

ANGEL

SEAFOOD

ASX:AS1 Appendix 4E – Preliminary Final Report Under ASX listing Rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period: Year ended 31 December 2021

Previous Corresponding Period: 6 month period to 31 December 2020

		\$A	
Revenues from ordinary activities		Up ⁽¹⁾	223% to 8,414,913
Profit from ordinary activities after tax attributable to members		Down ⁽¹⁾	37% to 451,125
Profit for the period attributable to members		Down ⁽¹⁾	37% to 451,125
(1) Refer to notes below in relation to the change in financial reporting date			
Dividends:		Amount per security	Franked amount per security
Reporting Period	Final dividend	nil	nil
	Interim dividend	nil	nil
Previous Corresponding period	Final dividend	nil	nil
	Interim dividend	nil	nil
Record date for determining entitlements to the dividends		Not applicable	
Net Tangible Asset (NTA) Backing:		31 Dec 2021	31 Dec 2020
NTA per security		\$0.068	\$0.062
Net Assets per security (including Oyster Leases – classed as intangible assets under the accounting standards)		\$0.116	\$0.111
Earnings per Share (EPS):		12 months to 31 Dec 2021	6 months to 31 Dec 2020
Basic EPS		\$0.003	\$0.005
Diluted EPS		\$0.003	\$0.005
Notes:			
<p>Angel Seafood Holdings Limited ('Angel Seafood')changed its financial reporting date from 30 June to 31 December, with effect from 1 July 2020. This Financial Report is for the first full 12-month financial period. Comparative financial information is for the transitional six-month financial period, 1 July 2020 to 31 December 2020, therefore trends and comparisons presented in this report may be impacted by the difference in periods.</p> <p>This report is based on the audited Annual Report for the period ended 31 December 2021 accompanying this Appendix 4E. This report and the accounts on which it is based use the same accounting policies.</p> <p>There are no entities over which control was gained or lost during the period.</p> <p>Angel Seafood Holdings Limited does not have any interests in associates or joint ventures, other than as disclosed in the Annual Report.</p> <p>All documents comprise the information required by Listing Rule 4.3A.</p>			



ANGEL SEAFOOD HOLDINGS LIMITED
ACN 615 035 366

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

CORPORATE DIRECTORY

DIRECTORS

Tim Goldsmith (Non-Executive Chairman)

Isaac (Zac) Halman (Executive Director, Chief Executive Officer and Founder)

Michael Porter (Non-Executive Director)

COMPANY SECRETARY

Christine Manuel

REGISTERED OFFICE

48 Proper Bay Road
Port Lincoln SA 5606

SHARE REGISTRY

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AUDITORS

William Buck Chartered Accountants
Level 6
211 Victoria Square
Adelaide SA 5000

STOCK EXCHANGE LISTING

Australian Securities Exchanges
(ASX Code: AS1)

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Chairman’s Letter

Dear Shareholders,

On behalf of your Board of Directors, it is with great delight I present to you Angel Seafood’s Annual Report for the new reporting period of the 12-months to 31 December 2021 (FY21).

Angel has completed another busy year, with the Company delivering a strong financial result, producing another record year of sales despite challenges presented by COVID-19 and bay closures following the industry-wide virus outbreak. Despite this, Angel has proven the resilience of its business, surpassing the 10 million mark in oyster sales for the first time, and growing sales 26% on the previous year.

After launching the 3-pillar growth strategy in November 2020, which aims to double production to 20 million oysters per annum and grow profitability, the Company made significant progress over FY21. During the year, we acquired an additional 10Ha of undeveloped water in Haslam which will add further flexibility for future expansion beyond the current 20 million oysters per annum production target. The rollout of 6Ha of Flipfarm increased finishing capacity to 15 million and will provide efficiency improvements with our first Summer Oysters well on track.

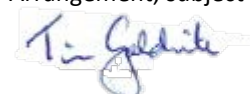
In addition to managing the challenges associated with the COVID-19 pandemic, an industry-wide disease outbreak of *Vibrio parahaemolyticus* (Vp) brought much of the South Australian oyster industry to a standstill for up to four weeks. Sales were halted for 4-weeks, resulting in an estimated \$1.2 million in lost sales for Angel over a peak sales period, including additional recall costs of \$540,000. Despite this, the Company still produced record results.

With biomass at 405 tonnes, up 53% compared to prior year, we are in an extremely strong position to supply oysters throughout the year with marketable size stock carried over into 2022. This positions the Company well for future growth from increasing demand in the wholesale, commercial, retail and restaurant channels.

