Pure Foods Tasmania Ltd
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ASX: PFT
+61 3 6231 4233
www.purefoodstas.com

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13 February 2025

Mr Dale Wang
ASX Adviser, Listing Compliance (Melbourne)
Australian Securities Exchange
Level 50, South Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

By email: ListingsComplianceMelbourne@asx.com.au

Dear Mr Wang

PURE FOODS TASMANIA LIMITED - ASX QUERY LETTER

I refer to your letter dated 2 December 2024, PFT's letter of 5 December 2024 and your email of 16 December 2024 containing a number of questions for Pure Foods Tasmania Limited ("**PFT**" or the "**Company**").

PFT responds to ASX's questions as follows:

Reissued Full-Year Report

1. **Please provide details of the specific evidence provided to PFT's auditor on the basis of which the auditor reissued the unmodified auditor's report for the year ended 30 June 2024.**

   Please refer to Schedule 1 of this letter for a summary list of documents provided to the auditor.

   PFT notes that the documentation supplied was adequate for the auditor to issue an unmodified opinion in the reissued full-year report for the year ended 30 June 2024, which was lodged with the ASX Market Announcements Platform and released on 29 November 2024 ("**Reissued Full-Year Report**").

   The auditor dedicated considerable time to reviewing, evaluating and testing the updated evidence provided by PFT. In doing so, the auditor concluded, in accordance with professional standards and auditing guidelines, that it was appropriate to issue an unmodified opinion. It is important to note that, while the auditor identified a material uncertainty regarding PFT's ability to continue as a going concern — referenced in Note 1 of the Reissued Full-Year Report — this did not lead to a modification of the auditor's opinion.

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PFT understands that the inclusion of a material uncertainty paragraph is not uncommon and that other ASX-listed companies may also contain similar disclosures in their audit reports.

2. **Noting the disclosure in the Reissued Full-Year Report that CBA has approved the relevant loan extensions as at 15 November 2024, with PFT's advice that the formal extension agreements with CBA would be available during week commencing 2 December 2024, please advise whether PFT has executed the relevant loan extension agreements with CBA**

PFT received a letter of offer from CBA dated 4 December 2024 for the following loans:

(a) Market Rate Loan for $1,500,000.00

(b) Better Business Loan for $1,600,000.00

("**CBA Letter of Offer**"). A copy of the CBA Letter of Offer is set out in Schedule 2 (but is not for release to the market).

PFT executed the CBA Letter of Offer on 9 December 2024.

On 4 December 2024, CBA communicated via email that their equipment finance team was preparing quotes for the renewal of the equipment finance agreements, which were expected to be sent to PFT by Friday 6 December 2024. PFT received the restructured equipment finance contracts for an approximate aggregate amount of $697,000 on 6 January 2025 and executed the agreements on 6 January 2025. One of the results of restructuring these equipment finance loans is that the equipment finance loans that had "balloon" repayments due in December 2024, March 2025 and April 2025 respectively now have 8 quarterly payments over a 2 year period. Further details in relation to the equipment finance loans can be found in PFT's ASX announcement and Appendix 4C released to the market on 31 January 2025.

The Appendix 4C also referred to a "CBA Asset Purch Facility". The interest rate for this facility was not set out in the Appendix 4C as the interest rate is not known until PFT draws down on the facility for a particular item of equipment. If PFT draws down on the loan, CBA will advise PFT of the interest rate applicable for the equipment purchase at or shortly before the draw down.

A copy of the restructured equipment finance loans is set out in Schedule 3 (but is not for release to the market).

3. **If the answer to question 2 is "yes", what are the key terms of the relevant loan extension agreements?**

The key terms of the Letter of Offer and Equipment Finance Loans are:

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(a) Market Rate Loan for $1,500,000.00

Purpose	Renewal of finance previously used to repay convertible notes
Term:	1 year and 6 months ending on 30 June 2026.
Variable Market Rate:	The BBSY for the Reset Period. As at the date of the Letter of Offer the rate is 4.48% for 3 months.
Repayment Arrangements:	The facility is repayable in full on the expiry of the Term. PFT must pay interest payments on the Reset Date for the Loan.
Key fees:	Facility Line Fee of 2.33% per annum. Commitment Fee of 0.15% per annum.
Security:	The Market Rate Loan is secured by guarantees from other members of the PFT group and general security agreements over all present and after acquired property of the PFT group.

