

2 February 2023

ASX RELEASE

ASX: RFA

## MST ACCESS QUARTERLY UPDATE PRESENTATION

### DETAILS

**Rare Foods Australia Ltd (ASX Code: RFA, the Company)**, is pleased to share a copy of the presentation provided today, to participants of a MST Access hosted webcast.

CEO Rob Jorden and CFO Brent Stockden spoke to the Company's Quarterly results, as released to the market on the 31<sup>st</sup> of January 2023.

The webcast recording will be loaded to the ASX's website for viewing after the event.

**END**

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

**The Company Secretary 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 sea ranching business in the pristine waters of 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 premium, 'wild-harvested', greenlip abalone to local and overseas customers.

For more information visit [www.rarefoodsaustralia.com.au](http://www.rarefoodsaustralia.com.au)

# | MST Financial. A research driven financial services platform.

MST Financial is a new and innovative platform model established to address a gap in the market versus traditional institutional models.

At the core of MST Financial is a research driven approach which helps to optimise the investment process for our clients.



**MST Marquee & Emerging** is our premier 'mid-large cap' institutional equities research offering. Investment managers have the choice to engage experienced research analysts recognised as having the leading franchise in their sector. MST Marquee currently has over 80 Australian Institutional clients.



**MST Access** provides institutional-quality research and thought leadership on small and microcap companies that are seeking improved coverage in the Australian and New Zealand markets. It contracts directly with the company to provide a range of services to enable exposure and access to equity markets and other investors.



MST Access has a strategic partnership with **Forsyth Barr** to enable a greater connection between New Zealand corporates and markets by extending the reach of small and microcap companies to potential investors across the full retail to institutional spectrum in NZ and Australia.

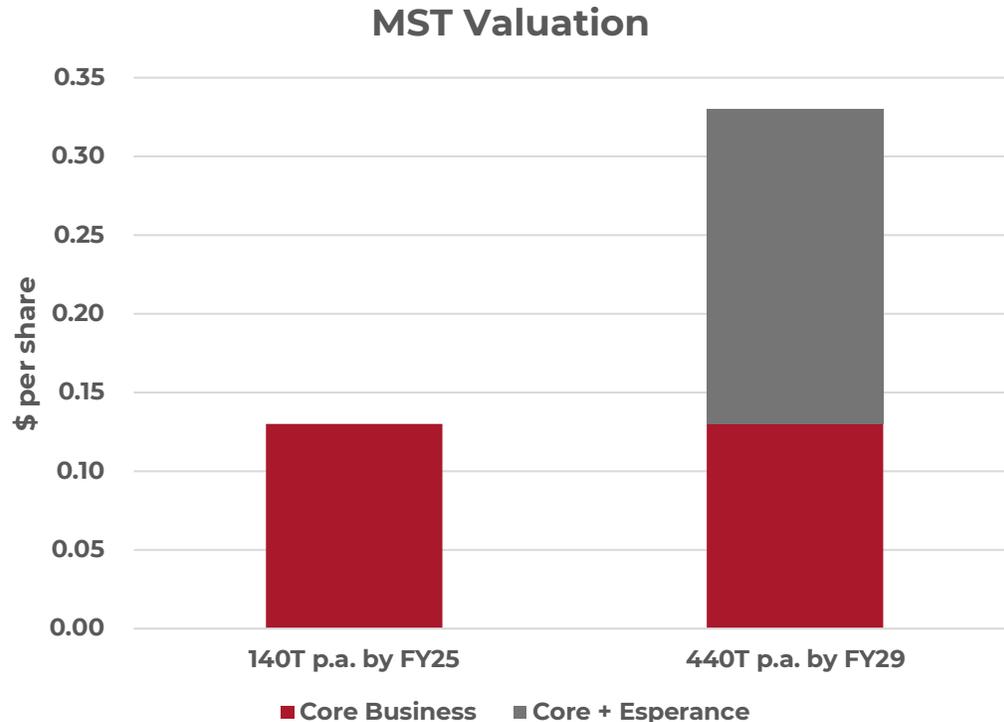


**MST Capital Markets** works closely with our **Sales and Trading Desk** to provide equity funding to high growth companies by effectively attracting capital from the most suitable investors to fund a company's growth plans.



