

## TASFOODS LIMITED

### APPENDIX 4D - HALF-YEAR REPORT

#### 1. DETAILS OF THE REPORTING PERIOD

Financial Reporting Period Ended	Half-year ended 30 June 2023
Previous Corresponding Reporting Period	Half-year ended 30 June 2022

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 June 2023 \$'000	30 June 2022 \$'000	% Change
Revenue from continuing operations	39,158	34,312	14.12%
Loss from ordinary activities after tax attributable to members	(3,810)	(5,406)	29.52%
Loss for the period attributable to members	(3,810)	(5,406)	29.52%

#### 3. DIVIDENDS AND DISTRIBUTIONS

	Amount per security	Franked amount per security
Dividends (distributions)		
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil

#### Record date for determining entitlements to the dividends (if any):

Not Applicable

#### Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to Half Year Financial Report (Attachment 1).

The half-yearly report is to be read in conjunction with the most recent annual financial report.

**4. NET TANGIBLE ASSETS PER SECURITY**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	2.8 cents per share	4.7 cents per share

**5. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD**

None

**6. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES**

None

**7. AUDIT / REVIEW STATUS**

The Half-Year Financial Report has been independently reviewed by the Company's auditors. A copy of the review report is included in the Half-Year Financial Report (Attachment 1).

**8. ATTACHMENTS FORMING PART OF APPENDIX 4D**

Attachment Number	Details
1	Financial Report for the Half Year Ended 30 June 2023

The Appendix 4D has been authorised for release to the ASX by the Company's Board of Directors.

Joshua Fletcher  
Company Secretary

28 August 2023

# **TasFoods Limited**

ACN 084 800 902

## **Financial Report**

**For the Half Year Ended 30 June 2023**

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<b>Directors' Report .....</b>	<b>2</b>
<b>Auditor's Independence Declaration .....</b>	<b>5</b>
<b>Financial Statements.....</b>	<b>6</b>
Consolidated Statement of Profit and Loss and Other Comprehensive Income .....	6
Consolidated Statement of Financial Position .....	7
Consolidated Statement of Changes in Equity .....	8
Consolidated Statement of Cash Flows .....	9
Notes to and forming part of the Financial Statements .....	10
Directors' Declaration .....	22
Independent Auditor's Review Report .....	23
<b>Corporate Directory .....</b>	<b>25</b>

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 2023.

### **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

### **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 2023 the TasFoods Group reported revenue from continuing operations of \$38.2m, an increase of \$4m on H1 2022 (\$34.1m) and an operating EBITDA loss of \$2.1m, an improvement of \$2.2m on H1 2022 (\$4.3m loss).

The Company is continuing to work with our customers to pass on many of the increased input costs experienced in the H1 2023 through increased selling prices with the positive impact continuing through the second half of 2023. The successful implementation of increased selling prices has resulted in improved key revenue and profitability metrics in H1 2023 delivering \$3.8m revenue increase and \$1.3m EBITDA improvement compared to pcp.

The major cost factors impacting this result were rising supplier input costs of milk, poultry feed, energy and distribution costs, which combined with revenue initiatives resulted in a gross profit margin of 24% at Group level, an increase of 2% on pcp.

As part of our ongoing efficiency program the company continues to review our SKU count across both our Dairy and Poultry divisions, reduce logistics providers and implement minimum order volumes and freight recovery initiatives. The company continues to focus on initiatives to reduce per unit conversion costs in our facilities through efficiency and effectiveness measures (including procurement savings and SKU rationalisation). These measures have improved financial performance and are expected to contribute further in H2 2023.

**TasFoods Limited**  
Directors' Report

	1H23					1H22				
	Dairy	Poultry	Horticulture	Shared Services	Total	Dairy	Poultry	Horticulture	Shared Services	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	15,518	22,396	205	38	38,158	14,789	19,106	198	38	34,131
Expenditure	(14,644)	(21,537)	(1,399)	(3,406)	(40,986)	(14,476)	(20,230)	(216)	(3,559)	(38,482)
EBITDA	874	859	(1,194)	(3,368)	(2,828)	341	(1,061)	(45)	(3,521)	(4,285)
Sale of Assets	(647)	19	1,121	-	493	-	-	-	-	-
Movement in Fair Value	-	249	-	-	249	-	73	43	-	116
Impairment Expense	-	-	-	-	-	-	-	-	-	-
Operating EBITDA	227	1,128	(72)	(3,368)	(2,086)	341	(988)	(2)	(3,521)	(4,169)
GP Margin	26%	23%	39%		24%	32%	15%	49%		22%
NPAT					(3,810)					(5,406)

