

30 January 2024

ASX RELEASE

ASX: RFA

## QUARTERLY UPDATE AND APPENDIX 4C

Period Ending 31 December 2023

### KEY POINTS

#### CORE BUSINESS

- Processing throughput up 50% for H1 FY24 underpinned by a record 39.6 tonnes of abalone processed during the quarter.
- Sales for the quarter of 22 tonnes, with the average price per kg firm at \$54.3 per kg, underpinning total abalone product revenues of \$1.2M.
- The forward order book for abalone product remains strong for FY24, with sales and forward order demand at 82 tonnes, representing 87% of the total tonnage sold in FY23.
- The Company has recorded a 16% decline in its total commercial biomass grades of ranched Greenlip from 199 tonnes (EOFY23) to 166 tonnes (H1 FY24), due to the planned reduced deployments in FY21 to conserve capital in response to the COVID pandemic, along with the refurbishment of 20% of the artificial reef during FY23 and FY24.
- The Company's tiered based abalone product offering, which includes wild Greenlip, Brownlip, Roei and Farmed Greenlip, provides ample stocks to fulfill current and anticipated forward orders.
- FY23 deployments of 1.2 million were achieved on schedule, across 11 deployment events, which represents 32% fewer events than averaged over previous years demonstrating the significant improvements made in that process and cost reductions. Juveniles maturing towards commercial grade are up 26% to 847k.

#### GROWTH

- A formal Heads of Agreement signed with Winereef International to ramp up Ocean Cellaring activities, targeting the production of an additional 13,000 bottles of Ocean Cellared product in FY24.
- The Ocean Pantry retail centre achieved a record quarter generating \$50k in revenue, up 50% on the average turnover generated over the previous three quarters.
- In December 2023 the Company obtained a liquor licence to sell the Ocean Signature range from ocean cellaring activities.
- Following the success of the Seafood Sales shows conducted in September 2023 the Company hosted Vietnamese buyer, MiGroup, in Augusta to showcase new wild caught abalone and ocean cellared products.

#### CASHFLOW

- In November 2023 the Company received its Ausindustry Research & Development claim of \$1.8M.
- In pursuit of strengthening, growing, and scaling the core business, the Company continued its evaluation activities, spending \$0.4M on studies and due diligence during the first two quarters of FY24, bringing the total spent to date on these exciting initiatives to \$1.3M.
- The Company was cashflow positive for the quarter.

## DETAILS



### CORE BUSINESS

The Ranched Greenlip harvest for the quarter was 26.3 tonnes and a total of 49.1 tonnes has been harvested for the FY24 half year. **This represents a 41% improvement on the comparative H1 FY23.**

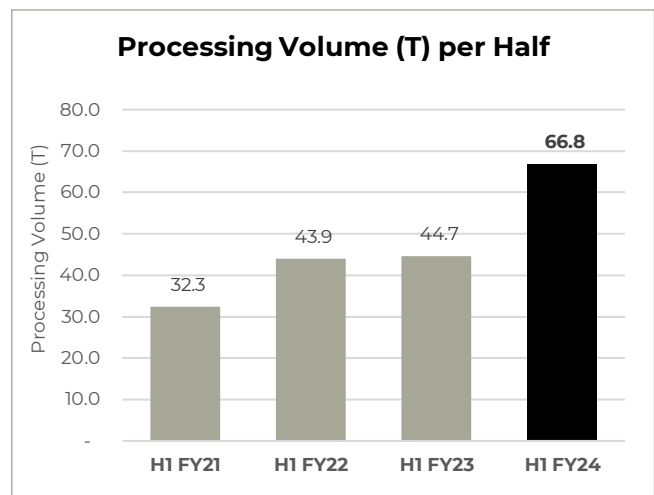
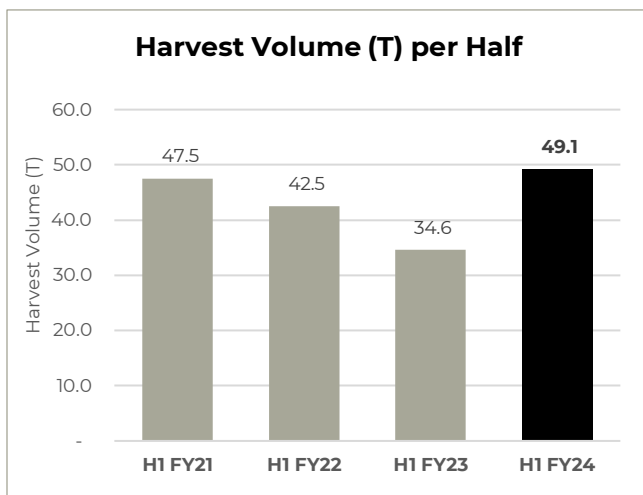
**The Company processed a record 39.6 tonnes of abalone products for the quarter**, including ranched Greenlip, wild caught Greenlip, Brownlip and Roei and farmed Greenlip abalone. To date, a record 66.8 tonnes of the tiered based abalone products have been processed for H1 FY24, a 50% improvement on the comparative H1 FY23 period.

