



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

## 2023 Reports

### 1. Announcement of full year results

### 2. Appendix 4E

### 3. Financial Report for year ending 30 June 2023 incorporating:

- Chairman's Report
- Managing Director's Report
- Directors' Report
- Financial Statements

Pure Foods Tasmania Ltd  
(ABN 13 112 682 158)  
24 August 2023



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24 August 2023

## **ASX Announcement**

**Pure Foods Tasmania Limited (ASX: PFT)**

### **FY23 Results**

#### **Potatoes and Gravy on the Menu for FY24**

Deleting unprofitable products at Woodbridge Smokehouse and cutting costs across the board was the principle focus for management in FY23 as the Company prepared for the launch of a range of new products in the latter part of last financial year. And while not reflected in FY23 sales, the Company's new product development led to two hero products that should see a substantial uplift in FY24 revenue and profits.

Daly's Hot Potato & Gravy tubs were launched into Coles and Woolworths hot boxes. Ranging was secured with Woolworths, Coles, and IGA stores for Daly Potato Co. Potato & Gravy product in Tasmania, Victoria, and Queensland with new 100% recyclable packaging.

The early feedback from our successful launch of Daly's Potato & Gravy product and orders received (and expected) for our Frozen vegetable range, have led to an expected FY24 Group revenue target of between \$14m and \$16m, a 40%-60% increase on FY23.

Discussions with major customers have also given us confidence that a range of new complimentary products could be developed to meet a growing demand for Tasmanian-based potatoes and other vegetables.

In FY23 the Company achieved a number of milestones including a reduction in operating expenses and increased distribution with our various brands now available to 3,500 customers. However, the potato products are the heroes.

The sell through on these products has far exceeded our expectations and feedback from the major retailers has been very positive. We also recently announced the ranging of four new Daly Frozen ready to eat meal tray products into 850 Woolworth stores, commencing August 2023. Both these products (Potato & Gravy and Frozen meal trays) had been in R&D for the majority of FY23, and we are very pleased to finally have them available in stores.



## FINANCIAL SUMMARY

In FY23 the Company delivered:

- Group Revenue of \$9.7m (\$10.1m in FY22);
- Indirect operating costs were reduced by \$1.8m (44%);
- Daly Potato Co sales increased by 9% in FY23. Management estimates this to grow by a further 150+% in FY24;
- Capital investment of \$1.4m in new plant & equipment including a new ice cream plant, was completed to increase capacity and improve production efficiencies;
- NLAT of \$1.8m, representing a substantial reduction of \$1.5m vs FY22, largely due to a reduction in operating costs; and
- Cash on hand of \$3.4m to further support ongoing business operations and growth.



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## OUTLOOK

Managing Director, Michael Cooper said that “The revenue target for FY24 is supported by consumer demand and major retail confidence in our products. In August 2023, PFT will realise its largest sales order to date, with over 11,000 cartons of our new Frozen potato and vegetable meal tray range distributed into Woolworths stores nationally.

Our commitment to investment to create efficiencies and improved margins continued throughout FY23. The extension of our automation and capacity improvement program in FY23 required a capital investment of \$1.4m. This was critical to provide scale and productivity benefits for new and existing products and reduce potential labour pressures, as we manage the expected runway of strong sales growth.

Overall, in FY23, the Group delivered total revenue of \$9.7m, down \$0.4m (4.3%) versus FY22. The decline in revenue in FY23 was singularly attributable to Woodbridge Smokehouse, with sales down by 44%. However, the decision to delete unprofitable products and cut costs has resulted in Woodbridge returning to profit and providing a sustainable and cost-effective base to again grow sales. And indicative sales and orders received to date suggest revenue growth for Woodbridge this year and beyond is back on trend and growing.

Offsetting this, we recorded strong sales at Daly and Tasmanian Pate. FY23 EBITDA was (\$1.4m), a substantial improvement of over \$1.3m (~ 50%) versus FY22 (\$2.7m) and due principally to the reduction in operating expenses, down \$1.5m from FY22. As noted earlier, PFT achieved sustainable cost reductions across all parts of the business during the year.

We installed a new ice cream line in Mornington, and automated sealing and new sleeving equipment for Tasmanian Pate. We will see the benefits from this automation in FY24.

During the year we engaged Kidder Williams (KW) to provide strategic and financial advice. KW has already identified some acquisition targets that look interesting. The arrangement with KW involves a monthly retainer, part of which will be deferred and paid through the issue of PFT shares at either the cessation of its retainer, termination of its mandate or the completion of an M&A or capital raising transaction. The number of shares issued will be based on the five-day VWAP up to and including the date of each month's invoice.”



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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  
[mc@purefoodstas.com](mailto:mc@purefoodstas.com)  
+61 419 124433

## 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 4E

### Preliminary Final Report

Name of entity: Pure Foods Tasmania Limited

ABN: 13 112 682 158

#### 1. Periods

Reporting Period ("current period"): For the year ended 30<sup>th</sup> June 2023

Previous Corresponding Period: For the year ended 30<sup>th</sup> June 2022

#### 2. Results for Announcement to the Market

2.1				\$'s
Revenue from ordinary activities	down	11%	to	8,748,338

2.2				
Loss from ordinary activities attributable to PFT Limited	down		to	1,827,333

2.3				
Loss for the year attributable to the owners of PFT Limited	down		to	1,827,333

#### 2.4

There were no dividends paid, recommended, or declared during the current financial period.

#### 2.5

Not applicable.

#### 2.6

PFT reduced revenue growth from ordinary activities across its food brands by 11% in FY23 (following an increase of 35% in FY22). This was a direct reflection of exiting unprofitable products within the Woodbridge Smokehouse division to focus on gross margin improvement.

PFT improved its net loss position by \$1.5m (\$3.3m in FY22 vs \$1.8m in FY23) driven by a strong focus on managing / reducing costs and finding production efficiencies across all business divisions. This result was in the face of increasing production costs i.e. raw material, packaging and labour.

This focus continues into FY24 with key automation further driving production efficiencies.

## 3. Statement of Comprehensive Income

Refer attached

## 4. Statement of Financial Position

Refer attached

## 5. Statement of Cash Flows

Refer attached

## 6. Statement of Changes in Equity

Refer attached

## 7. Dividends

There were no dividends paid, recommended, or declared during the current financial period.

## 8. Dividend Reinvestment Plan

Not applicable

## 9. Net Tangible Assets

	<b>Reporting period cents per share</b>	<b>Previous Period cents per share</b>
Net Tangible Assets per Ordinary Security	8.33	14.13

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Net tangible assets are defined as the net assets of the Group less intangible assets and right-of-use assets.

## 10. Details of Entities Over Which Control Has Been Gained or Lost

Not applicable

11. Details of Associates and Joint Ventures

Not applicable

12. Any Other Significant Information

Not applicable

13. Audit Qualification or Review

The financial statements have been audited and an unqualified opinion has been issued.

14. Attachments

The Financial Report of Pure Foods Tasmania Limited for the year ended 30 June 2023 is attached.



# Pure Foods Tasmania Limited

Financial Statements

30 June 2023

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Pure Foods Tasmania Pty Ltd (PFT) was formed in 2015 with the aim to enhance and promote Tasmania's food and beverage businesses. PFT's strategy is to develop new products within its existing brands and in the plant-based food market, to acquire complementary brands and businesses and to increase its market penetration and distribution for its suite of brands and products globally.

PFT's stable of brands and businesses include Woodbridge Smokehouse, Tasmanian Pate, Daly Potato Co, Lauds Plant-Based Foods, and The Cashew Creamery.



## Strategy

PFT's growth strategy encompasses several key themes:

1. organically grow its existing brands;
2. improve margins and capacity via automation of its production as products and brands reach scale;
3. secure key assets; and
4. grow via the acquisition of complementary/scalable products/brands/businesses to exploit product expansion opportunities.

PFT brands are targeted at the "conscious consumer", offering convenience and indulgent home entertaining products with a uniquely Tasmanian focus.

Organic growth will be achieved through increased penetration of existing markets, entry into new markets and new product development.

I am pleased to present the Pure Foods Tasmania Financial Report for the financial year ended 30 June 2023. This year PFT implemented a strategy to address operating costs and efficiencies in the wake of a challenging economic environment. PFT had grown quickly since its listing on the ASX and acquired three new businesses which saw compound annual sales growth of 266% between 2019 and 2022. To manage this growth, it also added new staff, enhanced reporting, and operating systems as well as improved logistics. In addition, it faced the new challenges with COVID-19, including supply chain issues and key staff shortages.

In that period, PFT achieved and met all its strategic milestones (including navigating COVID-19) but the change in the economic climate required a different response. It was agreed at the outset of the 2023 financial year ("FY23"), that topline growth was not the immediate priority and PFT needed to align its operations to face a different trading environment.

Staff and management met that challenge head on, and operating costs were reduced by \$1.8m (44%) in FY23; and productivity and efficiency gains were achieved through a substantial \$1.4m capital investment plan.