Sales revenue in the dairy division was \$15.5m, 5% increase from the pcpc, despite challenging market conditions. The cost inflationary impacts relating to raw milk and cream procurement contributed to the dairy operating EBITDA result of \$0.2m (a decrease of \$0.1m compared to the pcpc). Gross profit margins in this division were 26%, a 6% reduction on pcpc. Profit on sale of the Hobart depot and Smithton cool room totalled \$0.65m.

The poultry division reported sales revenue of \$22.4m, a 17% increase to the pcpc. A positive increase in operating EBITDA of \$2.1m compared to the pcpc was the result of pricing increases and increased mainland sales. This was offset by rising input costs of feed, grower costs and labour.

The horticulture segment (Shima Wasabi) was sold at 30 June 2023 with a sale price of \$0.7m less employee entitlements. This business realised a net EBITDA loss of \$1.1m. Total loss on sale of business was \$1m including loss on biological assets.

EBITDA for the shared services segment reflects online sales operations, all other shared services costs such as the investment in people and capability, IT related expenditure, share based payments expense and centralised expenditure such as insurance, audit fees and listing costs.

#### Events Occurring After Reporting Date

Post half-year end, effective on 7 July 2023, ANZ bank overdraft facility reduced from \$4.56m to \$3.91m.

On 17 July 2023 the Betta Milk Ulverstone cool room was sold for \$400,000 plus gst.

Effective 7 July 2023 Shima Wasabi Pty Ltd changed its name to JJBSM Pty Ltd.

On 26 August 2023 a business sale agreement (BSA) was signed for TasFoods to sell its Betta Milk and Meander Valley Dairy business units for cash \$11m (less employee entitlements), plus stock adjustment. The sale excludes land and buildings at the Burnie location. The Transaction is subject to the satisfaction of certain conditions, including the transfer of relevant assets, licenses and IP and employees required to operate the Betta Milk and Meander Valley businesses, transfer of material supply contracts and the Australian Competition and Consumer Commission ("ACCC") not objecting to the Acquisition.

#### 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 4 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.

**TasFoods Limited**  
Directors' Report

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Amounts have been rounded off to the nearest thousand dollars or, in certain cases, to the nearest dollar.

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

28 August 2023



## Auditor's Independence Declaration

As lead auditor for the review of TasFoods Limited for the half-year ended 30 June 2023, 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 cursive script that reads 'Brad Peake'.

Brad Peake  
Partner  
PricewaterhouseCoopers

Melbourne  
28 August 2023



**TasFoods Limited**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Half Year Ended 30 June 2023

		30 June 2023 \$'000	30 June 2022 \$'000
	Note		
Revenue from operations		38,158	34,131
Other income		1,000	181
Fair value adjustment of biological assets	3	249	116
Raw materials used		(22,539)	(20,011)
Employment and contractor expense		(11,115)	(11,336)
Freight		(2,946)	(2,696)
Occupancy costs		(729)	(757)
Depreciation and amortisation		(953)	(1,038)
Insurance		(485)	(324)
Finance costs		(287)	(199)
Legal and professional fees		(387)	(504)
Marketing and event expenses		(213)	(311)
Repairs and maintenance		(657)	(663)
Loss on sale of assets		(1,145)	-
Other expenses		(1,760)	(1,995)
<b>Loss before income tax</b>		<b>(3,810)</b>	<b>(5,406)</b>
Income tax expense		-	-
<b>Net Loss after tax for the half year</b>		<b>(3,810)</b>	<b>(5,406)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss in the future:</i>			
Other comprehensive loss net of tax		-	-
<b>Total comprehensive loss</b>		<b>(3,810)</b>	<b>(5,406)</b>
Net loss for the period attributable to:			
Owners of TasFoods Limited		(3,810)	(5,406)
		<b>(3,810)</b>	<b>(5,406)</b>
Total comprehensive loss for the half year is attributable to:			
Owners of TasFoods Limited		(3,810)	(5,406)
		<b>(3,810)</b>	<b>(5,406)</b>
Basic loss per share (cents per share)		(0.87)	(1.24)
Diluted loss per share (cents per share)		(0.87)	(1.24)
Basic loss per share from continuing operations (cents per share)		(0.87)	(1.24)
Diluted loss per share from continuing operations (cents per share)		(0.87)	(1.24)

