

30 April 2024

ASX RELEASE

ASX: RFA

QUARTERLY UPDATE AND APPENDIX 4C

Period Ending 31 March 2024

KEY POINTS

CORE BUSINESS STRENGTH

- Processing facility throughput climbed to a **record 98 tonnes for FY24 YTD, 22%** above the same period in in FY23.
- Sales of abalone products were 14.6 tonnes including 11.3 tonnes of Marine Stewardship Council (MSC) certified wild caught Greenlip.
- The forward order book for abalone products remains strong for FY24, with sales and **forward order demand at 92 tonnes**, representing 96% of the total tonnage sold in FY23.
- Improvements in our sales systems implemented during the Quarter result in an **annualised reduction in the sales costs** of approximately \$110k.

GROWTH

- A **record \$58k of retail sales revenue** was achieved through the Ocean Pantry during the Quarter.
- A binding agreement with Live Seafood Company was executed during the Quarter, enabling live abalone product to be processed in Perth, **broadening product offerings** to better fulfil overseas demand for wild caught abalone products.

CASHFLOW

- The Company had a net draw down from Operating Activities during the Quarter of \$0.8M.
- Entitlement offer completed post the end of the Quarter secured \$2M to fund the Company's growth strategy.

DETAILS



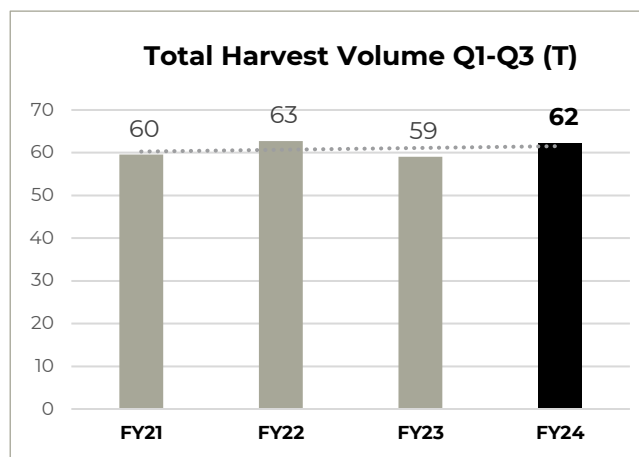
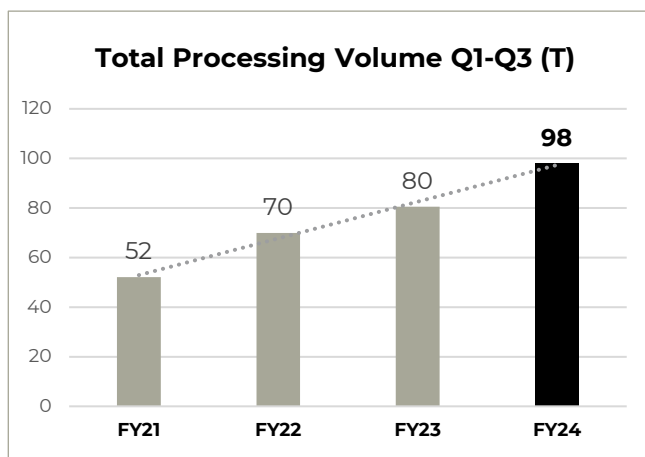
CORE BUSINESS

Operations

The Company **processed a record 98 tonnes** of the tiered based abalone products for FY24, including wild origin Greenlip, Brownlip and Roei, MSC certified wild caught Greenlip and farmed Greenlip abalone, which is **22% above the same FY23 period**.

Deployment improvement practices implemented over the past two years has led to an increase of 26% in juvenile numbers, or 847k more abalone maturing towards commercial grade on the Company's artificial reef. Continuing these improvements, FY24 deployments began during the Quarter, aligned with the newly established 7-Year Ranch Strategy (refer ASX release dated 5 March 2024).

The harvest of MSC certified wild caught Greenlip was 13 tonnes for the Quarter, with a total of 62 tonnes harvested for FY24 YTD, representing a **5% increase on the same FY23 period**.



