



East 33 Limited

ASX ANNOUNCEMENT

For immediate release

Q2 FY2022 Quarterly Update and Appendix 4C – Quarterly Cash Flow Report

Key Trading Metrics:

- Farming & Distribution Sales (excluding any biological assets changes) for the quarter were \$7.5m
- Volume sales for quarter were 8.6m

Key Points:

- The industry continues to be in structural supply shortfall relative to demand, but COVID has impacted labour availability which has limited harvesting volumes to meet such demand,
- East 33 Volume for the quarter harvested increased year on year, but lower than prospectus forecast,
- Elevated demand in retail sales channels induced by COVID adjusted traditional margin mix for the period,
- Given the above revised earnings guidance for FY22 will be provided in February 2022, pending the audited half yearly accounts and the January 22 summer results.

Comments on Quarterly Cashflows:

Quarter two has seen East 33 consolidate the execution of all elements of the acquisitions completed in July 21.

| Cashflow Area | Q2 FY 2022 Expectation | Q2 FY2022 Result | Appendix 4C: Quarterly Cashflow \$m |
|-------------------|---|--|---|
| Operations | Q2 of each FY is traditionally an improved revenue quarter, with an expected marginal net cash generation from operations | <p>Cash flows from operating activities</p> <ul style="list-style-type: none">○ Significant ramp in cash inflows from the business, reflecting seasonal cycle of the business, with December cash from revenue to flow into the group in January and February,○ late seasonal sales leading to marginal net cash burn in the quarter,○ operating costs up in the quarter to meet sales demand○ marginal increase in salaries for the quarter, relative to the first quarter, primarily driven by shucking and distribution division increased labour effort to meet December demand,○ first quarter interest now paid on debt loan raised at IPO,○ government grants reflecting NSW Covid support for industries affected by Covid, | (0.6) |
| Investing | Settlement of residual vendor amounts owed from acquisitions and continued expenditure on | <p>Investing activities</p> <ul style="list-style-type: none">○ Residual payments relating to June 22 acquisitions, and | (1.2) |

| | | | |
|------------------|---|--|-------|
| | oyster growing equipment and infrastructure improvements | o Investment in operating equipment and oyster land based and water infrastructure to cater for increased farm gate production, | |
| Financing | Inflows from equipment financing and loan instalment repayments | Financing activities <ul style="list-style-type: none"> o Proceeds from borrowing to fund vehicle and large mechanical equipment for farming operations, o Repayment of interest and capital of debt loans | (0.1) |
| Opening | | | 7.4 |
| Closing | | | 5.5 |

Appendix: 4C overleaf

Announcement Ends

About East 33 Limited

East 33 is dedicated to pioneering the world's best oyster culture, by empowering the people behind it, caring for the places that support it, and delivering moments to be savoured. East 33 represents quality, a dedication to the authentic and an inspired future, focused on delivering a moment of joy.

East 33 is the largest vertically integrated Sydney Rock Oyster producer, processor, and supplier. Operations span all elements of the Sydney Rock Oyster industry from hatchery, nursery, and production farmers to processing facilities, eCommerce, ShellarDoor™ restaurant program, and international trade.

East 33's current operations are based in the Wallis Lake, Port Stephens and Manning River regions of NSW, and over 130 years of collective of farming knowledge. Learnings are being harnessed to deliver the next stage of improved breeding, technology, and sustainable farming techniques to propel the industry for generations to come.

Sydney Rock Oysters are extremely rare natively thriving in just 41 locations on the east coast of Australia centred on latitude 33 degrees – providing the namesake for East 33 Limited.

For further information, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

East 33 Limited

ABN

70 636 173 281

Quarter ended ("current quarter")