Angel remains focussed on executing the 3-pillar growth strategy and will continue to invest in innovative farming technologies that strengthen the Angel brand, support favourable pricing and boost production to its 20 million units per annum target.

On behalf of the Board, I would like to recognise CEO and Founder Zac Halman and his team for their hard work over this period, steering the Company through unusually turbulent times to position the Company in an even stronger position. I would also like to thank our shareholders for their ongoing support and look forward to updating them on our journey as the Southern Hemisphere’s largest producer of certified organic and sustainable pacific oysters moving forward.

Finally, I note the recent announcement of a Scheme Implementation Agreement entered into with Laguna. It is expected that this will lead (in the absence of a superior offer) to Laguna Bay purchasing all shares they do not already own, except for some shares held by Zac, for 20c each. This was a significant premium to the trade share price before the deal announcement and the board supports the transaction. The board understands that the offer price is in line with the IPO price, some four years ago. We are disappointed that the business did not receive the stock market recognition that we believe its performance deserved, on top of that the external challenges of spat shortages in South Australia, algae bloom, COVID-19 pandemic and more recently the vibrio outbreak; all led to the business never having a prolonged stable operating period. While the outcome is not what we were hoping for when we first listed, it is certainly in our view in the best interest of shareholders, subject to the view of the independent expert. We encourage all shareholders to support the Scheme of Arrangement, subject to a superior offer arising.



Tim Goldsmith

Chairman

CEO Overview

The 12-month period ended 31 December 2021 (FY21) was another period of significant progress for Angel Seafood, delivering record sales and building further scale in the business with key acquisitions of farming water and implementing several new and innovative technologies. Despite the ongoing headwinds of the COVID-19 pandemic and the outbreak of *Vibrio parahaemolyticus* (Vp), Angel finished the period with a record result and is in its strongest stock position to date.

FY21 included several key highlights:

- Record sales of 10.6 million oysters sold in FY21, up 26% on prior comparative period (pcp)
- Revenue of \$8.4 million, up 34% on pcp, with underlying oyster prices increasing steadily
- Strong stock position with more than 405 tonnes on hand, up 53% on pcp, with marketable size stock being carried over into 2022
- Continued investment in biomass to build a considerable and reliable pipeline of future sales
- 3-pillar growth strategy continues to deliver results, now realising expected labour efficiencies with promising signs of superior product quality
- FlipFarming, 'Summer Oysters' and Hálo Club trials, while still early, are showing promising signs in boosting productivity, profitability and diversifying sales channels
- Increase in average price per unit, driven by improvement in sales mix, average unit size and underlying prices
- Acquired 10Ha of undeveloped water acquired in Streaky Bay, situated near our main operations in Haslam, increasing our finishing/growing capacity to over 20 million oysters per annum

The resilience of the Company and staff throughout the pandemic and recent Vp outbreak has shown our adaptability despite an extremely challenging operating environment. We continue to move from strength to strength with record sales and revenue, surpassing 10 million oyster sales in the full year for the first time, while at the same time continuing to increase our stock biomass.

Biomass throughout FY21 showed healthy levels of growth, with 405 tonnes now on hand. The Company expects significant biomass growth to continue through 2022, positioning Angel to have a good supply of oysters to cater for increasing demand from restaurants, wholesale, commercial and retail channels.

Angel's retail sales program has continued to perform well throughout the year. First launched in response to the nationwide COVID-19 restrictions, the strong uptake and positive feedback from large retailers have been encouraging, allowing us to continue to grow out this channel to cater for future demand and increase sales in an important channel. The retail channel makes up an increasing portion of our sales and represents a key feature in our strategy moving forward.

We continued to demonstrate our ability to scale across bays as productivity initiatives begin to show promising results and are rolled out on a larger level. After just over a year since implementing our three-pillar growth strategy, we are already seeing tangible results that will support us in building additional capacity and improve the profitability of our operations.

FlipFarms were trialled and have been integrated across 6Ha increasing overall production capacity to 15 million units per annum, up from 12 million. Summer oysters remain on track for first sales in 2022, increasing Angel's ability to stay in the market and capture the peak summer demand, and strengthening its position within the retail channel and guaranteeing continual supply throughout the year. Angel will undertake a review of the summer oyster program at the end of the season to determine the optimum utilisation of this type of stock in the product mix.

We remain focused on executing key growth initiatives as part of our 3-pillar strategy, including expanding FlipFarms across more of our farms to increase productivity and lower operating costs. Further refinement and development of our 'Summer Oysters' initiative will enable us to sell oysters through the summer spawning months, with the potential to increase annual sales by 10-15%.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – CEO OVERVIEW

We are entering into 2022 with a strong footing and a clear plan in place to grow our position as a leading producer of certified organic and sustainable pacific oysters. We expect to be able to have a solid supply of oyster sizes in stock to cater for the increasing demand we are seeing from our key sales channels.

