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TasFoods Ltd (TFL.ASX)
H1 2025 Results Presentation

PYENGANA
DAIRY

ISLE & SKY™
PLANET FRIENDLY PET NUTRITION

NICHOLS
POULTRY

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H1 2025 Highlights

Significant actions delivered on our Path Forward in extremely challenging market conditions

TasFoods has become a streamlined and simplified business

- This has assisted the Company to best navigate the challenging market dynamics from FY2024 and into H1 2025, particularly in the Tasmanian poultry market.
- Key initiatives undertaken to strengthen TasFoods business position in H1 2025 included:
  - **Conversion of Chicken Contract Growers to Lease Agreements**: Further securing and controlling our Poultry supply chain in the broiler growing network and gaining operational efficiencies to enhance our commercial position;
  - **Pet Treats Expansion**: Continued rollout of the Isle & Sky Pet Treats strategy, with a Sales and Distribution Agreement with Natures Best, one of Australia's largest vertically integrated pet retail and distribution businesses (April 2025). This will also utilise the Nichols Poultry waste stream for other products in Natures Best portfolio;
  - **Optimised Feed Supply**: Transitioned in H2 2024 feed supply from Inghams to Ridley achieving a ~6% improvement in feed conversion ratio (FCR) and ongoing deeper engagement to further benefits which has flowed through to H1 2025 operational efficiencies in the breeding and growing networks;
  - **Cost Reduction**: Reduced corporate overhead costs by $0.6m and focusing on essential services despite market volatility;
  - **Pyengana Dairy Growth:** Focused on export certification process and facility upgrades throughout H1 2025. New product offering of flavoured cheddar cheese products into local Tasmanian market, with further new products in Q4 2025 to be launched.
  - **Unconditional Sale of Burnie Property**: settlement due Mid-September 2025 of former Betta Milk site; and
  - **Pyengana Dairy Sale:** Strategic decision to sell Pyengana Dairy by 31 October 2025 after reviewing all business units under the current TasFoods structure against the Capital Management Framework.

H1 2025 Financial Results Overview

- Total Group operating EBITDA loss of $1.5m, a $0.5m (51%) increased loss on previous year (H1 2024: $1m loss);
- Statutory Group Net Profit After Tax (NPAT) loss of $3.6m which includes a non-cash impairment of $1.2m of Poultry property, plant and equipment (PP&E);
- Gross margin for the Consolidated Group was 22%, which was 3% lower compared to pcp (H1 2024: 25%), a result of reduced consumer spending, an unprecedented oversupply of poultry and heavily discounted wholesale pricing in the Tasmanian and mainland markets;
- H1 2025 poultry sales volume was 12% (356mt) lower than H1 2024 driven by oversupply of mainland poultry in all market channels;
- Non-cash impairment charge of $1.2m for the period against Nichols Poultry PP&E, was recorded following a review of the value of cash generating units and assets across the Company;
- Operating a leaner Corporate Office, focusing only on essential services has resulted in an operating expenditure for H1 2025 of $1.2m, a 34% decrease from the pcp; and
- Cash position of $1.3m negative at 30 June 2025 was $1.8m lower than pcp (H1 2025: $0.5m), a result of the oversupply of poultry in all market channels, increased competition and subsequent lower wholesale prices, and significant input cost increases including electricity, gas and direct labour cost.

H1 2025 Financial Highlights: Operating EBITDA (Continued and Discontinued Operations)

	H1 2025							
	Continued operations				Discontinued operations			Consolidated
	Dairy	Poultry	Shared Services	Total	Dairy	Horticulture	Total	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue & Other Income	783	19,224	17	20,024	200		200	20,224
Operating Expenditure	(864)	(19,601)	(1,225)	(21,691)	(53)		(53)	(21,744)
Operating EBITDA	**(82)**	**(377)**	**(1,208)**	**(1,667)**	**147**		**147**	**(1,520)**
GP Margin	43%	22%	0%	22%	0%	0%	0%	22%
Movement in Fair Value	-	175	-	175	-	-	-	175
Sale of Assets	-	-	-		-	-	-	-
EBITDA	**(82)**	**(202)**	**(1,208)**	**(1,492)**	**147**	**-**	**147**	**(1,345)**
NPAT (excluding impairment)	-	-	-	**(2,324)**	-	-	-	**(2,324)**
Impairment Expense	-	(1,228)	-	(1,228)	-	-	-	(1,228)
NPAT				**(3,552)**				**(3,552)**

	H1 2024							
	Continued operations				Discontinued operations			Consolidated
	Dairy	Poultry	Shared Services	Total	Dairy	Horticulture	Total	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue & Other Income	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)**

