

# Pure Foods Tasmania Limited

## Appendix 4E

### Preliminary Final Report

#### 1 Company Details

Name of Entity	Pure Foods Tasmania Limited
Reporting Period	For the year ended 30 June 2021
Previous Period	For the year ended 30 June 2020

#### 2 Results for Announcement to The Market

2.1 \$  
Revenue from ordinary activities up 72 % to 7,829,404

2.2  
Loss from ordinary activities after tax attributable down to 716,309  
to PFT Limited

2.3  
Loss for the year attributable to the owners of down to 716,309  
PFT Limited

2.4  
There were no dividends paid, recommended, or declared during the current financial period.

2.5  
Not applicable

2.6  
WBSH saw a strong sales growth with an increase in sales of 90% in FY 21 v FY 20. The growth has been driven by new national independent and export channels, including e-commerce in Asia.

TP experienced good growth with an increase of 14% in gross sales. This was driven by NPD into major retail and independent customers, along with the successful launch of Homestead Premium Pate.

PFT acquired Daly Potato in October 2020. Although not a full year of ownership, we have had success in reviewing all products and packaging along with launching Potato & Gravy and into local IGA stores. Focus is now moving onto major retail; premium coleslaw was launched into Woolworth stores in FY 21.

Lauds Plant Based Foods was acquired in January 2021, being PFT's first move into this fast-growing segment. The first five month have shown strong demand for plant-based cheese which has been very positive. Our focus continues with new product development and growing availability of Lauds products through our distribution channels.

The Cashew Creamery was acquired in February 2021. Plant-based ice cream is the next level in ice cream innovation and is gaining a lot of momentum. We have ordered plant & equipment to increase capacity along with launching new multi packs. The product will be available nationally via the IGA bannered stores starting in October 21.

### 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

	Reporting Period Cents	Previous Period Cents
Net Tangible Assets per Ordinary Security	0.0.99	0.116

## 10 Details

PFT acquired three business during FY 21

Daly Potato	October 2021
Lauds Plant Based Foods Pty Ltd	February 2021
The Cashew Creamery Pty Ltd	April 2021

## 11 Details of Associates and Joint Ventures

Not Applicable

## 12 Significant Information

Not Applicable

## 13 Foreign Entities

Not applicable

## 14 Commentary on the Results

Pure Foods Tasmania Limited (ASX: PFT) is pleased to announce its preliminary full year results year end 30 June 2021 (F21)

### Key F 21 Highlights:

#### Tas Pate Sales

- Delivered a 14% increase in sales on FY 20
- Export License secured
- This growth was supported by NPD (New product development)
- New ranging of Homestead Pate in 850 Woolworths Stores
- Continued investment in plant & equipment to support increased volume and quality.

#### Woodbridge Smoke House

- Delivered a sales increase of 90% on FY 20
- New partnership with MNA to support national IGA business
- Additional export sales achieved with increased distribution in Asian markets
- New Asian E- Commerce partners secured
- Large investment in plant & equipment to improve yields and quality.

#### **Daly Potato Co – acquired Oct 2020**

- Increased distribution secured through local IGA stores
- New Potato & Gravy launched into Tasmanian IGA stores
- New Premium Coleslaw ranged into Woolworths stores
- Investment in plant & equipment to improve yield and quality.

#### **Lauds Plant Based Foods – acquired February 2020**

- Revenue increase of 100% over FY 20
- Increased distribution through our Pure Foods distribution network
- New Pastures brand established
- NPD continues to be a focus with Lauds

#### **The Cashew Creamery – acquired April 2020**

- Investment in plant & equipment to support increased customer demand
- National IGA distribution Oct 21
- New biodegradable packaging
- New multi packs launched

F 21 was a strong year for PFT with the acquisition of Daly Potato business, Lauds Plant Based Foods Pty Ltd and The Cashew Creamery Pty Ltd. Along with upgrades to Tas Pate's facilities which supports additional production capacity and allowed for the successful launch of Homestead Premium Pate range into Woolworths nationally.

Woodbridge Smoke House saw revenue growth of 90% over FY 20 driven by strong export and National IGA and local route business

The report is based on accounts which are in the process of being audited.

