



East 33 Limited

ASX ANNOUNCEMENT

For immediate release

30 October 2023

## Appendix 4C – Quarterly Cash Flow and Activities Report

East 33 Limited (ASX:E33) ("East 33" or "Company") is pleased to provide the following the Appendix 4C, Quarterly Cash flow and Activities Report.

### Corporate

During the quarter the group successfully refinanced the NAB working capital loan by securing a \$15 million loan with Yumbah Finance. As East 33 continues its recovery, the 5 year term of this facility will better match our expected growth profile in coming years.

East 33 was also pleased to welcome independent director Veronica Papacosta to the board. Ms Papacosta brings a wealth of professional experience, including specific expertise in seafood retailing.

While occurring after the 1<sup>st</sup> quarter, East 33 was also excited to welcome new CEO Justin Welsh to the company on 16<sup>th</sup> October. Mr Welsh's experience and leadership is another step toward realising the full potential of our vertically integrated business to drive profitability across the group.

### Operational – Farming

During the quarter farming focused on preparing the mature stock for harvest in the Summer months in Wallis Lake and preparing the business' infrastructure for the high growth period ahead.

Farming implemented a number of recommendations that came out of the independent biological verification in the previous quarter. A new grading system based on actual oyster size instead of mesh size retained on has been deployed, which will provide greater insight into stock management, the accretion of value in our biological assets and future sales.

Safety initiatives have continued to be successfully integrated into operational activities. This includes the closing out of the Australian Maritime Safety Authority compliance requirement, relating to revised licencing rules for commercial vessel operators by December 31, 2023.

The hatchery produced its first successful runs of oyster spat in August and September this year, which was possible due to the recent investment in pasteuriser equipment and water temperature control systems for conditioning broodstock. This is expected to result in increased spat supply during strategic seasonal window and overall more reliable spat production, which will help underpin growth.

Sales were softer than anticipated during the quarter due to a delay in the season in northern NSW estuaries.

### Operational - Distribution (CMB)

During the first quarter of FY2024 we have seen volumes and revenue broadly tracking in-line with expectations, with momentum gaining each month. Oyster quality has been exceptional, with a strong supply of Sydney Rock Oysters from third-party southern NSW producers. Condition has been slower than expected to develop from the northern producers however, towards the end of the quarter, we have seen a marked improvement in oyster quality.

These supply trends have been supported in the market by healthy demand for oysters, especially towards the warmer months. As we head into the second quarter, we hope to see continued momentum in the market. Current production capacity in processing is building and the focus remains on quality, service, and efficiency.

As processing volumes ramp up there remains a focus on the terms for trade debtors as this can place pressure on working capital requirements.

## Quarterly Appendix 4C Cash flow analysis

Quarter one cashflows reflect the successful debt facility refinance to enable the group to discharge its longer-term liabilities as they fall due.

Cashflow Area	Q1FY 2024 Expectation	Q1FY2024 Result	Appendix 4C: Quarterly Cashflow \$m
<b>Operations</b>	Q1 of each FY is traditionally a negative cash revenue quarter due to lower domestic 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"> <li>Operating cash lagged internal expectations by \$0.3M driven by lower harvest volume of mature oysters within the farming unit- this is expected to reverse in the second quarter.</li> <li>Interest paid on debt facility (\$0.2M)</li> </ul>	(\$2.2m)
<b>Investing</b>	Payment of deferred vendor consideration.	Investing activities <ul style="list-style-type: none"> <li>Payment of deferred vendor consideration (\$1M)</li> </ul>	(\$1.0m)
<b>Financing</b>	Full refinancing of NAB debt facility	Financing activities <ul style="list-style-type: none"> <li>NAB facility Balance payment (\$4.5M)</li> <li>Yumbah facility drawdown (\$8M)</li> </ul>	\$3.2m
<b>Opening</b>			\$0.9m
<b>Closing</b>			\$0.9m

There were no payments to related parties of the entity and their associates during the quarter.

