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TASFOODS

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ANNUAL REPORT 23

CORPORATE DIRECTORY

BOARD OF DIRECTORS

John Murphy
Independent Non-Executive Chair

Ben Swain
Non-Executive Director

John O'Hara
Independent Non-Executive Director

COMPANY SECRETARY

Joshua Fletcher

REGISTERED OFFICE

52-54 Tamar Street
Launceston Tasmania 7250 Australia
Telephone: + 61 3 6331 6983
Facsimile: + 61 3 6256 9251
Website: www.tasfoods.com.au

POSTAL ADDRESS

PO Box 425
Launceston Tasmania 7250 Australia

SHARE REGISTRY

Link Market Services
Level 12, 680 George Street
Sydney New South Wales 2000 Australia
Telephone: + 61 2 8280 7100
Facsimile: + 61 2 9287 0303

AUDITOR

PricewaterhouseCoopers
2 Riverside Quay
Southbank Victoria 3006 Australia

SOLICITORS

HWL Ebsworth
Level 26, 530 Collins Street
Melbourne Victoria 3000 Australia

O'Reilly Legal & Governance Pty Ltd
Maning Avenue,
Sandy Bay, Tasmania, 7005 Australia

BANKERS

Australia and New Zealand Banking Group
Bendigo Bank

STOCK EXCHANGE LISTING

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

TasFoods Limited
ACN 084 800 902

CONTENT

OUR BRAND PORTFOLIO

OUR BRANDS EMBODY AUTHENTIC PROVENANCE THAT REFLECTS THE ESSENCE OF PREMIUM TASMANIAN PRODUCTS. OUR DIVERSIFIED CUSTOMER BASE ENABLES US TO DELIVER THE ESSENCE OF TASMANIA TO WHERE CONSUMERS CHOOSE TO SHOP.

PYENGANA DAIRY

LUXURY

Brand that reflects artisan provenance and Tasmanian heritage, targeted at food lovers seeking authenticity.

ISLE & SKY™ PLANET FRIENDLY PET NUTRITION

PREMIUM

Brand that reflect us a leader in the industry for quality, sustainability and animal welfare. Targeted at pet owners who want 100% premium Tasmanian chicken as a healthy treat for their dog or cat.

Boxolove.

EVERYDAY LUXURY

Delivering brands that provides a piece of Tasmanian indulgence for everyday life, targeted at the online sales and corporate gifting markets.

NICHOLS POULTRY

MAINSTREAM / VALUE

Brands that support loyal customers with local products providing profitable volume to underpin the operations.

CHAIRMAN & CEO'S REPORT

JOHN MURPHY
NON-EXECUTIVE CHAIRMAN

SCOTT HADLEY
CHIEF EXECUTIVE OFFICER

"2023 HAS BEEN A YEAR OF SIGNIFICANT TRANSFORMATION WITH TASFOODS COMPLETING THE MOST EXTENSIVE CORPORATE RESTRUCTURING PROGRAMME SINCE ITS INCEPTION TO REPOSITION THE BUSINESS TO DELIVER SUPERIOR RETURNS TO SHAREHOLDERS.

ON BEHALF OF THE BOARD OF DIRECTORS AND THE MANAGEMENT OF TASFOODS LTD, WE PRESENT TO YOU THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023.

2023 has been a year of significant transformation with TasFoods completing the most extensive corporate restructuring programme since its inception to reposition the business to deliver superior returns to shareholders. During the year we completed the following initiatives;

- Sale of the Shima Wasabi business to Hillwood Berries Tas Pty Ltd in June;
- Completion and settlement of the divestment of Betta Milk and Meander Valley Dairy business to Bega Cheese Limited in December;
- Launch of the Isle & Sky Pet Treats brand in October;
- Repayment of all term debt and overdraft facilities with ANZ Bank in December;
- Acquisition of Redbank Poultry, a chicken broiler and breeder business in North-West Tasmania that secures the supply-chain for our Nichols Poultry division in December; and
- Completion of a significant corporate restructure to right-size the support office in line with the new TasFoods operating model going forward.

During the year, we saw consumer spending significantly impacted by macroeconomic factors of rising inflation and interest rates. Household budgets were tightened and consumers actively looked for value in their everyday purchases, particularly in the grocery channel. This was particularly noticeable in the categories that TasFoods operates where value offerings continue to grow at the expense of premium brands, in addition to channel switching from independent local operators to major national chains. Despite these structural challenges, TasFoods achieved a strong revenue result and if not for the significant divestments throughout the year, would have seen significantly more revenue growth. The remaining divisions of Nichols Poultry and Pyengana Dairy both recorded revenue growth of 15.5% and 7.2% respectively, highlighting the strength of these divisions moving forward.

CHAIRMAN & CEO'S REPORT, CONT.

Following the restructure, TasFoods is now largely a poultry-focussed business, with the Company's sales mix is now heavily weighted to core consumer consumption patterns. The activity undertaken in 2023 was the culmination of 18 months work to right-size the Company to be in a much improved position to be sustainable going forward. We were able to achieve robust valuations for each of the divested businesses and whilst these business units no longer fit the Company's strategic focus, we look forward to following the success of Shima, Betta Milk and Meander Valley with their new custodians.

Management has worked hard to position Nichols Poultry as a highly attractive proposition in the affordable premium range of the poultry market and to further establish Pyengana Dairy as Australia's (and in the future, the World's), best cheddar cheese. We are actively reviewing and implementing further initiatives that will deliver and underpin a business model to deliver more consistent results. The acquisition of Redbank Poultry was an important step towards this objective, and we are focused on delivering an improved and more sustainable financial performance for the Nichols Poultry and Pyengana Dairy divisions going forward.

FINANCIAL PERFORMANCE

	FY 2023					FY 2022						
	Dairy $'000	Poultry $'000	Horticulture $'000	Shared Services $'000	Total $'000	Dairy $'000	Poultry $'000	Horticulture $'000	Shared Services $'000	Total $'000	Change $'000	Change %
Revenue	28,526	46,011	211	160	74,908	31,213	39,816	423	120	71,572	3,336	4.7%
Operating Expenditure	(28,078)	(44,300)	(284)	(6,882)	(79,544)	(29,738)	(41,325)	(518)	(7,338)	(78,918)	(626)	0.8%
Operating EBITDA	**447**	**1,711**	**(73)**	**(6,721)**	**(4,636)**	**1,475**	**(1,509)**	**(94)**	**(7,218)**	**(7,346)**	**2,710**	**36.9%**
GP Margin	28%	24%	39%	33%	26%	29%	18%	59%	-	22%	0.04	17.5%
Movement in Fair Value	-	243	-	-	243	-	298	77	-	375		
Sale of Assets	7,112	(100)	(1,043)	(5)	5,964	-	-	-	-	-		
Impairment Expense	-	-	-	-	-	(3,925)	(2,910)	-	-	(6,835)		
EBITDA	**7.559**	**1,854**	**1,854**	**(6,726)**	**1,571**	**(2,449)**	**(4,419)**	**(94)**	**(7,218)**	**(14,181)**	**15,752**	**111.1%**
NPAT					**(987)**					**(16,478)**	**15,491**	**94.0%**

*The FY23 and FY22 information is a combination of continuing and discontinuing operations. Dairy and Horticulture includes results for the period entities were controlled during the year.

CHAIRMAN & CEO'S REPORT, CONT.

The Company produced a solid sales performance, reporting an increase of 4.7% to $74.9 million, despite the sale of three business units during the year. Removing the impact of discontinued operations, sales performance was a 15% increase. Group operating EBITDA was a profit of $1.6 million which was driven by the profit on sale of Betta Milk and Meander Valley Dairy. Excluding the impact of business unit divestments, EBITDA was a loss of $3.3 million.

Gross margins for the year were improved on 2022 due to the full year impact of the Company's efficiency program. Management implemented a SKU rationalisation program and made significant changes to the Company's logistics network. The company also implemented initiatives to reduce per unit conversion costs in our facilities through efficiency and effectiveness measures which partially offset per unit increases in milk (16% / litre), cream (5% / litre), poultry feed (3% / tonne) and direct labour (8% increase).

Pyengana Dairy sales of cheese are primarily to interstate markets and this continued to show positive momentum with sales increasing by 38%. New channels were also explored for Nichols Poultry on the mainland which saw sales increase by 155%, with interstate sales now accounting for 20% of total Nichols revenue. Profitable growth in interstate markets will remain a focus going forward together with an investment in capability to ensure the Pyengana site is export accredited for future sales.

After the corporate activity of 2023, TasFoods Capital management framework remains relevant as we assess not only the future state of remaining business units but any capital investment within the business.

MARKETING & E-COMMERCE

Pyengana Cheese won many industry awards during the year, solidifying itself as one of Australia's best cheddar cheese. In addition to Gold awards at the Sydney Royal Cheese & Dairy show and Royal Queensland Fine Food & Wine show, we were extremely proud to achieve a silver award at the International Cheese & Dairy Awards in the UK.

The Company's luxury and corporate gifting brand, 'Boxolove', is targeted at the consumer and corporate gifting market with the online channel delivering curated hampers, with extensive selections of food and beverages from Tasmania's finest producers. In line with many other on-line sales platforms, sales for our e-commerce business in 2023 was down on 2022.

CHAIRMAN & CEO'S REPORT, CONT.

FUTURE STRATEGY

Now we have bedded down and implemented the significant changes that occurred in 2023, our future focus is on ensuring the operational performance initiatives in the continuing operations deliver, in conjunction with an improved operational cash flow performance. We continue to pro-actively assess the remaining business divisions and their asset profile under our Capital Management Framework to ensure we can drive strong returns for shareholders.

Post the significant activity occurred during 2023, the Company's strategic priorities will be:

- Enhance earnings in Poultry division through vertical integration and other efficiency measures;
- Drive revenue and brand growth in Pet Food division by leveraging our premium product position to drive Isle & Sky revenue growth; and
- Sweat existing assets harder for incremental profit through targeted CAPEX , channel and NPD expansion for Pyengana Dairy brand.
- Continuing to explore all strategic alternatives available for our remaining divisions that may deliver a superior outcome for shareholders.

As such, our three pillars of growth are represented as follows;

ISLE & SKY

NICHOLS POULTRY

PYENGANA DAIRY

We would like to acknowledge all employees at TasFoods as they have shown significant resilience during unprecedented uncertainty and change in 2023. To the people who were with us in Shima Wasabi, Betta Milk and Meander Valley Dairy, we thank you for your years of service and dedication to TasFoods. For the employees remaining in Nichols Poultry, Pyengana Dairy and the support office, we look forward to sustained success with our new operating model as we strive to deliver outstanding products of the highest quality with the team upholding our values of passion, respect, accountability and togetherness.

Finally, we would like to thank all stakeholders, our customers, suppliers, employees and shareholders for their continued support to the business.

John Murphy
Non-Executive Chair

Scott Hadley
Chief Executive Officer

OPERATING & FINANCIAL REVIEW

POULTRY DIVISION

POULTRY DIVISION

TOTAL REVENUE FOR THE POULTRY DIVISION IN 2023 GREW BY 15.5% ON THE PCP TO $46 MILLION. REVENUE GROWTH WAS LARGELY DRIVEN BY STRATEGIES IMPLEMENTED INCLUDING PRICE RISES AND OTHER REVENUE MANAGEMENT INITIATIVES, PARTIALLY OFFSET BY FURTHER SKU RATIONALISATION AIMED AT SIMPLIFYING THE PRODUCT OFFERING AND IMPROVING EFFICIENCIES.

NICHOLS POULTRY WAS ESTABLISHED IN THE EARLY 1980S.

THE BUSINESS HAS GROWN TO BECOME ONE OF THE MOST TRUSTED AND RESPECTED MEAT BRANDS IN TASMANIA.

The operating and efficiency measures implemented in the poultry business unit through 2023 have resulted in a gross profit margin improvement of 6% on the PCP. Despite the year on year improvement, gross profit margin was significantly impacted in this division by increased input costs including grain costs associated with feed and increased labour processing costs.

Volume sold increased on 2022 levels by 5%, driven by the decision to increase live weight to match demand and revenue per kg increased by 9% which facilitated the increase in gross profit margin.

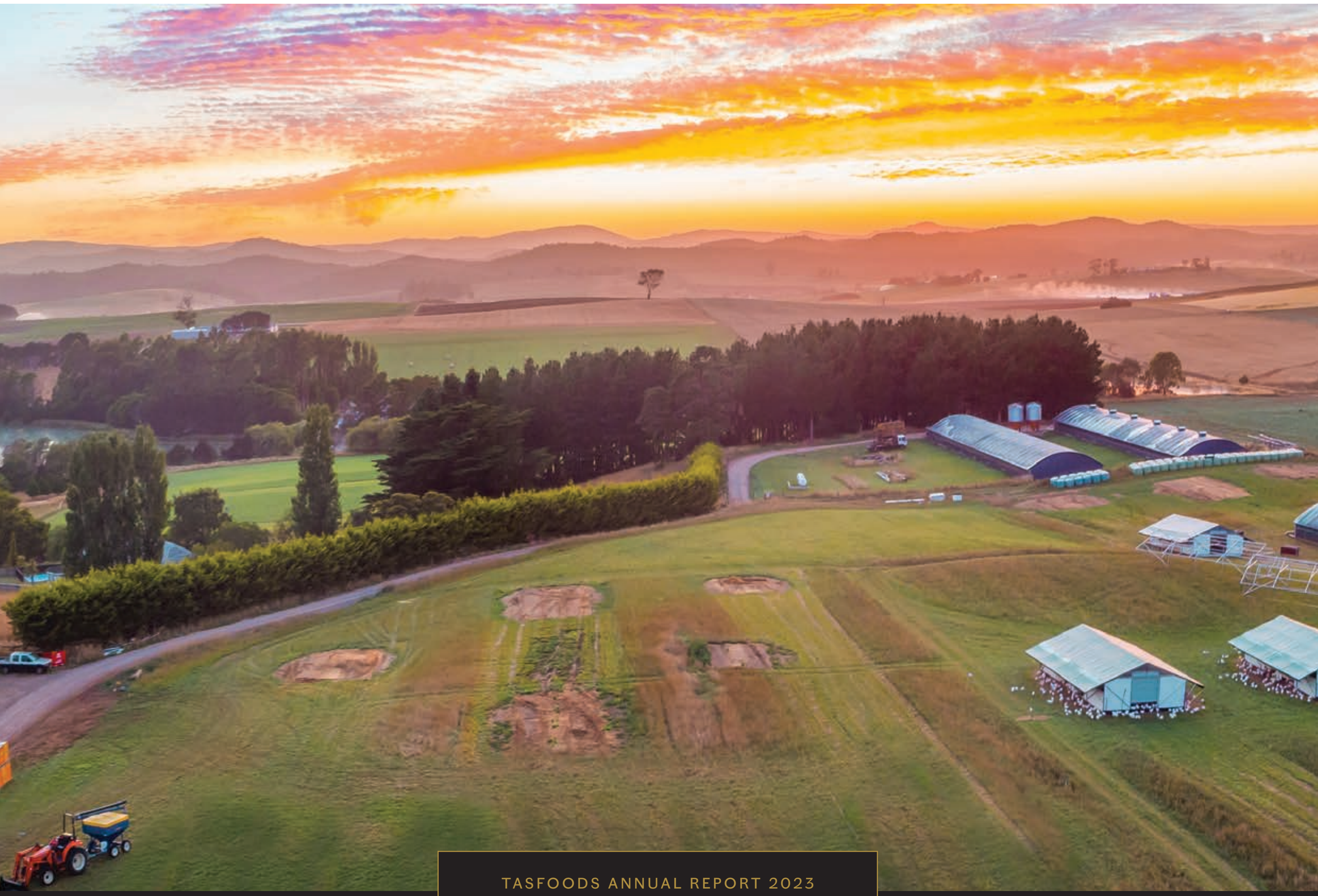
The Poultry division reported an operating EBITDA profit of $1.7 million for 2023 primarily due to strategies implemented with price increases, minimum order quantities, simplification of product offering and robust management of feed procurement and utilisation through 2023.

During the year we entered the Pet Treats category with our Isle & Skye offering. We will provide the same great protein and clean food credentials that Nichols Poultry is known for in a Pet Treat range to dogs and cats. The Pet Food market in Australia is currently estimated to have a market value of over $3.0 billion and expected to grow at a compound annual growth rate (CAGR) of 2.7%, as the continued humanisation drives demand for premium pet products. TasFoods has developed a unique offering in this category, leveraging off the inherent product strengths of Nichols Poultry whilst capturing key trends in this segment. We have gained national ranging with Petbarn, one of the largest Pet Specialty retailers in Australia with over 200 dedicated pet stores and complementing the Petbarn ranging, we have entered into a distribution arrangement with Eastern Distributors, Australia's largest wholesaler of pet products to the independent pet retail channel.

POULTRY DIVISION, CONT.

In December 2023, we completed the acquisition of Redbank Hatchery (renamed Nichols Hatchery), a chicken broiler and breeder facility located in North-West Tasmania. This acquisition will enhance the financial performance and stability of the Nichols Poultry business.