The Company recorded a 16% decline in the total biomass from 199 tonnes (EOFY23) to 166 tonnes (H1 FY24) due to the planned reduction of juvenile abalone deployment numbers in FY21, to conserve working capital during COVID (refer to the FY21 Annual Report), along with the move and reconditioning of 20% of the artificial reef (2,000 ABITATS) due to lower productivity, which began in FY22 (announced during FY22 and FY23).

During FY22 deployment improvement processes commenced and juvenile deployment numbers returned to 1.2 million abalone a year and have since remained at or above that number. Over the past two years these improvements have continued and culminated in the successful FY24 deployment of 1.2 million juveniles, achieved ahead of schedule. This was completed across 11 deployment events, which represents 32% fewer events than averaged over previous years, reducing overall logistics costs.

Restocking of newly refurbished ABITATS began during FY23 and into FY24, with the numbers of juvenile abalone maturing towards commercial grade, up 26% to 847k.

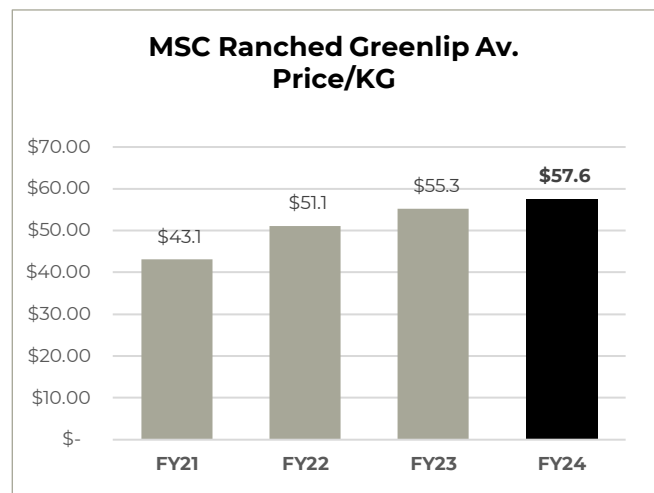
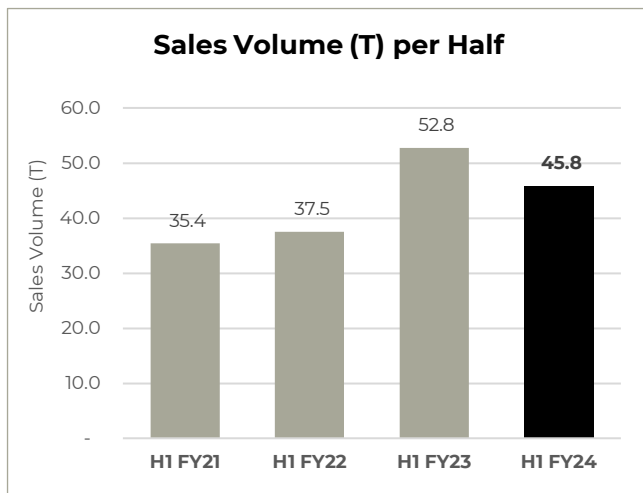
With the development of the tiered based abalone product offering, underpinning the Company's Master Distributor strategy which includes wild Greenlip, Brownlip, Roei and Farmed Greenlip, the Company has ample stocks to fulfill current and potential Forward Orders.



