



East 33 Limited

ASX ANNOUNCEMENT

For immediate release

26 April 2022

Appendix 4C and Detailed Company Update

East 33 (ASX:E33) ("**East 33**" or "**Company**") provides the attached Company Update and Appendix 4C, Quarterly Cash flow report.

This Announcement is authorised for release by the Board

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:

Guy Burnett (Company Secretary), gb@east33.sydney, +61 2 8001 6310

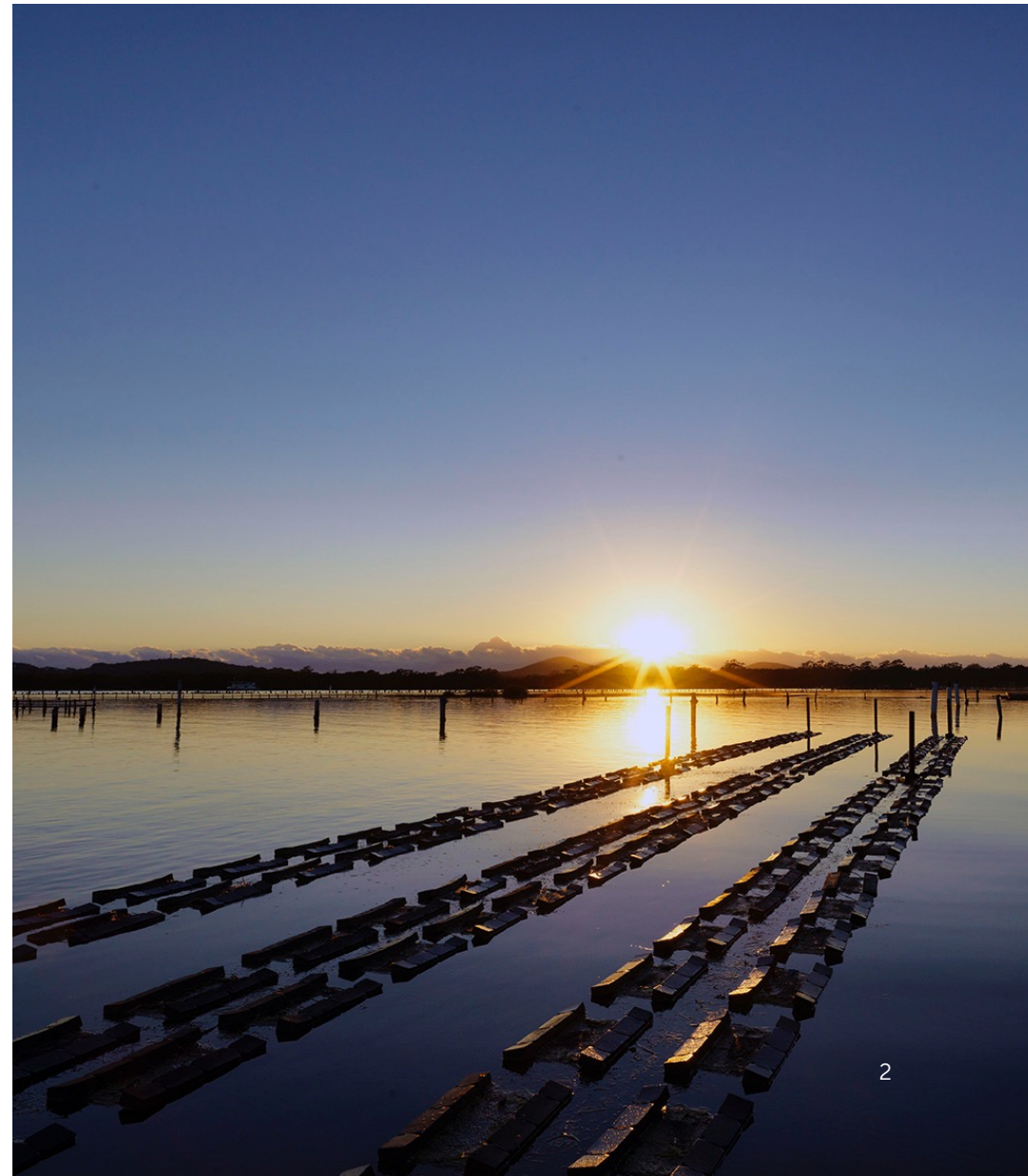


Revised Outlook Presentation &
Q3FY 2022 Appendix 4C – Quarterly Cash Flow

April 2022

Contents

Revised Outlook Presentation	03
Q3 FY22 Appendix 4C	11



Material External Factors Impacting FY22 & Outlook

#	Significant External Factors	Impact	Management Mitigation
1	COVID	Closed restaurants in Q1/Q2 FY22	<ul style="list-style-type: none"> Pivoted Sales Channels to maximize sales rate
2	Labour Shortfall & Structural change to labour costs	Change to labour availability and fundamentally increased labour rates	<ul style="list-style-type: none"> Increased pricing at farm gate & distribution price to enable a response to change to labour rates Recruited and secured labour force to fulfil the business plan Move entire workforce to 7 day per week two shift to eliminate overtime and lower labour rates
