.179 million, was recognised.

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

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