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

**TasFoods Limited**

## Consolidated Statement of Financial Position

For the Half Year Ended 30 June 2023

	Note	30 June 2023 \$'000	31 December 2022 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		999	351
Trade and other receivables		4,698	4,734
Biological assets	3	2,631	2,557
Inventory		4,818	4,574
Prepayments		408	1,144
<b>Total Current Assets</b>		<b>13,554</b>	<b>13,360</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4a	20,838	23,713
Right of use assets	4b	1,876	1,541
Intangible assets	5	636	556
Biological assets	3	-	14
<b>Total Non-Current Assets</b>		<b>23,350</b>	<b>25,824</b>
<b>Total Assets</b>		<b>36,904</b>	<b>39,184</b>
<b>Current Liabilities</b>			
Trade and other payables		11,801	11,645
Borrowings	6	3,180	1,022
Lease liabilities	4b	472	373
Provisions		1,262	1,362
<b>Total Current Liabilities</b>		<b>16,715</b>	<b>14,402</b>
<b>Non-Current Liabilities</b>			
Borrowings	6	3,366	4,739
Lease liabilities	4b	1,966	1,494
Provisions		201	219
Deferred tax liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>5,533</b>	<b>6,452</b>
<b>Total Liabilities</b>		<b>22,248</b>	<b>20,854</b>
<b>Net Assets</b>		<b>14,657</b>	<b>18,330</b>
<b>Equity</b>			
Contributed Equity	7	66,834	66,834
Reserves		1,258	1,121
Accumulated Losses		(53,435)	(49,625)
<b>Total Equity</b>		<b>14,657</b>	<b>18,330</b>

*The above 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 2023

	Contributed Equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance at 1 January 2022</b>	<b>61,054</b>	<b>691</b>	<b>(33,147)</b>	<b>28,598</b>
Loss for the half year	-	-	(5,406)	(5,406)
Total comprehensive loss for the half year	-	-	(5,406)	(5,406)
Issue of shares	5,964	-	-	5,964
Share issue costs	(260)	-	-	(260)
Share-based payment expense	-	240	-	240
<b>Balance at 30 June 2022</b>	<b>66,756</b>	<b>931</b>	<b>(38,553)</b>	<b>29,134</b>
<b>Balance at 1 January 2023</b>	<b>66,834</b>	<b>1,121</b>	<b>(49,625)</b>	<b>18,330</b>
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
<b>Balance at 30 June 2023</b>	<b>66,834</b>	<b>1,256</b>	<b>(53,434)</b>	<b>14,656</b>

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

**TasFoods Limited**Consolidated Statement of Cash Flows  
For the Half Year Ended 30 June 2023

	<b>30 June 2023 \$'000</b>	<b>30 June 2022 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	38,563	34,963
Payments to suppliers and employees	(40,619)	(37,447)
Interest paid	(217)	(170)
Other	-	(91)
Net cash (used in)/provided by operating activities	<u>(2,273)</u>	<u>(2,745)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	2,673	8
Payments for property, plant and equipment	(241)	(320)
Payments for other non-current assets	(97)	(60)
Net cash (used in)/provided by investing activities	<u>2,336</u>	<u>(373)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	5,964
Cost of issuing shares	-	(231)
Proceeds from borrowings	111	41
Principle element of borrowing payments	(2,005)	(770)
Transaction costs related to borrowings	(108)	-
Principal element of lease payments	(192)	(215)
Net cash provided by/(used in) financing activities	<u>(2,194)</u>	<u>4,789</u>
<b>Net (decrease)/increase in cash held</b>	<b>(2,131)</b>	<b>1,672</b>
Cash and cash equivalents at the beginning of the half year	<u>351</u>	<u>1,451</u>
Cash and cash equivalents / (bank overdraft) at the end of the half year	<u>(1,780)</u>	<u>3,122</u>

*The above 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 2023

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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 2023 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 2022 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 2023.