December 2021

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 6,261 | 8,982 |
| 1.2 Payments for | | |
| (a) research and development | Nil | Nil |
| (b) product manufacturing and operating costs | (3,986) | (5,515) |
| (c) advertising and marketing | (354) | (523) |
| (d) leased assets | Nil | Nil |
| (e) staff costs | (2,520) | (4,409) |
| (f) administration and corporate costs | (302) | (900) |
| 1.3 Dividends received (see note 3) | Nil | Nil |
| 1.4 Interest received | Nil | Nil |
| 1.5 Interest and other costs of finance paid | (127) | (127) |
| 1.6 Income taxes paid | (193) | (268) |
| 1.7 Government grants and tax incentives | 628 | 639 |
| 1.8 Other (provide details if material) | (76) | (606) |
| 1.9 Net cash from / (used in) operating activities | (669) | (2,727) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | (548) | (16,792) |
| (b) businesses | Nil | (4,033) |
| (c) property, plant and equipment | (605) | (1,823) |
| (d) investments | Nil | (50) |
| (e) intellectual property | Nil | Nil |
| (f) other non-current assets | Nil | Nil |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | Nil | Nil |
| | (b) businesses | Nil | Nil |
| | (c) property, plant and equipment | Nil | Nil |
| | (d) investments | Nil | Nil |
| | (e) intellectual property | Nil | Nil |
| | (f) other non-current assets | Nil | Nil |
| 2.3 | Cash flows from loans to other entities | Nil | Nil |
| 2.4 | Dividends received (see note 3) | Nil | Nil |
| 2.5 | Other (provide details if material) | Nil | Nil |
| 2.6 | Net cash from / (used in) investing activities | (1,153) | (22,698) |

| | | | |
|-------------|---|--------------|---------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | Nil | 32,000 |
| 3.2 | Proceeds from issue of convertible debt securities | Nil | Nil |
| 3.3 | Proceeds from exercise of options | Nil | Nil |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | Nil | (2,313) |
| 3.5 | Proceeds from borrowings | 350 | 10,350 |
| 3.6 | Repayment of borrowings | (256) | (9,115) |
| 3.7 | Transaction costs related to loans and borrowings | Nil | (495) |
| 3.8 | Dividends paid | Nil | Nil |
| 3.9 | Other (provide details if material) | (213) | (333) |
| 3.10 | Net cash from / (used in) financing activities | (119) | 30,094 |

| | | | |
|-----------|--|---------|----------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 7,459 | 849 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (669) | (2,727) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1,153) | (22,698) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (119) | 30,094 |
| 4.5 | Effect of movement in exchange rates on cash held | Nil | Nil |
| 4.6 | Cash and cash equivalents at end of period | 5,518 | 5,518 |

| 5. | Reconciliation of cash and cash equivalents 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 |
|-----|---|----------------------------|-----------------------------|
| | | 5,518 | 7,459 |
| 5.1 | Bank balances | 5,518 | 7,459 |
| 5.2 | Call deposits | Nil | Nil |
| 5.3 | Bank overdrafts | Nil | Nil |
| 5.4 | Other (provide details) | Nil | Nil |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 5,518 | 7,459 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|--|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | Nil |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | Nil |
| <i>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.</i> | | |

| | | | |
|-----------|--|---|--|
| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| 7.1 | Loan facilities | 10,468 | 10,468 |
| 7.2 | Credit standby arrangements | Nil | Nil |
| 7.3 | Other (please specify) | Nil | Nil |
| 7.4 | Total financing facilities | 10,468 | 10,468 |
| 7.5 | Unused financing facilities available at quarter end | | Nil |
| 7.6 | <p>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.</p> <p>THIS SECTION UNDER INTERNAL REVIEW \$10 million NAB loan facility expiring July 2024, annual interest 5.5%+ BBSY (bid) payable quarterly in arrears, fully secured against all assets in the Group.</p> <p>Listing Rule 4.7C.2 requires a comparison of actual use of funds compared to prospectus use of funds, which is as follows for the first half of the financial year:</p> <ul style="list-style-type: none"> • Payment of deferred consideration – \$9.7m (actual) vs. \$9.8m (prospectus). • Cash consideration for stage 2 acquisitions - \$11.2m (actual) vs. \$11.3m (prospectus). • Loan repayments - \$8.2m(actual) vs.\$8.4m(prospectus) • Capital expenditure - \$1.8m (actual) vs. \$4.4m (prospectus) • Marketing and branding - \$0.5m (actual) vs. \$1.8m (prospectus) • Payments for cost of the offer - \$2.8m (actual) vs. \$3.7m (prospectus) • Administration costs and working capital – \$2.7m (actual) vs. \$3.7m (prospectus) | | |

| | | |
|-----------|--|----------------|
| 8. | Estimated cash available for future operating activities | \$A'000 |
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (669) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 5,518 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | Nil |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 5,518 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 8.25 |
| | <p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p> | |
| 8.6 | <p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 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?</p> <p>Answer: N/A</p> | |

8.6.2 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

8.6.3 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

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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:31 January 2022.....

Authorised by: Guy Burnett.....
(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.