



FY22 H1 Results FY22 Revised Guidance

February 2022

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Company Outlook

Key Points

- Infrastructure investment has laid the foundation for strong future growth
- Increase in oyster prices enabled by strong demand and supply shortfalls helped to recover operating cost movements
- Incremental labour has been secured to drive farming activities and to capture the reopening of the restaurant channel
- Further increases in pricing are expected throughout CY2022
- Inventory position and labour availability will enable ramp up in harvested volume
- Removal of short run industry constraints associated with Covid will enable step change in financial performance

Summary of First Half FY22

1. Solid year on year growth regardless of headwinds
2. Step change in growth effectively delayed 12 months
3. Robust outlook for 2022/2023 season

Business Update

Continued strong demand for Sydney Rock Oysters

- Demand for Sydney Rock oysters exceeds supply
- Prices for Sydney Rock oysters are increasing along the full value chain

Executing our Strategy

- Building a long term, sustainable, customer focused, profitable business
- The unique qualities of the Sydney Rock Oyster and continued strong demand underpins the East 33 long term growth strategy

Solid progress on business plan

- Implementation of clear plan to invest in improving efficiency, productivity, quality whilst reducing unit costs
- Developing a culture of continual improvement in all aspects of the business with an early focus on OH&S, production efficiencies and operating systems

We are encouraged with the robustness of our market and core business opportunity



Covid Impacts H1 2022

Labour constraints impacted harvest volumes

- Nation wide labour shortages reduced our ability to harvest to maximum inventory availability

Lockdowns reduced processing throughput

- Sydney based lockdowns limited staff available to process oysters during time sensitive weeks leading into Christmas rush

Restaurant closures changed sales channel mix

- Higher sales into lower value sales channel resulted in lower than anticipated average gross profit margins

Overall industry supply shortfall

- Unusually severe weather conditions negatively impact East 33 third party supply chain





Despite shortfall in staffing and other business challenges the East 33 team worked tirelessly to ensure the maximum possible supply of oysters to the market

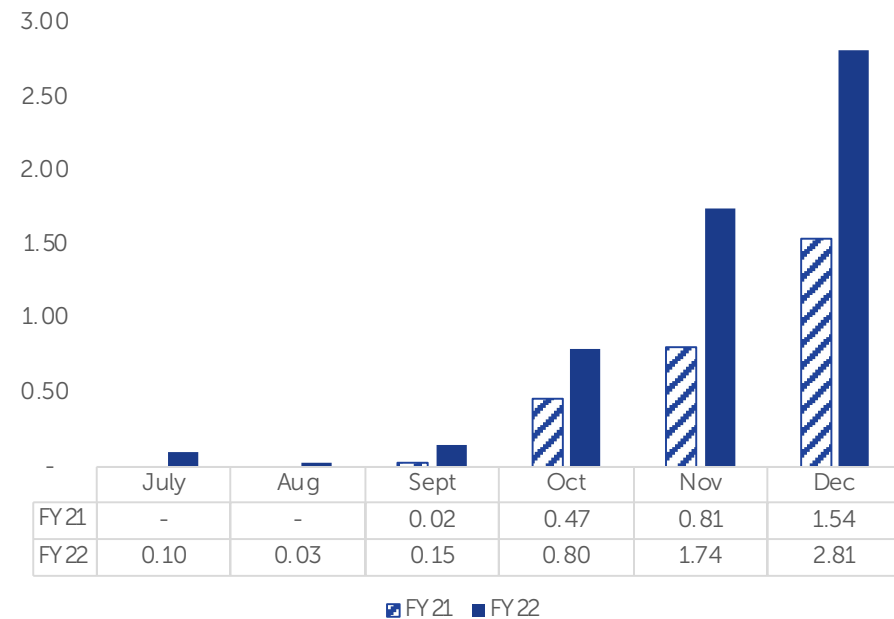


First Half Harvest Growth

Harvest Production

- First half harvest increased from 3.1m in FY21 to 4.5m in FY22
- Production up 45% YoY
- Realization of full harvest potential constrained by labour availability

