



ASX Announcement

September 2024 Quarterly Activities Report and 4C Market Update

Pure Foods Tasmania Limited (ASX: PFT)

31 October 2024

KEY POINTS

- Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the **Company**') reported revenue in 1Q25 of \$1.45M, which was lower than 1Q24 (revenue of \$3.15M or \$3.04M excluding Lauds revenue which was sold in December 2024). The gross profit margin however was 17.5% in the Quarter, compared to 9.3% in the pcq. The principal difference was attributable to the singular focus on cutting costs which included the deletion of low margin and unprofitable SKU's. This included Daly's Frozen Range and Potato and Gravy. Lauds was also a negative contributor in the pcq and while the Board believed it would improve, timing was not favourable in the wake of the cost pressures the Company was experiencing. These pressures were principally external and related to wages, freight and input costs.
- Net earnings were also markedly improved and PFT recorded a (normalised) pre-tax loss of \$416,000 for the Quarter and EBITDA of negative \$244,000. The 'normalisation' adjustments relate to costs related to the Entitlement Offer concluded in May 2024, employee expenses (noted below), non-recurring costs associated with the employees that have left and will not be replaced and planned (but not implemented) final tranche of 'significant' cost savings. This tranche will be implemented in November 2024. By comparison, PFT recorded an EBITDA loss of \$637,000 in the pcq.
- EBITDA in September was (normalised) negative \$44,000; compared to a loss of \$234,000 in 1Q23.
- Cash from Operations for the Quarter was a loss of \$739,000 which included a number of non-recurring expenses (as noted above).
- PFT is well on track to achieve cost savings in FY25 of at least \$1.5M with the aim to return the Company to profitability by 4Q24. And while costs have been the singular focus, the Company expects the revenue base to substantially improve and budget expectations are for revenue to recover to \$9M to \$10M in FY25 (up from \$7.5M in FY24).
- PFT has held positive discussions with its key stakeholders with the objective of satisfying the ASX to lift the suspension currently placed on the Company's shares.

STRATEGY REALIGNMENT

Management and Board

As advised in recent ASX releases, there have been a number of key management changes and Malcolm McAully has been appointed Executive Chairman. This followed the resignation of Michael Cooper from the position of Managing Director and Phil Excel from the position of CFO.

Under current cost saving and restructuring initiatives, the Board decided to replace the CFO role with a Corporate Accountant position. That appointment was made on 2 September 2024.

These two resignations and the employment of the Corporate Accountant have resulted in a net annual saving of ~\$500k.

Restructuring, Refocusing and Rebuilding

In response to the financial challenges, noted above, the Directors have implemented several strategic initiatives to enhance the Group's financial stability and operational performance. These initiatives began at the end of calendar 2023 and include a disciplined approach to managing input cost increases, implementing a range of cost reductions while also introducing other profitability enhancement measures.

Specifically, these initiatives include deletion (and/or changes to) unprofitable (low margin) SKU's, potential sale of surplus equipment and/or business units and a more disciplined approach to passing on input cost increases to our major customers.

Acquisition, Merger and Demerger Opportunities

The Company maintains an open dialogue with several parties in relation to potential joint ventures that could be created by demerging one or two of PFT businesses (subject to any required approvals under the Listing Rules) and thereby provide new management, business strategy and fresh capital to grow the business.

OUTLOOK

Having completed a less than desirable year and been faced with a stream of headwinds, the Board and management team are synchronised and working closely to pursue all improvement opportunities, including operations, adequacy of plant and equipment, market dynamics and priorities and product distribution.

Safety and quality remain a number one priority throughout the Company.

Considering the majority of FY24 losses were created by new product development initiatives and unplanned production cost overruns for supply to our major customers, and this situation will not be repeated in FY25, we anticipate a substantially improved trading performance in FY25.

---ends---

This announcement has been authorised and approved by the Board of PFT on 31 October 2024 .