We believe the Nichols Poultry brand possesses unique characteristics as a result of our air-chilling, chemical and chlorine free process. We are focused on strengthening the Nichols brand consumer cut-through not only in Tasmania but in the mainland market where customers are demanding better tasting poultry products. Poultry remains Australian consumers first choice for protein and Nichols is well placed to gain more share of this market.



DAIRY DIVISION

DAIRY DIVISION

OUR DAIRY DIVISION COMPRISES THREE BUSINESS UNITS IN 2023, BETTA MILK, MEANDER VALLEY DAIRY AND PYENGANA DAIRY. ON 1 DECEMBER 2023, TASFOODS DIVESTED THE BETTA MILK AND MEANDER VALLEY DAIRY BUSINESS UNITS TO BEGA CHEESE LTD.

PYENGANA
DAIRY

MEANDER VALLEY
DAIRY

Betta
MILK

THE DAIRY DIVISION HAS THREE CENTRES OF EXCELLENCE;

- PYENGANA DAIRY – CHEESE AND TOURISM CAFE
- MEANDER VALLEY DAIRY – SPECIALTY CREAMS AND BUTTER
- BETTA MILK BURNIE – FRESH MILK BOTTLING

The division reported a reasonable financial contribution at both the revenue and EBITDA levels for the period under TasFoods ownership. Total revenue for the dairy division reduced by 9% to $28.5 million for the 11 months to 30 November 2023

Input costs in the dairy division increased significantly during the year, predominately on the back of rises in farm gate milk prices (3%). Gross profit margin declined from 2022 and this translated into a lower operating EBITDA contribution of $0.4 million, a 70% decline on PCP.

The Pyengana business unit showed a solid result with sales increasing by 8% which flowed through to an improved EBITDA performance from PCP. The premium brand positioning of this high-quality product resonates strongly with customers and this was further validated with Pyengana Cheese winning numerous industry awards during 2023. Most significant of these accolades was the silver award given to our Traditional Cloth Matured Cheddar at the International Cheese & Dairy Awards in the UK. Management is confident that continued growth of this brand can be accelerated as evidenced by the 38% increase in mainland sales achieved in 2023.

HORTICULTURE - SHIMA WASABI

SINCE THE IMPLEMENTATION OF THE TASFOODS STRATEGIC ROADMAP IN 2022 THE COMPANY HAS ACTIVELY EXPLORED AND ASSESSED OUR STRATEGIC OPTIONS OF OUR BUSINESS PORTFOLIO. WHILST THE SHIMA WASABI PRODUCT CONTINUED TO BE ENJOYED BY CUSTOMERS THE BUSINESS UNIT WAS UNABLE TO SCALE AT THE APPROPRIATE LEVEL TO JUSTIFY BEING RETAINED WITHIN THE CORE TASFOODS BRANDS.

With the business unit unable to achieve TasFoods benchmarks under the capital management framework it was determined to divest Shima Wasabi. The business was sold on 30 June 2023 with a sale price of $0.7 million less employee entitlements, which represented 1.8 times revenue.

SHIMA WASABI

A UNIQUE, PREMIUM, PROVINCIAL OFFERING

CORPORATE

SHARED SERVICES

The TasFoods Shared Service function underwent significant change in late 2023 with the sale of the Betta Milk and Meander Valley Dairy business units together with the work to right-size corporate overheads. This business transformation agenda is moving at pace and will deliver significant savings in 2024.

BALANCE SHEET AND CASHFLOWS

The Group is supported by a balance sheet with net assets at 31 December 2023 of $17.6 million (31 December 2022: $18.3 million), including fixed asset balances of $17.3 million. Cash balances were $3.4 million (31 December 2022: $0.4 million).

The decrease in group net assets is mainly due to the sale of plant and equipment and brands of Betta Milk and Meander Valley Dairy in December 2023 and Shima Wasabi business in June 2023. This was offset by the purchase in December 2023 of a chicken broiler and breeder business (Redbank Poultry).

Net cash outflows from operating activities were $3.5 million (2022: $5.8 million outflow). This is reflective of selling price increases which have not offset increased input costs including grain costs associated with feed, farm gate milk price for milk, increased labour processing costs and freight and distribution costs.

Net cash inflows from investing activities were $10.5 million (2022: $0.6 million inflow). On 1 December 2023 the Betta Milk and Meander Valley Dairy plant and equipment and brands were sold to Bega Cheese Limited for $11.1 million less employee entitlements. On 30 June 2023 the Shima Wasabi business was sold for $0.7 million.

Net cash outflows from financing activities were $3.9 million (2022: $4.1 million inflow). All ANZ bank debt facilities were paid out and closedin December 2023.

Management continue to focus on a disciplined approach to working capital management to ensure improved profitability and cash flows.

2024 OUTLOOK

A SIGNIFICANT TRANSFORMATION OF TASFOODS OCCURRED DURING 2023. AS A RESULT OF THIS CORPORATE RESTRUCTURING PROGRAMME TASFOODS EMBARKS ON 2024 A DIFFERENT LOOKING BUSINESS. WHILST CONSUMER SENTIMENT AND SPENDING CONTINUES TO BE IMPACTED BY THE MACROECONOMIC BACKDROP OF HIGH INFLATION AND INTEREST RATES, MANAGEMENT ARE FOCUSSED ON ENSURING THE COMPANY BUILDS ON OUR NOW SOLID FOUNDATIONS.

TasFoods is now primarily a Poultry business with three distinct pillars of operations;

- Breeder and Hatchery
- Production
- Pet Treats

Pyengana Dairy has a focus on production, sales and distribution of its award winning cheddar cheese. The brand is well positioned for future growth both domestically and international. Work has begun on ensuring the production site at Pyengana is accredited for export sales as we believe international markets have untapped potential, particularly after our International Cheese & Dairy Awards silver medal.

Significant restructuring has occurred within the support office which will see our corporate overheads reduce by circa 50%. This change has been made in line with the divestments in 2023 but also recognises the new financial fundamentals of operating a lower margin poultry business.

Consumer demand for online gifting and direct to consumer food offerings has plateaued post COVID and as such the Company will review its e-Commerce capability, including Boxolove. Boxolove is targeted at the consumer and corporate gifting market and whilst sales are satisfactory it remains a small part of TasFoods total business.

2023 was a watershed year for TasFoods insofar that we were able to simplify our operating business, significantly strengthen our balance sheet and secure our supply chain risks in poultry. With new foundations established we are now in a position to improve our trajectory towards delivering a positive financial return whilst continuing to explore all strategic alternatives available for our remaining divisions that may deliver a superior outcome for shareholders.

RISK

RISK

TasFoods is committed to the effective management of risk to reduce uncertainty in the Groups business outcomes and to protect and enhance shareholder value. There are various internal and external risks that may have a material impact on the Groups future financial performance and economic sustainability

The Company has a formalised Risk Management Policy and Framework which operates across the Group. The Policy provides high level direction, establishes key principles and allocates responsibilities to ensure TasFoods has an effective and efficient system and process that will facilitate the identification, assessment, evaluation and treatment of risks in order to achieve strategic and performance objectives.

A copy of the Risk Management Policy can be located on the Company's website at https://www.tasfoods.com.au/corporate-governance/

During 2023 the Group complied with its Risk Management Policy and Framework, ensuring all risks were regularly reviewed and risk registers were updated for new risks and changes to existing risk profiles. Identified risks remain relatively stable, with no expectation of increases or decreases in the foreseeable future unless specifically noted below. The material business risks which may have an effect on the financial performance of the Group are:

SUPPLY RISK

Ensuring our input supply is secure, stable and reliable.

TasFoods is reliant on a number of key suppliers for inputs such as hatchlings, milk, cream and chicken feed. We have strong relationships and contracts with our suppliers to ensure that quality, quantity, reliability and price are stable. Where appropriate and able, TasFoods is diversifying supply channels to reduce risk levels and dependence on key suppliers.

PANDEMIC RISK

Ensuring the safety of our employees, contractors and customers in a pandemic environment as well as securing input supplies and managing the impact of market volatility.

TasFoods operates on a number of different sites with varying levels of pandemic impact risk. The Group has developed site specific multi scenario pandemic plans for each operational location that respond to updated health, Government and industry advice as well as emerging market conditions.

Each site plan prioritises the health and safety of employees, site visitors and customers, follows recommended advice from Government and Health Officials relating to pandemic safety measures including;

- Removal of all non-essential employees from sites to work from home;
- Non-essential visitors not permitted on processing sites;
- Provision of relevant protective equipment to employees;
- Temperature testing of employees;
- Payment of standard wages to all employees awaiting COVID or other relevant test results;
- Pandemic/COVID-specific daily cleaning and sanitation programs;
- Additional staff facilities provided on large work sites to allow for isolation of work groups;
- Identification of social and commuting groups within the workforce to ensure employees likely to have contact outside of work remain in contained work groups.

RISK, CONT.

MARKET RISK

Delivering on our customer promises and growing our customer base.

TasFoods has a number of large key customers and the loss of one or more would have a detrimental impact on the Group. TasFoods mitigates this risk by investing in the quality of its relationships with key customers, and ensuring we manufacture product in accordance with our customer's required specification and standard. The Company continues to grow and diversify its customer base. In addition, TasFoods responds to changing customer compliance requirements through the upgrading of its facilities and operating processes. TasFoods has also developed a point of difference in our products which reduces the risk of substitution.

BIOSECURITY RISK

Minimising the risk of disease and infection impacting our animals, manufacturing facilities and inputs.

Careful site management, biosecurity measures and good animal husbandry and agricultural management are used to manage TasFoods' risk of exposure to disease, infection and contamination. Significant disease outbreaks may result in mass mortality of livestock could have a significant impact on saleable goods. Suppliers undergo an approval process to ensure inputs comply with product specifications. These are internally and where appropriate externally audited and monitored for compliance.

SAFETY RISK

Ensuring our products are safe for customers and our staff are safe at work.

Food safety and workplace health and safety are risks that must be managed by TasFoods at all times. We have built strong quality and safety assurance systems which are externally audited against relevant standards., These systems are overseen by highly skilled staff within a culture committed to food and people safety. In addition, TasFoods holds relevant insurances to further mitigate food safety and workplace health and safety risks.

CLIMATE RISK

Minimising the risks to the business from a changing climate that is contributing to increased extreme weather events.

TasFoods operations are geographically dispersed across Northern Tasmania which mitigates the impact of any one climatic influenced event on its production capabilities. Business continuity plans have been established for each business operation that include policies and procedures to manage biological assets in extreme weather events to minimise the risk of losses.

Investment in irrigation infrastructure across the Tasmanian agricultural landscape provides surety of crop for key inputs such as grain and dairy. Drought or extreme weather events in other regions of Australia may impact commodity pricing for inputs to TasFoods operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISK

Minimising the risk to the business of by focusing on environmental and social impacts of business operations.

TasFoods has a moral and business imperative to understand and manage its ESG risks. To consider TasFoods physical and social environment is not only the right thing to do, but it is expected by employees, customers, investors and regulatory bodies. As the speed and pace of change on these issues have increased, so have the expectations of our stakeholders. TasFoods is not only expected to do the right thing, insufficient action on these issues can have a negative financial implication. ESG risks bring a high degree of uncertainty in the form of potentially severe disruption to environmental, financial, and social environment which may create immediate and unforeseen outcomes for TasFoods and its various stakeholders. TasFoods is focussed on reducing its carbon footprint by utilising in-site wind turbine electricity generation at it Sassafras facility to help reduce electricity costs to the business.

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

BOARD OF DIRECTORS

JOHN MURPHY INDEPENDENT NON-EXECUTIVE CHAIR

Appointed Independent Non-Executive Director on 23 June 2021
Appointed Deputy Chair on 31 January 2022.
Appointed Acting Chair on 31 May 2022
Appointed Chair on 26 August 2022

John has over 35 years' experience in the Australian and International Beverage, Food, Fast Moving Consumer Goods and Packaging Industries. He has held a range of leadership roles in large multinational organisations including Managing Director of Coca-Cola Amatil Australia; the CEO of Visy Industries Australian business; and the Managing Director of Carlton & United Breweries Australian beer business after an extensive career with the company. John has served on the boards of both public and private companies and has previously served as a board member/advisor of PFD Foods, Bellamy's Organic and Tribe Breweries and is currently a start-up founding advisor of the Turner Stillhouse craft distillery in Tasmania.

BEN SWAIN NON-EXECUTIVE DIRECTOR

Appointed Non-Executive Director on 4 June 2020.

Ben is a partner of Tasmanian law firm Murdoch Clarke. His practice areas include corporate advice, transactional mergers and acquisitions, real property and private client matters. Ben is a director of various Pty Ltd companies and trusts including the Elsie Cameron Foundation Pty Ltd which has investment in entities including TasFoods Limited. With a passion for Tasmania's finest foods and produce and the companies that grow and produce them, Ben gets great fulfilment from assisting, in his professional capacity, various Tasmanian food and agriculture business to achieve their goals.

JOHN O'HARA INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed Independent Non-Executive Director on 23 June 2021.

John is a highly accomplished Executive and Non-Executive Director with a track record of substantive contribution to strategic development and growth, cultural reform, value creation, building reputation and stakeholder relationships. John's Director experience spans across large private entities, corporations, and Not for Profit. His executive roles have encompassed ASX organisations, Co-Operatives and large private companies with national and international operations. John spent 18 years with Sunny Queen Australia, 8 years as CEO & Managing Director. Prior to that he has held Senior Executive roles in both Dairy Farmers Cooperative and National Foods. John is currently Chair of Priestley's Gourmet Holdings and the Coolum Beach SLSC Future Fund. He is also Advisory Board Chair of Simon George & Sons. He was previously the Chair of Mulgowie Farming Company.

EXECUTIVE TEAM

SCOTT HADLEY
CHIEF EXECUTIVE OFFICER
Appointed CEO in October 2021.

Scott is a proud Tasmanian with over 20 years experience in a range of companies in Australia building premium brands, leading teams and developing go to market and supply chain organisations. Scott was previously CEO of Asahi Beverages Alcohol Division and has held senior positions with TT-Line, Fosters Group, GlaxoSmithKline and Cadbury. Scott is a member of the AICD, has an MBA (Executive) from AGSM, completed the Senior Executive Programme at London Business School and is a CPA.

JOSHUA FLETCHER
COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER
Appointed CFO on 17 March 2023
Appointed Company Secretary on 17 March 2023

Joshua has broad finance and governance experience, gained over his career in the dairy industry from farmgate to manufacturing and commercial operation. He was the Finance Director at Maeil Australia (Maeil Dairies Co) and was responsible for all finance and governance related matters. Prior to Maeil Australia, Joshua was the Chief Financial Officer and Company Secretary of Organic Dairy Farmers of Australia Co-operative and its subsidiaries until 2019. He was also Head of Commercial Finance and Head of Finance at Murray Coulburn Co-operative. Joshua was the original financial controller of Tasmanian Dairy Products Co Limited, owned by Murray Coulburn, Mitsubishi Corporation and the Tasmanian founding shareholder, who built an $80m milk powder facility in North-West Tasmania. Joshua is a member of the Chartered Accountants Australia and New Zealand (CA ANZ). In addition, he holds a Bachelor of Commerce majoring in Accounting (University of Tasmania). He has previously been a member of the CA ANZ Regional and Rural Advisory Committee.

DIRECTORS' REPORT

The Directors of TasFoods Limited (the Company) present the financial report on the Company and its controlled entities (the Group) for the year ended 31 December 2023.

In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

DIRECTORS

John Murphy	**Independent Non-Executive Chair** **John became the Chair on 26 August 2022.**
	John was appointed to the Board as an Independent Non-Executive Director on 23 June 2021. During FY23 John was a member of both the Audit and Risk Committee and the Nomination and Remuneration Committee.
Experience and qualifications	John has over 35 years' experience in the Australian and International Beverage, Food, Fast Moving Consumer Goods and Packaging Industries. He has held a range of leadership roles in large multinational organisations including Managing Director of Coca-Cola Amatil Australia; the CEO of Visy Industries paper, packaging and recycling business; and the Managing Director of Carlton & United Breweries Australian beer business after an extensive career with the company. John has served on the boards of both public and private companies has previously served as a board member/ advisor of PFD Foods, Bellamy's Organic and Tribe Breweries, and is start-up founding advisor of the Turner Stillhouse craft distillery in Tasmania.
Other Directorships in listed entities:	Nil
Former Directorships in listed entities in the last 3 years:	Nil
Interest in shares and options:	5,025,769 Share Appreciation Rights

Ben Swain	**Non-Executive Director**
	Ben was appointed to the Board as a Non-Executive Director on 4 June 2020. During FY23 Ben was the Chair of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.
Experience and qualifications	Ben is a partner of Tasmanian law firm Murdoch Clarke. His practice areas include corporate advice, transactional mergers and acquisitions, real property and private client matters. Ben is a director of various private companies and trusts including the Elsie Cameron Foundation Pty Ltd which has an investment in entities including TasFoods Limited. With a passion for Tasmania's finest foods and produce and the companies that grow and produce them, Ben gets great fulfilment from assisting, in his professional capacity, various Tasmanian food and agriculture business to achieve their goals.
Other Directorships in listed entities:	Nil
Former Directorships in listed entities in the last 3 years:	Nil
Interest in shares and options:	1,578,571 Ordinary Shares 4,149,857 Share Appreciation Rights

DIRECTORS' REPORT, CONT.