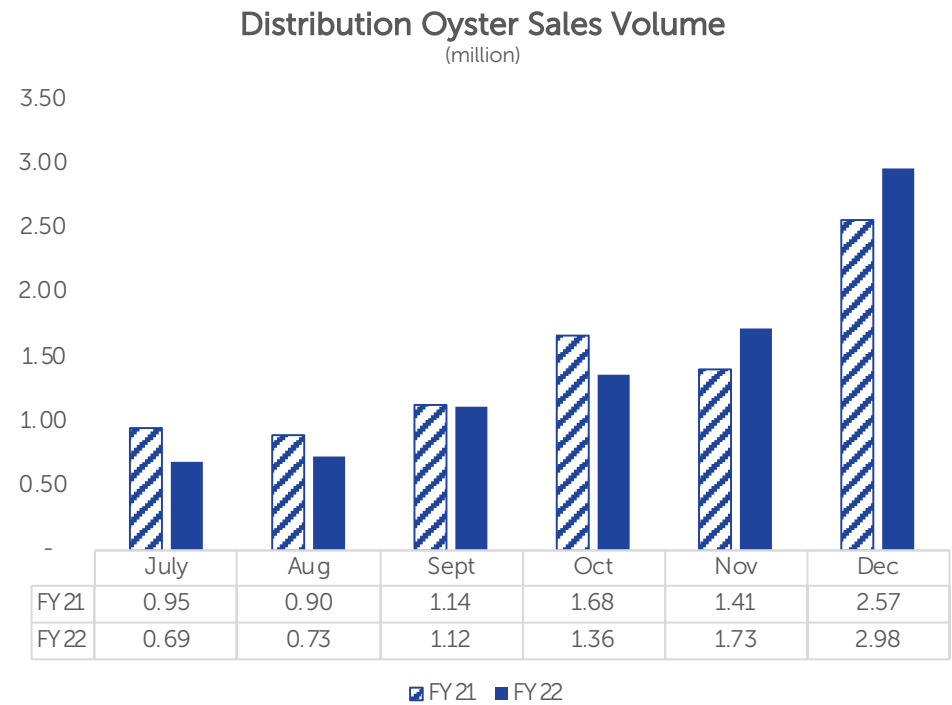
Farming Oyster Harvest
(Millions)



First Half Distribution

Distribution Sales

- FY22 was inline with FY21 at 8.6m despite COVID impacting market
- Sales constrained by supply (including both labour and purchase of oysters)