Pure Foods Tasmania  
Limited

Financial Report

For the Year Ended  
30 June 2021

Pure Foods Tasmania Limited  
Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Revenue</b>			
Revenue from operations	6	7,341,482	4,279,764
Other income		487,922	255,041
<b>Total Revenue</b>		<b>7,829,404</b>	<b>4,534,805</b>
<b>Expenses</b>			
Cost of goods sold	7	5,627,393	2,992,479
Employment expenses		1,072,568	673,732
Occupancy, electricity and telephone costs		128,786	127,677
Bad debts		-	30,129
Depreciation and amortisation		405,744	193,087
ASX listing fees and expenses		64,374	193,861
Finance costs		85,662	46,644
Insurance		157,508	81,292
Legal and professional fees		313,642	129,365
Marketing expenses		407,137	33,476
Motor vehicle expenses		45,159	20,090
Repairs and maintenance		108,044	65,905
Research, development and quality		169,694	37,300
Other expenses		186,311	106,248
<b>Total Expenses</b>		<b>8,772,022</b>	<b>4,731,285</b>
<b>Net Profit/(Loss) Before Income Tax</b>		<b>(942,618)</b>	<b>(196,480)</b>
<b>Income Tax Benefit/(Expense)</b>	8	226,309	(6,924)
<b>Net Profit/(Loss) After Tax for the Year</b>		<b>(716,309)</b>	<b>(203,404)</b>
<b>Other Comprehensive Income</b>			
Other comprehensive loss net of tax		-	-
<b>Total Comprehensive Income</b>		<b>(716,309)</b>	<b>(203,404)</b>
Net profit for the period attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(716,309)	(203,404)
		<b>(716,309)</b>	<b>(203,404)</b>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Pure Foods Tasmania Limited		(716,309)	(203,404)
		<b>(716,309)</b>	<b>(203,404)</b>
Basic loss per share (cents per share)	4	(0.013)	(0.002)
Diluted loss per share (cents per share)	4	(0.013)	(0.002)

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

Pure Foods Tasmania Limited  
Consolidated Statement of Financial Position  
For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Current Assets</b>			
Cash and cash equivalents	18	1,624,116	4,134,867
Trade and other receivables	9	1,098,324	482,929
Inventory	10	1,001,235	312,965
Other assets		339,833	147,244
<b>Total Current Assets</b>		<b>4,063,508</b>	<b>5,078,005</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	4,530,534	1,310,986
Right of use assets	12	696,951	430,941
Intangible assets	13	2,447,102	738,837
Deferred tax assets	8	1,239,971	380,300
<b>Total Non-Current Assets</b>		<b>8,914,558</b>	<b>2,861,064</b>
<b>Total Assets</b>		<b>12,978,066</b>	<b>7,939,069</b>
<b>Current Liabilities</b>			
Trade and other payables	14	1,769,479	541,251
Lease liabilities	12	196,139	89,107
Provisions	15	159,692	85,732
Borrowings	16	724,920	164,165
<b>Total Current Liabilities</b>		<b>2,850,230</b>	<b>880,255</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	12	529,716	356,224
Provisions	15	29,192	20,749
Borrowings	16	872,303	419,156
Deferred tax liabilities	8	842,412	222,942
<b>Total Non-Current Liabilities</b>		<b>2,273,623</b>	<b>1,019,071</b>
<b>Total Liabilities</b>		<b>5,123,853</b>	<b>1,899,236</b>
<b>Net Assets</b>		<b>7,854,213</b>	<b>6,039,743</b>
<b>Equity</b>			
Contributed equity	17	9,402,889	6,872,110
Accumulated profits/(losses)		(1,548,676)	(832,367)
<b>Total Equity</b>		<b>7,854,213</b>	<b>6,039,743</b>

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

Pure Foods Tasmania Limited  
Consolidated Statement of Changes in Equity  
For the Year Ended 30 June 2021

	Contributed Equity	Accumulated Profits/(Losses)	Total
	\$	\$	\$
<b>At 1 July 2020</b>	3,535,898	(671,723)	2,864,175
Loss for the year	-	(203,404)	(203,404)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>3,535,898</b>	<b>(875,127)</b>	<b>2,660,771</b>
Issue of shares	4,043,498	-	4,043,498
Share issue costs	(707,286)	-	(707,286)
Reverse listing	-	42,760	42,760
<b>As at 30 June 2020</b>	<b>6,872,110</b>	<b>(832,367)</b>	<b>6,039,743</b>
 <b>At 1 July 2020</b>	 6,872,110	 (832,367)	 6,039,743
Loss for the year	-	(716,309)	(716,309)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>6,872,110</b>	<b>(1,548,676)</b>	<b>5,323,434</b>
Issue of shares	2,530,779	-	2,530,779
<b>As at 30 June 2021</b>	<b>9,402,889</b>	<b>(1,548,676)</b>	<b>7,854,213</b>

