

13 November 2025

Dear Shareholders

Notice of an Extraordinary General Meeting and Explanatory Memorandum

It is my pleasure to invite you to attend an **Extraordinary General Meeting** (Meeting) of TasFoods Limited (TasFoods).

The Meeting will be held **virtually** on **Thursday 18 December 2025** via the online platform at <https://meetings.openbriefing.com/TFLEGM25> **commencing at 11.00am (AEDT)**. Registration will be available from 10.30am (AEDT).

Details on how to participate 'virtually' are provided in the Virtual Meeting Online Guide accessible at the TasFoods Investor Website (Investor Site) www.tasfoods.com.au/document_category/meetings/#investor_nav. Shareholders are encouraged to carefully read the Virtual Meeting Online Guide before the Meeting.

Shareholders are encouraged to lodge their completed Voting Forms in accordance with the instructions in this Notice of Meeting.

As permitted by the Corporations Act, the Company will not be dispatching physical copies of the Notice of Meeting (Notice) to shareholders unless the shareholders have made a valid election to the Company Secretary to receive documents in hard copy at a specified address. The Notice and accompanying explanatory memorandum (Meeting Materials) are available to shareholders electronically and can be viewed and downloaded at the Investor Site.

The Board recognise the importance of ensuring that all shareholders are provided with an opportunity to vote on resolutions and are given a voice proportionate to their ownership. Voting will be conducted by way of a poll for all resolutions, to reflect the wishes of shareholders who attend the Meeting as well as those voting by proxy. Further details of the polling procedure will be explained at the Meeting.

The Meeting is an opportunity for shareholders to approve the sale of the Pyengana Dairy brand and business.

Even if you plan to attend the Meeting, you are encouraged to submit a direct vote or nominate a proxy in advance of the Meeting so that your votes can be counted if for any reason you cannot attend on the day.

Shareholders may submit questions in advance of the Meeting for the Company or the auditor, on any shareholder matters that may be relevant to the Meeting, by email to co.sec@tasfoods.com.au

While time may not permit me to address all the questions submitted, I will try, during the course of the Meeting, to address the more frequently raised shareholder matters.

Yours sincerely,



BEN SWAIN

Chairman

TasFoods Limited

Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting (Meeting) of the shareholders of TasFoods Limited (ACN 084 800 902) (Company) will be held virtually via the online platform at **11.00am AEDT on Thursday 18 December 2025**.

Shareholders wishing to vote, or their attorneys or, in the case of a shareholder or proxy which is a corporation, its corporate representative, must log in online to participate in the virtual Meeting by clicking on the following link: at <https://meetings.openbriefing.com/TFLEGM25>.

In accordance with the Corporations Act and the Company's constitution, the Company will hold the meeting as a wholly virtual meeting and intends to conduct a poll on the resolutions set out in this Notice.

Shareholders are strongly encouraged to submit their direct votes and proxies as early as possible and, in any event, prior to the cut-off for this set out in this Notice.

IMPORTANT NOTES

1. Registration will commence at 10.30am AEDT.
2. Discussion will take place on all items of business set out below.
3. The Explanatory Memorandum provides further information relating to the items of business.
4. As explained in the 'voting exclusion statement' on page 6, certain shareholders are excluded from voting in relation to particular resolutions and TasFoods must disregard any votes cast by those shareholders. Please do not vote if your vote must be disregarded.

Business of the Meeting

Resolution 1: Approval of Sale of Pyengana Dairy

To consider and, if thought fit, pass the following as a **special resolution**:

"That approval be given for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.1 and all other purposes for the Company (or its Related Bodies Corporate) to dispose of the Pyengana Dairy business on the terms and conditions summarised in the Explanatory Notes."

Resolution 2: Share Buy-Back – Melbourne Securities Corporation Limited ATF AgFood Opportunities Fund

To consider and, if thought fit, pass the following as a **special resolution**:

"That, for the purposes of section 257D(1)(a) of the Corporations Act and for all other purposes, approval be given for:

(a) the terms and conditions of the Selective Buy-Back, details of which are set out in the Explanatory Memorandum accompanying this Notice of Meeting; and

(b) the Company to conduct a selective buy-back of Melbourne Securities Corporation Limited ATF AgFood Opportunities Fund Shares of up to a maximum number of 49,504,950 TasFoods Limited Shares, subject to the terms and conditions of the Selective Buy-Back from Eligible Buy-Back Shareholders as set out in the Explanatory Memorandum."

ADDITIONAL INFORMATION

Independent Expert's Report

Shareholders should consider the Independent Expert's Report included as an Annexure to this Notice of General Meeting. **The Independent Expert has considered that the terms of the Sale of Pyengana Dairy is fair and reasonable to Shareholders not associated with the Purchaser and Melbourne Securities Corporation Limited ATF AgFood Opportunities Fund.**

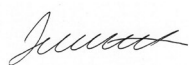
Explanatory Notes

Please refer to the Explanatory Notes for more information on the voting procedure and the Resolution.

Explanatory Memorandum

An Explanatory Memorandum in respect of the Resolutions set out above accompanies this Notice of Meeting. Expressions, terms or abbreviations defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting.

By order of the Board



Leanne Pritchard
Company Secretary
13 November 2025

Direct Voting & Appointing Proxies

If you are unable to join the virtual Meeting to vote, you are encouraged to direct vote or appoint a proxy by completing the Voting Form attached to the Notice.

Direct Voting

You may submit a direct vote or direct your nominate proxy how to vote using the Extraordinary General Meeting Voting Form or online at <https://au.investorcentre.mpms.mufig.com>.

Direct voting enables you to exercise your voting rights without needing to attend the meeting or appoint a proxy. To be effective it must be completed by 11.00 am AEDT on **Tuesday 16 December 2025**.

Login to the MUFG Corporate Markets website using the holding details as shown on the voting/proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, you will need your "Holder Identifier" (Security holder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy/voting Form).

If you cast a direct vote you may still attend the meeting, and your attendance will not cancel your direct vote unless you advise the share registry of this upon your entry.

How to Vote on the day

Participate virtually via the meeting platform <https://meetings.openbriefing.com/TFLEGM25>

To vote or ask a question, shareholders (or their proxy, attorney or corporate representative) will need to provide their holder identifier (SRN or HIN) or proxy code. A telephone facility will also be available.

More detailed information on how to vote during the Meeting is provided in the Virtual Meeting Online Guide accessible at the TasFoods Investor Website www.tasfoods.com.au/document_category/meetings/#investor_nav.

Shareholders are encouraged to carefully read this guide before the Meeting.

Voting by Proxy

Appointment of Proxies

Each shareholder is entitled to appoint a proxy. The proxy does not need to be a shareholder. A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion of votes each proxy is entitled to exercise. If a shareholder appoints two proxies, each proxy may exercise half of the shareholder's votes if no proportion or number of votes is specified.

If a proxy holder votes, they must cast all directed proxies as directed. Any directed proxies which are not voted will automatically default to the Chair who must vote the proxies as directed.

To be effective, the Extraordinary General Meeting Voting Form appointing proxies (and, if the appointment is signed by your attorney, the authority under which the appointment was signed or a certified copy of the authority) must be sent to the Company and received not later than 11.00 am AEDT on Tuesday 16 December 2025 (unless the Directors determine to extend this deadline).

The completed proxy/voting Form may be submitted to the Company's Share Registry or the Company as follows:

Online at: au.investorcentre.mpms.mufig.com

By Mail to: TasFoods Limited
C- MUFG Corporate Markets (AU) Limited
Locked Bag A14,
Sydney South, NSW 1235
Australia

By Hand to: MUFG Corporate Markets (AU) Limited*
Parramatta Square,
Level 22, Tower 6
10 Darcy Street, Parramatta NSW 2150
* in business hours (Monday to Friday, 9:00am–5:00pm)

By Facsimile: (02) 9287 0309 (within Australia)
+6129287 0309 (from outside Australia)

Corporate Representatives

Any corporate shareholder wishing to appoint a person to act as its representative at the meeting may do so by providing the person with:

- A letter or certificate executed in accordance with Section 127(1) of the Corporations Act authorising that person as the corporate shareholder's representative at the meeting; or
- A copy of the resolution appointing that person as the corporate shareholder's representative at the meeting, certified by a secretary or director of the corporate shareholder.

Please provide this information to the Share Registry prior to the meeting.

Eligibility to Vote

Date of Determining Voting Entitlements

The Directors have determined that for the purposes of the Corporations Act, the persons who are registered shareholders 11.00 am AEDT on Tuesday 16 December 2025 will be entitled to attend and vote at the meeting. Accordingly, transfers of Shares registered after that time will be disregarded in determining such entitlements to attend and vote at the Meeting.

Voting Exclusions

Resolution 1: Approval of Sale of Pyengana Dairy

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- (a) the Purchaser and any other person who will obtain a material benefit as a result of the sale of the Business (other than a benefit solely by reason of being a Shareholder); or
- (b) any of their associates, unless the vote is cast on Resolution 1;
- (c) as a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (d) as the Chair of the Meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (e) by a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

In addition to the above, certain related parties of the Company (and their associates) are prohibited from voting on the Resolution (in any capacity) in accordance with section 224 of the Corporations Act, unless they are voting as a directed proxy on behalf of a Shareholder who is entitled to vote.

Resolution 2: Share Buy-Back – Melbourne Securities Corporation Limited ATF AgFood Opportunities Fund

The Company will disregard any votes cast in favour of the Selective Buy-Back Resolution by or on behalf of:

- (a) any person who is an Eligible Buy-Back Shareholder as at the Record Date; and
- (b) any Associate of those persons.

However, this does not apply to a vote cast in favour of the Selective Buy-Back Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Selective Buy-Back Resolution, in accordance with the directions given to the proxy or attorney to vote on the Selective Buy-Back Resolution in that way; or
- (b) the Chairman of the Selective Buy-Back Meeting as proxy or attorney for a person who is entitled to vote on the Selective Buy-Back Resolution, in accordance with a direction given to the Chairman to vote on the Selective Buy-Back Resolution as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Selective Buy-Back Resolution, and (ii) the holder votes on the Selective Buy-Back Resolution in accordance with directions given by the

Shareholders must submit any such written questions for the auditor to the Company by no later 11.00 am AEDT on Tuesday 16 December 2025. The auditor will either answer questions at the meeting or table written answers to them at the meeting. If written answers are tabled at the meeting, they will be discussed at the meeting and made available to shareholders as soon as practicable after the meeting.

The questions to the auditor may be sent to the Company Secretary as follows:

By email: Co.sec@tasfoods.com.au

By Mail to: Company Secretary
TasFoods Limited
PO Box 425,
Launceston, Tasmania, 7250
Australia

Technical difficulties

Technical difficulties may arise during the course of the Meeting which may impact the virtual presentation. The Chair of the Meeting has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chair will have regard to the number of the shareholders impacted and the extent to which participation in the business of the Meeting is affected.

Tasfoods encourages shareholders to lodge a direct vote or directed proxy in advance of the Meeting even if they plan on attending.

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of TasFoods Limited (**the Company**) in connection with the business to be conducted at the Extraordinary General Meeting of the shareholders to be held virtually at 11:00am (AEDT) on Thursday 18 December 2025.

This Explanatory Memorandum and the attachments are important documents, which form part of the Notice of Meeting. The purpose of this Explanatory Memorandum is to provide information to shareholders deciding whether or not to pass the Resolutions, and should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Memorandum or the Notice, please contact the Company or your financial or legal adviser.

Background:

On 11 August 2025, the Company announced with the ASX the strategic decision to sell the Pyengana Dairy business, on the same day the Company announced it had entered into a non-binding option agreement with Melbourne Securities Corporation ATF AgFood Opportunities Fund (AgFood), whereby AgFood granted the Company an option to sell the Pyengana Dairy business to AgFood and associates. Following an external sales campaign with Nutrient Harcourts, which did not identify any higher alternative offers for the Pyengana Dairy business. On 25 September 2025, the Company announced with the ASX that it had entered into a Business Sale Agreement for the sale of Pyengana Dairy to Research Corporation Pty Ltd and Associates (including AgFood).

A summary of the terms and conditions of the Business Sale Agreement is set out below:

Material Term	Description
Vendor	Tasmanian Food Co Dairy Pty Ltd (ACN: 621 829 856) (subsidiary of TasFoods Limited) Vendor TasFoods Limited (ACN: 084 800 902) Guarantor
Purchaser	Research Corporation Pty Ltd (ACN: 076 543 756)
Purchase Price	\$2 million (comprising of \$1.7 million cash, up to \$0.3 million for a proportion of Melbourne Securities Corporation ATF AgFood Opportunities Fund's shares in TasFoods Limited [Buy-Back]) plus inventory at settlement date.
Business	Pyengana Dairy. The business conducted by the Vendor, the production of cheese and milk products at the business premises at 163 St Columba Falls Road, Pyengana, Tasmania, 7216 and the operations of the café

	and visitor centre trading under the name Pyengana Farm Gate Café at the business premises.
Conditions Precedent	a. TasFoods Limited shareholder approval of the sale of the Pyengana Dairy business including the proposed share buy-back of Melbourne Securities Corporation ATF AgFood Opportunities Fund's shares in TasFoods Limited totalling 49,504,950 shares. b. Approval for the grant or a transfer or assignment of all licences including the Tasmanian Dairy Industry Authority License on terms reasonably acceptable to the purchaser.
Services Agreement	Currently there is no formal Services Agreement or formal arrangement in place with the Purchaser. Any services provided the 30 day transitional period, post settlement will be incidental and immaterial.

Please refer to the Independent Expert's Report for further information on the Sale. In particular:

- (a) the purchase price for the business has been benchmarked with reference to the capitalisation of earnings valuation methodology and
- (b) the selective share buy-back has assessed based on an assessment of the value of the net assets of TasFoods on an orderly realisations basis against the asset-based methods by the Independent Expert.

And in each case as set out in the Independent Expert's Report.

Resolution 1: Approval of Sale of Pyengana Dairy

1. Anticipated Financial Impact of Business Sale

Proceeds from the business sale are expected to be allocated as follows:

- (a) Company working capital (including further term debt reduction) (\$1.8 million)

2. Timetable of the completion of Business Sale

Event	Date
Notice of Extraordinary General meeting issued to Shareholders	7 November 2025
Extraordinary General Meeting to approve business sale	11 December 2025
Completion of business sale	12 December 2025

The above dates are indicative only and are subject to change.

3. Advantages, disadvantages and risks of the Business Sale

Benefits to the Company from the business sale are anticipated to include the following:

- The business sale provides the Company with working capital for the current operational needs of the Company.

Disadvantages for the Company from the business sale could include the following:

- Loss of revenue and growth potential from the business sale.

4. Independent Expert's Report

The Independent Expert has prepared the Independent Expert's Report, a copy of which is included as an Annexure to the Notice of Extraordinary General Meeting, which sets out an independent examination of the business sale, to assist non-associated Shareholders assess the merits of, and to decide whether to approve, the Resolution.