I am very thankful for the team's efforts in delivering a record year for the Company. The team have proven reliable and responsive in an especially unpredictable time, and I thank them all for their hard work as we continue to execute our strategy. I would also like to thank the Board, our stakeholders, customers and shareholders for their continued support throughout the year. I look forward to sharing future growth and

A handwritten signature in dark ink, appearing to be 'Zac Halman', written in a cursive style.

Zac Halman

Founder and CEO

Directors' Report

The Directors of Angel Seafood Holdings Ltd (Company or Angel) present their report, together with the financial statements of the Company and its controlled entities (the Group) for the year ended 31 December 2021.

The Board of Directors resolved to change the Company's financial year-end from 30 June to 31 December effective from 1 July 2020. The change was made to align the Company's financial year with the growing and sales cycle of the Company's operations. Prior period comparative information presented in this annual report is as at and for the 6-month period ending 31 December 2020 (FY20-S), unless otherwise stated.

Directors

The following persons were directors of the Company during the financial year ended 31 December 2021 and to the date of this report:

Tim Goldsmith	Non-Executive Chairman
Michael Porter	Non-Executive Director
Ashley Roff	Non-executive Director (retired 28 May 2021)
Isaac Halman	Executive Director, Chief Executive Officer and Company Founder

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Information Relating to Directors and Company Secretary

Details of each Director's experience, qualifications and responsibilities are set out below. This includes information on other listed company directorships in the last three years.

Name and qualification	Experience and responsibilities
Tim Goldsmith BA(Hons)	Independent Non-Executive Chairman, appointed 21 February 2018. Member of Audit and Risk Committee (until 28 May 2021). Tim was appointed Chairman effective from the date of initial ASX listing of the Company. Tim is currently CEO of Rincon Mining Pty Ltd, a lithium development company and is also Chairman of ASX listed Hazer Group since July 2017. Tim was appointed a Non-executive Director of Costa Group from 1 September 2018. Until 30 June 2017, Tim was a partner at PricewaterhouseCoopers. He was a partner for more than 20 years and dealt with many companies throughout the world. He was particularly focused on China and worked extensively in the mining sector.
Michael Porter BBS (Enterprise Development), Grad Cert (Change Management), GAICD	Independent Non-executive Director, appointed 2 December 2016 Member of the Audit and Risk Committee (until 28 May 2021) Michael has extensive experience in the Agricultural sector where he was the CEO of SQP Co-operative for almost four years. He owns dry land farming interests in Victoria's Western District near Ballarat. He is also a Board Member of the Wimmera Catchment Management Authority (a Victorian State Government appointment). Former Board positions include being a Non-executive Director of ASX listed Murray River Organics Ltd (3 April 2018 to 9 June 2020) and past Chairman of the Audit Advisory Committee for the City of Ballarat.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – DIRECTORS’ REPORT

Name and qualification	Experience and responsibilities
	Michael is also an Active Reservist where he holds the rank of Commander in the Royal Australian Naval Reserve.
Ashley Roff LLM (Syd) (Hons2), FGIA	Independent Non-executive Director, appointed 21 February 2018, retired from the board 28 May 2021 Chairman of the Audit and Risk Committee (until 28 May 2021) Ashley is a senior and trusted legal, compliance and governance advisor at board and executive leadership levels with extensive commercial experience across industries as diverse as agriculture, consumer beverages, internet marketing and finance. He has been Principal of Adelaide-based law firm Brightman Legal since 2016. He holds no other public company directorships.
Isaac (Zac) Halman	Chief Executive Officer since 1 July 2018 Director appointed 27 September 2016 Director of subsidiary companies Angel Seafood Infrastructure Pty Ltd and Angel Oysters Australia Pty Ltd Zac is the founder of the Company and has been successfully farming oysters for close to a decade in South Australia’s Eyre Peninsula. He has successfully grown a team and business which is one of only three certified sustainable oyster producers in the world who have been certified by “Friends of the Sea” and is also one of only two certified organic oyster producers in Australia who have been certified by NASAA. Zac is an innovator in the oyster industry and through his guidance and leadership the business has grown rapidly from a small family operation to being the largest grower of pacific oysters in Australia and the Southern Hemisphere. Before oyster farming Zac was active in the agriculture industry, specialising in broad acre and stock agricultural contracting. Mr Halman holds no other public company directorships.