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



Pure Foods Tasmania Limited  
Consolidated Statement of Cash Flows  
For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		6,981,995	4,457,757
Payments to suppliers and employees		(7,582,765)	(4,482,374)
Interest received		29,142	18,327
Finance costs		(75,698)	(21,182)
Income taxes received/paid		-	-
<b>Net cash used in operating activities</b>	18	<b>(647,326)</b>	<b>(27,469)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(3,520,128)	(866,613)
Payments for business acquisitions and intangibles		(1,708,265)	-
<b>Net cash used in investing activities</b>		<b>(5,228,393)</b>	<b>(866,613)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,544,670	3,298,661
Proceeds from borrowings		1,003,931	387,9226
Principle elements for lease payments		(183,633)	(46,440)
<b>Net cash provided by financing activities</b>		<b>3,364,968</b>	<b>3,640,143</b>
Net (decrease)/increase in cash held		(2,510,751)	2,746,061
Cash and cash equivalents at the beginning of the year		4,134,867	1,388,806
<b>Cash and cash equivalents at the end of the year</b>	18	<b>1,624,116</b>	<b>4,134,867</b>

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

Pure Foods Tasmania Limited  
Notes to the Financial Statements  
For the Year Ended 30 June 2021

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## 1. 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).

## 2. Significant changes in the current reporting period

During the financial year the Group acquired the following businesses to continue to expand the Group's product and brand range:

- Daly Potato Company
- The Cashew Creamery
- Lauds Plant Based Foods

## 3. 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*. As such, there are five identifiable and reportable segments:

- Tasmanian Pate
- Woodbridge Smokehouse
- Daly Potato Company
- Lauds Plant Based Foods
- The Cashew Creamery
- The Corporate and other segment, 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.

	Tasmanian Pate \$	Woodbridge Smokehouse \$	Daly Potato Company \$	Lauds Plant Based Foods \$	The Cashew Creamery \$	Corporate and other \$	Total \$
<b>Consolidated 2021</b>							
<b>Revenue</b>							
Total segment sales	3,508,932	2,039,186	1,660,147	120,367	12,850	-	7,341,482
Other income	169,020	27,389	-	-	-	291,513	487,922
Segment profit/(loss)	525,507	(32,628)	(118,970)	99,425	17,941	(1,433,893)	(942,618)
Profit/(loss) before income tax							(942,618)
Income tax (expense)/benefit							226,309
<b>Profit/(loss) after income tax</b>							<b>(716,309)</b>

Pure Foods Tasmania Limited  
Notes to the Financial Statements  
For the Year Ended 30 June 2021

3. Segment Information (Continued)

	Tasmanian Pate \$	Woodbridge Smokehouse \$	Daly Potato Company \$	Lauds Plant Based Foods \$	The Cashew Creamery \$	Corporate and other \$	Total \$
<b>Consolidated 2021</b>							
<b>Assets</b>							
Segment assets	2,520,467	1,858,945	3,038,913	418,704	224,699	4,916,338	12,978,066
<b>Total Assets</b>	<b>2,520,467</b>	<b>1,858,945</b>	<b>3,038,913</b>	<b>418,704</b>	<b>224,699</b>	<b>4,916,338</b>	<b>12,978,066</b>
<b>Liabilities</b>							
Segment liabilities	1,057,240	1,066,226	795,193	193,167	66,092	1,945,935	5,123,853
<b>Total liabilities</b>	<b>1,057,240</b>	<b>1,066,226</b>	<b>795,193</b>	<b>193,167</b>	<b>66,092</b>	<b>1,945,935</b>	<b>5,123,853</b>
	Tasmanian Pate \$	Woodbridge Smokehouse \$	Daly Potato Company \$	Lauds Plant Based Foods \$	The Cashew Creamery \$	Corporate and other \$	Total \$
<b>Consolidated 2020</b>							
<b>Revenue</b>							
Total segment sales	3,190,689	1,089,075	-	-	-	-	4,279,764
Other income	153,462	34,874	-	-	-	66,705	255,041
Segment profit/(loss)	682,450	(128,875)	-	-	-	(750,055)	(196,480)
Profit/(loss) before income tax							(196,480)
Income tax (expense)/benefit							(6,924)
<b>Profit/(loss) after income tax</b>							<b>(203,404)</b>
<b>Assets</b>							
Segment assets	3,327,821	709,102	-	-	-	3,902,146	7,939,069
<b>Total Assets</b>	<b>3,327,821</b>	<b>709,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,902,146</b>	<b>7,939,069</b>
<b>Liabilities</b>							
Segment liabilities	1,119,161	2,331,584	-	-	-	(1,551,419)	1,899,326
<b>Total liabilities</b>	<b>1,119,161</b>	<b>2,331,584</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,551,419)</b>	<b>1,899,326</b>

#### 4. Earnings per share

	2021 \$	2020 \$
Basic earnings per share	(0.013)	(0.002)
Diluted earnings per share	(0.013)	(0.002)

##### Basic

Weighted average number of ordinary shares outstanding during the period used in the calculation of basic earnings per share	54,217,347	44,406,577
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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	54,217,347	44,406,577
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#### 5. Dividends to shareholders

No dividends have been paid or declared during the year ended 30 June 2021 (30 June 2020: nil).