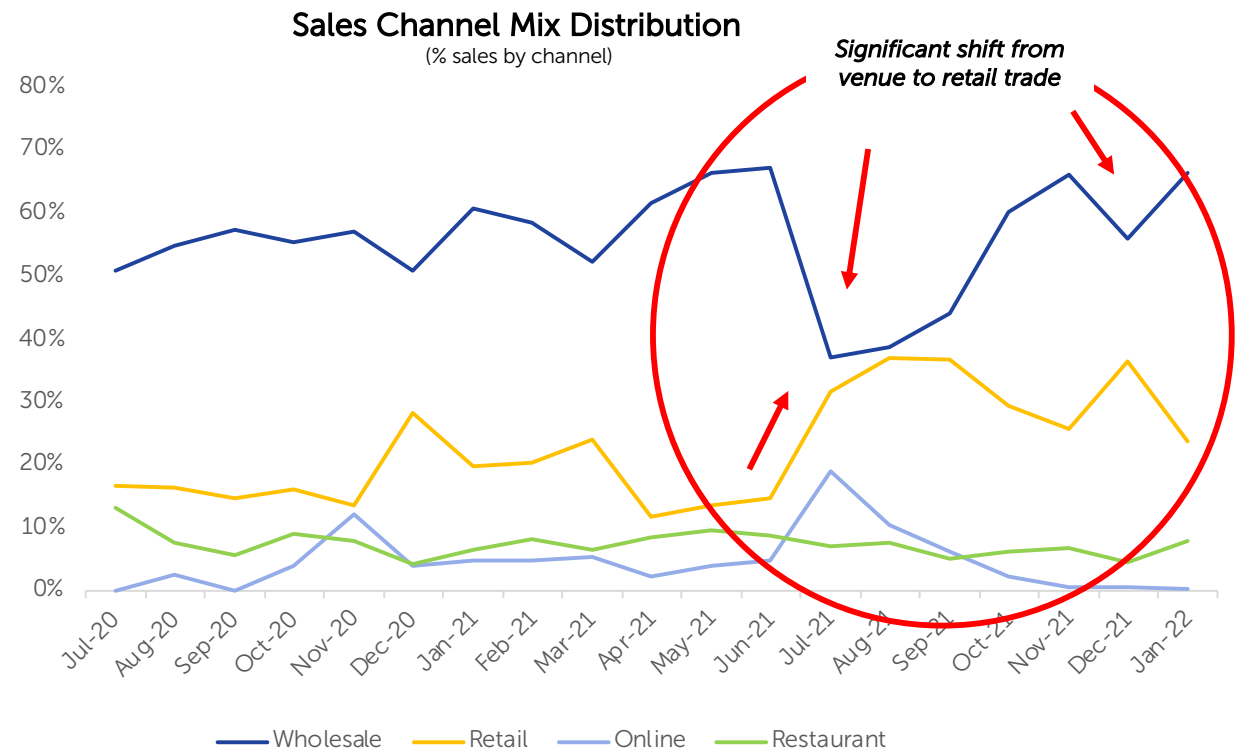
Covid Impacted Sales Channel Mix

Change in segment trends

- Wholesale and retail percentage of sales increased
- Reduction in restaurant demand due to Covid

Impacts of trends

- Average sales price per oyster down to 92c per oyster
- Average GP per oyster down





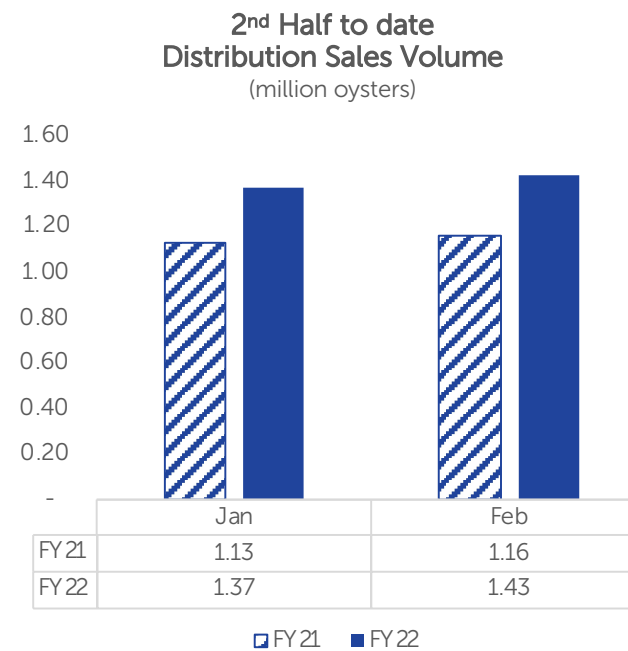
Outlook for 2nd Half FY22

FY22 – 2nd Half Distribution Volume

Distribution

- YoY growth continues
- Lowering guidance in response to limited overall supply

Distribution	1 st Half	2 nd Half	Total
(million Oysters)			
Prospectus	13.7	13.1	26.8
Actual & Revised	8.7	8.6	17.3
<i>FY21</i>	<i>8</i>	<i>8</i>	<i>16</i>