**MST Asset Management** develops and partners with best practice, transparent and competitively priced investment strategies to provide bespoke solutions to private wealth managers and family offices.

# | A comment on valuation and the market backdrop



- In 2022, the Australian market experienced lower levels of liquidity with transaction value down -10.3% relative to 2021. This was exacerbated for small companies.
- January saw the first month since June 2022 when volumes increased YoY, up +0.5%.
- ASX Small Ordinaries index rallied +6.5% in January. Concerns about inflation have moderated, while economic data across economic growth and unemployment remain resilient
- The market remains highly focussed on secular growth companies that possess the ability to remain cashflow positive on a standalone basis with levers to increase EPS over time.

# RARE FOODS

AUSTRALIA

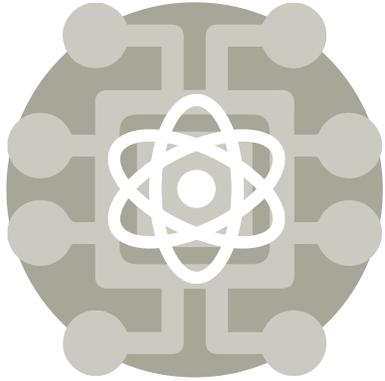
## Q2 FY23 PRESENTATION

**Prepared by:** Rob Jorden

**Date:** 2 February 2023



# INTRODUCTION



## Core Business

- Record tonnage sold
- Record revenues achieved
- Cashflow positive
- Disciplined Research & Development in the pursuit of further growth



## Organic Growth

- Additional earnings from organic growth:
  - Processing and selling wild origin abalone product
  - Processing of third-party product and
  - Opening of the retail centre, Ocean Pantry