Company Secretary

Ms Christine Manuel BMus, GradDipACG (Applied Corporate Governance), DipCD (Corporate Director), DiplInvRel (Investor Relations), FGIA, FCIS, MAICD, MAITD, AAIPM, a Chartered Company Secretary, was appointed Company Secretary on 20 September 2017. Ms Manuel is an experienced Company Secretary and corporate governance professional. Her background includes Company Secretary and executive roles in a range of listed and unlisted entities over more than 20 years. Ms Manuel is a Director and past Vice-President of the Governance Institute of Australia and a past Chair of the SA/NT State Council and regularly facilitates Governance Institute training courses.

Company Overview

Angel Seafood Holdings Ltd is Australia's largest producer of fresh, clean, green, certified organic and sustainable oysters. The Company is Organically certified through internationally recognised National Association for Sustainable Agriculture, Australia (NASAA) and sustainably certified with the internationally recognised 'Friends of The Sea' organisation.

The Company runs a multi-bay strategy with nursery and oyster grow out operations in Cowell and Haslam with a holding capacity of over 20 million oysters, and final conditioning in the internationally acclaimed Coffin Bay with a capacity to finish up to 12 million oysters per year. This diversification in geographic operating locations provides disease risk mitigation and allows the Company to optimise oyster performance at each stage of the growth cycle. Further, the multi-bay strategy gives unique characteristics to Angel's oysters, upholding its credentials in creating tasty vintage of crop annually.

The Company sells to domestic customers direct from Coffin Bay and processes the oysters for export out of its purpose built and fully AQIS accredited export site in Port Lincoln.

Principal activities

Angel is an Australian producer, manufacturer, marketer, and seller of certified organic and sustainable oysters. No significant changes occurred in the nature of the principal activities during the year.

Company Dividends

No dividends were paid or declared during the period.

Review of Operations

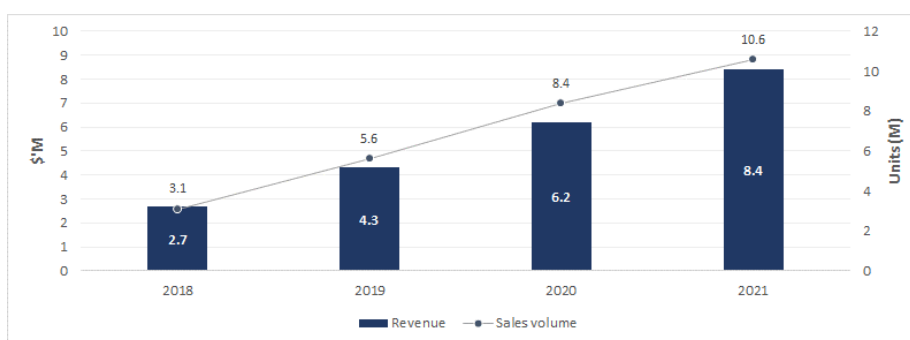
OVERVIEW OF FINANCIAL YEAR 2021

Angel Seafood reported strong financial results, producing another record year of sales for the 12-month period ending 31 December 2021 (FY21). Despite challenges presented by COVID-19 and the associated lockdowns, as well as the bay closure for 4 weeks as a result of an industry-wide virus outbreak, Angel showed how resilient its business is, surpassing sales of 10 million oysters in 2021 for the first time.

Another year of record sales achieved

Angel reported revenue of \$8.4 million for the 12 months to 31 December 2021, a 34% increase in sales compared to the full calendar year 2020, driven by continued strong demand for its oysters. The record result reflects the investments made in the business to build scale to be able to meet the growing demand for Angel's oysters.

Figure 1: Oyster sales by calendar year (2018 to 2021)



Since listing in 2018, Angel has achieved average growth of 46% per year through increasing scale of operations and productivity gains.

Operational update

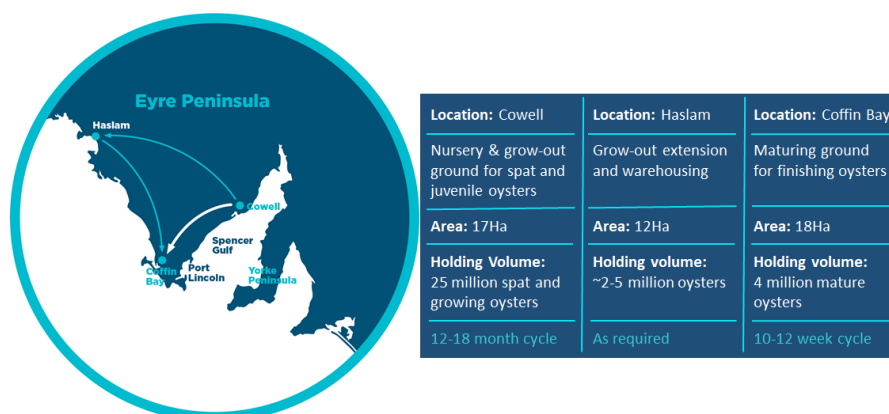
In November 2020, Angel launched a 3-pillar growth strategy to support the next phase of its growth, building on the success of its multi-bay strategy and profitable operating base. The Company aims to double its production capacity to 20 million to meet the growing demand for oysters, and improve profitability through increasing scale, focusing on innovation to increase productivity, and improving price.

