



Pure Foods Tasmania Ltd
100 -104 Mornington Rd
Mornington TAS 7018
ASX: PFT
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www.purefoodstas.com

ASX Announcement

Pure Foods Tasmania Limited (ASX: PFT)

23rd January 2023

Potato & Gravy to be Ranged in Coles Supermarkets Positive Cashflow from Operations Q2 FY23

Quarterly Activities Report for Q2 FY23

Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the Company') provides its Quarterly Activities Report and Appendix 4C for the quarter ended 31 December 2022. Unless otherwise stated all financial results are unaudited.

FINANCIAL HIGHLIGHTS

- Positive cashflow from operations for Q2 FY23 (a first since listing in April 2020) and represents a significant turnaround of \$0.714 million in one quarter, driven by:
 - Reduction in total overhead costs of \$0.8 million in H1 FY23 vs H1 FY22;
 - Improving margins across all ranges and further improvements to be recognised in H2 FY23 from a combination of price increases, and reviewing raw material purchases;
 - Exiting loss making sales channels and products mainly associated with Woodbridge Smokehouse ranges; and
 - Labour utilisation and efficiencies improving through processing equipment commissioning.
- Cashflow from operations improved from a loss of \$1.795 million in H1 FY22 to a loss of \$0.700 million in H1 FY23.
- Cashew Creamery sales up 44% from Q2 FY22 vs Q2 FY23.
- Continued capital investment in capacity and automation with \$0.832 million invested in H1 FY23 vs \$1.503 million in H1 FY22.
- Cash on hand of \$5.563 million as of 31st December 2022 provides capital for continued investment to expand product ranging, lift manufacturing capacity, improve automation, and explore complementary new products.

OPERATIONAL HIGHLIGHTS

- Potato & Gravy new 100% recyclable packaging will be ranged in Coles Supermarkets in Victoria and Tasmania in late February with further States to roll out after successful trial; this is along with ongoing discussions with other major retailers (see image attached).
- New filling line commissioned for the Cashew Creamery, supports over 300% additional capacity, substantially increasing yields, reducing raw material, and packaging wastage and improving quality and allowing for further new product development.
- Tasmanian Pate continues to grow with a healthy 5% increase in sales from H1 FY23 vs H1 FY22.
- New automation for Tasmanian Pate installed with commissioning to take place in late January 2023. This will improve margins with a material reduction in labour.
- In H2 FY23, PFT will be investing in automation and capacity expansion for the production of Potato & Gravy. Depending on the potential of further supply contracts, this will be in two stages: the first stage will focus on increasing production capacity (mainly in H2 FY23 with an estimated spend of around \$0.40 million); and in 1H FY24 the estimated spend is around \$0.60 million and is focussed on plant automation.



(image only) - To be ranged in Coles Supermarkets in late February 2023



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Michael Cooper, Managing Director and CEO, highlighted, "Over the quarter we have been successful in working with Coles to secure ranging of Potato & Gravy. This is an exciting opportunity to strengthen our relationship with Coles and testament to the Potato & Gravy product. The whole business from the accounts team, team leaders and operators have all put a lot of work into reducing overheads, looking for efficiencies and reducing wastage whilst also continuing our focus on new product development. All these combined initiatives underpinned a positive cashflow from operations. This is in line with our strategy to deliver a sustainable base business with large cash reserves, allowing PFT to continue to deliver on our growth strategy via acquisitions and organic sales".

CORPORATE

As detailed in the attached ASX Appendix 4C, the Company had \$5.563 million in cash as of 31 December 2022.

PFT as at mid-January also has just \$140,000 in outstanding Convertible Notes. From the original issue of \$5.30 million in October and December 2021, \$1.71 million has been converted to equity and \$3.45 million redeemed early. This capital restructure (as announced to the ASX on 14th November 2022) has improved the visibility of PFT debt and equity structure and has also provided a more flexible balance sheet to explore further opportunities.

Payments of \$26,000 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 for release and approved by the Board of PFT.

For further information, please contact:

Corporate

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Investor Relations

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+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.