## Value Accretive Growth

- A strong foundation for scaling growth

# AGENDA

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# RARE FOODS

AUSTRALIA



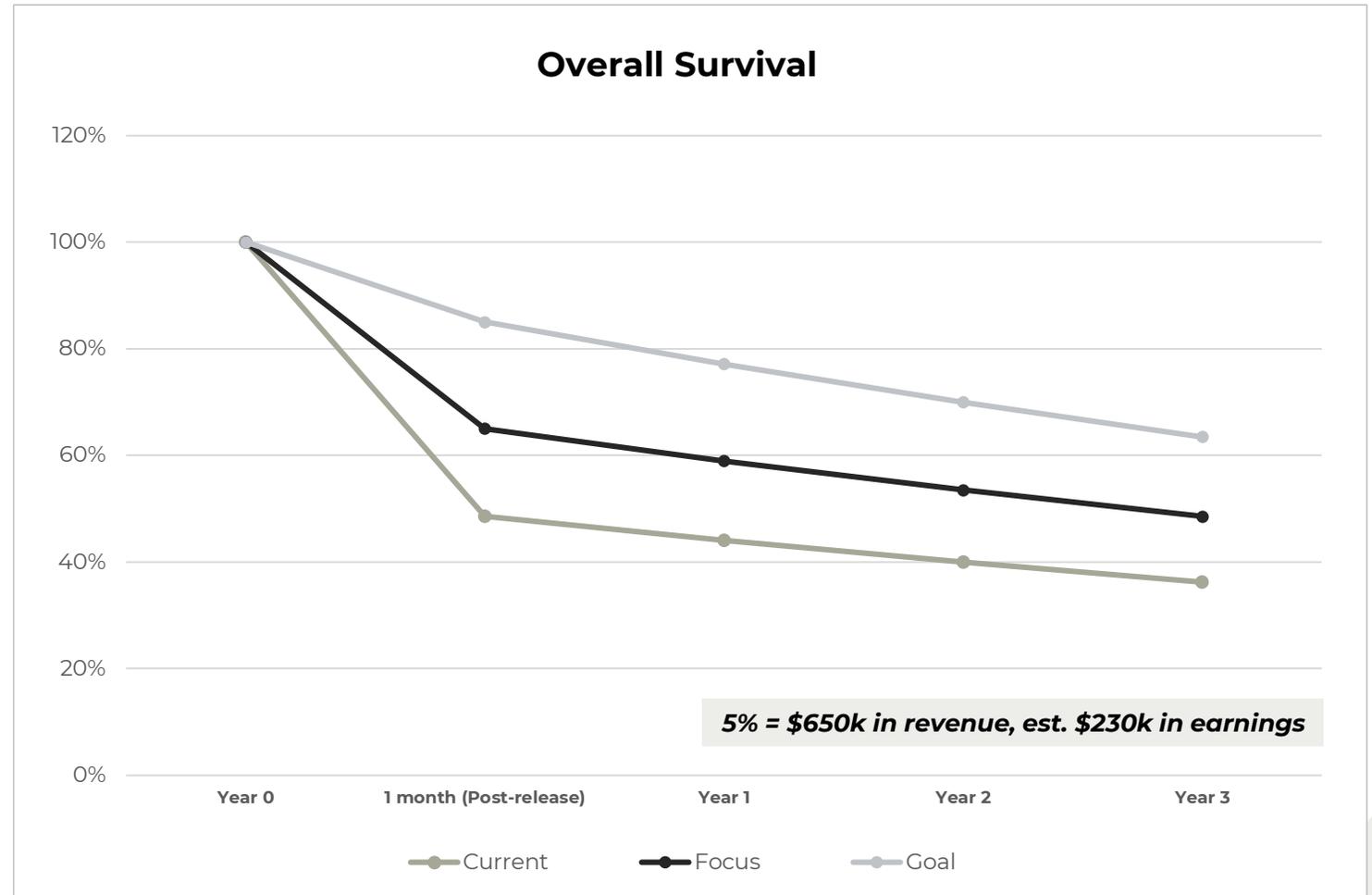
# STRATEGY

- Supplying abalone and other rare products globally, to become a strategic partner of choice
- Growing our annual production of Greenlip and increasing margins
- Strengthening our business, adding earnings from other rare products
- Researching other rare products supply chains in our premium region to growth value



# CORE BUSINESS OPERATIONS

- 1.2 million juveniles deployed ahead of schedule, with revised processes;
  - 20 bin deployment
  - Effective transport arrangement
  - Systems to collect and evaluate post deployment survival counts
- Focus areas to test and improve:
  - Basket retrieval system
  - Flow through system
  - Block preparation
  - Juveniles defense mechanisms



# CORE BUSINESS OPERATIONS

- Successfully attracted staff in a tight labor market to pursue growth:
  - 4 new divers accredited through our new RTO
  - 5 new Processing team members
- Focus on reef maintenance and harvest to order. With adequate inventories for Chinese New Year we harvested an additional 17.9 tonnes