DIRECTORS, CONT.

John O'Hara	Independent Non-Executive Director since 23 June 2021
	John was appointed to the Board as an Independent Non-Executive Director on 23 June 2021. During FY23 John was the Chair of the Nomination and Remuneration Committee and was a member of the Audit and Risk Committee.
Experience and qualifications	John is a highly accomplished Executive and Non-Executive Director with a track record of substantive contribution to strategic development and growth, cultural reform, value creation, building reputation and stakeholder relationships. John's Director experience spans across large private entities, corporations, and Not for Profit. His executive roles have encompassed ASX organisations, Co-Operatives and large private companies with national and international operations. John spent 18 years with Sunny Queen Australia, 8 years as CEO & Managing Director. Prior to that he has held Senior Executive roles in both Dairy Farmers Cooperative and National Foods. John is currently Chair of Priestley's Gourmet Holdings and the Coolum Beach SLSC Future Fund. He is also Advisory Board Chair of Simon George & Sons. He was previously the Chair of Mulgowie Farming Company.
Other Directorships in listed entities:	Nil
Former Directorships in listed entities in the last 3 years:	Nil
Interest in shares and options:	4,149,857 Share Appreciation Rights

DIRECTORS' REPORT, CONT.

COMPANY SECRETARY

Joshua Fletcher	Company Secretary and Chief Financial Officer
	Josh joined the Company as Chief Financial Officer on 17 March 2023. He was appointed as Company Secretary on 17 March 2023.
Experience and qualifications	Joshua has broad finance and governance experience, gained over his career in the dairy industry from farmgate to manufacturing and commercial operation. He was the Finance Director at Maeil Australia (Maeil Dairies Co) and was responsible for all finance and governance related matters. Prior to Maeil Australia, Joshua was the Chief Financial Officer and Company Secretary of Organic Dairy Farmers of Australia Co-operative and its subsidiaries until 2019. He was also Head of Commercial Finance and Head of Finance at Murray Coulburn Co-operative. Joshua was the original financial controller of Tasmanian Dairy Products Co Limited, owned by Murray Coulburn, Mitsubishi Corporation and the Tasmanian founding shareholder, who built an $80m milk powder facility in North-West Tasmania. Joshua is a member of the Chartered Accountants Australia and New Zealand (CA ANZ). In addition, he holds a Bachelor of Commerce majoring in Accounting (University of Tasmania). He has previously been a member of the CA ANZ Regional and Rural Advisory Committee.

Shona Croucher	Company Secretary and Chief Financial Officer
	Shona joined the Company as Chief Financial Officer on 25 October 2021. She was appointed as Company Secretary on 26 November 2021. Shona ceased to be the Company Secretary and Chief Financial Officer on 17 March 2023.

DIRECTORS' REPORT, CONT.

MEETING OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors during the year ended 31 December 2023 and the number of meetings attended by each Director during that time. Board Meetings were held in addition to the Company's Annual General Meeting held on 30 May 2023.

Director	Board Meeting		Audit And Risk Committee		Nomination & Remuneration Committee	
	Held during time on Board	Attended	Held during time on Board	Attended	Held during time on Board	Attended
J Murphy[1]	18	18	6	6	3	3
B Swain[1]	18	17	6	6	3	3
J O'Hara[1]	18	18	6	6	3	3

[1]Mr Murphy, Mr O'Hara and Mr Swain were on the Board for the entire financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the processing, manufacture and sale of Tasmanian-made food products.

OPERATING RESULTS AND FINANCIAL POSITION

A comprehensive review of operations is set out in Operating and Financial Review section of this Annual Report.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year, other than those outlined in the Chairmans and CEO's report.

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since 31 December 2023, which have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

DIRECTORS' REPORT, CONT.

REMUNERATION REPORT

Message from the Chairman of the Remuneration & Nominations Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the Remuneration Report for the financial year ended 31 December 2023, outlining the nature and amount of remuneration for TasFood's Non-Executive Directors and other Key Management Personnel ("KMP").

TasFood's remuneration strategy is designed to be responsible and sufficiently competitive to attract and retain valued executives and directors who create value for shareholders whilst maintaining alignment with the short term and long-term objectives of the Company.

The current long term incentive plan was approved by shareholders at the May 2022 AGM.

It is especially important that any reward for Directors and Executives under the long-term incentive plan is clearly linked to business performance and our shareholders' expectations. The Board will, over the course of FY24 consider what further improvements to remuneration governance, policies, procedures and practices could be made, implement them, provide updates and respond to feedback in future Remuneration Reports.

We look forward to your comments, and support for remuneration related resolutions, at the upcoming AGM.

On behalf of the Committee, I recommend the Report to you.

Yours sincerely,

John O'Hara
Chair – Remuneration and Nomination Committee

DIRECTORS' REPORT, CONT.

REMUNERATION REPORT (AUDITED)

The Directors of TasFoods Limited present the Remuneration Report for the Company and its controlled entities for the financial year ended 31 December 2023, prepared in accordance with the requirements of the *Corporations Act 2001* and its regulations.

This report outlines the remuneration arrangements in place for the Key Management Personnel (KMP) of the Group, which comprises all Directors (executive and non-executive) and those other members of the TasFoods Executive who have authority and responsibility for planning, directing and controlling the activities of the Group.

This report has been prepared in accordance with section 300A of the *Corporations Act 2001.*

The Report has been set out as follows:

1. Key management personnel covered in this report (KMP)
2. Role of the Nomination and Remuneration Committee
3. Engagement of remuneration consultants
4. Remuneration strategy and framework
    - 4.1. Executive remuneration schedule
    - 4.2. Remuneration mix and linking pay to performance
    - 4.3. 2023 fixed remuneration
    - 4.4. 2023 short-term incentive arrangements
    - 4.5. 2023 long-term incentive arrangements
    - 4.6. KMPs 2023 short-term incentive arrangement results
    - 4.7. Company financial performance
5. Executive contracts
6. Non-executive directors' remuneration structure
    - 6.1. Current fee levels and fee pool
    - 6.2. 2023 long-term incentive arrangements
7. Restrictions on long-term incentive plan shares prior to vesting
8. Remuneration tables – Directors and KMP executives

DIRECTORS' REPORT, CONT.

1. KEY MANAGEMENT PERSONNEL

The term Key Management Personnel refers to those persons having the authority and responsibility for planning, directing and controlling the activities of the Consolidated entity, directly or indirectly, and includes any director of the Group (whether executive or otherwise).

The KMP of TasFoods for the year ended 31 December 2023 were:

Current Non-Executive Directors	Role	Appointment Date
John Murphy	Non-executive Chair	23 June 2021
Ben Swain	Non-executive Director	4 June 2020
John O'Hara	Non-executive Director	23 June 2021
Current KMP Executives	**Role**	**Appointment Date**
Scott Hadley[2]	Chief Executive Officer	1 October 2021
Joshua Fletcher	Chief Financial Officer	17 March 2023
Former Executive and Non-Executive Directors	**Role**	**End Date**
Shona Croucher[1]	Chief Financial Officer	17 March 2023

[1] Shona Croucher resigned as Chief Financial Officer on 17 March 2023.
[2] Scott Hadley, resignation was announced on 15 January, 2024 and effective 28 March 2024.

2. ROLE OF THE NOMINATION AND REMUNERATION COMMITTEE

The Committee has the responsibility for proposing candidates for consideration by the Board to fill casual vacancies or additions to the Board and for devising criteria for Board membership and for reviewing membership of the Board, including:

- Assessment of necessary and desirable competencies of Board members;
- Review of Board succession plans to maintain an appropriate balance of skills, experience and expertise;
- As requested by the Board, evaluation of the Board's performance and, as appropriate, developing and implementing a plan for identifying, assessing and enhancing Director competencies; and
- Recommendations for the appointment or replacement of Directors.

Additional responsibilities of the Committee include reviewing and reporting to the Board on:

- Remuneration arrangements for the directors and senior executives of the Company (including, without limitation, incentive, equity and other benefit plans and service contracts) to ensure remuneration suitably motivates executives to pursue the success of the Company through the identification and profitable integration of growth opportunities;
- The review of the Remuneration Report to be included in the annual report;
- Remuneration policies and practices for the Company generally;
- Superannuation arrangements;
- Board remuneration; and
- Such other matters as the Board may refer to the Committee from time to time.

DIRECTORS' REPORT, CONT.

3. ENGAGEMENT OF REMUNERATION CONSULTANTS

The Nomination and Remuneration Committee periodically engages independent external consultants to advise and assess KMP remuneration arrangements. In addition during the previous financial year (2022) Mercer Consulting Australia Pty Ltd (Mercer) was engaged to provide the valuation of rights to senior executives (issued under the existing LTI Plan), but did not provide any recommendations on the participants, quantum for participants, or the hurdles.

There has been no valuation of rights to senior executives conducted in FY23 as there has been no rights issued to senior executives in FY23.

4. REMUNERATION STRATEGY AND FRAMEWORK

The remuneration strategy sets the direction for the remuneration framework and drives the design and application of remuneration policies for executives of TasFoods (including KMP).

The Company's remuneration strategy and framework aims to attract and retain the best available people to run and manage TasFoods and align their interests with our shareholders. The Board is committed to having a remuneration strategy and framework that rewards, motivates, and retains executives, to achieve the Company's business objectives and deliver shareholder returns.

TasFoods seeks to create alignment between the interests of its executives and shareholders. In the case of executives, by providing a fixed remuneration component together with specific short-term and long-term incentives based on key performance areas affecting TasFoods financial and non-financial results

In the case of non-executive directors, their remuneration does not contain performance-based or 'at risk' components. Non-executive directors are paid fees, with a component being Share Appreciation Rights and are also encouraged to hold shares in TasFoods.

DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK

4.1. Executive remuneration structure

The performance of the Company depends upon the quality of its executives. To prosper, the Company must attract, motivate and retain highly skilled executives. To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Place a portion of executive remuneration at risk by linking reward with the strategic goals and performance of the Company;
- Differentiate individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential; and
- Ensure total remuneration is competitive by market standards.

Executives' total remuneration package may be comprised of the following elements:

- Total Fixed Remuneration (base salary and superannuation)
- At-Risk Remuneration:
    - Short-Term Incentive (STI)
    - Long-Term Incentive (LTI)

DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK, CONTINUED.

4.1. Executive remuneration structure, continued.

	Performance Condition	Remuneration Strategy/ Performance Link
Total Fixed Remuneration (TFR) • salary • statutory superannuation	Executive remuneration levels are market-aligned by comparison to similar roles in ASX-listed companies that have comparable market capitalisation, revenues, and financial metrics relevant to the executive's role, executive's knowledge, skills and experience, and individual performance.	Fixed remuneration is set to attract, motivate and retain executives to ensure they can deliver on TasFoods business strategy and contribute to the TasFoods ongoing financial performance.
Short Term Incentive (STI) Annual incentive opportunity delivered in cash	Performance is measured against: · Financial Group performance (i.e. gross profit margin and operating EBITDA); and · Non-Financial KPIs (i.e. WH&S (LTIFR) and other non-financial targets. The STI plan applies more broadly beyond the KMP and KPI's vary depending on the executive's level and role. Non-Financial KPIs also vary and depend on the executive's individual role and responsibilities. Details of the specific measures and results for 2023 can be found in section 4.6.	The STI plan is designed to encourage and reward high performance and for this reason it places a significant proportion of the executives' remuneration at-risk against targets linked to the Company's annual performance objectives and therefore supports the alignment between the interests of the executive, TasFoods and our shareholders. A combination of financial and non-financial KPIs are used because the Board believes that there should be a balance between short term financial measures and more strategic non-financial measures which in the medium to longer term will support the growth of TasFoods. The Board believes the STI provides the right measures and appropriately challenging targets for participants.
Long Term Incentive (LTI) An award of rights with performance assessed over 3 years	A three-year performance period provides a reasonable period to align reward with shareholder return and also acts as a vehicle to help retain the KMP, align the business planning cycle, and provide sufficient time for the longer-term performance to be achieved. Due to the importance that the Board places on an improvement in share price and profitable growth, two measures (Total Shareholder Return (TSR) and EBITDA growth) were chosen for awards.	The purpose of the LTI is to focus the executives' efforts on the achievement of sustainable long-term shareholder value creation and the long-term financial success of TasFoods. The provision of LTIP awards via performance rights for ordinary shares in TasFoods encourages long-term share exposure for the executives and, therefore, aligns the long-term interests of executives and shareholders.

DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK, CONTINUED.

4.2. Remuneration mix and linking pay to performance

The Board recognises that each executive needs a significant portion of their remuneration to be at-risk and be linked to TasFoods annual business objectives and actual performance.

Remuneration is linked to performance by:

- Requiring a proportion of the executives' remuneration to vary with the short-term and long-term performance of TasFoods;
- Setting clear expectations on target and stretch performance objectives required for STI payments to ensure quality results; and
- Assessment of long-term performance through multiple measures to provide a complete picture of TasFoods performance and the increase in shareholder value.

In addition, STI and LTI outcomes are not driven by a purely formulaic approach. The Nomination and Remuneration Committee holds discretion to determine that awards are not to be provided or vested in circumstances where it would be inappropriate or would provide unintended outcomes.

The relative weighting of fixed and variable components for target performance is set according to the scope of the executive's role. For the KMP the 'at risk' components for 2023 were as follows:

	TFR	Short Term Incentive (At-Target)[1]	Short Term Incentive (Stretch)[2]	Long Term Incentive (Target Opportunity)[3]	Long Term Incentive (Maximum Opportunity)
Current KMP Executives					
Scott Hadley	$450,000	50.0%	75.0%	90.0%	180.0%
Joshua Fletcher	$235,000	40.0%	40.0%	40.0%	40.0%
Former KMP Executives					
Shona Croucher[1]	$292,000	40.0%	60.0%	40.0%	80.0%

[1] Shona Croucher resigned as Chief Financial Officer on 17 March 2023.

[1] The short-term incentive is the total payment at-target as a % of TFR

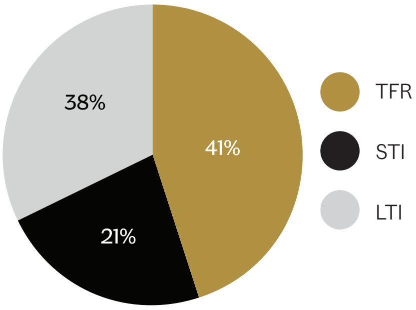
[2] KMP Executives' STIs have a stretch component that is designed to encourage above at-target performance as a % of TFR.

[3] The long-term incentive refers to the value, of any grant as a % of TFR.

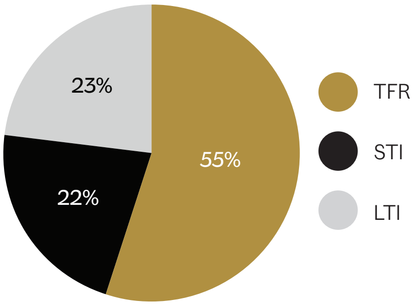
DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK, CONTINUED.

4.2. Remuneration mix and linking pay to performance, continued.



Scott Hadley



Joshua Fletcher

4.3. 2023 fixed remuneration

TasFoods uses a total fixed remuneration (base salary and superannuation) for the purposes of calculating STI and/or LTI amounts.

Details of KMP executives' total fixed remuneration for the year ended 31 December 2023 (and 31 December 2022) can be found in the 'Remuneration Tables' section of this report.

4.4. 2023 short-term incentive arrangements

The TasFoods Short Term Incentive Plan (STIP) rewards the CEO and those executives reporting to the CEO (including the KMP executives) for performance against a pre-determined scorecard of measures linked to TasFoods short-term business performance (12 months) and individual performance. The specific performance measures may vary from year to year depending on the business' objectives but are chosen on the basis that they will increase financial performance, market share and shareholder returns.

The relative weighting of fixed and variable components for target performance is set according to the scope of the executive's role.

The key performance indicators and other targets against which performance can be measured for determining the proportion of 'at-risk' remuneration, are generally as follows:

- **Financial** – actual results compared to budgeted results for items including EBITDA, Sales Revenue, and Gross Profit Margin..
- **Business growth** – NPAT, earnings per share, price earnings ratio, new order value, acquisitions and new customers.
- **Business management** – cash generation, capital management, number of days sales outstanding in debtors, inventory turnover, cost/revenue ratios, and staff utilisation.
- **Strategy** – development, approval, implementation, and achievement.
- **People** – Workplace Health and Safety (LTIFR).

DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK, CONTINUED.

4.4. 2023 short-term incentive arrangements, continued.

Performance for each measure is assessed on a range from Target to Stretch. Stretch is set by the Board for each measure at a level that ensures maximum STI is payable only where performance has truly and substantially exceeded expectations.

Details of the STI performance measures and targets for 2023 are set out in section 4.6.

4.5. 2023 long-term incentive arrangements

Executive remuneration is determined by the Board, having consideration to relevant market practices and the circumstances of the Company on an annual basis. It is the view of the Board that it is in the interests of Shareholders for selected Executives (the Participants) to receive part of their Total Remuneration Package (TRP) in the form of at-risk equity that will vest based on performance against indicators that are linked to Shareholder benefit (refer to details in respect of the Vesting Conditions following) during a defined Measurement Period. This is also considered best practice with regards to evident market practices. It should therefore be considered appropriate to provide some equity-based remuneration to Executives of the Company instead of cash only.