Pillar 1 - Increasing scale through acquisitions

In line with Angel's strategy to increase production capacity, the Company acquired an additional 10Ha of undeveloped water in Streaky Bay, which is situated close to Haslam. This additional water increases Angel's undeveloped water holdings to a total of 33Ha and provides further flexibility for future expansion beyond the current 20 million oysters per annum production target.

During the year, Angel's developed water holdings increased to 47Ha, including 6Ha of flip farms under trial in Coffin Bay and Cowell. The Company holds a further 37Ha of undeveloped water leases of varying grades.

Figure 2: Developed water holdings at 31 December 2021



Pillar 2 – Increasing productivity through innovation

To support Angel’s production capacity through innovation, Angel launched FlipFarming and ‘summer oysters’ trials in Coffin Bay last year. Flipfarm trials have continued to show very promising results, with the integration of 6Ha of flip farms into operations increasing overall production capacity to 15 million units per annum, up from 12 million. Results to date are also revealing signs of superior quality, cleaner shells, and lower average costs per unit through labour efficiencies.

Summer oysters remain on track for first sales in 2022, increasing Angel’s ability to stay in the market and capture the peak summer demand, and strengthening its position within the retail channel and guaranteeing continual supply throughout the year. Angel will undertake a review of the summer oyster program at the end of the season to determine optimum utilisation of this type of stock in the product mix.

Pillar 3 – Improved Prices through Premium Brand Positioning

The launch of Angel’s pilot program Halo Club represents a premium direct-to-consumer avenue for the business. The Halo Club operates on a membership and subscription basis to give customers a direct access to oysters whilst creating a recurring income stream. Despite being impacted during Coffin Bay closures, the Halo club has generated great feedback and shows potential to have great success in 2022.

Strong growth in biomass and stock position positioning Angel for a strong 2022

Biomass as at 31 December 2021 was 405 tonnes, up 53% compared to 31 December 2020, which was higher than expected given the postponement of sales for 4 weeks due to the industry disease outbreak. This means Angel enters 2022 with a strong stock position, with marketable size stock carried over into 2022 and positioning the Company well for future sales.

Focus on continuing to execute on key growth initiatives

With just over one year having passed since implementing the three-pillar growth strategy, Angel is seeing tangible results that will support the business to build additional capacity and improve profitability. Angel will continue to progress its key initiatives across the three pillars of its growth strategy that will support the Company towards its goal of increasing annual production capacity to 20 million oysters and beyond.

Angel is entering 2022 in a strong position. With good growth conditions expected, Angel expects to achieve significant biomass growth through 2022 and position the company to have a good supply of oysters to cater for increasing demand from restaurants, wholesale, commercial and retail channels.

The Company presently remains unaffected by the current COVID-19 situation, and in particular the Omicron variant outbreak. However, there have been some impacts to supply chains and wholesalers in key markets, and Angel will continue to closely monitor the situation.

FINANCIAL REVIEW

Detailed Financial Results

The Group made a consolidated profit of \$451,125 for the year ended 31 December 2021 (FY20-S: \$718,543).

	12 months to 31 Dec 2021 (FY21)	6 months to 31 Dec 2020 (FY20-S)	12 months to 31 Dec 2020 (CY20)
	\$	\$	\$
Revenue	8,414,913	3,764,763	6,248,420
Fair value adjustment of biological assets	2,813,844	726,264	1,081,289
Other income	813,574	778,331	1,353,479
Cost of biological stock	(2,292,085)	(894,680)	(1,524,046)
Employee benefits	(4,066,507)	(1,776,799)	(3,185,264)
Other expenses	(3,031,253)	(1,190,394)	(2,095,522)
Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	2,652,486	1,407,484	1,878,355
Product recall costs	(539,758)	-	-
Reported EBITDA	2,112,728	1,407,484	1,878,355
Finance costs	(400,695)	(195,736)	(382,512)
Depreciation and amortisation expense	(1,260,908)	(493,205)	(937,636)
Profit before income tax	451,125	718,543	558,207

Revenue from oyster sales was \$8.4 million for the year ended 31 December 2021 (FY20-S: \$3.8 million). There was a 35% increase in revenue over the comparative full year ended 31 December 2020 (CY20), driven by the increase in sales volume from 8.4 million units to 10.6 million.