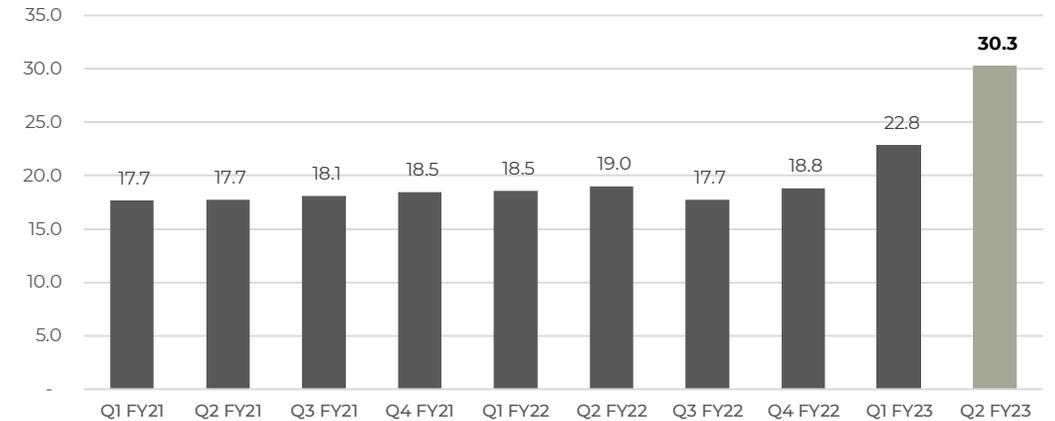


# CORE BUSINESS

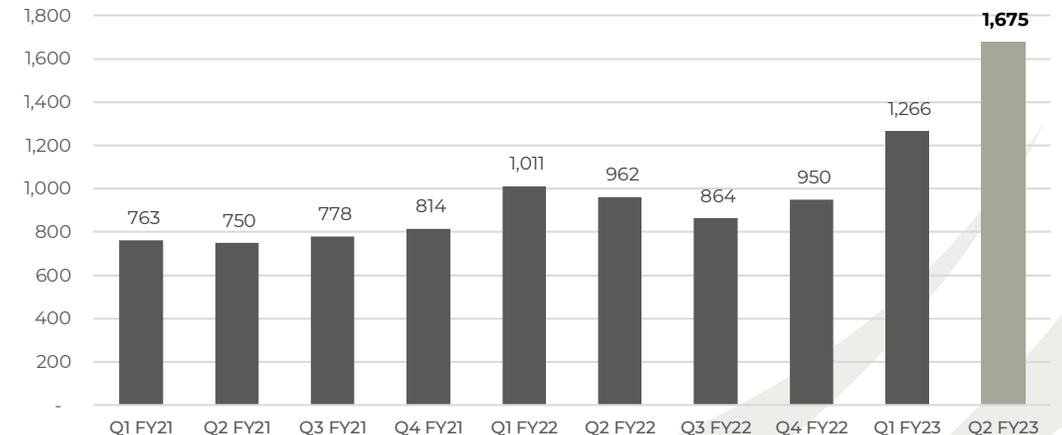
## SALES & MARKETING

- Record sales revenue, 30.3 tonnes of abalone product sold for \$1.68M
  - Record sales of 25 tonnes of ranched wild Greenlip,
  - Maintained price of \$56.70 per kg (WIS equivalent) generating \$1.42M
  - Wild origin abalone generated \$237k in revenues
- Master Distributor strategy continued, selling a quality tiered based product offering; wild Greenlip, Brownlip and Roei abalone
- Planning to showcase products with the support of Master Distributors at seafood shows in Boston and Barcelona

Sales Volume (T) per Quarter



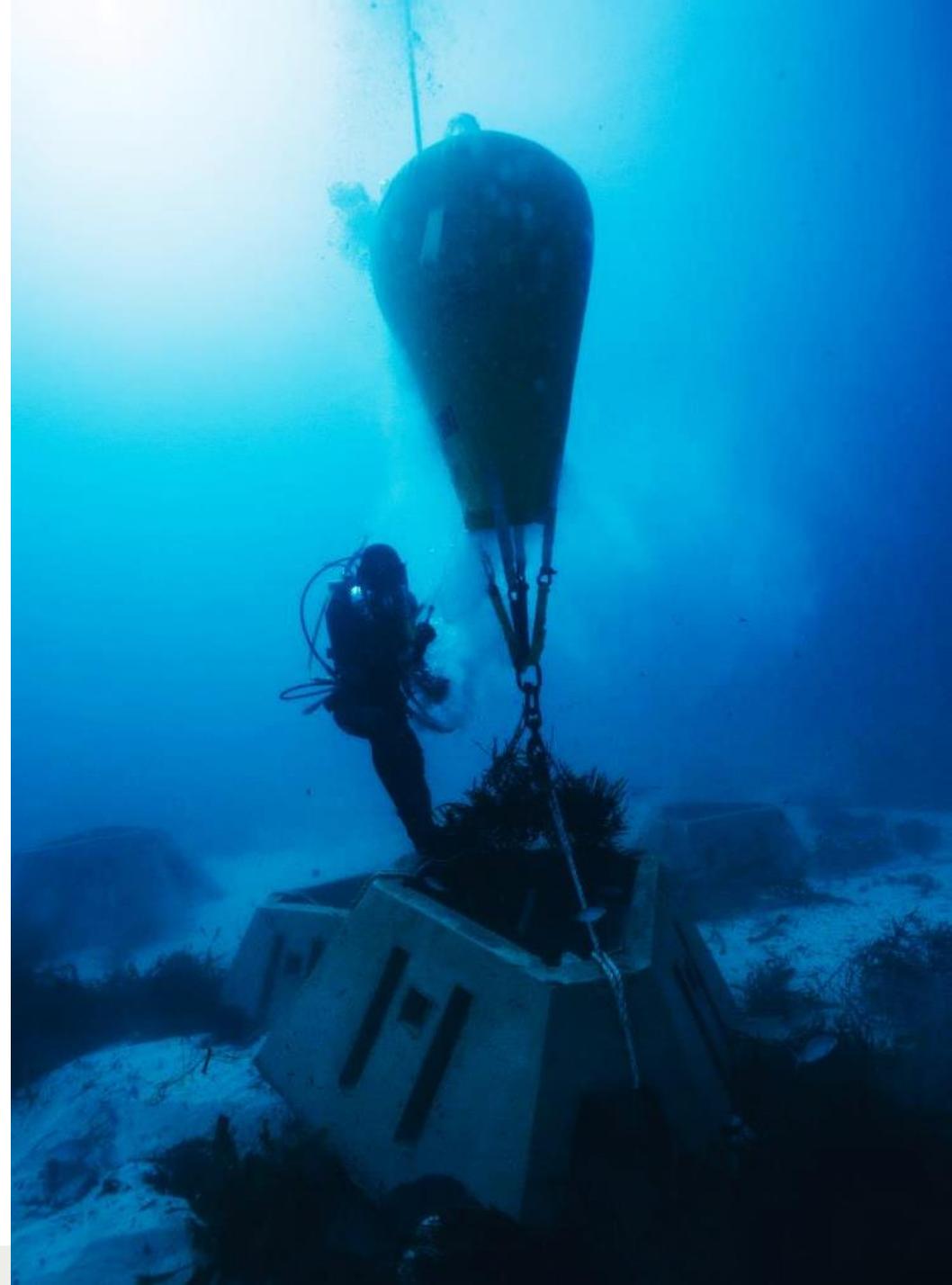
Sales Revenue for the Quarter ('000)