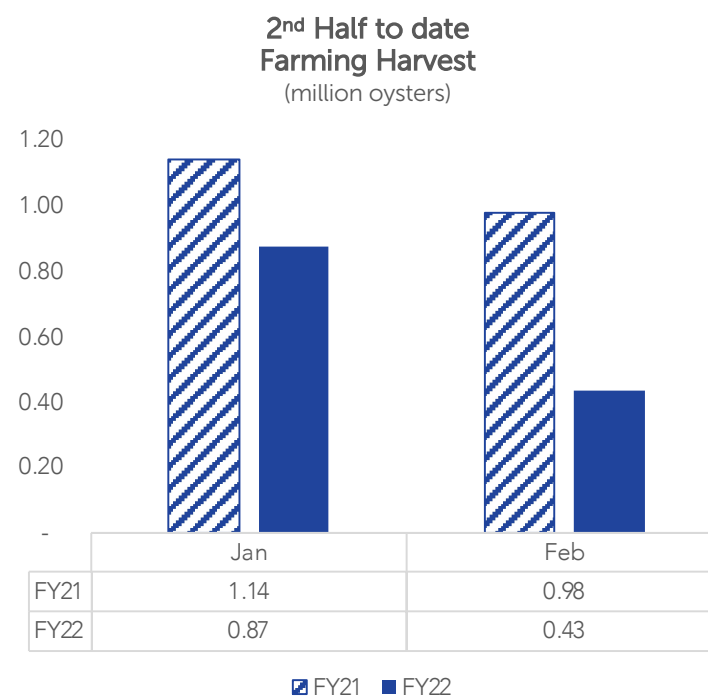


FY22 – 2nd Half Farming Volume

Farming

- Farming workforce increased through January with training and integration well advanced
- Further abnormal rain conditions impacting supply in February
- YoY growth expected to be achieved with solid outlook for Q4 given Port Stephens seasonality and East 33 inventory position

Farming (million Oysters)	1 st Half	2 nd Half	Total
Prospectus	7.7	8.3	16
Actual & Revised	4.5	4.2	8.7
<i>FY21</i>	<i>3.1</i>	<i>4</i>	<i>7</i>



FY22 Revised Guidance

A\$ m	Prospectus	Forecast to 30 June 2022	Comment	Forecast to 30 June 2022 (Excluding Non Cash)
Revenue	49.12	30.7	Market demand and pricing is strong, covid impact labour restricts harvest volume	26.5
COGS	(24.03)	(16.0)		(14.2)
Gross Profit	25.09	14.7		12.2
GP%	51%	48%	Reflects channel shift away from restaurants	46%
Operating Costs	(16.3)	(13.4)	Recalibrated expense profile to suit FY22 EBITDA outlook	(13.4)
EBITDA	8.79	1.3	Lower as a function of gross profit contribution	(1.2)
Depreciation	(1.2)	(1.8)	Reflects investment in farming assets	
EBIT	7.59	(0.5)		(1.2)
Finance Costs	(0.77)	(0.7)		(0.6)
Tax	(1.87)	(-)		(-)
NPAT	4.95	(1.2)		(1.8)

Deeper Insight

Review of Key Variables influencing Operating Metrics

	Inventory	Production volume Sold	Total Sales volume	Rev / Oyster	GP/ Oyster	EBIT	EBIT Margin	Cashflow Operations
Previous Expectations	44.6m	16m	37m	\$1.00	\$0.45	\$6.8m	14%	\$7.1m
Potential Catalyst for Increase	<ul style="list-style-type: none">• New Catch• Hatchery Production	<ul style="list-style-type: none">• Pulled forward Vintage	<ul style="list-style-type: none">• Pulled forward Vintage• Increased 3rd party	<ul style="list-style-type: none">• Salechannel mix• Price per unit	<ul style="list-style-type: none">• Overweight internal supply• Buying power• Logistic efficiency	<ul style="list-style-type: none">• GP• Cost Saving• Investment in Brand	<ul style="list-style-type: none">• EBIT• Decreased leverage	
Potential Catalyst for Decrease	<ul style="list-style-type: none">• Anomaly Condition• Sales Volume	<ul style="list-style-type: none">• Stock Aging• Working through system	<ul style="list-style-type: none">• Competition on 3rd party purchase		<ul style="list-style-type: none">• Underweight internal supply• Farm gate price Pressure		<ul style="list-style-type: none">• EBIT• Increase leverage	
Revised estimated at June 22	51.2	8.9	26.1	\$0.96	\$0.39	(\$0.5) (0/02%)		(\$1.8)
Contributing factor	Harvest lower than expected	Labour constraints	Industry wide stock shortage	Restaurant closures driving negative Channel mix	Channel mix impact to Rev/Oyster	Lower volume in farming and distribution due to supply constraints		

Executing on the Business Plan

Well positioned to enable step change in FY23

Opportunity remains robust

- The unique qualities of the Sydney Rock Oyster underpins long term growth
- Market share and vertical integration facilitate accelerated growth plan
- Inventory supports Volume growth
- Investments have been made to facilitate step change
- Inventory quality and sales channel mix drive revenue per unit

Well positioned post COVID

- Strong demand for Sydney Rock Oysters
- Continued increase in pricing expected
- Secured labour resources
- Expecting a significant increase in demand (removed restrictions in restaurants and resumed tourism markets)