- Operating EBITDA loss of $1.5m for the consolidated operations was a 51% decline on prior corresponding period (pcp) $1.0m loss.
- NPAT loss of $3.6m was $1.4m lower compared to pcp (H1 2024: $5.0m loss). This includes a $1.2m non-cash impairment of Nichols Poultry assets (H1 2024: $2.9m impairment).
- Non-cash impairment of $1.2m for Nichols Poultry was recorded following a review of the value of cash generating units and assets across the Company.
- Sales revenue and other income from continued operations reduced by 18% over pcp to $20.0m (H1 2024: $24.5m), driven by oversupply and wholesale discounting of poultry, lower tourist numbers at the Pyengana Dairy café and constraint of cheese aging in the cellar.
- Poultry sales volume was 12% (356mt) lower than pcp driven by oversupply in all market channels.
- Gross margin of 22% (H1 2024: 25%) was down 3% driven by consumer spending reduction and an unprecedented oversupply of poultry in all market channels, which increased competition and lowered wholesale prices.

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H1 2025 Financial Results

Profit and loss – Consolidated Group (Continued and Discontinued Operations)

Profit or Loss ($000's)	H1 2025	H1 2024
Income	**Total Consolidated**	
Revenue	19,876	23,985
Other income	348	695
Profit/(loss) on sale of fixed assets	-	-
Total income	**20,224**	**24,680**
Expenses		
Fair value adjustment of biological assets	175	72
Impairment	(1,228)	(2,926)
Raw materials used	(10,607)	(12,852)
Employment and contractor expense	(6,882)	(7,935)
Freight	(1,622)	(1,707)
Occupancy costs	(575)	(477)
Depreciation and amortisation	(616)	(794)
Finance costs	(369)	(377)
Insurance	(348)	(393)
Legal and professional fees	(431)	(501)
Marketing and event expenses	(37)	(103)
Repairs and maintenance	(240)	(460)
Loss on sale of assets	-	(29)
Other expenses	(996)	(1,203)
Net Loss before income tax	**(3,552)**	**(5,005)**
Income tax benefit/(expense)	-	-
Net Loss after tax for the year	**(3,552)**	**(5,005)**

- Consolidated NPAT loss of $3.6m (continued and discontinued operations), inclusive of a $1.2m non-cash impairment of Nichols Poultry assets, was $1.4m lower compared to pcp (H1 2024: $5.0m loss).
- Non- cash impairment of $1.2m was recorded for Nichols Poultry assets. This follows a review of the value of cash generating units and assets in the Company. Reflective of the macro-economic environment, consumer spending habits and the unprecedented oversupply of poultry in market channels Nichols Poultry competes in.
- Total consolidated revenue and other income declined by 18% over pcp to $20.2m (H1 2024: $24.7m), largely driven by the oversupply and heavily discounted wholesale pricing in all poultry market channels.

Balance sheet

$000's	H1 2025	FY2024
Current Assets		
Cash & Cash Equivalents	55	485
Trade & Other Receivables	2,151	2,005
Biological Assets	2,991	2,805
Inventory	2,015	2,232
Assets classified as held for sale	1,597	1,597
Prepayments	566	934
Total Current Assets	**9,375**	**10,058**
Non-Current Assets		
Property, Plant & Equipment	7,733	9,135
Right of Use Assets	4,956	4,228
Intangible Assets	395	413
Total Non-Current Assets	**13,084**	**13,776**
Total Assets	**22,459**	**23,834**
Current Liabilities		
Trade & Other Payables	6,789	7,514
Borrowings	2,367	948
Lease Liabilities	493	305
Provisions	863	893
Total Current Liabilities	**10,512**	**9,660**
Non-Current Liabilities		
Borrowings	3,493	2,773
Lease Liabilities	4,793	4,188
Provisions	91	92
Total Non-Current Liabilities	**8,377**	**7,053**
Total Liabilities	**18,889**	**16,713**
Net Assets	**3,570**	**7,121**
Equity		
Contributed Equity	66,834	66,834
Reserves	1,354	1,353
Accumulated Losses	(64,618)	(61,066)
Total Equity	**3,570**	**7,121**

- The Group is supported by a balance sheet with a net asset position of $3.6m (noting PP&E balances of $7.7m);
- Closing cash as at 30 June 2025 was $0.05m (31 December 2024: $0.5m);
- Biological assets, relating to birds and eggs at Nichols Poultry and Nichols Hatchery increased in value by $0.2m due to fair value valuation under AASB 141 (Agriculture);
- Assets classified as held for sale relate to the Betta Milk Burnie site carry value amount $1.6m;
- Intangible assets solely relate to ERP development costs in Shared Services and water licenses in the Poultry business unit;
- Trade and other payables reduced by $0.7m due to supplier payments across all business units in H1 2025; and
- Total borrowings (current and non-current) have increased by $1.4m term debt and overdraft facility from NAB and funding from Research Corporation Pty Ltd for $0.7m.

