



ASX Announcement

December 2024 Quarterly Activities Report and 4C and Market Update

Pure Foods Tasmania Limited (ASX: PFT)

31 January 2025

Key Points

Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the Company') is pleased to provide:

- ▶ An update on the operating performance of the Company for 2Q25;
- ▶ A summary of the key initiatives the Company has undertaken following the appointment of Malcolm McAully to the role of Executive Chairman and which are aimed at improving costs and operating efficiencies, and realigning staff and management roles and responsibilities;
- ▶ A comment on potential business opportunities; and
- ▶ An update on the ongoing dialogue with the ASX in relation to the Company's suspension from trading on the ASX.

December 2024 Quarterly Activities Report

- ▶ PFT reported revenue for 2Q25 of \$1,708M was \$239K higher than 1Q25;
- ▶ The gross profit margin was 17.1% in the Quarter, compared to (11.4%) in the prior corresponding period. The principal difference was attributable to the singular focus on cutting costs, including the deletion of low margin and unprofitable SKU's.
- ▶ Net earnings were markedly improved and PFT recorded a (normalised) pre-tax loss of \$190,317 for the Quarter and EBITDA of negative \$252,544. The 'normalisation' adjustments includes the Shareholder Entitlement Offer concluded in May 2024, employee expenses (noted below), non-recurring costs associated with the employees that have left and the planned tranche of 'significant' cost savings.
- ▶ EBITDA in September 2024 quarter was (normalised) negative \$263,764; compared to a negative \$653,088 in 2Q24;
- ▶ Cash from Operations for the December Quarter was a loss of \$301,000 which included a number of non-recurring expenses (as noted above);
- ▶ Annualised cost savings achieved in that last six months are \$1,264,244 with the aim to return to a month by month profit by 4Q25.

Building a leaner and more sustainable business

When Malcolm McAully accepted the role of Executive Chairman he had several priorities, including dealing directly with the ASX to remove the suspension placed on the Company's shares. Those priorities were:

1. Reducing operating costs, streamlining the workforce and realigning management tasks and responsibilities.
2. Identifying plant and equipment surplus to requirements.
3. Reducing debt and renegotiating finance facilities with the CBA.
4. Reviewing each business unit with a view to increasing investment or divestment for a better commercial outcome.
5. Exploring business opportunities which include acquisitions and/or new business partnerships.

Operational improvements

• Improving efficiency

Focusing on reducing cost of goods sold has been a key focus. Better utilisation of workforce planning has meant a reduction in people and costs. Reviewing methods of production and food safety methods has brought opportunities to improve efficiencies in the manufacturing processes.

Freight logistics analysis has revealed opportunities to improve efficiencies and customer delivery across all product lines. These improvements will take greater effect from the second half of FY25.

• Reducing wages

A number of redundancies or not replacing staff has reduced the salaries and wages helping to achieve a more sustainable gross profit margin. Cutting out a level of management was achieved during this time of reducing both non profitable product lines and methods of distribution

• Moving to broker model

Focusing on increasing sales the Company now services the major supermarket chains through a brokerage model. Appointed in November 2024, the brokerage model has already brought efficiencies and increase volume which is building by the month, and we expect the Easter period trading to be our best this year.

The Company has also appointed a local broker for Tasmania with a key focus of servicing the independent store chain distributing our whole range of products and ensuring every store in Tasmania holds our full product range. This arrangement starts 1 February 2025.

Debt reduction and restructuring

On 11 October 2024, PFT announced it had raised \$400,000 through a placement of shares to Robert (Rob) Knight. Rob joined the PFT Board on 14 October 2024. In addition, the Company has:

- renegotiated and repaid the principle owing on the \$500,000 high interest loan;
- settled a claim with an equipment supplier with the overall benefit to PFT of just over \$0.250M;
- renegotiated and restructured its finance arrangements with the CBA, notably:
 - ✓ Extended the \$1.5M cash backed Market Rate loan until 30 June 2026;
 - ✓ Extended the temporary facility to \$1.6M and converted it to a Better Business Loan expiring 30 June 2026; and
 - ✓ Restructured the existing equipment finance balloons of \$0.645M due in FY25 to 30 June 2026.