What is needed to realize Prospectus forecast step change

- Harvest inventory per plan
- Execution of operational plan
- Achieve targeted sales channel mix





About East 33

Our Mission

To pioneer the world's best oyster culture

Our View

Oysters elevate the moment, and the world's best oyster is a Sydney Rock



We stand for

- Quality
- Respect
- Innovation
- Sustainability

Our Ambition

- Empower the people behind us
- Care for the places to enable us
- Deliver moments to be savoured



Favourable

Industry and product dynamic

- Low agricultural and disease risk
- No feed cost
- Low maintenance CAPEX
- Structurally growing demand
- Supply constrained
- Increasing margins



Simple

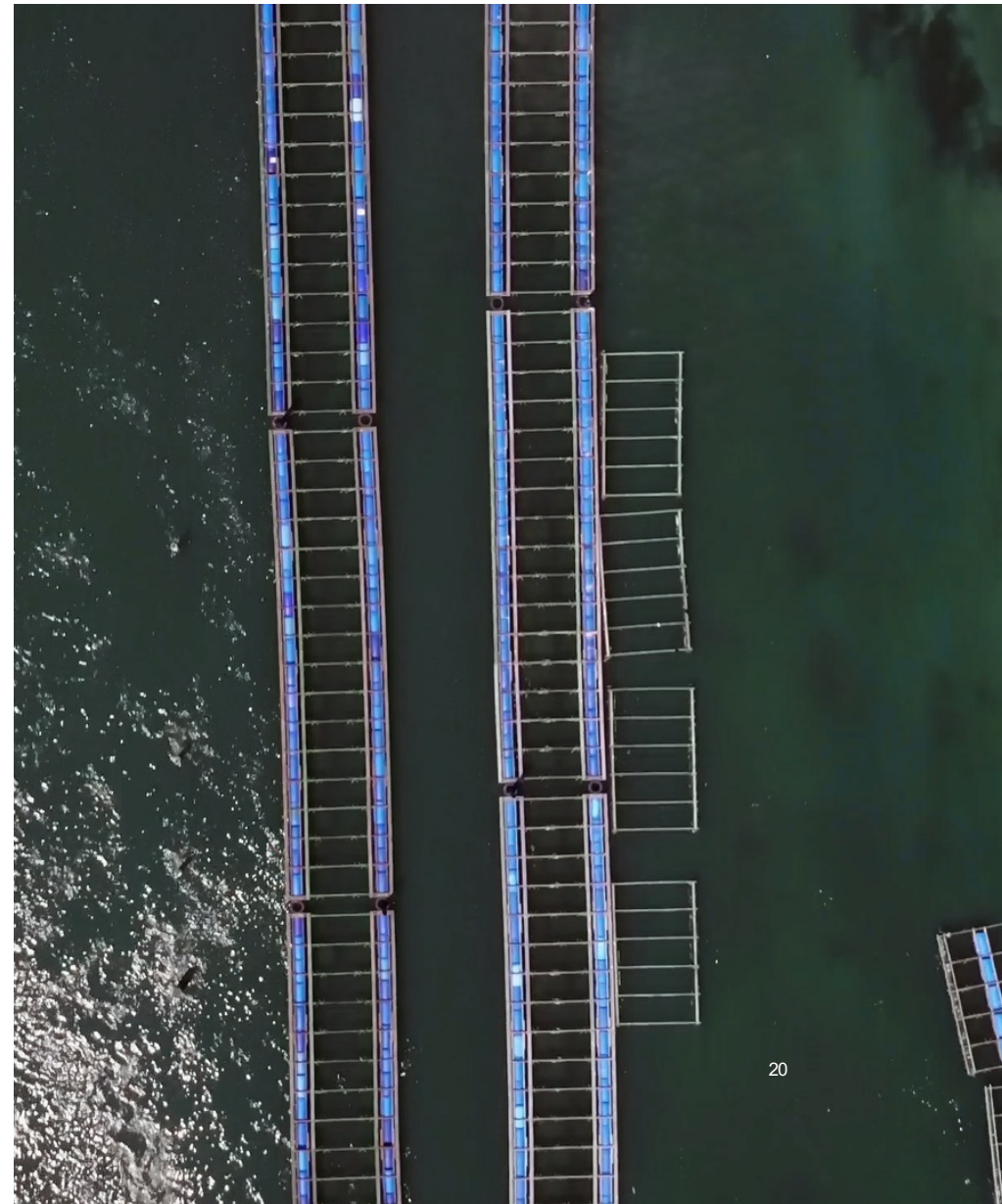
Business Strategy

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