As part of the strategic review, we implemented a key initiative to delete a number of SKU's (product lines) at Woodbridge Smokehouse to return the business to sustainable profitability. This resulted in a reduction in revenue as unprofitable SKU's were deleted to achieve a positive bottom line.

During this period, PFT was confident that new product development and collaboration with our major customers would lead to strong organic growth in future years, through several key product initiatives including Daly's Potato & Gravy and frozen ready to eat meal trays. Potato and Gravy sales accelerated in the second half of FY23 with Coles and then followed by Woolworths and our first order of frozen ready to eat meal trays to be shipped in August 2023 which will represent the largest one-day sales achievement for PFT.

We have remained committed to our long-term strategy to grow organically and through acquisition, our long-term goals remain clear. To assist PFT achieve the latter goal, in May 2023 we appointed financial and strategic advisers Kidder Williams.

The Board has continued to ensure PFT is well funded and has the flexibility to react to organic growth and acquisition opportunities as they arise and to this end, we undertook a number of capital restructuring initiatives in FY23:

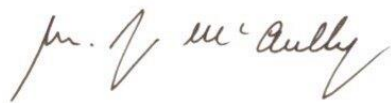
- In September 2022, PFT raised ("Offer") a total of \$5.7m (after costs) from new and existing shareholders. This was facilitated by a Placement to sophisticated investors and Entitlement Offer to existing shareholders. The Offer was oversubscribed with funds raised to be used for working capital, expansion and automation of plant and equipment, along with exploring product growth opportunities.

- On 31st October 2022, PFT announced the redemption ("Redemption") of up to \$3.5m of the \$4.7m of Convertible Notes. The funds were provided by a bank loan of \$2.5m and funds on hand of \$1.0m which PFT held prior to the September capital raise. Noteholders were also encouraged to convert their Notes and of the \$4.7m of Notes that were held, \$3.5m were redeemed and \$0.7m converted to ordinary shares, bringing the total conversion of notes to ordinary shares to \$1.4m. As at 30 June 2023, there was just \$0.1m of Notes outstanding and they will be converted or redeemed by October 2023 (the original Convertible Note issue was for \$5.3m).

Under the strong leadership of our Managing Director, Michael Cooper, I am proud of the senior management team for their willingness and flexibility to remain focused on our priorities. Our people have demonstrated resilience and a focus on safety while maintaining consistent delivery of our quality products and service to our customers. I thank the PFT staff for this dedication and belief in PFT.

Your Board is confident that appropriate strategies are in place, supported by a strong company culture, to drive the right outcomes for customers, community, and our shareholders over the long-term. On behalf of my fellow Directors, I would like to thank our shareholders for their continued support for PFT.

I look forward to seeing as many of you as possible at our Annual General Meeting either in person or online.



**Malcolm McAully**  
Chairman

The 2023 financial year ("FY23") has been another busy year for the Group, and we have seen the availability of our brands continue to increase through further distribution to over 3,500 active customers at 30 June 2023.

### Highlights

Daly Potato Co launched Potato & Gravy into IGA, Woolworths & Coles stores in a number of states, both on the mainland and in Tasmania. We also recently announced the ranging of Daly Frozen ready to eat meal trays into 850 Woolworth stores from September 2023. Both these products (Potato & Gravy and Frozen meal trays) have been under R&D for the majority of FY23, and we are very happy to finally have them available to all consumers.

Tasmanian Pate was also able to launch four new products along with Cashew Creamery adding 1lt Tub Ice Cream to its portfolio. Lauds Plant based foods also launched new products with grated shreds and a new improved feta product.

We took a decision to delete several Woodbridge Smokehouse products that were not profitable and although this impacted revenue in FY23, the outcome was that we were able to deliver positive earnings versus a large loss in the 2022 financial year ("FY22"). This business is now starting to grow strongly again and from a profitable base.

As a business, we continue to execute against the strategic objectives we set out on listing. We have been able to organically grow our core business via new product ranges and expanded distribution. Tasmanian Pate continues to deliver strong growth, mainly driven by the Homestead Pate brand. Woodbridge Smokehouse has maintained its solid export base, notwithstanding the large increase in raw material costs. Lauds Plant-Based Foods and Cashew Creamery have also launched new products and attracted new customers.

Overall, in FY23, the Group delivered total revenue of \$9.7m, which was down \$0.4m (4.5%) versus FY22. The largest impact to revenue in FY23 was Woodbridge Smokehouse, with sales down by 44%. As noted above, the substantial revenue growth in FY22 for Woodbridge came at a high price to the bottom line, and it was critical that this was redressed in FY23. The business also experienced very high salmon prices versus FY22. Offsetting this, we recorded strong sales at Daly and Tasmanian Pate. FY23 EBIDTA was (\$1.4m), a substantial improvement of over (\$1.3m) all most 50% versus FY22 which was a (\$2.7m). Other highlights include:

- Reduction in operating expenses by \$1.0m in FY23, driven by a strong focus on cost reduction across all parts of the business;
- An increase in packaging costs was experienced in FY23 of approximately 15%, the bulk of which was passed onto our customers with three price increases. And significantly, it is refreshing to note we have seen price pressure easing in the first two months of the 2024 financial year ("FY24"); and
- We experienced increased labour pressures to support new product development although notably a portion of this cost was recoverable via our Research & Development Tax incentive claim.

### **Continued Investment**

Our commitment to investment to create efficiencies and improved margins continued throughout FY23. The extension of our automation and capacity improvement program in FY23 required a capital investment of \$1.4m. This was critical to provide scale and productivity benefits for new and existing products and reduce potential labour pressures, as we manage the expected runway of strong sales growth this year and beyond.

We completed three major installations at our Mornington facility, including the turnkey ice cream line, and automated sealing and new sleeving equipment for Tasmanian Pate. All these projects will improve efficiencies, increase margins and capacity, enhance product quality and flexibility. However, there were unplanned disruptions that were outside our control and due largely to international shipping delays. Nonetheless and significantly, we will see the benefits from this automation in FY24.

### **Our People**

I want to recognise the significant contribution of all our employees over the year as we worked through new product development, installations of new equipment and securing new distribution points for our great brands. Without the dedicated efforts of our team, our business would not be in the position it is today, I would also like to thank the Board, for its contributions over the year and very much look forward to working with my fellow Directors again in FY24.

### **Well Positioned for Growth in the 2024 Financial Year and Beyond**

We recently appointed Kidder Williams to support the Group in delivering on its growth strategy.

The Group remains well positioned to continue to grow via product innovation and acquisition and FY24 is looking to be another exciting year with new ranging, new automation, and customers, all supporting our growth and delivering shareholder value.



**Michael Cooper**  
Managing Director

## Pure Foods Tasmania Limited and its Controlled Entities

Your Directors present their report on the consolidated entity (referred to herein as the Group) consisting of Pure Foods Tasmania Limited and its controlled entities for the financial year ended 30 June 2023. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

### General Information

#### Directors

The following persons were Directors of the Group during or since the end of the financial year up to the date of this report:

Malcolm McAully	Non-executive Chairman
Michael Cooper	Managing Director
Ken Fleming	Non-executive Director

#### Dividends Paid or Recommended

No dividends were paid or declared during the financial year.

#### Indemnifying Officers or Auditor

During the financial year, the consolidated entity paid a premium in respect of a contract insuring the Directors of the Group, the Group Secretary and all Executive Officers of the entity and any related body corporate against a liability incurred as a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related corporate against a liability incurred as an officer or auditor.

#### Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

#### Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence.



The following fees were paid or payable to WLF Accounting & Advisory for non-audit services provided during the year ended 30 June 2023:

Details	\$
Advisory taxation services	23,310
Accounting assistance	4,400
	27,710

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 21 of the financial report.

### Options and Convertible Notes

At the date of this report there are no unissued ordinary shares of the Group under option as detailed in the following table:

Grant Date	Date of Expiry	Exercise Price	Number forfeited during year
28 April 2020	30 April 2023	\$0.40	2,800,000

Option holders do not have any right to participate in any issues of shares or other interests of the Group or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to Directors and executives as remuneration, refer to the Remuneration Report.

During the year ended 30 June 2023, no ordinary shares of the Group were issued on the exercise of options granted. No further shares have been issued since year-end. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

The Group announced on 7 October 2021 that sophisticated and professional investors had agreed to subscribe for 5,300,000 unsecured convertible notes at a price of \$5.3m (before costs of the offer) pursuant to a convertible note deed poll (**Deed Poll**). The convertible notes have a two-year term (with the Company able to elect to extend to 3 years), 7.5% per annum interest rate and a conversions price based on the lower of:

- 90% (or 80% if there is an extension of the maturity date) of the 10-day trading VWAP prior to conversion; or
- \$0.50 per share.

During the financial year ending 30 June 2023, 3,450,000 convertible notes were redeemed for \$3.5m in accordance with the Deed Poll and 1,710,000 notes were converted into 11,652,754 shares. The average conversion price of convertible notes converted was \$0.1458.

As at 30 June 2023, a total of 140,000 convertible notes remained outstanding.

