



Pure Foods Tasmania Ltd
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www.purefoodstas.com

ASX Announcement

Pure Foods Tasmania Limited (ASX: PFT)

19 January 2022

Quarterly Activities Report for Q2 FY22

Record 1st Half Revenue up 59% FY22 v pcp Potato & Gravy and Plant Based Ice Cream to be ranged in Woolworths

Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the Company') provides its Quarterly Activities Report and Appendix 4C for the quarter ended 31 December 2021. Unless otherwise stated all financial results are unaudited.

FINANCIAL HIGHLIGHTS

- Q2 FY22 sales revenue of \$3.1 million up 23% vs Q2 FY21
- 1H FY22 sales revenue of \$5.8 million up 59% vs 1H FY21
- Strong revenue growth across all divisions
- Completion of \$5.3 million convertible note offering
- Net cash of \$5.0 million as 31 December 2021 provides capital for continued investment to expand product ranging, lift manufacturing capacity and explore complementary value accretive acquisitions

OPERATIONAL HIGHLIGHTS

- Potato & Gravy to be ranged in Woolworths in early February 2022
- Four-packs of Cashew Creamery Ice Creams, in five flavours, to be ranged in Woolworths Metro stores from January 2022
- Woodbridge Smokehouse (WBSH) sales up 134% 1H FY22 v FY21 reflecting strong demand driven by export and growing distribution within Australia
- Plant-based foods segment grew at 55% Q2 FY22 v Q1 FY21 following continued volume, distribution and sales growth of The Cashew Creamery and Lauds Plant Based Foods products
- Active stockists continue to grow to over 2,900 up +45% since end of FY21
- First export order into India secured for Lauds Plant Based Cheese
- Expansion of manufacturing capacity to accommodate growing sales, increased product ranges and improved operational efficiencies

Michael Cooper, Managing Director and CEO, highlighted, “Over the quarter we have continued to deliver exceptional results and strong performance across our business segments. This demonstrates the ongoing successful execution of our strategy, and more importantly of the strong customer demand for our quality range of products.

“Our business segments are performing in line or ahead of expectation with our WBSH product range continuing to gain significant market share both domestically and internationally, strong international demand for Lauds Plant Based Cheese products and the expansion of Cashew Creamery into Woolworths. Our distribution pipeline has expanded further with products now in over 2,900 stockists, significantly increasing our product exposure and brand positioning.



“We are incredibly pleased to be launching Daly Potato’s Potato & Gravy product into major retail stores in the new year. The process to get to this point has not been without challenges but we now have a high-quality product and a significant market opportunity before us. We look forward to updating the market as we expand this product interstate and across platforms and major retailers.



“Additionally, we are well positioned with \$5.0 million in cash following the completion of the \$5.3 million convertible note offering ensuring we can continue to build on the momentum and success achieved with our acquisition strategy in the past 12 months. The strong distribution platform and customer demand for our range of quality products delivers a robust platform for further growth in FY22 and beyond.”

FINANCIAL REVIEW

PFT delivered \$3.1 million in sales for Q2 FY22, a 23% increase on the previous corresponding period. The significant increase in sales is a result of our increased product offering, expanded distribution networks both domestically and throughout Asia and increased demand and on our e-commerce site.

PFT spent a total of \$3.82 million on business activities during the December quarter, a 25.7% increase on the prior quarter. Expenditure for the quarter comprised of approximately \$2.38 million for product manufacturing and operating costs, \$1.11 million for staff costs, \$0.23 million for administration and corporate costs and \$0.08 million for advertising and marketing.

OPERATIONAL REVIEW

The quarter saw strong demand across PFT’s product portfolio. Key operational highlights include:

Woodbridge Smokehouse: Delivered a very strong Q2 with sales 93% vs PCP driven by our growing distribution channels within Australia and Asia and growing demand from consumers via our e-commerce website.



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Daly Potato Co: Sales were also strong as demand for potatoes grew with the arrival of the summer salad season. The Homestyle Coleslaw range in Woolworths continued to grow with another period of strong revenue growth. The launch of the Potato & Gravy product range in Woolworths stores in Tasmania and Queensland for mid-January 2022 was confirmed. The ranging will allow the Company to ramp up production volumes to meet the expected demand across other major retail networks across Australia in FY22.

Tasmanian Pate: Achieved strong sales driven by Homestead SKUs ranged during FY22. Homestead remains the highest ranged brand from the PFT portfolio in the Tasmanian independent market with growing exposure nationally through our distribution agreement with Monde Nissin.

Lauds Plant Based Foods: New product development remains the focus with growing demand for plant-based foods continuing in the Australian and export market. Importantly, Lauds Plant Based Cheese secured a first export order into India. India represents a very large opportunity for strong growth with our plant-based food range.

