



Quarterly Progress Summary: July to September 2018

Marbled Grass-Fed Beef

Summary of progress during this quarter

Genetics

- Growth data from Cohort 3 animals (born 2016) has been collected.

Supply Chain

- First Light Wagyu Producer Group was audited and received Certified Humane accreditation.
- First Light Supplier Conference and AGM held at the end of August.
- Supply Planning App to improve forecasting and supply reliability is in development.
- Recruitment underway for new extension position National Beef Performance Manager.
- The dedicated Mycoplasma Bovis team continue to work closely with MPI, LIC and farmers across all aspects of the production system.

Marketing

- First Light stand at the Auckland Food Show delivering further brand exposure.
- Strong retail sales in NZ and USA as existing customers expand their product ranges and increase volumes.
- Trials carried out and platform developed for Direct to Consumer channel in the USA.

Production R&D

- Tenderness report completed.
- 2017 First Light carcass data has been analysed for quality, supplier and seasonal trends and compared to previous years.
- Growth path effects on meat quality report completed.
- Vitamin A literature review undertaken.

Programme Management

- Project Manager attended the PGP workshop in July.
- The Wagyu Supplier Conference, AGM and First Light 'Spring Muster' were well attended by members of the project team, including PSG Chairperson, Co-Investors, Programme Manager and MPI Investment Manager.

Collaboration with other PGP programmes

- First Light are in progress with planned implementation of the RMPP Farm Assurance Programme (FAP). The RMPP FAP will form the base of the new First Light Growers Manual, which will also include 'clip ons' to cover all First Light quality systems.
- Tools developed within the FarmIQ PGP will be used to build the new First Light Supply Planning App.
- First Light Management met with the Alliance Meats CEO to discuss collaborative opportunities. As well as starting to farm Wagyu cattle, Alliance is also involved in the High Health Lamb PGP project.
- First Light Managing Director attended the annual Red Meat Conference to establish greater collaborative networks in the red meat sector.

Key highlights and achievements

- In August the First Light Wagyu Producer Group was audited and attained Certified Humane accreditation. Led by USA customer demand for this attribute, First Light have become the first organisation in New Zealand to receive this accreditation. "The Certified Humane programme is dedicated to improving the lives of farm animals in food production from birth through slaughter," certifiedhumane.org.



- The Certified Humane logo as shown above is planned to be used on pack for North America and New Zealand retail product. While many New Zealand companies believe they are doing well in this area, 3rd party accreditation helps to prove this.
- The inaugural Wagyu Supplier Conference day was held at the end of August. This was well attended by farmer shareholders with 85 suppliers attending including 29 shareholder entities. Presentations included research on early life nutrition, consumer trends and market attributes. Smaller workshops covered marble score grading, data collection and an introduction to the First Light supply planner App prototype. A focus farms session enabled sharing of farm performance data and learnings from FLWNZ's top performing farmers.
- First Light's largest ever AGM and 'Spring Muster' conference was also held in late August, with 31 shareholder entities represented and over 150 customers, business partners and staff in attendance. At the 'Spring Muster', special trade envoy Mike Petersen spoke of the challenging international trade environment, emphasising consumer demands for reliable authentic supply. First Light's NZ and USA sales team provided some insight into what selling a premium product involves, and Mark Schatzker, award winning author, told his story of finding the perfect steak over 20 years and how this pursuit led him to First Light. The conference also heard from Jerry Greenberg, First Light's new investor and key customer in California. Jerry emphasised how important consistency of quality product is to provide the ultimate eating experience.
- The First Light Supplier of the Year awards were announced at the 'Spring Muster'. The Breeder winners were Mark & Jane Jessep of Hawke's Bay and the Finisher winners were Alan Tindall and Ryan Cockburn of Whyalla Partnership in Canterbury. The supreme

supplier of the year award went to Whyalla who consistently produce quality cattle to the highest standard along with being wonderfully positive advocates for First Light Wagyu.

- For the first time First Light had their own stand at the Auckland Food Show held in July. Two farmer supplier couples represented the business at the show. Overall the Food Show was successful in meeting the objective of brand exposure to consumers and farmers.



Upper North Island Sales Representative, Kieran Dalgety, discussing the finer points of First Light Wagyu with chef Simon Gault.

Upcoming

Genetics

- Genomic matrix with Cohort 1 and 2 data will be used for mating allocations and planning in Q2.
- Gestation length measurement at WBL stud will continue until end of calving.
- Complete a review to compare the merits of OPU and MOET for Wagyu bull production.

Supply Chain

- Farmer surveys will be undertaken in Q2 to reassess engagement levels and latent capacity for running more Wagyu.
- Draft 'Growers Manual' document and roll out plan to be completed in Q2.
- Further development of the farmer portal and supply planning app.
- Recruitment for National Beef Performance Manager and finalisation of Livestock team structure.
- Focus Farms will be held around the country in the first 2 weeks of November, updates will be provided to farmers on the First Light App, Group supply and financial performance and more detail on the Growers Manual.

Marketing

- Launch new cooked sausage products in New Zealand market in Spring 2018.
- Launch the USA Direct to Consumer VIP subscription platform in November 2018.
- Travel to USA and UK for Marketing and Sales Managers.
- Travel to USA for Managing Director and Processing & Added Value Manager focusing on new product development and new market opportunities.

Production R&D

- Complete report on calf birth weight data collected from different EBV bulls.

Investment

| Investment period | Industry contribution | MPI contribution | Total investment |
|--------------------------|------------------------------|-------------------------|-------------------------|
| During this Quarter | \$513,656 | \$597,707 | \$1,111,363 |
| Programme to Date | \$9,189,510 | \$9,003,019 | \$18,192,528 |