Our Strategy

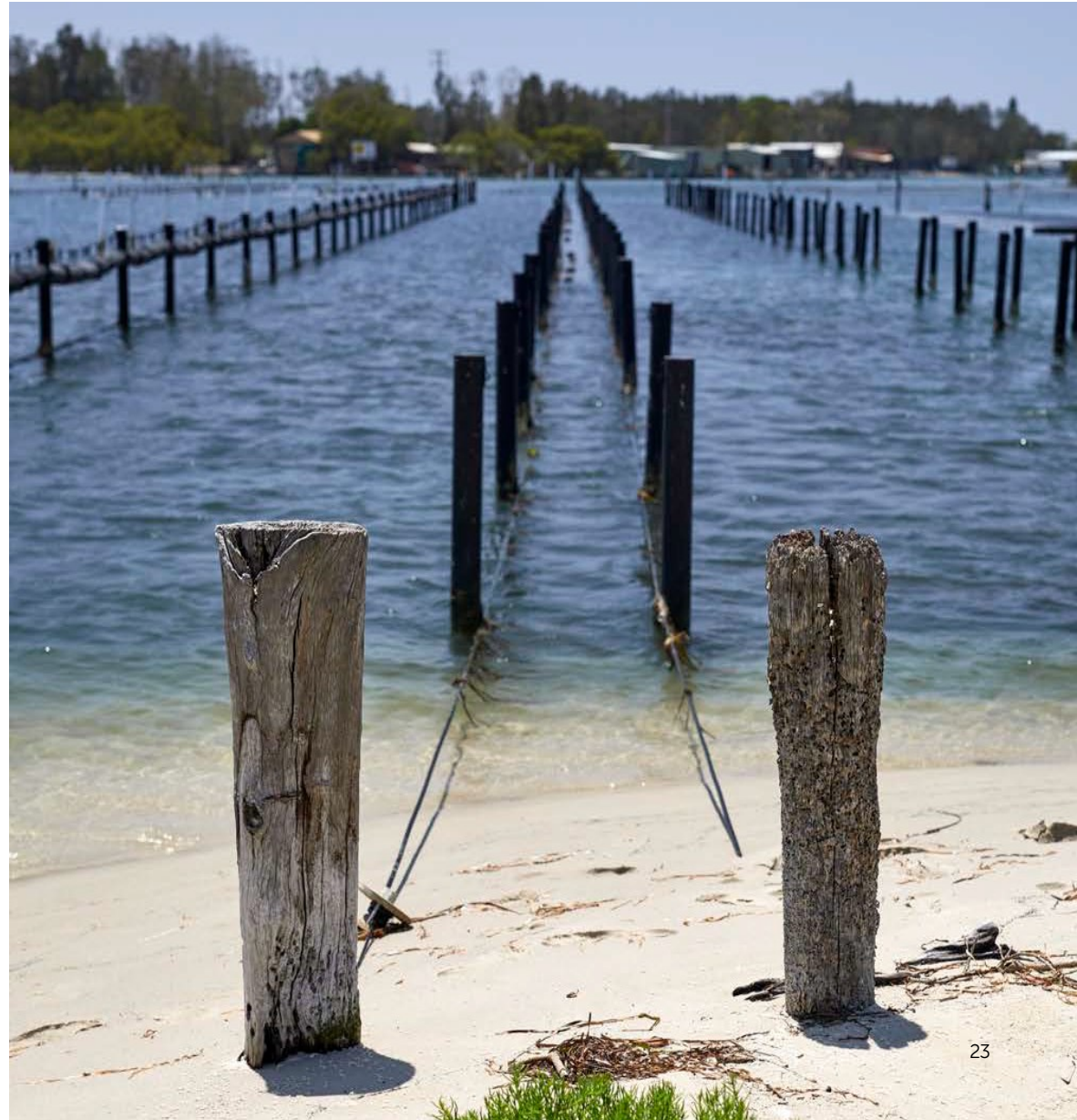
Consistent with our capabilities

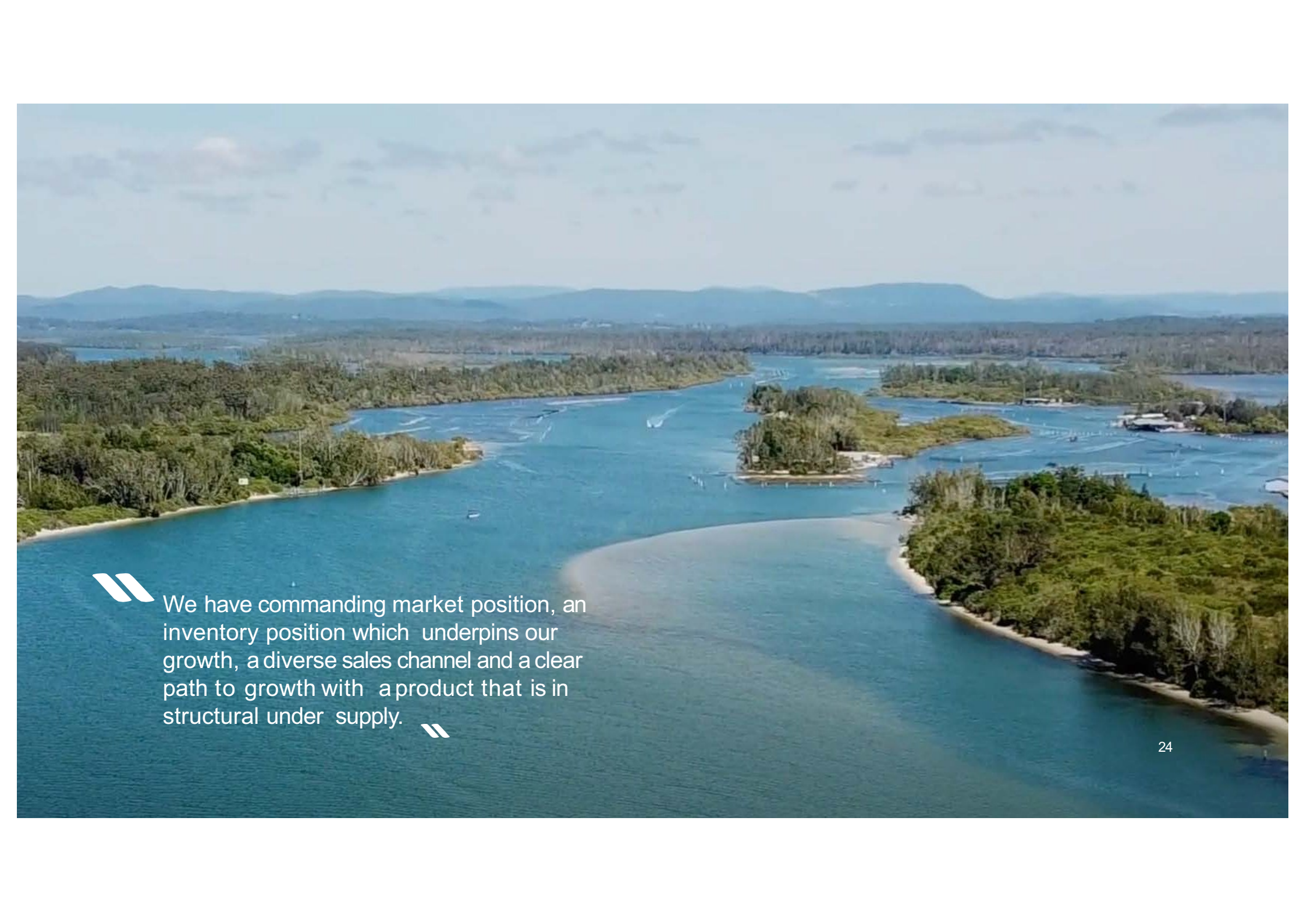
We Completed:

- Consolidation
- Vertical Integration
- Established a brand

Clear Strategy to:

- Increase quality
- Scale operations
- Increase value through investment and acquisition





“ 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. ”