The Independent Expert has concluded that the proposed transaction is FAIR AND REASONABLE to Shareholders not associated with the Purchaser.

Shareholders are urged to carefully consider the Independent Expert's Report, including the assumptions, qualifications and disclaimers on which the Independent Expert's conclusions are based.

5. ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire, a substantial asset from, or dispose of or agree to dispose of, a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the six months before the relevant transaction, a substantial (10%+) holder in the company;
- 10.1.4 an associate of a person referred to above; or
- 10.1.5 a person whose relationship with the entity or a person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by shareholders.

unless it obtains the approval of its shareholders.

The Sale and the Purchaser falls within ASX Listing Rule 10.1.1, 10.1.3, 10.1.4 and 10.1.5, as:

- the Purchaser (Research Corporation Pty Ltd and associates (Melbourne Securities Corporation ATF AgFood Opportunities Fund) is an entity associated with, or controlled by, Mr Anthony Hall - who has a Substantial Holding – and is therefore a related party and substantial (10+%) holder for the purposes of the ASX Listing Rules 10.1

and

- the Sale involves the disposal of a "substantial asset" for the purposes of the ASX Listing Rules (as the purchase price payable by the Purchaser is 5% or more of the equity interests of the Company, as set out in the Company's most recent annual report).

It therefore requires the approval of Shareholders under ASX Listing Rule 10.1

6. Consequences of Resolution 1 being passed (or not passed)

If Resolution 1 is passed, the Company will be able to proceed with the business sale which are anticipated to have the advantages summarised above.

If Resolution 1 is not passed, the Company will not be able to proceed with the business sale. In those circumstances, the Company will retain ownership of the business and consider other strategic means available to the Company.

The Directors consider that if the business sale is not approved, then other strategic decision for the Company will be required that are less likely to be favourable to the Company and to shareholders.

7. Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that the giving of a financial benefit by a public company to a related party requires Shareholder approval, unless an exception applies.

The business sale falls within section 208 of the Corporations Act, as:

- the Purchaser is a related party of the Company for the purposes of section 228 of the Corporations Act, as it is ultimately controlled by Mr Anthony Hall, (Research Corporation Pty Ltd) with 5.89% shareholding of the Company; and
- the sale of an asset to a related party constitutes the giving of a financial benefit for the purposes of section 229 of the Corporations Act.

It therefore requires the approval of Shareholders under Chapter 2E of the Corporations Act, unless a relevant exception applies. Relevantly, in accordance with section 210 of the Corporations Act, Shareholder approval is not needed to give a financial benefit on terms that:

- would be reasonable in the circumstances, if the company and the related party were dealing at arm's length; or
- are less favourable to the related party than the terms referred to above.

The Board considers that business sale is on arm's length terms, such that the exception will apply. However, it has nevertheless determined that it is appropriate for Shareholders to approve business sale for the purposes of Chapter 2E of the Corporations Act.

8. Identity of the Related Party and Nature of the Financial Benefit

Transaction	Related Party	Nature of Relationship	Nature of Financial Benefit
Sale	Research Corporation Pty Ltd (ACN: 076 543 756)	Shareholder of the Company with 5.89% shareholding.	The Company is selling the Pyengana dairy business to the Purchaser in exchange for payment.
Sale	Melbourne Securities Corporation (ABN: 57 160 326 545) ATF AgFood Opportunities Fund (ABN 73 628 200 448)	Shareholder of the Company with 17.01% shareholding.	Share buy-back of 49,504,950 shares in the Company, equivalent to \$300,000 which is a component of the business sale price.

9. Directors Interest in the Business Sale

Mr Paul Jensz, a Director, is also a Director and Chairman of AgFood Opportunities Fund. Mr Jensz has disclosed this interest to the Board.

The Board (other than Mr Jensz) have resolved that Mr Jensz:

- should not participate in Board discussions or decisions relating to the business sale; and
- should abstain from making or participating in any recommendation to Shareholders in relation to the business sale.

Accordingly, Mr Jensz has not participated in discussions or decisions of the Board in relation to the business sale and will continue to abstain from any such discussions or decisions.

The Company will disregard any votes cast by Mr Jensz (or any of his associates) on Resolution 1 (except where the vote is cast as a directed proxy on behalf of a Shareholder who is eligible to vote on the Resolution).

Otherwise, the Directors have no interest in the business sale, other than as Shareholders.

10. Directors Recommendation

The Board unanimously (other than Mr Paul Jenz) recommend that shareholders vote **FOR** Resolution 1.

The Chair of the meeting intends to vote undirected proxies **FOR** Resolution 1.

Resolution 2: Share Buy-Back – Melbourne Securities Corporation Limited ATF AgFood Opportunities Fund

1. Overview of the Selective Buy-Back

The Selective buy-back will comprise an offering to buy-back 49,504,950 shares of the Melbourne Securities Corporation Limited ATF AgFood Opportunities Fund as part of Resolution 1:

- Buy-back amount \$300,000
- Share price \$0.00606 cents per share. Based on the Company's VWAP since the business sale was announced on 11 August 2025.

2. Directors Interest in the Selective Buy-Back

Mr Paul Jenz, a Director, is also a Director and Chairman of AgFood Opportunities Fund. Mr Jenz has disclosed this interest to the Board.

The Board (other than Mr Jenz) have resolved that Mr Jenz:

- should not participate in Board discussions or decisions relating to the buy-back; and
- should abstain from making or participating in any recommendation to Shareholders in relation to the buy-back.

Accordingly, Mr Jenz has not participated in discussions or decisions of the Board in relation to the buy-back and will continue to abstain from any such discussions or decisions.

The Company will disregard any votes cast by Mr Jenz (or any of his associates) on Resolution 2 (except where the vote is cast as a directed proxy on behalf of a Shareholder who is eligible to vote on the Resolution).

Otherwise, the Directors have no interest in the buy-back, other than as Shareholders.

3. Directors Recommendation

The Board unanimously (other than Mr Paul Jenz) recommend that shareholders vote **FOR** Resolution 2.

The Chair of the meeting intends to vote undirected proxies **FOR** Resolution 2.

Annexure – Independent Expert Report

TASFOODS LIMITED

DIVESTMENT OF PYENGANA DAIRY BUSINESS

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE
6 NOVEMBER 2025



6 November 2025

The Independent Directors
TasFoods Limited
Level 2, 89-93 Cimitiere Street
Launceston TAS 7250

Dear Directors,

Independent Expert's Report for TasFoods Limited

1. Introduction

TasFoods Limited ("**TasFoods**") is a public company listed on the Australian Securities Exchange ("**ASX**") that produces and sells premium food products from Tasmania. TasFoods owns Pyengana Dairy, a premium artisan cheese manufacturer and café operator in the Pyengana region of Tasmania.

On 11 August 2025, TasFoods announced the strategic decision to sell the Pyengana Dairy business. On the same date, TasFoods announced it had entered into a non-binding option agreement with AgFood Opportunities Fund ("**AgFood**") whereby AgFood granted TasFoods an option to sell the Pyengana Dairy business to AgFood and associates. Following a sales campaign, which did not identify any higher alternative offers, on 24 September 2025, TasFoods executed a sale agreement for the sale of Pyengana Dairy to Research Corporation Pty Ltd ("**Research Corporation**") and associates including AgFood. Research Corporation is a related party of AgFood, and Research Corporation provided a guarantee in respect of the consideration payable.

The consideration to acquire the Pyengana Dairy business ("**Consideration**") includes the following components:

- ◆ Cash of between \$1.7 million and \$2.0 million
- ◆ The potential buyback of 49,504,950 shares ("**Buyback Shares**"), or an additional \$0.3 million cash
- ◆ A further cash payment for inventory on hand at the lower of standard cost and net realisable value.

Further details of the Proposed Transaction are set out in Section 1 of our detailed report.

2. Purpose of the report

ASX Listing Rule 10.1 requires a listed entity to obtain shareholders' approval before it sells a substantial asset to a related party. Given the value of the Pyengana Dairy business exceeds 5% of the equity in TasFoods, as set out in its latest accounts lodged with the ASX, the sale of the business involves the potential disposal of a substantial asset. As, Research Corporation and AgFood currently hold a combined interest of 22.9% in TasFoods, the Proposed Transaction is with a related party. Approval for the sale of the Pyengana Dairy business is therefore required from TasFoods' shareholders that are not associated with Research Corporation and AgFood ("**Non-Associated Shareholders**").

ASX Listing Rule 10.5.10 requires that the Notice of Meeting sent to shareholders in respect of such a transaction include a report on the Proposed Transaction from an independent expert. The independent expert's report must state whether the transaction is fair and reasonable to Non-Associated Shareholders.

The directors of TasFoods have therefore requested Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**") to prepare an independent expert's report assessing whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders. This report has been prepared for the exclusive purpose of assisting Non-Associated Shareholders in their consideration of the Proposed Transaction.

Further information regarding our scope and purpose is set out in Section 2 of our detailed report.

3. Basis of evaluation

In order to assess whether the Proposed Transaction is fair and reasonable we have:

- ◆ Assessed it as fair if the value of Pyengana Dairy is less than or equal to Consideration.
- ◆ Assessed it as reasonable if it is fair, or despite not being fair, the advantages to Non-Associated Shareholders outweigh the disadvantages.

Further details of the basis of evaluation are provided in Section 2 of this report.

4. The Proposed Transaction is fair

Assessed value of Pyengana Dairy

We have assessed the market value of Pyengana Dairy using a capitalisation of earnings method. In adopting this approach, we have selected maintainable earnings before interest and tax ("**EBIT**") of \$110,000 to \$180,000. This range was primarily selected with reference to recent historical earnings of Pyengana Dairy.

We applied an EBIT multiple of 4.5x to 5.0x times the selected maintainable earnings. The multiple range is primarily based on the multiples from first principles approach as transaction data for comparable businesses is limited.

This analysis results in an assessed value of the Pyengana Dairy business to be \$495,000 to \$900,000.

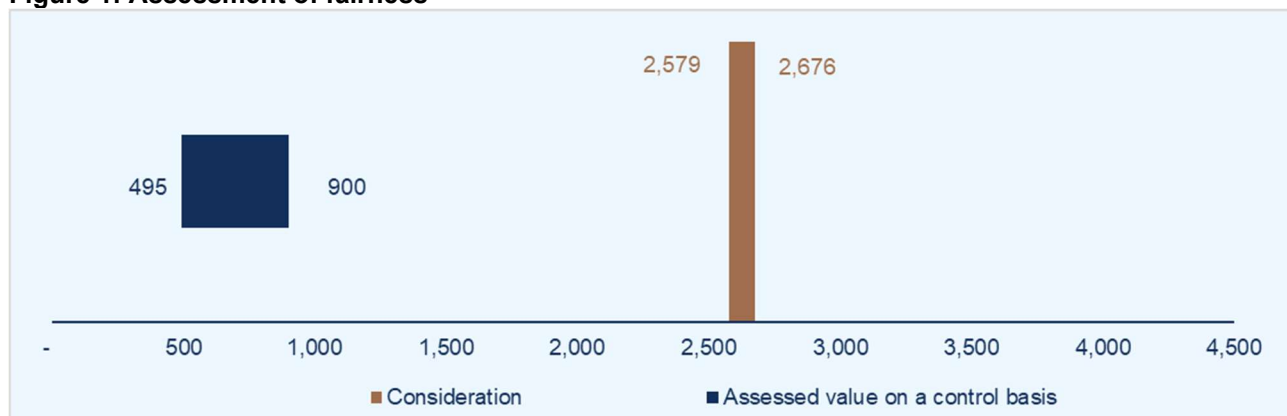
Assessed value of consideration

We assessed the value of cash consideration at face value. The value of the Buyback Shares was assessed by reference to TasFoods' net asset value on an orderly realisation basis. Our assessed value of the Consideration is \$2.6 million to \$2.7 million.

Comparison to consideration

We have assessed whether the Proposed Transaction is fair by comparing our assessed market value Pyengana Dairy with the Consideration. This comparison is set out in the table below.

Figure 1: Assessment of fairness



Source: Leadenhall analysis

Note: the Consideration includes cash, Buyback Shares and a cash payment for inventory.

As our assessed value of the Consideration exceeds our assessed value of the Pyengana Dairy business we have assessed the Proposed Transaction as fair.

Further details of our valuation of Pyengana Dairy and the Consideration offered are provided in Section 6 and Section 7 respectively of our detailed report.

5. The proposed Transaction is reasonable

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, the advantages to the Non-Associated Shareholders outweigh the disadvantages. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to Non-Associated Shareholders.

Advantages

The main advantages of the Proposed Transaction are:

- ◆ **Consideration represents a significant premium to the market value of Pyengana Dairy:** the Consideration represents a significant premium to our assessed market value of Pyengana Dairy.
- ◆ **Improved cash flow position:** the sale will provide TasFoods with additional liquidity that can be used to strengthen its balance sheet, reduce debt or fund growth opportunities within its remaining businesses.
- ◆ **No superior offers:** TasFoods instructed Nutrien Harcourt business broking to market the Pyengana Dairy business for sale. Whilst a number of interested parties were identified, none were willing to pay more than the Consideration offered under the Proposed Transaction.

Disadvantages

The main disadvantages of the Proposed Transaction are:

- ◆ **Reduced potential upside:** TasFoods will no longer benefit from the potential future recovery or growth in Pyengana Dairy, including if Pyengana Dairy's export accreditation is granted. While there is potential growth through expansion into export markets, realisation of growth is uncertain given Pyengana Dairy's limited track record, production constraints and the competitive nature of international dairy markets.
- ◆ **Impact on scale and synergies:** the divestment may limit TasFoods' ability to leverage synergies such as shared resources and marketing across its broader food portfolio.

Conclusion on reasonableness

As the Proposed Transaction is fair, it is also reasonable. Further details of our considerations of the reasonableness of the Proposed Transaction are set out in Section 8.2 of our detailed report.

6. Opinion

In our opinion, the Proposed Transaction is fair and reasonable to Non-Associated Shareholders. This opinion should be read in conjunction with our detailed report which sets out our scope, analysis and findings in more detail.

Yours faithfully



Katy Lawrence
Director



Richard Norris
Director

*Note: All amounts stated in this report are in Australian dollars unless otherwise stated.
Tables in this report may not add due to rounding.*

LEADENHALL CORPORATE ADVISORY PTY LTD

ABN 11 114 534 619

Australian Financial Services Licence No: 293586

FINANCIAL SERVICES GUIDE

Leadenhall Corporate Advisory Pty Ltd ("**Leadenhall**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In providing this report, we are required to issue this Financial Services Guide ("**FSG**") to retail clients. This FSG is designed to help you to make a decision as to how you might use this general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

Financial Services We are Licensed to Provide

We hold Australian Financial Services Licence 293586 which authorises us to provide financial product advice in relation to securities (such as shares and debentures), managed investment schemes and derivatives.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product. Our report will include a description of the circumstances of our engagement and the party who has engaged us. You will not have engaged us directly but will be provided with a copy of the report because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial service licensee authorised to provide the financial product advice contained in that report.