The consolidated results include a Fair Value adjustment on biological stock of \$2.8 million (FY20-S: \$0.7 million), representing net growth in biological stock during the year. The group lost more than \$1.2 million in sales due to the closure of Coffin Bay for four weeks following the Vp outbreak, contributing to the increase in biological stock biomass at 31 December 2021.

Other Income of \$0.8 million (FY20-S: \$0.8 million), mainly comprises an R&D tax incentive of \$0.7 million (FY20-S: \$0.5 million). There were no Government grants for COVID-19 support received during the year (FY20-S: 0.2 million).

Operating expenses for the year included the following:

- Cost of biological stock (oysters) of \$2.3 million in relation to oysters sold during the period (FY20-S: \$0.9 million) with the increase due to volume.
- Employee benefits of \$4.1 million, comprising payroll costs, oncosts and amortisation of shares, performance rights and options awarded to employees (FY20-S: \$1.8 million). The increase in employment costs, on a comparable period basis, reflects the underlying growth in the business.
- Other expenses of \$3.0 million comprising other production costs such as repairs and maintenance, freight, consultancy costs as well as administration and corporate costs (FY20-S: \$1.2 million).

Product recall costs include refunds and logistics costs in relation to the product recall that was triggered by the Vp outbreak linked to Coffin Bay oysters in November 2021.

Finance costs were \$0.4 million for the year (FY20-S: \$0.2 million), representing interest on borrowings (debt facilities, asset finance and lease liabilities).

Tax expense for the year was nil, with the Company recognising a portion of previously unrecognised tax losses to offset a deferred tax expense and deferred tax liability (FY20-S: Nil). The Group formed a tax consolidation group during the period.

Full details in relation to the results of the Company are disclosed in the consolidated financial statements and accompanying notes.

Financial Position

The Group's total assets increased by 10% during the year to \$28.8 million at 31 December 2021 (31 December 2020: \$26.1 million), with the following key movements:

- Cash and cash equivalents decreased to \$1.6 million as at 31 December 2021 (31 December 2020: \$3.2 million) following deployment of capital into growth initiatives, mainly capital expenditure and investment in biological assets biomass.
- Biological assets increased 46% to \$9.4 million as at 31 December 2021 (31 December 2020: \$6.5 million), driven by a net improvement in the stock profile and the delay in sales caused by the 4-week closure of Coffin Bay following the Vp outbreak. Biomass increased to 405T, a 53% increase on the prior comparative period.
- Property, plant and equipment increased to \$9.2 million (31 December 2020: \$8.0 million), with the increase mainly representing investment in flip-farming infrastructure and supporting ancillary equipment; and ongoing development and upgrades to cater for growth. Production capacity increased 25% to 15 million during the year.

The following were the key sources of funding, in addition to shareholders equity, for the Group as at 31 December 2021 and for the year then ended:

- The Company issued 6 million shares on exercise of options in February 2021, receiving \$0.5 million.
- The Group drew down \$2.0 million on NAB facilities, including \$1 million accessed under the Australian Government Supported scheme (SME Guarantee Scheme 2.0) to accelerate the recovery from COVID-19; resulting in a net increase of \$1.7 million, net of repayments made during the year, to an aggregate of \$5.4 million (31 December 2020: \$3.7 million).
- Lease liabilities decreased to \$3.1 million (31 December 2020: \$3.6 million) mainly due to repayments made during the period.

Net assets for the Group as at 31 December 2021 were \$18.4 million (31 December 2020: \$17.3 million) with the increase mainly due to profit for the period and the increase in equity on exercise of options.

Liquidity

The Group's liquidity at 31 December 2021 was \$2.6 million, following a year of investment in growth initiatives and biological stock which will drive future sales.

	31 Dec 2021	31 Dec 2020
	\$	\$
Liquidity		
Cash and cash equivalents	1,539,434	3,176,289
Available facilities	1,052,069	2,057,924
Total liquidity	2,591,503	5,234,213

The Group's projections show that the Group will generate sufficient cash to settle debts as they fall due. Refer to additional disclosure on Liquidity and Capital Management on page 13.

Full details associated with the financial position of the Company can be found in the Consolidated Financial Statements Section of this document.