Cash flow

$000's	H1 2025	H1 2024
Cash flows from operating activities		
Receipts from customers	19,830	24,161
Payments to suppliers and employees	(21,666)	(25,245)
Interest paid	(182)	(113)
Net cash used in operating activities relating to continued operations	**(2,018)**	**(1,197)**
Operating cash flows relating to discontinued operations	(37)	(524)
Net cash used in operating activities relating to continued and discontinued operations	**(2,055)**	**(1,721)**
Cash flows from investing activities		
Proceeds/(payments) from disposal of property, plant and equipment	-	150
Payments for property, plant and equipment	(159)	(279)
Net cash flows (used in)/ provided by investing activities relating to continued operations	**(159)**	**(129)**
Investing cash flows relating to discontinued operations	-	(12)
Net cash (used in)/ provided by investing activities relating to continued and discontinued operations	**(159)**	**(141)**
Cash flows from financing activities		
Proceeds from borrowings	1,223	1,400
Principal elements of borrowing payments	(438)	(2,128)
Principal elements of lease payments	(348)	(256))
Transaction costs related to borrowings	-	(11)
Net cash used in financing activities relating to continued operations	**437**	**(995)**
Financing cash flows relating to discontinued operations	-	(40)
Net cash (used in)/provided by financing activities relating to continued and discontinued operations	**437**	**(1,035)**
Net (decrease)/increase in cash held	**(1,777)**	**(2,897)**
Cash and cash equivalents at the beginning of the year	**485**	**3,432**
Cash and cash equivalents/ (bank overdraft) at the end of the half year	**(1,292)**	**535**

- Net cash outflows from operating activities were $2.1m (continued and discontinued operations), H1 2024: $1.7m outflow, which is reflective of:
  - Unprecedented oversupply of Poultry in markets;
  - Current challenges of household spending and economic climate; and
  - Operational cost increases in the poultry division for electricity, gas, direct labour, logistics and factory repairs;
- Cash receipts from customers were $19.8m, from continued operations, a decrease of 18% on pcp;
- Net cash outflow from investing activities of $0.2m (H1 2024: $0.1m inflow, including divested business units) relates to PP&E;
- Net cash inflows from financing activities were $0.4m relating to increase in term debt from NAB of $0.5m and Research Corporation Pty Ltd of $0.7m, offset by borrowing and lease repayments totalling $0.8m.

Outlook

Outlook

- We are observing Q3 2025 a continuation from FY2024 and YTD 2025 of the prolonged surplus of mainland chicken and increased competition through all market channels in Tasmania. This was particularly exacerbated by competitors heavily discounting poultry volumes at the wholesale and consumer levels again throughout Q2 2025.
- Trading conditions are expected to remain competitive and extremely challenging for the remainder of 2025 and into early 2026.
- Current challenges in Q3 2025 at the wholesale level with processors managing pricing increases against a backdrop of consumer spending habits for the cheapest protein source being poultry.
- For all food manufacturing and agribusiness companies operating in the domestic grocery and food service channels. Increasing labour, logistics, direct input costs, continued cost-of-living pressure and economic uncertainty – nationally and locally in Tasmania continue to weigh heavily on both business and consumer confidence for the foreseeable future.
- The Company and all employees are determined and proactive in reviewing, implementing and adjusting operational and strategic initiatives in the Poultry division to establish a more resilient operating model. TasFoods is confident these initiatives will enable the Poultry and the Pet Treats divisions to adapt to both local Tasmanian and mainland markets to deliver a more sustainable financial performance for the Company for the future.
- Divestment of assets not utilised (former Betta Milk property) and the successful completion of the divestment of the Pyengana Dairy brand and business are key strategic initiatives in H2 2025; and
- We remain focused and committed to proactively assessing the Poultry operations and the asset profile under our Capital Management Framework to explore all opportunities to enhance returns for shareholders.

Outlook – Path Forward

We are razor focused on building a more robust and stable business

- Our immediate priorities are:
  - **Strengthening the Poultry Supply Chain**: Progressing initiatives to strengthen our poultry grower network, improving supply reliability and building on our relationships to improve results;
  - **Optimising Poultry Processing Solutions**: Leveraging newly implemented analytics and technology to refine decision-making, streamline workflows and enhance efficiency;
  - **Expand Isle & Sky Pet Treats Range**: Accelerating growth in pet treats segment, utilising our available poultry waste stream to access a significant growing market;
  - **Continued Reduction in Overhead Costs**: Further reduce our overhead cost base looking at all inhouse and outsource service provisions to enhance our earnings position.
- Continuous evaluation of our cost base and operating platform in conjunction with targeted capital expenditure and cashflow analysis whilst also remaining tuned to other broader strategic options available to improve our results.

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