Sales & Marketing

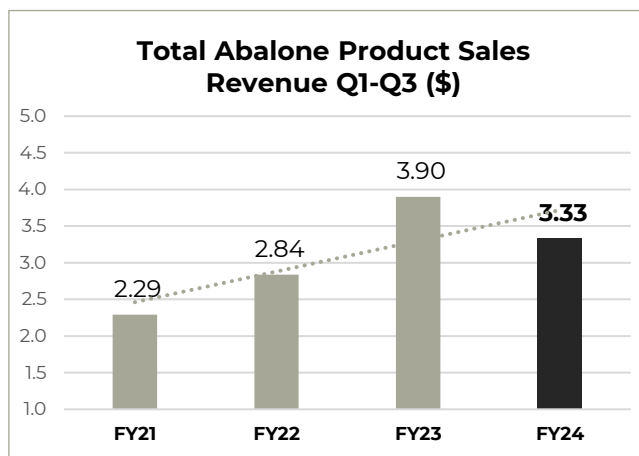
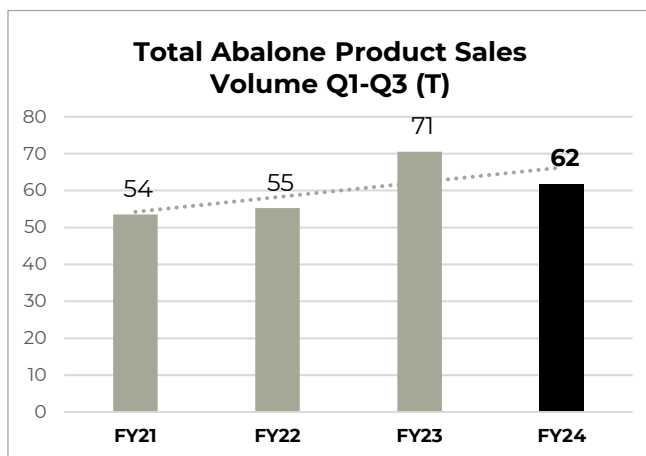
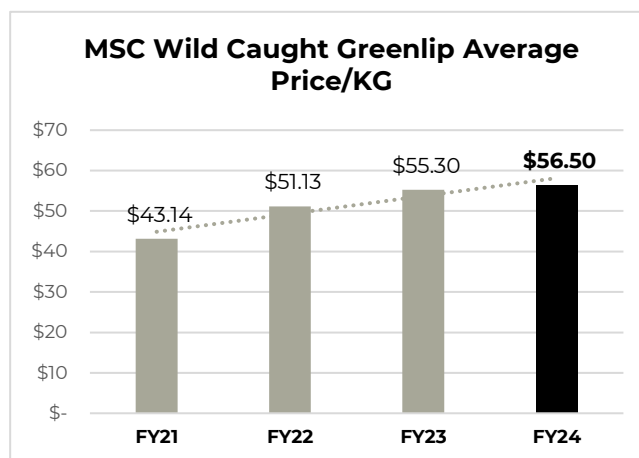
Improvements in the Company's sales systems implemented during the Quarter should lead to an annualised **reduction in the sales costs of approximately \$110k**.

Strategies supporting Master Distributors to improve the promotion of the tiered based abalone product offering began during the Quarter with customer visits to the Company's operations. These visits are designed to review the tiered based abalone products, forward orders, and methods to lower overall logistics costs. Importantly, the Company's hosted its largest Hong Kong Master Distributor during the Quarter.

The Company sold 11.3 tonnes of MSC certified wild caught Greenlip abalone in the Quarter. An 8.8 tonne order was moved from March into April, due to a customer import issue. This movement, although negatively impacting the quarterly sales tonnage, is still representative of a strong forward order book. Total abalone sales of 14.6 tonnes of the tiered based abalone products were achieved for the Quarter.

Quarterly sales resulted in revenue of \$0.7M for the tiered based abalone products. The average price received for abalone products for the YTD remains steady at \$54.2 per kg, with the MSC certified wild caught Greenlip averaging \$56.5 per kg.

The forward order book for abalone product remains strong for FY24, with sales and **forward order demand totalling 92 tonnes YTD, representing 96% of the total tonnage sold in FY23**.



Research & Development

The Company's first ABITAT was deployed in August 2014 and by 2019 there were 10,000 ABITATs seeded with abalone on the Company's ocean lease. Over the 10 years since the first deployment, the Company has collected extensive information related to growth rates, harvests, and mortality. This has allowed the development of a comprehensive data base, providing a daily understanding of what is happening on the reef.

Last year the Company undertook a detailed evaluation of the reef's productivity over the past 10 years. The analysis concluded that the ABITATs' productivity gradually declines over time due to the accumulation of marine plants and animals (referred to as biofouling) on the ABITATs, which impacts surface area available for abalone growth.

As announced to the ASX on 5 March 2024 the Company has developed a 7-Year Ranch Strategy to reduce biofouling and maintain space to allow for higher rates of abalone survival and growth with the aim of boosting the productive capacity of the Ranch.



GROWTH

Organic Growth

Ocean Cellaring

During the Quarter, the FY24 Ocean Signature bottles with partners, Glenarty Road and Edwards Winery, were lifted from the seabed. The Company now has 1,600 bottles of the FY24 Ocean Signature products available for sale.

Deployment of the FY25 Ocean Signature bottles continued during the Quarter with Glenarty Road and Edwards Winery. Current stocks of Ocean Signature now total 5,500 bottles, of which the Company's share is 1,700 bottles.

During the Quarter, the Company completed work on the pre-deployment activities to undertake the Winereef trial (refer ASX release dated 10 October 2023). The purpose built Winereef vats have arrived in Augusta, wines have been selected, dive activities planned and documented and third-party support for vat preparation, retrieval and blending has been arranged. Deployment is scheduled for the June Quarter 24 together with media and marketing support.



Ocean Pantry

A record \$58k of retail sales revenue was achieved through the Ocean Pantry in the Quarter.

