



Pure Foods Tasmania Ltd
100 -104 Mornington Rd
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www.purefoodstas.com

ASX Announcement

Pure Foods Tasmania Limited (ASX: PFT)

27th April 2023

Revenue up 46% for Daly Potato Co in March 2023 Potato & Gravy also available in Woolworths stores*

Quarterly Activities Report for Q3 FY23

Pure Foods Tasmania Ltd (ASX:PFT) ('PFT' or 'the Company') provides its Quarterly Activities Report and Appendix 4C for the quarter ended 31st March 2023. Unless otherwise stated all financial results are unaudited.

HIGHLIGHTS

- Daly Potato Co. ("**Daly**") recorded sales revenue of \$311k in March 2023, up 46% on March 2022.
- PFT's Potato & Gravy product is available in Woolworths' QLD & TAS stores effective 26th of April 2023.
- Cashew Creamery sales up 35% YTD FY 23 v FY 22. Sales driven by new 1lt ice cream launched into independent stores with strong acceptance.
- 4 x Daly Frozen products ranged into IGA stores nationally.

OPERATIONAL HIGHLIGHTS

- Potato & Gravy, with new 100% recyclable packaging, was ranged in Coles Supermarkets in Victoria and Tasmania, and has exceeded expectations, delivering record sales for Daly in March 2023.
- Woolworths – Queensland and Tasmania - to range both 250g & 450g Potato & Gravy from late this month
- Coles to increase distribution of 450g Potato & Gravy into a further 120 stores, after a successful trial which started in Q3 FY 23.

FINANCIAL HIGHLIGHTS

- Continued capital investment in capacity and automation with \$0.148 million invested in Q3 FY23, bringing the YTD investment to \$0.979 million.
- In the last quarter FY23, PFT will be investing in automation and capacity expansion to facilitate rapidly growing demand for Daly Potato & Gravy, including the frozen range. Depending on the potential of further supply contracts, this will be in two stages: the first stage to focus on increasing production capacity and improving yields.
- Cashflow from operations for Q3 FY23 of (\$0.547 million), which is a 47% improvement on the same period in Q3 FY 22 and principally due to several positive initiatives:
 - Continued control of overhead costs and staff costs of \$1.198 million in Q3 FY23 vs Q3 FY22 of \$1.624 million;
 - Continued focus on margins across all ranges and further improvements to be recognised in Q4 FY23, from a combination of price increases, and realisation of automation benefits; and
 - In the light of continued inflationary pressures on raw materials and freight costs, PFT is mitigating these costs by further consolidating its purchasing power and seeking improved economies of scale and productivity gains across its brands.
- Cash on hand of \$4.617 million as of 31st March 2023 provides capital for continued investment to expand product ranging, lift manufacturing capacity, improve automation, and explore complementary new products.
- PFT has continued to invest in its operational teams with additional resources committed in quality assurance and Daly operations. It has been pleasing to see a number of these management positions being filled from internal promotions.



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(image only) – Now ranged in Coles Supermarkets Victoria & Woolworths Queensland & Tasmania

(image only) Premium Daly Frozen Range launched independent IGA stores





Michael Cooper, Managing Director and CEO, highlighted, “Over the quarter we have been successful in working with Coles to secure ranging of Potato & Gravy along with Woolworths coming online on the 26th of April 2023. This is an exciting opportunity to strengthen our relationship with Coles & Woolworths and is testament to the Potato & Gravy product. The launch of the Daly frozen range into IGA stores is another very exciting opportunity which has been in development for over twelve months. With these new products, we are expecting to see significant growth for Daly Potato Co in Q4 and in FY 24. The whole business from the accounts team, team leaders and operators have all put a lot of work into reducing overheads, looking for efficiencies and reducing wastage whilst also continuing our focus on new product development. This is in line with our strategy to deliver a sustainable base business with strong cash reserves, allowing PFT to continue to deliver on our growth strategy via acquisitions and organic sales”.



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CORPORATE

As detailed in the attached ASX Appendix 4C, the Company had \$4.617 million in cash as of 31st March 2023.