For further information, please contact:

Corporate

Malcolm McAully
Executive Chair
0362294546

About Pure Foods Tasmania

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.

purefoodstas.com

Appendix 4C

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

Name of entity

Pure Foods Tasmania Limited

ABN

13112682158

Quarter ended ("current quarter")30th September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,469	1,469
1.2 Payments for			
(a) research and development		0	0
(b) product manufacturing and operating costs		(1,139)	(1,139)
(c) advertising and marketing		(7)	(7)
(d) leased assets		(14)	(14)
(e) staff costs		(833)	(833)
(f) administration and corporate costs		(66)	(66)
1.3 Dividends received (see note 3)		0	0
1.4 Interest received		0	0
1.5 Interest and other costs of finance paid		(126)	(126)
1.6 Income taxes paid		0	0
1.7 Government grants and tax incentives		0	0
1.8 Other (provide details if material)		(23)	(23)
1.9 Net cash from / (used in) operating activities		(739)	(739)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		0	0
(b) businesses		(10)	(10)
(c) property, plant and equipment		(1)	(1)
(d) investments		0	0
(e) intellectual property		0	0
(f) other non-current assets		0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	0	0
	(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	(11)	(11)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(141)	(141)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(117)	(117)
3.10	Net cash from / (used in) financing activities	(258)	(258)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,078	1,078
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(739)	(739)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(11)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(258)	(258)
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	70	70

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	(354)	252
5.2 Call deposits	1,500	1,500
5.3 Bank overdrafts	(1,076)	(174)
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	70	1,578

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	25
6.2 Aggregate amount of payments to related parties and their associates included in item 2	

Note: The amount paid in 6.1 above is for Board fees of \$24,500

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	6,790	5,384
7.2	Credit standby arrangements (Stream)	1,200	354
7.3	Other (please specify – credit cards)	25	0
7.4	Total financing facilities	8,015	5,738
7.5	Unused financing facilities available at quarter end		2,277
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
CBA - equipment finance	2.72%	Dec-24	General equipment	Secured	244
CBA - equipment finance	2.92%	Mar-25	Tas Pate Equipment	Secured	64
CBA - equipment finance	2.92%	Apr-25	VW Amarok	Secured	18
CBA - equipment finance	2.92%	Apr-25	WB Equipment	Secured	12
CBA - equipment finance	2.92%	Apr-25	Daly Equipment	Secured	84
CBA - equipment finance	3.49%	Aug-26	Shipping container	Secured	177
CBA - equipment finance	2.92%	Jun-25	Crown Forklift	Secured	4
CBA - equipment finance	2.92%	Jun-25	Thermosealing machine	Secured	21
CBA - equipment finance	8.64%	Dec-24	TCC Equipment	Secured	359
CBA - equipment finance	9.30%	Nov-28	Keymac Machine	Secured	93
CBA - equipment finance	9.21%	Nov-28	Combi Kettle	Secured	255
CBA - equipment finance	BBSY + 2.8806%	Dec-24	Market Rate Loan	Secured	1,500
Shareholder loan	12% + options	Dec-25	Capital Investment Loan	Secured	1,000
AMAL Security Services - sh	15% + Options	Dec-24	Short term loan	Secured	475
CBA New facility (1694)	Split	Dec-24	Short term loan	Secured	1,078
CBA Credit card		Ongoing	Credit card	Secured	-
					5,384

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(739)
8.2	Cash and cash equivalents at quarter end (item 4.6)	56
8.3	Unused finance facilities available at quarter end (item 7.5)	2,277
8.4	Total available funding (item 8.2 + item 8.3)	1,594
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.2 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.

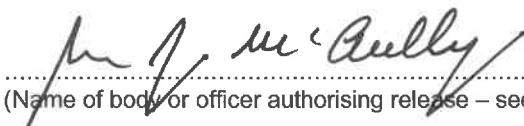
Compliance statement

- 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 - 10 / 2024

Authorised by:


(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.