STRATEGIC AND FUTURE OBJECTIVES

Angel continues to build a strong and stable business based in South Australia's Eyre Peninsula and remains focus on executing its growth strategy to increase its annual production capacity to 20 million (to meet growing demand) and improve profitability. We aim to achieve this with a 3-pillar strategy focused on:

- Increasing scale through acquisitions
- Increasing productivity through innovation
- Improving oyster pricing through premium brand positioning

The Company will continue to explore further opportunities that meet Angel's long-term growth and development goals, with the ultimate objective to leverage the Company's competences to maximise shareholders value through sustainable earnings growth.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report as disclosure of the information would likely result in unreasonable prejudice to the Group.

MATERIAL BUSINESS RISKS

The Group assesses and manages various business risks with the potential to have a material impact on the Group's operating and financial performance and its ability to successfully deliver corporate objectives. There are specific risks which relate directly to the Company and the industry in which it operates. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. Set out below are the business risks that the Group has identified as having the potential to have a material impact on the Group.

The matters listed below are not listed in order of importance and are not intended to be an exhaustive list of all the risks and uncertainties affecting the business.

Company specific Risks

Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company has no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business. An increase in the supply of oysters from either domestic or international competitors, or increased competition from alternative fish species and food sources could have an adverse effect of the Company's operations and business. The Group believes its produce is differentiated through its 'Organic' and 'Sustainable' certifications and is continuing to explore markets to diversify its customer base.

Price risk

There is a risk that oyster prices may be impacted by changes in demand and supply in the short term and long term. Changes in economic conditions could cause consumers to reduce their consumption of oysters as they "trade down" to cheaper sources of seafood and proteins. Changes in consumer dietary preferences or sentiment towards seafood and oysters could also result in lower demand for oysters. Such lower demand could reduce the price at which the Company is able to sell its oysters, and a sustained adverse change in oyster prices will have a significant impact on the Company's results and valuation of assets.

Disease risk

There is a risk that the Company suffers a disease outbreak that impacts on the health and wellbeing of its oyster stocks, which can result in higher mortality rates and product recalls, leading to a material adverse impact on the Company's profits, operations and financial performance. This includes diseases such as Pacific Oyster Mortality Syndrome (POMS) which affects mainly juvenile Pacific Oysters. To date, POMS has not occurred in South Australian oyster growing areas but was identified and remains in a population of feral oysters in the Port River near Adelaide since late summer of 2018. The South Australian Government and the Company have measures in place to mitigate the risk of any such disease. POMS, among other diseases, and natural events may impact the health and wellbeing of the oyster stock.

Title and Renewal Risk

The water leases and licences held by the Company are issued through the South Australian state government body called Primary Industries and Regions South Australia (PIRSA). The licence and lease holder must abide by a number of PIRSA regulations and guidelines that are monitored and enforced through mandatory periodic PIRSA officer inspections; Angel is subject to these inspections. If serious or repeated findings of non-compliance did occur, there is a risk this would have a negative impact on Angel's ability to renew its licences and have a materially adverse impact on its business operations and financial performance.

The Group's oyster leases are classified as 'production leases' by PIRSA and are granted for a maximum term of 30 years, renewable for successive terms upon expiry or any time if required for any reason. There is a risk that Angel's production leases might not be renewed at the expiration of their current terms, which would hinder Angel's operations. However, the Group considers that the risk of any of its production leases not being renewed at the end of their current terms to be low.

Environmental

The Company's operations are subject to Government environmental legislation. While Angel endeavours to ensure that its operations and activities comply with applicable environmental laws, there is a risk that failure to comply with such laws could occur, which may result in penalties, damages and/or loss of permits or licences required by Angel to operate its marine farms or processing facilities.

There is no assurance that the Company's operations will not be affected by an environmental incident or subject to environmental liabilities. The introduction of new environmental legislation and regulations may result in additional cost to the Company arising from additional compliance and further capital expenditure which may have a material adverse impact on the financial position and performance of the Company.

As Angel is an aquaculture producer, there is also a risk that Angel could be exposed to a number of natural events such as floods, storms, fire, oil spills and adverse movements in the marine environment (e.g. changes in water temperatures, dissolved oxygen and salinity levels). Other natural events beyond Angel's control include the occurrence of wildlife that prey on oysters, particularly crabs, seabirds and starfish which can cause increased oyster mortalities.

General risks

Economic Risk

Changes in both Australian and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. If any risks above occur, it may have a significant adverse impact on the Company, its operations, and its ability to meet forecast targets.

