

ASX ANNOUNCEMENT

Pure Foods Tasmania Limited (ASX: PFT)

31st October 2022

Offer to redeem Convertible Notes early

Pure Foods Tasmania Ltd (ASX:PFT) ('**PFT**' or the '**Company**') today has written to Convertible Noteholders ('**Noteholders**') to offer a part redemption of the outstanding Convertible Notes (current outstanding value is \$4.7M) ('**Notes**').

The Notes were issued in two tranches in late 2021 to assist working capital demands to facilitate growth and provide funding for ongoing discussions and related costs associated with potential acquisition targets. Any Notes that remain outstanding and which have not been converted to ordinary equity as per the Terms in the Convertible Note Deed Poll dated 7 October 2021 (**Deed Poll**), must be repaid by the Company at the respective Maturity Dates. Any outstanding interest (which attracts an annual rate of 7.5%) must also be paid to Noteholders at that time.

The Company has determined to offer **all** Noteholders the ability to elect to have their Notes redeemed earlier than the Maturity Dates under the Deed Poll (**Early Redemption Offer**) on the terms described below and in the attached letter to Noteholders.

The Early Redemption Offer will be funded by a \$2.5m debt facility with a big four bank (**Debt Facility**) and \$1m of cash reserves (which does not include any of the funds raised in the recent capital raise).

The proposed early redemption has the following key benefits for the Company:

1. firstly, it swaps a hybrid debt instrument (ie the Notes), which carries a coupon of 7.5% per annum, for bank debt with an interest rate of 5.98% per annum, thus saving the Company money;
2. it reduces the number of Notes on issue and provides a more vanilla, and arguably attractive, capital structure;
3. it provides an option for Noteholders for early redemption which is not currently available (although the option to convert Notes to ordinary shares at any time remains unchanged);
4. redeeming Notes will lessen the dilutionary impact on existing shareholders as the Notes that are redeemed will no longer be able to convert to ordinary shares;
5. replaces a portion of the Notes (which must be recognised as debt on the Company balance sheet from October 2022) with the Debt Facility and therefore does not materially change the debt profile of the Company;



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6. none of the monies raised in the recent capital raising (which raised \$5.95 million) will be used to facilitate the early redemption with the Early Redemption Offer to be funded by the Debt Facility and cash reserves the Company had on hand prior to the Company's recent capital raising; and
7. the Company's offer is to redeem the Notes at 100% of the Face Value of the Notes (and **not** 110% of the Face Value as set out in the Deed Poll) plus any accrued interest. Therefore, the redemption will save the Company 10% of the Face Value of the Notes of those Noteholders who participate in the Early Redemption Offer.

Malcolm McAully, Chairman PFT commented *"I strongly believe that this offer is both practical and cost effective and in the interests of all shareholders and without having any impact on the balance sheet as the net debt position of the Company is unchanged"*.

Further details of the redemption proposal are provided in the letter to Noteholders, dated 31st October 2022 (see attached letter).

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

31st October 2022

[Name of entity holding Notes]

[Address of entity]

By email: [email address]

Dear Noteholder

We refer to our letter dated 16th June 2022 and the amendment deed attached to that letter under which convertible noteholders (**Noteholders**) agreed to amend the Convertible Note Deed Poll dated 7th October 2021 (**Deed Poll**) to:

- permit the convertible notes (**Notes**) to be transferred to sophisticated and professional investors; and
- allow Pure Foods Tasmania Ltd ("**PFT**" or the "**Company**") to consider separately requests for redemption by any single Noteholder.

Capitalised terms in this letter have the same meaning as set out in the Deed Poll unless the context otherwise requires.

1. Background

As approved and ratified at the Company's AGM in 2021, the Company issued \$5.3 million Notes of which \$4.7 million is currently outstanding - with approximately \$600,000 of the Notes being converted to shares in accordance with the Deed Poll.

The Notes were issued as part of a capital plan for the Company to manage working capital demands to facilitate growth and provide funding for ongoing discussions and related costs associated with potential acquisition targets.

As set out in our letter dated 16th June 2022, the Company has been approached by several Noteholders seeking early redemption of their Notes by the Company.

2. Offer of early redemption

The Company has determined to offer **all** Noteholders the ability to elect to have their Notes redeemed earlier than the Maturity Date under the Deed Poll (**Early Redemption Offer**).

The Early Redemption Offer will be funded by a \$2.5 million debt facility with a big four bank (**Debt Facility**) and \$1 million of cash reserves (which does not include any of the funds raised in the recent capital raise).

The Early Redemption Offer is made on the terms and conditions of this letter (see section 5 below) and Noteholders should indicate their interest in participating in the Early Redemption Offer by returning the attached form to the Company by 7th November 2022 (unless extended or closed earlier).

The Directors that hold Notes will not participate in the Early Redemption Offer.

3. Advantages to the Company of early redemption of the Notes

The proposed early redemption has the following key benefits for the Company:

- (a) firstly, it swaps a hybrid debt instrument (ie the Notes), which carries a coupon of 7.5% per annum, for bank debt with an interest rate of 5.98% per annum, thus saving the Company money;
- (b) it reduces the number of Notes on issue and provides a more vanilla, and arguably attractive, capital structure;
- (c) it provides an option for Noteholders for early redemption which is not currently available (although the option to convert Notes to ordinary shares at any time remains unchanged);
- (d) redeeming Notes will lessen the dilutionary impact on existing shareholders as the Notes that are redeemed will no longer be able to convert to ordinary shares;

- (e) replaces a portion of the Notes (which must be recognised as debt on the Company balance sheet from October 2022) with the Debt Facility and therefore does not materially change the debt profile of the Company;
- (f) none of the monies raised in the recent capital raising (which raised \$5.95 million) will be used to facilitate the early redemption with the Early Redemption Offer to be funded by the Debt Facility and cash reserves the Company had on hand prior to the Company's recent capital raising; and
- (g) the Company's offer is to redeem the Notes at 100% of the Face Value of the Notes (and **not** 110% of the Face Value as set out in the Deed Poll) plus any accrued interest. Therefore, the redemption will save the Company 10% of the Face Value of the Notes of those Noteholders who participate in the Early Redemption Offer.

