

LETTER TO SHAREHOLDERS

August 2023

Dear valued Shareholder,

I'm very happy to share with you **Rare Foods Australia's** FY23 highlights and our strategies to generate greater value going forward.

Our focus over the past 12 months has been building an organisation that we can scale up and grow. We have worked tirelessly on strengthening our core business, as seen in our cashflow improvements and sales record of 95.5 tonnes of product.

To add further value to our business we have continued to use a disciplined framework to investigate potential merger and/or acquisition opportunities with aligned local rare food products and supply chains.

SUSTAINABILITY, INNOVATION AND GROWTH AT OUR CORE

A foundational commitment is to continually improve how we supply premium products in a way that's not only profitable and sustainable, but also naturally enhances one of the world's most pristine locations, the South-West of Western Australia.

One of the highlights of the year was our founder and Executive Director Corporate Development Brad Adams winning the coveted and internationally recognised MSC "Sustainability Hero" award.

Our ongoing development of a regenerative commercial fishery started when Brad, an Augusta-raised professional diver, began to witness rapidly declining wild abalone stocks in Flinders Bay.

Determined to ensure the survival of the abalone fishery and the reinvigoration of the bay, Brad experimented over 20 years to achieve this goal.

Today, thanks to your support, our innovation now generates 25% of the world's supply of wild Greenlip abalone. Looking ahead, we have the potential to grow thanks to our scalability, the fact that our harvests are not curtailed by quotas and the export demand augmented by our Sales and Marketing strategies.

As a testament to our environmentally sensitive practices, we achieved MSC accreditation as a wild enhanced and sustainable fishery in June 2022 after an extremely rigorous auditing process. Notably, the Company remains the only fishery in the world using these practices to commercially produce greenlip abalone.





BIOMASS GAINS

To create a rare, premium wild Greenlip abalone is almost a five-year journey for our Operations team. We collect juvenile Greenlip abalone from our strategic partner, 888 Abalone in Bremer Bay, at the age of 18 months. The juveniles are transported just under 500km to our ranch in Augusta then deployed by our specialist Dive team onto our artificial reef and harvested about three years later.

To deliver ongoing growth in our biomass and harvest tonnages we have been developing a database to enable us to better understand, daily, what is happening on the reef within our 413ha ocean lease. This feeds into what we call our “Knowledge” which underpins our “best management routine”. Additionally, it is the evidence we provide from the Knowledge to AusIndustry that underpins the substantial R&D incentives we receive from the Australian Government.

Using this data-driven approach we began improving deployment practices during FY23 and have now refined those to better track our juvenile survival going forward. Simultaneously, we are trialling new ideas that may yield even better results.

OUR MASTER DISTRIBUTOR STRATEGY

Our sales strategy, created by our Sales & Marketing General Manager Alex Wilson, is underpinned by our relationships with Master Distributors in selected regions across the globe. These are customers who book tonnage in our Forward Order Book across a 12-to-24-month period.

This enables us to streamline our sales and marketing efforts and channel relatively small 100kg to 200kg wholesale orders to our chosen Master Distributors.

By further developing our Master Distributor strategy our goal is to ensure product demand is greater than our expected harvests, which will help achieve stronger returns going forward.



PROCESSING CAPACITY

To fulfill the growing demand from Master Distributors for our individual quick-frozen meat (IQF), whole in shell (WIS) and canned products we increased the number and skill level of our Processing team during FY2023.

The team packed 117 tonnes throughout FY23, 23% above the previous best performance, a remarkable result led admirably by our Operations General Manager Joel Durell.

Our aim in FY24 is to evaluate efficiencies and improve on margins for each product to generate more value for the business.

