



Pure Foods Tasmania Ltd
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www.purefoodstas.com

ASX Announcement

Pure Foods Tasmania Limited (ASX:PFT)

30th April 2024

Quarterly Activities Report and Appendix 4C Quarterly Cash Flow

Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the Company') provides its Quarterly Activities Report and Appendix 4C Quarterly Cash Flow statement for the quarter ended 31st March 2024 (Q3 2024).

Unless otherwise stated all financial results are unaudited.

HIGHLIGHTS

The results presented below should be viewed through the prism of the major restructuring the Company has embarked on since late calendar 2023, with the focus on tight capital management, cost reduction and product rationalisation. The sale of Lauds Plant Based Foods in the December quarter was one of many initiatives the Company has undertaken as part of this exercise. The second and more comprehensive exercise has focused on product rationalisation in the wake of the unprecedented and unsustainable order demand from our major retail customers in the lead up to Christmas 2023. This directly impacted our cost of production, especially in our Daly division and has resulted in the following initiatives:

- A reduction in direct labour cost of \$0.65m has been realised.
- Exiting unprofitable product SKUs that were too labour intensive to maintain in the absence of new capital investment.
- A rebalancing of our sales mix to focus on high margin customers; and
- Renegotiated customer pricing for those customers whereby raw material, ingredient and packaging costs have increased beyond absorption.



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OPERATIONAL HIGHLIGHTS

- Woolworths extended the distribution of 400gm Bacon & Dijon salads into 180 stores in Queensland from April 2024.
- Price increases secured for both Tasmanian Pate and Daly Salad range in all sales channels effective April 24.
- Price increases passed on to our Woodbridge Smokehouse customers, reflecting the record high Salmon HOG (head on gutted) raw material purchase prices.
- A March 2024 launch of new 1 litre Cashew Creamery ice cream tub varieties into IGA supermarkets nationally.
- PFT continues to experience sealing issues with the Multivac TX710 tray sealing machine, which has directly affected our operational performance. While this is unresolved, PFT has needed to rely on more labour input (\$145k approximately for FY24) than desirable to meet customer order demand. The matter has been escalated with Multivac and these discussions are ongoing.

FINANCIAL HIGHLIGHTS

- Cashflow from operations for Q3 FY24 of (\$1.238 million), was directly impacted by higher staff costs realised in January and February 24 and was related to the higher production period in Q2, especially in our Daly division. Significantly, the business was operating 7 days a week, 18 hours per day and this clearly was unsustainable.
- Staff costs were impacted by both our PAYG and Superannuation payments that derived from our peak production period and relative to Q2, being paid in Q3. Adjusting for timing issues, the normalised cash spend for operating costs in Q3 would have been (\$0.898m).
- During the quarter a \$500k short term loan was secured from AMAL Security Services to assist with immediate working capital requirements. The Company will be issuing 3,500,000 options at an exercise price of \$0.059 cents per share to AMAL in lieu of an 'establishment fee', and to preserve cash. PFT intends to repay the loan when due, although there are options to extend if prudent.
- Cash on hand of \$2.432 million as of 31st March 2024 continues to support the business as it concludes its operating restructure and product rationalisation, under what has been challenging market conditions.

Michael Cooper, Managing Director and CEO, highlighted, "Q3 FY24 was a challenging quarter for Pure Foods with high demand for labour intensive products. We made the decision in February to cease production of some of these products as it was too labour intensive and therefore unsustainable. We have pivoted our Potato & Gravy range away from the Hot Box section of the retailers stores into the chilled take home section. We found in the Hot Box section, staff found it hard to manage cook times to



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ensure the product was available at the right times of the day and this led to high wastage and markdowns which PFT was required to support.

We are confident the product will be better placed in the chiller section since we have improved shelf life to 28 days and the ready-to-eat-meal category is still growing strongly. We believe this is a good opportunity for Potato & Gravy.

It was very positive news to see our Bacon & Dijon 400gm Salad being ranged into Queensland Woolworths stores. This is the first time Daly Salads have been available in Queensland which has one of the highest consumption of salads in the Country.

We are also working on new product development with two new products to be launched in Q4 FY 24 and we continue to review a number of acquisitions and have completed preliminary due diligence on one target in Q3. Considerations for any acquisition is scale and positive contribution to earnings.

CORPORATE

As detailed in the attached ASX Appendix 4C, the Company had \$2.432 million in cash as of 31st March 2024.

Payments of \$27,750 were made to related parties and their associates during the quarter, as noted in Section 6 of Appendix 4C.

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

For further information, please contact:

Corporate

Michael Cooper
Managing Director
+61 419 124 433

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, The Cashew Creamery and New Pastures.