For illustrative purposes only, if the remaining 140,000 convertible notes had been converted on 30 June 2023 the Conversion Price would have been \$0.1157 and 1,210,067 ordinary shares would have been issued.

A noteholder may elect to convert all or an amount equal to or greater than \$25,000 at any time. Conversion of the notes by PFT can occur at any time prior to Maturity Date, if a "Material Transaction" occurs. A Material Transaction means (a) "Change of Control Event"; (b) PFT enters into an agreement for an acquisition where the consideration payable by PFT is more than \$10m; or (c) PFT raises more than \$10m (in aggregate) through the issue of shares during the period between the issue date of the convertible notes and the maturity date of the convertible notes. On a Material Transaction, 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.

## Information Relating to Directors and Group Secretary

	Details and Experience
Malcolm McAully	<p>Malcolm McAully is an experienced Company Director having held roles over a diverse range of industry backgrounds including financial services, energy generation, waste management, agribusiness, technology manufacturing, human resource management, property development and food manufacturing.</p> <p>Malcolm was the Chairman of ASX Listed Pinnacle VRB (ASX: PCE) from 2004 to 2005 and remained Chairman when the company (following an acquisition) changed its name to Cougar Energy Limited (ASX: CXY) until 2013 when he resigned. Malcolm is also Chairman of Chaucer Energy Limited and several privately owned companies.</p> <p>Malcolm has held various executive management positions including National Manager of MLC Life when owned by the Lend Lease Group. He holds an MBA and qualifications in accounting, business management, mediation, turn around management and GAICD.</p>
Michael Cooper	<p>Michael Cooper is the Managing Director of PFT. Michael has over 29 years' experience in senior executive roles in the food and beverage industry. He was the CEO and later Managing Director of Juicy Isle Pty Ltd (JI) and sold his family interest to Myer Family Investments. JI was the largest supplier of organic juice in Australia to Woolworths, Coles, and Costco. He was also a director (2012 – 2017) of Ausfec Ltd, a \$550m revenue business. Ausfec was the major route to market distribution channel for global brands such as Cadbury, Nestle, Mars, Wrigley, Smith and SBA Snack Foods, Red Bull, and V Energy drinks.</p> <p>Michael is also a Director of Brand Tasmania, a Tasmanian State Authority created under the Brand Tasmania Act 2018. Michael joined the PFT Board in February 2017 and was appointed Managing Director on a part time basis in October 2018 and full time from April 2019.</p>
Ken Fleming	<p>Ken Fleming has extensive experience in capital markets and has held senior roles at Deutsche Bank (including Director; Global Co-ordinator – Telecommunications Technology), James Capel Australia and Tricom (Head of Research). He has also worked in the Australian public service (Canberra) and at KPMG (Melbourne). He is a Director of Castray Capital Pty Ltd and holds an Honours Degree in Economics and post graduate qualifications in economics and finance and is also a Fellow of the Financial Services Institute of Australia (FFIN).</p>

	Details and Experience
Justin Hill	<p>Justin is a Principal at Page Seager Lawyers – the largest law firm in Tasmania. Justin advises clients in a number of key industry sectors, including agribusiness, financial services, energy, and the not-for-profit sector. He specialises in mergers and acquisitions, governance and corporate structures and restructures. Justin also has significant experience in finance (including derivative transactions) and advising on raising capital for companies by way of equity and debt. He also assists with preparing contracts of employment and provides employment advice on transfer of businesses.</p> <p>Justin has a first-class honours degree in Commerce, a Master's in Law from the University of Melbourne and a Graduate Diploma in Applied Finance and Investment. Before joining Page Seager as a Partner/Principal, Justin worked as in-house counsel for the investment banking division of Deutsche Bank in Sydney. Prior to working with Deutsche Bank, Justin was principal counsel in the institutional markets and investment division of National Australia Bank. Justin also practised for a number of years in the mergers and acquisitions team of Mallesons Stephen Jaques (now King &amp; Wood Mallesons).</p>

### Meetings of Directors

During the financial year, 12 meetings of Directors (including committees of Directors) were held. Attendance by each Director during the year was as follows:

	Directors' Meetings	
	Eligible Meetings	Meetings Attended
Malcolm McAully	12	12
Michael Cooper	12	12
Ken Fleming	12	11

### Remuneration of Directors and Senior Management

Information about the remuneration of Directors and senior management is set out in the Remuneration Report.

### Review of Operations and Principal Activities

The Group's principal activities at the commence of the financial year are outlined in the Chairman's report and listed in the Events Subsequent to Balance Date.

## **Operating Results**

The loss after tax of the Group for the financial year attributable to the members of Pure Foods Tasmania Limited was (\$1.8m) (2022: (\$3.3m)).

## **State of Affairs and Likely Developments**

In the opinion of the Directors there were no significant changes in the state of affairs of the Group and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after balance date.

## **Events Subsequent to Balance Date**

There were no matters or circumstances arising since the end of the reporting period that have significantly affected or may significantly affect the operations of the Group and the results of those operations or the state of the affairs of the Group in the financial period subsequent to 30 June 2023.

On behalf of the Directors



**Michael Cooper**

Director

Date: 23 August 2023

## Remuneration Policy

The remuneration policy of the Group has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Group's financial results. The Board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Consolidated Group, as well as create goal congruence between Directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is based on the following:

- The remuneration policy is to be developed by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options, and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and Group with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the Consolidated Group's performance, executive performance, and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the Consolidated Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 11.0% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Group and expensed.

### Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

### Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios and continued employment with the Group.

### Employment Details of Members of Key Management Personnel

The term Key Management Personnel refers to those persons having the authority and responsibility for planning, directing, and controlling activities of the Group, directly or indirectly, and includes any Director of the Group (whether executive or otherwise).

The KMP of the Group for the year ended 30 June 2023 were:

	Role	Appointment Date
Malcolm McAully	Non-executive Chairman	1 September 2017
Michael Cooper	Managing Director	1 February 2017
Ken Fleming	Non-executive Director	29 July 2015
Charles Hughes (resigned 21 April 2023)	Chief Financial Officer	14 April 2022
Phillip Excell	Chief Financial Officer	20 March 2023

Remuneration Expense Details for the Year Ended 30 June 2023

		Short-term benefits			Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
		Salary, fees, and leave	Profit share and bonuses	Non-monetary	Pension and superannuation	Other	Incentive plans	LSL	Shares/units	Options/rights			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive													
Malcolm McAully	2023	50,000	-	-	5,250	-	-	-	-	-	-	-	55,250
	2022	50,000	-	-	5,000	-	-	-	-	-	-	-	55,000
Michael Cooper	2023	300,771	-	-	31,499	-	-	-	-	-	-	-	332,270
	2022	262,609	30,000	-	26,183	-	-	-	-	-	-	-	318,792
Ken Fleming	2023	36,000	-	-	3,780	-	-	-	-	-	-	-	39,780
	2022	36,000	-	-	3,600	-	-	-	-	-	-	-	39,600



Pure Foods Tasmania Limited  
ABN 13 112 682 158  
Remuneration Report

		Short-term benefits			Post-employment benefits		Long-term benefits		Equity-settled share-based payments		Cash-settled share-based payments	Termination benefits	Total
		Salary, fees, and leave	Profit share and bonuses	Non-monetary	Pension and superannuation	Other	Incentive plans	LSL	Shares/units	Options/rights			
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charles Hughes	2023	174,270	-	-	17,779	-	-	-	-	-	-	-	192,049
	2022	38,974	-	-	3,897	-	-	-	-	-	-	-	42,871
Phillip Excell	2023	57,842	-	-	6,057	-	-	-	-	-	-	-	63,899
	2022	-	-	-	-	-	-	-	-	-	-	-	-
Alexander Beard	2023	-	-	-	-	-	-	-	-	-	-	-	-
	2022	30,000	-	-	3,000	-	-	-	-	-	-	-	33,000
Total KMP	2023	618,883	-	-	64,365	-	-	-	-	-	-	-	683,248
	2022	423,583	30,000	-	42,280	-	-	-	-	-	-	-	495,863

### Securities Received that are not Performance-Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

### Cash Bonuses, Performance-related Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year to KMP are as follows:

	Grant Date	Number Granted	Percentage Vested/Paid During the Year	Percentage Forfeited During the Year	Percentage Remaining as Unvested	Number forfeited during the year
Malcolm McAully	28/04/2020	500,000	-	100%	0%	500,000
Michael Cooper	28/04/2020	1,300,000	-	100%	0%	1,300,000
Ken Fleming	28/04/2020	500,000	-	100%	0%	500,000
Alexander Beard	28/04/2020	500,000		100%	0%	500,000
Charles Hughes	-	-	-	-	-	-
Phillip Excell	-	-	-	-	-	-
<b>Total</b>		<b>2,800,000</b>				<b>2,800,000</b>

## KMP Shareholdings

The number of ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at Beginning of the Year	Granted as Remuneration During the Year	Issued on Exercise of Options During the Year	Purchases During the Year	Balance at End of Year
Malcolm McAully*	1,949,639	-	649,879	-	2,599,518
Michael Cooper*	3,093,893	-	1,310,789	-	4,404,682
Ken Fleming*	2,003,225	-	665,750	-	2,668,975
Charles Hughes*	12,000	-	-	370,882	382,882
Phillip Excell	-	-	-	-	-

\* Includes indirect shareholdings.

