



Pure Foods Tasmania Ltd
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ASX Announcement

Pure Foods Tasmania Limited (ASX: PFT)

28 April 2021

Quarterly Activities Report and Appendix 4C

Solid revenue growth and increased presence in plant-based food segment

Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the Company') is pleased to provide its Quarterly Activities Report and Appendix 4C for the March 2021 Quarter. Unless otherwise stated all financial results are unaudited.

FINANCIAL HIGHLIGHTS

- Q3FY21 sales revenue of \$2.214 million, up 102% vs Q3 FY20
- FY21 YTD sales revenue of \$5.8 million up 63% vs FY20 YTD for the PFT group
- All divisions delivered strong revenue growth
- Strong growth in e-commerce sales, up 316% vs Q3 FY20

OPERATIONAL HIGHLIGHTS

- Further established the Company's move into the fast-growing plant-based food market with the acquisition of The Cashew Creamery and Lauds Plant Based Foods
- New sales channel opportunity with Cashew Creamery (Plant Based Ice Cream) allowing access to grab & go food via Petrol & Convenience stores
- New Premium 400g Homestyle Coleslaw to be ranged in Woolworths stores
- Increased distribution network with 275 new domestic customers v pcpc combined with an increasing online and e-commerce presence in Asia & Australia
- The Company will continue to execute on its strategy of organically growing its core portfolio and delivering upside via targeted value accretive acquisitions.

PFT Managing Director and CEO, Michael Cooper said:

"The March quarter was another exceptionally pleasing quarter for the Company which is reflected in the strong revenue uplift versus the previous period.

As a business we continue to execute against the strategic objectives we set on listing. We have been able to organically grow our core business via new product ranges, distribution channels and the launch of our e-commerce platform.

We have also identified and executed on three acquisitions which have strategically complemented our business and delivered significant upside growth opportunities and value. Importantly, the acquisitions have been seamlessly integrated into our business with the management teams and founders of those acquired businesses remaining crucial components to our future success.

The recent acquisitions of Lauds and The Cashew Creamery extend our position in the rapidly growing plant-based food market which complements our core product range of premium Tasmanian food products. The plant-based food market provides significant opportunities for our business both locally and internationally and we will continue to position the Company as a local leader in this field, including opening up new sales channels.

The Company remains well positioned to continue to grow the business via product innovation and acquisition and continues to build a strong culture across our business.”

FINANCIAL REVIEW

The Company delivered \$2.214 million in sales for Q3 FY21, a 102% increase on the previous corresponding period, of which new acquisitions - Daly & Lauds - contributed 62% of the 102% increase. This improvement was predominantly driven by continued growth in product offerings and the strong increase in demand from our e-commerce site.

A\$000's	3Q FY21	3Q FY20	Change
Total Revenue	\$2,214	\$1,096	102%
Woodbridge Smokehouse	\$604	\$321	88%
Daly Potato*	\$599	0	0
Tasmanian Pate	\$925	\$775	19%
Lauds Plant Based Foods*	\$86	0	0

Operating cashflow was (\$299k) as the company continued to invest into product development and growth. Cash and cash equivalents at the end of the period was \$2.69 million.

* Daly Potato Co and Lauds Plant based foods were not owned by PFT in Q3 2020

OPERATIONAL REVIEW

The Company is well-positioned with established export agreements, strong presence through a number of PFT's brands in all major Australian retailers, a robust distribution network in smaller and boutique stores and a recently launched domestic e-commerce site, shop.purefoodtas.com, as part of the new e-commerce strategy launched in August 2020.

Woodbridge Smokehouse: Delivered a very strong Q3 with an increase of 88% in sales over Q3 FY20 driven by our new distribution channels within Australia and Asia.

Daly Potato Co: Sales grew 22[C1]% vs PCP. New product development continues to be the main focus at Daly with the Potato & Gravy product launched into the IGA stores in Tasmanian during the quarter. The rollout has received very strong consumer acceptance and the Company is targeting a major retail launch to follow in May 2021.

Tasmanian Pate: Sales up 19% vs PCP driven by strong sales of “Homestead” our new premium Pate which launched in October 2020.

EXPANSION IN TO THE PLANT BASED FOOD MARKET

The Company further established our position in the plant-based food market during the quarter with the acquisition of Lauds Plant Based Foods (“Lauds”) and The Cashew Creamery (“TCC”).

The Lauds brand will work alongside New Pastures, with Laud’s targeting a more traditional lifestyle motivated plant-based market, complementing the broader mass consumer market of New Pastures.

The Cashew Creamery was established in 2016 by Jen Bruyn Schmidt and Matt Schmidt and produces non-dairy cashew-based ice cream. The product range includes five flavours of dipped ice cream bars and four flavours of 483ml tubs. TCC has experienced rapid growth, with year-to-date sales as at March 2021 growing over 50% on the previous corresponding period. The products are currently distributed and sold throughout Australia through existing distribution partners with ~335 stockists.

These acquisitions are aligned with PFT’s long-term strategic plan to grow organically and through acquisition into the expanding globally, plant-based cheese market, which is forecasted to reach \$3.9 billion by 2024¹. Additionally, the complimentary nature alongside the New Pastures range enhances the retail network opportunity for each product and further embeds the Company into this market.

CORPORATE AND USE OF FUNDS STATEMENT

As detailed in the attached ASX Appendix 4C, the Company had \$2.69 million in cash and cash equivalents as at 31 March 2021.