# CORE BUSINESS

## RESEARCH & DEVELOPMENT

- Research & Development is focused on:
  - Methods to improve juvenile survival
  - Optimal harvest routines to maximise ranch productivity and
  - Sustainability, underpinned by the MSC improvement plan to reintroduce wild brood stock
- Remain on track to move the 20% of underperforming parts of our reef from low growth to high growth locations as planned by end of calendar year 2023



# ORGANIC GROWTH

The better use of our strengths to add value. Opportunities are with are our ocean leases, processing facility and sales and marketing channels

- **Integrating Wild Origin Product**

- Achieved \$237k in revenue contribution of wild origin abalone product
- Continued selling and marketing work to process and sell wild Roei abalone, with wild quota holder support

- **Ocean Pantry, Augusta**

- Completed the build of our retail centre, the Ocean Pantry and began trading
- Our Ocean Pantry is designed to showcase our innovations through tours, sell abalone and other aligned rare products, and provides a café service



# ORGANIC GROWTH

- **Ocean Cellared Product**

Ocean Cellaring, our licenced process to cellar wine on the ocean floor

- ***Glenarty Road Cuvee***

- Initial trial harvested in August 2021, was deemed a success as the story sold the product at a premium price
- Under agreement a second trial harvested in November 2022, yielded 540 bottles of product. We have begun selling our share
- In November 2023 a third harvest will yield 1500 bottles for sale by RFA

- ***Edwards Winery Chardonnay and Cabernet Sauvignon***

- In November 2023 a harvest of Edwards Chardonnay and Cabernet Sauvignon will yield 800 bottles for sale by RFA

We are developing further plans to scale production this exciting process and these will be included in our overall Business Plan