### Sales & Marketing

The Company sold 19 tonnes of Marine Stewardship Council (MSC) certified ranched Greenlip abalone, which underpinned total abalone sales of 22 tonnes for the quarter.

The MSC recognises the Company's innovative ranching process as a wild enhanced and sustainable fishery. Most importantly, the Company remains the only fishery in the world using these practices to commercially produce Greenlip abalone, setting it apart in a market that increasingly values sustainability and wild harvest sourced products.



Quarterly sales resulted in revenue of \$1.2M for abalone products. The average price received for abalone products for the quarter remains stable at \$54.3 per kg, with the MSC accredited ranch Greenlip averaging \$57.6 per kg.

The forward order book for abalone product remains strong for FY24, with sales and forward order demand now 82 tonnes, representing 87% of the total tonnage sold in FY23.



## Research & Development

To continue to improve ranch management and predictably lift the productive capacity of the biomass, the Company has been undertaking a detailed evaluation of ABITAT productivity over the past 10 years. This analysis was reviewed in detail and strategies to improve productivity were finalised during the quarter.

The analysis concludes that ABITAT productivity gradually declines over time due to the accumulation of marine plants and animals (referred to as biofouling), which impacts areas available for abalone growth on an ABITAT. As a result, a 7-Year Strategy to improve ranch productivity has been developed. The strategy's goal is to reduce biofouling and create more space for higher rates of abalone survival and growth, thereby improving productivity.

After seven years of harvests, ABITATs will be lifted to the surface, cleaned, returned to the seabed, and restocked. During the 7-year cycle, approximately 1,400 ABITATs will be refurbished each calendar year, with 10,000 ABITATs in circulation.

The ABITAT deployment vessel, the Kon Dios will now be scheduled to operate full time to implement the revised 7-Year Strategy, after completing the current ABITAT relocation project in April 2024.

The Company is in the process of finalising the 1 Year Schedule which will mark the immediate implementation of this strategy. This strategy reduces the need for at least 25% of the planned boat fleet and Dive Team.

## Quarterly Update and Appendix 4C

RARE FOODS AUSTRALIA LIMITED  
ABN: 52 148 155 042 | ASX: RFA

## GROWTH

### Organic Growth

#### Ocean Cellaring

The Company obtained a liquor licence in December 2023 and was able to begin sales of the recently harvested Ocean Signature range from ocean cellaring activities.

Harvest of the total 2,300 Ocean Signature product range commenced during the quarter, which allowed sales to commence for both the Company, and strategic partners Glenarty Road and Edwards wineries.

Deployment of FY25 Ocean Signature wines began with Glenarty Road during the quarter. A total of 2,000 bottles will be deployed by the end of the quarter, with 50% available for sale by the Company. Deployment amounts for FY25 are currently being finalised with Edwards Winery.

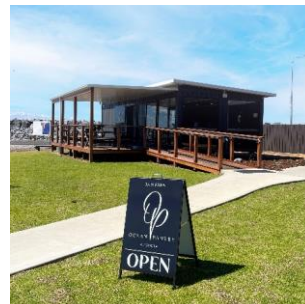


As announced to the market on 10 October 2023, a formal Heads of Agreement was signed with Winereef International to begin a trial to ramp up ocean cellaring activities. The trial will target the production of an additional 13,000 bottles of Ocean Cellared product in FY24. Operational activities to undertake this trial remain on schedule.

#### Ocean Pantry

The Company's retail centre, the Ocean Pantry, achieved a record quarter generating \$50k in revenue, up 50% on the turnover achieved over the previous three quarters.

The Ocean Pantry is designed to promote the Company's abalone and Ocean Cellaring innovations through tours and tastings.



#### Wild-Caught

Following the success of the Seafood Sales shows conducted in September the Company hosted Vietnamese buyer MiGroup, conducting site tours, and showcasing new wild caught abalone and ocean cellared products.

During the quarter revenues of \$112k were achieved from wild caught product, branded as Wild Origin.

