



East 33 Limited

ASX ANNOUNCEMENT

For immediate release

23 October 2024

Appendix 4C – Quarterly Cash Flow and Activities Report

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

Summary

- Final drawdown of the Yumbah Finance debt facility was completed and subsequent first principal repayment was made.
- The company achieved solid operational outcomes despite challenges in rock oyster supply and availability.
- The business looks forward to continued improvement of its biological assets in FY25 and unlocking value through its strategic plan.
- Yumbah aquaculture off-market takeover bid commencement.

Corporate

The final drawdown of the Yumbah Finance debt facility occurred in August allowing the business access to capital to ensure continued implementation of the strategic plan. The business also completed the first principal repayment of the debt facility (\$250k) plus capitalised interest for the period.

The off-market takeover was announced on 5 August 2024, in which Yumbah made an off-market takeover offer to acquire 100% of the Company's shares for cash of \$0.022 (2.2 cents) per share. On 26 September 2024 Yumbah declared the offer was unconditional. The Company will keep shareholders informed of the progress on the Company's ASX market announcement platform.

As a result of the ongoing costs associated with the Yumbah takeover proposal, the business' cash position was strained through the quarter. To ensure that sufficient cashflow remains accessible to the business, Yumbah Finance Pty Ltd has agreed to a short term interest and principal holiday from the obligations under the Company's debt facility. Any delayed payments which would be otherwise required under the debt facility are expected to be made up in H2 of FY25.

Operational - Distribution (CMB)

During the first quarter of FY25, distribution revenue was broadly in line with expectations on a year-to-date basis. This has been driven largely by pacific oyster supply, which remained strong in the quarter while the supply of rock oysters was restricted. Warming weather through the quarter has signalled that rock oysters in the northern estuaries of NSW will build condition and the supply of rock oysters will rebound in the coming months. While revenue was broadly in-line with management's internal forecasts, the distribution business enjoyed double digit revenue growth compared to Q1 FY24. Strict operating cost management combined with slightly favourable cost of goods ensured a strong margin delivery.

The business is preparing for one of the busiest times of the year in terms of oyster sales, this is predicated however on environmental conditions being optimal for harvest and estuaries free from disease, as well as the local NSW retail market demand remaining at levels seen in the past for rock oysters. Recent predictions from the Bureau of Meteorology suggest this summer will be characterised by heavy rain and unseasonably high temperatures. This may result in higher than normal rock oyster supply constraints which will be a material challenge for the business.

Operational - Farming

The farming business had a strong start to FY25, with harvests exceeding expectations as the business was able to draw down on well-conditioned stock from Port Stephens. Leading into the harvest season for the Company's northern leases, the focus for operations was on pre grading stock to deliver clear visibility of harvest stock profiles. This led to a build in the business' measured biological value through the latter months of the quarter however, a lag in the measurement of whole-farm stock growth has meant that the realised biological value on farm has yet to be fully quantified.

A core risk for the farming division this year will be the volume of stock held in Port Stephens. The Company's strategy relies heavily on stock being relayed to Port Stephens to diversify the farming division's harvest areas and take advantage of unique harvest windows at the site. Given the inherent risk of QX disease in the summer months in Port Stephens, all stock will need to be harvested from the site before the highest risk windows for disease outbreaks occur.

Further safety initiatives have continued to be successfully integrated into operational activities, which included the development and installation of novel gear types. This infrastructure is not only safer to operate than its predecessor, but will also support the business in expanding production outcomes.

Major cashflow movements

East 33's major cashflow movements for the quarter included:

- Receipts from customers - \$4.4m;
- Product manufacturing and operating costs - \$3.7m;
- Staff costs - \$2.3m;
- Proceeds from borrowings - \$2.5m; and
- Settlement of legal dispute owing - \$0.4m.

Payments to related parties

As detailed in item 6.1 of the Appendix 4C, payments to related parties of East 33 and their associates during the quarter were \$80k comprising Director fees, \$147k comprising payments to Cameron's of Tasmania for oyster purchases in the usual course of business and Yumbah Loan interest of \$134k. Cameron's of Tasmania is an entity owned by Yumbah Aquaculture Ltd.