# VALUE ACCRETIVE GROWTH

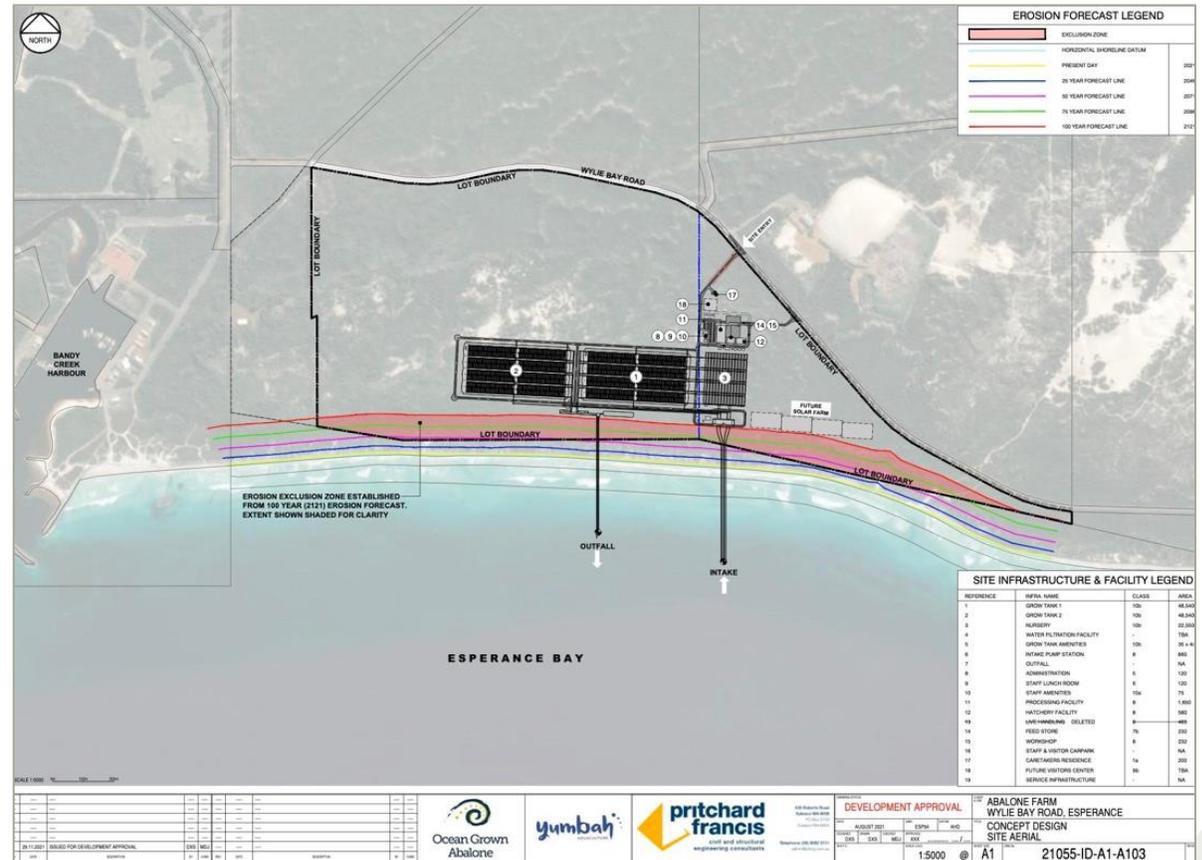
Our pursuit to acquire other aligned rare product supply chains or assets from the premium Southwest region that will expedite our growth

## Progress with Esperance

- Broader stakeholder support for the development of an aquaculture precinct in Esperance, provided by ETNTAC and DPIRD to deliver a pitch with partner Yumbah Aquaculture to the State government

## Further Research

- We continue to research complementary businesses and assets for acquisition, along with other aligned merger and acquisition opportunities
- We have several initiatives underway



# CASHFLOW & FINANCE UPDATE

## FY23 Progress vs. Q2 FY22



### Cashflow

- ✓ Q2 operating cash surplus of **\$1.27M (+\$1.22M)**
- ✓ H1 FY23 operating cash surplus of **\$771k (+\$1.18M)**
- ✓ Closing cash balance of **\$1.023M**
- ✓ \$1M working capital facility unutilised at 31/12/2022



### Core Business Improvements

- ✓ 30T of abalone product sales **+60%**
- ✓ \$1.68M of sales revenue **+74%**
- ✓ \$1.83M R&D tax incentive refund received **+87%**
- ✓ World first MSC accredited Wild fishery – representing approx. **25%** of Wild Greenlip Abalone



### Growth Initiatives Underway

- ✓ Wild Origin diversification & **\$237k** revenue contribution
- ✓ Ocean Pantry retail & tourism hub **launched**
- ✓ Development of consistent third party processing

# SUMMARY

- ✓ Systems and disciplines continue to provide better knowledge for the organisation to focus on the priorities that will continually improve the core business
- ✓ Rebranding has allowed for the introduction of other aligned rare products which are beginning to strengthen earnings
- ✓ We have been evaluating other potential rare products in our premium region and have several initiatives underway



# END OF PRESENTATION

**Thank you for listening!**

The floor is now open for questions.



**RARE FOODS**  
AUSTRALIA

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