#### 6. Revenue

	2021 \$	2020 \$
<i>Revenue from continuing operations:</i>		
Sales	7,341,482	4,279,764
<i>Other Income:</i>		
Interest received	29,142	18,327
Sundry income	215,089	6,178
Subsidies and grants	243,691	230,536
<b>Total revenue</b>	<b>7,829,404</b>	<b>4,534,805</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 are 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.

Pure Foods Tasmania Limited  
Notes to the Financial Statements  
For the Year Ended 30 June 2021

7. Expenses

	2021 \$	2020 \$
Profit before income tax expense includes the following expenses:		
Cost of goods sold	5,627,393	2,992,479
Salaries and wages	733,343	520,601
Share based payments	6,985	37,551
<b>Total expenses</b>	<b>6,367,721</b>	<b>3,550,631</b>

8. Income tax expense

	2021 \$	2020 \$
<b>Income tax recognised in profit or loss:</b>		
Tax expense/(benefit) comprises:		
Current tax (benefit)/expense	-	-
Deferred tax movements	(226,309)	6,924
	<b>(226,309)</b>	<b>6,924</b>

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

(Increase)/decrease in deferred tax assets	(845,779)	(206,381)
Increase/(decrease) in deferred tax liabilities	619,470	213,305
	<b>(226,309)</b>	<b>6,924</b>

**Reconciliation of income tax expenses to prima facie tax on accounting profit:**

Profit/(loss) before income tax expense	(942,618)	(196,480)
Tax at 26% tax rate (prior year 27.5%)	(245,081)	(54,032)
Tax effect of amounts which are not deductible	(16,434)	(28,423)
Under/overs in respect of prior year	42,947	-
Listing costs recognised in equity	5,288	(23,072)
Reset cost bases due to consolidation	(20,997)	112,451
Change in tax rate impact to deferred taxes	7,968	-
	<b>226,309</b>	<b>(6,924)</b>

	Opening balance \$	Charged to income \$	Charged to equity \$	Closing balance \$
<b>Deferred tax</b>				
<b>Gross deferred tax assets:</b>				
Provisions	29,284	19,827	-	49,111
Trade and other payables	7,308	14,374	-	21,682
Right of use leases	3,957	3,558	-	7,515
Share issue expenses	23,731	(21,903)	-	1,828
Tax losses	316,020	829,924	13,891	1,159,835
	<b>380,300</b>	<b>845,780</b>	<b>13,891</b>	<b>1,239,971</b>

8. Income tax expense (continued)

	Opening balance \$	Charged to income \$	Charged to equity \$	Closing balance \$
<b>Deferred tax</b>				
<b>Gross deferred tax liabilities</b>				
Prepayments	12,241	12,356	-	24,597
Fixed assets	105,140	594,267	-	699,407
Trading Stock	18,541	(4,486)	-	14,055
Goodwill & Trademarks	87,020	3,287	-	90,307
Business acquisition costs	-	14,046	-	14,046
<b>Net deferred tax asset/(liability)</b>	<b>222,942</b>	<b>619,470</b>	<b>-</b>	<b>842,412</b>

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).

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.

## 8. Income tax expense (continued)

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: (i) a legally enforceable right of set-off exists; and (ii) 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.

### *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.

## 9. Trade and other receivables

	2021	2020
	\$	\$
Trade receivables	807,529	482,929
Less loss allowance	-	-
Other receivables	290,795	-
<b>Total trade and other receivables</b>	<b>1,098,324</b>	<b>482,929</b>

### Loss allowance

Movements in loss allowance are as follows:

Carrying value at beginning of the year	-	-
Increase/(decrease) in loss allowance	-	29,269
Receivables written off as uncollectable	-	(29,269)
Unused amount reversed	-	-
<b>Total loss allowance</b>	<b>-</b>	<b>-</b>

### Trade receivables past due but not impaired

Under one month	632,880	323,490
One to three months	130,874	151,290
Over three months	43,775	8,149
<b>Total trade receivables past due but not impaired</b>	<b>807,529</b>	<b>482,929</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 loss allowance provision as at 30 June 2021 is determined as follows; the expected credit losses also incorporate forward-looking information.

