

31 July 2024

ASX RELEASE

ASX: RFA

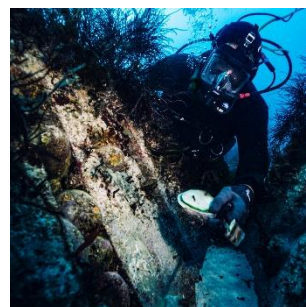
QUARTERLY UPDATE AND APPENDIX 4C

Period Ending 30 June 2024

KEY POINTS

CORE BUSINESS

- Processing facility throughput increased to a record **124 tonnes** for FY24, **6% above FY23**.
- Sales of premium abalone products were 27.7 tonnes, including 21.4 tonnes of Marine Stewardship Council (MSC) certified wild caught Greenlip.
- Total sales for FY24 were 88.3 tonnes, comprising 75.2 tonnes of MSC certified wild caught Greenlip, seven tonnes of wild origin and six tonnes of aquaculture reared Greenlip abalone.
- The 7-Year Ranch Strategy was implemented to lift the productivity of MSC certified wild caught Greenlip, with 65% of the season's deployments (744k juveniles) completed during the Quarter.
- Prior to the conclusion of the 10-year Juvenile Supply Agreement with strategic partner 888 Abalone (which ends on 30 June 2024) a FY25 juvenile supply has been established with discussions ongoing regarding a new longer-term arrangement.



GROWTH

- **\$40k of retail sales** revenue was achieved through the Ocean Pantry during Q4, **18% above the same period in FY23**.
- Ramping up ocean cellaring activities, the Company launched the Winereef trial in May, which is estimated to yield 13,000 bottles of wine in November 2024.
- Trials of live wild origin Roei and aquaculture reared Greenlip abalone through the newly established Perth facility commenced to fulfill demand from customers on the east coast of Australia.

CASHFLOW

- \$2M received from the Entitlements Offer during the Quarter with strong support from major shareholders.
- Due to a late deferral of 10.4 tonnes of orders and the timing of juvenile deployment costs the Company had negative cashflow of \$1.3M for the Quarter from operating activities (before the Entitlement Offer).