The TasFoods Limited Rights Plan (TFLRP) was designed to form a significant component of at-risk remuneration and to create alignment between Shareholder value creation and the remuneration of selected Executives. Grants under the TFLRP will facilitate the Company providing appropriate, competitive and performance-linked remuneration to its Executives. The Board seeks to ensure that grants to Executives are made at a level that will appropriately position their TRPs in the market, in accordance with the Company's remuneration policies. Given the operating results in FY23, the Nomination and Remuneration Committee used its discretion to not issue any PSAR in FY23.

The key elements of the Executive LTI plan are:

Participants: the CEO, executive KMP, and provision for additional participants but noting that the terms of their grants may be varied as considered appropriate by the Board.

Instrument: The TFLRP uses Performance Share Appreciation Rights (PSARs) which are an entitlement to the value of a Share which may be settled either in the form of cash or a Share/Restricted Share (a Share which is subject to disposal restrictions). Generally, it is expected that vested PSARs will be satisfied in Restricted Shares.

Maximum number of Performance Rights: The maximum number of PSARs is calculated by multiplying the total fixed remuneration (TFR) of the Participant at the beginning of the financial year by the maximum LTI % and then dividing that figure by the relative value of the PSAR. The value of a PSAR is calculated using the Black Scholes option pricing model. As noted above, no new awards were issued in FY23.

Measurement Period: The Measurement Period (for the FY22 awards) is the three financial years from 1 January 2022 to 31 December 2024.

DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK, CONTINUED.

4.5. 2023 long-term incentive arrangements, continued.

Vesting Conditions: In order for PSARs to vest, the Participant must remain employed by the Company during the Measurement Period (except in the case of a "Good Leaver") and the performance conditions must be satisfied. The performance conditions in relation to the 2022 grant of PSARs were Total Shareholder Return (TSR) and EBITDA growth as outlined below:

Total Shareholder Return

The vesting percentages (of the grant/stretch/maximum level of LTI) to be determined by the following scale:

Performance Level	Absolute TSR (CACR)	Indicative TFL Share price	% of Maximum vesting
Stretch	25%	$0.14	100%
Between Target and Stretch	>19%, <25%	>$0.12 and <$0.14	Pro-Rata
Target	19%	$0.12	50%
Between Threshold and Target	>14%, <19%	>$0.10 and <$0.12	Pro-Rata
Threshold	14%	$0.10	25%
Below Threshold	<14%	<$0.10	0%

Share Price is determined by a ten-trading day VWAP ending on the date that is the end of the Measurement Period (see above).

EBITDA Growth

The Company's compound annual growth in EBITDA, and achievement against the EBITDA Hurdle, will be determined by the Board in its absolute discretion, having regard to matters it considers relevant. It is intended that EBITDA for each relevant financial year will be calculated as EBITDA for that financial year, adjusted to exclude the costs of servicing equity (other than dividends), adjusted for any bonus elements. For relevant financial years, the calculation may be adjusted to take into account one-off items associated with equity raising, if considered appropriate by the Board. The Board also reserves the right to make any other adjustments it thinks fit to the calculation of EBITDA having regard to the impact of any other exceptional items.

Retesting: Retesting is not permitted under the proposed terms of the Invitations.

Exercise Price: The exercise price for the PSARs is $0 and no amount needs to be paid by the Participant in order to exercise the PSARs. Instead it is accounted for in the calculation of the Exercised PSARs Value which is as follows:

(Share Price - Exercise Price) x Number of PSARs Exercised

Cessation of Employment: In the event of a termination of employment by the Company for cause, all unvested PSARs will be forfeited unless otherwise determined by the Board.

Subject to the Rules, in other cases cessation of employment will generally result in pro-rata forfeiture of the PSARs reflecting the remaining portion of the first year of the Measurement Period that will not be served, with the excess staying on foot for testing at the end of the measurement period, unless otherwise determined by the Board.

Following a Participant ceasing employment with the Group, 90 days after the first date that all PSARs that the Participant holds are fully vested and not subject to Exercise Restrictions, all PSARs they hold will be automatically exercised on a date determined by the Board, unless otherwise specified in an Invitation or the Board determines that they may be held for any remainder of the Term specified in the Invitation.

DIRECTORS' REPORT, CONT.

4. REMUNERATION STRATEGY AND FRAMEWORK, CONTINUED.

4.6. KMPs 2023 short-term incentive arrangement results

The measures and targets for the 2023 STI were set by the Board in February 2023 and were based on the Company's priorities for 2023. The key performance indicators were based upon stretch targets, with operating EBITDA set as a hurdle requirement (or gate) for payment of the 2023 STI.

The following table shows the Company's 2023 STI performance measures and weightings as applied to KMP.

Performance Measure	Description	Weighting	Comment
Operating EBITDA	Statutory EBITDA adjusted for acquisition costs, capital raising costs and incentive payments	40%	EBITDA is seen as a key factor of trading performance and operational sustainability. Operating EBITDA is a hurdle requirement for STI payments
Gross Profit Margin ($)	Statutory gross profit margin in dollars excluding biological asset movements	20%	The gross profit margin is seen as a key outcome of sales effectiveness and operational efficiency
Gross Profit Margin (%)	Statutory gross profit margin percentage excluding biological asset movements	20%	The gross profit margin is seen as a key outcome of sales effectiveness and operational efficiency
WHS - Lost time injury frequency rate (LTIFR)	LTIFR are the number of lost time injuries within a given year relative to the total number of hours worked in the same period multiplied by 1 million	5%	Employees are a key asset to TasFoods and their safety is paramount. A reduction in LTIFR is a key outcome of the WHS program
Other Non-Financial Targets	Including capital management, capability build and operational KPIs	15%	A number of others non-financial KPIs were set to focus on both capability and operational efficiencies across the TasFoods business.

4.7. Company financial performance

The following table shows the relationship between KMP executives' at-risk remuneration and TasFoods overall financial performance:

Financial Year Ended 31 December	2023	2022	2021	2020	2019
Revenue ($000)	$74,052	$70,587	$69,441	$67,436	$51,105
Net (loss)/profit before tax ($'000)	($987)	($16,399)	($10,741)	($7,709)	($3,202)
Net (loss)/profit after tax ($'000)	($987)	($16,478)	($10,741)	($6,407)	($3,459)
Share price at start of year	$0.040	$0.105	$0.120	$0.120	$0.135
Share price at end of year	$0.030	$0.040	$0.105	$0.120	$0.120
Share price growth	-25.00%	-61.90%	-12.50%	0.00%	-11.11%
Dividends	$0.00	$0.00	$0.00	$0.00	$0.00
Basic (loss)/earnings per share (cents)	(0.23)	(4.03)	(3.05)	(2.56)	(1.48)
Diluted (loss)/earnings per share (cents)	(0.23)	(4.03)	(3.05)	(2.56)	(1.48)
Average STI payout as a % at-target for eligible KMP executives	**0%**	**0%**	**0%**	**0%**	**0%**

The average STI payout as a % of the at-target for eligible KMP executives for FY23 was 0% as the EBITDA hurdle was not met. The EBITDA hurdle was also the gate for all non-financial STI awards.

DIRECTORS' REPORT, CONT.

5. EXECUTIVE CONTRACTS

The remuneration and other terms of employment for the executives are covered in formal employment contracts that have no fixed terms. TasFoods may terminate an executive immediately for cause, in which case the executive is not entitled to any payment other than the value of total fixed remuneration (and accrued entitlements) up to the termination date.

Name	Notice Period by TasFoods	Notice Period by Executive	Termination / Redundancy Payment
KMP Executives			
Scott Hadley	6 months	6 months	The Company has discretion to make a payment in lieu of all or part of the notice period. If the CEO's employment is terminated in circumstances where there has been a fundamental change to his role, or if he is made redundant then he is entitled to a severance payment equivalent to 12 months' salary.
Joshua Fletcher[1]	6 months	6 months	The Company has discretion to make a payment in lieu of all or part of the notice period. If the CFO's employment is terminated in circumstances where there has been a fundamental change to her role, or if she is made redundant then she is entitled to a severance payment equivalent to 12 months' salary.
Former Executive and Non-executive Directors			
Shona Croucher[2]	6 months	6 months	The Company has discretion to make a payment in lieu of all or part of the notice period. If the CFO's employment is terminated in circumstances where there has been a fundamental change to her role, or if she is made redundant then she is entitled to a severance payment equivalent to 12 months' salary.

[1] Joshua Fletcher commenced as Chief Financial Officer on 17 March 2023

[2] Shona Croucher resigned as Chief Financial Officer on 17 March 2023

DIRECTORS' REPORT, CONT.

6. NON-EXECUTIVE DIRECTORS' REMUNERATION STRUCTURE

TasFoods remuneration policy for executive and non-executive directors aims to ensure that TasFoods can attract and retain suitably qualified and experienced directors having regard to:

- the level of fees paid to executive and non-executive directors of other comparable Australian listed companies;
- the complexity of the TasFoods operations;
- the responsibilities and work requirements of Board members; and
- the skills and diversity of Board members.

6.1. Current fee levels and pool

Within the aggregate amount of $400,000, non-executive director and the former Executive Chair's directors' fees are reviewed periodically and determined by the Nomination and Remuneration Committee and the Board with reference to other ASX-listed companies that have comparable market capitalisation.

A review of NED fees was undertaken in December 2021, based on the benchmark data of a market capitalisation comparator group. During the 2023 financial year non-executive and the former Executive Chair's directors' fees (inclusive of superannuation) were:

Director	Base Fee	Committee Chair Fee	Fees sacrificed into Equity in FY23	Total
John Murphy	70,000	-	40,000	110,000
Ben Swain	45,000	-	28,000	73,000
John O'Hara	45,000	-	28,000	73,000

Directors may also be reimbursed for travel and other expenses incurred in attending to TasFoods affairs.

A non-executive director may be paid such additional or special remuneration as the Board decides is appropriate where a director performs extra work or services. No fees were paid during 2023 as additional or special remuneration.

There are no retirement benefit schemes for directors other than statutory superannuation contributions, and executive chair and non-executive directors' remuneration must not include a commission on, or a percentage of, the profits or income of TasFoods.

DIRECTORS' REPORT, CONT.

6. NON-EXECUTIVE DIRECTORS' REMUNERATION STRUCTURE, CONTINUED.

6.2. 2023 long-term incentive arrangements

The key elements of the Non-Executive Directors LTI plan are:

Participants: Non-Executive Directors of TasFoods Limited (NED's)

Instrument: Performance Share Appreciation Rights (PSARs) which are an entitlement, when exercised, to a Share or Restricted Share (a Share which is subject to disposal restrictions). Generally, it is expected that vested PSARs will be satisfied in Restricted Shares. Grants of SARs under the TLRP are intended to be a component of Board Fees that are part of the remuneration of NEDs, based on an exchange of future cash remuneration, in return for a future grant of Share Appreciation Rights.

Maximum number of Performance Share Appreciation Rights: The maximum number of PSARs is calculated by dividing the Annual Directors Cash Fee Sacrifice by the relative value of the PSAR. The value of a PSAR is calculated using the Black Scholes option pricing model, .

Term: The SARs have a term that ends on 31 December 2027, and if not exercised within the term the SARs will lapse.

Vesting Conditions: The SARs are fully vested at Grant, but are subject to Specified Disposal Restrictions that facilitate long term holding of equity interests.

Specified Disposal Restrictions: A Specified Disposal Restriction applies to the PSARs (and resulting Restricted Shares that may flow from exercising them) such that the Restricted Shares may not be disposed of until the earlier of:

- the Participant ceasing to hold office or employment with the Company, and
- the elapsing of 15 years from the Grant Date.

Exercise Price: The exercise price for the PSARs is $0.0137 however this price is notional and no amount needs to be paid by the Participant in order to exercise the PSARs. Instead it is accounted for in the calculation of the Exercised PSARs Value which is as follows:

(Share Price - Exercise Price) x Number of PSARs Exercised

Exercise Restriction: An exercise restriction applies to the SARs until 31 December 2025.

Cessation of Holding the office of NED: If a Participant ceases to hold the office of NED or employed position with the Company and is not immediately re-appointed, Exercise Restrictions and Specified Disposal restrictions attaching to Restricted Shares will cease to apply at the date of cessation of holding the office of NED and the Company will remove any CHESS holding lock.

7. RESTRICTIONS ON LTIP SHARES PRIOR TO VESTING

The Company prohibits executives from entering into arrangements to protect the value of unvested Long-Term Incentive awards. This includes entering into contracts to hedge their exposure to performance rights over shares granted as part of their remuneration package. Adherence to this policy is monitored informally on an annual basis where such awards exist by the Nomination and Remuneration Committee requesting confirmation from each of the executives that no such activity has occurred.

The Company treats compliance with this policy as a serious issue and takes appropriate measures to ensure policy adherence.

DIRECTORS' REPORT, CONT.

8. REMUNERATION TABLES – DIRECTORS AND KMP EXECUTIVES

Details of the nature and amount of each element of the remuneration and shareholdings of the KMP of the consolidated entity are set out in the following tables.

Table A: Remuneration for KMP for the year ended 31 December 2023

	Short Term Employee Benefits					Long Term Employee Benefits	Post-employment Benefits		Share Based Payments			
	Year	Salary/ Fees	STI Payment	Unused Leave Payment	Non-monetary benefits	Annual Leave and Long Service Leave	Super-annuation	Long term employment benefits	Shares	Share Appreciation Rights/ Options	Total	Performance Related %
Current Non-Executive Directors		$	$	$	$	$	$	$	$	$	$	%
John Murphy	**2023**	**63,348**	-	-	-	-	**6,970**	-	-	**40,000**	**110,318**	**0%**
	2022	52,175	-	-	-	-	5,428	-	-	79,609	137,212	0%
Ben Swain	**2023**	**40,724**	-	-	-	-	**4,481**	-	-	**28,000**	**73,205**	**0%**
	2022	40,770	-	-	-	-	4,230	-	-	79,609	124,609	0%
John O'Hara	**2023**	**45,000**	-	-	-	-	-	-	-	**28,000**	**73,000**	**0%**
	2022	45,000	-	-	-	-	-	-	-	79,609	124,609	0%
Former Executive Chair and Non-Esecutive Directors												
Craig Treasure	**2023**	-	-	-	-	-	-	-	-	-	-	**0%**
	2022	26,278	-	-	-	-	2,681	-	-	-	28,959	0%
Current KMP Executives												
Scott Hadley [2,3]	**2023**	**424,617**	-	-	-	**33,427**	**26,462**	-	-	-	**484,506**	**0%**
	2022	426,432	-	-	-	27,881	25,246	-	-	303,562	783,211	0%
Joshua Fletcher	**2023**	**175,382**	-	-	-	**15,659**	**18,985**	-	-	-	**210,026**	**0%**
	2022	-	-	-	-	-	-	-	-	-	-	0%
Former KMP Executives												
Shona Croucher [1,3]	**2023**	**56,874**	-	-	-	(17,703)	**5,239**	-	-	-	**44,320**	**0%**
	2022	267,179	-	-	-	14,595	24,608	-	-	63,887	370,269	0%

[1] Shona Croucher resigned as Chief Financial Officer on 17 March 2023

[2] Scott Hadley, resignation was announced on 15 January 2024 and effective 28 March 2024

[3] Revised to reflect the appropriate vesting period for the FY22 LTI Performance rights award, resulting in an increase of $184,606 for Scott Hadley and $37,448 for Shona Croucher.

DIRECTORS' REPORT, CONT.

8. REMUNERATION TABLES – DIRECTORS AND KMP EXECUTIVES, CONTINUED.

Table B: Shareholdings

	Year	Shares held at Start of Year	Issued as Remunefration	Share Buyback	Net other changes	Shares held at End of Year
Current Non-Executive Directors		No.		No.		No.
John Murphy	**2023**	**-**	-	-	-	**-**
	2022	-	-	-	-	-
Ben Swain	**2023**	**1,578,571**	-	-	-	**1,578,571**
	2022	1,150,000	-	-	428,571	1,578,571
John O'Hara	**2023**	-	-	-	-	-
	2022	-	-	-	-	-
Current KMP Executives						
Scott Hadley	**2023**	-	-	-	-	-
	2022	-	-	-	-	-
Joshua Fletcher	**2023**	-	-	-	-	-
	2022	-	-	-	-	-
Former KMP Executives						
Shona Croucher	**2023**	-	-	-	-	-
	2022	-	-	-	-	-

[1] number of shares disclosed as being held at end of year is reflective of the number of shares held at the time of cessation of employment.

DIRECTORS' REPORT, CONT.

8. REMUNERATION TABLES – DIRECTORS AND KMP EXECUTIVES, CONTINUED.

Table C: Movements during 2023 in performance rights or options over shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties.

