

ASX Announcement: 18 December 2023

TasFoods secures fully integrated poultry business

Highlights:

- TasFoods has completed an agreement to acquire chicken broiler and breeder business Redbank Poultry, located in North-West Tasmania.
- Redbank currently provides 100% of Nichols Poultry's one day-old chicks. This transaction secures TasFoods poultry supply-chain.
- Acquisition of Redbank expected to add ~\$800K of annual EBITDA to TasFoods once fully integrated.

TasFoods Limited (**TasFoods**, the **Company**, ASX:TFL) is pleased to announce today it's 100% owned subsidiary Nichols Hatchery Pty Ltd has completed an agreement to acquire the business and assets of Redbank Poultry (**Redbank**), a chicken broiler and breeder facility located in North-West Tasmania. Redbank was established in 1986 to provide broiler chicken stock to Nichols Poultry and is currently the sole supplier of day-old chicks to Nichols Poultry with Nichols Poultry its sole customer.

Over the past 18 months the performance of Nichols Poultry has significantly improved with 1H FY23 revenue of \$22.4m, +17% on the prior comparable period (PCP). The acquisition of Redbank marks the next stage of our evolution to create a fully integrated poultry business. The acquisition of Redbank will enhance TasFoods supply chain security whilst providing numerous operational elements, including creating an end-to-end poultry agricultural operation through the entire value chain.

The Redbank acquisition will enhance the financial performance and stability of the Nichols Poultry business. Redbank is a profitable business and is expected to add approximately \$800,000.00 of annual EBITDA to TasFoods when fully integrated. The purchase price is \$1.25m for plant and equipment and associated assets plus \$1.1m for the final valuation of inventory at completion.

Additionally, TasFoods has entered into a 5-year lease (with three 5-year extension options) for the growing sheds and associated infrastructure. Current employees will be transferred to TasFoods entities. Two services agreements will be entered into, the first with the current owner to ensure short term continuity of management and the second with an associated entity to provide long term value-add ancillary services to assist with operation of the business.

TasFoods will primarily use the funds it obtained from the Betta Milk/Meander Valley Dairy sale to fund this acquisition. However, to assist it has also entered into a short term financing agreement with RNC Nominees Pty Ltd as trustee for the Roadnight Capital Private Debt Fund (**Roadnight**) in the form of a loan facility.

This announcement combined with the prior release regarding TasFoods expansion into the pet treats segment helps to solidify the gains TasFoods has made in the poultry business. On completion of the acquisition Nichols Poultry and Nichols Hatchery will form a vertically integrated poultry business supplying premium chicken to the domestic market, significantly improving the foundations of the business for future growth.

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

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