### **Other Equity-Related KMP Transactions**

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights, and shareholdings.

### **Other Transactions with KMP and/or their Related Parties**

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation, and loans, that were conducted other than in accordance with normal employee, customer, or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This Directors' report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors:



**Michael Cooper**

Director

Date: 23 August 2023

Auditor's Independence Declaration



In accordance with section 307C of the *Corporations Act 2001*, we are pleased to provide the following declaration of independence to the Directors of Pure Foods Tasmania Limited. As the lead audit partner for the audit of the financial report of Pure Foods Tasmania Limited for the year ended 30 June 2023, we declare that, to the best of our knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Pure Foods Tasmania Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Wise Lord &amp; Ferguson'.

Wise Lord & Ferguson

A handwritten signature in blue ink, appearing to be 'Nick Carter'.

Nick Carter

Partner

Wise Lord & Ferguson

Date: 23 August 2023

Pure Foods Tasmania Limited  
ABN 13 112 682 158  
Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Revenue</b>			
Revenue from operations	5	8,748,338	9,924,813
Other income	5	979,190	245,772
<b>Total Revenue</b>		<b>9,727,528</b>	<b>10,170,585</b>
<b>Expenses</b>			
Cost of goods sold	6	7,701,421	9,121,549
Employment expenses		1,670,135	2,172,214
Occupancy, electricity, and telephone costs		187,896	185,869
Bad debts		16,983	1,132
Depreciation and amortisation		752,918	588,531
ASX listing fees and expenses		45,425	51,407
Finance costs		317,173	348,117
Insurance		165,731	211,834
Legal and professional fees		245,804	347,445
Marketing expenses		85,916	334,170
Motor vehicle expenses		44,323	55,861
Repairs and maintenance		209,271	241,016
Research, development and quality		95,480	191,774
Other expenses		426,502	575,010
<b>Total Expenses</b>		<b>11,964,978</b>	<b>14,425,929</b>
<b>Net Profit/(Loss) Before Income Tax</b>		<b>(2,237,450)</b>	<b>(4,255,344)</b>
Income tax benefit/(expense)	7	410,117	917,029
<b>Net Profit/(Loss) After Tax for the Year</b>		<b>(1,827,333)</b>	<b>(3,338,315)</b>
<b>Other Comprehensive Income</b>			
Other comprehensive loss net of tax		-	-
<b>Total Comprehensive Income</b>		<b>(1,827,333)</b>	<b>(3,338,315)</b>
Net profit for the period attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(1,827,333)	(3,338,315)
		<b>(1,827,333)</b>	<b>(3,338,315)</b>

The above statement should be read in conjunction with the accompanying notes.

Pure Foods Tasmania Limited

ABN 13 112 682 158

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

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	Notes	2023 \$	2022 \$
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(1,827,333)	(3,338,315)
		<u>(1,827,333)</u>	<u>(3,338,315)</u>
Basic loss per share (cents per share)	3	(0.018)	(0.054)
Diluted loss per share (cents per share)	3	(0.018)	(0.040)

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The above statement should be read in conjunction with the accompanying notes.

Pure Foods Tasmania Limited  
ABN 13 112 682 158  
Consolidated Statement of Financial Position  
As at 30 June 2023

	Notes	2023 \$	2022 \$
<b>Current Assets</b>			
Cash and cash equivalents	17	3,468,766	2,486,256
Trade and other receivables	8	1,854,127	1,263,014
Inventories	9	1,535,255	1,325,307
Other assets		154,922	227,579
<b>Total Current Assets</b>		<b>7,013,070</b>	<b>5,302,156</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	6,697,785	5,826,296
Right of use assets	11	486,251	474,476
Intangible assets	12	2,515,207	2,544,178
Deferred tax assets	7	3,019,811	2,536,151
<b>Total Non-Current Assets</b>		<b>12,719,054</b>	<b>11,381,101</b>
<b>Total Assets</b>		<b>19,732,124</b>	<b>16,683,257</b>
<b>Current liabilities</b>			
Trade and other payables	13	1,715,853	1,737,570
Lease liabilities	11	270,234	165,604
Provisions	14	219,817	232,833
Borrowings	15	2,913,779	270,184
<b>Total Current Liabilities</b>		<b>5,119,683</b>	<b>2,406,191</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	11	229,199	337,755
Provisions	14	-	17,992
Borrowings	15	1,019,779	975,948
Deferred tax liabilities	7	1,220,004	1,189,203
<b>Total Non-Current Liabilities</b>		<b>2,468,982</b>	<b>2,520,898</b>
<b>Total Liabilities</b>		<b>7,588,665</b>	<b>4,927,089</b>
<b>Net Assets</b>		<b>12,143,459</b>	<b>11,756,168</b>
<b>Equity</b>			
Contributed equity	16	18,857,783	16,643,159
Accumulated profits/(losses)		(6,714,324)	(4,886,991)
<b>Total Equity</b>		<b>12,143,459</b>	<b>11,756,168</b>

The above statement should be read in conjunctions with the accompanying notes.



Pure Foods Tasmania Limited  
ABN 13 112 682 158  
Consolidated Statement of Changes in Equity  
For the Year Ended 30 June 2023

	Note	Contributed Equity \$	Accumulated Profits/(Losses) \$	Total \$
<b>Balance at 1 July 2021</b>		9,402,889	(1,548,676)	7,854,213
Loss for the year		-	(3,338,315)	(3,338,315)
Other comprehensive income		-	-	-
Total comprehensive income for the year		9,402,889	(4,886,991)	4,515,898
Issue of shares		7,597,399	-	7,597,399
Convertible notes redemption		-	-	-
Share issue costs		(357,129)	-	(357,129)
<b>Balance at 30 June 2022</b>		<b>16,643,159</b>	<b>(4,886,991)</b>	<b>11,756,168</b>
<b>Balance at 1 July 2022</b>		16,643,159	(4,886,991)	11,756,168
Loss for the year		-	(1,827,333)	(1,827,333)
Other comprehensive income		-	-	-
Total comprehensive income for the year		16,643,159	(6,714,324)	9,928,835
Issue of shares		5,926,721	-	5,926,721
Convertible notes redemption		(3,450,000)	-	(3,450,000)
Share issue costs		(262,097)	-	(262,097)
<b>Balance at 30 June 2023</b>		<b>18,857,783</b>	<b>(6,714,324)</b>	<b>12,143,459</b>

The above statement should be read in conjunction with the accompanying notes.

Pure Foods Tasmania Limited  
ABN 13 112 682 158  
Consolidated Statement of Cash Flows  
For the Year Ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Cash Flow from Operating Activities</b>			
Receipts from customers		9,054,464	9,981,182
Payments to suppliers and employees		(11,356,122)	(14,024,889)
Interest received		64,968	24,429
Income taxes paid		(42,742)	-
<b>Net Cash Flows Used in Operating Activities</b>	17	<b>(2,279,432)</b>	<b>(4,019,278)</b>
<b>Cash Flow from Investing Activities</b>			
Payments for property, plant and equipment		(1,400,735)	(1,682,443)
Payments for business acquisitions and intangibles		-	(97,076)
<b>Net Cash Flows Used in Investing Activities</b>		<b>(1,400,735)</b>	<b>(1,779,519)</b>
<b>Cash Flow from Financing Activities</b>			
Proceeds from issue of shares		2,214,624	7,213,615
Proceeds/(payments) of borrowings		2,687,426	(349,974)
Principle elements for lease payments		(239,373)	(202,918)
<b>Net Cash Flows from Financing Activities</b>		<b>4,662,677</b>	<b>6,660,937</b>
Net (decrease)/increase in cash held		982,510	862,140
Cash and cash equivalents at the beginning of the year		2,486,256	1,624,116
<b>Cash and Cash Equivalents at the End of the Year</b>	17	<b>3,468,766</b>	<b>2,486,256</b>

The above statement should be read in conjunction with the accompanying notes.

## 1. Summary of Accounting Policies

### (a) General Information

The consolidated financial statements and notes represent those of Pure Foods Tasmania Limited and its Controlled Entities. Pure Foods Tasmania is a company incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

### (b) Going Concern

These financial statements have been prepared on the basis that the Group is a going concern.

For the year ended 30 June 2023 the Group incurred losses of \$2.0m after tax (2022: (\$3.3m)) and incurred net cash outflows from operations of \$2.3m (2022: \$4.0m). As at 30 June 2023, the Group had \$3.5m (2022: \$2.5m) in cash and cash equivalents and had external borrowings of \$3.9m (2022: \$1.45m).

