



Pure Foods Tasmania Ltd
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ASX Announcement

Pure Foods Tasmania Limited (ASX: PFT)

7 October 2021

Pure Foods Tasmania successfully completed A\$5.3m convertible note offering to accelerate growth in the plant-based food market

- **Successful completion of convertible note offering to raise \$5.3 million**
- **The issue saw very strong demand from new and existing institutional investors and Directors**
- **Funds raised under the Offer to be invested in further organic and acquisitive growth opportunities**

Summary of the Offer

Pure Foods Tasmania Ltd (ASX: PFT) ('PFT' or 'the Company') is pleased to announce that investors have agreed to subscribe for \$5.3 million through an offer of unsecured convertible notes (**Convertible Notes**). The Convertible Notes have a two year term (with a possible extension to 3 years), a 7.5% pa interest rate and a conversion price based on the lower of: (i) 90% (or 80% if there is an extension of the maturity date) of VWAP prior to conversion; or (ii) \$0.50. Key terms of the Convertible Notes are set out in Schedule 1 of this announcement.

Funds raised from the offering will be utilised to fund the Company's growth strategy which has seen the acquisition of three complementary businesses, extension of the distribution network to over 2,000 stockists and a 72% increase in sales revenue to A\$7.3 million over the 12 months to June 2021.

Key areas of growth that the Company will continue to focus on are:

- Extension of product range in the emerging plant-based food market
- Continued growth via complementary acquisitions to accelerate growth and drive synergies via our extensive distribution network across Australia and South-East Asia
- Further expansion into rapidly growing markets such as petrol & convenience to complement our existing Daly Potato & Gravy range

There will be two tranches of Convertible Notes issued.

Tranche 1 Convertible Notes

Tranche 1 is comprised of binding commitments to raise approximately A\$3.8 million (before costs of the offer). The issue of the Convertible Notes in Tranche 1 is within the Company's placement capacity restrictions under ASX Listing Rule 7.1 (on the basis of the Conversion Price currently being \$0.50 per share) and is not subject to shareholder approval.



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The issue of the Convertible Notes in Tranche 1 is expected to occur on or around 13th October 2021.

Tranche 2 Convertible Notes

Binding commitments have been received for Convertible Notes to raise a further A\$1.5 million (before costs of the offer) subject to shareholder approval being obtained for the purposes of ASX Listing Rules 7.1 and 10.11 at a general meeting, currently expected to occur on or about 26 November 2021. Entities associated with Michael Cooper, Ken Fleming and Sandy Beard, directors of PFT, who have subscribed for Convertible Notes are included in this tranche.

The settlement of Tranche 2 is currently expected on or around 30 November 2021, subject to shareholder approval being obtained.

PFT Managing Director and CEO, Michael Cooper said: "Over the past 12 months we have executed on three strategic acquisitions which have fast tracked our scale and growth in the emerging plant-based food market. Lauds plant-based foods, Cashew Creamery and Daly Potato Co have been seamlessly integrated into our business and all provide significant growth opportunities. We will continue to target complimentary, and value adding acquisitions to drive our growth and position the Company as a leader in the rapidly growing plant-based food sector. We have expanded our distribution pipeline with our products now in over 2,000 stockists. New distribution channels launched with Monde Nissin Australia and Tas'Mania Fresh reflect the strong demand for our Woodbridge Smokehouse products and provide a significant avenue of growth in FY22 and beyond.

Our e-commerce platform continues to grow, with sales up over 300% for FY21 to approximately \$122,000. We will continue to invest in our e-commerce platform and see this channel as a high growth, high value distribution opportunity.

The funds raised through the offering will provide the capital for the Company to continue to grow the business via product innovation and acquisition and is well positioned to drive another year of growth in FY22 and beyond.

Dilutive Effect

There is a risk that dilution to shareholders will result on conversion of the Convertible Notes. Examples of the potential dilutive effect of conversion of the Convertible Notes is set out in the



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table below, based 100% of the Convertible Notes being converted and conversion occurring at the theoretical Conversion Price that would apply if:

- conversion occurred on the date of this announcement, being \$0.50 (**Current Conversion Price**);
- the price of shares in PFT falls by 50%, being \$0.25425 (**50% Fall in Share Price**); and
- the price of shares in PFT increases by 50%, being \$0.50 (**50% Increase in Share Price**),

assuming no other shares are issued (including shares that may be issued in lieu of payment of interest and the Maturity Date is not extended).

