



# Annual General Meeting

2021



# Agenda

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# About East 33





East 33 is dedicated to pioneering the world's best oyster culture, by empowering the people behind it, caring for the places that support it, and delivering moments to be savoured.

East 33 represents quality, a dedication to the authentic and an inspired future, focused on delivering a moment of joy.



East 33 is the largest grower, buyer,  
processor and seller of  
Sydney Rock Oysters





# Favourable

## Industry and product dynamic

- Low agricultural and disease risk
- No feed cost
- Low maintenance CAPEX
- Structurally growing demand
- Supply constrained
- Opportunity for Increasing margins
- Step change new market opportunities



# Simple

## Business Strategy

### Strong Foundation:

- Largest producer
- Fully vertically integrated
- Diverse sales channels

### Clear Strategy:

- Unlock operating leverage, scale mechanization
- Invest in growth infrastructure
- Utilise inherent rarity, provenance and heritage to build brand





# Achievable

## Growth Plan

- Inventory position fully supports next three years sales
- Fully funded to invest in all areas of growth

### Focused Growth Areas:

- Product quality
- Production volume
- Processing capability
- Efficiency
- Demand
- Brand





# Sustainable

## Value Creation

### Strong Foundation:

- Irreplicable set of highly productive assets
- Sustainable product
- Sustainable competitive industry position

### Clear levers for growth:

- Financial performance
- ROIC multiples higher than cost of capital
- Brand value
- International markets







# Review of FY21

# FY21 Highlights

## Completion of Acquisitions

- Acquisitions completed
- NAB facility in place

## Completion of Initial Public Offering

- FY21 numbers inline with Prospectus

## Transformative Operational Change

- Integrated all acquisitions

## Continued Brand Elevation

- Execution of range of consumer offerings



### INDEPENDENT EXPERT'S REPORT

An Independent Expert's Report is contained at **Annexure C** to this Prospectus. The Independent Expert has concluded that on balance the issue of the Performance Rights is fair and reasonable to the non-participating shareholders.

### CLEANSING OFFER AND ANCILLARY OFFERS

This Prospectus also contains an offer of 1 New Share under the Cleansing Offer and the Ancillary Offers of Shares, Performance Rights and Redeemable Convertible Preference Shares to the Advisory Committee, Proposed Directors and vendors of Historical Acquisitions and Target Acquisitions.

### IMPORTANT INFORMATION

This Prospectus is an important document that should be read in its entirety before making an investment decision. You should seek professional advice if you have any questions about the New Shares being offered under this Prospectus, or any matter relating to an investment in the Company.



# Business Objectives

Consistent with our market company position

## Increase Volume & Reduce Costs

- Scale Volume – invest in Infrastructure
- Drive Efficiencies – rationalize inefficiencies through consolidation & invest in mechanisation

## Increase Revenue

- Skew channel mix to higher value channels
- Increase price per unit via branding, elevated product offerings

## Drive Return on Equity

- Sustained Earnings growth with PEG Ratio >1
- Incremental ROIC > WACC – derived from sustainable competitive advantage (Porters)
- Market Cap > Asset Value demonstrating brand value



# Our Investment Plan

Consistent with our strategy

## Investment in infrastructure across value chain

### Hatchery

- Processing facility expansion
- Growth from 10 to 30m pa

### Farm

- On water oyster carrying infrastructure
- Growth from 8 to 19 m oysters pa

### Logistics

- Ground base optimization and mechanization
- Reduce cost per unit down more than 50%

### Shucking

- Multi site shucking facilities
- Increase capability 30%

### Sales & Brand

- Product quality and awareness
- Increase revenue per unit 15%





# Investment Project 3,4,5

Delivering on our strategy



3

## Year Timeframe:

- a full production cycle, to deliver

4

## Supply Side improvements:

- Product Quality
- Production
- Shucking Power
- Efficiency

5

## Demand generating initiatives:

- House of 33 restaurant engagement program
- Elevated product categories
- ShellaDoor<sup>tm</sup> vineyard style experience
- eCommerce
- international

