

TASFOODS LTD

54 Tamar St, Launceston.
PO Box 425, Launceston, TAS, 7250.
(03) 6331 6983
admin@tasfoods.com.au

ABN 53 084 800 902 ACN 084 800 902

ASX Announcement: 28 February 2022

Resetting the foundations

TasFoods Limited (ASX:TFL, the Company) today released the company's full year results and annual report for financial year 2021.

2021 Financial Year Highlights

- Sales revenue growth of 4% to \$69.4 million was achieved in FY 2021 when compared to FY 2020. This was achieved mainly through the continued support of our loyal Tasmanian customer base.
- Sales revenue growth in poultry division of 5% was solid given the supply-chain challenges in the sector. Poultry now represents 56% of total revenue.
- Dairy divisional growth was largely flat on the pcp which was impacted by the limited ability to pass on input cost rises to customers. Pyengana dairy products (including Farm Gate and Café) were however a highlight in this division with sales increasing by 37% compared to FY 2020.
- Shima Wasabi performed strongly with an increase in sales of 46% on FY 2020.
- Cash holdings of \$1.5 million at the end of FY2021 and total available funds of \$4.0 million (including unused overdraft facilities of \$2.5 million).
- The business managed very well through significant uncertainty resulting from COVID-19. Not only did we ensure supply was maintained, but we also effectively managed our COVID safe plans to ensure safety of our staff and maintained animal welfare standards.
- Refreshed Board and Management team along with the update of our strategic ambition will drive strong profit improvement.

| | FY 2021 | | | | FY 2020 | | | | Change \$'000 | Change % |
|-------------------------|-----------------|-------------------|----------------------|-----------------|-----------------|-------------------|----------------------|-----------------|------------------|--------------|
| | Dairy \$'000 | Poultry \$'000 | Corp/Other \$'000 | Total \$'000 | Dairy \$'000 | Poultry \$'000 | Corp/Other \$'000 | Total \$'000 | | |
| Revenue | 30,362 | 38,636 | 443 | 69,441 | 29,502 | 36,871 | 378 | 66,751 | 2,690 | 4% |
| Other Income | 134 | 448 | 45 | 626 | 115 | 281 | 130 | 526 | 101 | 19% |
| Expenditure | (30,922) | (41,456) | (6,102) | (78,480) | (28,247) | (38,183) | (6,104) | (72,534) | (5,946) | 8% |
| EBITDA | (425) | (2,373) | (5,614) | (8,413) | 1,370 | (1,032) | (5,595) | (5,257) | (3,155) | -60% |
| Acquisition Costs | 0 | 0 | 0 | 0 | 0 | 0 | (15) | (15) | | |
| Movement in Fair Value | (32) | (113) | 69 | (76) | (38) | (107) | (1,154) | (1,300) | | |
| Impairment Expense | (2,770) | (1,137) | 0 | (3,907) | (1,500) | (2,000) | 0 | (3,500) | | |
| Operating EBITDA | 2,377 | (1,123) | (5,683) | (4,429) | 2,908 | 1,075 | (4,426) | (443) | (3,986) | -900% |
| GP Margin | 33% | 16% | | 24% | 35% | 20% | | 27% | | -3% |
| NPAT | | | | (10,741) | | | | (6,407) | | |

FY 2021 was a year of immense change at TasFoods. The company continued to see sales revenue growth in FY 2021 which demonstrates a strong underlying consumer demand for the Company's products however operational and environmental factors resulted in the strong sales growth not translating into positive financial results.

Gross margins for the year were significantly impacted by input cost increases associated with milk, poultry feed and labour which were not reflected in customer pricing. Whilst we don't expect these cost impacts to be permanent they do impact on shareholder returns. Rising costs associated with repairs, maintenance, utilities and stock adjustments contributed significantly to the year-on-year financial performance variance.

The performance in FY 2021 coupled with subdued forward-looking industry forecasts for the categories TasFoods participates in, has resulted in the Company recognising an impairment charge of \$3.9 million, comprising goodwill impairment of \$1.1 million in the poultry division and \$2.8 million in the dairy division. No goodwill remains on the balance sheet. No impairment to brand values were recognised.

Sales to interstate markets grew by 17% for the year through a combination of increased volume to existing customers, reflecting the introduction to market of new product ranges and the acquisition of new customers. Particularly pleasing was the sales growth from Pyengana cheese, with total interstate sales up 25% on last year.

A major initiative for FY 2022 is the implementation of a TasFoods Enterprise Resource Planning (ERP) system. This will be operational by Q4 2022 and will be critical in running a multi-brand and channel consumer products business. It will provide vital information to enhance decision making whilst also making TasFoods easier to do business with and facilitate growth.

The Board endorsed an updated strategy in January 2022 that will focus strongly on setting the foundations of the business up for the future, capitalising on our strength in Tasmania through delivering a positive financial return, aggressively expanding our interstate and e-commerce offerings and being continuously aware of opportunities in adjacent categories that fit with the strategy of TasFoods premium authentic business. In order to evaluate all opportunities presented, the Board has endorsed a company first Capital Management Framework that assesses all opportunities through a lens of strategic alignment, financial return, risk management and our capability to execute. We believe that this focus will put TasFoods on the path to short term profit and long-term prosperity to bring to life the vision to create the most reputable, sustainable and authentic premium products collective. We have provided further details on our future growth strategy in our FY 2021 Results & Strategy Investor Presentation released to the ASX.

TasFoods Chief Executive Officer Scott Hadley, and Chief Financial Officer Shona Croucher will present the financial results via a webcast at 11:00am (ADST) Monday 28 February 2022. The webcast link will be live from 10:45am (ADST). The link to the webcast is as follows:

<https://webcast.openbriefing.com/8540/>

A recording of the financial results webcast will be available on TasFoods website within 72 hours following the webcast.

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

TasFoods contact

Scott Hadley
Chief Executive Officer
+61 3 6331 6983