	Year	Share Appreciation Rights held at Start of Year	Granted as remuneration	Vested and exercisable	Exercised during the reporting period	Forfeited	Share Appreciation Rights held at End of Year
Current Executive Chair and Non-executive Directors		No.		No.	No.	No.	No.
John Murphy	**2023**	**2,106,061**	**2,919,708**	-	-	-	**5,025,769**
	2022	-	2,106,061	-	-	-	2,106,061
Ben Swain	**2023**	**2,106,061**	**2,043,796**	-	-	-	**4,149,857**
	2022	-	2,106,061	-	-	-	2,106,061
John O'Hara	**2023**	**2,106,061**	**2,043,796**	-	-	-	**4,149,857**
	2022	-	2,106,061	-	-	-	2,106,061
	Year	Performance Share Appreciation Rights or Options held at Start of Year	Granted as remuneration	Vested and exercisable	Exercised during the reporting period	Forfeited	Performance Share Appreciation Rights or Options held at End of Year
Current KMP Executives		No.		No.	No.	No.	No.
Scott Hadley	**2023**	**32,181,208**	-	-	-	-	**32,181,208**
	2022	5,000,000	27,181,208	-	-	-	32,181,208
Joshua Fletcher	**2023**	-	-	-	-	-	-
	2022	-	-	-	-	-	-
Former KMP Executives		No.		No.	No.	No.	No.
Shona Croucher[1]	**2023**	**7,838,926**	-	-	-	-	**7,838,926**
	2022	-	7,838,926	-	-	-	7,838,926

[1]Shona Croucher resigned as Chief Financial Officer on 17 March 2023, the amount shown is as at the date of resignation.

DIRECTORS' REPORT, CONT.

8. REMUNERATION TABLES – DIRECTORS AND KMP EXECUTIVES, CONTINUED.

Table D: Share-based payments granted as remuneration to KMP

	Year	Grant Date	Number Granted	Exercise Price	Expiry Date	Date when Options/ SAR's may be exercised	Value of Performance Share Appreciation Rights or Options Granted	Unamortised amount as at 31 December 2022	Number Vested	Percentage of Grant Forfeited
Current Non-executive Directors			No.				$		No.	No.
John Murphy	**2023**	**30-May-23**	**2,919,708**	**$0.0137**	**30-May-27**	**31-Dec-25**	**40,000**	-	-	**0%**
	2022	30-May-22	2,106,061	$0.065	30-May-26	31-Dec-24	79,609	-		0%
Ben Swain	**2023**	**30-May-23**	**2,043,796**	**$0.0137**	**30-May-27**	**31-Dec-25**	**28,000**	-	-	**0%**
	2022	30-May-22	2,106,061	$0.065	30-May-26	31-Dec-24	79,609	-		0%
John O'Hara	**2023**	**30-May-23**	**2,043,796**	**$0.0137**	**30-May-27**	**31-Dec-25**	**28,000**	-	-	**0%**
	2022	30-May-22	2,106,061	$0.065	30-May-26	31-Dec-24	79,609	-		0%
Current KMP Executives										
Scott Hadley	**2023**	-	-	-	-	-	-	-	-	**0%**
	2022	7-Jun-22	27,181,208	$0.066	7-Jun-27	31-Dec-24	649,631	73,842	-	0%
Joshua Fletcher	**2023**	-	-	-	-	-	-	-	-	**0%**
	2022					Nil				

End of Remuneration Report (Audited)

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the directors and officers of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

ENVIRONMENTAL REGULATIONS

The Company is subject to usual Federal and State environmental regulations. TasFoods manufacturing sites are licenced with Council and State authorities. The licences stipulate performance standards for all emissions (noise, air, odour, waste water etc), from the sites as well as the frequency and method of assessment of emissions. The Company's activities are in full compliance with all prescribed environmental regulations.

DIRECTORS' REPORT, CONT.

SHARE OPTIONS AND PERFORMANCE RIGHTS

Share Options and Performance Rights over ordinary shares of TasFoods Limited at the date of this report are as follows:

Grant Date	Grant Instrument	Expiry Date	Exercise Price	Number Granted
				No.
30-May-23	Share Appreciation Rights	31-Dec-27	$ 0.0137	7,007,300
30-May-22	Share Appreciation Rights	31-Dec-26	$ 0.065	6,318,183
7-Jun-22	Performance Share Appreciation Rights	7-Jun-27	$ 0.066	40,187,920
27-Aug-21	Options	27-Aug-26	$ 0.010	2,500,000
27-Aug-21	Options	27-Aug-26	$ 0.010	2,500,000
6-Sep-21	Performance Rights	6-Sep-26	$ -	1,851,707
				60,365,110

Further details regarding share options and performance rights granted are contained within the Remuneration Report and in note 30.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any proceedings during the year.

NON-AUDIT SERVICES

The Group may decide to engage its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Where auditors are engaged to perform non-audit services, the Directors are satisfied that the provision of these non-audit services by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

Details of amounts paid or payable to the Group's auditor for audit and non-audit services provided during the year are set out below.

	2023	2022
	$	$
Auditors of the parent entity:		
Auditing the financial report	243,000	278,500
Other assurances services	-	-
	243,000	**278,500**

DIRECTORS' REPORT, CONT.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included at page 49 of the Annual Report.

AUDITOR

PricewaterhouseCoopers continues in accordance with section 327 of the *Corporations Act 2001.* There are no officers of the Company who are former audit partners of PricewaterhouseCoopers.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of good corporate governance. The Group continued to follow best practice recommendations as set out by the ASX Corporate Governance Council. Where the Group has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at https://www.tasfoods.com.au/corporate-governance/

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest thousand (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. The company is an entity to which the Class Order applies. Amounts in the directors' report have been rounded off in accordance with the Class Order 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

John Murphy
Non-Executive Chair

29 February 2024

pwc

Auditor's Independence Declaration

As lead auditor for the audit of TasFoods Limited for the year ended 31 December 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of TasFoods Limited and the entities it controlled during the period.

Brad Peake
Partner
PricewaterhouseCoopers

Melbourne
29 February 2024

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FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Continued Operations			
Revenue from operations	7	47,811	41.948
Other income	7	792	317
Profit/(Loss) on sale of fixed assets	7	(105)	25
Fair value adjustment of biological assets	11	243	375
Impairment		-	(2,910)
Raw materials used		(26,724)	(24,648)
Employment and contractor expense	8	(15,354)	(15,008)
Freight		(3,458)	(2,943)
Occupancy costs		(890)	(989)
Depreciation and amortisation		(1,195)	(1,281)
Finance costs		(618)	(469)
Insurance		(741)	(589)
Legal and professional fees		(975)	(729)
Marketing and event expenses		(290)	(356)
Repairs and maintenance		(704)	(886)
Other expenses		(2,839)	(2,585)
Profit /(Loss) before income tax		**(5,047)**	**(10,728)**
Income tax benefit/(expense)	9	-	(79)
Net Profit/(Loss) after tax for the year from continuing operations		**(5,047)**	**(10,807)**
Net profit after tax for the year from discontinued operations	3	4,060	(5,672)
Net Profit/ (Loss) after tax for the year		**(987)**	**(16,478)**
Other comprehensive income			
Items that may be reclassified to profit or loss in the future:			
Other comprehensive loss net of tax		-	-
Total comprehensive income		**(987)**	**(16,478)**
Net profit for the period attributable to:			
Non-controlling interest		-	-
Owners of TasFoods Limited		(987)	(16,478)
		(987)	**(16,478)**
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of TasFoods Limited		(987)	(16,478)
		(987)	**(16,478)**
Total comprehensive income for the year is attributable to:			
Continuing operations		(5,047)	(10,806)
Discountinuing operations		4,060	(5,672)
		(987)	**(16,478)**

	Note	2023 Cents	2022 Cents
Basic proft/(loss) per share (cents per share)	5	(0.23)	(4.03)
Diluted profit/(loss) per share (cents per share)	5	(0.23)	(4.03)
Basic proft/(loss) per share from continuing operations (cents per share)	5	(1.15)	(1.39)
Diluted profit/(loss) per share from continuing operations (cents per share)	5	(1.15)	(1.39)
Basic proft/(loss) earnings per share from discontinued operations (cents per share)	5	0.93	(2.64)
Diluted profit/(loss) earnings per share from discontinued operations (cents per share)	5	0.93	(2.64)

Prior year comparatives have been restated due to continued operations, refer note 3 for details of discontinued operations.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 $'000	2022 $'000
Current Assets			
Cash and cash equivalents	20	3,432	351
Trade and other receivables	10	3,209	4,734
Biological assets	11	3,487	2,557
Inventory	12	2,128	4,574
Prepayments		691	1,144
Total Current Assets		**12,947**	**13,360**
Non-Current Assets			
Property, plant and equipment	13a	17,264	23,713
Right of use assets	13b	4,422	1,541
Intangible assets	14	572	556
Biological assets	11	-	14
Deferred tax assets	9	-	-
Total Non-Current Assets		**22,258**	**25,824**
Total Assets		**35,205**	**39,184**
Current Liabilities			
Trade and other payables	15	9,662	11,645
Borrowings	16	2,284	1,022
Lease Liabilities	13b	332	373
Provisions	17	987	1,362
Total Current Liabilities		**13,265**	**14,402**
Non-Current Liabilities			
Borrowings	16	13	4,739
Lease Liabilities	13b	4,241	1,494
Provisions	17	111	219
Deferred tax liabilities	9	-	-
Total Non-Current Liabilities		**4,365**	**6,452**
Total Liabilities		**17,630**	**20,854**
Net Assets		**17,575**	**18,330**
Equity			
Contributed Equity	18	66,834	66,834
Reserves	19	1,353	1,121
Accumulated Losses		(50,612)	(49,625)
Total Equity		**17,575**	**18,330**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2023

	Contributed Equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
At 1 January 2022	**61,054**	**691**	**(33,147)**	**28,598**
Loss for the year	-	-	(16,478)	(16,478)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(16,478)	(16,478)
Issue of shares	5,964	-		5,964
Share issue costs	(184)	-	-	(184)
Share-based payment expense	-	430	-	430
As at 31 December 2022	**66,834**	**1,121**	**(49,625)**	**18,330**
At 1 January 2023	**66,834**	**1,121**	**(49,625)**	**18,330**
Loss for the year	-	-	(987)	(987)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(987)	(987)
Issue of shares	-	-		-
Share issue costs	-	-	-	-
Share-based payment expense	-	232	-	232
As at 31 December 2023	**66,834**	**1,353**	**(50,612)**	**(17,575)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		76,331	71,722
Payments to suppliers and employees		(80,026)	(76,987)
Interest received		181	1
Interest paid		(579)	(435)
Other		590	(111)
Net cash (used in)/from operating activities	20	**(3,502)**	**(5,810)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,614)	(972)
Payments for other non-current assets		(3)	-
Proceeds from disposal of property, plant, and equipment		11,452	1,593
Net cash from business combination		686	-
Net cash (used in)/from investing activities		**10,521**	**621**
Cash flows from financing activities			
Proceeds from issue of shares		-	5,964
Cost of issuing shares		-	(153)
Proceeds from borrowings		1,856	925
Repayment of borrowings		(5,343)	(2,304)
Principal elements of lease payments		(305)	(320)
Transaction costs related to borrowings		(146)	(21)
Net cash (used in)/from by financing activities		**(3,938)**	**4,090**
Net (decrease)/increase in cash held		**3,081**	**(1,098)**
Cash and cash equivalents at the beginning of the year		351	1,450
Cash and cash equivalents at the end of the year	20	**3,432**	**351**

The above cashflow statement includes continuing and discontinued operations.
Refer to note 3 for details on cash flow relating to discontinued operations.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

1. GENERAL INFORMATION

The consolidated financial statements and notes represent those of TasFoods Limited and its Controlled Entities. TasFoods Limited is a company incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

The financial statements were authorised for issue on 29 February 2024 by the Directors of the Company.

All press releases and other information are available on our website www.tasfoods.com.au.

Going Concern

These financial statements have been prepared on the basis the Group is a going concern.

For the year ended 31 December 2023 the consolidated entity incurred losses of $1.0 million after tax (2022: $16.5 million loss) and incurred net cash outflows from operations of $3.5 million (2022: $5.8 million). At 31 December 2023, the consolidated entity had cash and cash equivalents on hand of $3.4 million (31 December 2022: $0.4 million), and consolidated entity was in a net current liability position of $0.3 million (31 December 2022: net current liability position of $1.0 million).

The ability of the Group to continue as a going concern is dependent on the continuing implementation of its strategic initiatives, a disciplined and focused approach to managing input costs and other profitability enhancement initiatives. In addition, management is aiming to improve the current financial position and cash flows of the Group through divestment of assets not utilised as part of the Poultry and remaining dairy segments and negotiating and obtaining additional funding (at 31 December 2023 current external borrowings are $2.3 million) from alternative sources if required. The strategic initiatives include:

- Implementation of enhanced Poultry operational ways of working, controlling the Poultry supply chain from hatchery through to processing to gain efficiencies, and implementation of further cost saving improvements across both divisions (including wastage reduction and yield improvement initiatives).
- On-going assessment of customer and product profitability with low or negative margin products exited.
- Increasing gross margins through negotiated sales price increases with customers and execution of identified cost savings over raw material inputs, distribution and logistics.
- Continued acceleration and growth of Pet Treats across mainland and statewide Tasmania.
- Export certification of the Pyengana Dairy cheese product to increase sales for export opportunities outside Australia.
- Continued acceleration of mainland growth initiatives and customer acquisition.
- Continued adoption of the developed capital management framework and a disciplined approach to assessing all opportunities to ensure strategic alignment, financial return, risk management and capability to execute.

Progress was made during 2023 towards the above strategies. Initiatives included SKU rationalisation of low volume/loss making products, successful implementation of price rises, refinement of minimum order quantities and distribution network profit improvement strategies, together with cost saving initiatives to gain better production efficiencies in the Poultry segment. The directors are of the opinion the Group will be successful in the continued implementation of further enhancements to the above strategic objectives during 2024.

TasFoods business is reduced in scope and complexity after the successful divestment of Betta Milk and Meander Valley Dairy and Shima Wasabi. The new Group's ability to repay current borrowings and meet its working capital requirements is based on a forecast EBITDA and cash flow requirements, which is based on meeting operational forecasts together with cost reduction strategies across the remaining business units.

The Group's forecasted EBITDA is based on a combination of historic trends, engagement with key customers and internal demand analysis and includes judgement in relation to future pricing and demand for existing and new products. Future forecasts incorporate modest price increases with additional growth to be achieved through increased distribution, whilst costs will be managed through a combination of previously implemented restructuring activities and cost reduction strategies to be employed across the business, SKU rationalisation where appropriate and divestment of assets not utilised.

Given the risk associated with the timing and quantum of profitability improvement initiatives, the ability to divest assets not utilised and the agricultural risk associated with key drivers of input costs and gross profit margins, there is 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

2. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

During June 2023 the Shima Wasabi business unit was sold for $0.7 million less employee entitlements. In December 2023 the Betta Milk and Meander Valley Dairy business units were sold to Bega Cheese Limited as part of a plant and equipment and brand sale for $11.1 million less employee entitlements, plus inventory. Proceeds were used to repay all debt with ANZ. In December 2023 a chicken hatchery business, Redbank Poultry, was purchased to strengthen the supply chain in the poultry division.

Other than the above, there were no significant changes in the state of affairs of the Group during the financial year.

A detailed discussion of the Group's financial performance and position is included in the Operating and Financial Review on pages 10 to 21 at the start of this Annual Report.

There have been no changes in accounting policies since the previous financial report at 31 December 2022.

3. DISCONTINUED OPERATIONS

The continual assessment of all Company business divisions and their asset portfolio under the Capital Management Framework to ensure operational performance to deliver strong returns for shareholders.

On 30 June 2023 the Shima Wasabi business was sold with a sale price of $0.7 million less employee entitlements. The business realised a net loss on sale of $1.0 million including biological assets. On 1 December 2023 the Betta Milk and Meander Valley Dairy plant and equipment and brands were sold to Bega Cheese Limited for $11.1 million less employee entitlements. This realised a net profit on sale of $6.1 million. The carrying amount of plant and equipment was in total $4.6 million. During the year Betta Milk cool room buildings were sold and leased back, which realised a profit on sale of $0.5 million. These business units have been reported in the current reporting period as a discontinued operation. Cash equivalents, Land and buildings, accounts receivable, accounts payable for these business units remain with Tasfoods Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

3. DISCONTINUED OPERATIONS, CONT.

Financial information relating to the discontinued operation for the 12 months period is set out below:

Financial performance information – discontinued operations	2023 $'000	2022 $'000
Revenue from operations	26,241	28,639
Other income	64	46
Profit/(Loss) on sale of fixed assets	6,069	639
Fair value adjustment of biological assets	-	-
Impairment	-	(3,925)
Raw materials used	(16,241)	(17,215)
Employment and contractor expense	(6,249)	(7,288)
Freight	(2,553)	(2,529)
Occupancy costs	(448)	(531)
Depreciation and amortisation	(753)	(818)
Finance costs	(154)	(73)
Insurance	(195)	(207)
Legal and professional fees	(55)	(127)
Marketing and event expenses	(149)	(254)
Repairs and maintenance	(504)	(577)
Other expenses	(1,013)	(1,452)
Profit /(Loss) before income tax	**4,060**	**(5,672)**
Income tax benefit/(expense)	-	-
Net Profit/(Loss) after tax for the year from continuing operations	**4,060**	**(5,672)**
Net profit after tax for the year from discontinued operations	-	-
Net Profit/ (Loss) after tax for the year	**4,060**	**(5,672)**
Other comprehensive income		
Items that may be reclassified to profit or loss in the future:		
Other comprehensive loss net of tax	-	-
Total comprehensive income	**4,060**	**(5,672)**
Net profit for the period attributable to:		
Non-controlling interest	-	-
Owners of TasFoods Limited	4,060	(5,672)
	4,060	**(5,672)**
Total comprehensive income for the year is attributable to:		
Non-controlling interest	-	-
Owners of TasFoods Limited	4,060	(5,672)
	4,060	**(5,672)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

3. DISCONTINUED OPERATIONS, CONT.

Cash flow information – discontinued operations	2023 $'000	2022 $'000
Net cash (used)/generated in operating activities	**266**	**(1,419)**
Net cash (used)/generated in investing activities	**12,123**	**951**
Net cash (used)/generated by financing activities	**(10,936)**	**(270)**
Net (decrease)/increase in cash and cash equivalents from discontinued operations	**1,453**	**(738)**

Accounting policy for discontinued operations

A discontinued operations is a component of the consolidated entity that has been disposed of that represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately on the face of the statement of profit and loss and other comprehensive income.