**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 2022.

**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 2023, the Group incurred losses before tax of \$3.8 million (H1 2022: \$5.4 million) and incurred net cash outflows from operations of \$2.3 million (H1 2022: \$2.7 million). At 30 June 2023, the Group had net cash and cash equivalents of \$1.8 million (overdraft) (December 2022: \$0.4 million cash and cash equivalents), and is in a net current liability position of \$3.2 million (December 2022: \$1.0 million) with total external borrowings of \$6.5 million (\$3.2 million current and \$3.4 million non-current) and unused facilities of \$2.5 million.

Management are aiming to improve the current financial position and cash flows of the Group by carrying out the following actions over the next twelve months:

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

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(a) The execution of the business sale agreement (BSA) with Bega, signed on 26 August 2023, to sell the Group's Betta Milk and Meander Valley Dairy business units for cash of \$11 million (less employee entitlements) plus stock adjustment, (together the Transaction). The sale is subject to the satisfaction of certain conditions, including

- the transfer of relevant assets, licenses and IP, and employees required to operate the Betta Milk and Meander Valley businesses; and
- transfer of material supply contracts; and
- competition and regulatory approvals. The ACCC has advised that it wishes to conduct market enquiries before approving the Transaction. This process is expected to take two to three months.

If the BSA is completed as planned, the net proceeds will be used to retire Tasfoods' existing debt as well as to fund future growth capital requirements.

(b) the continued successful implementation of its strategy of a disciplined approach to managing input cost increases and other profitability enhancing initiatives. The strategic objectives to achieve sufficient future cash flows to enable its obligations to be met include:

- On-going assessment of customer and product profitability with the aim of exiting low or negative margin products.
  - Increasing gross margins through negotiated sales price increases with customers and execution of identified cost savings over raw material inputs, distribution and logistics.
  - Continued new product development in the poultry business unit focussed on pet treats and waste stream commercialisation.
  - Increased mainland poultry and cheese sales.
  - Focussed marketing on a simplified brand pyramid to build brand awareness of key brands.
- Implementation of a number of the above key initiatives commenced during 2022 and H1 2023 and as such, the benefits of the following steps are expected to be experienced in the second half of the financial year:
- SKU rationalisation of low volume/loss making products,
  - price rises in February, March and June 2023,
  - further increases in minimum order quantities as well as implementation of a number of distribution network efficiency strategies in January 2023.

(c) negotiating and obtaining additional funding from alternative sources, if required.

The Group's ability to meet its ongoing working capital requirements is based on a forecast EBITDA and cash flow requirements, which is determined by meeting sales forecasts and margin expectations as well as continuing to assess what Shared Service costs are required.

As a result of these matters, there is a 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.

## **2. 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:
  - Meander Valley Dairy business operations, the assets of which were acquired in September 2015;
  - Pyengana Dairy business operations, the assets of which were acquired in October 2017; and
  - Betta Milk business operations, the assets of which were acquired in July 2019.
- The Poultry segment incorporates the net assets and business operations of Nichols Poultry Pty Ltd, which was acquired in June 2016.
- The Horticulture segment comprises the net assets and business operations of Shima Wasabi Pty Ltd, which was acquired in June 2016. This was sold at 30 June 2023.
- The Shared Services segment comprises:
  - The Online Sales function and Shared Services costs that are not directly attributable to operational business units, including the Shared Service teams, which provide administrative support to the operational production units in the areas of financial management, human resources, sales, marketing, brand management, route to market, supply chain/logistics and procurement, quality assurance and food safety, and work health and safety.

Management measures the performance of the segments identified at the Earnings Before Tax Interest Depreciation and Amortisation 'EBITDA' level.

