



Pure Foods Tasmania Ltd 100 -104 Mornington Rd  
Mornington TAS 7018  
ASX: PFT  
+61 3 6231 4233 [www.purefoodstas.com](http://www.purefoodstas.com)

## ASX ANNOUNCEMENT

Pure Foods Tasmania Limited (ASX: PFT)

25<sup>th</sup> October 2022

# COMPANY STRATEGY SEES REVENUE GROW BY 40% CAPEX INVESTMENTS MADE FOR FUTURE GROWTH

## Tasmanian Pate revenue forecasted to grow by \*\$1m in FY 23

### Q1 FY23 Activities Report and Appendix 4C

Pure Foods Tasmania Ltd (ASX: PFT) ('PFT' or 'the Company') provides its Quarterly Activities Report and Appendix 4C for the September 2022 Quarter. Unless otherwise stated, all financial results are unaudited.

## FINANCIAL HIGHLIGHTS

- Q1 FY23 sales revenue of \$2.17 million with an increase in gross profit margins.
- The implementation of the Company strategy to grow the top line to achieve scale and identify and acquire businesses has seen revenue grow by 40% per annum compound over the three years to June 2022. The Company has looked to acquire businesses that complement and expand the product range, and this remains a key focus for the Board.
- September month delivered a positive cashflow from operations. This comes one month ahead of budget and was a result of a range of cost and efficiency disciplines the Company put in place earlier this year. The Company had \$6.972 million in cash and cash equivalents as at 30th September 2022.
- From the Q2 FY23, PFT will also realise immediate benefits from the additional investment in Tasmanian Pate to increase capacity and improve efficiencies (automated sleeving and tray sealing) as well as the critical plant upgrade for Cashew Creamery.
- The Cashew Creamy continues to perform well with growth of 14% over Q1 FY22, and this was despite supply issues associated with the installation and commissioning of the new automated filling line. The Company ran two shifts earlier this year to build up sufficient stock prior to the shutdown of the plant in mid-July to install and commission the new plant. In FY22, PFT spent \$700k on Cashew Creamery to acquire a new automated stick line and mixing line. The new plant was commissioned in early October. Up until this point, the production process has been labour intensive, but is now largely automated and efficient and produces consistent products in both weight, look and ingredients. In addition, the Company can produce a wider range of products, flavours and new 1 litre Tub range.

- \$5.95 million successful capital raise from placement and rights issue. This will be used to accelerate growth via investment in working capital, new product development and marketing, and acquisitions.

## OPERATIONAL HIGHLIGHTS

- **CAPEX** - A large investment in plant & equipment has been executed with final investments of \$980k for Tasmanian Pate and \$780k for the Cashew Creamery. Both these projects have been underway for 12 months with equipment being delivered in Q1 FY23. Final instillation is currently underway which will deliver much needed additional capacity and improve efficiencies and will support increased demand as forecasted with new supply agreements in place.
- **Tas Pate** secures white label distribution with national retailer. Sales for Tas Pate up 8% vs Q1 FY22 driven by strong sales of Homestead, our new premium Pate which launched in October 2020. After successful ranging into Coles Tas stores, Cracked Pepper will now be available in every state of Australia through select Coles stores. This new partnership is expected to deliver close to \*\$1 Million in additional revenue for FY23.
- **Woodbridge** to reinstate international orders to Hong Kong, which has reopened after a long period of shutdown caused by the Chinese Government's COVID policy.
- **Daly Potato Co.** has re-launched Potato & Gravy with 100% recyclable packaging and continues to increase its distribution. The brand's Premium Homestyle Coleslaw re-enters the market following the easing of national supply issues for cabbages. Unfortunately, a delay with new packaging has pushed back Woolworths launch, although we are working with Woolworths to get the approved product back on its shelves as soon as possible and expect to have an update on timing before the end of November 22.
- Distribution of **The Cashew Creamery** continues to expand with extra capacity accommodated by the new automated filling line commissioned in September.
- **Plant-based foods** segment accounted for over 8% of revenue during the quarter driven by new product development from **Lauds** with Shredded Cheese.

The Company will continue to execute on its strategy of organically growing the core portfolio and delivering upside via targeted value accretive acquisitions.

**PFT Managing Director and CEO, Michael Cooper said:** "With Cracked Pepper Homestead ranging in Coles nationally along with the company's white label partnership for Tas Pate, it has been a very positive first quarter for FY23.

During the quarter, we also had a successful capital raise of \$5.95 million via a placement and rights issue. It is pleasing to say it was oversubscribed, with the funds strengthening our balance sheet. This sets PFT up for continued investment in our brands and supports our strategy to grow organically and via acquisition.

The Cashew Creamy continues to perform well with growth of 14% over Q1 FY22, and this was despite supply issues associated with the installation and commissioning of the new automated filling line.

Daly Potato Co. relaunch of Potato & Gravy saw good acceptance with our customers. This product is targeted at the 'value consumer' and provides a nutritious, tasty and inexpensive addition to the family meal at a time family budgets are challenged by high food inflation. We are very confident the product will be very successful.

Export channels are reopening, notably Hong Kong, after being shut for an extended period. We have started to again receive strong orders from our HK customers.

The recent and substantial investment in the new Cashew Creamery filling line, combined with the significant investment in automated sealing and new sleeving equipment for Tasmanian Pate, will improve efficiencies and increase margins and capacity. We are looking forward to improved yields, quality, and efficiencies as we move into Q2 FY23."