3	Unprecedented rainfall in Sumer 2021/22	<p>Wettest summer in 30 years – resulted in oysters upstream having prolonged exposure to low/no salinity water</p> <p>Reduced entire industry availability of Sydney Rock Oysters</p>	<ul style="list-style-type: none"> Multi Estuary asset position ensures that majority of inventory was not impacted On water infrastructure designed to withstand floods Ramped up pacific oyster trading to meet market demand
4	QX in Port Stephens	<p>Never occurred before in Port Stephens, results in:</p> <ul style="list-style-type: none"> Stock loss Structural change to farming practices 	<ul style="list-style-type: none"> Multi Estuary asset position ensures that majority of inventory was not impacted E33 Hatchery is largest producer of QX resistant stock – in train process of migrating all inventory to QX resistant

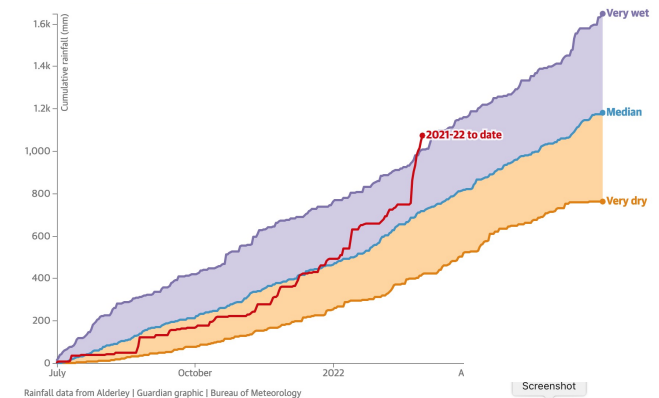
FY22 Q3 Trading Review & FY22 Q4 Outlook

- Tracking inline of forecast in early Q3
- Late Q3 impacted by prolonged rain
- Continued rain forecast into Q4 and an early early loss of oyster condition reduces outlook
- Closures in all major producing areas reduced entire Sydney Rock Oyster supply limiting trading capability
- East 33 ramped up substituting to Pacific Oyster to meet market demand

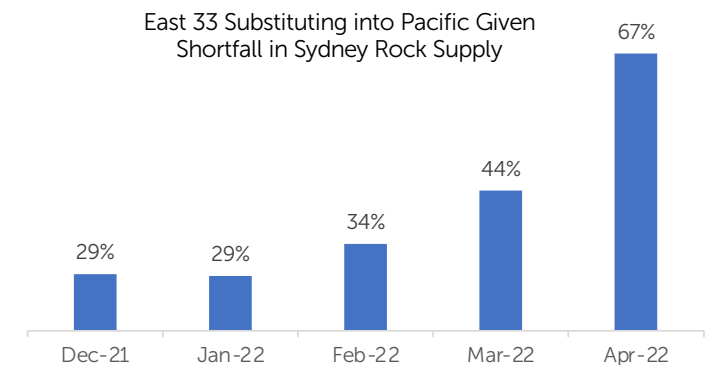
	Second Half – FY22 Guidance	Q3 FY22 Actual	Withdrawn FY22 Projection
Harvest Volume Guidance (million oysters)	4.5	2.2	8.7
Harvest Volume Actual (million oysters)	Pending Q4	2.2	<i>Currently – 6.7</i>
Group Operating Revenue	\$15.4	\$5.6m	\$26.5m
EBITDA	\$0.0	(\$0.8m)	(\$1.2)m