4. 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 decisions, 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 Pyengana Dairy, the assets of which were acquired in October 2017. The Dairy segment primarily derives revenue from dairy processing and manufacturing activity of premium cheese, products. These products are sold under the Pyengana Dairy brand.
- The Poultry segment incorporates the net assets and business operations of Nichols Poultry Pty Ltd, which was acquired in June 2016. Revenue is primarily derived from the sale of poultry meat products sold under the Nichols Poultry and Nichols Kitchen brands. On 15 December 2023, a chicken hatchery business was acquired and called Nichols Hatchery Pty Ltd, which secures and strengthens the poultry supply chain.
- The Shared Services segment, which comprise:
  - Corporate costs that are not directly attributable to operational business units, including Shared Service teams, which provide administrative support to the operational production units in the areas of financial management, human resources, IT, sales, marketing, brand management, route to market, quality assurance and food safety, and work health and safety; and
  - Management measures the performance of the segments identified at the 'net profit before tax' level.

There are three operating segments under the criteria set out in AASB 8 being TasFoods Limited (TFL), Poultry comprising Nichols Poultry and Nichols Hatchery, Dairy which comprises Pyengana Dairy and Shared Services comprising corporate costs.

Betta Milk (Van Diemen's Land Dairy) and Meander Valley Dairy were sold on 1 December 2023 and are classified as discontinued operations and are no longer included in the dairy segment for disclosure.

Shima Wasabi was sold on 30 June 2023 and is classified as discontinued operations and is no longer included in the horticulture segment for disclosure.

Refer to note 3 – discontinued operations for further information.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

4. SEGMENT INFORMATION, CONT.

Continued Operations	Dairy $'000	Poultry $'000	Shared Services $'000	Total $'000
2023				
Revenue				
Total segment sales revenue	2,432	45,302	78	**47,812**
Other income	-	709	82	**791**
	2,432	46,011	160	**48,603**
Profit/(loss) on sale of fixed assets	-	(100)	(5)	**(105)**
Segment profit/(loss)	159	673	(5,879)	**(5,047)**
Profit/(loss) after tax from discontinued operations				**4,060**
Profit/(loss) before income tax expense				**(987)**
Income tax (expense)/benefit				-
Loss after income tax expense				**(987)**
Assets				
Segment assets	(1,659)	2,801	34,063	**35,205**
Unallocated assets from continuing operations:				-
Total Assets				**35,205**
Total assets include:				
Liabilities				
Segment liabilities	2,493	12,780	2,356	**17,629**
Deferred tax liability/(asset)				-
Total liabilities				**17,629**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

4. SEGMENT INFORMATION, CONT.

	Dairy $'000	Poultry $'000	Shared Services $'000	Total $'000
2022				
Revenue				
Total segment sales revenue	2,305	39,545	99	**41,949**
Other income	7	298	12	**317**
	2,312	39,843	111	**42,266**
Segment profit/(loss)	52	(5,480)	(5,790)	**(11,218)**
Profit/(loss) after tax from discontinued operations				**(5,181)**
Profit/(loss) before income tax expense				**(16,399)**
Income tax (expense)/benefit				**(79)**
Loss after income tax expense				**(16,478)**
Assets				
Segment assets	(2,589)	2,372	41,980	**39,185**
Unallocated assets from continuing operations:				-
Total Assets				**39,185**
Total assets include:				
Liabilities				
Segment liabilities	6,422	11,740	2,532	**20,854**
Deferred tax liability/(asset)				-
Total liabilities				**20,854**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

SHAREHOLDER RETURNS

5. EARNINGS PER SHARE

	2023 Cents	2022 Cents
Basic profit/(loss) per share	(0.23)	(4.03)
Diluted profit/(loss) per share	(0.23)	(4.03)
Basic profit/(loss) per share from continuing operations	(1.15)	(1.39)
Diluted profit/(loss) per share from continuing operations	(1.15)	(1.39)
Basic profit/(loss) earnings per share from discontinued operations	0.93	(2.64)
Diluted profit/(loss) earnings per share from discontinued operations	0.93	(2.64)

	2023 $'000	2022 $'000
Profit/(loss) from continuing operations	(5,047)	(5,673)
Profit/(loss) from discontinued operations	4,060	(10,805)
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	(987)	(16,478)

	2023 Number	2022 Number
Basic		
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	437,095,516	408,941,536
Diluted		
Weighted average number of ordinary shares and convertible redeemable preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share	437,095,516	408,941,536

Information Concerning the Classification of Securities

Potential ordinary shares:

a) There were no options (other than those referred to in note 30 or other forms of potential shares on issue at 31 December 2023 (31 December 2022: nil).

b) Options granted (as referred to in note 30) are not included in the calculation of diluted earnings per share as the share price as at 31 December 2023 was lower than the exercise price. If the share price were to increase above the exercise price, any options exercised would have a dilutive impact on the earnings per share.

Recognition and measurement

Basic earnings per share is calculated as net profit attributable to shareholders, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable shareholders, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

6. DIVIDENDS TO SHAREHOLDERS

No dividends have been paid or declared during the year ended 31 December 2023 (31 December 2022: Nil).

PROFIT AND LOSS INFORMATION

7. REVENUE

	2023 $'000	2022 $'000
Revenue from continuing operations		
Sales revenue	47,811	41,948
Profit on sale of fixed assets		
Profit/(loss) on Sale of Property, Plant & Equipment	(105)	25
Other income		
Interest received	185	-
Sundry income	607	317
	792	**317**

	2023 $'000	2022 $'000
Revenue from discontinued operations		
Sales revenue	26,241	28,639
Profit on sale of fixed assets discontinued operations		
Profit/(loss) on Sale of Property, Plant & Equipment	6,069	639
Other income discontinued operations		
Interest received	-	-
Sundry income	64	46
	64	**46**
Revenue from total operations		
Sales revenue	74,052	70,587
Profit on sale of fixed assets total		
Profit/(loss) on Sale of Property, Plant & Equipment	5,964	664
Other income total		
Interest received	185	-
Sundry income	670	364
	855	**364**

Profit on sale of property, plant and equipment within discontinued operations of $6.1m includes:

- sale of Betta Milk and Meander Valley Dairy assets in December 2023
- sale of non-core property assets, equipment sales
- sale of Shima Wasabi business in June 2023.

Sundry income includes freight recovered, fuel tax credits, rent received, freight equalisation recoveries received as well as other sundry items.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

7. REVENUE, CONT.

Recognition and measurement

Sales revenue

Accounting for wholesale sales of poultry and dairy goods

The sale of poultry and dairy goods is measured at the fair value of consideration received net of any trade discounts and volume rebates allowed.

The sale of poultry and dairy goods represents a single performance obligation and accordingly, revenue is recognised in respect of the sale of these goods at the point in time when control over the corresponding goods and services is transferred to the customer (i.e. at a point in time for sale of goods when the goods are delivered to the customer or transferred to the freight forwarder).

Revenue is recognised when control of the goods transfer to the customer i.e when the goods have been delivered to a customer pursuant to a sales order. Delivery occurs when the products have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

A gain on sale of Property, Plant and Equipment is recognised when title has transferred and the purchaser has the right to control the asset.

Revenue on sale of freehold land and buildings is recognised when the title has transferred and the purchaser has the right to control the asset.

Interest revenue

Interest revenue is recognised on a proportional basis using the effective interest rate method.

8. EXPENSES

Continued operations	**2023 $'000**	**2022 $'000**
Profit before income tax expense includes the following specific expenses:		
Employee benefits expense:		
Salaries and wages	11,958	13,844
Temporary employees	2,047	1,233
Share based payments	232	430
Superannuation expense (defined contribution)	1,117	1,161
Total employee benefits	**15,354**	**16,667**
Other employee expenses	-	-
Total employment and contractor expense	**15,354**	**16,667**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

9. INCOME TAX

	2023 $'000	2022 $'000
(a) Income tax recognised in profit or loss:		
Tax expense/(benefit) comprises:		
Current tax (benefit)/expense	-	-
Deferred tax movements	-	-
	-	-
Deferred income tax (benefit)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(468)	(1,842)
Increase/(decrease) in deferred tax liabilities	468	1,842
	-	-
Reconciliation of income tax expense to proforma facie tax on accounting profit:		
Loss before income tax expense	(987)	(16,399)
Tax benefit at Australian tax rate of 30% (2022: 30%)	(296)	(4,920)
Tax effect of amounts which are not deductible in calculating taxable income	78	142
Recognition of capital gains tax cost bases on sale of assets	(2,203)	-
Derecognition/(recognition) of carry forward tax losses	2,421	4,857
	-	**79**
(b) Income tax benefit recognised directly in equity during the period		
Deferred tax arising from share issue costs	-	(79)
	-	**(79)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

9. INCOME TAX, CONT.

(c) Deferred tax balances

Taxable and deductible temporary differences arise from the following:

	Opening Balance $000	Charged to Income $000	Closing Balance $000
Gross deferred tax assets:			
Provisions	567	(206)	361
Trade and other payables	57	47	105
Share issue expenses	110	(87)	23
Trade and other receivables	20	53	73
Property, plant and equipment	240	(240)	-
Tax Losses	469	113	582
Acquisition costs	96	(96)	-
Lease liability	98	(53)	45
	1,657	**(468)**	**1,189**
Gross deferred tax liabilities:			
Biological assets	(867)	28	(838)
Inventory	(5)	5	-
Property, plant and equipment	(669)	366	(304)
Other	(116)	69	(47)
	(1,657)	**468**	**(1,189)**
Net deferred tax asset/(liability)	-	-	-

Unused tax losses

The Group has recognised tax losses in the year ended 31 December 2023 only to the extent of the Groups taxable temporary differences. After recognition of these losses the Group had a further $48.1 million of carry forward tax losses for which no deferred tax asset has been recognised (31 December 2022: $45.9 million). The losses relate to both Group's current operations and losses incurred by the loyalty, rewards and payments business previously operated by the Group. Prior to recognising the carry forward tax losses transferred into and incurred by the loyalty, rewards and payments business, the Group will finalise the application of the continuity of ownership and continuity of business tests.

	2023 $'000	2022 $'000
Capital losses	-	-
Revenue losses	48,132	45,842
	48,132	45,842
Potential tax benefit at 30%	**14,440**	**13,756**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

9. INCOME TAX, CONT.

Recognition and measurement

Current income tax expense or revenue is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted, under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised if it arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The Company and its wholly owned Australian controlled entities have formed an income tax consolidated group effective 1 July 2010 under tax consolidation legislation. Each entity in the Group recognises its own deferred tax assets and liabilities arising from temporary differences. Such taxes are measured using the 'stand-alone taxpayer' approach. Current tax liabilities or assets and deferred tax assets arising from unused tax losses and tax credits in the controlled entities are immediately transferred to the head entity which is the Parent entity. No tax sharing or funding arrangements are presently in place.

CURRENT ASSETS

10. TRADE AND OTHER RECEIVABLES

	2023 $'000	2022 $'000
Trade Receivables	2,913	4,487
Loss allowance	(242)	(67)
Other receivables	538	313
	3,209	**4,733**
Loss Allowance		
Movements in the loss allowance were as follows:		
Carrying value at the beginning of the year	67	47
Increase/(decrease) in loss allowance recognised	175	20
Carrying value at the end of the year	**242**	**67**
Trade receivables past due but not impaired		
Under one month	386	744
One to three months	20	296
Over three months	267	131
	673	**1,201**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

10. TRADE AND OTHER RECEIVABLES, CONT.

Recognition and measurement

Trade receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are initially recognised at fair value and subsequently recognised less any expected loss allowance. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the number of days outstanding. The expected loss rates applied are based upon the payment sales profiles over a 12-month period and the historical credit losses experienced in this period. Historical loss rates are adjusted to reflect current and forward-looking information including macroeconomic factors affecting the ability of the customers to settle the receivables.

The loss allowance is determined as follows for trade receivables:

	Current	30 days	60 days	90+ days	Total
31 December 2023					
Expected Loss Rate	0%	0%	0%	91%	
Trade Receivables Cross Carrying Amount ($'000)	2,240	386	20	267	2,913
Loss Allowance ($'000)	-	-	-	**242**	**242**

	Current	30 days	60 days	90+ days	Total
31 December 2022					
Expected Loss Rate	0%	0%	0%	51%	
Trade Receivables Cross Carrying Amount ($'000)	3,285	774	296	131	4,487
Loss Allowance ($'000)	-	-	-	**67**	**67**

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses.

Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is approximated to fair value.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for within the loss allowance. The main source of credit risk to the Group is considered to relate to the class of assets described as 'trade and other receivables'.

The above table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining the solvency of the debtors and are provided for where there are specific circumstances that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trading terms are considered to be of low credit risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

11. BIOLOGICAL ASSETS

	Poultry $'000	Wasabi Plants $'000	Total $'000
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	**2,227**	**344**	**2,571**
Current	2,227	330	**2,557**
Non-current	-	14	**14**
	2,227	**344**	**2,571**
Balance as at 1 January 2023	2,227	344	**2,571**
Increases due to purchases and production	3,244	-	**3,244**
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)	243	-	**243**
Balance as at 31 December 2022	**3,487**	**-**	**3,487**
Current	3,487	-	**3,487**
Non-current	-	-	-
	3,487	**-**	**3,487**

(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.

Recognition and Measurement

Biological assets of the Group include poultry and wasabi plants (FY2022 only) and are measured at fair value less costs to sell in accordance with AASB 141 Agriculture. Where fair value cannot be reliably measured or little or no biological transformation has taken place biological assets are measured at cost less impairment losses.

Market prices are derived from observable market prices and achieved sales prices and are reduced for costs associated with bringing the finished product to market, including incremental selling costs and harvesting and production costs to process the biological asset into a saleable form.

The change in estimated fair value is charged to the income statement on a separate line item as fair value adjustment of biological assets. This line item includes movements in fair value as a result of both physical and price changes.

Biological assets are reclassified as inventory at the point of harvesting or processing.

As at 31 December 2023, the Group held 553,165 live poultry (2022: 510,494), 325,890 fertile eggs (2022: nil) nil mature wasabi plants (2022: 7,847) and nil immature wasabi plants (2022: 1,489) that are less than 12 months of age and not suitable for harvest.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

11. BIOLOGICAL ASSETS, CONT.

Poultry

For live poultry below 26 days of age (which is consistent with independent poultry performance guidelines for meat chicken) the carrying amount is a reasonable approximation of fair value. Live poultry with an estimated age of greater than 26 days are measured at fair value less costs to sell and the measurement is categorised into Level 2 in the fair value hierarchy.

The valuation is completed at the whole dressed bird stage for each batch of live poultry as there is no effective market for live poultry produced by the Group. The valuation methodology takes into consideration estimated growth rates, feed intake and carcass yield per independent performance guidelines.

Based on market prices and weights utilised at 31 December 2023, with all other variables held constant, the Group's net profit/(loss) for the period would have been impacted by $113,545 (2022: $88,201) by a pricing or dressed weight increase/decrease of 5%.

Hatchery

Live poultry (breeder birds) have a 62-week productive live age. The valuation methodology takes into account the age of the birds and direct production costs of labour, feed, vaccination, power, gas, shavings and cost of freight for the breeder birds to be able to calculate the fair value.

For fertile eggs 0 to 21 days, the valuation methodology takes into account costs that relate to the incubation period to be able to calculate the fair value.

Fair value measurement

	2023			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
- Poultry	-	3,487	-	3,487
- Wasabi plants	-	-	-	-
Total biological assets recognised at fair value	**-**	**3,487**	**-**	**3,487**

	2022			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
- Poultry	-	2,227	-	2,227
- Wasabi plants	-	-	344	345
Total biological assets recognised at fair value	**-**	**2,227**	**344**	**2,571**

Fair value measurements using significant unobservable inputs

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Description	
Wasabi plant biological assets at fair value:	
Unobservable inputs	Average yield per wasabi plant used in fair value measurement: nil kilograms (31 December 2022: 0.28 kilograms)
Relationship to unobservable inputs to fair value	An increase/decrease in yield would result in a direct increase/decrease in the fair value

AASB 141 Agriculture applies to all biological assets (excluding bearer plants) and agricultural produce at the point of sale, and is applied to the valuation of the wasabi crop (the biological asset) as well as harvested material.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

12. INVENTORY	2023 $'000	2022 $'000
Finished goods	389	1,641
Raw materials and packaging	1,251	2,363
Other	488	570
	2,128	**4,574**

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value and are assigned on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to sell.