During the 2023 financial year there have been a number of strategic initiatives that have been implemented. The following is a summary of the activities that have been delivered during 2023 financial year:

- In September 2022, the Group raised a total of \$5.65m (after costs) from new and existing shareholders with the purpose of the funds raised to be used for working capital, expansion and automation of plant and equipment, securing key assets and exploring product growth opportunities.
- On 31 October 2022, the Group announced the redemption of up to \$3.50m of the \$4.65m of notes that were outstanding held by noteholders. The funds were provided by a bank loan of \$2.50m and funds on hand of \$1.0m; and
- \$2.8m option expired 30 April 2023.

The Directors have also approved a budget for 2024 financial year that includes:

- Reduced capital expenditure from \$1.4m to \$0.8m;
- Continuation of focus on growing gross margin through automation, site consolidation and improvements and contract supply agreements for key raw material and packaging inputs;
- Implementation of Potato and Gravy production improvements that will provide an enhanced texture and taste, impressive raw material and labour cost reductions and an externally validated shelf life extension; and
- Launch of the frozen meal tray range into Woolworths nationally from September 2023.

Considering the ongoing success of Potato and Gravy and the introduction of the Daly frozen meal tray range into Woolworths, the Directors are of the opinion that the Group are well positioned to not only grow revenue but achieve profitable margin. Accordingly, the consolidated annual report is prepared on a going concern basis.

## 1. Summary of Accounting Policies (Continued)

### (c) Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*, as appropriate for-profit oriented entities.

The financial statements cover the Group and its controlled entities as a group for the financial year ended 30 June 2023. The Company is a company limited by shares, incorporated, and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*, however limited financial information for the Company as an individual entity is included in Note 20.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements not elsewhere disclosed. The accounting policies have been consistently applied, unless otherwise stated.

### (d) Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (e) Historical Cost Convention

The financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars unless otherwise noted.

### (f) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in Accounting Standard AASB 10 *Consolidated Financial Statements*. Control is achieved when the Group:

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Details of the controlled entities are contained in Note 21.

Financial statements for controlled entities are prepared for the same reporting period as the parent entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

## **1. Summary of Accounting Policies (Continued)**

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

The preparation of the financial statements of the Group requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Areas within the financial report which contain a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements are included in the notes to the financial statements together with the basis of calculation.

The area involving significant estimates or judgements is the estimated value in use calculations for the assessment of the recoverable amount of goodwill.

Estimates and judgements are continually evaluated. They are based on historical experience, information, and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### **(g) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### **(h) New Standards and Interpretations Not Yet Adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not yet been adopted by the Group. There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2. Segment Information

The operating segments are based upon the units identified in the operating reports reviewed by the Board and executive management, and are used to make strategic decisions, in conjunction with the quantitative thresholds established by AASB 8 *Operating Segments*.

During the financial year the Board and executive management restructured the reporting framework of the Group.

This resulted in the core reporting nature being from a consolidated group viewpoint, as opposed to an individual brand/company perspective. The key driver behind this has been the recent expansion of the number of brands within the Group. As such, there are two identifiable and reportable segments:

- Pure Foods Tasmania Products – which incorporates all brands of the Group; and
- Corporate - which comprises corporate costs that are not directly attributable to the operational business units.

Management measures the performance of the segments identified at the 'net profit before tax' level.

	Food \$	Corporate and Other \$	Total \$
<b>30 June 2023</b>			
Total sales	8,748,338	-	8,748,338
Other income	408,833	570,357	979,190
Profit/(loss)	(1,673,204)	(564,246)	(2,237,450)
Profit/(loss) before income tax			(2,237,450)
Income tax benefit/(expense)			410,117
Profit/(loss) after income tax			(1,827,333)
<b>Assets</b>			
Assets	15,797,411	3,934,713	19,732,124
Total Assets	15,797,411	3,934,713	19,732,124
<b>Liabilities</b>			
Liabilities	6,282,060	1,306,605	7,588,665
Total Liabilities	6,282,060	1,306,605	7,588,665

## 2. Segment Information (Continued)

	Food \$	Corporate and Other \$	Total \$
<b>30 June 2022</b>			
Total sales	9,924,813	-	9,924,813
Other income	8,496	237,276	245,772
Profit/(loss)	(3,505,381)	(749,963)	(4,255,344)
<b>Profit/(loss) before income tax</b>			<b>(4,255,344)</b>
Income tax benefit/(expense)			917,029
<b>Profit/(loss) after income tax</b>			<b>(3,338,315)</b>
<b>Assets</b>			
Assets	5,025,586	11,657,671	16,683,257
<b>Total Assets</b>	<b>5,025,586</b>	<b>11,657,671</b>	<b>16,683,257</b>
<b>Liabilities</b>			
Liabilities	3,401,667	1,525,412	4,927,089
<b>Total Liabilities</b>	<b>3,401,667</b>	<b>1,525,412</b>	<b>4,927,089</b>

### 3. Earnings Per Share

	Notes	2023 \$	2022 \$
Basic earnings per share		(0.018)	(0.054)
Diluted earnings per share		(0.018)	(0.054)

#### Basic

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share.		101,462,214	61,816,470
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#### Diluted

Weighted average number of ordinary shares and convertible redeemable preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share		102,672,281	61,816,470
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### 4. Dividends to Shareholders

No dividends have been paid or declared during the year ended 30 June 2023 (30 June 2022: nil).



## 5. Revenue

	Notes	2023 \$	2022 \$
<b>Revenue from Continuing Operations</b>			
Sales		8,748,338	9,924,813
<b>Total Revenue from Continuing Operations</b>		<b>8,748,338</b>	<b>9,924,813</b>
<b>Other Income</b>			
Interest received		133,037	24,429
Sundry income		846,153	217,371
Subsidies and grants		-	3,972
<b>Total Other Income</b>		<b>979,190</b>	<b>245,772</b>
<b>Total Revenue</b>		<b>9,727,528</b>	<b>10,170,585</b>

### *Recognition and Measurement*

The sale of goods is measured at the fair value of the consideration received net of any trade discounts and volume rebates allowed. The sale of goods represents a single performance obligation and accordingly, revenue is recognised in respect of these sales of goods at the point in time when control over the corresponding goods is transferred to the customer (i.e., at a point in time for sale of goods when the goods are delivered to the customer or transferred to the freight forwarder).

Delivery occurs when the products have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the Group has objective evidence that all the criteria for acceptance have been satisfied. All revenue is stated net of the amount of goods and services tax (GST) where applicable.

### *Interest Revenue*

Interest revenue is recognised on a proportional basis using the effective interest rate method.

## 6. Expenses

	Notes	2023 \$	2022 \$
Profit before income tax expense includes the following expenses:			
Cost of goods sold		7,701,421	9,121,549
Salaries and wages		1,544,554	1,648,908
<b>Total Expenses</b>		<b>9,245,975</b>	<b>10,770,457</b>

## 7. Income Tax Expense

	Notes	2023 \$	2022 \$
Income tax recognised in profit or loss:			
Tax expense/(benefit) comprises:			
Current tax expense/(benefit)		-	5,705
Deferred tax movements		(410,117)	(922,734)
		<b>(410,117)</b>	<b>(917,029)</b>

### Deferred income tax expense/(benefit) included in income tax expense comprises:

(Increase)/decrease in deferred tax assets	(440,918)	(1,269,525)
Increase/(decrease) in deferred tax liabilities	30,801	346,791
	<b>(410,117)</b>	<b>(922,734)</b>

## 7. Income Tax Expense (Continued)

	Notes	2023 \$	2022 \$
<b>Reconciliation of income tax expenses to prima facie tax on accounting profit:</b>			
Profit/(loss) before income tax expense		(2,237,450)	(4,255,344)
Tax at 25.0% tax rate (2022: 25.0%)		(559,363)	(1,063,836)
Tax effect of amounts which are not deductible		81,162	49,567
Under/overs in respect of prior year		68,084	85,071
Reset cost bases due to consolidation		-	(49)
Change in tax rate impact to deferred taxes		-	12,218
		<u>(410,117)</u>	<u>(917,029)</u>

### *Reconciliation of deferred tax assets*

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
<b>Deferred Tax</b>				
<b>Gross Deferred Tax Assets</b>				
Provisions	62,707	(7,752)	-	54,955
Trade and other payables	90,327	(32,999)	-	57,328
Right-of-use assets	7,221	(3,925)	-	3,296
Share issue expenses	21,899	(5,768)	-	16,131
Tax losses	2,353,997	491,362	42,742	2,888,101
	<u>2,536,151</u>	<u>440,918</u>	<u>42,742</u>	<u>3,019,811</u>

## 7. Income Tax Expense (Continued)

### *Reconciliation of deferred tax liabilities*

	Opening Balance \$	Charged to Income \$	Charged to Equity \$	Closing Balance \$
<b>Deferred Tax</b>				
<b>Gross Deferred Tax Assets</b>				
Prepayments	20,470	(231)	-	20,239
Fixed assets	1,030,299	49,657	-	1,079,956
Trading stock	32,876	(10,635)	-	22,241
Goodwill and trademarks	86,834	-	-	86,834
Business acquisition costs	18,645	(7,990)	-	10,655
Product development	79	-	-	79
	<u>1,189,203</u>	<u>30,081</u>	<u>-</u>	<u>1,220,004</u>

