



Quarterly Progress Summary: January to March 2019

Marbled Grass-Fed Beef

Summary of progress during this quarter

Genetics

- Gestation length measurement at WBL stud for Spring calving is completed, records have been collated and will be incorporated into the next genomic relationship matrix run planned for Q4.
- Slaughter of most of the Cohort 3 animals (born 2016) occurred during the quarter, remaining cattle from this cohort will be slaughtered by the end of April.
- Carcass data and growth records have been collected and DNA samples sent for analysis from the on-going progeny trials (450 animals) and will be incorporated into the next genomic relationship matrix run planned for Q4.

Supply Chain

- 18 new shareholders joined the Producer Group during the quarter.
- Mycoplasma Bovis remains an active issue for the programme and the Livestock team continue to work closely with farmers and MPI to manage this.
- New Livestock Team structure in place and new South Island Relationship Manager recruited.
- New Production/Supply Planner position in recruitment stage.
- Supply Planning tools to improve forecasting and supply reliability are in development.
- Supply Agreements for all suppliers were delivered in March, one month earlier than in previous years. RMs are following up on document completion.
- Body Condition Score extension materials created for farmers (see Appendix 6).

Marketing

- Forbes magazine article "How this Tiny NZ Company is Producing the Best Beef in the World".
- Following Certified Humane accreditation First Light has also been listed on the ASPCA brand list <http://www.asPCA.org/foodbrands> which is an important place to be seen and found by conscientious American consumers.
- First Light hosted New Seasons customers from the USA in January.
- Management visited Pacific North West region in February with a focus on new customers and growth in this market.
- New Sales Support administrator based in USA recruited during the quarter.

- Replacement NZ Sales Representative for Upper North Island recruited and started during the quarter.
- Retail production for NZ market moved to new secondary processors and the NZ retail burger reformulation was completed.
- Finnebrogue management from Northern Ireland visited NZ with a focus on environmental standards and NPD.

Production R&D

- Report completed on variation in fat content across a carcass (refer to Appendix for full report).
- Initial analysis of the 2018 dataset has been completed (refer to Progress Report for summary of initial analysis).
- Carcass camera arrived for upcoming trials to assess marbling measurement.

Collaboration with other PGP programmes

- In Q4 First Light will roll-out their refreshed Quality Assurance programme. The RMPP FAP forms the base requirements of the QA programme which will also include 'clip ons' to cover all First Light quality systems.
- Tools developed within the FarmIQ PGP are being used to create the new First Light Supplier tools.

Key highlights and achievements

- 18 new Shareholders joined the business in the quarter increasing the number of shareholders to 74 out of the 120 contracted suppliers. A positive vote of confidence in the business from the supply base.
- Katie Chang, Food Writer for Forbes Magazine, was hosted by First Light in December 2018, the result was a comprehensive article providing excellent PR for First Light that has been widely distributed both locally and internationally. The article outlines the history and reasons for developing the First Light Wagyu value chain model, and highlights key aspects such as grass-fed, animal welfare, the eating experience and potential health benefits. Targeted at the American reader, the article also recommends the First Light Steak Club and identifies markets and restaurants where consumers can get a taste of the "best beef in the world".

<https://www.forbes.com/sites/katiechang/2019/02/12/first-light-best-beef-in-the-world/#5715509f5a63>

Upcoming

Genetics

- Refresh genomic index to incorporate 2018 calf data and additional stud animal measurements.
- DNA processing of the 2015 HP (High Purity) animals will continue and will be added to the genomic assessment.
- WBL and their IT service provider continue to work with developers aiming for initial testing of the new data and systems programme in April 2019.

Supply Chain

- QA documents and roll out plan to be completed in Q4.
- Relationship Manager (RM) training sessions to be held in April, focused on the Supply Planning tools and QA Programme.
- Nationwide hub meetings with farmers are planned for May.
- Recruitment for Production/ Supply Planner.
- FLWPG Director to complete visits to all new shareholders, after which shareholder agreements will be finalised.
- Farmers to market visit to USA in April, accompanied by FLWNZ Chairperson.

Marketing

- New Inside Sales person based in USA recruited and starts in April.
- Confirm plans to base a USA Sales Manager in-market (in collaboration with NZTE).
- Continue developing the trained sensory panel with module 3 to be undertaken in July.
- Ongoing shelf life trial investigations and assessing New Product Development opportunities.

Production R&D

- Continue to collect data from Cohort 3 progeny trial.
- Complete evaluation and analysis on the 2018 dataset.
- Complete review to compare feed efficiency of a Jersey calf to a Friesian calf.
- Undertake digital carcass camera trials to objectively assess marbling of grass-fed Wagyu at both North and South Island processing plants.

Programme Management

- Marbled Grass-Fed Beef programme team to attend Grow 2019 Boma NZ Agri Summit in April. First Light are an event partner and exhibitor at this event.
- GM Wagyu and Beef Performance Manager will attend the Australian Wagyu Conference in early May along with one of the FLWNZ Directors and two BA/WBL management staff.

Investment

Investment period	Industry contribution	MPI contribution	Total investment
During this Quarter	\$666,659	\$797,068	\$1,463,727
Programme to Date	\$10,477,756	\$10,493,511	\$20,971,266