This Announcement is authorised for release by the Board

Announcement Ends

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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 one of 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 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.

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 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,419	4,419
1.2 Payments for		
(a) research and development	Nil	Nil
(b) product manufacturing and operating costs	(3,702)	(3,702)
(c) advertising and marketing	(1)	(1)
(d) leased assets	Nil	Nil
(e) staff costs	(2,344)	(2,344)
(f) administration and corporate costs	(487)	(487)
1.3 Dividends received (see note 3)	Nil	Nil
1.4 Interest received	Nil	Nil
1.5 Interest and other costs of finance paid	(138)	(138)
1.6 Income taxes	12	12
1.7 Government grants and tax incentives	Nil	Nil
1.8 Other (legal dispute final instalment)	(400)	(400)
1.9 Net cash from / (used in) operating activities	(2,641)	(2,641)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	Nil	Nil
(b) businesses	Nil	Nil
(c) property, plant and equipment	(59)	(59)
(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 (3 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	(59)	(59)

3.	Cash flows from financing activities		
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	2,500	2,500
3.6	Repayment of borrowings	(323)	(323)
3.7	Transaction costs related to loans and borrowings	Nil	Nil
3.8	Dividends paid	Nil	Nil
3.9	Other (provide details if material)	Nil	Nil
3.10	Net cash from / (used in) financing activities	2,177	2,177

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,592	1,592
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,641)	(2,641)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(59)	(59)

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)	2,177	2,177
4.5	Effect of movement in exchange rates on cash held	Nil	Nil
4.6	Cash and cash equivalents at end of period	1,069	1,069

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	1,052	1,560
5.2	Call deposits	Nil	Nil
5.3	Bank overdrafts	Nil	Nil
5.4	Other (cash on hand)	17	32
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,069	1,592

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*	361
6.2	Aggregate amount of payments to related parties and their associates included in item 2**	Nil
<p><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></p> <p><i>* Payment of director fees (\$80) Camerons of Tasmania (\$147) and Yumbah loan interest (\$134)</i></p>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	14,750	14,750
7.2	Credit standby arrangements	Nil	Nil
7.3	Other (RCPS)	Nil	Nil
7.4	Total financing facilities	14,750	14,750
7.5	Unused financing facilities available at quarter end		Nil
7.6	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.		
	7.1 The original loan facilities had total of \$15 million, made up of the Yumbah Finance Pty Ltd ("Yumbah Finance") loan facility. The Yumbah Loan Facility expiring September 2028 is fully secured against all assets in the East 33 Group. The annual interest of 5% + BBSY (bid) is capitalised for the first year, thereafter, becoming payable quarterly in arrears. Of the facility, \$250k of the principal has been repaid, reducing the overall facility by that amount to \$14.75 million.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,641)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,069
8.3	Unused finance facilities available at quarter end (item 7.5)	Nil
8.4	Total available funding (item 8.2 + item 8.3)	1,069
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.4
	<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: Q1 FY25 included one off dispute settlement costs which negatively impacted operational cashflows during the quarter. Historically the first quarter for the company is characterised by low oyster demand and internally generated biological stock being out of condition due to spawning cycles. The trend can be reversed in the second and third quarters which will be reflected by higher sales and positive operating cash flows. This is predicated however on environmental conditions being optimal for harvest and estuaries free from disease, as well as the external NSW market demand remaining at levels seen in the past for Rock Oysters of which the Company will continue to drive its sales on pacific oysters to minimise the impact on the business performance.	

- 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: The Company continues to actively manage its ongoing cash position which included (subsequent to the end of the quarter) a deferral to monthly interest and quarterly principal repayment obligations to Yumbah Finance in the short term. With this the business will continue to meet strategic operational initiatives and drive efficiency through operations and cost reduction efforts across the corporate entity to ensure the business maintains sufficient funding for its operations.

- 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: The group is expected to continue its operations and meet its business objectives on the basis of delaying interest and principal repayments to H2 FY25, when the business expects to enjoy material cashflow improvements arising from the use of more of internally grown stock and improved operating margins through future quarters.

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.

23 October 2024

Date:

Authorised by: 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.