(b) Better Business Loan for $1,600,000.00

Purpose:	Refinance of temporary finance used as working capital.
Term:	1 year 8 months ending on 30 June 2026.
Interest Rate:	7.50% per annum.
Interest charging frequency:	Monthly.
Repayment Arrangements:	Interest only payments for 1 year and 8 months.
Key fees:	Redraw balance fee of 0.49% per annum. Commitment Fee of 0.15% per annum.
Security:	The Better Business Loan is secured by guarantees from other members of the PFT group and general security agreements over all present and after acquired property of the PFT group.

(c) Equipment Finance Loans

Equipment Finance Loan 1

Term:	24 months.

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Loan Amount:	$325,395.00.
Interest Rate:	BBSY plus margin of 5.47% per annum.
Payment frequency:	Quarterly commencing on 31 March 2025.
Security:	Loan is secured by guarantees given by other members of the PFT group and security over the specific assets.

Equipment Finance Loan 2

Term:	24 months.
Loan Amount:	$368,694.65.
Interest Rate:	BBSY plus margin of 5.47% per annum.
Payment frequency:	Quarterly commencing on 31 March 2025.
Security:	Loan is secured by guarantees given by other members of the PFT group and security over the specific assets.

4. If the answer to question 2 is "no", please:

4.1 explain why the relevant loan extension agreements have not been finalised; and

As indicated in response to question 2, PFT executed the:

(a) CBA Letter of Offer on 9 December 2024; and

(b) the restructured equipment finance leases on 6 January 2025.

4.2 provide details of the status of discussions with CBA in relation to finalisation of the relevant loan extension agreements.

Not applicable.

5. Please explain whether PFT has paid the remaining outstanding balance of $0.110 million of short term secured loan from Amal Security Services ("Lender")

PFT initially entered into a loan agreement with the Lender for $500,000 which PFT drew down in full. PFT's reissued financial statements dated 28 November 2024 noted that $0.110 million was remaining outstanding. PFT subsequently paid down the principal amount outstanding to $50,000 as at 28 November 2024. PFT has now agreed with the Lender to repay the remaining $50,000 in 5 weekly instalments of $10,000, commencing 14 February 2025 and ending on 14 March 2025. Subject to repaying $10,000 on each of the instalment dates, no further interest or fees are payable by PFT to the Lender. PFT does not consider the outstanding $50,000 as a material amount.

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6. Does PFT consider that its financial condition is adequate to warrant continued quotation of its securities and its continued listing on ASX as required under Listing Rule 12.2?

Yes, the Directors consider that PFT's financial condition is adequate to warrant quotation of its securities and its continued listing on ASX**.**

7. If the answer to question 6 is "yes", please explain the basis for that view and also comment specifically on each of the following:

The basis for this view is:

(a) PFT has worked closely with its Auditor to satisfy its Auditor to issue an unmodified opinion in the Reissued Full-Year Report.

(b) PFT has a prepared a detailed cashflow forecast with underlying assumptions to December 2025. This cashflow forecast shows a positive cash balance as at December 2025.

(c) PFT is in the process of implement a turnaround plan – which includes (but is not limited to) implementing the following key items since September 2024:

(i) executing a material reduction in salaries resulting in approx. $1.5m in annual savings.

(ii) ceasing production of unprofitable product lines. The cessation of these products will have a positive impact on the bottom line.

(iii) transitioning from an internally managed sales model with major supermarkets to a broker-based approach, which is forecasted to lower costs for the company.

(iv) increasing the price of its main product lines products with key customers.

(v) reviewing local freight logistics and pass on pricing.

(vi) PFT is considering, with its financial advisers, the sale of further assets and/or business lines. The sale of these assets/business lines will be used for debt reduction and working capital purposes.