Please note: East 33 has withdrawn FY22 Guidance

Australia's La Nina of 2021/2022: cumulative rainfall vs Long term Averages



East 33 trading Volume of Sydney Rock Oyster vs. Pacific Oysters



QX in Port Stephens

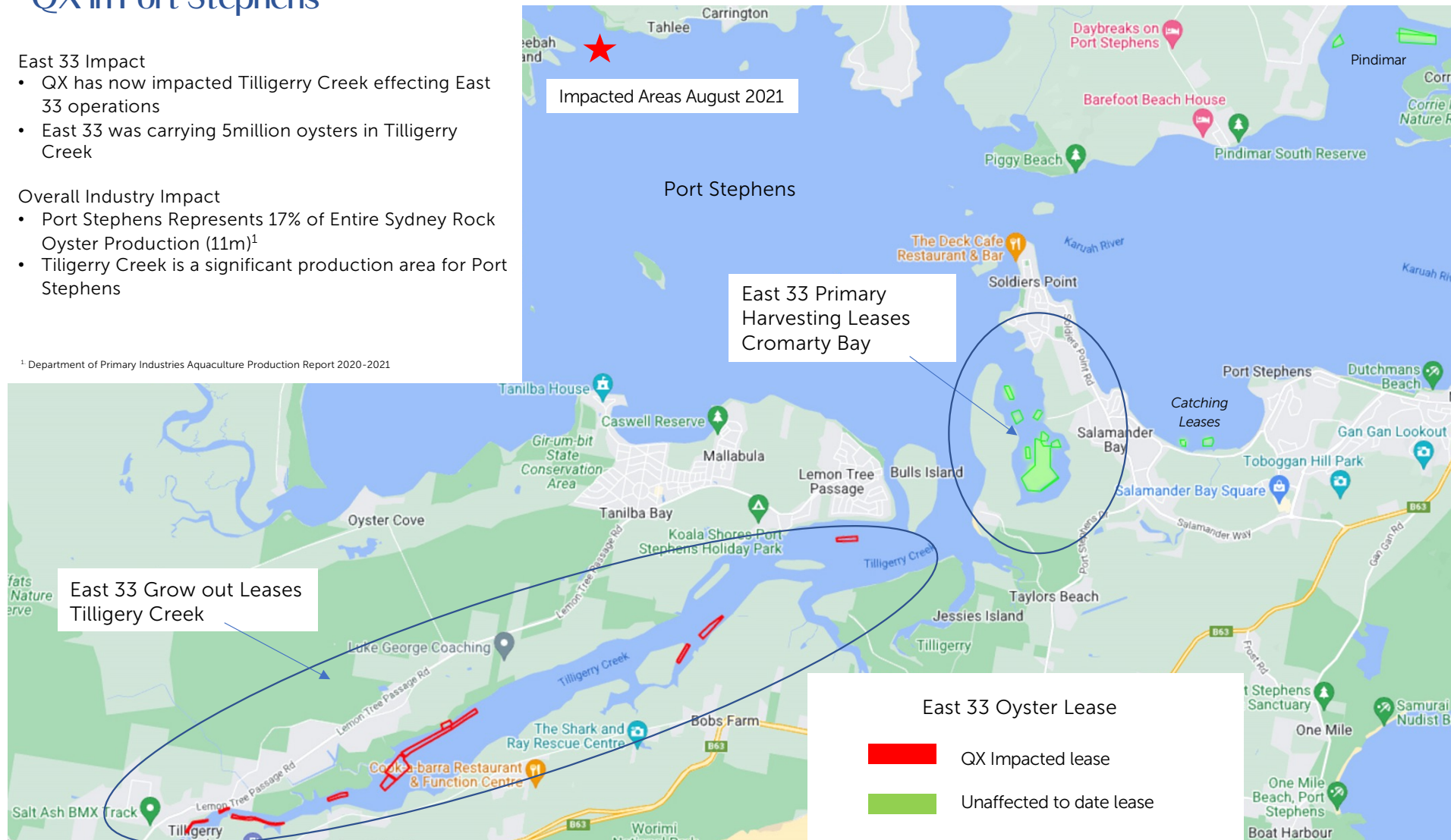
East 33 Impact

- QX has now impacted Tilligerry Creek effecting East 33 operations
- East 33 was carrying 5million oysters in Tilligerry Creek

Overall Industry Impact

- Port Stephens Represents 17% of Entire Sydney Rock Oyster Production (11m)¹
- Tilligerry Creek is a significant production area for Port Stephens