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

30 June 2021	Current	30 days	60 days	90+ days	Total
Expected loss rate	0%	0%	0%	0%	
Trade receivables Gross carrying amount	632,880	125,879	4,995	43,775	807,529
Loss allowance	-	-	-	-	-

30 June 2020	Current	30 days	60 days	90+ days	Total
Expected loss rate	0%	0%	0%	0%	
Trade receivables Gross carrying amount	323,490	68,971	82,319	8,149	482,929
Loss allowance	-	-	-	-	-



## 9. 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.

## 10. Inventory

	2021	2020
	\$	\$
Stock on hand	1,001,235	312,965
<b>Total inventory</b>	<b>1,001,235</b>	<b>312,965</b>

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.

## 11. Property, plant and equipment

	2021 \$	2020 \$
Buildings at cost	1,728,817	876,794
Less accumulated depreciation	(70,679)	(37,145)
	<u>1,658,138</u>	<u>839,649</u>
Plant and equipment at cost	3,609,038	940,933
Less accumulated depreciation	(736,642)	(469,596)
	<u>2,872,396</u>	<u>471,337</u>
<b>Total property, plant and equipment</b>	<b><u>4,530,534</u></b>	<b><u>1,310,986</u></b>

### Reconciliations

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

Carrying value	Buildings at cost \$	Plant & equipment at cost \$	Total \$
As at 1 July 2019	308,035	248,401	556,436
Additions	550,211	316,402	866,613
Disposals	-	-	-
Depreciation expense	(18,597)	(93,466)	(112,063)
<b>Balance as at 30 June 2020</b>	<b><u>839,649</u></b>	<b><u>471,337</u></b>	<b><u>1,310,986</u></b>

Carrying value	Buildings at cost \$	Plant and equipment at cost \$	Total \$
As at 1 July 2020	839,649	471,337	1,310,986
Additions	852,023	2,668,105	3,520,128
Disposals	-	-	-
Depreciation expense	(33,534)	(267,046)	(300,580)
<b>Balance as at 30 June 2021</b>	<b><u>1,658,138</u></b>	<b><u>2,872,396</u></b>	<b><u>4,530,534</u></b>

### 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.

## 11. Property, plant and equipment (continued)

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 Asset	Depreciation Rate
Buildings	2%
Plant and equipment	5–33%

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.

## 12. Right of use assets and lease liabilities

	2021 \$	2020 \$
Right of use assets		
Buildings	696,951	430,941
<b>Total right of use assets</b>	<b>696,951</b>	<b>430,941</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 2020	430,941	430,941
Additions	371,174	371,174
Depreciation expense	(105,164)	(105,164)
<b>Balance as at 30 June 2021</b>	<b>696,951</b>	<b>696,951</b>

## 12. Right of use assets and lease liabilities (continued)

	2021 \$	2020 \$
<b>Lease liabilities</b>		
Current	196,139	89,107
Non-current	529,716	356,224
<b>Total lease liabilities</b>	<b>725,855</b>	<b>445,331</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.

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 to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

### 13. Intangible assets

	2021 \$	2020 \$
Intangibles	2,447,102	738,837
<b>Total intangible assets</b>	<b>2,447,102</b>	<b>738,837</b>

Carrying value	Intangibles \$	Total \$
<b>As at 1 July 2020</b>	738,837	738,837
Goodwill	1,218,269	1,218,269
Other intangibles	489,996	489,996
Disposals	-	-
<b>Balance as at 30 June 2021</b>	<b>2,447,102</b>	<b>2,447,102</b>

Goodwill relates to the acquisition of the assets of Tasmanian Pate, Daly Potato Company, 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 Company.

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.

### 13. Intangible assets (continued)

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 (ie 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.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units 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.

#### *Recoverable amount of goodwill*

Impairment testing has been undertaken at 30 June 2021 for all groups of cash generating units (CGU) for goodwill or where there is an indication of impairment. The Group has 4 CGU's for which impairment testing has been completed for goodwill which are as follows.

The recoverable amount for each of the CGU's 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 each CGU is:

	Growth Rate	Discount Rate
Tasmanian Pate	3%	9.00%
Daly Potato Company	2% - 3%	9.00%
The Cashew Creamery	2% - 3%	9.00%
Lauds Plant Based Foods	2% - 3%	9.00%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account 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 segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

The three recently acquired businesses being Daly Potato Company, The Cashew Creamery and Lauds Plant Based Foods have been operating for only a small period of time under the PFT Group. As management and the Board gain further traction of these operations, greater level of clarity and understanding of the performance of these operations will be understood in terms of supply chain management and customer influences. This will enable future forecasting and budgeting to become more robust to inform of any impairment.