Appendix 4C

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

Name of entity

Pure Foods Tasmania Limited

ABN

13112682158

Quarter ended ("current quarter")

 31st March 2024

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 2,134 | 6,744 |
| 1.2 Payments for | | |
| (a) research and development | | |
| (b) product manufacturing and operating costs | (1,748) | (4,827) |
| (c) advertising and marketing | (3) | (64) |
| (d) leased assets | (17) | (67) |
| (e) staff costs | (1,463) | (3,728) |
| (f) administration and corporate costs | (241) | (468) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 11 | 124 |
| 1.5 Interest and other costs of finance paid | (80) | (206) |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | 0 | 377 |
| 1.8 Other (GST claims, insurance claim) | 169 | 141 |
| 1.9 Net cash from / (used in) operating activities | (1,238) | (1,974) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | 0 | (49) |
| (b) businesses | | |
| (c) property, plant and equipment | (44) | (476) |
| (d) investments | | |
| (e) intellectual property | | |
| (f) other non-current assets | 0 | 0 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | | |
| | (b) businesses | | |
| | (c) property, plant and equipment | 0 | 215 |
| | (d) investments | | |
| | (e) intellectual property | | |
| | (f) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| 2.6 | Net cash from / (used in) investing activities | (44) | (310) |

| | | | |
|-----------|--|------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | | |
| 3.2 | Proceeds / (repayment) of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | | |
| 3.5 | Proceeds from borrowings | 566 | 2,114 |
| 3.6 | Repayment of borrowings | (180) | (430) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (principal component of lease payments, convertible note interest & principal repayment & Lauds loan extinguished on sale of business) | (162) | (439) |
| 3.10 | Net cash from / (used in) financing activities | 224 | 1,245 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 3,490 | 3,471 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,238) | (1,974) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (44) | (310) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 224 | 1,245 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 2,432 | 2,432 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances | 329 | 990 |
| 5.2 | Call deposits | 2,500 | 2,500 |
| 5.3 | Bank overdrafts | (397) | 0 |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,432 | 3,490 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|--|--|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 26 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 0 |
| <i>Note: The amounts paid above includes Board Fees of \$21,500 and \$4,167 in payments to the Fleming Family Trust as a retainer for director Ken Fleming's services.</i> | | |

| | | | |
|-----------|---|---|--|
| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 7.1 | Loan facilities | 6,847 | 5,372 |
| 7.2 | Credit standby arrangements | 500 | 0 |
| 7.3 | Other (please specify – credit card) | 30 | 1 |
| 7.4 | Total financing facilities | 7,377 | 5,373 |
| 7.5 | Unused financing facilities available at quarter end | | 2,004 |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| Lender | Interest Rate | Maturity Date | Item | Secured or Unsecured | Amount Drawn \$A'000 |
|--|----------------|---------------|-------------------------|----------------------|----------------------|
| NAB - equipment finance | 3.13% | Sep-24 | Refrigerated Van | Secured | 3 |
| CBA - equipment finance | 2.72% | Dec-24 | General equipment | Secured | 304 |
| CBA - equipment finance | 2.92% | Mar-25 | TasPate Equipment | Secured | 72 |
| CBA - equipment finance | 2.92% | Apr-25 | VW Amarok | Secured | 24 |
| CBA - equipment finance | 2.92% | Apr-25 | WB Equipment | Secured | 20 |
| CBA - equipment finance | 2.92% | Apr-25 | Daly Equipment | Secured | 104 |
| CBA - equipment finance | 3.49% | Aug-26 | Shipping Container | Secured | 193 |
| CBA - equipment finance | 2.92% | Jun-25 | Crown Forklift | Secured | 6 |
| CBA - equipment finance | 2.92% | Jun-25 | Thermosealing Machine | Secured | 35 |
| CBA - equipment finance | 8.64% | Dec-24 | TCC Equipment | Secured | 405 |
| CBA - equipment finance | 9.30% | Nov-28 | Keymac Machine | Secured | 101 |
| CBA - equipment finance | 9.21% | Nov-28 | Combi Kettle | Secured | 281 |
| CBA - market rate loan | BBSY + 2.8806% | Nov-23 | Market Rate Loan | Secured | 2,500 |
| Shareholder Loan | 12% + Options | Dec-25 | Capital Investment Loan | Secured | 1,000 |
| AMAL Security Services - short term loan | 13% + Options | Jun-24 | Short Term Loan | Secured | 325 |
| TOTAL | | | | | 5,372 |

| | | |
|--|--|----------------|
| 8. | Estimated cash available for future operating activities | \$A'000 |
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (1,238) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 2,432 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 2,004 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 4,436 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 3.6 quarters |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> | | |
| 8.6 | If item 8.5 is less than 2 quarters, please provide answers to the following questions: | |
| 8.6.1 | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| | Answer: n/a | |
| 8.6.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| | Answer: n/a | |

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30 April 2024.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.