



East 33 Limited

## ASX ANNOUNCEMENT

For immediate release

30 August 2022

### East 33 FY22 Annual Results presentation and Webcast details

East 33 (ASX:E33) ("**East 33**" or "**Company**") is pleased to provide below a presentation on the FY22 annual financial results and provides notification that East 33 will host a webcast presentation for investors via Zoom link at 12pm (mid-day) AEST on 31 August 2022.

Please utilise the details below to join the webinar:

Via Zoom Link	<a href="https://us06web.zoom.us/j/88094561772">https://us06web.zoom.us/j/88094561772</a>
One Tap Mobile:	Australia:  +61861193900,,88094561772#  or  +61871501149,,88094561772#
By Telephone	For higher quality, dial a number based on your current location, please dial: Australia any of the following: +61 8 6119 3900 +61 8 7150 1149 +61 2 8015 6011 +61 3 7018 2005 +61 7 3185 3730

A recording of the webinar shall be made available to any parties unable to join at the call at the allotted time.

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:**

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# FY22 ANNUAL RESULTS

AUGUST 2022

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# Special Notes

Based on East 33 detailed review it is expected that at least 30%\* of all Sydney Rock Oyster have been lost due to the prolonged rains, floods and QX outbreak in Port Stephens

Acute industry wide supply shortages are expected for the next two to three years as the industry seeks to rebuild stock

Such supply shortfalls have resulted in a significant farm gate price increase

There is broad expectation of high rain fall for summer 2022 as a result of continued La Nina rain effect which may impact summer trading

\* Based on DPI's Aquaculture production report and East 33 direct market knowledge of farmers in Port Stephens

# Overview

## FY22

East 33 consolidated its position while laying the foundations for further growth despite extremely challenging external factors.

### Highlights:

- Production (farm) volume increase 4.2% YoY
- Farming and distribution Operating Revenue increase 11% YoY
- Gross Profit Margin stable YoY
- Expense 22% less than expected relative to Prospectus
- EBITDA marginally down YoY when excluding one-off's noting increased OPEX from listed group

## East 33 Outlook

Industry wide supply shortfall sets stage for significant product pricing escalation at the farm gate

### Expected Highlights:

- Growth in production volume
- Growth in revenue
- Growth in gross profit margins
- Positive EBITDA
- Significant inventory build up to support long term sustained growth

# Division Review

Hatchery & Nursery	Farming	Supply, Processing and Distribution	Corporate
<ul style="list-style-type: none"><li>• Scaled hatchery to 20m pa</li><li>• Scaled nursery to 20m pa</li><li>• Successfully brought 2m new oysters into network</li></ul>	<ul style="list-style-type: none"><li>• Scaled Infrastructure in place for 12m pa throughput</li><li>• Increased labour force to accommodate 12 m pa</li><li>• Invested in ground operations to drive future efficiencies</li></ul>	<ul style="list-style-type: none"><li>• Increased Sales volume 5.5% YoY despite Industry wide stock shortfall</li></ul>	<ul style="list-style-type: none"><li>• Integrated operations and systems across all acquisitions</li><li>• Executed fiscal management program</li><li>• Acquired Oyster Cloud Agritech</li><li>• Successfully launched premium product range into market (House of 33)</li></ul>
FUTURE OUTLOOK			
<ul style="list-style-type: none"><li>• Further Development in breeding program</li><li>• Increased efficiencies</li><li>• No further growth required to achieve prospectus objectives</li></ul>	<ul style="list-style-type: none"><li>• Inventory position 35m for harvest over next 3 years</li><li>• Infrastructure build out required to achieve full prospectus objectives</li></ul>	<ul style="list-style-type: none"><li>• Further development of systems and process to delivery enhanced product offering</li><li>• Expansion of oyster processing capability</li></ul>	<ul style="list-style-type: none"><li>• Build Independent Board</li><li>• Drive organizational efficiency</li></ul>

# Inventory Position

## COMMENTS

- Prospectus stock position was 46m in saleable stock over 3 year
- Current stock position is 35m in saleable stock over next 3 years

	Oysters	Comment
Inventory heading into FY23	52	As per Announcement 26 April 2022
Sales 26 April to 30 June 2022	(2.3)	Excluding Hatchery Sales
Less: Stock Loss	(17)	As per Announcement 6 July 2022
Revised stock into FY23	32.7	
New Stock on hand from hatchery operations	2	Excluding hatchery stock sales
Total current Stock Position	34.7	
Stock available for harvest in FY23	7	
Immature stock (harvestable beyond FY23)	27.7	