Pursuant to Listing Rule 4.7C2, the Company confirms that in the 11 months since listing on the ASX it has incurred expenditure largely in line with the Use of Proceeds as set out in the Prospectus - see below:

Use of funds	Amount raised under the Offer	Expenditure to 31 March 2021	Variance
Plant & Equipment	\$1,100,000	\$1,411,795	(\$311,795)
Business Development & Marketing	\$700,000	\$332,004	\$367,996
New Product Development	\$350,000	\$47,739	\$302,261
Working Capital	\$1,242,489	\$460,501	\$781,988
Costs of the Public Offer	\$607,511	\$917,990	(\$310,479)
Total	\$4,000,000	\$3,170,029	

¹ Source: Plant-based Cheese Market - Global Outlook and Forecast 2019-2024, Report, Arizton, December 2019.



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1. **P&E:** PFT has invested in a new Plant & Equipment for Tas Pate & WBSH to support growing demand; investment will continue in P&E across all business entities in the balance of FY21.
2. **Business development and marketing:** PFT's investment in Marketing and Brand support will continue as we support our growing brands.
3. **New Product Development:** NPD is also well under way with a focus on consumer driven products.
4. **Working capital:** PFT has only drawn a relatively small amount of funds as existing business units are generating good cash flow driven by strong sales growth.
5. **Cost of public offer:** the total costs of the public offer exceeded budget by \$310,480 due to the complexity of the readmission and some delays.

Pursuant to Listing Rule 4.7C3, the Company confirms that related party payments of \$37k were made to non-executive director Mr Ken Fleming and his associated entity being payment of and consulting and director's fees (as noted in Section 6 of Appendix 4C).

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This announcement has been authorised and approved by the Board of PFT.

For further information, please contact:

Corporate

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Investor Relations

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About Pure Foods Tasmania (PFT)

Pure Foods Tasmania Pty Ltd was formed in 2015 with the aim to enhance and promote Tasmania's premium food and beverage businesses. PFT's strategy is to develop new premium products within our existing brands and in the plant-based food market, to acquire complementary brands and businesses and to increase our market penetration and distribution for our suite of brands and products globally. PFT's suite of brands and businesses include Woodbridge Smokehouse, Tasmanian Pate, Daly Potato Co, Pure Tasmanian Seafood, Lauds Plant Based Foods, The Cashew Creamery and New Pastures.

purefoodstas.com
shop.purefoodstas.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Pure Foods Tasmania Limited

ABN

13112682158

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,206	4,895
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,369)	(3,152)
(c) advertising and marketing	(108)	(257)
(d) leased assets	(3)	(4)
(e) staff costs	(836)	(1,815)
(f) administration and corporate costs	(243)	(517)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	25
1.5 Interest and other costs of finance paid	(20)	(42)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives		277
1.8 Other (GST Refunded/(Paid))	70	131
1.9 Net cash from / (used in) operating activities	(299)	(460)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(320)	(320)
(b) businesses	(19)	(646)
(c) property, plant and equipment	(606)	(1,346)
(d) investments		
(e) intellectual property		(3)
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	2	2
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(943)	(2,313)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		536
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(20)	(52)
3.5	Proceeds from borrowings	319	1,101
3.6	Repayment of borrowings	(104)	(167)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (principal component of lease payments)	(10)	(85)
3.10	Net cash from / (used in) financing activities	185	1,333

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,751	4,134
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(299)	(460)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(943)	(2,313)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	185	1,333
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,694	2,694

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	544	1,401
5.2	Call deposits	2,150	2,350
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,694	3,751

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	37
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

The amount displayed above is entirely related to;

- \$6,000 - payments to the Fleming Family Trust as a retainer for director Ken Fleming's services.
- \$31,000 – Director's fees

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																																				
7.1	Loan facilities	1,771	1,527																																				
7.2	Credit standby arrangements																																						
7.3	Other (please specify)	40	15																																				
7.4	Total financing facilities	1,811	1,542																																				
7.5	Unused financing facilities available at quarter end		269																																				
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																																						
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Lender</th> <th style="width: 25%;">Interest Rate</th> <th style="width: 25%;">Maturity Date</th> <th style="width: 25%;">Secured or Unsecured</th> </tr> </thead> <tbody> <tr><td>NAB</td><td>4.43%</td><td>May 2024</td><td>Secured</td></tr> <tr><td>NAB</td><td>3.36%</td><td>September 2021</td><td>Secured</td></tr> <tr><td>NAB</td><td>5.04%</td><td>December 2022</td><td>Secured</td></tr> <tr><td>NAB</td><td>5.62%</td><td>July 2023</td><td>Secured</td></tr> <tr><td>NAB</td><td>5.37%</td><td>July 2023</td><td>Secured</td></tr> <tr><td>CBA</td><td>2.72%</td><td>December 2024</td><td>Secured</td></tr> <tr><td>CBA</td><td>2.92%</td><td>March 2025</td><td>Secured</td></tr> <tr><td>CBA</td><td>2.92%</td><td>March 2025</td><td>Secured</td></tr> </tbody> </table> <p>The items included as other facilities are NAB Business Visa accounts.</p>			Lender	Interest Rate	Maturity Date	Secured or Unsecured	NAB	4.43%	May 2024	Secured	NAB	3.36%	September 2021	Secured	NAB	5.04%	December 2022	Secured	NAB	5.62%	July 2023	Secured	NAB	5.37%	July 2023	Secured	CBA	2.72%	December 2024	Secured	CBA	2.92%	March 2025	Secured	CBA	2.92%	March 2025	Secured
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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(299)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,694
8.3	Unused finance facilities available at quarter end (item 7.5)	269
8.4	Total available funding (item 8.2 + item 8.3)	2,963
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	10
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.