Angel delivers a record result in FY20-S

Growth across revenue and earnings reflects growth in scale of operations

23 February 2021 – Angel Seafood Holdings Ltd (ASX: AS1) (the "Company" or "Angel"), the largest producer of certified organic and sustainable pacific oysters in the Southern Hemisphere, today announced its financial results for the 6 months ended 31 December 2020 (FY20-S).

Key highlights for FY20-S:

- **Record half-year sales achieved with 5.1 million oysters sold, up 55% on the previous corresponding period (pcp), driven by the continued success of Angel's multi-bay strategy and strong momentum in retail sales**
- **Revenue of $3.8 million, up 52% on pcp, with underlying oyster prices remaining steady**
- **20% reduction in operating costs (volume adjusted) achieved through benefits of scale and productivity gains**
- **3-pillar growth strategy unveiled; Angel aiming to double production capacity to 20 million oysters per annum and improve profitability**
- **Additional 6.25Ha of water leases acquired; finishing capacity increased to 12 million units per annum**
- **Strong stock position with more than 29 million oysters on hand and 57% biomass increase compared to pcp; continued investment in biomass to build a pipeline of future sales**
- **FlipFarming and 'summer oysters' trials launched to boost productivity and profitability**
- **$4 million Placement completed to support the next phase of growth**

Strong demand and success of Angel's multi-bay strategy driving continued growth

FY20-S, a transitional 6-month financial period following Angel changing its financial year end to 31 December, was another successful period for Angel in delivering growth across sales and earnings. Angel sold a record 5.1 million oysters, representing an increase of 55% on pcp (H1 FY20). Strong sales were driven by continued momentum in the retail channel, supported by growing recognition of Angel's ability to guarantee continuous supply of its high-quality organic oysters and Angel's emerging brand presence.

Angel achieved revenue of $3.8 million, up 52% on pcp, with underlying oyster prices remaining steady. Operating costs during the period were 20% lower than the prior comparative period, on a volume adjusted basis; reflecting the benefits of scale and productivity gains as the business grows. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) grew 39% to $1.4 million, and profit after tax was up 74% to $0.7 million.

Commenting on FY20-S, Angel's CEO and founder, Zac Halman, said:

"The past six months has been a period of significant progress and development for Angel. Despite the challenging trading conditions that continued over this period, we delivered record sales and a positive bottom-line result. This is a fantastic outcome and demonstrates the underlying strength of our business and the continued demand for oysters. I am particularly pleased with the momentum we have experienced in the retail channel, and excited for future value this segment will present.

"In November we unveiled what the next phase of growth will look like for Angel. Over time we will aim to double production capacity to meet the growing demand and improve our profitability. We have already started the work towards these growth ambitions by acquiring additional water leases and launching a number of innovative farming methods to improve farming efficiencies. I am excited about the year ahead and look forward to continuing on our growth path."

Strong stock position; focus on investing in pipeline to cater for future growth

Following continued sales momentum and given the increase in finishing capacity to 12 million oysters per annum with the recent acquisition of water leases, Angel has been focused on growing its stock profile for the future, with a net investment of $380k made in spat purchases during the six-month period. In addition to purchasing 'traditional' spat, Angel procured and begun trials with spawnless triploid spat that would be available for sale during summer, extending the sales season to be year-round, potentially adding 10-15% to annual sales revenue.

As of 31 December 2020, Angel had 29 million graded oysters on hand with a biomass of 264T, a 57% increase compared to pcp. Coffin Bay and Cowell leases are near capacity with the overflow of oysters warehoused at the Haslam facility.

Growing conditions during the period were pleasing and in line with expectations and stock remains in good health. Farming operations are now focused on grading oysters and monitoring the condition of the oysters during spawning season.

Growth strategy

In November 2020, Angel launched a new growth strategy to support the next phase of growth which over time will see the Company double its annual production capacity to 20 million oysters per annum through scale and innovation. Angel aims to achieve its growth ambitions through a 3-pillar plan focused on:

- Increasing production to maximise economies of scale and increase return on investment
- Increasing productivity and efficiency through innovation
- Improving oyster pricing through premium brand positioning

Significantly strengthened financial position; well funded to accelerate growth plans

In December, Angel successfully undertook a $4 million Placement at an issue price of $0.17 per share to enable the Company to accelerate its growth plans. The Placement was strongly supported by existing investors as well as new high quality institutional and sophisticated investors.

Angel also secured an increase of $1 million to its working capital facility with the National Australia Bank (NAB). The working capital facility limit now stands at $3.0 million with the renewal of the facility extended out to 30 November 2021.

The funds raised via the Placement, together with the additional working capital facility, further support the Company's financial position and allows Angel to fast-track its growth initiatives.

The Company's liquidity (cash and available facilities) increased significantly to $5.2 million as at 31 December 2020 ($1.9m as at 30 June 2020).

Outlook - Angel well positioned for long-term growth

Angel is entering 2021 in a strong position and with exciting growth plans in place.

The 2021 sales season is expected to commence around March and Angel anticipates a sound supply of oyster sizes available to cater for restaurant and retail demand. Following an earlier than usual spawning season experienced in Coffin Bay, some stock has started regaining condition ahead of schedule, resulting in some sales in the first quarter, albeit at a reduced scale.

Angel is focused on progressing its growth strategy towards doubling production and improving profitability. The Company will continue to build scale in its multi-bay strategy, invest in industry-leading farming methods and roll out initiatives that will strengthen the Angel brand and support favourable pricing for its oysters.

This announcement was approved for release by the Board.

Further Information

Any questions or requests for further information should be directed via email to:

Angel Seafood Holdings Ltd
Simba Matute, CFO
M: +61 420 488 862
E: simba@angelseafood.com.au

Investor contact
Eric Kuret
M: +61 417 311 335
E: eric.kuret@marketeye.com.au

Media contact
Tristan Everett
P: +61 3 9591 8905
E: Tristan.everett@marketeye.com.au

About Angel Seafood Holdings Ltd

Angel Seafood is a producer of fresh, clean and consistently high-quality oysters that don't compromise the environment. Angel has grown from a family-operated South Australian business and has rapidly developed from a traditional oyster-growing business into a premium, innovative and organically certified producer of Coffin Bay Oysters. The Company primarily sells oysters to the domestic market; however, exports represent a substantial long-term growth opportunity.

Angel Seafood is the Southern Hemisphere’s largest sustainable and organic certified pacific oyster producer.

Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, variations in spat supply, production estimates and growth and mortality rates from those assumed, as well as the impact of governmental regulation.

The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.