**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")**

September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,481	4,481
1.2 Payments for		
(a) research and development	Nil	Nil
(b) product manufacturing and operating costs	(3,371)	(3,371)
(c) advertising and marketing	(24)	(24)
(d) leased assets	Nil	Nil
(e) staff costs	(2,400)	(2,400)
(f) administration and corporate costs	(299)	(299)
1.3 Dividends received (see note 3)	Nil	Nil
1.4 Interest received	Nil	Nil
1.5 Interest and other costs of finance paid	(167)	(167)
1.6 Income taxes paid	Nil	Nil
1.7 Government grants and tax incentives	Nil	Nil
1.8 Other (dispute instalment) <sup>1</sup>	(399)	(399)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,179)</b>	<b>(2,179)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	(30)	(30)
(b) businesses	(1,000)	(1,000)
(c) property, plant and equipment	(60)	(60)
(d) investments	Nil	Nil
(e) intellectual property	Nil	Nil

<sup>1</sup>During the previous financial year an out of court settlement with a former shareholder was reached by the Group with a further payment made during the quarter (refer to note 21 of the 2023 Annual Report for further information).

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	Nil	Nil
2.2	Proceeds from disposal of:		
	(a) entities	Nil	Nil
	(b) businesses	Nil	Nil
	(c) property, plant and equipment	20	20
	(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	<b>Net cash from / (used in) investing activities</b>	<b>(1,070)</b>	<b>(1,070)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	Nil	Nil
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	Nil
3.5	Proceeds from borrowings	8,000	8,000
3.6	Repayment of borrowings	(4,552)	(4,552)
3.7	Transaction costs related to loans and borrowings	(202)	(202)
3.8	Dividends paid	Nil	Nil
3.9	Other (provide details if material)	(24)	(24)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>3,222</b>	<b>3,222</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	893	893
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,179)	(2,179)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,070)	(1,070)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,222	3,222
4.5	Effect of movement in exchange rates on cash held	Nil	Nil
4.6	<b>Cash and cash equivalents at end of period</b>	<b>866</b>	<b>866</b>

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
		<b>866</b>	<b>893</b>
5.1	Bank balances	862	893
5.2	Call deposits	Nil	Nil
5.3	Bank overdrafts	Nil	Nil
5.4	Other (cash on hand)	4	Nil
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>866</b>	<b>893</b>

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>		
<i>* Payment to a director in relation to consultancy services rendered</i>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	15,000	8,000
7.2	Credit standby arrangements	Nil	Nil
7.3	Other (RCPS)	9,600	9,600
7.4	<b>Total financing facilities</b>	24,600	17,600
7.5	<b>Unused financing facilities available at quarter end</b>		7,000
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>7.1 The undrawn balance relates to the \$15 million Yumbah Finance Pty Ltd loan facility expiring September 2028, annual interest 5.5%+ BBSY (bid) payable quarterly in arrears, fully secured against all assets in the Group.</p> <p>During the period, the Company paid down the balance of its existing NAB loan facility upon its refinancing arrangement with Yumbah Finance Pty Ltd.</p> <p>7.3 The Redeemable Convertible Preference Shares (RCPS) were issued under the following terms:</p> <ul style="list-style-type: none"> <li>6,000 Class A shares with a nominal value of \$1,000 each, convertible into ordinary shares at the option of the holders on or before January 24.</li> <li>3,600 Class B shares with a nominal value of \$1,000 each, convertible into ordinary shares at the option of the issuer on or before January 24.</li> </ul>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,179)
8.2	Cash and cash equivalents at quarter end (item 4.6)	866
8.3	Unused finance facilities available at quarter end (item 7.5)	7,000
8.4	Total available funding (item 8.2 + item 8.3)	7,866
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.60
	<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	<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.

30 October 2023

Date: .....

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.