General Financial Product Advice

The advice produced in our report is general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

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We charge fees for providing reports. These fees will be agreed with the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Leadenhall is entitled to receive a fixed fee of \$48,000 (excl. GST) for preparing this report. This fee is not contingent upon the outcome of the Proposed Transaction.

Except for the fees referred to above, neither Leadenhall, nor any of its directors, consultants, employees or related entities, receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of this report.

Remuneration or Other Benefits Received by our Employees, Directors and Consultants

All our employees receive a salary. Our employees are eligible for bonuses which are not based on the outcomes of any specific engagement or directly linked to the provision of this report. Our directors and consultants receive remuneration based on time spent on matters.

Independence

At the date of this report, Leadenhall and its related entities do not have, and have not had within the previous two years, any business or professional relationship with the TasFoods or Pyengana Dairy or their

related entities. In addition, Leadenhall and its related entities do not have any financial or other interest in the TasFoods or Pyengana Dairy or their related entities that could reasonably affect its ability to provide an unbiased opinion in relation to the Proposed Transaction. We therefore consider ourselves to be independent for the purpose of this engagement, in accordance with *Regulatory Guide 112: Independence of Experts*.

Referrals

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the reports that we are licensed to provide.

Complaints Resolution

As the holder of an Australian Financial Services Licence, we are required to have a system in place for handling complaints from persons to whom we have provided reports. All complaints must be in writing, to the following address:

Leadenhall Corporate Advisory Pty Ltd
GPO Box 1572
Adelaide SA 5001

Email: office@leadenhall.com.au

We will try to resolve your complaint quickly and fairly and will endeavour to settle the matter within 14 days from the time the matter is brought to our attention.

If you do not get a satisfactory outcome, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution services that are free to consumers and can be contacted as follows:

Website: www.afca.org.au

By post: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

Compensation Arrangements

Leadenhall holds professional indemnity insurance in relation to the services we provide. The insurance cover satisfies the compensation requirements of the Corporations Act 2001.

6 November 2025

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1 THE PROPOSED TRANSACTION

1.1 Background

TasFoods is an ASX listed company that produces and sells premium food products from Tasmania. TasFoods owns Pyengana Dairy, a premium artisan cheese manufacturer and café operator in the Pyengana region of Tasmania.

On 11 August 2025, TasFoods announced the strategic decision to sell the Pyengana Dairy business. On the same date, TasFoods announced it had entered into a non-binding option agreement with AgFood whereby AgFood granted TasFoods an option to sell the Pyengana Dairy business to AgFood and associates. Following a sales campaign, which did not identify any higher alternative offers, on 24 September 2025, TasFoods executed a sale agreement for the sale of Pyengana Dairy to Research Corporation Pty Ltd ("**Research Corporation**") and associates including AgFood Opportunities Fund. Research Corporation is a related party of AgFood and Research Corporation provided a guarantee in respect of the Consideration payable.

1.2 Consideration

The agreed consideration for the acquisition of Pyengana Dairy ("**Consideration**") is \$2.0 million plus the value of inventory. The purchaser may, at its option, pay up to \$0.3 million of the Consideration by having TasFoods buyback TasFoods shares held by Research Corporation, or an entity nominated by Research Corporation. The sale agreement ascribes a value of \$0.00606 to a TasFoods share in the potential buyback of 49,504,950 shares ("**Buyback Shares**"). The buyback component is subject to shareholder approval.

1.3 Conditions

The Proposed Transaction is subject to the following conditions:

- ◆ Non-Associated Shareholders approve the divestment of Pyengana Dairy and the proposed buy back
- ◆ Approval for the grant or a transfer or assignment of all licences including the Tasmanian Dairy Industry Authority License on terms reasonably acceptable to the purchaser.

2 SCOPE

2.1 Purpose of the report

ASX Listing Rule 10.1 requires a listed entity to obtain shareholders' approval before it sells a substantial asset to a related party. An asset is substantial if its value, or the consideration being paid for it, is 5% or more of the equity in the listed entity, as set out in its latest accounts lodged with the ASX. As the consideration payable by Research Corporation and associates for the Pyengana Dairy business exceeds 5% of the equity of TasFoods as at 31 December 2024, the Pyengana Dairy business is a substantial asset for the purposes of Listing Rule 10.1. Research Corporation and AgFood currently hold a combined interest of 22.9% in TasFoods. Accordingly, the Proposed Transaction is with a related party. Thus, the Proposed Transaction must be approved by TasFoods' shareholders that are not associated with Research Corporation and AgFood (which we have defined as Non-Associated Shareholders).

ASX Listing Rule 10.5.10 requires that the Notice of Meeting sent to shareholders in respect of such a transaction must include a report on the Proposed Transaction from an independent expert. The independent expert's report must state whether the transaction is fair and reasonable to Non-Associated Shareholders.

This report has been prepared for TasFoods' Non-Associated Shareholders for the purpose of assessing the fairness and reasonableness of the Proposed Transaction. This report should not be used for any other purpose or by any other person.

2.2 Basis of evaluation

2.2.1 Introduction

RG 111 requires a separate assessment of whether a related party transaction under Listing Rule 10 is 'fair' and whether it is 'reasonable'. We have therefore considered the concepts of 'fairness' and 'reasonableness' separately. The basis of assessment selected and the reasons for that basis are discussed below.

2.2.2 Fairness

RG 111.57 requires an expert assessing a related party transaction to compare the benefit provided by the entity to the related party (i.e. Pyengana Dairy) with the consideration being provided to the entity (i.e. the Consideration). Accordingly, we have assessed the Proposed Transaction as fair if the value of Pyengana Dairy is less than or equal to Consideration.

We have assessed the value of the Pyengana Dairy business at market value, which is defined by the International Glossary of Business Valuation Terms as:

Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

While there is no explicit definition of value in RG 111, this definition of market value is consistent with basis of value described at RG 111.11 and common market practice.

2.2.3 Reasonableness

In accordance with RG 111, we have defined the Proposed Transaction as being reasonable if it is fair, or if, despite not being fair, Leadenhall believes that there are sufficient reasons for Non-Associated Shareholders to vote for the proposal. We have therefore considered whether the advantages to Non-Associated Shareholders of the Proposed Transaction outweigh the disadvantages. To assess the reasonableness of the Proposed Transaction we have considered the following significant factors recommended by RG 111.62:

- ◆ The financial situation and solvency of TasFoods and Pyengana Dairy
- ◆ Opportunity costs
- ◆ Alternatives available to TasFoods
- ◆ Respective bargaining position of the parties to the Proposed Transaction
- ◆ Whether there is selective treatment of any securityholder
- ◆ Any special value of the Pyengana Dairy to Research Corporation

We have also considered other significant advantages and disadvantages to Non-Associated Shareholders of the Proposed Transaction.

2.3 Individual circumstances

We have evaluated the Proposed Transaction for Non-Associated Shareholders as a whole. We have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser about the impact of the Proposed Transaction on their specific financial circumstances.

3 AUSTRALIAN CHEESE MANUFACTURING INDUSTRY

3.1 Overview

The cheese manufacturing industry is an integral part of the Australian dairy market. Over one third of the national milk pool is used to produce between 350,000 to 400,000 tonnes of cheese annually¹. Approximately 40% of this production is exported, primarily to Japan and China.² According to IBIS World³, the industry is expected to generate approximately \$3.4 billion in revenue in FY25.

3.2 Industry structure

Cheese producers are predominantly located in Victoria, New South Wales and Tasmania, with Victoria accounting for over 35% of all producers in Australia⁴. The high concentration of production capacity can be explained by the significant dairy industry in Victoria, which produces over 60% of national milk pool year on year.⁵

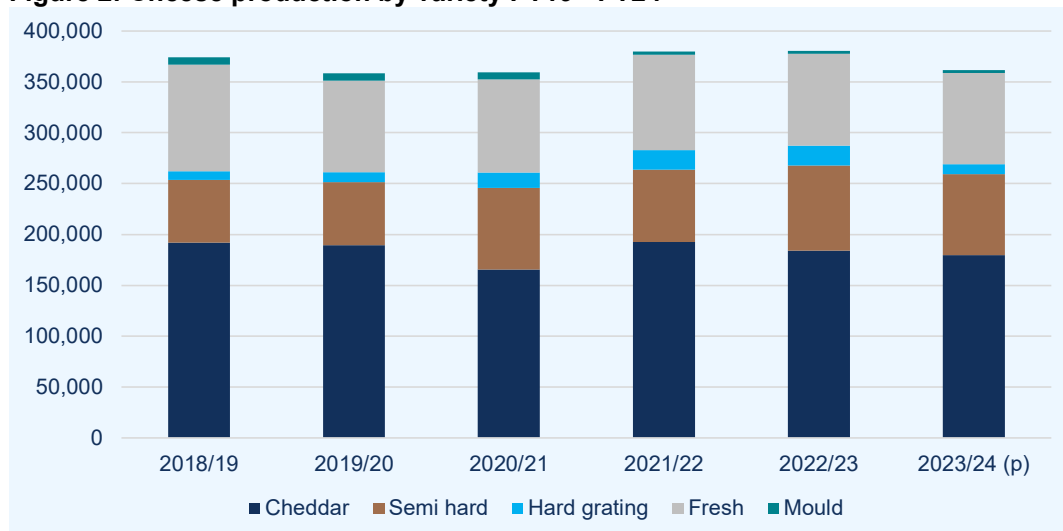
The industry comprises two main segments, large scale corporate manufacturing and small batch artisan production. Corporate manufacturers prioritise efficiency, scale and consistency. The production typically involves pooled milk sourcing from multiple farms and relies on automated and machinery driven process. In contrast, artisan producers focus on traditional and handcrafted products. The production process is often labour intensive. This segment includes farmhouse cheese makers who source milk exclusively from a single farm and artisan cheese makers who may source milk from other local farms as well.

Cheese products are distributed through several key channels including supermarkets, wholesalers and food manufacturers, with supermarkets making up over 65% of industry sales⁶.

3.3 Products

The figure below shows the annual cheese production by variety over FY19 to FY24.

Figure 2: Cheese production by variety FY19 - FY24



Source: Dairy Australia

¹ Dairy Australia – In Focus 2024

² Dairy Australia – In Focus 2024

³ IBIS World - Cheese Manufacturing in Australia March 2025

⁴ IBIS World - Cheese Manufacturing in Australia March 2025

⁵ Dairy Australia – In Focus 2024

⁶ IBIS World - Cheese Manufacturing in Australia March 2025

The main products of the industry are discussed below:

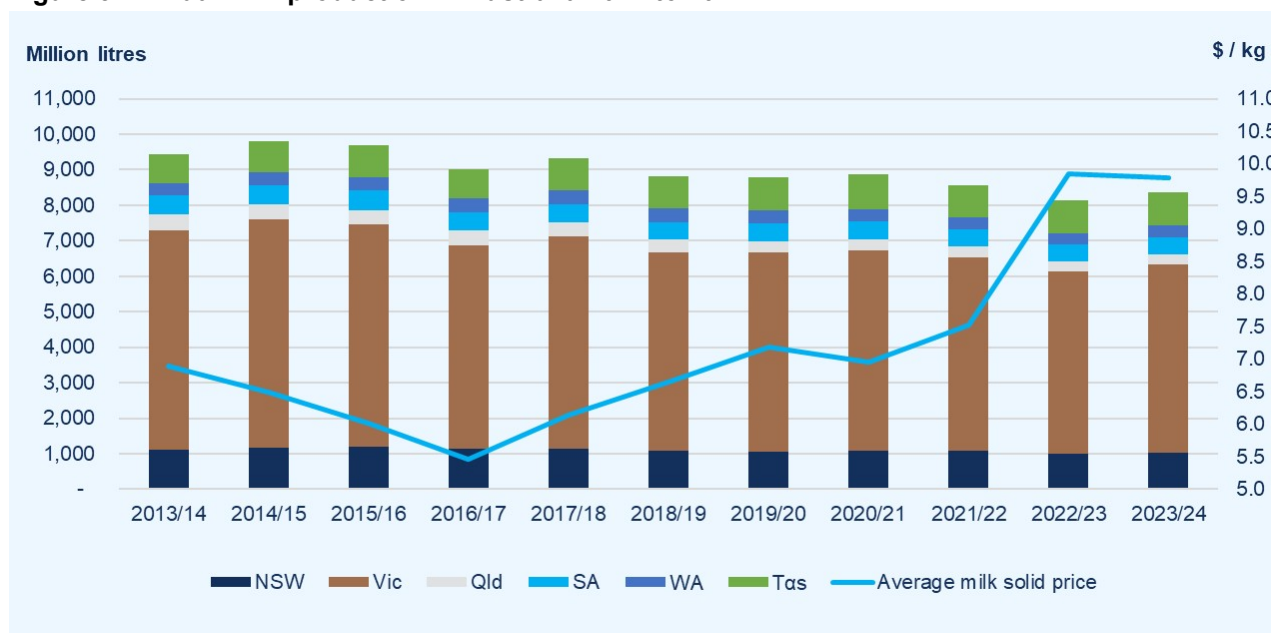
- ◆ **Cheddar:** makes up nearly half of the total production annually. Demand for cheddar has declined in recent years as manufacturers shift towards producing higher margin varieties such as mozzarella amid shrinking milk supply.
- ◆ **Semi-hard:** includes varieties such as gouda and mozzarella. This segment has grown recently driven by rising frozen pizza production, as time-poor consumers seek convenient, affordable meal options. However, revenue growth of the segment has since been moderated by weakened consumer spending amid high inflation, reducing demand from dine-in and takeaway restaurants which use higher-quality cheeses at premium prices.
- ◆ **Fresh cheese:** comprises goat's cheese, ricotta, cottage, cream cheese and feta. This segment has shrunk as a share of total production. Whilst domestic demand has softened due to declining discretionary income amid rising cost of living, manufacturing has increased to support exports as overseas consumers prefer more western style food. At the same time, local feta and ricotta production continues to face increasing pressure from imports.

3.4 External drivers of performance

3.4.1 Milk production

With milk being a core ingredient in cheese production, the volume of milk produced has a direct impact on the industry output volume. As shown in the following chart, national milk production has fallen over the past decade, from 9.4 million litres in 2013/14 to 8.4 million litres in 2023/24. This decline is attributed to ongoing industry consolidation characterised by a reduction of dairy farm numbers as well as challenging weather conditions hampering production.

Figure 3: Annual milk production in Australia 2014 to 2024



Source: Dairy Australia and ABARES

Volatility in milk prices and farm incomes have prompted many farmers to focus on cost control and income diversification such as extensive dairy cattle culling during periods of higher beef prices to maintain cashflow, further tightening milk supply.

3.4.2 Farmgate milk price

Cheese producers typically purchase milk from dairy farmers at farmgate prices based on the volume of milk sold. Increases in farmgate prices directly impact the production cost and final price of cheese.