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (a) the initial recognition of goodwill; or
- (b) the initial recognition of an asset or liability in a transaction which:
  - i. is not a business combination; and
  - ii. at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

## 7. Income Tax Expense (Continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists, and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (a) a legally enforceable right of set-off exists; and
- (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## 7. Income Tax Expense (Continued)

### *Tax Consolidation*

The Company and its wholly owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is PFT Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the “separate taxpayer within group” approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

## 8. Trade and Other Receivables

	Notes	2023 \$	2022 \$
Trade receivables		1,338,074	932,504
Less loss allowance		-	-
Other receivables		516,053	330,510
<b>Total Trade and Other Receivables</b>		<b>1,854,127</b>	<b>1,263,014</b>

### **Loss Allowance**

Movements in loss allowance are as follows:

Carrying value at beginning of the year	-	-
Increase/(decrease) in loss allowance	16,983	1,132
Receivables written off as unrecoverable	(16,983)	(1,132)
Unused amounts reversed	-	-
<b>Total Loss Allowance</b>	<b>-</b>	<b>-</b>

## 8. Trade and Other Receivables (Continued)

	Notes	2023 \$	2022 \$
<b>Trade receivables past due but not impaired</b>			
Under one month		1,091,894	700,992
One to three months		246,180	177,945
Over three months		-	53,567
<b>Total trade receivables past due but not impaired</b>		<b>1,338,074</b>	<b>932,504</b>

### *Recognition and Measurement*

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The “receivables written off as unrecoverable” are all due to customers declaring bankruptcy, or term receivables that have now become unrecoverable.

	Current	30 Days	60 Days	90+ Days	Total
<b>30 June 2023</b>					
Expected loss rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Trade receivables gross carrying amount (\$)	1,091,894	171,639	74,541	-	1,338,074
Loss allowance (\$)	-	-	-	-	-

	Current	30 Days	60 Days	90+ Days	Total
<b>30 June 2022</b>					
Expected loss rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Trade receivables gross carrying amount (\$)	700,992	177,264	681	53,567	932,504
Loss allowance (\$)	-	-	-	-	-

## 8. Trade and Other Receivables (Continued)

### *Fair Value of Trade and Other Receivables*

Due to the short-term nature of the current receivables, their carrying amount is approximate to fair value.

### *Credit Risk*

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within the loss allowance. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has significant credit risk exposures in Australia.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

## 9. Inventories

	Notes	2023 \$	2022 \$
Stock on hand		1,535,255	1,325,307
<b>Total Inventories</b>		<b>1,535,255</b>	<b>1,325,307</b>

### *Recognition and Measurement*

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour, and an appropriate proportion of variable and fixed overheads.



## 10. Property, Plant and Equipment

	Notes	2023 \$	2022 \$
<b>Buildings</b>			
Building at cost		1,827,237	1,809,448
Less: accumulated depreciation		(160,985)	(115,190)
<b>Total Buildings</b>		<b>1,666,252</b>	<b>1,694,258</b>
<b>Plant and Equipment</b>			
Plant and equipment at cost		6,592,749	5,209,803
Less: accumulated depreciation		(1,561,216)	(1,077,765)
<b>Total Plant and Equipment</b>		<b>5,031,533</b>	<b>4,132,038</b>
<b>Total Property, Plant and Equipment</b>		<b>6,697,785</b>	<b>5,826,296</b>

### Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year set out below:

Carrying Value	Building at Cost \$	Plant and Equipment \$	Total \$
As at 1 July 2021	1,658,138	2,872,396	4,530,534
Additions	80,631	1,601,812	1,682,443
Disposals	-	(1,047)	(1,047)
Depreciation expense	(44,511)	(341,123)	(385,634)
Balance at 30 June 2022	<u>1,694,258</u>	<u>4,132,038</u>	<u>5,826,296</u>
As at 1 July 2022	1,694,258	4,132,038	5,826,296
Additions	17,789	1,382,946	1,400,735
Disposals	-	-	-
Depreciation expense	(45,795)	(483,451)	(529,246)
Balance at 30 June 2023	<u>1,666,252</u>	<u>5,031,533</u>	<u>6,697,785</u>

## 10. Property, Plant and Equipment (Continued)

### *Recognition and Measurement*

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

### *Depreciation*

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Buildings	2.0%
Plant and Equipment	5.0% - 33.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## 11. Right-of-use Assets and Lease Liabilities

	Notes	2023 \$	2022 \$
<b>Right-of-use Assets</b>			
Buildings		1,148,388	912,941
Less: accumulated amortisation		(662,137)	(438,465)
<b>Total Right-of-use Assets</b>		<b>486,251</b>	<b>474,476</b>

Set out below are the carrying amounts of the Group's right-of-use assets and the movements during the period:

Carrying Value	Buildings \$	Total \$
As at 1 July 2022	474,476	474,476
Additions	-	-
Lease modifications	235,447	235,447
Amortisation expense	(223,672)	(223,672)
Balance as at 30 June 2023	<b>486,251</b>	<b>486,251</b>

### Lease Liabilities

Current	270,234	165,604
Non-current	229,199	337,755
<b>Total Lease Liabilities</b>	<b>499,433</b>	<b>503,359</b>

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

## 11. Right-of-use Assets and Lease Liabilities (Continued)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

## 12. Intangible Assets

	Notes	2023 \$	2022 \$
Intangibles		2,515,207	2,544,178
<b>Total Intangible Assets</b>		<b>2,515,207</b>	<b>2,544,178</b>
<b>Carrying Value</b>		<b>Intangibles \$</b>	<b>Total \$</b>
As at 1 July 2022		2,544,178	2,544,178
Additions		-	-
Disposals		(28,971)	(28,971)
<b>Balance as at 30 June 2023</b>		<b>2,515,207</b>	<b>2,515,207</b>

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## 12. Intangible Assets (Continued)

Goodwill relates to the acquisition of Tasmanian Pate, Daly Potato Co, The Cashew Creamery and Lauds Plant-Based Foods.

### *Recognition and Measurement*

#### *Goodwill*

Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred at fair value;
- any non-controlling interest (determined under either the fair value or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- i. the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- ii. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 12. Intangible Assets (Continued)

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units (CGU) or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Impairment losses for goodwill are not subsequently reversed.

During the financial year, the Board and management reviewed the internal reporting and the CGU's of the Group. Given the expansion in brands and products, the management of CGU's by individual brand was not aligned with the reporting of the Group. As such, a single CGU has created title 'Pure Foods Tasmania Products' which encompasses all brands of the business as they are intrinsically linked under the PFT brand. This aligns with the reporting to the Board at Group level.

### *Recoverable Amount of Goodwill*

Impairment testing has been undertaken at 30 June 2023 for the CGU for goodwill or where there is an indication of impairment. The Group has 1 CGU for which impairment testing has been completed for goodwill – Pure Foods Tasmania Products.

The recoverable amount for the CGU has been determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and forecasts approved by management. Key assumptions used in the value-is-use calculations for the CGU is:

	Sales Growth Rate (CAGR 6 Years) %	Production Costs Growth Rate (CAGR 6 Years) %	Indirect Costs Growth Rate (CAGR 6 Years) %	Long-Term Growth Rate %	Pre-Tax Discount Rate %
Pure Foods Tasmania Products	19.2	14.1	6.9	2.0	11.2

Management has based the value-in-use calculations on budgets. These budgets use historical weighted average growth rates to project revenue. Costs are calculated considering historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the CGU operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

## 12. Intangible Assets (Continued)

Changes to key inputs within the value in use calculations:

- Sales growth rate – Sales growth rates were increased as at 30 June 2023 to reflect market growth rates, the strategic initiatives adopted by the Board and product price increases.
- Production costs – Production costs as a percentage of revenue are forecast to increase over the forecast period which is reflective gross margin improvement through a focus on value chain profitability and management of input costs.
- Long-term growth rate – Reduced to 2.0% which is in line with Reserve Bank of Australia's economic outlook.
- Pre-tax discount rate – The discount rate represents the current market assessment of the risks relating to the relevant CGU. In performing the value in use calculations for the CGU, the Group has applied a pre-tax discount rate of 11.2% (11.1% post tax).

### *Review Outcome*

In completing the impairment review based on the aforementioned, the value in use of the Pure Foods Tasmania Products business exceeded its carrying value.

### *Other Intangible Assets*

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of comprehensive income. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

### *Research and Development Costs*

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

An entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. An intangible asset shall be regarded by the entity as having an indefinite useful life when, based on the analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

### 13. Trade and Other Payables

	Notes	2023 \$	2022 \$
Trade and other payables		1,715,853	1,737,570
<b>Total Trade and Other Payables</b>		<b>1,715,853</b>	<b>1,737,570</b>

#### *Recognition and Measurement*

Trade and other payables represent liabilities for goods and services received by the Group which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts paid in accordance with supplier trading terms. Due to the short-term nature of trade and other payables, the carrying value is reflective of fair value.