### 13. Intangible assets (continued)

#### *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.

### 14. Trade and other liabilities

	2021	2020
	\$	\$
Trade and other payables	1,769,479	541,251
<b>Total trade and other liabilities</b>	<b>1,769,479</b>	<b>541,251</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.

## 15. Provisions

	2021	2020
	\$	\$
Current		
Employee benefits	159,692	85,732
	<u>159,692</u>	<u>85,732</u>
Non-current		
Employee benefits	29,192	20,749
	<u>29,192</u>	<u>20,749</u>
<b>Total provisions</b>	<b><u>188,884</u></b>	<b><u>106,481</u></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. 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.

## 16. Borrowings

	2021	2020
	\$	\$
Current		
Borrowings	724,920	164,165
	<u>724,920</u>	<u>164,165</u>
Non-current		
Borrowings	872,303	419,156
	<u>872,303</u>	<u>419,156</u>
<b>Total borrowings</b>	<b><u>1,597,223</u></b>	<b><u>583,321</u></b>



Pure Foods Tasmania Limited  
Notes to the Financial Statements  
For the Year Ended 30 June 2021

17. Issued capital

	2021		2020	
	Number of shares	\$	Number of shares	\$
Fully paid ordinary shares (post-consolidation)	54,217,374	9,402,889	44,406,577	6,872,110

*Movements in ordinary share capital*

Date	Details	Ordinary shares	Price	\$
1 July 2020	Balance at beginning of period	44,406,577		6,872,110
	Issue of shares	9,810,797		2,530,779
		<b>54,217,374</b>		<b>9,402,889</b>

*Terms and conditions of issued capital*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company 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 Company. The holder is not entitled to vote at General Meetings.

There were 7,674,096 share options issued as at 30 June 2021.

	Number of Options	
	2021	2020
Movement in options:		
Balance at beginning of year	12,800,000	-
Options granted to raise capital	-	12,800,000
Options redeemed/lapsed	(5,125,904)	-
<b>Balance at end of year</b>	<b>7,674,096</b>	<b>12,800,000</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 Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears to special terms of conditions affecting income or capital entitlements of the shareholders.

## 18. Cash flow reconciliation

	2021	2020
	\$	\$
Cash and cash equivalents	1,624,116	4,134,867
<b>Total cash and cash equivalents</b>	<b>1,624,116</b>	<b>4,134,867</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.

### *(a) 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:

	2021	2020
	\$	\$
Profit/(loss) after tax	(716,309)	(203,404)
<b>Adjustments for non-cash items</b>		
Depreciation	455,124	193,087
Share based payment	6,985	37,551
Interest on leased assets	29,089	23,220
<b>Changes in assets/liabilities</b>		
(Increase)/Decrease in trade & other receivables	(804,376)	(99,729)
(Increase)/Decrease in inventories	(688,270)	(131,830)
(Increase)/Decrease in deferred taxes	(240,200)	6,924
Increase/(Decrease) in trade payables & other liabilities	1,310,631	146,712
<b>Net Cash provided by (used in) Operating Activities</b>	<b>(647,326)</b>	<b>(27,469)</b>

## 19. 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:

- 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.
- 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.

## 19. 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 principle 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:

	2021	2020
	\$	\$
Financial assets	1,098,324	482,929
Cash and cash equivalents	1,624,116	4,134,867
<b>Net exposure</b>	<b>2,722,440</b>	<b>4,617,796</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.

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

At 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

	2021	2020
	\$	\$
Judgements of reasonably possible movements		
+ 0.5% (50 basis points)	4,700	20,673
- 0.5% (50 basis points)	(4,700)	(20,673)

## 19. Financial risk management (continued)

### *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 securitize 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 9.

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

### *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.

## 20. 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 entity.

Management are 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.

## 21. Parent entity information

	2021 \$	2020 \$
<b>Financial position</b>		
Current assets	1,341,832	3,630,677
Non-current assets	4,352,596	1,548,051
<b>Total assets</b>	<b>5,694,428</b>	<b>5,680,484</b>
Current liabilities	314,300	61,994
Non-current liabilities	4,470,690	3,444,125
<b>Total liabilities</b>	<b>4,784,990</b>	<b>3,506,119</b>
<b>Net assets</b>	<b>909,438</b>	<b>2,174,365</b>
Contributed equity	909,438	2,174,365
<b>Financial performance</b>		
Total revenue	173,812	159,620
<b>Profit/(loss) for the period</b>	<b>(1,494,596)</b>	<b>(487,294)</b>

### *Capital Commitments*

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

### *Contingent Liabilities*

Pure Foods Tasmania Ltd is not subject to any liabilities that are considered contingent upon events known at balance sheet date.