# Management Review FY 22

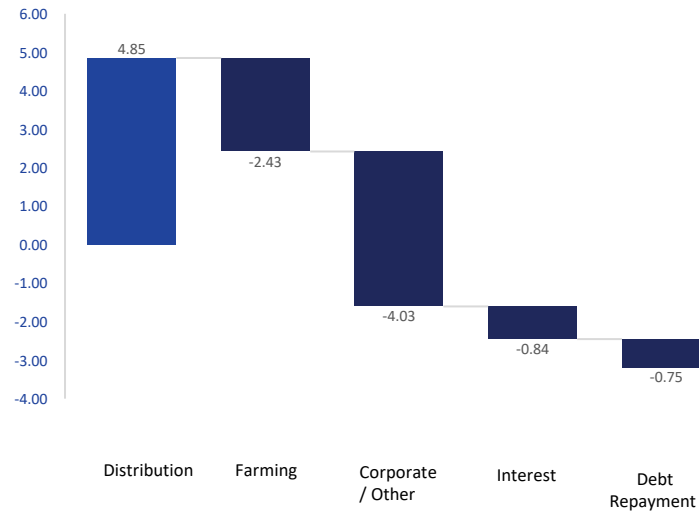
## Management numbers –not statutory (Non IFRS)

\$ millions	FY21 <sup>1</sup>	FY22	% change
Production (millions Oysters)	7.2	7.5	4.2%
Total Volume Sales	16.2	17.1	5.5%
Operating Revenue	22.6	22.6	0%
COGS (excludes non-cash IFRS adjustments)	(12.3)	(12.2)	0%
Gross Profit	10.3	10.4	0%
GP Margin	46%	46%	0%
Other income	0.5	0.8	60%
Expense	12.1	12.7	5%
Operating Non-IFRS EBITDA	(1.3)	(1.5)	(15%)
Add back one offs	-	0.3	
Adjusted EBITDA	(1.3)	(1.2)	8%

### COMMENTS

- FY 22 Group Revenue: \$22.6m
- FY 22 Group EBITDA after adjustments: (\$1.2m)

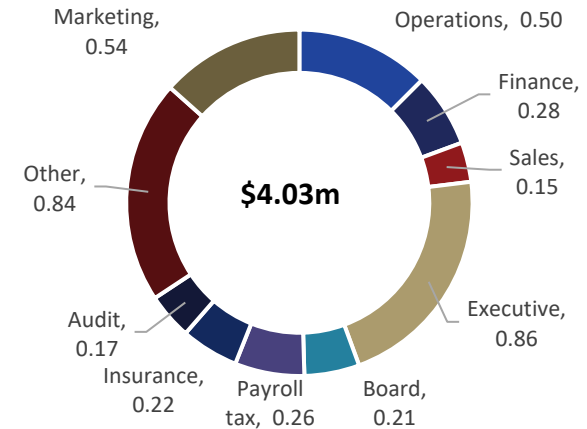
## FY 22 Management Analysis of Contribution by Segment



### COMMENTS

- Group contribution negative \$3.19m
- Distribution division aided by ~\$3.1m EBITDA from internal oyster supply
- Farming “loss” due to 63% of production supplied to distribution for processing and sale to customers.
- Interest and debt repayment relates to the NAB facility

## Break Down of Corporate and Other Spend



### COMMENTS

- Other group costs include regulatory costs, legal costs, IT system costs, travel and other corporate related overheads.

<sup>1</sup> FY 21 metrics include CMB results as if it had been part of the group