In recent years, farmgate milk prices have increased due to declining national milk production, putting pressure on the cheese manufacturers. In 2023/24, the average farmgate milk price in Australia was \$9.79 per kilogram of milk solid, one of the highest in world and second only to the European Union. These prices closely reflect the global dairy commodity price trend but have also benefited from increased competition among processors to secure supply.

3.4.3 Domestic demand and international trade

Domestic cheese consumption accounts for approximately 90% of total cheese consumed in Australia each year (i.e. total cheese sold in the Australian market, comprising both locally produced and imported cheese). Whilst domestic demand for cheese has increased steadily over the decade to FY24⁷, industry revenue has continued to decline, driven by growing import penetration and a weakening export sector.

Imports make up around 25% to 30% of domestic demand, primarily sourced from New Zealand and the United States, with increasing volumes from Europe. The rising availability and popularity of imported cheese products, coupled with cost-of-living pressures have seen consumers shifting towards imported alternatives for their quality and affordability.

On the supply side, around 40% of Australian produced cheese is exported each year, with key markets including Japan, China, Malaysia and South Korea⁸. Export revenue has declined over the past decade due to a combination of factors. Elevated domestic milk prices have increased production costs, while the appreciation of the Australian dollar has further reduced price competitiveness in international markets. In addition, intensified competition from other major dairy-exporting nations has also constrained overseas demand for Australian cheese.

3.5 Competitive landscape

The industry is dominated by three major players, Bega Cheese, Saputo Dairy Australia and Fonterra. These companies collectively account for over 65% of total market share⁹. The remainder of the market is comprised of numerous small and medium-sized cheese makers that primarily operate in niche or regional segments. The number of industry participants has declined in recent years as a result of consolidation and sustained cost pressure forcing operators out of the market regardless of size, as evidenced by the collapse of Beston Global Food Company, a large-scale cheese manufacturer in South Australia.

3.5.1 Competition from imports and plant-based alternatives

Australian cheese manufacturers are facing growing competition from both imports and plant-based alternatives. According to IBISWorld, imports accounted for 26.8% of the domestic cheese consumption in 2025, primarily sourced from New Zealand (48%) and the United States (26%)¹⁰. The rise in New Zealand imports in recent years was driven by lower farmgate milk prices in New Zealand and the appreciation of the Australian dollar. Although domestic cheese prices softened slightly in 2024/25, they remain above pre-pandemic levels. This has resulted in an increase in demand from food service sector for lower-value processed cheese from the United States. In addition, growing health consciousness and ethical and environmental concerns have driven demand for plant-based cheese alternatives, attracting new entrants and prompting traditional producers to diversify their offerings to remain competitive. In recognising this trend, Bega Cheese launched its first plant-based cheese alternative in March 2023.

3.6 Outlook

The industry is expected to face ongoing challenges in the coming years. Declining milk supply is expected to constrain production volume and heighten competition among producers. The number of industry participants is expected to fall as more operators are priced out of the market. Export revenue is also forecast to come under pressure from declining global cheese prices and a stronger Australia dollar over the same period. Meanwhile, import demand is expected to rise driven by shifting consumer preferences and an increase in discretionary income. Overall, industry revenue is forecast to decline at a CAGR of 1.8% through to 2030¹¹.

⁷ ABARES - Agricultural Commodity Statistics 2023/2024

⁸ ABARES - Agricultural Commodities September 2025

⁹ IBIS World – Australian Cheese Manufacturing Industry March 2025

¹⁰ Dairy Australia – In Focus 2024

¹¹ IBIS World – Australian Cheese Manufacturing Industry March 2025

4 PYENGANA DAIRY

4.1 Background

Pyengana Dairy is a premium dairy producer specialising in traditionally made, cloth-bound cheddar and specialty cheeses. The business was founded in 1992 by Jon Healey ("**Mr Healey**"), a fourth-generation Pyengana farmer, and was acquired by TasFoods in 2017 for \$1.55 million. The business is situated approximately 27km east of St Helens in North-East Tasmania on a property that is leased from Mr Healey. Pyengana Dairy operates as a business unit of Tasmanian Food Co Dairy Pty Ltd ("**TFCD**"), a wholly owned subsidiary of TasFoods.

Pyengana Dairy sources milk exclusively from Pyengana where cows graze on year-round pastures, producing high-quality milk for its cheddar and blue cheese products. Pyengana Dairy offers premium cheeses that are produced using long-established recipes and matured in a naturally ventilated, cave-like environment, providing consistent temperature and humidity conditions.

In addition to its dairy operations, Pyengana Dairy operates the Pyengana Farm Gate Café on-site.

Pyengana Dairy is actively working towards securing export accreditation as part of its strategy to expand into new international markets. Management has indicated that the accreditation process is now 90% complete, with some outstanding requirements that need to be addressed on-site. Management anticipates that conditional approval for full export accreditation will be achieved by the end of 2025. Export accreditation is expected to increase the number of sales channels for Pyengana Dairy, however production capacity will limit the growth achievable from the export market.

4.2 Cheese making

4.2.1 Overview

Pyengana Dairy produces a range of cheeses using traditional cloth-bound artisan cheese making techniques which have been used by Pyengana cheese makers for over 130 years. The figure below summarises the cheese making process that Pyengana Dairy follows:

Figure 4: Pyengana Dairy's cheese making process



Source: TasFoods

The current manufacturing capacity of Pyengana Dairy's facility is 40 tonnes of cheese per annum. However, given the difficulty in hiring qualified staff, the effective operational capacity is 30 tonnes per annum. Further, actual production volumes in FY23 and FY24 were lower than this due to cash flow constraints within the broader TasFoods business.

The products produced at Pyengana Dairy include:

- ◆ **Reserve vintage cloth-bound cheddar:** cheddar cheese aged in cloth for 24 months
- ◆ **Traditional cloth-bound cheddar:** cheddar cheese matured in cloth for 12 months
- ◆ **St Columba blue cheese:** handcrafted creamy blue cheese. This cheese is also available in a variety of flavours including herb and garlic, chilli and peppercorn
- ◆ **Hampers:** a range of grazing boxes that contain Pyengana Dairy products and locally sourced Tasmanian produce including chocolates, biscuits and cold meats.

Pyengana Dairy's range of products are made available to consumers through multiple channels. Sales are made directly to customers and also facilitated online. In addition, the products are stocked at major supermarkets and distributed via a network of distributors and wholesalers. Key customers include wholesaler Calendar Cheese (30% of total sales) and Coles (11% of total sales). The remaining sales are attributed to a diverse group comprising smaller wholesalers, distributors, and food retailers.

4.2.2 Milk supply agreement

Pyengana Dairy sources milk for production through an offtake agreement between the Richard Hori Family Trust ("RHFT"), Bega Cheese Limited ("**Bega Cheese**") and TFCD ("**Milk Supply Agreement**").

Under the Milk Supply Agreement, RHFT produces and exclusively supplies cow's milk to TFCD and Bega Cheese Limited and ensures that the milk meets certain quality and regulatory standards. TFCD is supplied with the milk that it requires each month. Any milk produced in excess of TFCD's requirements is purchased by Bega Cheese, which has the obligation to buy all surplus milk generated at the farm.

The key terms of the Milk Supply Agreement are as follows:

Table 1: Key terms of the Milk Supply Agreement

Term	Description
Start date	1 July 2024
End date	30 June 2027
Exclusivity	RHFT must exclusively supply all milk produced at its farm to TFCD and Bega Cheese
Minimum price	\$8.00/kgMS ¹² , subject to adjustments. The minimum milk price is based on the Fonterra Exclusive Milk Supply Agreement which serves as a benchmark for regional milk pricing.
Price calculation	The price calculation is based on the Fonterra Base Milk Price (either the East or South regions) adjusted for levies and multiplied by a quality bonus. RHFT may choose either the 7/5 or 8/4 payment schedule for the full season. The quality bonus is set out in the Fonterra Farm Source Handbook.
Premiums	Dairy premium: 3 cents per litre added to the net milk price Winter supply payment: 2 cents per litre for winter milk supply Site premium: annual site premium of \$72,000 plus GST
Step ups	Additional retrospective payments made during the term if Fonterra determine a step-up up to its milk price.
Annual review	The parties meet annually (two months before the next commencement date) to review performance and discuss supply arrangements for the following year.
Termination for convenience	A party may terminate the agreement without cause by providing six months' notice in writing.

Source: TasFoods

4.3 Pyengana Dairy Farm Gate Cafe

The café offers a direct-to-consumer experience including breakfast and lunch dishes, gourmet platters, local Tasmanian produce, cheese tastings and beverages. It also serves as a tourism and marketing asset which aims to drive on-site product sales and enhance brand visibility.

¹² kgMS - kilogram of milk solids, a measure used to pay dairy farmers for their milk based on its protein and fat content, not just volume.

4.4 Organisational structure

The organisational structure of Pyengana Dairy is summarised in the figure below:

Figure 5: Pyengana Dairy organisational structure



Source: TasFoods

In relation to the various roles at Pyengana Dairy:

- ◆ **Operations Manager:** oversees supply and demand, manages production capacity and drives business improvement initiatives. Also leads export and capital projects relating to efficiencies and strategic growth.
- ◆ **Café staff (including online support):** manage daily café administration, retail and online sales and coordinate product processing and logistics. They also support social media activity and contribute to regional and visitor marketing to enhance the Pyengana brand experience
- ◆ **Operations Administration:** coordinates milk supply and purchasing activities while maintaining production administration in the enterprise resources planning software. Ensures inventory accuracy and oversees order receipt and processing.
- ◆ **Quality Assurance Co-ordinator:** conducts raw milk testing, manages Good Manufacturing Practices and Hazard Analysis and Critical Control Points ("**HACCP**") compliance, and maintains Tasmanian Dairy Industry Authority accreditation. Prepares export documentation and oversees finished goods release to ensure all products meet strict quality standards.
- ◆ **Cheese makers:** produce cheese in line with the demand plan while maintaining product quality and hygiene standards. Optimises labour use and minimises waste to support efficient and sustainable production.

Corporate costs are charged directly to the Pyengana Dairy business unit and include head office functions such as human resources, payroll, financial management, administration and safety.

4.5 Financial performance

The unaudited statements of financial performance for the financial years ("FY") ended 31 December 2023 and 31 December 2024 and the period 1 January 2025 to 31 July 2025 ("July 2025 YTD") are set out in the table below.

Table 2: Pyengana Dairy's financial performance

\$'000	FY23	FY24	July 2025 YTD
Cheese sales	1,436	1,293	442
Event income	13	29	19
Café	1,025	790	408
Other income	8	9	8
Rebates & promotions	(50)	4	(3)
Revenue	2,432	2,125	874
Total cost of sales	(1,640)	(1,248)	(608)
Gross margin	792	876	265
<i>Gross margin %</i>	<i>33%</i>	<i>41%</i>	<i>30%</i>
Operating expenses			
Distribution & warehousing	(26)	(79)	(24)
Employment expenses	(133)	(262)	(99)
Marketing expenses	(18)	(46)	(20)
Professional expenses	(27)	(23)	(11)
Occupancy expenses	(58)	(75)	(57)
Repairs & maintenance expenses	(96)	(21)	(6)
IT expenses	(6)	(5)	(2)
Other expenses	(117)	(157)	(84)
Corporate wage allocation	-	(92)	(54)
Corporate overhead allocation	(133)	(80)	(36)
Total operating expenses	(614)	(841)	(393)
EBITDA	178	35	(128)
Depreciation and amortisation expense	(119)	(139)	(86)
EBIT	59	(104)	(215)
Interest expenses	(34)	(35)	(38)
Loss before tax	26	(139)	(253)
Income tax benefit / (expense)	-	-	-
Loss after tax	26	(139)	(253)

Source: TasFoods

In relation to the historical financial performance of Pyengana Dairy set out above:

- ◆ Revenue from cheese sales declined in FY24 due to lower production volumes.
- ◆ Pyengana Dairy sold 9,798kg of cheese in July 2025 YTD, representing a 43% decrease compared to the corresponding period in FY24. This decline reflects supply constraints arising from lower production volumes in FY23 and FY24, as Traditional and Vintage Cloth Bound Cheddar typically requires 12 to 18 months of ageing before it is available for sale.
- ◆ In FY25, Pyengana Dairy received a one-off government grant totalling \$18,750 as part of its export accreditation process for HACCP training costs.
- ◆ Revenue from café operations decreased by 23% in FY24, reflecting a moderation in tourism and foot traffic following the post-COVID-19 rebound in travel. This decline was further impacted by reduced consumer spending amid ongoing cost of living and economic pressures. Café revenue in July 2025 YTD has followed a similar trend with sales being 24% lower than the corresponding period in FY24.

- ◆ Gross margin from cheese sales increased from 33% in FY23 to around 41% in FY24. The lower gross margin in FY23 primarily reflect higher farmgate milk prices during those periods. The improvement in FY24 was driven mainly by lower milk input costs and a more favourable sales mix, with a higher proportion of less mature cheeses that are less costly to produce.
- ◆ The café business recorded a significant decline in gross margin, falling from 26.5% in FY24 to 14.7% in July 2025 YTD. This reduction is primarily due to a shift in the sales mix towards younger cheeses – such as mild, mature, blue, and flavoured varieties – which are less mature than traditional and vintage cheeses and sell at lower prices.
- ◆ Employment expenses increased by 98% in FY24 following the hiring of a full time Operations Manager and a full time Quality Manager. In July 2025 YTD, these roles were replaced with a lower-paid Operations Manager and Quality Assurance Coordinator.
- ◆ Distribution and warehousing costs include freight and communication costs. Freight costs increased significantly in FY24 following the sale of TasFoods' Betta Milk business in late 2023. Previously, Pyengana Dairy utilised backloads from Betta Milk to transport production from Pyengana to Launceston at no cost. After the sale, Pyengana Dairy established its own warehouse in Launceston to facilitate cheese distribution, resulting in the business now incurring its own freight costs for transporting products.
- ◆ Occupancy expenses comprise electricity and gas, waste removal and equipment rentals. Electricity and gas costs increased by 38% in July 2025 YTD compared to the same period in FY24, driven by an increase in electricity prices and higher gas prices.
- ◆ Other expenses include equipment hire, supplies and quality assurance costs for milk and product testing. Other expenses increased by 35% in FY24 following the sale of Betta Milk, which had previously conducted milk testing at no cost to Pyengana Dairy.
- ◆ There is minimal yield loss as unsold cheese continues to age (e.g., from mild to mature, mature to traditional, and traditional to vintage). Any excess cheese (cheddar or blue cheese) that cannot be sold as a retail format is re-purposed for use in the café. Blue cheese is typically frozen and used in the café for cooking, while cheddar varieties may be further aged or converted into "Devilish" cheese for café sales. Minor losses occur through moisture loss, trimming, or quality testing.

4.6 Financial position

The unaudited statements of financial position as at 31 December 2023, 31 December 2024 and 31 July 2025 are set out in the table below.