Opportunities and potential partnerships

It has always been the ultimate aim of the Company to achieve economies of scale and diversification through potential partnerships, mergers and acquisitions. The Board has been active in identifying suitable targets and undertaken due diligence on a number of these targets and which, in a number of cases, lead to the Company submitting a non-binding indicative offer to acquire the business. However, in all cases the Board has not agreed a price or terms that was suitable to either party and PFT prudently did not proceed.

PFT continues to consider a number of potential opportunities which PFT is progressing through its normal due diligence processes.

Update on discussions with ASX

On 16 October 2024, the ASX suspended trading in PFT shares, stating it “will not lift the suspension of trading of PFT’s securities until ASX is satisfied that PFT can demonstrate compliance with Listing Rule 12.2.”

ASX requested PFT provide audited financial statements which do not contain a disclaimer of opinion, qualification paragraph, adverse opinion or other modification to the audit report which ASX may find unacceptable in complying with Listing Rule 12.2.

PFT responded to the ASX that PFT’s Auditors concluded that if information since provided by PFT had been known at the time the Financial Report was issued, **no** qualification opinion regarding going concern would have been issued. This eventuated in a replacement of the 30 June 2024 audited accounts released on 29 November 2024 including a discussion of the subsequent events (**Re-issued Financial Statements**). The new information resulted in the Auditor no longer issuing a qualified audit opinion although the Auditor makes a comment in respect of a risk of continuing as a going concern (see page 61 of the Re-issued Financial Statements for the full report).

Since the release of the re-issued Financial Statements, PFT has been in constant dialogue with the ASX to address ASX’s additional queries.

The Board shares the concerns of our shareholders in relation to the extended suspension of its shares, but as a Company and as a Board, we believe we remain compliant with all the ASX listing rules and have addressed every request and question raised by the ASX since its shares were suspended in October.

With the release of our Appendix 4C and update we remain hopeful that the ASX will favourably view recent information provided and re-instate the quotation of its shares on ASX.

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This announcement has been authorised and approved by the Board of PFT on 31 January 2025.

For further information, please contact:

Corporate

Malcolm McAully
Executive Chair
03 6229 4546

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 and The Cashew Creamery.

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Appendix 4C

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

Name of entity

Pure Foods Tasmania Limited

ABN

13 112 682 158

Quarter ended ("current quarter")

December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,708	3,177
1.2 Payments for		
(a) research and development	0	
(b) product manufacturing and operating costs	(1,228)	(2,367)
(c) advertising and marketing	(6)	(13)
(d) leased assets	(10)	(24)
(e) staff costs	(538)	(1,371)
(f) administration and corporate costs	(90)	(156)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	178	178
1.5 Interest and other costs of finance paid	(98)	(224)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	0	0
1.8 Other (provide details if material)	(185)	(208)
1.9 Net cash from / (used in) operating activities	(301)	(1,008)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	0	(10)
(c) property, plant and equipment	(12)	(13)
(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 (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(12)	(23)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	400	400
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	0	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings	150	150
3.6	Repayment of borrowings	(615)	(756)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	11	(106)
3.10	Net cash from / (used in) financing activities	(54)	(312)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	67	1,145
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(301)	(1,008)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(23)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(54)	(312)
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of period	(300)	(198)

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 686 + 694	(359)	(355)
5.2	Call deposits	1,500	1,500
5.3	Bank overdrafts	(1,447)	(1,076)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(300)	(70)

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 – directors fees + reimbursements	39.5
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</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 + credit card	6,385	5,324
7.2	Credit standby arrangements (Stream)	500	234
7.3	Other (please specify – credit card)	25	0
7.4	Total financing facilities	6,910	5,558
7.5	Unused financing facilities available at quarter end		1,352
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.		