## 22. Subsidiaries

Entity	Country of incorporation	Equity holding	
		2021	2020
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%	-
Lauds Plant Based Foods Pty Ltd	Australia	100%	-

## 23. Contingent liabilities and assets

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

## 24. Commitments for expenditure

### *Capital Commitments – Capital Expenditure Projects*

There were no non-cancellable capital expenditure contracted for but not in the financial statements.

### *Other Commitments – Operating Expenditure*

Operating expenditure contracted but not included in the financial statements:

	2021 \$	2020 \$
Payable		
- Not longer than one year	-	-
- longer than one year but no longer than five years	-	-
- Longer than five years	-	-
<b>Total payable</b>	<b>-</b>	<b>-</b>

## 25. 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.

## 26. Related party transactions

### *Key management personnel compensation*

The aggregate compensation of the key management personnel of the entity is set out below:

	2021 \$	2020 \$
Short term benefits	253,615	233,513
Post-employment benefits	23,995	20,881
Share based payment	-	3,750
<b>Total key management personnel compensation</b>	<b>277,610</b>	<b>258,144</b>

### *Transactions with related parties*

The Group acquired the following goods and services as follows:

	2021 \$	2020 \$
Ken Fleming for consultancy services	25,000	25,000
<b>Total transactions with related parties</b>	<b>25,000</b>	<b>25,000</b>

## 27. Auditor's remuneration

	2021 \$	2020 \$
Auditors of the parent entity	42,000	18,000
Other assurance services	-	-
<b>Total auditor's remuneration</b>	<b>42,000</b>	<b>18,000</b>

## 28. Employee securities incentive plan

The Company has adopted an Employee Securities Incentive Plan (Plan), to commence upon Admission. The Plan may be inspected at the registered office of the Company during normal business hours. The purpose of the Plan is to:

- i. assist in the reward, retention and motivation of Eligible Participants;
- ii. link the reward of Eligible Participants to Shareholder value creation; and
- iii. align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

Eligible Participant' means a person that:

- i. is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an 'Associated Body Corporate' (as that term is defined in ASIC Class Order 14/1000); and
- ii. has been determined by the Board to be eligible to participate in the Plan from time to time.

Directors are 'Eligible Participants'. Any issue of Securities to Directors under the Plan will be subject to the receipt of prior Shareholder approval.

### *Plan administration*

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

There are no options for performance rights of the Company, held directly, indirectly or beneficially, by each Director and key management personnel, outstanding as at 30 June 2021.

### *Share options granted*

Share options outstanding at 30 June 2021 are as follows:

Grant date	Expiry date	Exercise price \$	Balance at start of year	Granted	Exercised	Expired	Balance at end of year
18/11/2018	30/04/2023	0.40	-	-	-	-	2,800,000
28/04/2020	08/11/2021	0.30	-	-	-	-	7,674,096
							<u>10,474,096</u>

The options hold no voting or dividend rights and are not transferable.



## 29. Employee securities incentive plan (continued)

In addition to the above, as at 30 June 2021 the Company entered into the PFT Employee Securities Incentive Plan (Plan). The Invitation is for 1,000,000 Performance Rights in the Company. Each Performance Right that ultimately vests and is exercised in accordance with the Plan Rules will entitle you to be issued one Share in the Company for nil consideration.

### *The invitation*

In accordance with rule 3.2 of the Plan Rules, the terms of the Invitation are set out below:

Number of performance rights	1,000,000
Grant date	February 2021
Fee (if any)	Nil
Performance criteria (if any)	Nil

### Vesting conditions (if any)

Tranche	Vesting Condition	Number of Rights
1	30 consecutive day VWAP ( <b>30 Day VWAP</b> ) of at least \$1.50 at any time during the 2021 calendar year.	333,333
2	30 Day VWAP of at least \$1.50 at any time during the 2022 calendar year.	333,333
3	30 Day VWAP of at least \$1.50 during the 2023 calendar year.	333,334
<b>Total</b>		<b>1,000,000</b>

The achievement of the Vesting Conditions will be measured during each calendar year for the period from 1 January 2021 to 31 December 2023 (**Measurement Period**)

Continued service by Michael Cooper with the Company (or a related by corporate) at all times until 31 December 2023 is also a requirement for the Performance Rights to vest, subject to terms of the Plan Rules.