Table 3: Pyengana Dairy's financial position

\$'000	31-Dec-23	31-Dec-24	31-Jul-25
Current assets			
Cash	72	52	-
Receivables	236	109	135
Inventory	525	351	546
Prepayments	2	28	45
Total current assets	835	541	726
Non-current assets			
Property, plant and equipment	481	490	619
Deferred tax assets	19	19	16
Right of Use Assets	663	862	807
Total non-current assets	1,163	1,372	1,443
Total assets	1,998	1,912	2,169
Current liabilities			
Payables	(304)	(347)	(302)
Current borrowings	-	-	(496)
Current provisions	(39)	(42)	(65)
Lease Liabilities - Current	(42)	(83)	(93)
Total current liabilities	(385)	(472)	(957)
Non-current liabilities			
Non-current borrowings	(1,072)	(868)	(882)
Lease Liabilities - Non-Current	(701)	(872)	(814)
Total non-current liabilities	(1,774)	(1,740)	(1,696)
Total liabilities	(2,159)	(2,212)	(2,653)
Net assets	(161)	(300)	(484)
Other information			
Net working capital balance	457	114	378

Source: TasFoods

In relation to the historical financial position of Pyengana Dairy set out above:

- ◆ Pyengana Dairy has an overdraft facility with a limit of \$500,000. As at 31 July 2025, the facility has a drawn amount of \$496,283.
- ◆ Trade and other receivables relate to accounts with wholesalers and retailers. The typical payment terms for invoices are 30 days.
- ◆ Inventory represents raw materials, work in progress and finished goods. Inventory levels at 31 July 2025 are considered to be normal at \$0.5 million.
- ◆ Property, plant and equipment primarily comprise specialised production and facility areas for cheese making including the maturing room, pasteuriser room, milk bottling room and boiler room. It also includes capital works in progress required for Pyengana Dairy's export accreditation.
- ◆ Right-of-use assets and corresponding lease liabilities relate to the property leased from Mr Healey, which Pyengana Dairy uses for its cheese manufacturing facility and café operations.
- ◆ Payables primarily comprise trade creditors, typically subject to 20-30 day payment terms. It also includes accrued expenses such as wages, utilities and freight.
- ◆ Non-current borrowings of \$0.9 million represent loans provided by related parties.

5 VALUATION METHODOLOGY

5.1 Available valuation methodologies

To estimate the market value of Pyengana Dairy, we have considered common market practice and the valuation methodologies recommended in RG 111. There are a number of methods that can be used to value a business including:

- ◆ The discounted cash flow method
- ◆ The capitalisation of future maintainable earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and availability of the required information. A detailed description of these methods and when they are appropriate is provided in Appendix 2.

5.2 Selected methodology – Pyengana Dairy

In selecting an appropriate valuation methodology for Pyengana Dairy we have considered the following:

Table 4: Consideration of methodologies

Method	Considerations	Approach
Discounted cash flow	◆ Pyengana Dairy is a mature operating business with a relatively low level of earnings volatility under normal operating conditions. ◆ The only available projections for Pyengana Dairy include new business activities such as exporting and outsourced cheese-production. In our opinion, a market participant would not attribute value to these potential future growth opportunities. ◆ No detailed longer-term financial projections have been prepared for the existing operations of Pyengana Dairy. ◆ Therefore, the capitalisation of earnings approach would be as reliable as the discounted cash flow method.	Not considered
Capitalisation of earnings	◆ Whilst there are a limited number of transactions (market trading and M&A) involving companies with directly comparable businesses to Pyengana Dairy, there is sufficient information to reliably determine an appropriate multiple. ◆ While Pyengana Dairy has experienced operating losses in recent years, this has been as a result of business interruptions which limited production in FY23 and FY24. After normalising for these interruptions, it is possible to establish maintainable earnings.	Selected
Asset based methods	◆ Asset based methods are generally not appropriate for operating businesses as they ignore the value of most intangible assets which are not individually amortisable such as goodwill. However, for businesses that are not generating adequate return on assets employed, an asset-based approach may result in a higher value than an earnings-based approach and thus becomes a relevant consideration. ◆ Since Pyengana Dairy has a history of operating losses and a return to profitability in the near future is not certain, we consider an asset-based methodology to be a reasonable cross-check.	Cross-check

Method	Considerations	Approach
Share trading / business sale	On a stand-alone basis, there is no trading in Pyengana Dairy shares. Before exercising the put option to sell the business to Research Corporation, TasFoods instructed Nutrien Harcourt business broking to market the Pyengana Dairy business for sale. No alternative indicative offers were received.	Not considered

5.3 Selected methodology – Buyback Shares

In selecting an appropriate valuation methodology for the scrip consideration, we have considered the following:

Table 5: Consideration of methodologies

Method	Considerations	Approach
Discounted cash flow	- TasFoods has a history of operating losses, with no expectation of profitability in the short term. - We have not been provided with a long term cash flow forecast for TasFoods and given the uncertainty in respect of potential future profitability, we do not consider there is a reasonable basis in which to forecast positive cash flows in the future.	Not considered
Capitalisation of earnings	TasFoods has experienced operating losses with no expectation of profitability in the short term. Therefore, the capitalisation of earnings method is not appropriate.	Not considered
Asset based methods	- Given the historical operating losses and no expectations of short term profitability, we consider the net asset method is most appropriate valuation methodology to apply to TasFoods (excluding the Pyengana Dairy business) - As TasFoods has sufficient capital to maintain operations through an orderly sale process, we consider the net asset value on an orderly realisation basis to be most appropriate.	Selected
Share trading	Although share market trading in TasFoods shares is illiquid, we consider it reasonable to apply an analysis of share market trading as a broad cross-check.	Cross-check

6 VALUATION OF PYENGANA DAIRY

6.1 Introduction

We have assessed the market value of Pyengana Dairy using the capitalisation of earnings method which requires consideration of the following factors:

- ◆ An appropriate level of maintainable earnings
- ◆ An appropriate earnings multiple
- ◆ The value of any non-operating assets and liabilities
- ◆ Relevant cross checks

These considerations are discussed in more detail below.

6.2 Maintainable earnings

The following measures of earnings are often used for business valuations:

- ◆ **Revenue:** mostly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA:** most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA:** in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT:** while commonly used in practice, multiples of EBITA are usually more reliable than EBIT multiples as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT:** relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value the whole business for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing a minority interest in a company as the investor has no control over the level of debt.

We have selected EBIT as an appropriate measure for Pyengana Dairy because:

- ◆ Earnings multiples based on EBITDA, EBITA and EBIT are not affected by different financing structures which impact multiples of net profit after tax.
- ◆ Third party forecasts of EBITA for comparable companies are not readily available, making EBITA multiples difficult to apply.
- ◆ EBIT multiples are more reliable than EBITDA multiples as the different levels of capital intensity are reflected through the depreciation expense.

When considering an appropriate level of future maintainable earnings, it is important to base the analysis on a maintainable level of earnings which includes adjustment for any non-recurring items as these items will not impact the ongoing earnings of the business.

6.2.1 Maintainable EBIT

The table below sets out historical EBIT for Pyengana Dairy before the allocation of any TasFoods overheads:

Table 6: Historical EBIT

\$	FY23	FY24	YTD FY25
EBIT	192,351	68,321	(124,432)

Source: TasFoods

In relation to the historical EBIT presented above, we note the following:

- ◆ FY23 represents a year where there were no supply constraints impacting cheese sales. In FY23, there was no cheese production in the second half of the year (July to December) due to capital constraints of the overall TasFoods business. This impacted sales in FY24 and FY25.
- ◆ In FY24 lower revenue from cheese sales and from the café was offset by a higher cheese gross margin, predominantly as a result of product mix (higher proportion of younger cheese which have higher margin than vintage cheese sales) and lower milk prices (\$8.20/kg down from \$9.05/kg in 2024). Despite this EBIT declined primarily due to a significant increase in employment, and distribution and warehousing expenses. The increase in employment expenses was due to addition of an operations manager and a quality manager whilst distribution and warehousing expenses increased as Pyengana Dairy absorbed transport and warehousing costs that were previously paid by Betta Milk, a TasFoods business that was sold in late 2023.
- ◆ FY25YTD (seven months to July) performance has been impacted by lower revenue due to cheese supply constraints and a continuation of the decline in café revenue. This has been partially offset by cost reductions in distribution and warehousing, employment and other expenses. The reduction in distribution and warehousing costs is associated with lower volumes being transported from Pyengana to Launceston in line with lower sales, employment costs decreased due to resignations where roles have not yet been refilled, and other expenses decreased due to efficiency measures implemented in the café.

Overall, whilst there has been volatility in some individual operating factors, we consider it reasonable to adopt maintainable EBIT, before corporate overhead costs, of \$110,000 to \$180,000. We have cross-checked this assessment by building up a normalised maintainable EBIT based on the following assumptions:

- ◆ Cheese sales of 30,000 kg per annum. This is in line with actual sales in FY23 which represents the most recent non-supply constrained year and management's expectations of normalised annual cheese production with the current workforce.
- ◆ Average price/kg of cheese of \$48 to \$50 which is in line with historical averages between FY22 to FY24. We observe that the average price/kg was lower in FY25 YTD (at \$45 per kg) due to a lack of stock resulting in a greater proportion of cheese sold to Coles, at lower unit pricing, to maintain shelf space. We consider, that at normalised volumes, the additional sales would be at a higher price increasing the average price per kilo consistent with historical actuals.
- ◆ Café revenue of \$750,000 to \$900,000. The low end is in line with FY24 actuals whilst the high end is approximately the mid-point between FY24 and FY23 actuals.
- ◆ Gross margin on cheese sales of 45% based on FY25YTD gross margin. We consider it reasonable to adopt a higher gross margin FY23 due to the lower milk price in FY25 (\$8.60/kg) which is in line with the average farmgate milk solid prices between 2022 and 2024.
- ◆ Gross margin on café sales of 26% to 31%. At the lower end this is in line with FY24 actual gross margin and the higher end is slightly lower than FY23 actual gross margin in line with the revenue assumptions.
- ◆ Total operating expenses of \$639,000. This is slightly lower than actual FY24 due to a reduction in wages expenses in the café in FY25.
- ◆ Depreciation of \$120,000 based on historical depreciation levels.

The above assumptions result in EBIT of \$84,000 to \$186,000.

The adopted maintainable EBIT does not include the allocation of any TasFoods corporate costs. Currently TasFoods provides the following services to the Pyengana Dairy business:

- ◆ Human resource management
- ◆ Finance
- ◆ Accounts receivable and payable
- ◆ Salesperson

We expect that any potential purchaser of the Pyengana dairy business would have a structure in place to provide similar services to the Pyengana Dairy business at no additional cost. Accordingly, we have not adjusted the adopted maintainable EBIT for the cost of services provided by TasFoods.

Based on the above analysis, we have selected maintainable earnings of \$110,000 to \$180,000 for the Pyengana Dairy business.

6.3 Capitalisation multiple

The multiple selected to apply to maintainable earnings implicitly reflects expectations about future growth, risk and the time value of money all compensated for in a single number. Multiples can be derived from the following sources:

- Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX.
- The merger and acquisition method uses multiples derived from transactions of significant interests in companies engaged in the same or similar lines of business.

6.3.1 Trading multiples

We have identified several listed companies comprising predominantly large-scale dairy and food manufacturing companies with diversified operations across multiple product lines and markets. While each produces or processes cheese as part of their portfolio, most have exposure to the broader dairy category such as milk, yoghurt and nutritional powders, as well as adjacent segments such as beverages, snacks and packaged foods. These companies operate at substantially greater scale than Pyengana Dairy, often with vertically integrated supply chains, established export channels and brand portfolios spanning domestic and international markets. Given their size, diversification and differing business models, we consider that the market trading multiples of these companies are not comparable to Pyengana Dairy's small-scale cheese manufacturing business and as such have not presented this information in our report.

6.3.2 Relevant transactions

We have also reviewed relevant transaction multiples. The table below shows the multiples from relevant transactions involving food manufacturing companies where data is publicly available.

Table 7: Relevant transactions

Target	Acquirer	Target Location	Date	Stake	Implied EV (A\$m)	EBITDA Multiple Historical	EBITDA Multiple Forecast	EBIT Multiple Historical	EBITDA margin (%)
Smile Tiger Coffee Roasters Inc	Happy Belly Food Group Inc.	Canada	27-Jan-25	100%	0.3	3.3x	n/a	n/a	7%
Moorhead & McGavin Limited	Roebuck Food Group plc	United Kingdom	1-Dec-23	100%	4.6	6.4x	n/a	n/a	5%
Finsbury Food Group Plc	DBAY Advisors Limited	United Kingdom	16-Nov-23	86%	339.1	6.1x	n/a	9.2x	7%
Lees Foods Limited	Finsbury Food Group Limited	United Kingdom	30-Jan-23	100%	13.1	8.4x	n/a	n/a	4%
Angel Seafood Holdings Limited	Laguna Bay Group Pty Ltd	Australia	21-Jun-22	70%	39.3	18.6x	n/a	46.1x	25%
Blue Sky Meats (N.Z.) Limited	Southern Lamb Investments Ltd.	New Zealand	20-May-22	74%	43.3	6.0x	n/a	8.0x	5%
Dutch Seafood Company B.V.	Hilton Food Group plc	Netherlands	16-Mar-22	100%	142.1	8.9x	n/a	n/a	7%
R.W. Garcia Co. Inc.	Utz Brands, Inc.	United States	6-Dec-21	100%	82.3	10.0x	n/a	n/a	9%
Kitchens of Sara Lee Pty Ltd	OFBC Limited	Australia	24-Aug-21	100%	36.5	2.4x	n/a	n/a	16%
Symington's Ltd	NewPrinces S.p.A.	United States	4-Aug-21	100%	108.9	7.4x	n/a	7.4x	7%
Brighter Foods Ltd	THG Plc	United Kingdom	11-May-21	100%	78.2	12.2x	6.9x	n/a	19%
Open Country Dairy Limited	Talley's Group Limited	New Zealand	25-Mar-21	15%	591.6	4.6x	n/a	9.3x	8%
GBS Partners, Inc.	MBH Corporation PLC	United States	15-Feb-21	100%	4.6	n/a	n/a	9.0x	n/a
King Honey Limited	Me Today Manuka Honey Limited	New Zealand	30-Jun-21	100%	42.3	11.7x	8.6x	n/a	23%
Lion-Dairy & Drinks Pty Ltd	Bega Cheese Limited	Australia	25-Jan-21	100%	685.5	12.2x	n/a	n/a	4%
Average						7.7x	7.8x	8.6x	10%
Median						7.4x	7.8x	9.0x	7%

Source: Capital IQ, Leadenhall Analysis and company announcements

Note: figures highlighted in grey are considered outliers and have been excluded from the average and median calculations.