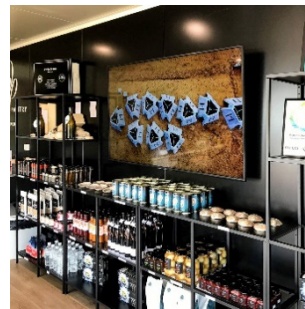
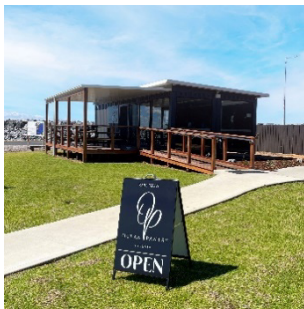


Letter to Shareholders

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SHOWCASING OUR INNOVATIONS



We opened our retail centre, the **Ocean Pantry**, on land adjacent to the picturesque Augusta Harbour in January 2023. This enables us to sell our abalone products, showcase our innovations through tours, educate the public about our abalone and other rare products from the South-West, as well as providing a café service to the tourists who visit the region

The Sales & Marketing team is systematically trialling and testing products and services, with those that create interest quickly expanded. Tastings and tours have been hugely popular, with tour numbers boosted during the Augusta whale watching season.

Our intention is to build a sustainable retail model then expand it into Fremantle which is Perth's seafood and shipping hub. We plan to have a retail outlet close the tourist precinct and have our head office there too, where the costs can be covered by retail earnings.

RARE FOODS AUSTRALIA – OUR NAME FOR 'CHOSEN FEW'

The decision to rename our business in 2021 to Rare Foods Australia was made to reflect our goal to grow a business that would offer locally produced premium foods and nurture the next generation of "Sustainability Heroes".

During FY23 we broadened our abalone offerings to include wild origin Greenlip, Brownlip and Roei.

In the year ahead we will increase our supply of wild origin product through the ongoing development of mutually beneficial strategic partnerships with local Quota Holders.

OUR NEXT INNOVATION

In keeping with the innovative spirit of our company, we successfully trialled Ocean Cellared wine in 2020 with local winery Glenarty Road.

Ocean cellaring - or maturing wine via the currents, constant pressure, and low temperature variability of the seabed - provides magnificently enriched flavours. Adding to the appeal, the bottles have an individual "ocean signature", or light covering of natural marine growth of barnacles and coral.

Importantly, in keeping with our sustainability commitment, ocean cellared wines generate fewer carbon emissions than those matured through the traditional land-based process.



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We now have formal agreements with Glenarty Road and Edwards Wines to expand this business for the unique regional wines that can be sold at a very attractive price.

We currently have 2300 bottles of our own product from current deployments available from November 2023. Additionally, we're in the final stages of planning a trial to significantly lift Ocean Cellared volumes using a patented technique from the Northern Hemisphere.

Our Sales & Marketing team have evolved our Ocean Cellared brand and story, with a preliminary sales strategy developed to leverage its unique place in the Australian market.

OTHER OPPORTUNITIES

As we investigate further opportunities, our challenge in a region with such a wide array of wonderful produce is judiciously targeting a "chosen few" products, while being cash flow positive and profitable.

Part of our guiding strategy is to ensure we can control our core business's integrated supply chain and scale this further with products that will grow value and deliver superior returns.

As part of this strategy we will pursue, with stakeholders, the Esperance aquaculture precinct. This precinct has strong potential to provide us with an investment ready opportunity to develop additional aligned rare food products.



PROMOTING OUR STORY

We are moving into FY24 with a clear plan to ramp up our commitment to the local environment of which we are stewards. This will involve sharing supporting evidence about the benefits of our practices in a narrative that's accessible to consumers and both our existing and prospective investors.

Lastly, it's been a pleasure hosting our online forum for our Quarterly Updates with MST Access, who are engaged by us to write investment research. This forum has provided me and our CFO Brent Stockden with the opportunity to share our results with you and answer your questions. Since starting the forum earlier in the year, we have noticed a steady increase in participants. If commitments curtail your attendance, we do post the entire event on the website so you can view it at your leisure.

As we gain momentum and achieve our goals, I recognise that you invest in our company to help you achieve your own goals. I thank you for your ongoing support and invite you to keep in touch and reach out to me any time with questions you may have. My contact details are below, and I will always do my best to get back to you promptly.

Wishing you a safe and successful year ahead.

Best regards,

Handwritten signature of Rob Jordan

Rob Jordan
CHIEF EXECUTIVE OFFICER

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