



East 33 Limited

ASX ANNOUNCEMENT

For immediate release

26 July 2023

Market Update and Appendix 4C – Quarterly Cash Flow Report

East 33 Limited (ASX:E33) ("**East 33**" or "**Company**") is pleased to provide the following market update and the Appendix 4C and Quarterly Cash flow report.

Corporate

East 33 continues to track largely in-line with expectations as the company continues its recovery from floods and QX disease, and its rebuild of biological assets.

During the quarter we commenced 'sweeping' our cash into our loan facility, effectively using the loan as a revolving credit facility to minimise interest cost. This is why there is a large "repayment of borrowings" in the financing cashflows, offset by an increase in unused financing facilities. Strategies aimed at better managing our cost structure and workforce capabilities, are expected to yield further cost savings in future.

Subsequent to the end of the quarter the Company announced that it had appointed Dr Justin Welsh as CEO of the Company who is due to commence in early October 2023 (or earlier if mutually agreed). The Company is excited to welcome Justin to the Company and look forward to Justin's proven leadership driving the Company forward.

Operational - Farming

Wallis Lake favours conditioning of oysters during the summer months, and so the fourth quarter of the financial year is characterised by the seasonal slow-down of oysters sales from our farms. This provides the opportunity to repair and replace oyster growing infrastructure.

The previously announced independent biological verification also occurred during the quarter which has helped underpin the planning for next financial year.

An asset optimisation program was introduced to better manage our financing obligations and better meet operational and WHS objectives.

Investment in pasteuriser equipment within the hatchery has proved successful and subsequently we have experienced more success at spawning hatchery oysters through April - June than previous years, which helps to improve our forward stock position.

Operational - Distribution (CMB)

Whilst volume this quarter was slightly down compared to previous quarter, total revenue was up 4.3%. A slight increase in size profile drove a 4.5% increase in average sell price per oyster.

The second half of the quarter saw a return of volume to the restaurant channel post Easter trading.

Easter trading – All sales order were met with good quality stock, with South Coast oysters still in peak condition. Sydney Rock Oysters are currently being sourced Merimbula and Pambula for both our Sydney City Oysters range and the Premium East 33 Range. We are closely monitoring our demand profile as a higher interest rate environment is starting to impact some of our customer base, particularly restaurants. Accordingly we are ensuring that product purchased and sold is of the greatest possible quality and maintaining service.

Quarterly Appendix 4C Cash flow analysis

Quarter four cash flows reflect the soft demand business environment as the winter season sets in. Gains associated with prudent management of working and debt capital as well as cost reduction initiatives, are expected to be realised in FY24 .

Cashflow Area	Q4 FY 2023 Expectation	Q4 FY2023 Result	Appendix 4C: Quarterly Cashflow \$m
Operations	Q4 of each FY is traditionally associated with low demand and limited oyster availability driven by loss of condition and spawning cycles in the farming segment.	Cash flows from operating activities <ul style="list-style-type: none">○ Operating cash tracked in line with management expectation.○ Interest paid on debt facility (\$0.2M)	(\$1.2m)
Investing	Introduction of an asset optimisation program in conjunction with the replacement of old water infrastructure. Payment of deferred vendor consideration.	Investing activities <ul style="list-style-type: none">○ Asset optimisation program put in place leading to sale of assets \$0.1M○ Payment of deferred vendor consideration (\$0.4M)	(\$0.3m)
Financing	Continuing to service existing loan facilities. Using the loan as a revolving credit facility to minimise interest cost.	Financing activities <ul style="list-style-type: none">○ Sweeping of excess cash to debt facility (\$4.5M)○ Equipment finance repayments (\$0.2M)	(\$4.8m)
Opening			\$7.2m
Closing			\$0.9m

Payments to related parties of the entity and their associates during the quarter were \$60k comprising Directors consulting fees as outlined in the Appendix 4C section 6.1.

This Announcement is authorised for release by the Board.

Announcement Ends

For further information, please contact:

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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.

East 33's current operations are based in the Wallis Lake, Port Stephens and the Camden Haven 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.

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")

June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,356	24,773
1.2 Payments for		
(a) research and development	Nil	Nil
(b) product manufacturing and operating costs	(3,487)	(15,235)
(c) advertising and marketing	(14)	(169)
(d) leased assets	Nil	Nil
(e) staff costs	(2,641)	(11,461)
(f) administration and corporate costs	(275)	(1,267)
1.3 Dividends received (see note 3)	Nil	Nil
1.4 Interest received	Nil	Nil
1.5 Interest and other costs of finance paid	(197)	(670)
1.6 Income taxes paid	Nil	(33)
1.7 Government grants and tax incentives	Nil	Nil
1.8 Other (provide details if material)	Nil	(399)
1.9 Net cash from / (used in) operating activities	(1,258)	(4,461)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(284)	(314)
(b) businesses	(75)	(576)
(c) property, plant and equipment	(55)	(318)
(d) investments	Nil	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 (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	Nil	Nil
	(b) businesses	Nil	75
	(c) property, plant and equipment	110	884
	(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	(304)	(249)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	Nil	7,967
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	(24)	(631)
3.5	Proceeds from borrowings	Nil	224
3.6	Repayment of borrowings	(4,794)	(5,273)
3.7	Transaction costs related to loans and borrowings	Nil	Nil
3.8	Dividends paid	Nil	Nil
3.9	Other (provide details if material)	56	(92)
3.10	Net cash from / (used in) financing activities	(4,762)	2,195

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,217	3,408
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,258)	(4,461)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(304)	(249)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,762)	2,195
4.5	Effect of movement in exchange rates on cash held	Nil	Nil
4.6	Cash and cash equivalents at end of period	893	893

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
5.1	Bank balances	893	7,140
5.2	Call deposits	Nil	Nil
5.3	Bank overdrafts	Nil	Nil
5.4	Other (cash on hand)	Nil	77
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	893	7,217

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*	60
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	10,200	4,615
7.2	Credit standby arrangements	1,000	Nil
7.3	Other (RCPS)	9,600	9,600
7.4	Total financing facilities	20,800	14,215
7.5	Unused financing facilities available at quarter end		6,585
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, fully secured against all assets in the Group.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,258)
8.2	Cash and cash equivalents at quarter end (item 4.6)	893
8.3	Unused finance facilities available at quarter end (item 7.5)	6,585
8.4	Total available funding (item 8.2 + item 8.3)	7,478
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.94
	<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	
	<i>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.</i>	

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 July 2023
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Authorised by: On behalf of the Board.....
(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.