



East 33 Limited

# ASX ANNOUNCEMENT

For immediate release

## March Quarter FY22 Trading Update & Revised Outlook

22 April 2022

East 33 (ASX:E33) provides the following key trading update for the March FY22 Quarter.

Key Metrics	FY22 March Quarter
Harvest Volume	2.2m
Sales Volume	4.8m
Group Revenue (Excluding Non Cash)	\$5.6m
EBITDA	(\$0.8)m

East 33 announces extreme rain across the eastern coast of Australia and occurrence of QX in some of the East 33 farming areas of Port Stephens have negatively impacted our outlook for FY22 and inventory position.

### Impact of prolonged and heavy rain

Extreme rain across the eastern coast of Australia has impacted both East 33 and the entire Sydney Rock Oyster industry. In addition to reducing East 33's harvestable volume, abnormally prolonged exposure to fresh water (removal of salinity) has resulted in loss to inventory. Further Industry wide harvest area closures due to rain have severely limited industry wide supply, adversely impacting our trading volumes.

### Impact of QX in Port Stephens

On 27<sup>th</sup> August 2021, the Department of Primary Industry (NSW DPI) announced the detection of QX in Port Stephens and advised that the impact on Sydney Rock Oyster's in Port Stephens would only be known at the end of the infection period in April 2022. East 33 has conducted an internal audit of its inventory in Port Stephens and confirms the presence of QX in its Tilligerry Creek oyster leases with a potential impact on all of the oysters in this area.

### Overall Impact of Rain & QX on FY22 Guidance & Inventory

Given the extent of the impact of recent weather events and QX on the business and as a consequence the extreme volatility in Sydney Rock Oyster availability, the Board is of the view that this will have a negative impact on current guidance given on 28<sup>th</sup> February 2022. Given the overall impact at this stage it is difficult to quantify reliably and East 33 withdraws its FY22 guidance and will provide monthly trading metrics for the balance of FY22.

East 33 was expecting to be carrying an inventory position of saleable oysters of ~51.2m at June 2022, and based on our internal review it is expected that between 11-17m oysters might be lost which were at various stages of development. As this is a material impact, East 33 is engaging an external independent firm to conduct a system wide stock take and will revise our inventory position on the completion of this piece of work. The overall impact of such stock losses will be to slow East 33's multi-year growth plan to reach 20m production.

### Company Outlook

The company is progressing very well in laying the requisite foundations to achieve these ends including:

- **Farm operations:**
  - Implementation of new staffing patterns to optimize labour efficiency
  - Utilization of systems and technology to train, plan and optimize workflow
  - Investment in mechanization and land based optimization

- Investment in more efficient on water carry capacity
- Continued scale up of hatchery and nursery capacity
- **Sales & Distribution:**
  - Successfully launched our House of 33 sales program
  - Accelerated price accretion across some key sales channels in response to supply shortfall

East 33's balance sheet and continued growth in executive and management capability provide bedrock support for the execution of the business plan.

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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