¹ Department of Primary Industries Aquaculture Production Report 2020-2021



Overall Current Stock Position

- 11 - 17 million stock loss, pending 3rd party independent review (range provided to allow for further impact of QX and contingency)
- Current inventory position is 41 million oysters post attrition*
- Expecting ~12m harvestable oysters available for sale in FY23

Detailed internal stock take shows stock losses of approximately 11 million oysters, as follows:

- 5m: due to QX Impacted in Tiligerry Creek Port Stephens
- 4m: due to prolonged freshwater exposure in Wallis Lake
- 2m: due to a range of farming practices

Review of Post Attrition Inventory					
(million oysters)					
	FY21	FY22	Residual	Total	
Prospectus Inventory	12	16	19	47	
Sales	-8	-7 ¹			
Carried Inventory	4	9	19	32	
New Vintages			20	20	
Inventory Heading to FY23				52	
					FY23 Residual
Less: Stock Loss				-11*	-4* -7*
Revised Inventory				41*	12* 29*

1. Pending residual sales for FY22

*Numbers pending additional 3rd party independent review

Industry Outlook

- East 33 expects to be a beneficiary of systemic industry supply shortfall

Supply:

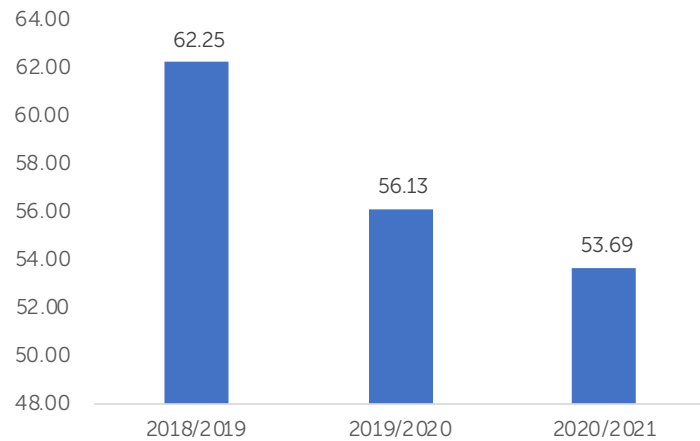
- Reduction in Overall Sydney Rock Oyster Supply
- Outlook: expected to reduce further given rain and QX

Price:

- Prices have significantly increased in FY22
- Outlook: expected further price increase given short supply

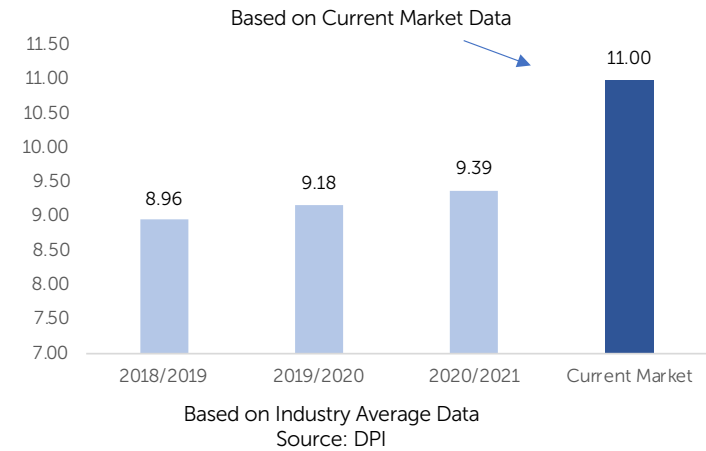
Industry Sydney Rock Oyster Supply

(Million oysters)



Market Pricing Sydney Rock Oyster Farm Gate

(\$ per Dozen Oysters, Medium Size)



Source Date: Department of Primary Industries Aquaculture Production Report

Fundamentals Remain Sound & Solid Plan to Execute

Fundamental Position:

- Solid business plan
- Exceptional set of productive assets & market position
- COVID & Rain will go away – East 33 expects to be a beneficiary significant supply shortfall
- Strong underlying product demand and ability to increase price
- Strategy are being executed upon to overcome short term challenges and deliver on plan

However:

- Reaching the 20m pa as per previously stated business plan will be delayed
- Next year will likely be ~12m oysters and assuming all other division operating as per FY22 East 33 will have positive operating cashflow
- Tight fiscal management is required to balance operating contribution, cash spend and cash position

In Response:

- Immediate initiatives in place to preserve and increase cash – Fiscal Management Plan
- Working on government support funding package in response to acute environmental impacts on industry
- Hiring corporate advisory firm to assist with corporate finance review

Fiscal Management Plan

- Current Cash position \$4.6m
- Cash low point of calendar year is October
- Fiscal Management Plan sees low cash forecast of \$1.1m¹

Reduced Cash Outflow

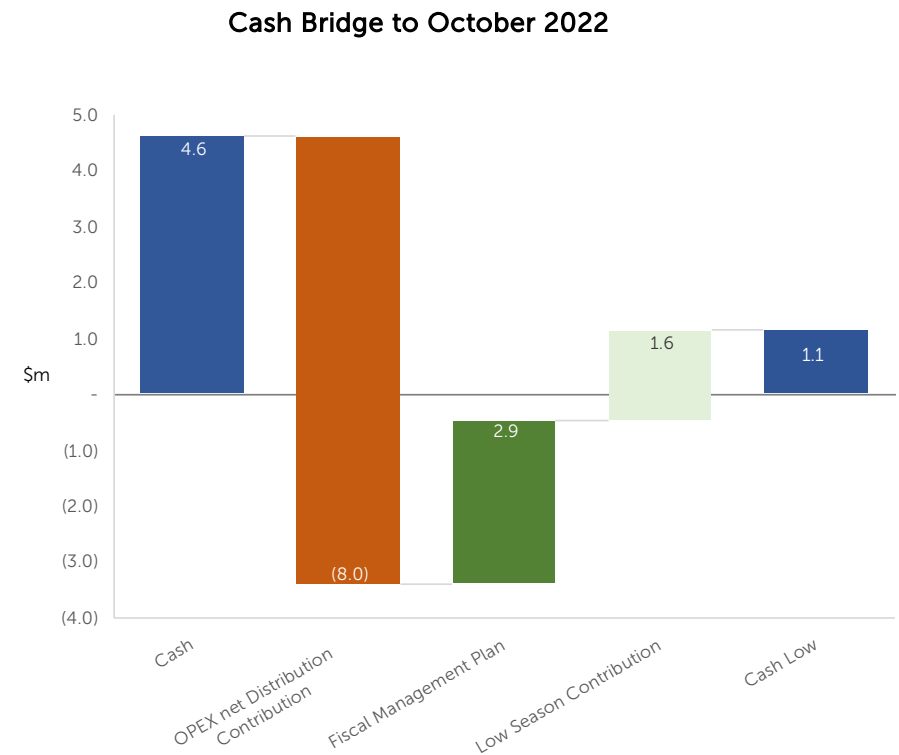
- Cash burn reduction program underway
- Removing discretionary CAPEX spend
- Defer cashflow commitments where possible

Cash from Non Core Operations

- Post consolidation sale of redundant assets
- Execution sale and buyback of juvenile stock

Additional areas for Generating Increased Cash

- Increasing prices per unit
- Increasing Pacific Oyster trading programs
- Hatchery stock sales (tailoring further growth vs hatchery sales)
- Moentize alternative revenue opportunities



Note:

1. Assuming execution of fiscal Management Plan & contribution from Farming & Distribution

Founders & Executive Directors Commitment to Investors

- Executive Directors will work for free until completion of the fiscal management plan – to be completed within 3 to 5 months
- Commitment to appointment of qualified independent Non-Executive Directors





Q3 FY 2022 Appendix 4C – Quarterly Cash Flow

Revised Cashflow Position

Quarter three has seen East 33 traditional inflows of cash from sales post the December holiday period, along with ongoing capital expenditure and debt funding flows.

Cashflow Area	Q3 FY22 Expectations	Q3 FY2022 Result	Appendix 4C Quarterly Cashflow \$m
Operations	Q3 of each FY is traditionally an improved cash revenue quarter, with an expected marginal net cash generation from operations	<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 flowing into the group in January and February, Increase in salaries for the quarter, relative to the second quarter, primarily driven by farming, shucking and distribution division increased labour effort to meet operational needs, Second quarter interest now paid on debt loan raised at IPO. 	0.2
Investing	Ongoing capital expenditure to meet growing oyster holding capacity and on land efficiencies	<ul style="list-style-type: none"> Investment in operating equipment and oyster land based and water infrastructure to cater for farm gate production 	(0.8)
Financing	Outflows from equipment financing and loan instalment repayments	<ul style="list-style-type: none"> Proceeds from borrowing to fund vehicle for operations, Repayment of interest and capital of debt loans 	(0.3)
Opening			5.5
Closing			4.6

