ANGEL SEAFOOD

H1 FY19 Financial Results & Activities Update

Positive underlying earnings and operational cash flow achieved; set to deliver strong future growth as oyster volumes mature

27 February 2019 – Angel Seafood Holdings Ltd (ASX: AS1) (the "Company" or "Angel") is pleased to provide the following commentary and activities update for the half year to 31 December 2018 (H1 FY19).

Key highlights for H1 FY19:

- **Record sales of $2.48 million, up 184% on H1 FY18 (pcp)**
- **Normalised operations for the period achieved positive EBITDA and operational cash flows (excludes fair value adjustment)**
- **Invested in additional scale: over $6.8 million invested in infrastructure and additional oyster leases allowing the Company to hold over 20-million oysters across Cowell and Coffin Bay**
- **Excellent supply in both quantity and quality of spat allowing leases at Coffin Bay and Cowell to move towards full utilisation**
- **Well positioned for strong growth in production in H2**

H1 FY19 Results Commentary

The Company achieved sales of $2.48 million for the half year, an increase of 184% over pcp, which represents sales of approximately 3-million oysters.

The overall financial results showed strong growth on prior year, which culminated in delivering a positive Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), and positive operational cash flows on a normalised basis.

The first half of the financial year has been a period of significant progress for Angel. The Company invested heavily in building substantial scale in the business, growing its water holdings and oyster stocks over the period, and delivering on key capital projects to significantly build on the Company's production capability.

Angel added 4.5Ha of prime Coffin Bay water leases over the period; the Company's primary operations are based in Cowell and Coffin Bay utilising the 25.25Ha's of water under the Company's control. This water will move to full utilisation in the near term.

Oyster stocks have been bolstered through excellent access to spat. There are now four spat producers in full operation on the Eyre Peninsula, all providing excellent quality and quantities of spat to the market. This is a pleasing situation that means access to spat is no longer a key risk to the Company delivering on its business plan, and consequently the reporting on supply of spat to the market will be ceased.

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H1 FY19 Financial Results Analysis

The Company achieved a normalised EBITDA of $271,545; this result includes $152,689 of expenses associated with the Hank purchase announced 29 Oct 18, which have substantially increased our stock of oysters for the year to come. The full normalised results are presented below:

Normalised Operational Half Year Profit and Loss			
	HY ended 31 Dec 18	**HY ended 31 Dec 17**	**PCP Change**
Sales Revenue	$2,482,542.00	$873,253.00	184%
Other Revenue	$29,851.00	$23,024.00	30%
Total Income	**$2,512,393.00**	**$896,277.00**	**180%**
Total Direct Costs	($1,294,128.00)	($1,120,912.00)	15%
Gross Profit	**$1,218,265.00**	**-$224,635.00**	**642%**
Total Overheads	($946,720.00)	($742,986.00)	27%
EBITDA	**$271,545.00**	**($967,621.00)**	**128%**
Depreciation & Amortisation	($353,961.00)	($147,949.00)	139%
EBIT	**($82,416.00)**	**($1,115,570.00)**	**93%**
Finance Costs	($20,711.00)	($22,095.00)	-6%
Normalised NPBT	**($103,127.00)**	**($1,137,665.00)**	**91%**

In determining normalised earnings, the following expenses have been removed: equity based non-cash share payments, movements in value of oyster growth determined by SGARA accounting standard. These expenses totalled $865,243 as demonstrated below in the reconciled statutory half year result:

Statutory Half Year NPBT Calculations		
	HY ended 31 Dec 18	**HY ended 31 Dec 17**
Normalised NPBT	**($103,127.00)**	**($1,137,665.00)**
Fair Value Adjustment	($63,308.00)	$201,359.00
IPO Expenses	-	($139,951.00)
Share Based Payments	($801,935.00)	-
Statutory NPBT	**($968,370.00)**	**($1,076,257.00)**

Normalised cash flows attributable to operations is presented below, showing a positive outcome of $130,285. To determine normalised cashflows, we have recognised the increase in receivables less the increase in payables and also removed the cash payment to Hanks for the additional oysters to be sold in future periods.

Normalised Operational Half Year Cash Flow	
Receipts from Customers	$1,878,445.00
Interest	$6,864.00
Total Cash Received	**$1,885,309.00**
Receivables-Payables	$525,527.00
Total for Half Year	**$2,410,836.00**
Payments to suppliers	($2,254,372.00)
Finance Costs	($26,179.00)
Normalised Cash Flow	**$130,285.00**
Acquisition Expense (Hank)	($230,000.00)
Cash Flow including acquisition	**($99,715.00)**

When payables/receivables and Hank acquisition costs are added back into the cash flow it reconciles back to the statutory figures as shown below:

Statutory Half Year Cash Flow	
Cash Flow including acquisition	($99,715.00)
Add back Receivables - Payables	($525,527.00)
Statutory Cash Flow	**($625,242.00)**

Outlook – on track to be operationally cash flow positive for FY2019

Commenting on the outlook for H2, CEO Zac Halman, said, *"As summer draws to a close Angel will enter the cooler months with good stock levels in the key operations areas of Cowell and Coffin Bay. We have a well-capitalised business that is fully funded in its present state to continue to grow sales volumes, and a team that has proven itself to be able to deliver against plan with the expanded business model."*

"The Company remains on track to be operationally cash flow positive for the 2019 financial year and is expected to provide a further update on its operations in late March", said Mr Halman.

Further Information

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

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Image – Smaller Oyster Tender monitoring leases: Coffin Bay

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 law