Payments of \$30,000 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

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Investor Relations

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About Pure Foods Tasmania (PFT)

Pure Foods Tasmania Pty Ltd was formed in 2015 with the aim to enhance and promote Tasmania's premium food and beverage businesses. PFT's strategy is to develop new premium products within our existing brands and in the plant-based food market, to acquire complementary brands and businesses and to increase our market penetration and distribution for our suite of brands and products globally. PFT's suite of brands and businesses include Woodbridge Smokehouse, Tasmanian Pate, Daly Potato Co, Pure Tasmanian Seafood, Lauds Plant Based Foods, The Cashew Creamery and New Pastures.

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Appendix 4C

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

Name of entity

Pure Foods Tasmania Limited

ABN

13112682158

Quarter ended ("current quarter")

 31st March 2023

| 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 | 2,380 | 7,032 |
| 1.2 Payments for | | |
| (a) research and development | | |
| (b) product manufacturing and operating costs | (1,698) | (4,721) |
| (c) advertising and marketing | (9) | (141) |
| (d) leased assets | 0 | 0 |
| (e) staff costs | (1,056) | (3,285) |
| (f) administration and corporate costs | (142) | (496) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 17 | 51 |
| 1.5 Interest and other costs of finance paid | (57) | (88) |
| 1.6 Income taxes paid | (21) | (21) |
| 1.7 Government grants and tax incentives | 0 | 271 |
| 1.8 Other (GST claims, insurance claim) | 39 | 151 |
| 1.9 Net cash from / (used in) operating activities | (547) | (1,247) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | | |
| (b) businesses | | |
| (c) property, plant and equipment | (148) | (979) |
| (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 | 1 |
| | (d) investments | | |
| | (e) intellectual property | | |
| | (f) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | 0 | 0 |
| 2.6 | Net cash from / (used in) investing activities | (148) | (978) |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 0 | 5,950 |
| 3.2 | Proceeds / (repayment) of convertible debt securities | 0 | (3,450) |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (52) | (323) |
| 3.5 | Proceeds from borrowings | | 3,000 |
| 3.6 | Repayment of borrowings | (93) | (222) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (principal component of lease payments & interest on convertible note) | (106) | (598) |
| 3.10 | Net cash from / (used in) financing activities | (251) | 4,357 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 5,563 | 2,485 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (547) | (1,247) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (148) | (978) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (251) | 4,357 |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of period | 4,617 | 4,617 |

| 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 | 2,117 | 1,863 |
| 5.2 | Call deposits | 2,500 | 3,700 |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 4,617 | 5,563 |

| 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 | 30 |
| 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 \$8,333 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 | 4,024 | 4,024 |
| 7.2 | Credit standby arrangements | | |
| 7.3 | Other (please specify – credit card) | 25 | 1 |
| 7.4 | Total financing facilities | 4,049 | 4,025 |
| 7.5 | Unused financing facilities available at quarter end | | 24 |
| 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 | 10 |
| CBA - equipment finance | 2.72% | Dec-24 | General equipment | Secured | 412 |
| CBA - equipment finance | 2.92% | Mar-25 | TasPate Equipment | Secured | 85 |
| CBA - equipment finance | 2.92% | Apr-25 | VW Amarok | Secured | 34 |
| CBA - equipment finance | 2.92% | Apr-25 | WB Equipment | Secured | 39 |
| CBA - equipment finance | 2.92% | Apr-25 | Daly Equipment | Secured | 137 |
| CBA - equipment finance | 2.49% | Jun-25 | Rav 4 | Secured | 20 |
| CBA - equipment finance | 3.49% | Aug-26 | Shipping Container | Secured | 225 |
| CBA - equipment finance | 2.92% | Jun-25 | Crown Forlift | Secured | 11 |
| CBA - equipment finance | 2.92% | Jun-25 | Nissian X-Trail | Secured | 12 |
| CBA - equipment finance | 2.92% | Jun-25 | Thermosealing Mac | Secured | 60 |
| CBA - equipment finance | 8.64% | Dec-24 | TCC Equipment | Secured | 480 |
| CBA - market rate loan | BBSY + 2.8806% | Nov-23 | Market Rate Loan | Secured | 2,500 |
| TOTAL | | | | | 4,024 |

| | | |
|-----------|---|----------------|
| 8. | Estimated cash available for future operating activities | \$A'000 |
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (547) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 4,617 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 24 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 4,641 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) <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> | 8.5 quarters |
| 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:27 April 2023.....

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, hows 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.