## Outcome

<b>Quality:</b>	Purveyor of consistently high quality product
<b>Scale:</b>	150m carrying capacity, 20m annual production, 30m processing capacity, 50m sales volumes
<b>Presence:</b>	Handing over 70% of the market in all areas of supply chain
<b>Efficiency:</b>	Greater than 50% reduction in unit cost
<b>Demand:</b>	Balanced sales into all sales channels
<b>Brand:</b>	Most iconic Australian fine foods company
<b>Sustainability:</b>	Product, Place, People, Operations, Community



# Business Update

November 2021

# Trading

Positive sentiment heading into peak trading season

November 2021 trading pattern show Post COVID return to normal

- Inflated online and retail trading has been replaced with strong rebound in restaurant trade – consistent with historic trading patterns

Supply constraints resulting in pricing increases

- Structural shortfall in supply
- Shortfall in industry shucking capacity
- South Australian Pacific oyster recall





# Growth

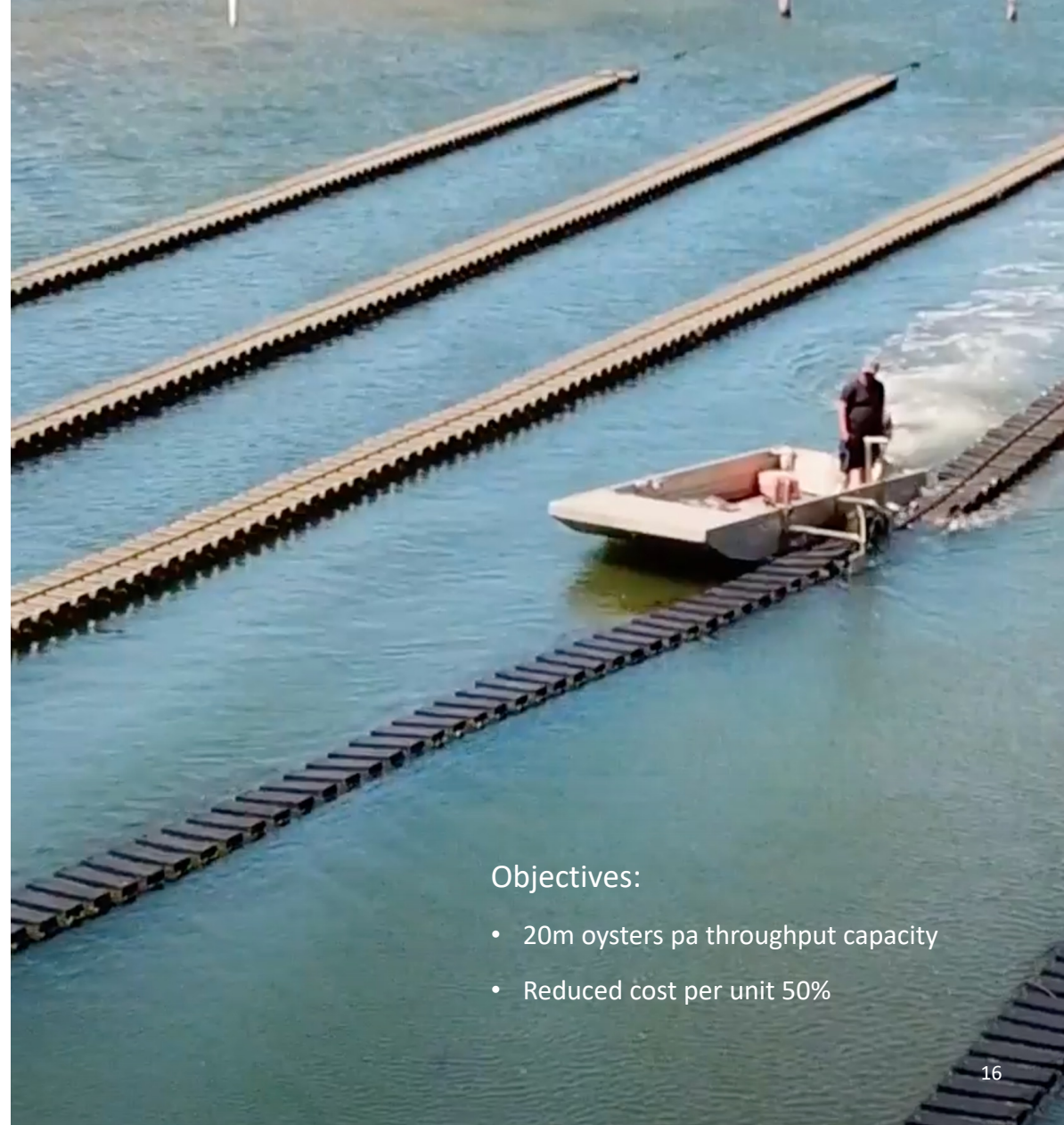
## Volume & Efficiency

### Production Volume

- Expanded hatchery infrastructure capacity from 5-15m per batch
- Expanding nursery capacity to over 15m oysters per cycle
- Expanded water based infrastructure to handle additional 500k oysters

### Operating Efficiencies

- Deployed low labour high efficient “flip-farm” mechanized growing infrastructure
- Invested in heavy industrial handling equipment to enable increased capacity and efficiency
- Invested in specialized mechanized oyster processing to enable increased capacity and efficiency
- Invested in range of trucking and logistics solution to increase operational flexibility and efficiency