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

Facilities @ 31/12/2024					
Lender	Interest Rate	Maturity Date	Item	Secured or Unsecured	Amount Drawn A\$'000
CBA - equipment finance	2.72%	Dec-24	General equipment	Secured	214
CBA - equipment finance	2.92%	Mar-25	Tas Pate Equipment	Secured	60
CBA - equipment finance	2.92%	Apr-25	VW Amarok	Secured	15
CBA - equipment finance	2.92%	Apr-25	WB Equipment	Secured	8
CBA - equipment finance	2.92%	Apr-25	Daly Equipment	Secured	74
CBA - equipment finance	3.49%	Aug-26	Shipping container	Secured	169
CBA - equipment finance	2.92%	Jun-25	Crown Forklift	Secured	3
CBA - equipment finance	2.92%	Jun-25	Thermosealing machine	Secured	14
CBA - equipment finance	8.64%	Dec-24	TCC Equipment	Secured	336
CBA - equipment finance	9.30%	Nov-28	Keymac Machine	Secured	89
CBA - equipment finance	9.21%	Nov-28	Combi Kettle	Secured	242
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 - short term	Paid out	Dec-24	Short term loan	Paid out	
CBA New facility (1694)	BBL @ 7.5%	Dec-24	Short term loan	Secured	1,600
CBA Credit card		Ongoing	Credit card	Secured	0
Total facilities drawn					5,324

Lender	Interest Rate	Maturity Date	Item	Secured or Unsecured	Available A\$'000
CBA Asset Purch Facility (\$2.7M)		Ongoing	Facility	Secured	1,061
Grand Total					6,385

Facilities @ 7/1/2025					
Lender	Interest Rate	Maturity Date	Item	Secured or Unsecured	Amount Drawn A\$'000
CBA - equipment finance	2.92%	Apr-25	Vacuum packer	Secured	5
CBA - equipment finance	2.92%	Jul-25	Fish processing equipment	Secured	13
CBA - equipment finance	2.92%	Jul-25	Crown forklift	Secured	2
CBA - equipment finance	3.49%	Aug-26	Various condensing units, boilers, etc	Secured	165
CBA - equipment finance	9.91%	Jan-27	Ice cream machines	Secured	325
CBA - equipment finance	9.21%	Nov-28	Kettles and dosing machine	Secured	237
CBA - equipment finance	9.30%	Nov-28	Keymac packaging system	Secured	86
CBA - equipment finance	9.91%	Jan-27	Financed balloons Jan 2025	Secured	369
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
CBA New facility (1694)	BBL @ 7.5%	Dec-24	Short term loan	Secured	1,600
CBA Credit card	Current market rate	Ongoing	Credit card (\$25K limit)	Secured	-
Total facilities drawn					5,302
Lender	Interest Rate	Maturity Date	Item	Secured or Unsecured	Available A\$'000
CBA Asset Purch Facility		Ongoing	Facility	Secured	1,083
Total facilities available					1,083
Grand Total					6,385

CBA Stream Facility

The CBA Stream facility is a type of invoice financing which allows access to unpaid invoices. It is designed to help smooth fluctuations in cash flow. It allows access of up to 80% of the value of unpaid invoices. It is secured against debtor only, it does not involve property. It is monitored by the CBA and has weekly randomised audit checks (in our case, proof of delivery for larger invoices).

Terms:

Credit limit - \$500,000 (Woolworths max 50% of limit)

Receivables Advance Rate – 80% (Woolworths 70%)

Margin – 4.70%

Line fee – 1.12%

	<p>The approved limit is currently set to \$500K (previously \$1.2M) and was drawn to approx. \$234K at quarter end</p> <p>Quarters Coverage</p> <p>While 3.495 quarters of cover is over the required ratio of 2 quarters, please note our equipment finance contracts due within the next 12 months were refinanced on 7/1/2025 for a further two years. This will be reflected in the next 4C.</p>

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(301)
8.2 Cash and cash equivalents at quarter end (item 4.6)	(300)
8.3 Unused finance facilities available at quarter end (item 7.5)	1,352
8.4 Total available funding (item 8.2 + item 8.3)	1,052
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.495
<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?	
<div>Answer: Yes</div>	
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?	
<div>Answer: The business continues to have support from major shareholders and its bankers.</div>	
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?	
<div>Answer: The business is tracking to its business plan and budgets</div>	
<i>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.</i>	

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:31 January 2025.....

Executive Chair

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.