**TasFoods Limited**Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

	Dairy \$'000	Poultry \$'000	Horticulture \$'000	Shared Services \$'000	Total \$'000
<b>Half year 30 June 2023</b>					
<b>Revenue</b>					
Total segment sales revenue	15,518	22,396	205	38	38,158
Other income	697	289	6	8	1,000
	16,215	22,685	211	46	39,158
Segment EBITDA	874	859	(1,194)	(3,368)	(2,828)
Depreciation	(347)	(425)	(49)	(133)	(953)
Interest	(83)	(153)	(1)	(41)	(278)
Fair value movement in biological assets	-	249	-	-	249
Segment profit/(loss)	444	531	(1,243)	(3,542)	(3,810)
Loss before income tax expense					(3,810)
Income tax expense					-
<b>Loss after income tax expense</b>					<b>(3,810)</b>
<b>Total segment assets</b>					
<b>30 June 2023</b>					
Segment assets	14,156	21,340	726	681	36,904
<b>Total segment liabilities</b>					
<b>30 June 2023</b>					
Segment liabilities	7,978	12,813	28	1,429	22,248
Dairy Segment results profit on sale of assets of \$647k is included in other income. In the Horticulture results, Segment EBITDA includes a loss on sale of assets of \$1.1m.					
	Dairy \$'000	Poultry \$'000	Horticulture \$'000	Shared Services \$'000	Total \$'000
<b>Half year 30 June 2022</b>					
<b>Revenue</b>					
Total segment sales revenue	14,789	19,106	198	38	34,131
Other income	28	136	17	-	181
	14,817	19,242	215	38	34,312
Segment EBITDA	341	(1,061)	(45)	(3,521)	(4,285)
Depreciation	(416)	(512)	(44)	(66)	(1,038)
Interest	(31)	(151)	(1)	(16)	(199)
Fair value movement in biological assets	-	73	43	-	116
Segment profit/(loss)	(106)	(1,651)	(46)	(3,603)	(5,406)
Loss before income tax expense					(5,406)
Income tax expense					-
<b>Loss after income tax expense</b>					<b>(5,406)</b>
<b>Total segment assets</b>					
<b>30 June 2022</b>					
Segment assets	20,691	25,116	1,907	1,850	49,565
<b>Total segment liabilities</b>					
<b>30 June 2022</b>					
Segment liabilities	5,992	12,865	159	1,414	20,430



**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

**3. BIOLOGICAL ASSETS**

	<b>Poultry</b>	<b>Goats</b>	<b>Wasabi</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>Plants</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 January 2022	1,916	-	259	2,175
Increases due to purchases and production	1,929	-	36	1,965
Decreases due to sales/processing/mortality (i)	(1,916)	-	(28)	(1,944)
Movement in fair value as a result of physical and/or price changes (ii)	298	-	77	375
Balance as at 31 December 2022	<u>2,227</u>	<u>-</u>	<u>344</u>	<u>2,571</u>
Current	2,227	-	330	2,557
Non-current	-	-	14	14
	<u>2,227</u>	<u>-</u>	<u>344</u>	<u>2,571</u>
Balance as at 1 January 2023	2,227	-	344	2,571
Increases due to purchases and production	2,382	-	-	2,382
Decreases due to sales/processing/mortality (i)	(2,227)	-	(344)	(2,571)
Movement in fair value as a result of physical and/or price changes (ii)	249	-	-	249
Balance as at 30 June 2023	<u>2,631</u>	<u>-</u>	<u>-</u>	<u>2,631</u>
Current	2,631	-	-	2,631
Non-current	-	-	-	-
	<u>2,631</u>	<u>-</u>	<u>-</u>	<u>2,631</u>

- (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 2023, the Group held 539,159 live poultry (31 December 2022: 510,494).

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

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**Fair Value Measurement**

	<b>31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Recurring fair value measurements				
- Poultry	-	2,227	-	2,227
- Wasabi plants	-	-	344	344
Total biological assets recognised at fair value	-	2,227	344	2,571

	<b>30 June 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Recurring fair value measurements				
- Poultry	-	2,631	-	2,631
- Wasabi plants	-	-	-	-
Total biological assets recognised at fair value	-	2,631	-	2,631