### Objectives:

- 20m oysters pa throughput capacity
- Reduced cost per unit 50%

# Growth

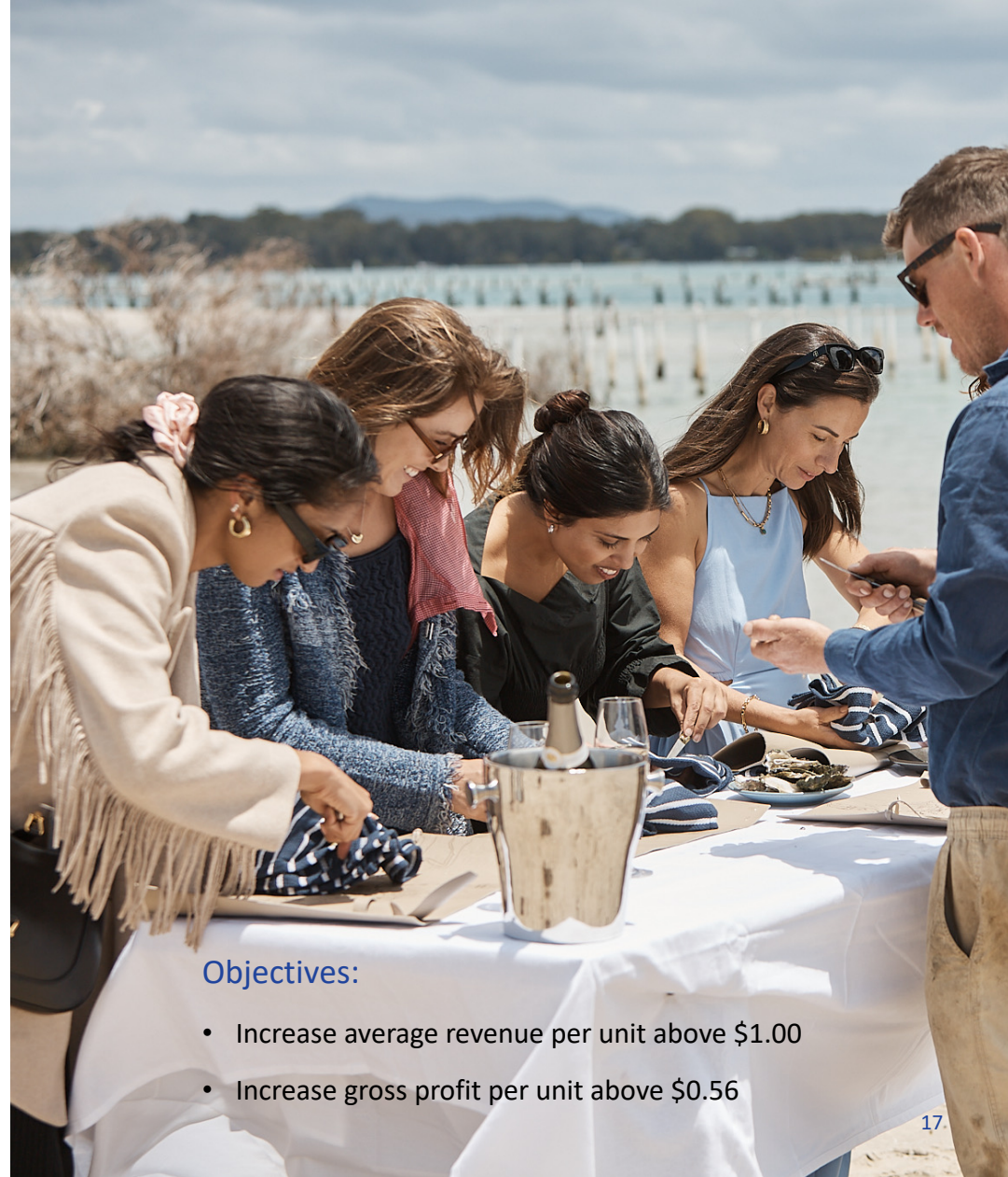
## Revenue

### Increasing volume in higher value channels

- Invested in new website for increased addressable online market
- Launched Thirty Three Degree's on farm venue (ShellaDoor™ vineyard style experience)
- Commence trial shipments to Hong Kong market

### Increasing Price per unit

- Launched tourism offering to underpin Provenance, Rarity & Heritage
- Investing in elevated product lines for FY22 launch
- Continuing strong consumer facing branding



### Objectives:

- Increase average revenue per unit above \$1.00
- Increase gross profit per unit above \$0.56