We have considered the following factors in relation to the above transaction multiples in determining an appropriate earnings multiple to apply to the valuation of Pyengana Dairy:

- The transactions cover a range of food and beverage businesses, predominantly in the specialty food, dairy and value-added processing segments. We have presented the EBITDA multiples in the table above as we were unable to identify implied EBIT multiples for the majority of the transactions. EBITDA multiples are less reliable than EBIT multiples in this context given the varying levels of capital intensity across food and beverage businesses.
- Enterprise values range from less than \$1 million to over \$600 million with EBITDA multiples ranging from 2.4x to 18.6x (average of 7.7x EBITDA and 8.6x EBIT excluding outliers) and EBITDA margins ranging from 4% to 25% (average of 10%).

- ◆ While the relevant transactions cover a broad spectrum of food manufacturing and processing companies, there are few directly comparable to Pyengana Dairy given its small scale, premium positioning and regional distribution focus.
- ◆ Many of the transaction multiples relate to 2021 and 2022 and are therefore based on an earnings generated during the COVID-19 pandemic. During this period, smaller food businesses generally experienced reduced earnings and lower multiples due to operational disruptions. Larger, diversified and essential food producers also experienced disruption but were more resilient. As a result, the historical multiples may not reflect normalised trading conditions and should be given less weight.
- ◆ For the Finsbury Food and Blue Sky Meat transactions, the implied depreciation/EBITDA percentage is 33.7% and 24.9% respectively (the only transactions for which sufficient data is available to calculate this ratio). This is much lower than the range of 48.8% to 68.0% implied by our EBIT build up for Pyengana Dairy. Thus, we do not consider it unreasonable that the implied EBITDA multiple for Pyengana Dairy is lower than the comparable transactions.
- ◆ The most comparable transactions in terms of size are the Smile Tiger Coffee Roasters (3.3x EBITDA) and Moorhead & McGavin (6.4x EBITDA) transactions as the businesses are small, privately held food producers. Smile Tiger Coffee Roasters produces coffee and operates retail cafés, while Moorhead & McGavin supplies dried pulses, grains, flours, and other pantry staples to foodservice, wholesale, and retail customers. These businesses exhibit modest margins (5% to 7%) and align more closely with the operational scale of Pyengana Dairy. We expect that Pyengana Dairy's multiple is lower than Moorhead & McGavin, as Moorhead & McGavin is larger, more diversified, is not exposed to tourism and faces lower operational and perishability risk.
- ◆ The most comparable transactions in terms of industry are Open Country Dairy and Lion-Dairy & Drinks which operate in the dairy sector. Open Country Dairy, a large New Zealand processor of milk powders, fats and cheese was acquired at an implied multiple 9.3x EBIT. Lion-Dairy & Drinks is a diversified Australian dairy and beverage producer with established national brands which transacted at a higher multiple of 12.2x EBITDA. Whilst these businesses operate in a similar industry, both businesses are significantly larger, vertically integrated and benefit from scale and brand strength, hence we consider the multiple for Pyengana Dairy would be lower than these multiples.
- ◆ Larger transactions such as Finsbury Food Group and Symington's command substantially higher multiples (7.4x to 9.4x EBIT). The higher multiples reflect factors such as established and diversified brand portfolios, export capability, scale efficiencies and higher growth expectations.
- ◆ The transaction involving Angel Seafood Holdings (46.1x EBIT) appears to include a substantial amount of special value as the cash consideration represented a 60% premium to Angel Seafood Holdings' share price prior to the transaction being announced.
- ◆ King Honey's 11.7x EBITDA multiple reflects its superior margins (EBITDA margin of 23%) and significant growth expected in the business with EBITDA forecast to be NZ\$5.26 million in FY22, up 38% from FY21.
- ◆ Overall, we consider it reasonable to expect that Pyengana Dairy would trade at the lower end of the observed transaction multiples.

6.3.3 Multiples from first principles

A discount rate can be converted into an implied earnings multiple if an assumption is made about a constant rate of earnings growth. This is a somewhat crude calculation as constant growth is often not a realistic assumption. However, it provides a useful cross check to establish the reasonableness of trading and transaction multiples, particularly when there are a limited number of directly comparable listed companies. The table below shows our assessment of an appropriate discount rate for Pyengana Dairy and the multiples implied by this discount rate and a growth rate of 3.5% to 4.5%. We have adopted a growth rate above long-term Australian inflation to reflect Pyengana Dairy's potential for expansion through export opportunities and increased tourism activity.

Table 8: Multiples from first principles

	Low	High
Risk free rate (R_f)	4.31%	4.31%
Asset beta (β_A)	1.10	1.00
Equity beta (β_E)	1.29	1.18
Equity market risk premium (EMRP)	4.75%	4.75%
Size premium (α_{size})	14.0%	13.0%
Specific risk premium (α_c)	0.0%	0.0%
Assessed cost of equity (k_e)	24.4%	22.9%
Cost of debt (K_d)	7.0%	6.5%
Gearing (D/V)	20.0%	20.0%
Tax rate (t)	30.0%	30.0%
Calculated WACC	20.5%	19.2%
Growth rate	3.5%	4.5%
Implied EBIT Multiple	4.0x	4.6x

Source: Leadenhall analysis

The assumptions underlying the WACC calculation are set out in the appendices. Applying these assumptions results in a WACC of between 19.2% and 20.5%. The resulting implied EBIT multiples are therefore between 4.0x and 4.6x with a midpoint of 4.3x.

6.3.4 Selected multiple

We have selected a capitalisation multiple of 4.5x to 5.0x EBIT to value Pyengana Dairy on a control basis. We primarily considered our analysis of multiples from a first-principles approach, which is typically used when comparable companies and transactions are limited. Based on this approach, the implied EBIT multiple ranges between 4.0x and 4.6x.

6.4 Non-operating assets and liabilities

In relation to the non-operating assets and liabilities of Pyengana Dairy:

- ◆ An adjustment for net debt is not required as the acquirer is not acquiring Pyengana Dairy's debt.

6.5 Assessed value

Based on the preceding analysis, we have assessed the value of the Pyengana Dairy business to be \$495,000 to \$900,000 as set out in the table below.

Table 9: Assessed value of Pyengana Dairy

Assessed Value (Control Basis) (\$'000)		
	EBIT	
	Low	High
Maintainable earnings	110	180
Multiple (control)	4.5x	5.0x
Enterprise value	495	900
Non-operating assets and liabilities	-	-
Assessed value	495	900

Source: Leadenhall analysis

6.6 Cross-check

We have cross-checked our assessed value against the net asset value of Pyengana Dairy on an orderly realisation basis. The assessed value of the net assets of Pyengana Dairy is set out below based on the unaudited balance sheet as at 30 September 2025.

Table 10: Net asset value of Pyengana Dairy

\$	Sep-25	Adjustments	Adjusted Sep-25
Current assets			
Trade and other receivables	185,619	-	185,619
Inventory	578,607	-	578,607
Prepayments	17,850	(17,850)	-
Less: realisation costs at 5%	-	(38,211)	(38,211)
Total current assets	782,077	(56,062)	726,015
Non-current assets			
Property, plant and equipment	699,539	(69,954)	629,585
Right of use assets	791,336	-	791,336
Deferred tax assets	16,208	(16,208)	-
Less: realisation costs at 5%	-	(31,479)	(31,479)
Total non-current assets	1,507,082	(86,162)	1,420,920
Current liabilities			
Overdraft facility	(483,342)	483,342	-
Trade and other payables	(353,881)	-	(353,881)
Accrued income	(400,000)	-	(400,000)
Insurance funding	(87,341)	-	(87,341)
Provisions	(47,777)	-	(47,777)
Total current liabilities	(1,372,341)	483,342	(888,999)
Non-current liabilities			
Lease liabilities	(805,617)	-	(805,617)
Employee entitlements	(3,202)	-	(3,202)
Intercompany loan	(643,594)	643,594	-
Total non-current liabilities	(1,452,413)	643,594	(808,819)
Net assets	(535,595)	984,713	449,118

Source: TasFoods and Leadenhall analysis

In relation to the net assets of Pyengana Dairy:

- ◆ Debt items (excluding right of use lease liabilities) have been excluded as they are not being transferred as part of the Proposed Transaction.
- ◆ We have assumed that prepayments and deferred tax assets are not recoverable.
- ◆ Based on the nature and age of property plant and equipment, we have adjusted its value by 10% to reflect its realisable value.
- ◆ We have assumed that trade and other receivables and inventory are recoverable at book value
- ◆ Realisation costs of 5% have been applied to current and non-current assets, with the exception of right-of-use assets.

Based on the above, the assessed net asset value of Pyengana Dairy is \$449,118. The net asset value is slightly lower than our assessed value using our primary valuation approach.

6.7 Conclusion

Based on the analysis, we have assessed the value of the Pyengana Dairy business to be in the range of \$495,000 to \$900,000. Since the purchaser is not acquiring the debt, we have not deducted the overdraft balance from this value.

7 VALUATION OF CONSIDERATION

As set out in Section 1, the consideration to acquire the Pyengana Dairy business includes the following components:

- ◆ Cash of between \$1.7 million and \$2.0 million (depending on the inclusion of Buyback Shares in the final consideration payable) plus a cash payment for inventory at the lower of standard cost and net realisable value.
- ◆ Up to 49,504,950 Buyback Shares

We have considered the value of each of the components of the consideration below.

7.1 Cash

Since the whole amount of the cash consideration will be paid at completion, we consider the value of the cash consideration to equal its face value (i.e. between \$1.7 million and \$2.0 million).

7.2 Inventory

The book value of inventory is calculated based on the lower of standard cost and net realisable value which is consistent with the valuation approach set out in the business purchase agreement. The book value of inventory as at 30 September 2025, the latest date for which information is available, was \$578,607. Management has advised that there has been no material change in the value of inventory since this date.

7.3 Buyback Shares

We have assessed the value of the Buyback Shares based on an assessment of the value of the net assets of TasFoods on an orderly realisation basis (cross checked to analysis of trading in TasFoods shares). The value of TasFoods net assets has been assessed excluding the Pyengana Dairy business as the Buyback Shares will only be acquired by TasFoods if the Proposed Transaction is approved.

The table below sets out the net asset value of TasFoods (excluding Pyengana Dairy) as at 30 September 2025.

Table 11: Net asset value of TasFoods excluding Pyengana Dairy

\$	Sep-25	Adjustments	Adjusted Sep-25
Current assets			
Cash	-	2,278,607	2,278,607
Trade and other receivables	1,089,562	-	1,089,562
Biological assets	2,783,442	-	2,783,442
Inventory	1,417,906	-	1,417,906
Prepayments	315,066	-	315,066
Inter-Company Loans	643,594	(643,594)	-
Less: realisation costs at 5%	-	(280,299)	(280,299)
Total current assets	6,249,570	1,354,714	7,604,285
Non-current assets			
Property, plant and equipment	7,019,824	-	7,019,824
Right of use assets	4,057,981	-	4,057,981
Intangible assets	386,031	-	386,031
Less: realisation costs at 5%	-	(370,293)	(370,293)
Total non-current assets	11,463,836	(370,293)	11,093,543
Current liabilities			
Trade and other payables	(5,960,994)	-	(5,960,994)
Overdraft facility	(891,769)	(483,342)	(1,375,111)
Asset Purchase Loans & Overdraft	(21,448)	-	(21,448)
Lease Liabilities - Current	(396,063)	-	(396,063)
Employee Entitlements - current	(849,885)	-	(849,885)
Deferred tax liabilities	(16,211)	-	(16,211)
Total current liabilities	(8,136,370)	(483,342)	(8,619,712)
Non-current liabilities			
Asset Purchase Loans	(3,004,048)	-	(3,004,048)
Employee Entitlements - non-current	(90,517)	-	(90,517)
Lease Liabilities - Non-Current	(3,875,122)	-	(3,875,122)
Total non-current assets	(6,969,687)	-	(6,969,687)
Net assets	2,607,350	501,079	3,108,429

Source: TasFoods and Leadenhall analysis

In relation to the net assets of TasFoods:

- ◆ We have added the cash consideration associated with the sale of Pyengana Dairy of \$2.3 million (assuming the inclusion of the Buyback Shares in the final consideration payable and including inventory).
- ◆ We have included Pyengana Dairy's overdraft facility as it will remain in TasFoods and not be transferred as part of the Proposed Transaction.
- ◆ The intercompany loan payable by Pyengana Dairy has been adjusted as it will be cancelled as a result of the Proposed Transaction.
- ◆ We have assumed realisation costs at 5% of current and non-current assets excluding right of use assets.

Based on the number of TasFoods ordinary shares outstanding less the number of Buyback Shares, the implied value per share based on our assessed net asset value is \$0.008 which is slightly higher than TasFoods' share price of \$0.007 as at 21 October 2025 and the one-month VWAP of \$0.006. Based on the analysis described above and presented in the table below, we have assessed the value of the Buyback shares to be \$0.4 million. Any reasonable assessment of the value of the Buyback Shares would not change our overall opinion.

Table 12: Assess value of Buyback Shares

\$'000	
Total shares outstanding - pre-buyback ('000)	437,096
Buyback Shares ('000)	(49,505)
Total shares outstanding - post-buyback ('000)	387,591
Assessed value of TasFoods (excluding Pyengana)	3,108
Value per share	0.0080
Buyback Shares ('000)	49,505
Assessed value of Buyback Shares	397

Source: TasFoods and Leadenhall analysis

7.4 Conclusion

Our assessed value of the Consideration for the Pyengana Dairy business is \$2.6 million to \$2.7 million as set out in the table below:

Table 13: Assess value of Consideration

\$'000	Cash	Scrip
Cash	2,000	1,700
Inventory	579	579
Buyback Shares	-	397
Total	2,579	2,676

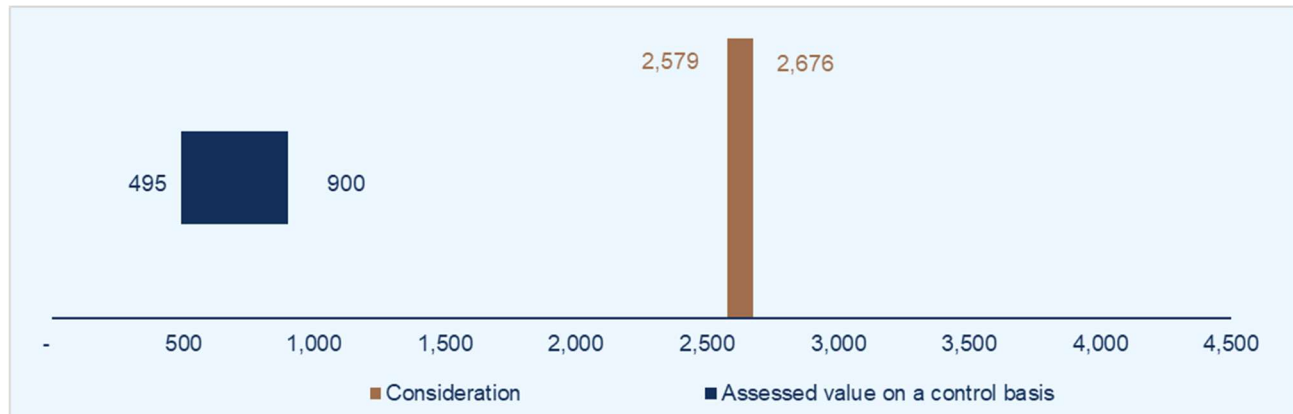
Source: TasFoods and Leadenhall analysis

8 EVALUATION

8.1 Fairness

In order to assess whether the Proposed Transaction is fair, we have compared our assessed market value of the Pyengana Dairy business with our assessed value of the Consideration to be paid.

