

ANGEL

SEAFOOD

Q1 FY22 Activities Update & Appendix 4C

Record March quarter sales achieved to commence 2022 sales season; growth initiatives accelerate production

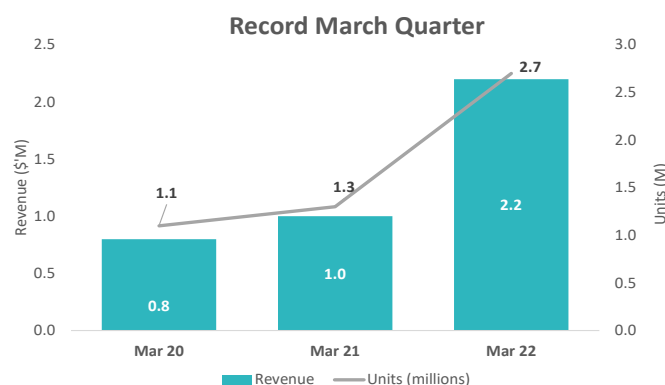
26 April 2022 – Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”), the Southern Hemisphere’s largest producer of certified organic and sustainable pacific oysters, provides the following quarterly update and Appendix 4C for the period ending 31 March 2022.

Key highlights:

- **Record March quarter sales achieved with 2.7 million oysters sold, up 101% on prior corresponding period (pcp); revenue of \$2.2 million, up 125% on pcp**
 - **Strong sales momentum, with 43% of Q1 sales coming in March**
- **First ‘Summer oysters’ sold in March, extending Angel’s sales period to a full calendar year**
- **Biomass increased, despite record sales; up 16% on pcp to 435 tonnes, driven by favourable growing conditions**
- **Growth initiatives progressing well to double annual production capacity to 20 million oysters**
- **Entered Scheme Implementation Agreement with Laguna Bay to purchase all shares in Angel not already owned by Laguna Bay (with the exception of certain shares owned by the CEO, Zac Halman) at an all-cash consideration of \$0.20 per share; Independent Board Committee recommending shareholders accept the offer subject to no superior proposal emerging and an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Angel's shareholders**

Another record quarter for sales, with strong momentum leading into Easter

Angel Seafood has delivered another record quarter, selling 2.7 million oysters in the quarter ending 31 March 2022 (Q1 FY22), an increase of 101% on pcp. This result was driven by a strong stock position and strong demand over the summer period. The combination of record oyster sales and higher average oyster prices, which were up 11% compared to pcp, delivered revenue of \$2.2 million for the period, up 125% on pcp.



Commenting on the quarter, Angel CEO and founder, Zac Halman, said:

"We are very pleased with the results we have been able to produce this quarter, which reflect the growth initiatives that our team has delivered over the last 18 months. We entered 2022 with a strong stock position, which enabled us to meet the strong demand we saw over the summer period."

"In March we sold our first Summer Oysters, which was a key milestone for Angel, and enabled the Company to sell additional stock through a typically quieter period, given oyster spawning season."

"Our other key growth initiatives are all progressing well and are putting us in a strong position to achieve our aim of reaching production capacity of 20 million oysters a year. Our flip farms are operating well in Cowell, while some minor modifications are required in Coffin Bay to optimise the system and make the infrastructure more resilient. Early results are delivering superior quality oysters, with cleaner shells and lower average costs per unit through labour efficiencies."

"With favourable growing conditions experienced over the period which resulted in good biomass growth, we enter the busy Easter period with a strong stock position."

Productivity initiatives progressing well; Summer Oysters sales began in March

First Summer Oyster sales were achieved in March, which was a key milestone for Angel. After an 18-month growing period, Angel was able to sell Summer Oysters and extend its selling season to a full calendar year. Summer Oysters represented 20% of March sales, with carry-over of stock from December meaning the Company did not need to call on the Summer Oysters in January and February.

The integration of flip farms into operations continued over the quarter, which is yielding positive results, including superior oyster quality, cleaner shells, and lower average costs per unit. Flip Farms are fully operational in Cowell, with some modifications required to optimise operation of flip farms in Coffin Bay. These modifications are expected to be completed in the second half of this year.

Angel's Halo Club subscription resumed after the temporary closure of Coffin Bay. This initiative continues to receive really strong customer feedback, although freight and logistics challenges are limiting the ability to build further scale at this stage.

Angel enters Scheme Implementation Agreement with Laguna Bay

In February, Angel entered into a Scheme Implementation agreement with Valley Seas BidCo Pty Ltd ("BidCo") and Laguna Bay Agricultural No 1 Pty Ltd ("Laguna Bay") in respect of BidCo's purchase all the shares in Angel not already owned by Laguna Bay and its associated entities (with the exception of 16,178,927 shares held by CEO Zac Halman and his affiliated entities) by way of a scheme of arrangement at an all-cash consideration of \$0.20 per share, being a 60% premium to Angel's closing share price on 17 December 2021.