### Measurement of vesting

Tranche 1: 2021 Calendar Year	
% vesting	Performance
100%	<b>Stretch:</b> 30 Day VWAP of at least \$2.00 at any time during the calendar year.
Pro rata basis between 50% and 100%	<b>Between Target and Stretch:</b> 30 Day VWAP of at least \$1.50 but not reaching \$2.00 at any time during the calendar year.
50%	<b>Target:</b> 30 Day VWAP of a least \$1.50 at any time during the calendar year.
0%	<b>Below Target:</b> The maximum 30 Day VWAP at any time during the calendar year is below \$1.50.

## 29. Employee securities incentive plan (continued)

Measurement of vesting (continued)	<b>Tranche 2: 2022 Calendar Year</b>	
	<b>% vesting</b>	<b>Performance</b>
	100%	<b>Stretch:</b> 30 Day VWAP of at least \$2.00 at any time during the calendar year.
	Pro rata basis between 50% and 100%	<b>Between Target and Stretch:</b> 30 Day VWAP of at least \$1.50 but not reaching \$2.00 at any time during the calendar year.
	50%	<b>Target:</b> 30 Day VWAP of a least \$1.50 at any time during the calendar year.
	0%	<b>Below Target:</b> The maximum 30 Day VWAP at any time during the calendar year is below \$1.50.
	<b>Tranche 3: 2023 Calendar Year</b>	
	<b>% vesting</b>	<b>Performance</b>
	100%	<b>Stretch:</b> 30 Day VWAP of at least \$2.00 at any time during the calendar year.
	Pro rata basis between 50% and 100%	<b>Between Target and Stretch:</b> 30 Day VWAP of at least \$1.50 but not reaching \$2.00 at any time during the calendar year.
	50%	<b>Target:</b> 30 Day VWAP of a least \$1.50 at any time during the calendar year.
	0%	<b>Below Target:</b> The maximum 30 Day VWAP at any time during the calendar year is below \$1.50.
In accordance with the Plan Rules, the Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.		
<b>Other terms</b>	The other rights and obligations which apply to the Performance Rights, including in relation to vesting, disposal and forfeiture, are specified in the Plan Rules. The Plan Rules govern the Performance Rights that are issued to the Managing Director.	

### *Recognition and measurement*

The Group provides benefits to the Directors and the Managing Director in the form of share-based payment, whereby services are rendered in exchange for rights over shares (performance rights) or options.

The fair value of the performance rights and options is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights or options granted.

The total expense is recognised over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

### 30. Business acquisitions

	Daly Potato Company	The Cashew Creamery	Lauds Plant Based Foods
	\$	\$	\$
<b>Consideration transferred:</b>			
Cash	1,568,113	305,794	452,867
<b>Total consideration</b>	<b>1,568,113</b>	<b>305,794</b>	<b>452,867</b>
<i>Fair value of assets acquired and liabilities assumed at date of acquisition:</i>			
<b>Current assets</b>			
Stock	85,477	29,870	47,323
Trade debtors	-	29,953	43,083
Other assets	-	14,544	12,462
<b>Non-current assets</b>			
Plant & Equipment	1,300,000	70,420	87,076
Other assets	4,684	2,641	4,926
<b>Current liabilities</b>			
Trade and other payables	(161,607)	(2)	(16,484)
Leave provisions	(17,364)	-	-
<b>Non-current liabilities</b>			
Loans	(298,511)	(129,986)	-
<b>Total assets acquired and liabilities assumed</b>	<b>912,679</b>	<b>17,440</b>	<b>178,386</b>
<b>Goodwill arising</b>	<b>655,434</b>	<b>288,354</b>	<b>274,481</b>
<b>Total goodwill arising</b>	<b>1,218,269</b>		

### 31. Summary of significant accounting policies

#### (a) 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 Company and its controlled entities as a group for the financial year ended 30 June 2021. 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 22.

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.

#### b) Compliance with IFRS

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

#### (c) Historical Cost Convention

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

#### (d) 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 Company:

- 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 Company 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 23.

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.

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

### 31. Summary of significant accounting policies (continued)

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 areas involving significant estimates or judgements are:

- 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.

#### (f) Comparatives

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

#### (g) New Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 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.

### 32. Going concern

These financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The director's assessment is based on forecasted growth in sales, which the Group expects to continue over the next 12 months.

In preparing the financial report, the Group has adopted a going concern basis of preparation, as the Directors believe they have reasonable grounds to expect that they will have sufficient funds to settle the Group's liabilities and meets its debts as and when they fall due.