Wild-Caught

To better fulfil overseas demand for the wild caught products a binding agreement with the Live Seafood Company was completed, lifting the Company's processing capacity and enabling live product to be processed in Perth.

The Live Seafood Company, will receive, settle, and purge live abalone, then prepare and pack product to fulfil customer orders prior to delivery to freight forwarders. An initial rate of \$7 per kg will be paid by the Company for the service.

The term of the agreement is for two years, with six months reviews. Reviews will focus on improvements to process, quality, and cost reductions. Both companies will share equally in the benefit of any improvements.

An initial live trial was conducted in March with good results, which has led to the Company commencing a live abalone service for the Perth marketplace.



Quarterly Update and Appendix 4C

RARE FOODS AUSTRALIA LIMITED

ABN: 52 148 155 042 | ASX: RFA

Value Accretive Growth

Entitlement Offer

The Company launched a partially underwritten non-renounceable entitlement offer to develop live abalone product, fund the Winereef trial, increase the production of its Ocean Signature wine and repay debt to free up working capital. The entitlement offer was well supported by the Company's two largest shareholders with total of \$2M raised.

The Directors reserve the right to place the shortfall (\$1M) within three months after closing date of the Offer.

Esperance

During the quarter, the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) secured land in Esperance suitable for an aquaculture precinct.

The Company, Yumbah Aquaculture Pty Ltd and ETNTAC have worked together to develop the plans to seek external funding to develop the precinct infrastructure.

The parties have also been co-operating to attract other aquaculture and marine related businesses to participate in the opportunity.



CASHFLOW

Operating cash receipts for the quarter were \$1.1M, down approximately \$0.5M on the previous quarter due to the 8.8 tonne March scheduled delivery being moved to April.

Cash payments from Operating Activities were \$1.9M, including staff costs of \$1M, juvenile deployment payments of \$170k as well legal and compliance fees of \$140k supporting our half year reporting obligations and the entitlement offer. The resultant draw down on cashflow from Operations for the quarter was \$0.8M.

The Company has utilised its \$2.5M NAB credit facility and the support of a strong forward order book to continue to scale and grow the business.

Post the end of the Quarter, the Company closed the non-renounceable entitlement offer raising \$2M to fund the Company's growth strategy.

Payments to related parties for the quarter totalled \$100k, 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")

31 March 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	1,075	4,187
1.2 Payments for		
(a) research and development ¹	-	-
(b) product manufacturing and operating costs ¹	(462)	(2,898)
(c) advertising and marketing	(71)	(309)
(d) leased assets	-	-
(e) staff costs ¹	(1,030)	(3,103)
(f) administration and corporate costs	(251)	(561)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(39)	(127)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,828
1.8 Other (provide details if material)	5	5
1.9 Net cash from / (used in) operating activities	(773)	(978)

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	(4)	(33)
(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	-	-
	(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	(4)	(37)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(99)	(322)
3.7	Transaction costs related to loans and borrowings	(7)	(20)
3.8	Dividends paid	-	-
3.9	Other (leased assets)	-	-
3.10	Net cash from / (used in) financing activities	(106)	(343)

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	(803)	(328)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(773)	(978)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(37)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(106)	(343)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(1,686)	(1686)

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	18	797
5.2	Call deposits	-	-
5.3	Bank overdrafts	(1,704)	(2,189)
5.4	Term deposits	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(1,686)	(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**

100

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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	2,126
7.2 Credit standby arrangements	-	-
7.3 Other (Credit Card) ⁵	25	2
7.4 Total financing facilities	4,275	2,128

7.5 Unused financing facilities available at quarter end **2,147**

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 \$303,875, with applicable annual interest rates of (i) 3.89% for \$5,923; (ii) 3.71% for \$3,777; (iii) 4.37% for \$10,054; (iv) 4.97% for \$100,498; (v) 4.80% for \$9,143; (vi) 5.66% for \$7,745; (vii) 6.59% for \$98,779; (viii) 7.89% for \$11,396; (ix) 8.31% for \$8,881; (x) 8.5% for \$5,933 and (xi) 7.36% for \$11,156.

National Australia Bank Limited has also provided a business overdraft facility of \$250,000 with an annual rate of 3.14%. The facility expires on 15 March 2027. The facility balance at quarter-end totalled \$150,040.

National Australia Bank Limited has also provided a business markets loan of \$2,500,000 with an annual rate of 7.729%. The overdraft facility had a drawdown balance of \$1,702,804 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 \$2,119

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(773)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(1,686)
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,147
8.4 Total available funding (Item 8.2 + Item 8.3)	462
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.60

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 will have improved net operating cashflows with the receipt of the \$2M non-renounceable rights issue funds and a strong Q4 of forward sales order pipeline. The Company are developing a number of growth initiatives with funds raised that are expected to improve the operating cashflows of the business.

2. 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: As noted above, the Company has successfully completed an Entitlement offer post the end of Q3, which secured \$2M to fund the Company's growth strategy.

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 outlined in 8.6.1 and 8.6.2.

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: 30 April 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.