### 14. Provisions

	Notes	2023 \$	2022 \$
<b>Current</b>			
Employee benefits		219,817	232,833
<b>Total Current Provisions</b>		<b>219,817</b>	<b>232,833</b>
<b>Non-current</b>			
Employee benefits		-	17,992
<b>Total Non-Current Provisions</b>		<b>-</b>	<b>17,992</b>
<b>Total Provisions</b>		<b>219,817</b>	<b>250,825</b>

#### *Recognition and Measurement*

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.



#### 14. Provisions (Continued)

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

#### 15. Borrowings

	Notes	2023 \$	2022 \$
<b>Current</b>			
Hire purchase liabilities		-	6,550
Bank loan facility		2,913,779	263,634
<b>Total Current Borrowings</b>		<b>2,913,779</b>	<b>270,184</b>
<b>Non-Current</b>			
Hire purchase liabilities		-	8,480
Bank loan facility		1,019,779	967,468
<b>Total Non-Current Borrowings</b>		<b>1,019,779</b>	<b>975,948</b>
<b>Total Borrowings</b>		<b>3,933,558</b>	<b>1,246,132</b>

## 15. Borrowings (Continued)

### *Recognition and measurement*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet of the Group when the terms and obligations specified in the contract are discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party, and the consideration paid is recognised in the consolidated income statement as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs, including transaction fees, are recognised in the consolidated income statement in the period in which they are incurred.

### *Secured liabilities and assets pledged as security*

The Group has entered into finance facilities with the Commonwealth Bank of Australia (CBA) and National Australia Bank these include:

- \$2.50 million market rate loan for 12 months that is secured against a \$2.50 million deposit facility with CBA;
- \$1.61 million asset finance facilities which are secured over specific assets ranging with maturity dates from December 2024 to August 2026 with CBA; and
- \$0.01 million asset finance facility with a maturity date of September 2024 with NAB.

### *Financial covenants*

There were no financial covenants over borrowings in place as at 30 June 2023.

## 16. Issued Capital

	2023		2022	
	Number of Shares (No.)	\$	Number of Shares (No.)	\$
Fully paid ordinary shares (post-consolidation)	109,739,914	18,857,783	61,816,470	16,643,159

### *Movement in Ordinary Capital*

Date	Details	Number of Shares (No.)	\$
1 July 2022	Balance at beginning of period	61,819,470	16,643,159
	Shares issued	47,920,444	5,926,721
	Notes redeemed (net of costs)	-	(3,450,000)
	Issue costs	-	(262,097)
	Balance at end of period	109,739,914	18,857,783

In September 2022, the Group raised a total of \$5.7m (net of costs) from new and existing shareholders. This was facilitated by a placement to sophisticated investors and an entitlement offer to existing shareholders.

On 31 October 2022, the Group announced the redemption of up to \$3.5m of the \$4.7m of notes that were outstanding held by noteholders. The funds were provided by a bank loan of \$2.5m and funds on hand of \$1.0m.

### *Terms and Conditions of Issued Capital*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

### *Share Options and Performance Rights*

Share options and performance rights do not entitle the holder to participate in dividends and the proceeds on winding up the Group. The holder is not entitled to vote at General Meetings.

2,800,000 share options were forfeited on 30 April 2023 (2022: 2,800,000).

## 16. Issued Capital (Continued)

	Notes	2023 (No.)	2022 (No.)
<b>Movement in Options</b>			
Balance at beginning of the year		2,800,000	7,674,096
Options granted to raise capital		-	-
Options redeemed/lapsed		(2,800,000)	(4,874,096)
<b>Balance at End of the Year</b>		<b>-</b>	<b>2,800,000</b>

### *Recognition and Measurement*

Ordinary shares are classified as equity, with ordinary share capital being recognised at fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## 17. Cash Flow Reconciliation

	Notes	2023 \$	2022 \$
<b>Cash and Cash Equivalents</b>			
Cash and cash equivalents		3,468,766	2,486,256
<b>Total Cash and Cash Equivalents</b>		<b>3,468,766</b>	<b>2,486,256</b>

### *Recognition and Measurement*

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

## 17. Cash Flow Reconciliation (Continued)

### *Reconciliation of Cash and Cash Equivalents to the Statement of Cash Flows*

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Notes	2023 \$	2022 \$
Profit/(loss) after income tax		(1,827,333)	(3,338,315)
<b>Adjustments for Non-Cash Items:</b>			
Depreciation and amortisation		752,918	588,531
Bad debts		16,983	1,132
Intangible asset write-offs		28,971	-
(Gain)/loss on lease modifications		-	(214)
(Gain)/loss on disposal of assets		-	(70)
<b>Changes in Assets/Liabilities:</b>			
(Increase)/decrease in trade and other receivables		(535,439)	(52,436)
(Increase)/decrease in inventories		(209,948)	(325,204)
(Increase)/decrease in deferred taxes		(452,859)	(922,734)
Increase/(decrease) in trade and other payables		(21,717)	(31,909)
Increase/(decrease) in provisions		(31,008)	61,941
<b>Net Cash Provided by/(Used in) Operating Activities</b>		<b>(2,279,432)</b>	<b>(4,019,278)</b>

## 18. Financial Risk Management

The Group's principal financial instruments comprise receivables, payables, cash, and short-term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised in the following. Primary responsibility for identification and control of financial risks rests with the Managing Director under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including, interest rate risk, credit allowances, and future cash flow forecast projections.

The carrying amounts of the Group's financial assets and liabilities at balance date were equal to their fair value.

### *Recognition and Measurement*

#### *Classification*

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at the time of initial recognition.

#### *Financial Assets at Fair Value through Profit or Loss*

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- (a) An entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit and loss.
- (b) Doing so results in more relevant information, because either:
  - i. It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.
  - ii. A group of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to key management personnel.

## 18. Financial Risk Management (Continued)

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

Present investment strategy is to keep assets in a highly liquid state and almost all of the investment assets are held in cash.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost, and tested for impairment.

### *Loans and Receivables*

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

### *Financial Liabilities*

Financial liabilities include trade payables, other creditors, and loans from third parties including inter-company balances and loans from / or other amounts due to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt, less principal payments, and amortisation.

### *Risk Exposures and Responses*

#### *Interest Rate Risk*

The Group's exposure to market interest rates is related primarily to the Group's cash deposits. At balance sheet date, the Group had the following mix of financial assets exposed to Australian and variable interest rate risks that are not designated as cash flow hedges:

	Notes	2023 \$	2022 \$
Financial assets		1,844,318	1,263,014
Cash and cash equivalents		3,468,766	2,486,256
<b>Net Exposure</b>		<b>5,313,084</b>	<b>3,749,270</b>

The Group regularly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangements for its deposits.

## 18. Financial Risk Management (Continued)

The following sensitivity analysis is based on the interest rate opportunity/risk relating to cash deposits at balance date.

At 30 June 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit/(loss) and equity would have been affected as follows:

Notes	2023 \$	2022 \$
Judgements of reasonably possible movements:		
+ 0.5% (50 basis points)	26,565	18,746
- 0.5% (50 basis points)	(26,565)	(18,746)

### *Liquidity Risk*

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All current liabilities fall due within normal trade terms, which are generally 30 days.

### *Credit Risk*

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

The Group applies the AASB 9 simplified approach to measuring expected credit losses as disclosed in Note 8.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.



## 18. Financial Risk Management (Continued)

### *Fair Value*

The method for estimating fair value is outlined in the relevant notes to the financial statements. All financial assets held at fair value are valued based on the principles outlined in AASB 7 in relation to Level 1 of the hierarchy of fair values, being quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

## 19. Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	Notes	2023 \$	2022 \$
<b>Debt</b>			
Borrowings		3,933,558	1,246,132
Trade and other payables		1,715,853	1,737,570
<b>Total Debt</b>		<b>5,649,411</b>	<b>2,983,702</b>
Less cash and cash equivalents		3,468,766	2,486,256
<b>Net (Cash)/Debt</b>		<b>2,180,645</b>	<b>497,446</b>
 <b>Total Equity</b>		 <b>12,143,459</b>	 <b>11,756,168</b>
<b>Total Capital</b>		<b>18,857,783</b>	<b>16,643,159</b>
 Gearing ratio (total debt / total equity)		 48.1%	 24.9%

## 20. Parent Entity Information

	Notes	2023 \$	2022 \$
<b>Financial Position</b>			
<b>Assets</b>			
Current assets		1,031,687	180,633
Non-current assets		17,226,626	15,312,438
<b>Total Assets</b>		<b>18,258,313</b>	<b>15,493,071</b>
<b>Liabilities</b>			
Current liabilities		6,159	69,610
Non-current liabilities		1,220,004	1,189,203
<b>Total Liabilities</b>		<b>1,226,163</b>	<b>1,258,813</b>
<b>Net Assets</b>		<b>17,032,150</b>	<b>14,234,258</b>
Contributed equity		17,032,150	14,234,258
<b>Financial Performance</b>			
Total revenue		570,357	182,529
<b>Profit/(Loss) for the Period</b>		<b>560,155</b>	<b>821,439</b>

## 21. Subsidiaries

Entity	Country of Incorporation	Equity holding	
		2023 %	2022 %
PFT Holdings Pty Ltd	Australia	100	100
PFT No 1 Pty Ltd	Australia	100	100
PFT No 2 Pty Ltd	Australia	100	100
PFT No 3 Pty Ltd	Australia	100	100
The Cashew Creamery Pty Ltd	Australia	100	100
New Pastures Plant-Based Foods Pty Ltd	Australia	100	100

## 22. Contingent Liabilities and Assets

There are no matters which the Group consider would result in a contingent liability or asset as at the date of this report.