The Scheme is subject to certain conditions, including Angel shareholder approval, Court approvals, Australian Foreign Investment Review Board approval, no material adverse change occurring, certain operational consents being obtained, the cancellation of options, and other conditions precedent which are customary for transactions of this nature.

Angel's Independent Board Committee (comprising Chairman Mr Tim Goldsmith and Director Mr Michael Porter) believes the Scheme to be in the best interests of Angel's shareholders and unanimously recommends that Angel's shareholders vote in favour of the Scheme, subject to no Superior Proposal emerging and an independent expert concluding and continuing to conclude that the Scheme is in the best interests of Angel's shareholders.

The Scheme Booklet will, subject to Court approval, be sent to shareholders along with details of the Scheme Meeting at which shareholders will consider the Scheme.

The draft Scheme Booklet has been lodged with ASIC and Angel hopes to shortly confirm the first Court date. The updated indicative timetable will be confirmed following Court approval, with Angel's current estimate being that the timetable could be 3 to 4 weeks behind the indicative timetable announced on 11 February 2022.

Quarterly cashflow commentary; additional \$1 million debt funding secured from NAB

Cash receipts from sales were \$1.9 million for the quarter.

Operating cash expenditure for Q1 FY22 was \$2.8 million, including non-recurring Scheme of Arrangement implementation costs of \$0.2 million. The remaining expenditure comprised of spat purchases (including investment in net biological stock growth for future sales growth), production costs, staff costs, and administration and corporate costs.

Net operating cash outflow for the quarter was \$0.9 million, in line with expectations given seasonality of sales; with lower sales in Q1 due to spawning of oysters.

Payments to related parties over Q1 FY22 were \$310k, consisting of Directors' fees and KMP salaries.

Angel secured an additional \$1 million in debt funding from NAB after quarter end (in April 2022), which is undrawn at this stage, increasing liquidity to \$2.1 million after the period close.

Outlook

Angel ended the quarter with very strong sales momentum, with March sales representing 43% of the quarter. Commenting on the outlook, Mr Halman said:

"We are in a very strong position heading into the peak Easter period. With a good stock position, growing demand for our pristine oysters, and growth initiatives that are yielding very positive results, we are looking forward to continuing to build scale in the Angel business."

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ANGEL SEAFOOD HOLDINGS LTD

ABN

38 615 035 366

Quarter ended ("current quarter")

31 March 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (three months) \$A'000 |
|---|----------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,920 | 1,920 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (989) | (989) |
| (c) advertising and marketing | (12) | (12) |
| (d) leased assets | (26) | (26) |
| (e) staff costs | (1,222) | (1,222) |
| (f) administration and corporate costs | (268) | (268) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | (111) | (111) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | (213) | (213) |
| 1.9 Net cash from / (used in) operating activities | (921) | (921) |
| 1.2(a) – The group undertakes research and development activities the cost of which is embedded within its pool of operating costs and have not been split in this cash flow statement. | | |
| 1.8 – Costs related implementation of Scheme of Arrangement for the acquisition of scheme shares by Laguna Bay. | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (three months) \$A'000 |
|--------------------------------------|---|----------------------------|---|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (36) | (36) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (g) entities | - | - |
| | (h) businesses | - | - |
| | (i) property, plant and equipment | - | - |
| | (j) investments | - | - |
| | (k) intellectual property | - | - |
| | (l) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (36) | (36) |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 1,000 | 1,000 |
| 3.6 | Repayment of borrowings | (245) | (245) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | 755 | 755 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (three months) \$A'000 |
|--------------------------------------|--|----------------------------|---|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,237 | 1,237 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (921) | (921) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (36) | (36) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 755 | 755 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 1,035 | 1,035 |

| | | | |
|------------|---|----------------------------|-----------------------------|
| 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 | 1,035 | 1,237 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,035 | 1,237 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| Current quarter \$A'000 |
|----------------------------|
| (310) |
| - |

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

7. Financing facilities

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.

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---------------------------------------|---|--|
| 7.1 Loan facilities | 6,400 | 6,348 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 6,400 | 6,348 |

7.5 **Unused financing facilities available at quarter end** 52

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 Group has finance facilities with National Australia Bank (NAB); a revolving Working Capital Facility of \$3 million, and Business Expansion loan facilities for \$3.4 million. Facilities are secured by a first claim over present and future rights, property and undertaking of the consolidated Group. Interest is incurred on the drawn down portion of these facilities at a floating interest rate. As of 31 March 2022, the average interest rate on these facilities was 4.23%.

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (921) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 1,035 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | 53 |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 1,088 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 1.2 |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: No. Due to seasonality of the Company's sales, the quarter ending 31 March generally has lower sales. Angel has biological stock in the water which will be converted into sales and generate operating cash inflows. Refer to activities report.

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: Yes. Angel generates cash flows from sales. In addition, the Group has secured an increase to its finance facilities with NAB by \$1m in April 2022.

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: Yes. The entity expects to continue operations on the basis of available funding (cash on hand and access to bank facilities) and cash flow from operations, including collection of receivables and proceeds from sales.

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 April 2022

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.

+Rule 4.7B

+Rule 4.7B