Figure 6: Assessment of fairness



Source: Leadenhall analysis

As our assessed value of the Consideration exceeds our assessed value of the Pyengana Dairy business we have assessed the Proposed Transaction as fair.

8.2 Reasonableness

We have defined the Proposed Transaction as reasonable if it is fair, or if despite not being fair, there are sufficient reasons for TasFoods' shareholders to vote for the proposal. We have therefore considered the following advantages and disadvantages of the Proposed Transaction to shareholders.

Advantages

The main advantages of the Proposed Transaction are:

- ◆ **Consideration represents a significant premium to the market value of Pyengana Dairy:** the Consideration represents a significant premium to our assessed market value of Pyengana Dairy.
- ◆ **Improved cash flow position:** the sale will provide TasFoods with additional liquidity that can be used to strengthen its balance sheet, reduce debt or fund growth opportunities within its remaining businesses.
- ◆ **No superior offers:** TasFoods instructed Nutrien Harcourt business broking to market the Pyengana Dairy business for sale. Whilst a number of interested parties were identified, none were willing to pay more than the Consideration offered under the Proposed Transaction. We are not aware of any competing proposals to acquire Pyengana Dairy by any third party. There would be an opportunity for any other interested party to put forward a competing offer prior to the scheme meeting being held. In these circumstances, the board and Non-Associated Shareholders would need to consider the competing offer before concluding on the Proposed Transaction.

Disadvantages

The main disadvantages of the Proposed Transaction are:

- ◆ **Reduced potential upside:** TasFoods will no longer benefit from the potential future recovery or growth in Pyengana Dairy, including if Pyengana Dairy's export accreditation is granted. While there is potential growth through expansion into export markets, this growth is uncertain given Pyengana Dairy's limited track record and the competitive nature of international dairy markets.
- ◆ **Impact on scale and synergies:** the divestment may limit TasFoods' ability to leverage synergies such as shared resources and marketing across its broader food portfolio.

8.3 Opinion

The Proposed Transaction is fair and reasonable.

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by their own particular circumstances. If in doubt, the shareholder should consult an independent financial adviser.

APPENDIX 1: GLOSSARY

Term	Meaning
AgFood	MSC ATF AgFood Opportunities Fund
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
AUD	Australian Dollar
Bega Cheese	Bega Cheese Limited
Buyback Shares	49,504,950 TasFoods shares subject to a potential buyback
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
Chapter 2E	Chapter 2E of the Corporations Act 2001
Consideration	The agreed consideration for the acquisition of Pyengana Dairy
Corporations Act	The Corporations Act 2001
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FSG	Financial Services Guide
FY	Financial year
HACCP	Hazard Analysis and Critical Control Points
IPO	Initial public offering
July 2025 YTD	The period 1 January 2025 to 31 July 2025
Leadenhall	Leadenhall Corporate Advisory Pty Ltd
Milk Supply Agreement	Agreement between RHFT, Bega Cheese and TFCD for the supply of milk.
Mr Healey	Jon Healey
Non-Associated Shareholders	TasFoods' shareholders that are not associated with Research Corporation and AgFood
NPAT	Net profit after tax
P / E	Price to Earnings
Proposed Transaction	The potential acquisition by AgFood of 100% of Pyengana Dairy
Pyengana Dairy	Pyengana Dairy Pty Ltd
Research Corporation	Research Corporation Pty Ltd
RG 111	Regulatory Guide 111: Content of Expert Reports
RHFT	Richard Hori Family Trust
TasFoods	TasFoods Limited
TFCD	Tasmanian Food Co Dairy Pty Ltd
US	United States of America
WACC	Weighted Average Cost of Capital

APPENDIX 2: VALUATION METHODOLOGIES

In preparing this report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- ◆ The discounted cash flow method
- ◆ The capitalisation of earnings method
- ◆ Asset based methods
- ◆ Analysis of share market trading
- ◆ Industry specific rules of thumb

The selection of an appropriate valuation method to estimate market value should be guided by the actual practices adopted by potential acquirers of the company involved.

Discounted cash flow method

8.3.1 Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- ◆ A forecast of expected future cash flows
- ◆ An appropriate discount rate

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

8.3.2 Use of the discounted cash flow method

A discounted cash flow approach is usually preferred when valuing:

- ◆ Early stage companies or projects
- ◆ Limited life assets such as a mine or toll concession
- ◆ Companies where significant growth is expected in future cash flows
- ◆ Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if:

- ◆ Reliable forecasts of cash flow are not available and cannot be determined
- ◆ There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

Capitalisation of earnings method

8.3.3 Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- ◆ A level of future maintainable earnings
- ◆ An appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

- ◆ **Revenue** – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.
- ◆ **EBITDA** - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.
- ◆ **EBITA** - in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business.
- ◆ **EBIT** - whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation).
- ◆ **NPAT** - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company.

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources. Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. It is also possible to build a multiple from first principles.

8.3.4 Use of the capitalisation of earnings method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- ◆ There are no suitable listed company or transaction benchmarks for comparison
- ◆ The asset has a limited life
- ◆ Future earnings or cash flows are expected to be volatile
- ◆ There are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets

Asset based methods

8.3.5 Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- ◆ Orderly realisation
- ◆ Liquidation value
- ◆ Net assets on a going concern basis
- ◆ Replacement cost
- ◆ Reproduction cost

The orderly realisation of assets method estimates market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

The asset / cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

8.3.6 Use of asset based methods

An asset-based approach is a suitable valuation method when:

- ◆ An enterprise is loss making and is not expected to become profitable in the foreseeable future
- ◆ Assets are employed profitably but earn less than the cost of capital
- ◆ A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- ◆ It is relatively easy to enter the industry (for example, small machine shops and retail establishments)

Asset based methods are not appropriate if:

- ◆ The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- ◆ A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

Analysis of share trading

The most recent share trading history provides evidence of the market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

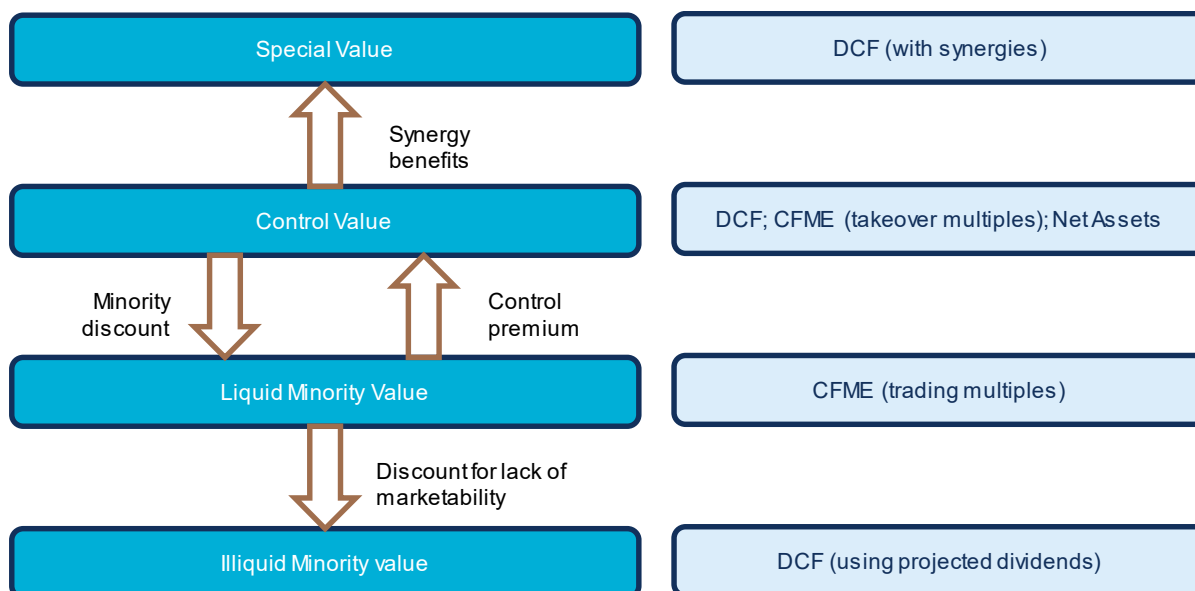
Industry specific rules of thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as eyeballs for internet businesses, numbers of beds for hotels etc. These methods are typically fairly crude and are therefore usually only appropriate as a cross-check to a valuation determined using an alternative method.

APPENDIX 3: LEVELS OF VALUE

Background

When valuing a company there are various conceptual levels of value that can be determined depending on the method selected and the assumptions applied. These levels are highlighted in the diagram below. It is important to be aware of the level of value determined by any valuation technique and to ensure that it is consistent with the subject of the valuation.



The key differences between these levels of value are the control premium and the discount for lack of marketability. The opposite of a control premium is a minority discount (also known as a discount for lack of control).

Each of these levels of value and the valuation techniques for deriving them are discussed below. It is also possible to determine the value at any of the levels by starting at a different level of value and then applying the relevant discounts and/or premiums to obtain the required level of value. For example, an illiquid minority value could be determined by using a discounted cash flow method to determine a control value and then deducting an appropriate minority discount and a discount for lack of marketability.

Special value

The highest level of value is referred to as special value. This is the value of a company to a particular purchaser, where that purchaser is able to enjoy benefits of owning the company that are not available to other potential owners. Special value is not typically observed as a buyer would not benefit its own shareholders if it paid the full amount of special value in a transaction. However, in contested takeover situations transactions often take place at a price that is higher than the stand-alone control value, meaning the value of some synergies is paid by the bidder to the target's shareholders. The definition of Market value specifically excludes any special value.

Special value can be estimated using a discounted cash flow analysis. This analysis would include the expected synergy benefits in the forecast cash flows.

Control value

The next level of value is the stand-alone control value. This represents the value of the whole of an entity, without considering any potential synergy benefits. A control value can be determined using one of the following approaches:

- ◆ Discounted cash flow (using free cash flow to the business or to equity)
- ◆ Capitalisation of earnings, using multiples for comparable transactions

- ◆ Capitalisation of earnings, using multiples derived from first principles (analogous to a discounted cash flow)
- ◆ A net asset based approach

It is possible that transactions involving comparable entities include some element of payment for synergies. Thus, using multiples determined by this method may provide a valuation that is higher than a stand-alone control value. It is therefore necessary to consider the nature of the buyer and the details of the transaction before accepting a comparable transaction as evidence of a control value.

Liquid minority value

This is the most frequently observed level of value as it is consistent with market trading on public exchanges. It can be determined directly by the application of the capitalisation of maintainable earnings, where the multiple used is determined based on market prices of comparable companies.

Illiquid minority value

This represents a minority holding in a private company. Such a stake can be difficult to sell and often offers little ability to influence the operations of the business. This level of value is mostly commonly estimated by reference to a higher level of value and the application of discounts. However, it can be estimated directly either by considering comparable transactions involving similar assets or the application of a discounted cash flow analysis based on expected cash flows to the minority owner. In some cases the shareholders' agreement can restrict the transfer and sale of shares to third parties which increases the applicable discount.

APPENDIX 4: DISCOUNT RATE

The assessed discount rate used in our multiples from first principles analysis for Pyengana Dairy has been determined using the weighted average cost of capital. We have estimated the cost of equity component with the capital asset pricing model.

8.3.7 Post-tax cost of equity (K_e)

The CAPM is based on the assumption that investors require a premium for investing in equities rather than in risk-free investments (such as government bonds). The cost of equity, K_e , is the rate of return that investors require to make an equity investment in a firm.

The cost of equity capital under CAPM is determined using the following formula:

$$K_e = R_f + \beta \times (R_m - R_f) + \alpha$$

The components of the CAPM formula are:

Table 14: Components of CAPM

Input	Definition
K_e	The required post-tax return on equity
R_f	The risk-free rate of return
R_m	The expected return on the market portfolio
EMRP	The market risk premium ($R_m - R_f$)
β	The beta, the systematic risk of a stock (this is an equity or levered beta)
α	The specific company risk premium

Each of the components in the above equation is discussed below.

8.3.8 Risk-free rate (R_f)

The relevant risk-free rate of return is the return on a risk-free security, typically over a long-term period. In practice, long dated government bonds are an acceptable benchmark for the risk-free security. We have selected a risk-free rate of 4.31%, being the yield on 10-year Australian Government bonds as at 30 September 2025.

8.3.9 Equity market risk premium (EMRP)

The EMRP ($R_m - R_f$) represents the additional return that investors expect from an investment in a well-diversified portfolio of assets (such as a market index). It is the excess return above the risk-free rate that investors demand for their increased exposure to risk, when investing in equity securities.

Leadenhall undertakes a review of the EMRP at least every six months, taking account of market trading levels and industry practice at the time. Our most recent analysis of the implied EMRP in Australia was in 30 September 2025. As a result, we are currently recommending an EMRP of 4.75% for Australia.

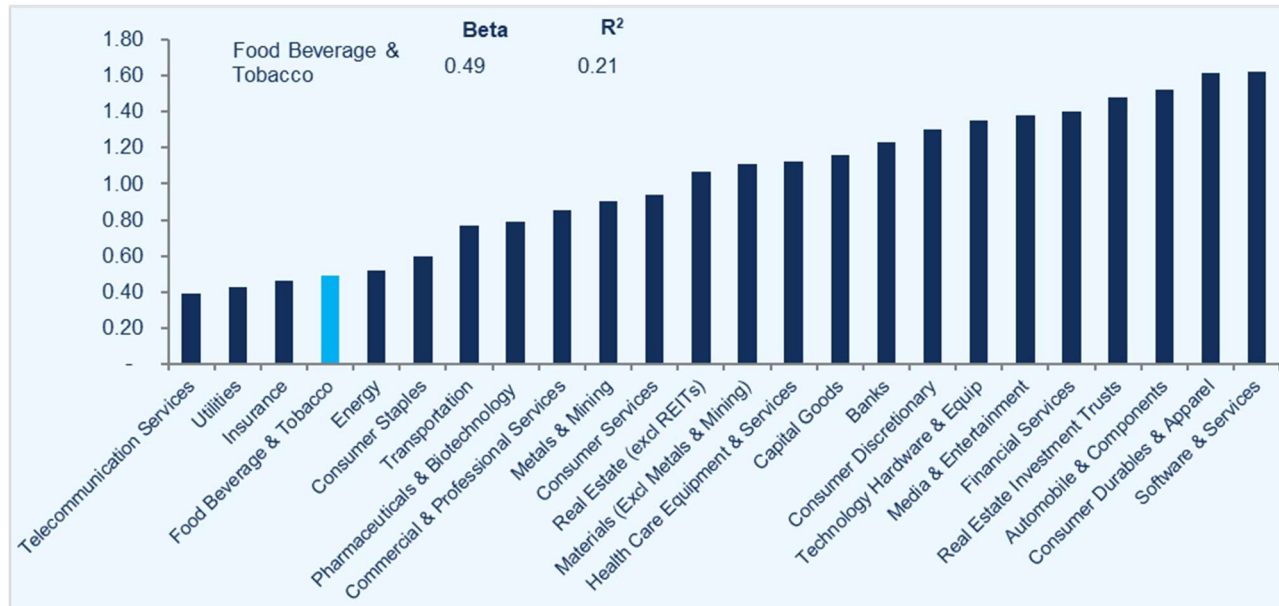
8.3.10 Beta estimate (β)

Description

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of assets. The only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or uninsurable risk.