(vii) examining closely the Company's procurement practices including negotiating a fixed maximum price for fish products for three months to give the Company better control over cost of goods sold.

(viii) negotiating a settlement with an equipment supplier in relation to the supply of certain plant & equipment resulting in a settlement in PFT's favour of approximately $228,000.

(d) The majority of the FY24 losses were created by new product development initiatives and unplanned production cost overruns for supply to PFT's major customers. This

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situation will not be repeated in FY25 and the Company anticipates an improved trading performance.

The Directors' view is that focusing on the existing business and aligning costs and revenues to build a more sustainable business will position PFT for growth and improvement in operational performance.

7.1 the material uncertainty paragraph regarding going concern contained in the Reissued Auditor's Report (paragraph C above); and

The material uncertainty paragraph in the Reissued Auditors Report reflects some of the challenges PFT has experienced over the last 12 months. However, as previously mentioned, the Board has identified the key factors contributing to the poor financial performance in FY2024. To address these challenges, a new management team has been appointed to implement a comprehensive plan aimed at building a more sustainable business and positioning PFT for improved operational and financial performance.

7.2 whether PFT has taken any steps, or proposes to take any steps, to raise further cash to fund its operations and, if so, what these steps may involve and how likely it considers that any such capital raising initiatives will be successful.

The Company has received demonstrated support from its brokers, and we anticipate continued backing for future capital raisings from key shareholders.

8. If the answer to question 6 is "no", please explain what steps PFT has taken, or proposes to take, to demonstrate to ASX's satisfaction that PFT complies with Listing Rule 12.2.

N/A.

9. Does PFT's board consider that there are reasonable grounds to believe that PFT will be able to pay its debts as and when they become due and payable? Please explain the basis for that view.

Yes. The Board has carefully considered whether there are reasonable grounds to believe that PFT will be able to pay its debts as and when they become due and payable and its confident that such grounds exist. This is obviously of critical importance to the Directors considering their personal liability and something that has been considered carefully by the Board.

All of the initiatives outlined in the response to question 7 provide the Directors with confidence that the implementation of these initiatives is already having a positive impact. As a result, the Board believes there are reasonable grounds to conclude that PFT will be able to pay its debts as and when they become due and payable.

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10. Please confirm that PFT is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms it is complying with the Listing Rules and in particular Listing Rule 3.1.

11. Please confirm that PFT's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PFT with delegated authority from the board to respond to ASX on disclosure matters.

PFT confirms PFT's responses to the questions have been authorised and approved by the Board.

In PFT's view, the responses in this letter and the information provided to ASX since its suspension from trading (including the unmodified opinion in the reissued full-year report for the year ended 30 June 2024) is sufficient to justify the re-quotation of PFT's securities on ASX.

Please do not hesitate to contact me if you would like to discuss any of the above matters.

Yours faithfully

M J McAully
Executive Chairman

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Schedule 1

Summary of information provided to Auditor

Forecasts and budget:

- Updated budget and assumption to December 2025
- Updated cashflow forecast and assumptions to December 2025

Signed letter from the CBA dated 15 November approving:

- Extension of the $1.5m cash backed Market Rate loan until 30 June 2026;
- Extending the temporary facility to $1.6m and convert to a Better Business Loan expiring 30 June 2026; and
- The restructure of the existing equipment finance balloons of $0.645m due in FY25. These facilities will be renegotiated over a further term on current repayments to repay them to nil.

Existing facility:

Re-confirmation of existing facility limit for the Stream Working Capital Facility of $500,000 with CBA on 20 November 2024

Equipment supplier claim:

Signed deed settlement and release with equipment supplier to repay PFT $100k, of which $25k to be paid for legal expenses. Net amount $75k.

Additional capital raise:

Provided bank statements detailing the receipt of $400k from capital raise in October 2024.

Amal Securities loan payments:

Provided bank statements detailing the payment of the Causeway loan to $110k.

Equipment sale:

Provided quotation to purchaser for 3 pieces of equipment totalling $175k.

Management representation letter:

Additional management representation letter provided to the auditors.