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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")

 31st December 2022

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	2,462	4,652
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,351)	(3,022)
(c) advertising and marketing	(42)	(132)
(d) leased assets	0	0
(e) staff costs	(1,026)	(2,229)
(f) administration and corporate costs	(126)	(354)
1.3 Dividends received (see note 3)		
1.4 Interest received	30	34
1.5 Interest and other costs of finance paid	(20)	(31)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	271
1.8 Other (GST claims, insurance claim)	80	111
1.9 Net cash from / (used in) operating activities	7	(700)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(667)	(832)
(d) investments		
(e) intellectual property		
(f) other non-current assets	0	1

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	0	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)
2.6 Net cash from / (used in) investing activities	(668)	(831)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	0	5,950
3.2 Proceeds / (repayment) of convertible debt securities	(3,450)	(3,450)
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(68)	(271)
3.5 Proceeds from borrowings	3,000	3,000
3.6 Repayment of borrowings	(62)	(129)
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)	(168)	(491)
3.10 Net cash from / (used in) financing activities	(748)	4,609

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,972	2,485
4.2 Net cash from / (used in) operating activities (item 1.9 above)	7	(700)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(668)	(831)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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)	(748)	4,608
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	5,563	5,563

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	1,863	4,972
5.2	Call deposits	3,700	2,000
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)	5,563	6,972

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	26
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 \$4,167 in payments to the Fleming Family Trust as a retainer for director Ken Fleming's services.</i>		

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

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	4,118	4,117																																																																											
7.2	Credit standby arrangements																																																																													
7.3	Other (please specify)	25	(1)																																																																											
7.4	Total financing facilities	4,143	4,116																																																																											
7.5	Unused financing facilities available at quarter end		27																																																																											
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"> <thead> <tr> <th>Lender</th> <th>Interest Rate</th> <th>Maturity Date</th> <th>Secured or Unsecured</th> <th>Amount Drawn \$A'000</th> </tr> </thead> <tbody> <tr> <td>NAB - equipment finance</td> <td>3.13%</td> <td>Sep-24</td> <td>Secured</td> <td>12</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.72%</td> <td>Dec-24</td> <td>Secured</td> <td>446</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Mar-25</td> <td>Secured</td> <td>88</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Apr-25</td> <td>Secured</td> <td>37</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Apr-25</td> <td>Secured</td> <td>42</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Apr-25</td> <td>Secured</td> <td>146</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.49%</td> <td>Jun-25</td> <td>Secured</td> <td>21</td> </tr> <tr> <td>CBA - equipment finance</td> <td>3.49%</td> <td>Aug-26</td> <td>Secured</td> <td>233</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Jun-25</td> <td>Secured</td> <td>12</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Jun-25</td> <td>Secured</td> <td>13</td> </tr> <tr> <td>CBA - equipment finance</td> <td>2.92%</td> <td>Jun-25</td> <td>Secured</td> <td>66</td> </tr> <tr> <td>CBA - equipment finance</td> <td>8.64%</td> <td>Dec-24</td> <td>Secured</td> <td>500</td> </tr> <tr> <td>CBA - market rate loan</td> <td>BBSY + 2.8806%</td> <td>Nov-23</td> <td>Secured</td> <td>2,500</td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> <td>4,117</td> </tr> </tbody> </table> <p>The items included as other facilities are Commonwealth Bank MasterCard accounts.</p>	Lender	Interest Rate	Maturity Date	Secured or Unsecured	Amount Drawn \$A'000	NAB - equipment finance	3.13%	Sep-24	Secured	12	CBA - equipment finance	2.72%	Dec-24	Secured	446	CBA - equipment finance	2.92%	Mar-25	Secured	88	CBA - equipment finance	2.92%	Apr-25	Secured	37	CBA - equipment finance	2.92%	Apr-25	Secured	42	CBA - equipment finance	2.92%	Apr-25	Secured	146	CBA - equipment finance	2.49%	Jun-25	Secured	21	CBA - equipment finance	3.49%	Aug-26	Secured	233	CBA - equipment finance	2.92%	Jun-25	Secured	12	CBA - equipment finance	2.92%	Jun-25	Secured	13	CBA - equipment finance	2.92%	Jun-25	Secured	66	CBA - equipment finance	8.64%	Dec-24	Secured	500	CBA - market rate loan	BBSY + 2.8806%	Nov-23	Secured	2,500	TOTAL				4,117		
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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)	7
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,563
8.3	Unused finance facilities available at quarter end (item 7.5)	27
8.4	Total available funding (item 8.2 + item 8.3)	5,590
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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: 23 January 2023.

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.