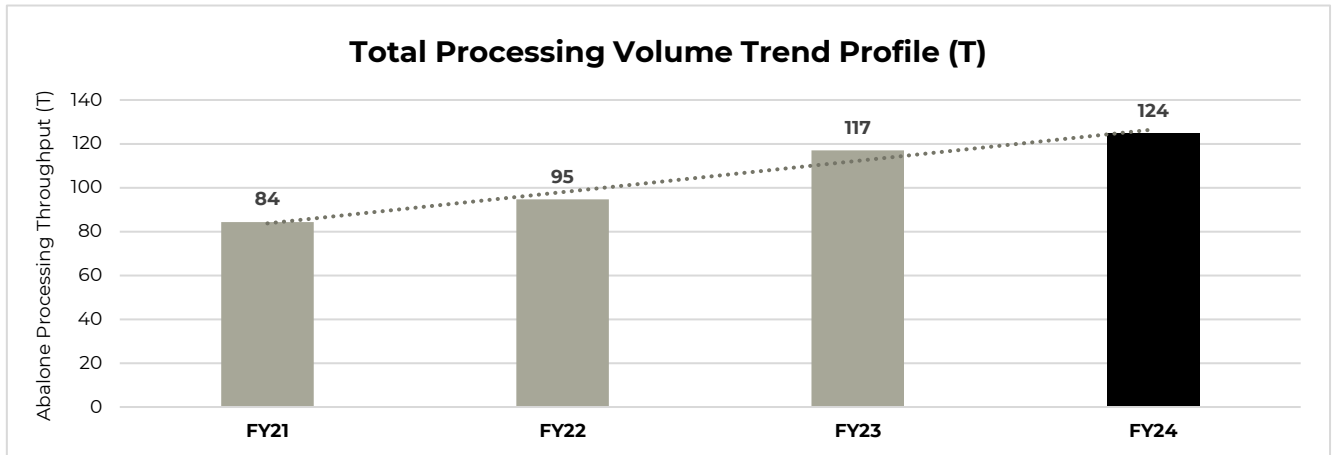
DETAILS



CORE BUSINESS

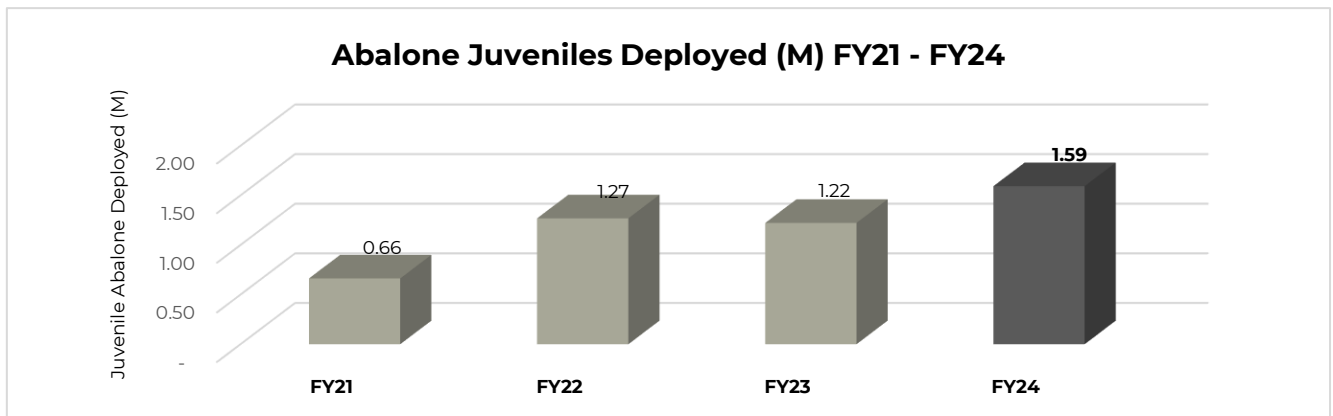
Operations

The Company processed a record 124 tonnes of premium abalone products for FY24, including wild origin Brownlip and Roei, MSC certified wild caught Greenlip and aquaculture reared Greenlip abalone, which is 6% above the record set in FY23.



The implementation of the 7-Year Ranch Strategy continued to lift the productive capacity of the MSC certified wild caught Greenlip during Q4. The strategy is to continually refurbish 15% of the lowest performing parts of the artificial reef each year, providing greater space for higher juvenile survival and growth. Larger numbers of juveniles will be deployed earlier onto the refurbished reef prior to the winter swells in July, with smaller numbers of larger juveniles deployed on more mature parts of the reef in October and November.

During the Quarter, 744k juveniles were deployed, which represents 65% of the total number of juveniles to be deployed this season. On average, over the past 10 years, 24% more juveniles have been deployed prior to winter swells than previously achieved.

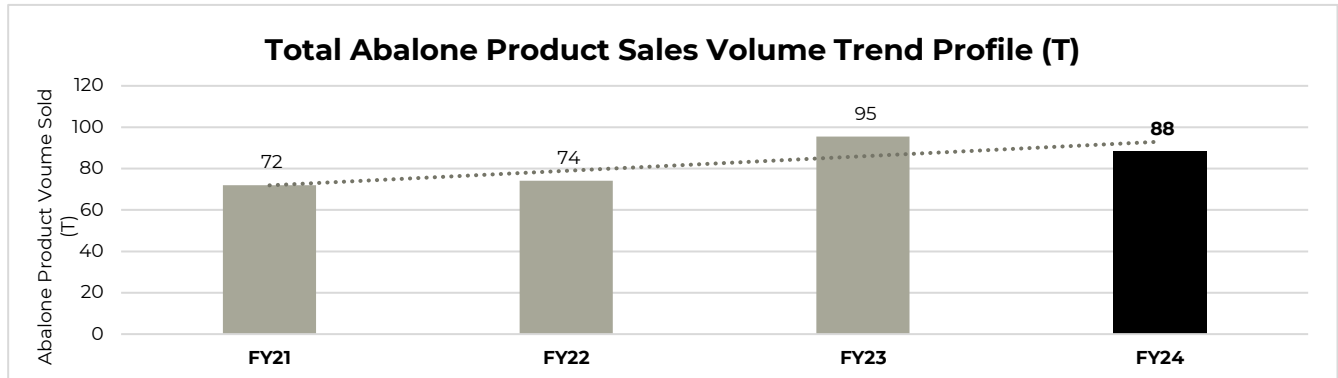


With the conclusion of the original 10-year Juvenile Supply Agreement with strategic partner 888 Abalone on 30 June 2024, both parties are in discussions on a new longer term juvenile supply arrangement. Arrangements for the FY25 juvenile supply are already in place. New longer-term arrangements will be focused on extracting synergies and costs savings in both the supply of juveniles and the Company providing Processing and Sales services to 888 Abalone.

The harvest of MSC certified wild caught Greenlip was 17 tonnes for the Quarter, with a total of 79 tonnes harvested for FY24.

Sales & Marketing

The Company sold 27.8 tonnes of premium abalone products in the Quarter, including 21.4 tonnes of MSC certified wild caught Greenlip. Total sales for FY24 were 88.3 tonnes, comprising 75.2 tonnes of MSC certified wild caught Greenlip, seven tonnes of wild origin and six tonnes of aquaculture reared Greenlip. Late in June 10.4 tonnes of customer orders were deferred through to Q1 FY25 due to current customer stock on hand.