# Statutory Financial Results FY 21 and 22

\$ Million	FY 21 <sup>1</sup>	FY21 aggregated <sup>2</sup>	FY 22 <sup>3</sup>	Commentary
<b>Revenue</b>	8.4 million	22.6	<b>22.6</b>	
• Distribution	-	16.2	<b>17.9</b>	10% increase in demand despite COVID impacts in the FY
• Farming – sales to third parties	2.4	2.4	<b>2.6</b>	Increased demand
• Farming – sales to CMB	1.9	-	-	FY 21 pre-aggregation sales to distribution. FY 22 sales to distribution were valued at \$3 million
• Other	4.1	4.0	<b>2.1</b>	Reduction primarily as a result of COVID impacts in reduced restaurant sales
<b>Cost of Sales</b>	(6.6)	(16.4)	<b>(16.5)</b>	Includes non-cash IFRS adjustments
Gross Profit	1.8	6.2	<b>6.1</b>	Marginally down due to low restaurant revenue
Fair value adjustments	-	-	<b>(0.3)</b>	Being fair value movements in biological assets and financial liabilities
Other income	4.7	4.6	<b>0.8</b>	FY21 included gains on acquisitions of business of \$4.1 million
Operating costs	(9.3)	(12.1)	<b>(12.7)</b>	Marginal increase in FY22 as a result of additional corporate overheads
<b>EBITDA</b>	(2.8)	(1.3)	<b>(6.1)</b>	Reported EBITDA
Adjusted by IFRS non-cash accounting entries	(0.0)	(0.0)	<b>4.6</b>	Non-cash fair value and impairment adjustments
<b>Operating EBITDA</b>	(2.8)	(1.3)	<b>(1.5)</b>	

<sup>1</sup> FY 21 Consolidated results which exclude the distribution business as this was acquired on 22 July 2022.

<sup>2</sup> Aggregated includes the distribution business as if it had been part of the group in the prior year (unaudited)

<sup>3</sup> Includes the distribution business from 22 July 2022 upon completion of IPO and acquisition.

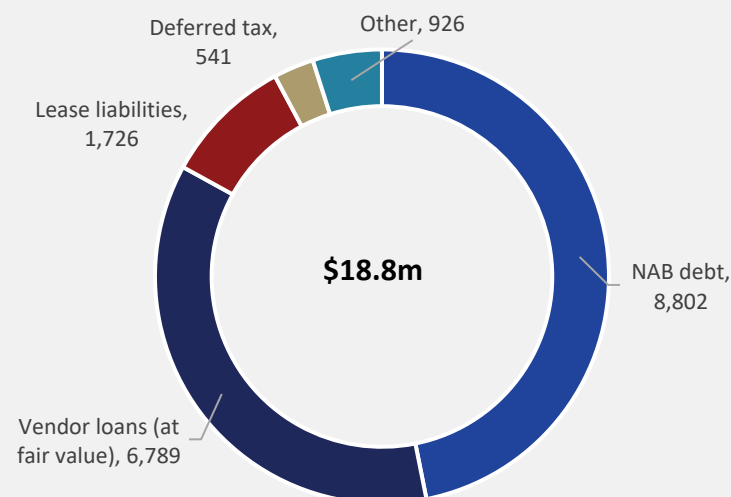
# Statutory Balance Sheet FY 22 and 21

	FY 21 \$ million	FY 22 \$ million	Commentary
<b>Net Current Assets</b>	(20.9)	4.5	Dramatic improvement upon successful completion of IPO in July 22 with balance sheet restructure and business acquisitions successfully completed
<b>Non-Current Assets</b>	29.7	47.2	The increase reflects the post acquisition assets which includes water leases and land-based assets and goodwill on business acquisitions
<b>Non-current Liabilities</b>	(3.6)	(18.8)	The material portion of the non-current liabilities at June 22 include NAB financing and vendor RCPS
<b>Net Equity</b>	5.3	32.9	The increase reflects post completion net asset value of the group

## COMMENTS

- Net Assets per share **12 cents**
- NAB debt due July 2024
- Vendor debt due January 2025

## Break Down of Non-Current Liabilities



# Statutory Cash Flow FY 22 and 21

	FY 21 \$ million	FY 22 \$ million	Commentary
Receipts from customers and grants	8.7	23.6	Increased primarily as a result of the distribution business acquired in July 22
Net operating costs (including financing)	(11.4)	(26.7)	Increased primarily as a result of the distribution business acquired in July 22
Cash used in operations	(2.7)	(3.1)	Reflects industry wide cost increases and impacts of Covid on revenue
Cash invested in new assets	(0.3)	(2.5)	Continued investment primarily into the farm segment to boost production
Cash invested in business acquisitions	(9.9)	(21.2)	Cash outflows from acquisitions
Net funding cash flows from equity and debt	11.2	29.4	Cash from loans and new equity
Closing cash	0.8	3.4	