Beta is a measure of the relative riskiness of an asset in comparison to the market as a whole – by definition, the market portfolio has an equity beta of 1.0. The equity betas of various Australian industries listed on the Australian Stock Exchange are reproduced below.

Figure 7: Industry betas



Source: SIRCA as at 30 June 2025 (latest available)

Betas derived from share market observations represent equity betas, which reflect the degree of financial gearing of the company. In order to eliminate the impact of differing capital structures, analysts often 'unlever' observed betas to calculate an asset beta. The selected asset beta is then 'relevered' with a target level of debt. The asset betas of companies comparable to Pyengana Dairy are included in the following table.

Table 15: Comparable company betas

Company	Country	Market Cap ¹ (A\$m)	Gearing ² D/EV	Asset Beta					
				SIRCA			LH ³		
				Low	Mean	High	Low	Mean	High
Saputo Inc.	Canada	15,091	23%	n/a	n/a	n/a	(0.24)	(0.03)	0.18
Emmi AG	Switzerland	6,969	11%	n/a	n/a	n/a	0.41	0.62	0.82
MEGMILK SNOW BRAND Co.,Ltd.	Japan	1,882	21%	n/a	n/a	n/a	0.01	0.28	0.55
Bega Cheese Limited	Australia	1,585	23%	0.54	0.83	1.12	0.52	0.83	1.14
Synlait Milk Limited	New Zealand	418	54%	n/a	n/a	n/a	(0.16)	0.36	0.87
Maeil Dairies Co., Ltd.	South Korea	277	2%	n/a	n/a	n/a	(0.00)	0.12	0.24
Rokko Butter Co., Ltd.	Japan	251	-14%	n/a	n/a	n/a	0.12	0.35	0.58
Pure Foods Tasmania Limited	Australia	4	21%	1.48	2.60	3.71	0.72	1.52	2.33
TasFoods Limited	Australia	3	26%	0.57	1.20	1.83	0.57	1.27	1.96
Average (excluding outliers) - Overall			23%	0.56	1.01	1.47	0.55	0.67	1.55
Median (excluding outliers) - Overall			22%	0.56	1.01	1.47	0.55	0.49	1.55

Source: S&P Capital IQ as at 30 September 2025; SIRCA as at 30 June 2025

Notes:

1. Market capitalisation as at 30 September 2025

2. Gearing levels represent the five-year average gearing levels.

3. The outliers are highlighted in grey and have been excluded from the average and median calculations.

Selected beta (β)

In selecting an appropriate beta for Pyengana Foods, we have considered the following:

- ◆ The industry equity beta for the food and beverage industry is 0.49.
- ◆ The average asset beta for comparable food companies is between 0.67 and 1.01, excluding outliers.
- ◆ The industry equity betas are less directly relevant in terms of business models than the comparable company betas given the industry equity betas include a wide range of food and beverage companies.
- ◆ We consider that Pyengana Dairy would exhibit a beta at the upper end of the range of comparable companies given the regional nature of its business and reliance on tourism for its café operations.
- ◆ As a result of these considerations, we have selected an asset beta between 1.0 and 1.1 for Pyengana Dairy. This equates to an equity beta of 1.18 and 1.29 after applying our selected gearing level of 20%. Our selected gearing level takes into consideration Pyengana Dairy's long-term need for leverage to fund its growth and maximise returns to shareholders, constrained by the lack of ability to support significant levels of debt given its poor profitability and cash flow generation. The selected gearing level is within the range of the comparable companies' gearing levels.

8.3.11 Specific company risk premium (α)

Size premium

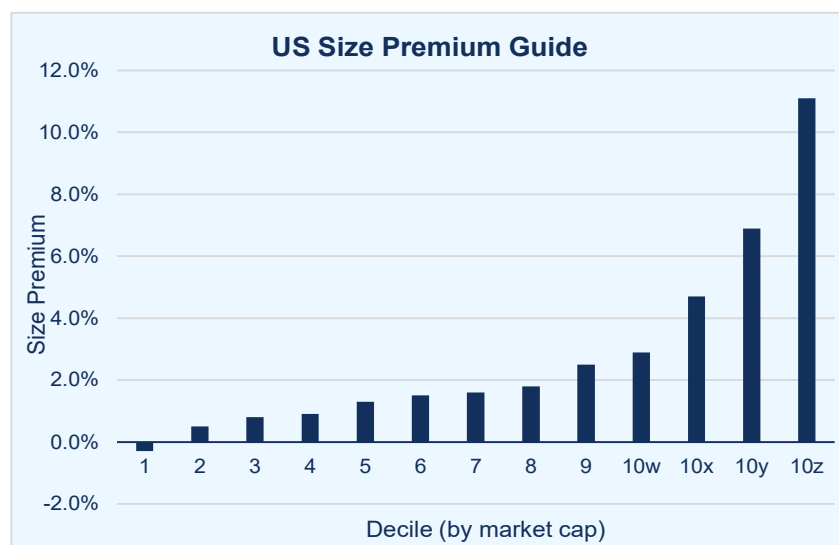
The size premium is the additional return that investors require for the risks of investing in small businesses. To date, whilst it has not been possible to isolate the specific causes of size premiums (other than simply size), many factors have been suggested, including:

- | | |
|---|---|
| ◆ Depth of management | ◆ Reliance on key suppliers |
| ◆ Reliance on key personnel | ◆ Lack of geographic diversification |
| ◆ Weak market position | ◆ Limited access to technology |
| ◆ Reliance on key customers | ◆ Absence of broker analysis |
| ◆ Reduced access to capital | ◆ Supplier concentration |
| ◆ Deeper pool of investors for larger companies | ◆ Investors in large companies often more diversified |

The size premium can be observed in earnings multiples of listed companies, with large companies trading on higher multiples than small companies, all else being equal. Size premiums are observed consistently across time, across different markets and across a very wide range of company values.

A number of studies have been undertaken attempting to measure the size premium, in particular in the US. The Duff & Phelps Cost of Capital Navigator is an online application that provides guidance in estimating cost of capital. It contains calculations of the size premium for each decile of market capitalisation. As the size premium is most significant for very small companies, the tenth decile is then further divided into four equal segments. The following chart summarises the size premium data from the Duff & Phelps Cost of Capital Navigator.

Table 16: Evidence of size premium



Source: Duff & Phelps Cost of Capital Navigator, data through 31 December 2018

Note: The first decile represents the largest companies while the 10z decile represents the smallest companies by market capitalisation.

As mentioned above, the existence of the size premium has been well documented. However, there are limited studies setting out the appropriate bands of size premium and the quantum of size premium applicable to each band. For this reason, the above table should be taken as broad support for the size effect and not an exact guide to the extent of any particular discount or premium that should be applied.

Although there is considerable evidence from the US, in the Australian context, the relatively small size of the Australian equity market makes it more difficult to observe the existence of this phenomenon.

Leadenhall and others have conducted a number of high-level studies which have confirmed the existence of the size effect in the Australian market. However, we are not aware of any Australian studies that have been performed with the same detail and rigour as the US studies, such as the Duff & Phelps data presented above. Based on the evidence from US studies and our knowledge of prices actually paid in Australian transactions, from which a discount rate can be implied, we believe the size premium ranges in the below table are appropriate. This table should be taken as a guide to the appropriate size premium for a given business and needs to be considered in conjunction with the specific circumstances of a particular business.

Table 17: Leadenhall size premium bandings

Size Premium Guide for Australia				
Size	Mkt Cap Range (AU\$m)		Size Premium	
	Low	High	Low	High
Largest	4,000	Above	-	-
Large	1,000	4,000	-	1.0%
Mid-cap	300	1,000	1.0%	2.0%
Low-cap	100	300	2.0%	3.0%
Small-cap	50	100	3.0%	5.0%
Micro-cap	10	50	5.0%	8.0%
Medium private ¹	5	10	8.0%	11.0%
Small private ¹	2	5	11.0%	15.0%
Smallest ¹	-	2	15.0%	20.0%

Source: Leadenhall analysis

Note 1: We do not generally consider the CAPM model to be reliable for entities of this size as they often do not meet the background assumptions underpinning the CAPM. In particular investors are often not diversified, and it is rarely possible to lend or borrow stock of entities this size (i.e. a market for shorting these stocks). These suggested size premiums are therefore presented as an approximate guide only as alternate models, studies and rules of thumb are commonly utilised for these types of companies.

Based on its equity value of \$0.5 million to \$0.8 million, Pyengana Dairy would be considered among the smallest private companies. Whilst a size premium of between 15.0% and 20.0% would generally apply, we have conservatively selected a size premium of 13% to 14%.

Other company specific risks

The specific company risk premium adjusts the cost of equity for company specific factors, including unsystematic risk factors such as reliance on key customers, reliance on key suppliers, existence of contingent liabilities etc that are not already factored into the size premium. We consider that these factors are reflected in either the cash flow forecasts or adjustments to size premium discussed above for Pyengana Dairy. We have therefore not applied a specific risk premium for the Proposed Transaction valuation.

8.3.12 Dividend Imputation

Since July 1987, Australia has had a dividend imputation system in place, which aims to remove the double taxation effect of dividends paid to investors. Under this system, domestic equity investors receive a taxation credit (franking credit) for any tax paid by a company. The franking credit attaches to any dividends paid out by a company and the franking credit offsets personal tax. To the extent the investor can utilise the franking credit to offset personal tax, then the corporate tax is now not a real impost. It is best considered as a withholding tax for personal taxes. It can therefore be argued that the benefit of dividend imputation should be added to any analysis of value.

However, in our view, the evidence relating to the value that the market ascribes to imputation credits is inconclusive. There are diverse views as to the value of imputation credits and the appropriate method that should be employed to calculate this value. Due to the uncertainty surrounding the extent to which acquirers of assets factor in dividend imputation, we have not factored in dividend imputation.

8.3.13 Conclusion on cost of equity

The following table sets out our cost of equity estimate for Pyengana Dairy based on the assumptions and inputs discussed above:

Table 18: Estimated cost of equity for Pyengana Dairy

	Low	High
Risk free rate (Rf)	4.31%	4.31%
Asset beta (β_A)	1.00	1.10
Equity beta (β_E)	1.18	1.29
Equity market risk premium (EMRP)	4.75%	4.75%
Size premium (α_{size})	13.0%	14.0%
Specific risk premium (α_c)	0.0%	0.0%
Assessed cost of equity (k_e)	22.9%	24.4%

Source: Leadenhall analysis

8.3.14 Post-tax weighted average cost of capital (WACC)

WACC reflects the rate of return expected for an asset, adjusted for its underlying funding structure, such as relative components of debt and equity, calculated as follows:

$$WACC = (K_e \times E/V) + (K_d \times D/V + (1 - t_c))$$

The components of the WACC formula are:

Table 19: Components of WACC

Input	Definition
WACC	The post-tax weighted average cost of capital
K_e	The required post-tax return on equity
t_c	The corporate tax rate
K_d	The required pre-tax return on debt
D	The market value of debt
E	The market value of equity
V	The market value of business, where $V = D + E$

Each of the components in the above equation is discussed below.

8.3.15 Cost of equity (K_e)

The required post-tax return on equity as assessed in the preceding section.

8.3.16 Corporate tax rate (t_c)

The corporate tax rate in Australia is 30% and we have adopted this rate in calculating the WACC for Pyengana Dairy.

8.3.17 Cost of debt capital (K_d)

The cost of borrowing is the expected future borrowing cost of the relevant project and/or business. We have assessed the cost of debt capital for Pyengana Dairy to be between 6.5% and 7.0%, based on current indicative lending rates for businesses of similar size as Pyengana Dairy.

Debt and equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity mix that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity mix assumption should reflect what would be the optimal or target capital structure for the relevant asset. We have selected a debt to enterprise value of 20%. The selected gearing level is within the range of the comparable companies' gearing levels.

Calculation of WACC

The table below summarises the post-tax, nominal discount rate we have derived for Pyengana Dairy, based on the assumptions and inputs discussed above.

Table 20: Estimated WACC for Pyengana Dairy

	Low	High
Assessed cost of equity (k_e)	22.9%	24.4%
Cost of debt (K_d)	6.5%	7.0%
Gearing (D/V)	20.0%	20.0%
Tax rate (t)	30.0%	30.0%
Calculated WACC	19.2%	20.5%

APPENDIX 5: QUALIFICATIONS, DECLARATIONS AND CONSENTS

Responsibility and purpose

This report has been prepared for TasFoods' shareholders for the purpose of assessing the fairness and reasonableness of the Proposed Transaction. Leadenhall expressly disclaims any liability to any shareholder, or anyone else, whether for our negligence or otherwise, if the report is used for any other purpose or by any other person.

Reliance on information

In preparing this report we relied on the information provided to us by TasFoods being complete and accurate and we have assumed it has been prepared in accordance with applicable Accounting Standards and relevant national and state legislation. We have not performed an audit, review or financial due diligence on the information provided. Drafts of our report were issued to TasFoods' management for confirmation of factual accuracy.

Market conditions

Leadenhall's opinion is based on prevailing market, economic and other conditions as at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the conclusion reached in this report.

As a valuation is based upon expectations of future results it involves significant judgement. Although we consider the assumptions used and the conclusions reached in this report are reasonable, other parties may have alternative expectations of the future, which may result in different valuation conclusions. The conclusions reached by other parties may be outside Leadenhall's preferred range

Qualifications

The personnel of Leadenhall principally involved in the preparation of this report were Katy Lawrence, BCom, GradDipAppFin, CA (BV Specialist), Richard Norris, BA (Hons), FCA, M.App.Fin, F.Fin, Nathan Timosevski, BBus, GradDipAppFin, A.FINSIA, CA (BV Specialist) and Nick Kipriotis, BCom (IntSt), CA.

This report has been prepared in accordance with "APES 225 – Valuation Services" issued by the Accounting Professional & Ethical Standards Board and this report is a valuation engagement in accordance with that standard and the opinion is a Conclusion of Value.

Independence

Leadenhall has acted independently of TasFoods. Compensation payable to Leadenhall is not contingent on the conclusion, content or future use of this report.