Inventories are accounted for in the following manner:

- Finished goods: cost includes direct materials, direct labour and an appropriate proportion of manufacturing variable and fixed overheads based on normal operating capacity, but excluding any borrowing costs.
- Biological assets reclassified as inventory: the initial cost assigned to agricultural produce is the fair value less costs to sell at the point of harvesting or processing in accordance with AASB 141.
- Raw materials and packaging: valued at purchase cost.

NON-CURRENT ASSETS

13. PROPERTY, PLANT AND EQUIPMENT

(a) Property, Plant and Equipment	2023 $'000	2022 $'000
Land and buildings - at cost	11,644	15,260
Less accumulated depreciation	(1,235)	(1,784)
	10,409	13,476
Plant and equipment - at cost	11,003	16,639
Less accumulated depreciation	(5,089)	(7,155)
	5,914	9,484
Office equipment - at cost	245	290
Less accumulated depreciation	(214)	(224)
	31	66
Motor vehicles - at cost	665	692
Less accumulated depreciation	(177)	(318)
	488	374
Capital Work in Progress - at cost	422	312
Total Property, Plant and Equipment	**17,264**	**23,712**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

13. PROPERTY, PLANT AND EQUIPMENT, CONT.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below:

	Land and buildings $000	Plant and equipment $000	Office equipment $000	Motor vehicles $000	Capital work in progress 000	Total $000
Carrying value						
As at 1 January 2022	14,586	10,440	62	543	273	25,904
Additions	69	432	35	19	39	594
Capitalisation to asset categories	-	-	-	-	-	-
Disposals	(830)	(105)	-	(238)	-	(1,174)
Depreciation expense	(349)	(1,283)	(29)	50	-	(1,611)
Balance as at 31 December 2022	**13,476**	**9,484**	**68**	**374**	**312**	**23,714**
As at 1 January 2023	13,476	9,484	68	374	312	23,714
Additions	-	990	16	363	126	1,496
Capitalisation to asset categories	-	-	-	-	-	-
Disposals	(2,669)	(3,176)	(26)	(189)	(16)	(6,076)
Depreciation expense	(399)	(1,384)	(27)	(61)	-	(1,870)
Balance as at 31 December 2023	**10,409**	**5,914**	**31**	**488**	**422**	**17,264**

Recognition and measurement

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and that the cost of the item can be measured reliably.

Repairs and maintenance expenditure is charged to the profit and loss during the period in which the expenditure is incurred.

The average depreciation rates for each class of fixed assets are:

Class of fixed asset	Average depreciation rates
Buildings	2-5%
Leasehold improvements	10-12%
Plant and equipment	8-20%
Office equipment	40-50%
Motor vehicles	15-20%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets are derecognised when sold or replaced with gains and losses on disposals determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the consolidated income statement when the item is derecognised. During the year a sale and lease back transaction occurred in relation to three of the non-core properties owned by Van Diemen's Land Dairy Pty Ltd which were Smithton, Ulverstone and Hobart depots Plant and equipment and motor vehicles were sold as part of the sale of Betta Milk and Meander Valley Dairy to Bega Cheese Limited in December 2023. Assets were sold as part of the Shima Wasabi business sale in June 2023. Plant and equipment was acquired as part of the purchase of the chicken hatchery business.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

13. PROPERTY, PLANT AND EQUIPMENT, CONT.

(b) Right of Use Assets and Lease Liabilities

Right of Use Assets

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

	31 December 2023 $'000	31 December 2022 $'000
Right of use assets		
Land and buildings	3,671	1,166
Motor vehicles	751	375
Total right-of-use assets	**4,422**	**1,541**

Set out below are the carrying amounts of the Group's right-of-use assets and the movements during the period:

	Right-of-use assets		
	Land and buildings $'000	Motor vehicles $'000	Total $'000
Balance at 1 January 2023	1,166	375	1,541
Additions	3,756	154	3,910
Disposals	(555)	(28)	(582)
Depreciation expense	(296)	(150)	(447)
Net carrying amount at 31 December 2023	**4,071**	**351**	**4,422**

	Right-of-use assets		
	Land and buildings $'000	Motor vehicles $'000	Total $'000
Balance at 1 January 2022	1,418	-	1,418
Additions	360	409	769
Disposals	(400)	-	(400)
Depreciation expense	(212)	(33)	(246)
Net carrying amount at 31 December 2022	**1,166**	**376**	**1,541**

Lease Liabilities

	31 December 2023 $'000	31 December 2022 $'000
Current	332	373
Non-Current	4,241	1,494
	4,573	**1,867**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

13. PROPERTY, PLANT AND EQUIPMENT, CONT.

Recognition and measurement

The Group leases property. Rental contracts are typically agreed for periods of 2 years to 5 years, but may have options to extend as described below.

Contracts agreed contain both lease and non-lease components. The Group allocated consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components, instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Non-current lease liability has increased with the addition of the hatchery land and build lease for 5 years with three 5 year extension options.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial indirect costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property leases of the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

14. INTANGIBLE ASSETS

	2023 $'000	2022 $'000
Brands and trademarks	4	4
Other	568	552
	572	**556**
Gross carrying value		
At cost	11,145	17,553
Accumulated impairment and amortisation	(10,573)	(16,997)
Total net carrying amounts	**572**	**556**
Reconciliations		
Carrying amount at beginning	556	7,195
Additions	66	192
Impairment and amortisation during the year	(50)	(6,851)
Carrying amount at end	**572**	**556**

Other intangible assets include water rights and intellectual property. Water rights are considered to have an indefinite life and intellectual property is amortised over 5 years.

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

	2023				2022			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	Goodwill	Brands & Trademarks	Other	Total	Goodwill	Brands & Trademarks	Other	Total
Poultry	-	-	373	373	-	-	196	196
Corporate and Other	-	4	195	199	-	4	356	360
Total	**-**	**4**	**568**	**572**	**-**	**4**	**552**	**556**

Recognition and measurement

Intangible assets are initially recognised and recorded at cost where it is probable that future economic benefits attributable to the asset will flow to the Group and the cost can be measured reliably. Subsequently, intangible assets are carried at cost less any impairment losses.

Indefinite life assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

intangible Assets	Useful Life
Brands & Trademarks	10 years
Software licences & other	10 years
Water rights	-
Acquisition costs	10 years

Management has determined that the brand name associated with the Poultry and Dairy CGU's have an indefinite useful life. This assessment was based on factors including independent expert advice, historical business growth rates, performance and future strategy associated with the brands.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

LIABILITIES

15. TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
Trade and other payables	9,662	11,645
	9,662	**11,645**

Recognition and measurement

Trade and other payables represent liabilities for goods and services received by the Group which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts paid in accordance with supplier trading terms.

Fair value of trade and other payables

Due to the short-term nature of trade and other payables, the carrying value is reflective of fair value.

16. BORROWINGS

	2023 $'000	2022 $'000
Current		
Bank Loans	1,964	473
Other	320	549
	2,284	**1,022**
Non-Current		
Bank Loans	13	4,739
	13	**4,739**
Total borrowings	**2,297**	**5,761**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

16. BORROWINGS, CONT.

Financing arrangements

Commitments in relation to financing arrangements are payable as follows:

	Less than 12 months $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contracted cash flows $'000	Carrying Amount $'000
At 31 December 2023					
Non-derivatives					
Trade payables	9,662	-	-	9,662	9,662
Bank Overdraft	-	-	-	-	-
Bank Loans	1,964	13	-	1,977	1,977
Other	320	-	-	320	320
Finance lease liabilities (refer to note 13b)	-	-	-	-	-
	11,946	**13**	**-**	**11,959**	**11.959**
At 31 December 2022					
Non-derivatives					
Trade payables	11,645	-	-	11,645	11,645
Bank Overdraft	-	-	-	-	-
Bank Loans	473	4,739	-	5,212	5,212
Other	549	-	-	549	549
	12,667	**4,739**	**-**	**17,406**	**17,406**

Available facilities:

	2023 $'000		2022 $'000	
	Limit	Undrawn Balance	Limit	Undrawn Balance
Equipment Finance Liabilities	36	-	1,183	-
Bank Bill Facility	-	-	3,500	-
Bank Loan Facilities	1,976	-	1,712	-
Bank Overdraft	-	-	3,260	3,260
	2,012	**-**	**9,655**	**3,260**

The bank overdraft facility ($4.9 million) and Commercial Bill loan facility ($2.8 million) with ANZ was paid out and closed in December 2023 as part of the sale of Betta Milk and Meander Valley Dairy. A $1.3 million facility with Roadnight Capital was used as part of the chicken hatchery plant and equipment acquisition.

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet of the Group when the terms and obligations specified in the contract are discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party, and the consideration paid is recognised in the consolidated income statement as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs, including transaction fees, are recognised in the consolidated income statement in the period in which they are incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

16. BORROWINGS, CONT.

Secured liabilities and assets pledged as security

The Group has a number of finance facilities with AMAL Security Services Pty Limited and Roadnight Capital during the reporting period. Available bank loan facilities 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.

The Company holds a facility arrangement with Roadnight Capital of $1.3 million, which has a maturity date of December 2025. The Company has classified the external borrowings as Current due to the intention to repay back the loan following divestment of assets not utilised in the Poultry and remaining dairy segments. This debt is subject to financial covenants as described below.

The remaining external borrowings of $0.6 million relate to AMAL Security Services Pty Ltd that matures in December 2024.

Financial covenants

The Roadnight Capital finance facility has two covenants being (i) a loan value ratio covenant of less than or equal to 60%; and (ii) An interest cover ratio of 1 times effective from April 2024 increasing to 1.5 times and from January 2025.

17. PROVISIONS

	2023 $'000	2022 $'000
Current		
Employee benefits	987	1,362
	987	**1,362**
Non-current		
Employee benefits	111	219
	111	**219**

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the quantum of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into consideration the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

Employee benefits

A provision is made for employee benefits arising at the end of the reporting period. Employee benefit obligations are presented as current liabilities in the consolidated balance sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Employee benefits that are expected to be settled within one year from the reporting date have been measured at amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increments and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on Australian corporate bond rates with terms to maturity that match the expected timing of cash flows attributable to those employees.

Provision has been made in the financial statements for benefits accruing to employees up to the reporting date such as annual leave, long service leave and bonuses (where applicable). No provision is made for non-vesting sick leave as the anticipated patterns of future sick leave indicates that accumulated non-vesting sick leave will not be paid. Annual leave provisions are measured at nominal values using the remuneration rates expected to apply at the time of settlement. Long service leave provisions are measured as the present value of expected future payments to be made in respect of services provided to employees up to reporting date. Expected future payments are discounted using market yields at reporting date on Australian corporate bonds with terms to maturity that match the estimated future cash flows.

On-costs, such as superannuation and payroll tax are included in the determination of employee benefits provisions.

The net change in the obligation for employee benefits provisions are recognised in the consolidated income statement as a part of employee benefits expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

EQUITY

18. CONTRIBUTED EQUITY

	Number of Shares		Share Capital	
	2023	2022	2022 $'000	2021 $'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**

Movements in ordinary share capital:

Date	Details	Ordinary Shares	$'000
01/01/2023	Balance at beginning of period	437,095,516	66,834
31/12/2023	Balance at end of period	437,095,516	66,834
		437,095,516	**66,834**

Terms and Conditions of Issued Capital

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands each holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Share Options and Rights

Share options and rights do not entitle the holder to participate in dividends and the proceeds on winding up of the Company. The holder is not entitled to vote at General Meetings.

There were nil share options on issue, nil performance rights and 7,007,300 share appreciation rights granted as at 31 December 2023 (2022: 5,000,000 share options and 42,039,627 performance rights).

Recognition and measurement

Ordinary shares are classified as equity, with ordinary share capital being recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Where the Company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the equity attributable to the owners of TasFoods Limited as ordinary share capital until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transactions costs and the related income tax effects, is included in the equity attributable to the owners of TasFoods Limited.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

19. RESERVES

	2023 $'000	2022 $'000
Employee share option reserve	1,352	1,121
	1,352	**1,121**

Nature and Purpose of Reserves

Employee share option reserve

The reserve is used to record the value of equity instruments issued to employees and directors as part of their remuneration, and other parties as part of compensation for their services. Details of the employee share option payments are contained in note 30.

	2023 $'000	2022 $'000
Balance at start of year	1,121	691
Net Movement during the year	231	430
Balance at end of year	**1,352**	**1,121**

OTHER NOTES

20. ADDITIONAL CASH FLOW INFORMATION

	2023 $'000	2022 $'000
Cash and cash equivalents	**3,432**	**351**

Recognition and measurement

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

(a) Reconciliation of cash and cash equivalents to the statement of cash flows:

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2023 $'000	2022 $'000
Cash and cash equivalents	3,432	351
	3,432	**351**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

20. ADDITIONAL CASH FLOW INFORMATION, CONT.

b) Reconciliation of operating profit after income tax to net cash flows from operating activities:

	2023 $'000	2022 $'000
Net loss after income tax	(987)	(16,478)
Depreciation and amortisation	1,948	2,099
Impairment	-	6,835
Movement in fair value of biological assets	(243)	(375)
Share based payments	232	430
Interest on leased assets	178	95
Profit on sale of assets	(5,964)	-
Other	(622)	(647)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,525	239
(Increase)/decrease in inventories	2,446	74
(Increase)/decrease in prepayments	451	(169)
(Increase)/decrease in deferred taxes	-	-
(Decrease)/Increase in trade and other payables	(1,983)	2,040
Increase/(decrease) in provisions	(483)	46
Net cash (outflow)/inflow from operating activities	**(3,502)**	**(5,810)**

(c) Non-cash activities

There were no non-cash financing activities.

21. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk, and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks. Primary responsibility for identification and control of financial risks rests with the Chief Financial Officer under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including any hedging cover of foreign currency, interest rate risk, credit allowances, and future cash flow forecast projections.

The carrying amounts of the Group's financial assets and liabilities at balance date were equal to their fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

21. FINANCIAL RISK MANAGEMENT, CONT.

Recognition and measurement

Classification

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at the time of initial recognition.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from, or other amounts due, to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Risk Exposures and Responses

Interest Rate Risk

The Group's exposure to market interest rate related primarily to the Group's cash deposits. At balance sheet date, the Group had the following mix of financial assets exposed to Australian and overseas variable interest rate risks that are not designated as cash flow hedges:

	2023 $'000	2022 $'000
Financial Assets		
Cash and cash equivalents	3,432	351
Net exposure	**3,432**	**351**

The Group regularly analyses its interest rate opportunity and exposure. Within this analysis, consideration is given to existing positions and alternative arrangements for its deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk relating to cash deposits at balance date.

At 31 December 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2023 $'000	2022 $'000
Judgements of reasonably possible movements		
+ 0.5% (50 basis points)	-	20
- 0.5% (50 basis points)	-	(20)

There are no variable loans as at 31 December 2023.

The movement in profits are due to higher/lower interest received. As the Group does not have any derivative instruments, the movements in equity are those of profit only. A movement of + and – 0.5% is selected because this historically is within a range of rate movements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

21. FINANCIAL RISK MANAGEMENT, CONT.

Liquidity Risk

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has Total Liabilities of $17.6 million (2022: $20.9 million) of which $13.3 million (2022: $14.4 million) is recorded as current liabilities, and Total Current Assets of $12.9 million (2022: $13.4 million) of which $3.4 million (2022: $0.4 million) consists of cash or cash equivalents, providing the Board with comfort that the Group is solvent and can meet its payment obligations in full as they fall due. Refer to Note 1 for information in relation to initiatives that will allow management to achieve their EBITDA forecasts, cash flow forecasts and net working capital requirements.

All current liabilities fall due within normal trade terms, which are generally 30 days.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

The Group applies the AASB 9 simplified approach to measuring expected credit losses as disclosed in Note 9. Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Fair Value

The method for estimating fair value is outlined in the relevant notes to the financial statements. All financial assets held at fair value are valued based on the principles outlined in AASB 7 in relation to Level 1 of the hierarchy of fair values, being quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

22. CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	2023 $'000	2022 $'000
Borrowings	2,297	5,761
Trade and other payables	9,662	11,645
Total debt	11,959	17,407
Less cash and cash equivalents	(3,432)	(351)
Net (cash)/debt	**8,527**	**17,055**
Total equity	17,575	25,165
Total capital	66,834	66,834
Gearing ratio (total debt / total equity)	68.0%	69.2%

The Group is not subject to any externally imposed capital requirements, other than those referred to in Note 16.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

GROUP MANAGEMENT

23. PARENT ENTITY SUPPLEMENTARY INFORMATION

Information relating to TasFoods Limited:

	2023 $'000	2022 $'000
Financial position		
Current assets	17,604	28,849
Non-current assets	4,400	4,431
Total assets	**22,004**	**33,280**
Current liabilities	2,742	3,297
Non-current liabilities	247	467
Total liabilities	2,989	3,764
Net assets	**19,015**	**29,516**
Contributed equity	66,834	66,834
Reserves	1,351	1,121
Accumulated losses	(49,170)	(38,439)
Total equity	**19,015**	**29,516**
Financial performance		
Total revenue	3,506	4,942
Loss for the period	(18,127)	(9,506)
Comprehensive loss for the period	(18,127)	(9,506)

Deed of Cross Guarantee

The wholly owned subsidiaries disclosed in Note 24 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from any requirement to prepare a financial report and directors' report that might otherwise apply under Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The closed group financial information for 2023 is identical to the financial information included in the consolidated financial statements. The wholly owned subsidiaries became a party to the deed of cross guarantee dated 23 October 2017.