# Outlook for FY22

November 2021

# Operating Metrics for FY22

## Key Drivers for Financial Performance

44.6m

Oyster Inventory as at 30 June 2021

16m

Oyster Produced and sold

37m

Total Oysters Sold

\$1.00

Avg Revenue per Oyster

\$0.56

Average Gross Profit/ Oyster

\$7.59m

EBIT

14%

EBIT Margin

\$7.1m

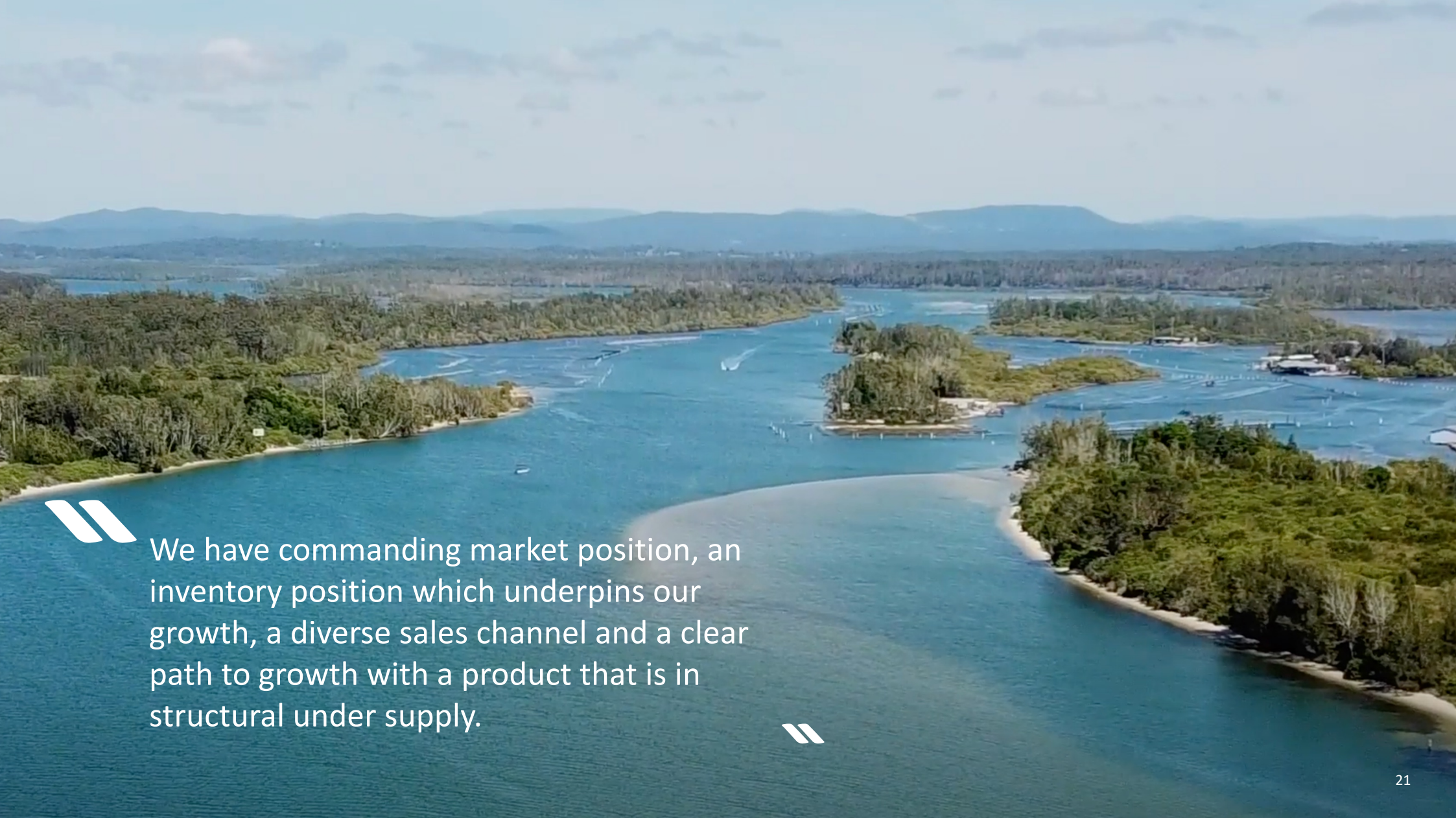
Cash from Operations



# Deeper Insight

## Key Variables influencing Operating Metrics

	Inventory	Production volume Sold	Total Sales volume	Rev / Oyster	GP/ Oyster	EBIT	EBIT Margin	Cashflow Operations
<b>Key Metric</b>	<b>44.6m</b>	<b>16m</b>	<b>37m</b>	<b>\$1.00</b>	<b>\$0.45</b>	<b>\$6.8m</b>	<b>14%</b>	<b>\$7.1m</b>
Potential Catalyst for <b>Increase</b>	<ul style="list-style-type: none"> <li>• New Catch</li> <li>• Hatchery Production</li> </ul>	<ul style="list-style-type: none"> <li>• Pulled forward Vintage</li> </ul>	<ul style="list-style-type: none"> <li>• Pulled forward Vintage</li> <li>• Increased 3rd party</li> </ul>	<ul style="list-style-type: none"> <li>• Sale channel mix</li> <li>• Price per unit</li> </ul>	<ul style="list-style-type: none"> <li>• Overweight internal supply</li> <li>• Buying power</li> <li>• Logistic efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• GP</li> <li>• Cost Saving</li> <li>• Investment in Brand</li> </ul>	<ul style="list-style-type: none"> <li>• EBIT</li> <li>• Decreased leverage</li> </ul>	
Potential Catalyst for <b>Decrease</b>	<ul style="list-style-type: none"> <li>• Anomaly Condition</li> <li>• Sales</li> </ul>	<ul style="list-style-type: none"> <li>• Stock Aging</li> <li>• Working through system</li> </ul>	<ul style="list-style-type: none"> <li>• Competition on 3rd party purchase</li> </ul>		<ul style="list-style-type: none"> <li>• Underweight internal supply</li> <li>• Farm gate price pressure</li> </ul>		<ul style="list-style-type: none"> <li>• EBIT</li> <li>• Increase leverage</li> </ul>	



We have commanding market position, an inventory position which underpins our growth, a diverse sales channel and a clear path to growth with a product that is in structural under supply.