## FINANCIAL REVIEW

The Company has focused on improving margins by working with suppliers and customers to manage the inflationary pressures. Further, PFT staff and teams from production, procurement, distribution and sales have been empowered to seek opportunities to improve efficiencies, reduce waste, and grow the quality and output of PFT's brands. The result has been that during Q1 FY23, PFT margins improved month on month with positive operating cashflow achieved in the month of September.

Whilst PFT has further work to consistently deliver improving margins, it has consolidated the business systems that has enabled it to have clear visibility on brand and by product margins. This resulted in Q1 FY23 delivering \$2.191 million in customer receipts.

PFT expended a total of \$3.193 million on its business activities during the quarter ending 30 September 2022, which is comprised of approximately \$1.672 million for product manufacturing and operating costs, \$1.202 million for staffing costs, \$228k for administration and corporate costs, and \$90k for advertising and marketing (see section 1.2 of the Appendix 4C). This was 146% of customer receipts. With the improvements realised in September, PFT expects to be well below this in Q2 FY23.



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On capital expenditure for Q1 FY23, PFT spent \$164k, predominantly on the installation of the Cashew Creamery equipment. In the next quarter, PFT is forecasting capital expenditure of approximately \$600k on the final payments for the Tas Pate equipment.

## CORPORATE

As detailed in the attached ASX Appendix 4C, the Company had \$6.972 million in cash and cash equivalents as at 30<sup>th</sup> September 2022.

Payments of \$28k were made to related parties and their associates during the quarter, being the payment of Director's fees as noted in Section 6 of Appendix 4C.

*\*Tasmanian Pate forecasted sales are based on an estimate only.*

*All numbers are unaudited.*

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

For further information, please contact:

### Corporate

Michael Cooper  
Managing Director  
+61 419 124 433

### Investor Relations

Jonathon Feil  
[jonathon@prenzlergroup.com.au](mailto:jonathon@prenzlergroup.com.au) [mc@purefoodstas.com](mailto:mc@purefoodstas.com)  
+61 402 824 211

## 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](http://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")**

 30<sup>th</sup> September 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,191	2,191
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,672)	(1,672)
(c) advertising and marketing	(90)	(90)
(d) leased assets	0	0
(e) staff costs	(1,202)	(1,202)
(f) administration and corporate costs	(228)	(228)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	271	271
1.8 Other (GST claims)	30	30
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(707)</b>	<b>(707)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(164)	(164)
(d) investments		
(e) intellectual property		
(f) other non-current assets	1	1

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	1	1
	(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)	(1)	(1)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(163)</b>	<b>(163)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,950	5,950
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(203)	(203)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(67)	(67)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (principal component of lease payments & interest on convertible note)	(323)	(323)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>5,357</b>	<b>5,357</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,485	2,485
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(707)	(707)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(163)	(163)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,357	5,357
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,972</b>	<b>6,972</b>

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	4,972	2,485
5.2	Call deposits	2,000	
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,972</b>	<b>2,485</b>

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	28
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: The amounts paid above includes Board Fees of \$21,500 and \$6,250 in payments to the Fleming Family Trust as a retainer for director Ken Fleming's services.</i>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>																																																																	
7.1	Loan facilities	2,715	1,179																																																																	
7.2	Credit standby arrangements																																																																			
7.3	Other (please specify)	70	(0)																																																																	
7.4	<b>Total financing facilities</b>	2,785	1,179																																																																	
7.5	<b>Unused financing facilities available at quarter end</b>		1,606																																																																	
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: 40%;">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: 15%;">Amount Drawn \$A'000</th> </tr> </thead> <tbody> <tr><td>NAB</td><td>3.13%</td><td>Sep-24</td><td>Secured</td><td>15</td></tr> <tr><td>CBA</td><td>2.72%</td><td>Dec-24</td><td>Secured</td><td>470</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Mar-25</td><td>Secured</td><td>90</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Apr-25</td><td>Secured</td><td>37</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Apr-25</td><td>Secured</td><td>48</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Apr-25</td><td>Secured</td><td>155</td></tr> <tr><td>CBA</td><td>2.49%</td><td>Jun-25</td><td>Secured</td><td>23</td></tr> <tr><td>CBA</td><td>3.49%</td><td>Aug-26</td><td>Secured</td><td>241</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Jun-25</td><td>Secured</td><td>13</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Jun-25</td><td>Secured</td><td>14</td></tr> <tr><td>CBA</td><td>2.92%</td><td>Jun-25</td><td>Secured</td><td>72</td></tr> <tr><td><b>TOTAL</b></td><td></td><td></td><td></td><td style="text-align: right;"><b>1,179</b></td></tr> </tbody> </table> <p>The items included as other facilities are NAB Business Visa accounts &amp; Commonwealth Bank MasterCard accounts.</p>			Lender	Interest Rate	Maturity Date	Secured or Unsecured	Amount Drawn \$A'000	NAB	3.13%	Sep-24	Secured	15	CBA	2.72%	Dec-24	Secured	470	CBA	2.92%	Mar-25	Secured	90	CBA	2.92%	Apr-25	Secured	37	CBA	2.92%	Apr-25	Secured	48	CBA	2.92%	Apr-25	Secured	155	CBA	2.49%	Jun-25	Secured	23	CBA	3.49%	Aug-26	Secured	241	CBA	2.92%	Jun-25	Secured	13	CBA	2.92%	Jun-25	Secured	14	CBA	2.92%	Jun-25	Secured	72	<b>TOTAL</b>				<b>1,179</b>
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<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(707)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,972
8.3	Unused finance facilities available at quarter end (item 7.5)	1,606
8.4	Total available funding (item 8.2 + item 8.3)	8,578
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	12
	<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: .....25 October 2022.....

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.