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

**4. 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 31 December 2022						
Cost	15,260	16,639	290	692	312	33,193
Accumulated depreciation	(1,784)	(7,155)	(224)	(318)	-	(9,480)
Net carrying amount	13,476	9,484	67	374	312	23,713
Net carrying amount at the beginning of the half-year	13,476	9,484	67	374	312	23,713
Additions	3	140	28	12	23	206
Disposals and write-offs	(2,145)	(195)	-	(27)	-	(2,367)
Depreciation expense	(150)	(536)	(15)	(12)	-	(714)
Net carrying amount at the end of the half year	11,184	8,893	80	347	335	20,838
At 30 June 2023						
Cost	13,118	16,584	318	677	335	31,032
Accumulated depreciation	(1,933)	(7,693)	(239)	(330)	-	(10,197)
Net carrying amount	11,184	8,890	79	347	335	20,835

**Impairment**

At each reporting period the Company assesses whether there is an indication of impairment for each of the Company's groups of cash generating units (CGUs), in accordance with AASB 136 Impairment. Where an indicator of impairment is identified, impairment testing is performed.

At 30 June 2023, the Company 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 2023. For the poultry CGU, there were no indicators of impairment as at 30 June 2023.

**Dairy CGU**

Within the Dairy CGU, there are no indefinite lived intangible assets held at 30 June 2023. As at 30 June 2023, the key drivers such as consumer demand trending towards private label white milk due to economic factors and increased input costs were considered indicators of impairment for the Dairy CGU's non-current assets, resulting in the completion of impairment testing as at 30 June 2023. The non-current assets of the CGU was assessed on a fair value less costs to sell basis. Refer to Note 2 for a summary of segment net assets. The fair value assessment included assumptions such as relevant transactional prices and asset useful lives. This included an independent valuation performed by Preston Rowe Paterson in

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

March 2023 of land, buildings and property plant and equipment. In addition a BSA was signed on 26 August 2023 for the sale of Betta Milk and Meander Valley Dairy for a sale price of \$11 million (less employee entitlements) plus stock adjustment and excludes the sale of land and buildings at the Burnie location (carrying value of \$1.7m).

As the fair value less costs of disposal was in excess of the carrying value of the assets, no impairment was recognised.

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

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

	<b>30 June 2023</b>		
	<b>Land and buildings</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net carrying amount at 31 December 2022	1,166	375	1,541
Additions	456	154	610
Disposals	(61)	-	(61)
Depreciation expense	(152)	(61)	(213)
Net carrying amount at the end of the half year	<u>1,409</u>	<u>468</u>	<u>1,877</u>

***Lease Liabilities***

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	472	373
Non-Current	<u>1,966</u>	<u>1,494</u>
	<u>2,438</u>	<u>1,866</u>

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

**5. INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Brands and trademarks</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 31 December 2022				
Cost	9,674	6,835	552	17,061
Accumulated impairment and amortisation	(9,674)	(6,831)	-	(16,505)
Net carrying amount	-	4	552	556
Net carrying amount at the beginning of the period	-	4	552	556
- Additions	-	-	118	118
- Disposal	-	-	(13)	(13)
- Amortisation during the period	-	-	(26)	(26)
Net carrying amount at the end of the half year	-	4	631	635
At 30 June 2023				
Cost	9,674	6,835	657	17,166
Accumulated impairment and amortisation	(9,674)	(6,831)	(26)	(16,530)
Net carrying amount at the end of the period	-	4	631	636

Intangible assets are assessed as having an indefinite useful life are allocated to the Group's cash generating units (CGUs) as follows:

	<b>30 June 2023</b>				<b>31 December 2022</b>			
	<b>Goodwill</b>	<b>Brands and trademarks</b>	<b>Other</b>	<b>Total</b>	<b>Goodwill</b>	<b>Brands and trademarks</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Dairy	-	-	10	10	-	-	-	-
Poultry	-	-	235	235	-	-	196	196
Corporate and Other	-	4	387	391	-	4	356	360
Total	-	4	632	636	-	4	552	556

Goodwill is carried at cost less accumulated impairment losses.

Refer to note 4 for impairment disclosure.