The companies disclosed in Note 24 represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by TasFoods Limited, they also represent the 'extended closed group'.

Capital Commitments

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

Contingent Liabilities

TasFoods Limited is not subject to any liabilities that are considered contingent upon events known at balance sheet date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

24. SUBSIDIARIES

	Country of Incorporation	Principal Activity	Equity Holding	
			2023 %	2022 %
Nichols Poultry Pty Ltd	Australia	Poultry	100%	100%
Nichols Hatchery Pty Ltd	Australia	Poultry	100%	-
Tasmanian Food Co Dairy Pty Ltd	Australia	Dairy	100%	100%
Van Diemen's Land Dairy Pty Ltd	Australia	Dairy	100%	100%
JJJBSM Pty Ltd (Shima Wasabi)	Australia	Horticulture	100%	100%

UNRECOGNISED ITEMS

25. CONTINGENT LIABILITIES AND ASSETS

There are no matters which the Group consider would result in a contingent liability as at the date of this report.

26. COMMITMENTS FOR EXPENDITURE

Capital Commitments – Capital Expenditure Projects

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

Other Commitments – Operating Expenditure

Operating expenditure contracted but not included in the financial statements:

	2023 $'000	2022 $'000
Payable:		
- Not longer than one year	-	-
- Longer than one year and not longer than five years	-	-
- Longer than five years	-	-
	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

27. EVENTS OCCURRING AFTER REPORTING DATE

Board is 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.

ADDITIONAL INFORMATION

28. RELATED PARTY TRANSACTIONS

Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the entity is set out below:

	2023 $	2022 $
Short term benefits	816,180	900,310
Post-employment benefits	62,137	62,193
Share based payments	96,000	384,312
Termination payments	20,727	-
	995,044	**1,346,815**

29. AUDITOR'S REMUNERATION

Remuneration for audit and review of the financial reports of the parent entity or any entity in the Group:

	2023 $	2022 $
Auditors of the parent entity:		
Auditing the financial report	243,000	278,500
Other assurance services	-	-
	243,000	**278,500**

30. SHARE BASED PAYMENTS

Performance Rights

(a) Share based payment arrangements

TasFoods Limited offers the Chief Executive Officer and senior management the opportunity to participate in the Long-Term Incentive Plan (LTIP), which involves performance rights to receive shares in TasFoods Limited. The LTIP is designed to:

- Assist in the motivation, retention and reward of employees, including the Chief Executive Officer and members of senior management; and
- Align the interests of employees participating in the LTIP more closely with the interests of shareholders by providing an opportunity for those employees to receive an equity interest in the TasFoods Limited Group through the granting of performance rights.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

30. SHARE BASED PAYMENTS, CONT.

Performance Rights, cont.

(a) Share based payment arrangements, cont.

Under the LTIP, performance rights were issued to the Chief Executive Officer and managers of senior management as the LTI component of their remuneration. Performance rights granted under the LTIP have vesting conditions as follows:

- 50% of the grant is based on Total Shareholder Return (TSR) growth and
- 50% of the grant is based on EBITDA growth.

Vesting percentages for the TSR hurdle (threshold/stretch/maximum level of LTI) are to be determined by the following scale:

Performance Level	Absolute TSR (CACR)	Indicative TFL Share price	% of Maximum vesting
Stretch	25%	$0.14	100%
Between Target and Stretch	>19%, <25%	>$0.12 and <$0.14	Pro-Rata
Target	19%	$0.12	50%
Between Threshold and Target	>14%, <19%	>$0.10 and <$0.12	Pro-Rata
Threshold	14%	$0.10	25%
Below Threshold	<14%	<$0.10	0%

Share Price will be determined by a ten trading day VWAP ending on the date that is the end of the Measurement Period (see above). Details of the performance rights allocated to KMP can be found in Table D of section 8 below.

EBITDA Growth

Vesting percentages for the EBITDA hurdle (threshold/stretch/maximum level of LTI) are to be determined by the following scale:

Performance Level	Absolute EBITDA growth	% of Maximum vesting
Stretch	36.0%	100%
Between Target and Stretch	>23%, <36%	Pro-Rata
Target	23%	50%
Between Threshold and Target	>8%, <23%	Pro-Rata
Threshold	8%	25%

The targets for EBITDA growth are based on the Company's budget for the 2023 year.

The Company's compound annual growth in EBITDA, and achievement against the EBITDA Hurdle, will be determined by the Board in its absolute discretion, having regard to matters it considers relevant. It is intended that EBITDA for each relevant financial year will be calculated as EBITDA for that financial year, adjusted to exclude the costs of servicing equity (other than dividends), adjusted for any bonus elements. For relevant financial years, the calculation may be adjusted to take into account one-off items associated with equity raising, if considered appropriate by the Board. The Board also reserves the right to make any other adjustments it thinks fit to the calculation of EBITDA having regard to the impact of any other exceptional items.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

30. SHARE BASED PAYMENTS, CONT.

(a) Share based payment arrangements, cont.

Grant to Non-Executive Directors

Following shareholder approval in May 2021, the Directors sacrificed cash fees in return for a grant of Performance Share Appreciation Rights (PSARs). The SARs are fully vested at Grant, but are subject to Specified Disposal Restrictions that facilitate long term holding of equity interests.

(b) Performance rights granted

Below is a summary of Share Appreciation Rights and Performance Rights granted under the LTIP.

2023

		Performance Period							
Grant Date	Equity Intrument	From	To	Balance at start of Year	Granted During Year	Forfeited	Vested	Balance at End of Year	Fair Value per Share
30/05/2023	Share Appreciation Rights	1/1/23	31/12/23	-	7,007,300	-	-	7,007,300	$0.014
7/06/2022	Performance Share Appreciation Rights	1/1/22	31/12/25	-	20,093,960	-	-	20,093,960	$0.032
7/06/2022	Performance Share Appreciation Rights	1/1/22	31/12/25		20,093,960			20,093,960	$0.016
30/05/2022	Share Appreciation Rights	1/1/22	31/12/22	-	6,318,183	-	-	6,318,183	$0.038
6/09/2021	Performance Rights	1/1/21	31/12/23	1,851,707	-	-	-	1,851,707	$0.037
24/10/2019	Performance Rights	1/1/19	31/12/21	1,653,571	-	(1,653,571)	-	-	$0.042

2022

		Performance Period							
Grant Date	Equity Intrument	From	To	Balance at start of Year	Granted During Year	Forfeited	Vested	Balance at End of Year	Fair Value per Share
6/09/2021	Performance Rights	1/1/21	31/12/23	-	1,851,707	-	-	1,851,707	$0.037
24/10/2019	Performance Rights	1/1/19	31/12/21	1,653,571	-	-	-	1,653,571	$0.042

The Share Appreciation Rights and Performance Rights hold no voting or dividend rights and are not transferable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

30. SHARE BASED PAYMENTS, CONT.

(c) Fair value of performance rights granted

No performance rights were granted during the 2023 financial year.

The expense recognised in relation to the performance rights applicable to the Non-Executive Directors, Chief Executive Officer and senior management for the year ended 31 December 2023 is $136,000 (31 December 2022: $320,625).

Share Options

(a) Share options granted

Share options outstanding at 31 December 2023 are as follows:

Options - 2023

Grant Date	Expiry Date	Exercise Price	Balance at start of Year	Granted	Exercised	Expired/ forfeited/ other	Balance at End of Year
27/08/2021	1/10/2024	$0.10	2,500,000				**2,500,000**
27/08/2021	1/10/2025	$0.10	2,500,000				**2,500,000**
			5,000,000				**5,000,000**
Weighted average exercise price				-	-	-	**$ 0.10**

Options - 2022

Grant Date	Expiry Date	Exercise Price	Balance at start of Year	Granted	Exercised	Expired/ forfeited/ other	Balance at End of Year
27/08/2021	1/10/2024	$0.10	2,500,000				**2,500,000**
27/08/2021	1/10/2025	$0.10	2,500,000				**2,500,000**
			5,000,000				**5,000,000**
Weighted average exercise price				-	-	-	**$ 0.10**

(b) Fair value of share options granted

For share options granted during the 2021 financial year, the fair value was measured at the grant date of 27 August 2021.

The fair value of the options granted under the LTIP was calculated by an independent expert using the Binomial method.

The expense recognised in relation to share options for the year ended 31 December 2023 is $0 (31 December 2022: $110,700).

(c) Share Options at 31 December 2023

There are 5,000,000 share options held by KMP as at 31 December 2023.

Recognition and Measurement

The Group provides benefits to the Directors, the Chief Executive Officer and certain senior management in the form of share-based payment, whereby services are rendered in exchange for rights over shares (Performance Rights/Share Appreciation Rights) or options.

The fair value of the performance rights and options is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights or options granted.

The total expense is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001,* as appropriate for-profit oriented entities.

The financial statements cover the Company and its controlled entities as a group for the financial year ended 31 December 2023. The Company is a company limited by shares, incorporated and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001,* however limited financial information for the Company as an individual entity is included in Note 22.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements not elsewhere disclosed. The accounting policies have been consistently applied, unless otherwise stated.

(b) Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(c) Historical Cost Convention

The financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars unless otherwise noted.

(d) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in Accounting Standard AASB 10 *'Consolidated Financial Statements'.* Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Details of the controlled entities are contained in note 24.

Financial statements for controlled entities are prepared for the same reporting period as the parent entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

(e) Critical Accounting Estimates, Judgements and Errors

The preparation of the financial statements of the Group requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Areas within the financial report which contain a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements are included in the notes to the financial statements together with the basis of calculation.

The areas involving significant estimates or judgements are:

- Estimated fair value of biological assets; and
- Estimated value in use calculations for the assessment of the recoverable amount of goodwill and indefinite life intangibles.

Estimates and judgements are continually evaluated. They are based on historical experience, information, and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS, CONT.

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONT.

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures

(g) New Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not yet been adopted by the Group. There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(h) Rounding Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

32. BUSINESS COMBINATION

On 15 December 2023, Nichols Hatchery Pty Ltd, a subsidiary of TasFoods Limited acquired the chicken boiler and breeder business Redbank Poultry, located in North-West Tasmania. The total consideration was $2.1 million, consisting of $1.2 million for plant and equipment and motor vehicles plus inventory of $1.1 million less employee entitlements of $0.1 million and deposit paid of $0.1 million. The provisional fair values of the identifiable net assets acquired are detailed below:

	Provisional Fair Value $'000
Land and Buildings	-
Plant and equipment	887
Motor Vehicles	363
Inventory on hand	1,060
Provisions	(94)
Net identifiable assets acquired	2,216
Less: Deposit	(138)
Consideration paid	2,078

Statement of profit and loss statement and other comprehensive income	2023 $'000
Revenue from operations	233
Raw materials used	(82)
Employment and contractor expense	(48)
Depreciation and amortisation	(15)
Finance costs	(17)
Other expenses	(12)
Profit/(Loss) before income tax	**59**
Income tax benefit/(expense)	(12)
Net Profit/(Loss) after tax for the year from continuing operations	**48**
Net Profit after tax for the year from discontinued operations	-
Net Profit/(Loss) after tax for the year	**48**

DIRECTORS' DECLARATION

1. In the opinion of the Directors of TasFoods Limited (the "Company"):
   a. The financial report and the Remuneration Report included in the Directors' Report, designated as audited of the Group are in accordance with the *Corporations Act 2001,* including:
      i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the year ended on that date; and
      ii. Complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
   b. At the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as described in the notes to the financial statements; and
3. This declaration has been made after receiving the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 31 December 2023.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001.* This declaration is made in accordance with a resolution of the Directors.

John Murphy
Non-Executive Chair

29 February 2024

pwc

Independent auditor's report

To the members of TasFoods Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of TasFoods Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $1.0 million and net cash outflow from operations of $3.5 million during the year ended 31 December 2023 and, as of that date had net current liabilities of $0.3 million and as a result the Group is dependent on the successful implementation of its strategic initiatives. 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 opinion is not modified in respect of this matter.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We performed an audit of the most significant business units of the Group, being Poultry and Dairy. We performed specific risk focused audit procedures over Horticulture and shared services business units.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit and Risk Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Disposal of brands and plant and equipment - Discontinued Operations *(Refer to note 3)* On 1 December 2023, the Group disposed of plant and equipment and brands of Betta Milk and Meander Valley Dairy to Bega Cheese Limited for $11.1 million. The sale of assets resulted in a net profit of $6.1 million. In accordance with Australian Accounting Standards, the assets sold are a disposal group, with results for the period up to the point of disposal and prior year comparatives being classified within discontinued operations. We have considered this disposal a key audit matter due to it being an infrequently occurring event and the financial significance on the Group's financial statements.	Our procedures included, amongst others: • Reading the relevant terms of the business sale agreement and Board meeting minutes to develop an understanding of the terms and conditions of sale. • Agreeing the proceeds on sale to the Group's bank statement. • Agreeing the carrying value of assets and liabilities sold and the carrying value of assets and liabilities retained to supporting documentation • Recalculating the realised gain on disposal • Evaluating the reasonableness of the disclosures made in the financial statements in accordance with the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of TasFoods Limited for the year ended 31 December 2023 complies with section 300A of the *Corporations Act 2001.*

pwc

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brad Peake
Partner

Melbourne
29 February 2024

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 23 February 2024.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

HOLDING DISTRIBUTION

As at 23 February 2024

Range	Securities	%	No of Holders	%
100,001 and over	414,426,271	94.81	227	15.05
10,001 to 100,000	20,029,063	4.58	515	34.15
5,001 to 10,000	1,472,813	0.34	188	12.47
1,001 to 5,000	1,095,785	0.25	349	23.14
1 to 1,000	71,584	0.02	229	15.19
Total	**437,095,516**	**100.00**	**1,508**	**100.00**
Unmarketable Parcels	5,004,327	1.14	921	61.07

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders.

The names of the twenty largest holders of quoted equity securities are listed below (some are grouped where the holdings are deemed to be controlled by the same entity):

Rank	Name	Units	Percentage %
1	MUTUAL TRUST PTY LTD Includes entities associated with JANET CAMERON	97,295,851	22.26
2	NATIONAL NOMINEES LIMITED Includes SPIRIT SUPERANNUATION FUND	81,159,336	18.57
3	MELBOURNE SECURITIES CORPORATION LIMITED	73,575,017	16.83
4	CVC LIMITED	63,269,514	14.47
5	HELBERN INVESTMENTS PTY LTD	10,400,000	2.38
6	MR JIMMY THOMAS & MS IVY RUTH PONNIAH	8,382,684	1.92
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,086,784	0.71
8	SHANE ALEXANDER NOBLE	2,968,055	0.68
9	BARANA PTY LTD	2,891,718	0.66
10	QUALITY LIFE PTY LTD	2,541,070	0.58

SHAREHOLDER INFORMATION

B. EQUITY SECURITY HOLDERS, CONT.

Rank	Name	Units	Percentage %
11	MR DARIUS ISAAC	2,395,991	0.55
12	ELPHINSTONE HOLDINGS PTY LTD	2,000,000	0.46
13	BOB WILSON	1,600,000	0.37
14	MR BENJAMIN SCOTT SWAIN & MRS ANN YEO RUM SWAIN	1,578,571	0.36
15	A C N 136 965 538 PTY LTD	1,575,776	0.36
16	ROXENMADE PTY LTD	1,315,112	0.30
17	CUSTODIAL SERVICES LIMITED	1,281,001	0.29
18	TRAVELBUG SUPERANNUATION PTY LTD	1,214,575	0.28
19	DERWENT CHIEF PTY LTD	1,145,617	0.26
20	MR SCOTT ADAM KELLY	1,077,316	0.25
Totals: Top 20 holders of TFL ORDINARY FULLY PAID		**360,753,988**	**82.53**
Total Remaining Holders Balance		**76,341,528**	**17.47**
Total Holders Balance		**437,095,516**	**100.00**

As at 23 February 2024, the 20 largest shareholders held ordinary shares representing 82.53% of the issued share capital.

SUBSTANTIAL SHAREHOLDERS

Substantial holders in the Company are set out below:

Name	Number Of Shares Held	%
Janet H Cameron	97,295,851	22.26
Spirit Superannuation Fund	81,159,336	18.57
Melbourne Securities Corporation Limited <Agfood Opportunities A/C>	73,575,017	16.83
CVC Limited	63,269,514	14.47

C. VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

D. USE OF CASH

Cash and assets readily convertible to cash held by the Company for the reporting period were used in a way consistent with its business strategy and objectives.

40° S

TASFOODS

50° S

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