Actual Expenditure vs. Use of Funds

Pursuant to ASX listing Rule 4.7C.2 the Company provides the below table as a comparison of actual expenditure against the “use of funds” table as disclosed in the prospectus dated 26 July 2021 (“Prospectus”) (ASX Announcement of 26 July 2021)

Use of funds under prospectus	Budgeted expenditure amount (\$m)	Actual Expenditure amount (\$m)
Payment of deferred consideration	\$(9.8) m	\$(9.7) m
Cash consideration for stage 2 acquisitions	\$(11.3) m	\$(11.2) m
Loan repayments	\$(8.4) m	\$(8.2) m
Capital expenditure	\$(4.4) m	\$(2.6) m
Marketing and branding	\$(1.8) m	\$(0.5) m
Payments for cost of the offer	\$(3.7) m	\$(2.8) m
Administration costs and working capital	\$(3.7) m	\$(2.7) m
TOTAL	\$(43.1) m	\$(37.7) m
Add: Opening cash prior to IPO		\$0.8m
Add: Proceeds from IPO		\$32.0m
Add: Net Loan proceeds		\$10.4m
Add: Receipts from Customers		\$16.2m
Add: Grants received		\$0.7m
Less: Operating costs		\$(16.2) m
Less: Net financing cash flows		\$(1.6) m
Remaining cash at 31 March 2022 as disclosed in Appendix 4C		\$4.6 m

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")

March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7,255	16,237
1.2 Payments for		
(a) research and development	Nil	Nil
(b) product manufacturing and operating costs	(3,687)	(9,202)
(c) advertising and marketing	Nil	(523)
(d) leased assets	Nil	Nil
(e) staff costs	(2,577)	(6,986)
(f) administration and corporate costs	(657)	(1,557)
1.3 Dividends received (see note 3)	Nil	Nil
1.4 Interest received	Nil	Nil
1.5 Interest and other costs of finance paid	(129)	(256)
1.6 Income taxes paid	Nil	(268)
1.7 Government grants and tax incentives	11	650
1.8 Other (provide details if material)	(50)	(656)
1.9 Net cash from / (used in) operating activities	166	(2,561)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	Nil	(16,792)
(b) businesses	Nil	(4,033)
(c) property, plant and equipment	(813)	(2,636)
(d) investments	50	Nil
(e) intellectual property	Nil	Nil
(f) other non-current assets	Nil	Nil

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(763)	(23,461)

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	56	10,406
3.6	Repayment of borrowings	(250)	(9,365)
3.7	Transaction costs related to loans and borrowings	Nil	(495)
3.8	Dividends paid	Nil	Nil
3.9	Other (provide details if material)	(81)	(414)
3.10	Net cash from / (used in) financing activities	(275)	29,819

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,518	849
4.2	Net cash from / (used in) operating activities (item 1.9 above)	166	(2,561)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(763)	(23,461)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(275)	29,819
4.5	Effect of movement in exchange rates on cash held	Nil	Nil
4.6	Cash and cash equivalents at end of period	4,646	4,646

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
		4,646	5,518
5.1	Bank balances	4,646	5,518
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)	4,646	5,518

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. 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	9,750	9,750
7.2	Credit standby arrangements (letter of credit)	1,500	Nil
7.3	Other (equipment financing)	1,200	0,817
	Other (RCPS)	9,600	9,600
7.4	Total financing facilities	22,050	20,167
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>\$10 million NAB loan facility expiring July 2024, annual interest 5.5%+ BBSY (bid) payable quarterly in arrears, an equipment financing facility from NAB and letters of credit to a value of \$1.5m relating to vendor finance on business acquisitions, fully secured against all assets in the Group.</p> <p>The Redeemable Convertible Preference Shares (RCPS) stem from vendor finance during the acquisition of businesses in July 2021 with a maturity date of January 2024. The RCPS are redeemable/convertible in with \$6 million at the election of the vendor and \$3.6 million at the election of East 33.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	166
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,646
8.3	Unused finance facilities available at quarter end (item 7.5)	Nil
8.4	Total available funding (item 8.2 + item 8.3)	4,646
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	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?	
	Answer: N/A	
	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: ...26 April 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.