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

**6. BORROWINGS**

	30 June 2023 \$'000	31 December 2022 \$'000
<i>Current</i>		
Bank overdraft	2,779	473
Bank loan facilities	401	549
Other	-	-
	<u>3,180</u>	<u>1,022</u>
<i>Non-Current</i>		
Bank loan facilities	3,366	4,739
	<u>3,366</u>	<u>4,739</u>
Total borrowings	<u>6,546</u>	<u>5,761</u>

***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
<b>At 30 June 2023</b>					
<i>Non-derivatives</i>					
Trade payables	11,802	-	-	11,802	11,802
Bank overdraft	2,779	-	-	2,779	2,779
Other	-	-	-	-	-
Bank loan facilities	401	3,366	-	3,767	3,767
	<u>14,982</u>	<u>3,366</u>	<u>-</u>	<u>18,348</u>	<u>18,348</u>
<b>At 31 December 2022</b>					
<i>Non-derivatives</i>					
Trade payables	11,645	-	-	11,645	11,645
Bank overdraft	-	-	-	-	-
Other	473	4,739	-	5,212	5,212
Bank loan facilities	549	-	-	549	549
	<u>12,667</u>	<u>4,739</u>	<u>-</u>	<u>17,407</u>	<u>17,407</u>

***Financing Arrangements***

	30 June 2023		31 December 2022	
	Limit	Undrawn Balance	Limit	Undrawn Balance
	\$'000	\$'000	\$'000	\$'000
Equipment Finance Liabilities	1,049	-	1,183	-
Bank Bill Facility	3,500	679	3,500	-
Bank Loan Facilities	-	-	1,712	-
Bank Overdraft	4,615	1,836	3,260	3,260
	<u>9,164</u>	<u>2,515</u>	<u>9,655</u>	<u>3,260</u>

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements  
For the Half Year Ended 30 June 2023

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**Secured liabilities and assets pledged as security**

The Group has a number of finance facilities with ANZ. Available facilities include overdrafts, a bank bill facility which 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. On 1 July 2022, ANZ agreed to remove all debt covenants in relation to the ANZ finance facilities. In addition, the bank overdraft available facility increased from \$3.26m (31 December 2022) to \$4.62m as at 30 June 2023.

The Group also has equipment finance liabilities with Causeway AM which are secured by mortgage over TasFoods Limited assets.

**7. CONTRIBUTED EQUITY**

	Number of Shares		Share Capital	
			31 December	
	30 June 2023	31 December 2022	30 June 2023 \$'000	2022 \$'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.

**8. SUBSIDIARIES**

	Country of Incorporation	Principal Activity	Equity Holding	
			30 June 2023	31 December 2022
			%	%
Van Diemen's Land Dairy Pty Ltd	Australia	Dairy	100%	100%
Nichols Poultry Pty Ltd	Australia	Poultry	100%	100%
Shima Wasabi Pty Ltd	Australia	-	100%	100%
Tasmanian Food Co Dairy Pty Ltd	Australia	Dairy	100%	100%

**9. EVENTS OCCURRING AFTER REPORTING DATE**

Post half-year end, effective on 7 July 2023, ANZ bank overdraft facility reduced from \$4.56m to \$3.91m.

On 17 July 2023 the Betta Milk Ulverstone cool room was sold for \$400,000 plus gst.

On 7 July 2023 Shima Wasabi Pty Ltd changed its name to JJBBSM Pty Ltd.

On 26 August 2023 a business sale agreement (BSA) was signed for TasFoods to sell its Betta Milk and Meander Valley Dairy business units for cash \$11m (less employee entitlements), plus stock adjustment. The sale excludes land and buildings at the Burnie location. The Transaction is subject

**TasFoods Limited**

Notes to and Forming Part of the Financial Statements

For the Half Year Ended 30 June 2023

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to the satisfaction of certain conditions, including the transfer of relevant assets, licenses and IP and employees required to operate the Betta Milk and Meander Valley businesses, transfer of material supply contracts and the Australian Competition and Consumer Commission (“ACCC”) not objecting to the Acquisition.

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 5 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 2023 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

28 August 2023  
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 2023, 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 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 2023 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 \$3.8 million and a net cash outflow from operations of \$2.3 million during the half-year ended 30 June 2023. At 30 June 2023, the Group is in a net current liability position of \$3.2 million. 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.



### ***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 2023 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  
28 August 2023

**Board of Directors**

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

**Company Secretary**

Joshua Fletcher

**Registered Office**

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**Auditor**

PricewaterhouseCoopers  
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Southbank Victoria 3006 AUSTRALIA

**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

**Stock Exchange Listing**

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