The Cashew Creamery: Sales grew 89% vs 1H FY21. The Cashew Creamery continues to deliver significant growth as expanded distribution network increases the availability of the product to our customers. With increased ranging, including four-packs of Cashew Creamery Ice Creams, in five flavours, to be ranged in Woolworths Metro stores across NSW, QLD and VIC we anticipate continued volume and sales growth for Cashew Creamery.

CONVERTIBLE NOTE

The Company raised \$5.3 million through an offer of unsecured convertible notes (ref ASX release 7 October 2021). The convertible notes were in two tranches, with the second tranche of \$1.5 million approved at the Annual General Meeting. Funds from the convertible notes will be used for further organic and acquisitive growth opportunities including:

- 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 and convenience to complement our existing Daly Potato & Gravy range

CORPORATE

As detailed in the attached ASX Appendix 4C, the Company had \$5.0 million in cash and \$1.4 million in undrawn facilities as at 31 December 2021.



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Payments of \$8,000 were made to related parties and their associates during the quarter, as noted in Section 6 of Appendix 4C.

---ends---

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

For further information, please contact:

Corporate

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Managing Director

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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.

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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 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,720	4,887
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,381)	(4,007)
(c) advertising and marketing	(85)	(174)
(d) leased assets	(1)	(2)
(e) staff costs	(1,115)	(2,271)
(f) administration and corporate costs	(235)	(400)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(18)	(40)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST Refunded/(Paid))	32	209
1.9 Net cash from / (used in) operating activities	(1,081)	(1,795)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(45)	(45)
(b) businesses		
(c) property, plant and equipment	(873)	(1,503)
(d) investments		
(e) intellectual property		(3)
(f) other non-current assets	(70)	(70)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(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	(988)	(1,621)

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	5,300	5,300
3.3	Proceeds from exercise of options	1,577	2,280
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(372)	(372)
3.5	Proceeds from borrowings		274
3.6	Repayment of borrowings	(65)	(497)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (principal component of lease payments and ATO payments)	(120)	(167)
3.10	Net cash from / (used in) financing activities	6,320	6,818

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	772	1,621
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,081)	(1,795)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(988)	(1,621)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,320	6,818
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,023	5,023

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	1,323	572
5.2	Call deposits	3,700	200
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)	5,023	772

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	8
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;

- \$8,000 - payments to the Fleming Family Trust as a retainer for director Ken Fleming's services.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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	2,718	1,377																																																													
7.2	Credit standby arrangements																																																															
7.3	Other (please specify)	75	6																																																													
7.4	Total financing facilities	2,793	1,383																																																													
7.5	Unused financing facilities available at quarter end		1,410																																																													
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: 20%;">Lender</th> <th style="width: 15%;">Interest Rate</th> <th style="width: 15%;">Maturity Date</th> <th style="width: 15%;">Secured or Unsecured</th> <th style="width: 35%;">Amount Drawn \$A'000</th> </tr> </thead> <tbody> <tr> <td>NAB</td> <td>3.13%</td> <td>September 2024</td> <td>Secured</td> <td style="text-align: center;">18</td> </tr> <tr> <td>CBA</td> <td>2.72%</td> <td>December 2024</td> <td>Secured</td> <td style="text-align: center;">556</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>March 2025</td> <td>Secured</td> <td style="text-align: center;">102</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>April 2025</td> <td>Secured</td> <td style="text-align: center;">44</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>April 2025</td> <td>Secured</td> <td style="text-align: center;">59</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>April 2025</td> <td>Secured</td> <td style="text-align: center;">182</td> </tr> <tr> <td>CBA</td> <td>2.49%</td> <td>June 2025</td> <td>Secured</td> <td style="text-align: center;">27</td> </tr> <tr> <td>CBA</td> <td>3.49%</td> <td>August 2026</td> <td>Secured</td> <td style="text-align: center;">265</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>June 2025</td> <td>Secured</td> <td style="text-align: center;">16</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>June 2025</td> <td>Secured</td> <td style="text-align: center;">18</td> </tr> <tr> <td>CBA</td> <td>2.92%</td> <td>July 2025</td> <td>Secured</td> <td style="text-align: center;">90</td> </tr> </tbody> </table>				Lender	Interest Rate	Maturity Date	Secured or Unsecured	Amount Drawn \$A'000	NAB	3.13%	September 2024	Secured	18	CBA	2.72%	December 2024	Secured	556	CBA	2.92%	March 2025	Secured	102	CBA	2.92%	April 2025	Secured	44	CBA	2.92%	April 2025	Secured	59	CBA	2.92%	April 2025	Secured	182	CBA	2.49%	June 2025	Secured	27	CBA	3.49%	August 2026	Secured	265	CBA	2.92%	June 2025	Secured	16	CBA	2.92%	June 2025	Secured	18	CBA	2.92%	July 2025	Secured	90
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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)	(1,081)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,023
8.3	Unused finance facilities available at quarter end (item 7.5)	1,410
8.4	Total available funding (item 8.2 + item 8.3)	6,433

8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)

6

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.

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: 19 January 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.