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Schedule 2 – CBA Letter of Offer

Not for release to Market

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Schedule 3 – Restructured equipment finance loans

Not for release to Market

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ASX

2 December 2024

Reference: 103922

Mr Justin Hill
Company Secretary
Pure Foods Tasmania Limited
Level 2, 179 Murray Street
Hobart TAS 7000

By email: justinhill@pageseager.com.au

Dear Mr Hill

Pure Foods Tasmania Limited ('PFT'): Full-year report (audited financial report) - Query

ASX refers to the following:

A. The suspension of PFT's securities from quotation under Listing Rule 17.3 from 16 October 2024 following ASX's determination that PFT's financial condition is not adequate to warrant the continued quotation of its securities pursuant to Listing Rule 12.2, having regard to the qualified opinion in the auditor's report for PFT's annual financial statements for the period ended 30 June 2024 and PFT's response dated 16 October 2024 to ASX's query letter concerning its financial condition.

B. PFT's full-year report for the year ended 30 June 2024 lodged with ASX Market Announcements Platform and released on 30 September 2024 ('Full-Year Report'), which encloses an Independent Auditor's Report ('Auditor's Report') that contains a Qualified Opinion together with the Basis for Qualified Opinion:

> *"In our opinion, except for the material uncertainty regarding going concern, the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:*
>
> *i. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year then ended on that date; and*
>
> *ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.*
>
> *Basis for Qualified Opinion*
>
> *We draw attention to Note 1 in the financial report, which indicates that the Group have incurred a net loss of $3.9m and a net cash outflow from operations of $2.2m during the year ended 30 June 2024, and, as of that date, the Group's current liabilities exceeded its current assets by $1.5m. The Group has not been able to provide appropriate corroborating documents to support that it has secured sufficient replacement refinancing for the next 12 months to support the going concern assumption. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern."*

C. PFT's reissued full-year report for the year ended 30 June 2024 lodged with ASX Market Announcements Platform and released on 29 November 2024 ('Reissued Full-Year Report'), which encloses a revised and reissued Independent Auditor's Report ('Reissued Auditor's Report') that no longer contains any modified opinion in respect of the matter cited under paragraph B above and reads as follows:

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"In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year then ended on that date; and

ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group have incurred a net loss of $3.9m and a net cash outflow from operations of $2.2m during the year ended 30 June 2024, and, as of that date, the Group's current liabilities exceeded its current assets by $1.5m. These conditions, along with other matters set forth in Note 1 and Note 25, indicated that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

…

Emphasis of Matter – Withdrawal of Previously Issued 2024 Financial Statements

We draw attention to Note 25 of the financial statements which indicates that the previously issued financial statements for the year ended 30 June 2024, on which we issued an Independent Auditor's Report dated 30 September 2024, have been revised and reissued. As explained in Note 25, this is to reflect the effects of the information which became available subsequent to the issue of the Independent Auditor's Report dated 30 September 2024, and therefore not previously incorporated. Our opinion is not modified in respect of this matter.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the Directors of the Group, would be in the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion."

(Emphasis added)

D. Note 25 of the Reissued Full-Year Report 'Events Occurring After Balance Date' which states the following:

"Facts which have become known to the Auditor after the Financial Report has been Issued

Since the signing and issue of the financial statements and audit opinion on 30 September 2024, further facts have become known in regard to the re-financing of the Group. As at 30 September 2024, the Group had the following facilities with the Commonwealth Bank of Australia (CBA) and National Australia Bank (NAB):

- *$1.5m market rate loan secured against a $1.5m deposit facility with CBA with both maturing in November 2024;*
- *$0.5m short-term secured loan with Amal Security Services and maturing in September 2024;*
- *$1.4m asset finance liabilities with CBA which are secured over specific assets ranging with maturity dates from December 2024 to November 2028; and*
- *$0.002m asset finance facility with NAB and maturing in September 2024.*

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As of 15 November 2024, the CBA has approved the:

- *Extension of the $1.5m cash backed Market Rate loan until 30 June 2026;*
- *Extending the temporary facility to $1.6m and convert to a Better Business Loan expiring 30 June 2026; and*
- *Restructure of the existing equipment finance balloons of $0.645m due in FY25. These facilities will be renegotiated over a further term on current repayments to repay them to nil. This will push the terms for each of these equipment finance contracts to 30 June 2026 or beyond.*

The above approval in re-financing from CBA as at 15 November 2024 results in $1.845m converting to a non-current liability and not due for maturity within the next 12 months. The remaining $0.4m refinanced is to be repaid to the CBA in February 2025.