Sales revenue for the premium abalone products was \$1.3M for the Quarter and \$4.6M for FY24. The average price received for premium abalone products for FY24 remained steady at \$52.5 per kg, with the MSC certified wild caught Greenlip achieving a premium, averaging \$55.2 per kg.

Sales data and Master Distributor feedback collected during FY24 provided the foundation for a revised sales strategy for FY25. To fulfill indicative demand, the Company will pivot from frozen IQF (individual quick-frozen meat) products to frozen WIS (whole in shell) and live products.

Sales strategies for FY25 are focused on building live product channels through both the Augusta and newly established Perth processing facilities. These will broaden the Company's markets into China, Canada, the USA and Vietnam, and facilitate retail product sales to meet Chinese New Year demand.

Research & Development

The Company remained focused on the implementation of the 7-Year Ranch Strategy during the Quarter. The strategy as described above is focused on refurbishing 15% of lowest performing parts of the artificial reef each year.

Refurbishment is a process of lifting each ABITAT (purpose-built abalone concrete habitat) from the ocean floor and removing barnacles and corals by high pressure cleaning on the purpose-built vessel the Kon Dios. This provides a clean surface on the ABITATs for greater numbers of juvenile abalone to attach, survive and grow.

Extensive observations were conducted on the refurbishment process during the Quarter with a strong focus on improving productivity. Changed work practices have now been implemented to improve planning, skills and equipment. Indicative productivity improvement potential (upward of 30%) will provide ample time for the Kon Dios to also be utilised to ramp up ocean cellaring activities.

In addition, the Company developed bespoke reporting routines to monitor the week to week and month to month progress of the 7-Year Ranch Strategy implementation. The focus is on the achievement of key activities, issues identified, and actions required to improve.





GROWTH

Organic Growth

Ocean Pantry

A new Venue Manager was recruited to lead the development of a Customer Experience for the Ocean Pantry. The Customer Experience is designed to showcase the Company's Unique Value Proposition of MSC certified wild caught Greenlip and Ocean Cellared wines through tours and tastings.

Other rare food products have been aligned to the Customer Experience and the team is now focused on developing the stocks and logistics to activate the eCommerce function in Q1 FY25.

Retail sales revenue of \$40k was achieved through the venue during the Quarter, 18% above the same period in FY23. Overall, the venue generated \$186k in revenue during FY24, its first full year of operations.

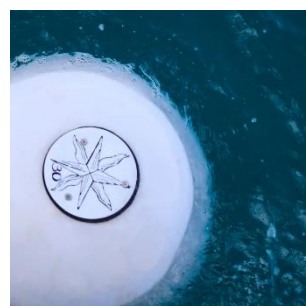
Ocean Cellaring

The Company continued work to ramp up ocean cellaring activities during the Quarter.

The FY24 deployment and harvests with current strategic partners has 5,000 bottles of the inaugural Ocean Signature wine product in process. The Company currently has access to 2,500 bottles of this product and has begun selling the Ocean Signature wines through tours and tastings.

The Winereef International (Winereef) trial to utilise Winereef's patented technology to make wine underwater through a secondary fermentation process began with the trial deployment of 22 vats in May 2024.

Through a process of tastings and blending, current estimates are that up to 13,000 bottles of the subsea wine will be produced and ready for the upcoming festive season and Chinese New Year. The Company has detailed sales and marketing plans to promote the initiative which will be activated following tastings scheduled during Q1 FY25.



Premium Abalone

The Company has invested in the sales and marketing of a unique premium abalone product range through Master Distributors across the world. In negotiations with wild origin divers and strategic partner 888 Abalone, the Company has access to wild origin Brownlip and Roei, along with aquaculture reared Greenlip abalone.

Sales of six tonnes of aquaculture reared Greenlip abalone were completed during the Quarter.

Additionally, the Company conducted sales trials of live wild origin Roei and aquaculture reared Greenlip abalone through the Live Seafood Company's Perth facility to Australian east coast customers in preparation for regular domestic and international sales.



Value Accretive Growth

Entitlement Offer

The Company received \$2.0M from the partially underwritten, non-renounceable, entitlement offer. The funds are being used to develop live abalone product, fund the Winereef trial and increase the production of the Ocean Signature wine, along with repaying some debt to free up working capital.

Esperance

During the Quarter, with the support of the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) and Yumbah Aquaculture, the Company sought State Government funding for a 2-year project to progress the proposed Esperance aquaculture precinct.

The 2-year project is designed to pursue federal funding for infrastructure including roads, power and piping, whilst promoting the precinct nationally and internationally to attract additional precinct partners.



CASHFLOW

Cash receipts from operating activities for the quarter were \$1M.

Cash payments from Operating Activities were \$2.3M, including staff costs of \$1M, juvenile deployment payments of \$1M and \$200k on the ramp up of ocean cellaring activities. This resulted in negative cashflow from Operations of \$1.3M for the Quarter before the Entitlement Offer proceeds.