Conversion Price	50% Fall in Share Price	Current Conversion Price	50% Increase in Share Price
Number of shares to be issued	20,845,624	10,600,000	10,600,000
Total shares post conversion*	76,638,222.39	66,392,598	66,392,598
Dilution (%)*	27.20%	15.97%	15.97%

* Based on 55,792,598 shares currently on issue.

The joint lead managers (**JLMs**) of the offer are Bell Potter Securities Limited and Wentworth Securities Pty Ltd. The JLMs fees are 6% of the gross amount raised by the issue of the Convertible Notes.

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

For further information, please contact:

Corporate

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Schedule 1: Summary of key terms of the Convertible Notes

Issuer	Pure Foods Tasmania Limited (ACN 112 682 158)
Type and class of securities:	The Convertible Notes constitute an unsecured interest bearing debt obligations of PFT.
Quotation	The Convertible Notes will be unlisted and accordingly will not be quoted on ASX.
Maturity Date	2 years after the date on which Tranche 1 of the Convertible Notes are issued
Extended Maturity Date:	12 months after the initial Maturity Date provided Holders holding more than 75% of the Convertible Notes on issue by value, by no later than 1 month before that date agree in writing with PFT to extend the Maturity Date to the Extended Maturity Date
Face Value:	Each Convertible Note has a face value of A\$1.00
Interest Rate	Interest is payable by PFT at 7.5% per annum. PFT has the option to pay the interest in cash or issue shares at the Interest Conversion Price
Interest Conversion Price	The price per Share equal to 90% of the VWAP over the last 20 Trading Days of the Interest Period
Interest Period	Each six month period as adjusted in accordance with the Convertible Note Deed Poll
Conversion:	A Noteholder may elect to Convert all or an amount equal to or greater than \$25,000 of the Convertible Notes at any time
Conversion Price	the lower of the price per Share equal to: <ul style="list-style-type: none"> (a) 90% of the 10 Trading Day VWAP immediately prior to the Conversion Date (in Australian dollars, to three decimal places); (b) if the Maturity Date is the Extended Maturity Date, 80% of the 10 Trading Day VWAP immediately prior to the Conversion Date (in Australian dollars, to three decimal places); or (c) \$0.50 per Share.
Conversion by PFT	If at any time prior to the Maturity Date, a Material Transaction occurs, PFT may elect to Convert all the Convertible Notes then outstanding into such number of Shares as is determined by dividing the Outstanding Total Amount by the Conversion Price
Material Transaction	(a) a Change of Control Event;

	<p>(b) PFT enters into an agreement (including a conditional agreement) for an acquisition where the consideration payable by PFT is more than \$10 million; or</p> <p>(c) PFT raises more than \$10 million (in aggregate) through the issue of shares during the period between the Issue Date and Maturity Date.</p>
Redemption	At any time, PFT may redeem all the Convertible Notes that have not been Converted by paying the Redemption Amount and any accrued but unpaid Interest to the Holder (with Interest able to be paid in cash or Shares).
Redemption Amount	<p>(a) unless the Maturity Date is the Extended Maturity Date, 110% of the Outstanding Total Amount; and</p> <p>(b) where the Maturity Date is the Extended Maturity Date, 120% of the Outstanding Total Amount.</p>
Repayment	<p>Unless the Convertible Notes have been fully Converted or redeemed by PFT then on the Termination Date PFT must pay to the Holder:</p> <p>(a) unless the Maturity Date is the Extended Maturity Date, the Outstanding Total Amount and any accrued Interest; or</p> <p>(b) where the Maturity Date is the Extended Maturity Date, 120% of the Outstanding Total Amount and any accrued Interest.</p>
Outstanding Total Amount	The total of the Face Value of all of the Convertible Notes less all Conversion Amounts which have been converted.
Termination Date	<p>(a) the Maturity Date; and</p> <p>(b) the date that is 20 Business Days following receipt by PFT of a notice from the Holder of an Event of Default.</p>
Transfer:	Each Convertible Note cannot be sold, assigned or transferred (other than upon death of a Holder, where the Holder is a natural person).
Bonus Issues and Reconstructions	The Convertible Notes are adjusted if there is a Bonus Issue; consolidation or subdivision of PFT shares; if PFT pays or makes a Capital Distribution.
Events of Default	<p>(a) The Company fails to make payments due under the Convertible Notes within 20 Business Days of the due date.</p> <p>(b) The Company makes default in duly performing or observing any other undertakings, covenants or agreements under the Convertible Notes and such default, if capable of remedy, is not remedied for a period of 10 Business Days.</p> <p>(c) The Company suffers an Insolvency Event.</p>

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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.

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