The $0.5m short-term secured loan with Amal Security Services and was scheduled to mature in September 2024 has been paid down to $0.110m with the remaining balance to be settled in November 2024.

In addition:

- *The Board has also entered into negotiations for equipment sales for equipment totalling $0.175m; and*
- *$0.400m was raised in additional capital in October 2024."*

(Emphasis added)

E. Page 8 of the Reissued Full-Year Report which echoes Note 25 of the Reissued Full-Year Report and also states the following:

"As a result of the above information, the Director's resolved to amend and re-issue the financial statements to update the events occurring subsequent to balance date disclosures in Note 25. This enabled the auditors to issue an amended audit report expressing an opinion on the amended and reissued financial statements.

Withdrawal of previously issued 2024 Financial Statements

The Board has overseen the process in obtaining the additional information subsequent to the issuing of the financial statements on 30 September 2024. The obtaining of the additional information as detailed above and in Note 25 of the financial statements has resulted in the reissuing of the financial statements to reflect this information."

F. Recent discussions and correspondence between ASX and PFT, in which PFT advised ASX that the formal extension agreements with CBA would not be available until the week commencing 2 December 2024 but PFT has received confirmation from CBA that the relevant loan extensions were approved.

G. Listing Rule 12.1 which states:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.

H. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.

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Request for information

In light of the information contained in the Reissued Full-Year Report and the Reissued Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

Reissued Full-Year Report

1. Please provide details of the specific evidence provided to PFT's auditor on the basis of which the auditor reissued the unmodified auditor's report for the year ended 30 June 2024.
2. Noting the disclosure in the Reissued Full-Year Report that CBA has approved the relevant loan extensions as at 15 November 2024, with PFT's advice that the formal extension agreements with CBA would be available during week commencing 2 December 2024, please advise whether PFT has executed the relevant loan extension agreements with CBA.
3. If the answer to question 2 is "yes", what are the key terms of the relevant loan extension agreements?
4. If the answer to question 2 is "no", please:
   - 4.1 explain why the relevant loan extension agreements have not been finalised; and
   - 4.2 provide details of the status of discussions with CBA in relation to finalisation of the relevant loan extension agreements.
5. Please explain whether PFT has paid the remaining outstanding balance of $0.110 million of short term secured loan from Amal Security Services.

Financial Condition

6. Does PFT consider that its financial condition is adequate to warrant continued quotation of its securities and its continued listing on ASX as required under Listing Rule 12.2?
7. If the answer to question 6 is "yes", please explain the basis for that view and also comment specifically on each of the following:
   - 7.1 the material uncertainty paragraph regarding going concern contained in the Reissued Auditor's Report (paragraph C above); and
   - 7.2 whether PFT has taken any steps, or proposes to take any steps, to raise further cash to fund its operations and, if so, what these steps may involve and how likely it considers that any such capital raising initiatives will be successful.
8. If the answer to question 6 is "no", please explain what steps PFT has taken, or proposes to take, to demonstrate to ASX's satisfaction that PFT complies with Listing Rule 12.2.
9. Does PFT's board consider that there are reasonable grounds to believe that PFT will be able to pay its debts as and when they become due and payable? Please explain the basis for that view.
10. Please confirm that PFT is complying with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that PFT's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of PFT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Friday, 6 December 2024**. You should note that if the information

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requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PFT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require PFT to request a trading halt immediately.

Your response should be sent by e-mail to **ListingsComplianceMelbourne@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PFT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that PFT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Kind regards

ASX Compliance