### Value Accretive Growth

#### Due Diligence

The Company continued the due diligence begun in FY23 on exciting opportunities that could strengthen and scale the core business. Evaluation of these opportunities is being done on a confidential basis with due diligence expenditure to date of \$1.3M. The Company will update the market if and when binding arrangements are reached.

#### Esperance

The Company, with partner Yumbah Aquaculture (Yumbah), announced the deferral of the proposed Esperance 600 tonne land-based Abalone Farm and Hatchery, in April 2022, due to the impact of the COVID pandemic and cost increases associated with the project's infrastructure.

With Yumbah and in consultation with local indigenous group Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC), the Company sought strategic options throughout FY23.

During the quarter, the parties finalised arrangements to secure the land opportunity to pursue the aquaculture precinct concept at Wylie Bay. The parties will now develop the commercial agreements to plan and seek external funding to develop the precinct infrastructure and attract other aquaculture and marine related businesses to participate in the opportunity.

### Quarterly Update and Appendix 4C

RARE FOODS AUSTRALIA LIMITED

ABN: 52 148 155 042 | ASX: RFA

**CASHFLOW**

In November 2023 the Company received the R&D claim of \$1.8M.

Operating inflows for the quarter were \$3.4M which included \$1.6M in customer receipts and the \$1.8M R&D claim. Operating outflows were \$2.8M, resulting in a positive cashflow for the quarter of \$0.6M.

After expenditure of \$0.4M on due diligence in relation to value accretive growth activities aimed at strengthening the core business the Company has incurred a FY24 half year cash deficit of \$0.3M.

The Company is utilising its \$2.5M NAB credit facility and the support of a strong forward order book to ensure it can complete due diligence and associated activities to scale and grow the business.

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.**

**For investor and media enquiries, please contact:**

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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](http://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 December 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,578	3,112
1.2 Payments for		
(a) research and development <sup>1</sup>	-	-
(b) product manufacturing and operating costs <sup>1</sup>	(1,483)	(2,574)
(c) advertising and marketing	(121)	(238)
(d) leased assets	-	-
(e) staff costs <sup>1</sup>	(1,032)	(2,073)
(f) administration and corporate costs	(67)	(310)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(54)	(88)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	1,773	1,828
1.8 Other (provide details if material)	(1)	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>593</b>	<b>(343)</b>

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

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(30)
(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	<b>Net cash from / (used in) investing activities</b>	<b>(9)</b>	<b>(33)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(127)	(224)
3.7	Transaction costs related to loans and borrowings	(6)	(13)
3.8	Dividends paid	-	-
3.9	Other (leased assets)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(133)</b>	<b>(237)</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	(1,392)	(328)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	593	(343)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(33)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(133)	(237)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>(941)</b>	<b>(941)</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	572	797
5.2	Call deposits	-	-
5.3	Bank overdrafts	(1,513)	(2,189)
5.4	Term deposits	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>(941)</b>	<b>(1,392)</b>

**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**

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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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities <sup>4</sup>	4,250	1,980
7.2 Credit standby arrangements	-	-
7.3 Other (Credit Card) <sup>5</sup>	25	5
7.4 <b>Total financing facilities</b>	<b>4,275</b>	<b>1,985</b>

7.5 **Unused financing facilities available at quarter end** **2,290**

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) 3.99% for \$2,380; (ii) 3.89% for \$8,841; (iii) 3.71% for \$5,013; (iv) 4.37% for \$12,499; (v) 4.97% for \$108,217; (vi) 4.80% for \$11,186; (vii) 5.66% for \$9,230; (viii) 6.59% for \$105,173; (ix) 7.89% for \$9,592; (x) 8.31% for \$12,753; (xi) 8.5% for \$6,607 and (xii) 7.36% for \$12,384.

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 \$162,535.

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 \$1,513,107 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 \$4,566.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	593
8.2 Cash and cash equivalents at quarter end (Item 4.6)	(941)
8.3 Unused finance facilities available at quarter end (Item 7.5)	2,290
8.4 Total available funding (Item 8.2 + Item 8.3)	1,349
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>N/A</b>

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

1. 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: N/A

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: N/A

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: N/A

### 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 January 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.