## 23. Commitments for Expenditure

	Notes	2023 \$	2022 \$
<b>Capital Commitments – Capital Expenditure Projects</b>			
Payable:			
Not longer than one year		-	517,073
Longer than one year but no longer than five years		-	-
Longer than five years		-	-
<b>Total Capital Commitments – Capital Expenditure Projects</b>		<b>-</b>	<b>517,073</b>
<b>Other Commitments – Operating Expenditure</b>			
Operating expenditure contracted but not included in the financial statements:			
Payable:			
Not longer than one year		-	-
Longer than one year but no longer than five years		-	-
Longer than five years		-	-
<b>Total Other Commitments – Operating Expenditure</b>		<b>-</b>	<b>-</b>

## 24. Events Occurring After Balance Date

The Board is not aware of any matter or circumstance not otherwise dealt within these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

## 25. Related Party Transactions

	Notes	2023 \$	2022 \$
<b>Key Management Personnel Compensation</b>			
The aggregate compensation of the key management personnel of the Group is set out below:			
Short-term benefits		491,759	416,906
Post-employment benefits		51,030	38,553
Share-based payments		-	-
<b>Total Key Management Personnel Compensation</b>		<b>542,789</b>	<b>455,459</b>

## Transactions with Related Parties

The group acquired the following goods and services as follows:

Ken Fleming for consulting services		26,119	25,369
<b>Total Transactions with Related Parties</b>		<b>26,119</b>	<b>25,369</b>

## 26. Auditor's Remuneration

	Notes	2023 \$	2022 \$
Auditors of the parent entity		42,000	42,000
Other assurance services		-	-
<b>Total Auditor's Remuneration</b>		<b>42,000</b>	<b>42,000</b>

## 27. Employee Securities Incentive Plan

During the year the employee securities incentive plan that was in place was ceased. There presently isn't an employee securities incentive plan in place. The following table details the share options in place at 30 June 2023.

### Share Options Granted

Share options outstanding at 30 June 2023 are as follows:

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Expired	Balance at End of Year
28/04/2020	30/04/2023	\$0.40	-	2,800,000	-

In accordance with a resolution of the Directors of Pure Foods Tasmania Limited, the Directors of the Group declare that:

- 1) The financial statements and notes, as set out on pages 22 to 62 are in accordance with the *Corporations Act 2001* and:
  - a. Comply with Australian Accounting Standards applicable to the Consolidated Group, which, as stated in the accounting policies to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - b. Give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Consolidated Group;
- 2) In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- 3) The Directors have been given the declaration required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the Directors.



**Michael Cooper**

Director

Date: 23 August 2023



## Independent Auditor's Report to the Members of Pure Foods Tasmania Limited

### Opinion

We have audited the financial report of Pure Foods Tasmania Limited (the Company and its controlled entities (the Group)), which comprises the Consolidated Statement of Financial Position as at 30 June 2023, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year then ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Group, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Going Concern Assumption

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$1.83m and a net cash outflow from operations of \$2.3m during the year ended 30 June 2023. These conditions, along with other matters set forth in Note 1, provide the



reasoning for the assessment of the financial statements being prepared as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial report for the year ended 30 June 2023. These matters were addressed in the context of our audit of the financial report as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of goodwill – refer Note 12 in the Financial Report</i></p> <p>The Group holds intangible assets totalling \$2.5m as at 30 June 2023, of which \$1.9m relates to goodwill. Under Australian Accounting Standards, the Group is required to assess goodwill for impairment at least annually.</p> <p>The Group performed an impairment assessment for the Pure Foods Tasmania Products cash generating unit (CGU), calculating the value in use of the net assets in the CGU.</p> <p>The valuation model used by the Group to perform the impairment assessment is based on budget forecasts.</p> <p>The Group did not identify any impairment for the CGU.</p>	<p>We assessed whether the Group's determination of CGU was consistent with our understanding of the nature of the Group's operations and internal Group reporting. We assessed management's conclusions around allocating Pure Foods Tasmania Products as a CGU.</p> <p>We tested the mathematical accuracy and integrity of the calculation in the model.</p> <p>To evaluate the model, we performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> <li>• Compared model inputs to the 2023 financial year budget;</li> <li>• Assessed historical performance of the CGU; and</li> <li>• Assessed forecast growth assumptions.</li> </ul> <p>We assessed the discount rate used in the impairment assessment by comparing to comparable companies.</p> <p>We performed sensitivity analysis which highlighted that the CGU's are sensitivity to changes in key assumptions. We recalculated the change in growth rates and discount rates which would result in an impairment and also evaluated the adequacy of the disclosures in Note 12 in light of the requirements of Australian Accounting Standards.</p>

## Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 to 20 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Pure Foods Tasmania Limited for the year ended 30 June 2023 complies with s 300A of the *Corporations Act 2001*.

## Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Wise Lord & Ferguson*

Wise Lord & Ferguson



Nick Carter

Partner

Wise Lord & Ferguson

Date: 23 August 2023

## A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Holding range	No. holders	Total units	% issued share capital
Above 0 up to and including 1,000	525	248,825	0.23
Above 1,000 up to and including 5,000	678	1,817,328	1.66
Above 5,000 up to and including 10,000	274	2,130,686	1.94
Above 10,000 up to and including 100,000	451	15,154,265	13.81
Above 100,000	131	90,388,810	82.37
<b>Total</b>	<b>2,059</b>	<b>109,739,914</b>	<b>100</b>

## B. Equity Security Holders

Twenty largest quoted equity security holders.

The names of the twenty largest holders of quoted equity securities are listed below (some are grouped where the holdings are deemed to be controlled by the same entity):

Position	Holder name	Holdings	% issued share capital
1	HSBC Custody Nominees (Australia) Limited A/C 2	7,200,801	6.61
2	Ilwella Pty Ltd A/C 2	5,900,000	5.41
3	Quality Life Pty Ltd	5,546,921	5.09
4	Willar Pty Ltd	4,404,682	4.04
5	JAF Capital Pty Ltd	4,007,500	3.68
6	Mr Timothy Tulloch Brock Lewis & Mrs Catherine Anne Lewis	3,082,646	2.83
7	Krisami Investments Pty Ltd	3,000,000	2.75
8	Rottcodd Pty Ltd	2,668,975	2.45

Pure Foods Tasmania Limited  
ABN 13 112 682 158  
Shareholder Information  
For the Year Ended 30 June 2023

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Position	Holder name	Holdings	% issued share capital
9	HSBC Custody Nominees (Australia) Limited	2,605,825	2.39
10	BFADM Pty Ltd	2,599,518	2.39
11	MSG Pty Ltd	2,566,021	2.35
12	Twomaccas Pty Ltd	2,343,333	2.15
13	Glenlore Super Pty Ltd	2,012,158	1.85
14	Bensam Investments Pty Ltd	1,527,341	1.40
15	Daly Potato Company Pty Ltd	1,519,739	1.39
16	Edlou Investments Pty Ltd	1,490,000	1.37
17	Mr Timothy Bird	1,405,137	1.29
18	Mr Craig McCourtie	1,334,602	1.22
19	Savoir Superannuation Pty Ltd	1,285,185	1.18
20	Clement Holdings Pty Ltd	1,256,513	1.15

### C. Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### D. Use of Cash

Cash and assets readily convertible to cash held by the Group for the reporting period were used in a way consistent with its business strategy and objectives.

#### **Board of Directors**

Malcolm McAully	Non-Executive Chairman
Michael Cooper	Managing Director and CEO
Ken Fleming	Non-Executive Director

#### **Company Secretary**

Justin Hill

#### **Registered Office**

2/179 Murray Street  
Hobart Tasmania 7000 Australia

#### **Postal Address**

100-104 Mornington Road  
Mornington, Tasmania 7018 Australia  
Tel: +61 (3) 6231 4233

#### **Share Registry**

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth Western Australia 6000 Australia

#### **Auditor**

Wise Lord & Ferguson  
160 Collins Street  
Hobart Tasmania 7000 Australia

#### **Solicitors**

Page Seager  
2/179 Murray Street  
Hobart Tasmania 7000 Australia

### **Bankers**

Commonwealth Bank of Australia  
National Australia Bank

### **Stock Exchange Listing**

Pure Foods Tasmania Limited shares are listed on the Australian Securities Exchange, code PFT.

### **Company Website**

[www.purefoodstas.com](http://www.purefoodstas.com)