Solid support from existing shareholders resulted in \$2.0M received from the non-renounceable entitlement offer during the Quarter which, resulted in a net cash surplus for the Quarter of \$0.5M.

The Company continues to utilise its \$2.5M NAB credit facility and the support of a strong forward order book to continue to scale and grow the business. The NAB facility was drawn down to \$1.2M on 30 June 2024

Payments to related parties for the Quarter totalled \$111k, including directors and cold storage fees.

END



This announcement was authorised to be given to the ASX by:

The Board of Rare Foods Australia Limited.

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About the Company

Rare Foods Australia Limited (ASX: RFA) has developed the world's first commercial Greenlip Abalone ocean ranching business in the pristine waters off Flinders Bay, Western Australia. With the construction of proprietary, purpose-built artificial abalone reefs (called "ABITATS™") now complete, RFA is supplying commercial quantities of its MSC certified ranched Greenlip Abalone to local and overseas customers.

For more information visit www.rarefoodsaustralia.com.au

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, currency fluctuations, increased production costs and variances in recovery rates from those assumed, as well as political and operational risks in the Countries and States in which we operate or sell the product to, and governmental regulation and judicial outcomes. The Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Appendix 4C

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

Name of entity

Rare Foods Australia Limited

ABN

52 148 155 042

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	921	5,109
1.2 Payments for		
(a) research and development ¹	-	-
(b) product manufacturing and operating costs ¹	(883)	(3,782)
(c) advertising and marketing	(81)	(390)
(d) leased assets	-	-
(e) staff costs ¹	(1,042)	(4,144)
(f) administration and corporate costs	(203)	(764)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(45)	(171)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	(57)	1,771
1.8 Other (provide details if material)	101	106
1.9 Net cash from / (used in) operating activities	(1,288)	(2,265)

1. A portion of cash outflows included in 1.2 (b) and (e) are also eligible for FY2023 R&D tax incentive.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(47)	(80)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	(3)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	2	2
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(45)	(82)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,006	2,006
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(42)	(42)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(160)	(483)
3.7	Transaction costs related to loans and borrowings	(7)	(27)
3.8	Dividends paid	-	-
3.9	Other (leased assets)	-	-
3.10	Net cash from / (used in) financing activities	1,796	1,454

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(1,685)	(328)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,288)	(2,265)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(45)	(82)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,796	1,454
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(1,221)	(1,221)

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	25	797
5.2	Call deposits	-	-
5.3	Bank overdrafts	(1,246)	(2,189)
5.4	Term deposits	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(1,221)	(1,392)

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

112

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities ⁴	4,250	1,628
7.2 Credit standby arrangements	-	-
7.3 Other (Credit Card) ⁵	25	(4)
7.4 Total financing facilities	4,275	1,624

7.5 **Unused financing facilities available at quarter end** **2,651**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

4. The equipment loan has been provided by National Australia Bank Limited, pursuant to a master asset finance agreement with a facility limit of \$1,500,000. The loan is secured over the financed asset via an equitable mortgage. Additional loan security is provided in the form of a charge over the assets of RFA. The Company has also provided a guarantee and indemnity to the loan provider for the full facility limit.

The equipment loans balance at quarter end totalled \$244,322, with applicable annual interest rates of (i) 3.89% for \$2,976; (ii) 3.71% for \$2,530; (iii) 4.37% for \$7,582; (iv) 4.97% for \$91,682; (v) 4.80% for \$7,075; (vi) 5.66% for \$6,240; (vii) 6.59% for \$92,279; (viii) 7.89% for \$7,797; (ix) 8.31% for \$10,010; (x) 8.5% for \$5,245 and (xi) 7.36% for \$9,906.

National Australia Bank Limited has also provided a business overdraft facility of \$250,000 with an annual rate of 7.62%. The facility expires on 15 March 2027. The facility balance at quarter-end totalled \$137,545.

National Australia Bank Limited has also provided a business markets loan of \$2,500,000 with an annual rate of 7.87%. The overdraft facility had a drawdown balance of \$1,245,710 at quarter-end.

5. Credit card facility limit at quarter-end totalled \$25,000 with an applicable annual interest rate of 15.5% The balance drawn at quarter-end was \$3,652.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,288)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(1,221)
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,651
8.4 Total available funding (Item 8.2 + Item 8.3)	1,430
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.11

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. The Company is forecasting an improved level of cashflows from operating activities based on sales deferred from Q4 FY24 being receipted in Q1 of FY25.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No. The Company will utilise the support of its existing working capital debt facilities where required until the annual Ausindustry R&D refund is receipted in Q2 of FY25 replenishing cash reserves.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes for the reasons outlines in 8.6.1 and 8.6.2. above.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.