4. Terms of early redemption

The Early Redemption Offer is made to Noteholders on the following terms:

- (a) The offer is made to **ALL** Noteholders on identical terms.
- (b) The maximum amount of Notes offered by the Company to be redeemed is \$3.5 million being approximately 74.5% of all Notes currently on issue (assuming no further Note conversions to ordinary shares).
- (c) Noteholders may elect for some or all of their Notes to be redeemed;
- (d) The Company will pay those Noteholders who elect to participate in the Early Redemption Offer (subject to any scale back described in paragraph 4(e) below) 100% of the Face Value of the Notes and **not** 110% of the Face Value as set out in the Deed Poll.
- (e) In the event that:
 - (i) **all** Noteholders elect to redeem 100% of their Notes, then the Company will redeem 74.5% of all Notes on a pro rata basis;
 - (ii) some Noteholders elect to redeem their Notes at a percentage lower than 74.5% (including Noteholders that elect no Redemption at all), the Company will allocate any balance remaining in favour of those Noteholders that have sought redemption at a rate above 74.5% on a pro rata basis based on:
 - (A) the number of Notes held by the participating Noteholders; and
 - (B) the redemption percent requested.

In any event, the maximum amount available to complete the Early Redemption Offer is \$3.5 million as described in paragraph 2 of this letter.

- (f) The Company will pay accrued interest from 1st July 2022 to the redemption date in respect of the Notes that are redeemed at the same time the redemption amount is paid to Noteholders.
- (g) Noteholders that wish to participate in the Early Redemption Offer must return enclosed form by 7th November 2022.
- (h) The Company reserves the right to amend any of the terms and conditions of the Early Redemption Offer at any time including to withdraw the Early Redemption Offer at any time or to change any dates in relation to the Early Redemption Offer.

5. Action for Noteholders to express interest

Noteholders are asked to consider if they would like the Company to redeem some or all of their Notes. It is anticipated that some Noteholders will:

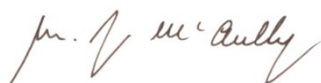
- (a) request 100% redemption of the Notes they hold;
- (b) request 74.5% (which is the maximum PFT will redeem if all Noteholders request 74.5% or above) or higher;
- (c) not seek redemption and either convert to ordinary shares (in accordance with the Deed Poll) or wait till maturity of the Notes in late 2023.

So that the Company can understand what each Noteholder wishes to do, we invite each Noteholder to undertake the following action:

Noteholders: <ul style="list-style-type: none"> wishing for some or all of their Notes to be redeemed; and do not wish to convert the balance of their Notes to Ordinary shares at this time 	Complete the Application Form attached to this notice
Noteholders: <ul style="list-style-type: none"> wishing for some or all of their Notes to be redeemed; and wishing for to convert the balance of their Notes to ordinary shares at the same time as the redemption 	Complete the Application Form attached to this notice
Noteholders: <ul style="list-style-type: none"> that do not wish to participate in the Early Redemption Offer; and but wish to convert their Notes to ordinary shares 	Complete the Application Form attached to this notice
Noteholders that do not wish: <ul style="list-style-type: none"> to participate in the Early Redemption Offer; or to convert their Notes to ordinary shares 	No action required

This letter contains important information and we recommend you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before completing the attached expression of interest form.

Yours faithfully



Malcolm McAully
 Chair



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PURE FOODS TASMANIA LIMITED ("PFT" OR THE "COMPANY")

EXPRESSION OF INTEREST FOR EARLY REDEMPTION OF CONVERTIBLE NOTES

(Return via email to: chughes@purefoodstas.com and justinhill@pageseager.com.au)

Redemption Expression Of Interest	
Name of Noteholder	
Total Face Value of Notes held	
Tranche of Notes (ie Tranche 1 issued in October 2021 or Tranche 2 issued in December 2021)	
The number of Notes you wish to participate in the Early Redemption Offer (please insert number rounded to the nearest \$25,000)	
% of Notes you wish to participate in the Early Redemption Offer (please complete % that corresponds to above)	%
Do you wish to convert the balance of any Notes held into ordinary shares at the same time as any redemption amount is payable to Noteholders	

By signing this form you agree and acknowledge that:

1. This is an expression of interest form only. The Company reserves the right to amend any of the terms and conditions of the Early Redemption Offer at any time including to withdraw the Early Redemption Offer at any time or to change any dates in relation to the Early Redemption Offer.
2. You agree to be bound by the terms and conditions set out in letter in relation to the Early Redemption Offer including that the Company is only required to pay 100% of the Face Value of the Notes to redeem the Notes. You release and discharge the Company in relation to any obligation to pay 110% of the Face Value of the Notes to redeem the Notes pursuant to this Early Redemption Offer.
3. This form must be received before 7th November 2022 to be valid (unless extended or closed earlier by the Company).
4. You have had the opportunity to seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to participate in the Early Redemption Offer or to convert your Notes to ordinary shares in the Company.

Agreed and accepted by:

Noteholder Full legal name

Signature

Print name of authorised representative of Noteholder