Pandemic Risk

There is a risk that disease outbreaks and related government initiatives to combat the spread of disease may impact continuity of operations (impact on employees), supply chains and market assumptions, and ultimately trigger adverse economic conditions. COVID-19 was declared a global pandemic in March 2020 and since then, there have been widespread government-imposed restrictions that have impacted business operations across Australia, and the rest of the world. The temporary restrictions placed on the operation of restaurants and food markets, and the significant reduction in airfreight services limiting access to export markets, have adversely impacted the demand for seafood in the near term. Governments (States and Federal) and financial institutions offered support to companies and employees that were significantly impacted by these changes.

Restrictions have progressively been eased around Australia and there is general optimism that vaccines that have become available will bring COVID-19 under control. However, the pandemic continues to severely impact communities around the world and conditions in Australia remain delicate.

While the Company's operations in South Australia (Eyre Peninsula) have not been significantly impacted by the pandemic so far, and new channels have opened for sales, some uncertainty remains as to how far and how long the

pandemic will unfold, the extent of restrictions that can be imposed to combat the pandemic, and ultimately the impact on operations, access to markets, and general economic conditions. The Company remains on high alert for new outbreaks that can impact trading and general economic conditions.

Legislative Change

The introduction of new legislation or amendments to existing legislation by Governments, developments in existing common law, respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations and changes in Government policy could all impact adversely on the assets, operations and the overall financial performance of the Company and its securities.

Climate Change

Climate plays an important role in Angel's operations, with water temperatures and availability of food (algae) in the water having a fundamental impact on the lifecycle of oysters; sizes, growth rates and the ultimate quality of the product. Angel recognises climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, oyster farming may become more vulnerable to disease and/or changes in environmental conditions.

The Company employs sustainable farming practices in its operations and considers the long-term risks, issues and opportunities that can potentially be presented by climate change and responds accordingly. Some studies have linked ocean acidification and temperature rises to climate change. As yet any impact of these factors has not been revealed in any material fashion. However, these factors could impact the long-term future size and quality of product and/or the likelihood of disease and algae or bacteria events that can cause food safety risks or affect growth rates.

Liquidity and capital management

Angel's continued ability to operate its business and execute its business plan over time will depend on its ability to generate free cash flow, to raise funds for operations and growth activities, and to service, repay or refinance debts as they fall due. The Group's operations are subject to a number of operational and environment risks, including the challenges presented by the COVID-19 pandemic, which may ultimately have an impact on the Group's cash flows and liquidity.

While the Group's cash flow forecast show that the Group will generate sufficient cash and there are a number of funding options available to the Group, there can be no guarantee that the Group will be able to generate cash flow from operations or raise additional funding, should it be required, on acceptable terms or at all.

Risk Management

Management and the Board of Directors have implemented a Risk Management Framework, endorsed by the Board of Directors, within which:

- there is an over-arching risk management policy, which sets out its commitment to and the expected behaviours required of its employees and contractors. This is supported by a number of other more specific business policies that set out other key requirements of employees and contractors;
- a risk management process and risk assessment criteria that defines the key steps required to identify, analyse, treat, evaluate controls and monitor and report on the risks listed above and other risks on an ongoing basis;
- accountabilities and responsibilities for overseeing, managing and monitoring these risks and other identified risks are clearly defined;
- key priorities for management of risks are identified on a regular and ongoing basis; and
- material or potentially material incidents that arise are reviewed and appropriate action taken.

The management team and the Board review the Company's risks and the effectiveness of the Company's management of those risks. The Board, with Executive Management's input, consider the nature and extent of the risks the organisation is prepared to take to meet the Company's objectives.

Other key management mechanisms for the Company include:

- health, safety and environmental management systems across the organisation; and
- appropriate insurance arrangements to provide efficient and effective levels of risk transfer.

SUSTAINABILITY

Angel prides itself on its premium oysters which have been produced without compromising the environment and actively champions ecologically sound farming practices. The Company is one of only three sustainable oyster growers in the world, certified as a Friend of the Sea. Every step is taken to ensure the impact from oyster farming on seabeds is negligible, allowing the seabed to regrow and rejuvenate. Angel also recycles its posts and baskets, ensuring landfill is minimised wherever possible.

Sustainability is the key driver and the vision to maintain or increase production levels. The Company is always mindful of, and endeavours to preserve, the very ecosystems that deliver such a premium product for the Company's customers to enjoy. Angel is privileged to be able to farm in a way that respects the waters and environment in which it operates.

The Board believes that the Company's key differentiators include:

Best Practice

The Company holds food safety accreditation for the growing, harvest, grading, storage and transportation of oysters from the South Australian (SA) Government (Certificate of Accreditation dated 24 February 2011, Accreditation Number 20/176 – Primary Produce (Food Safety Schemes) Act 2004). In addition, the SA Government administers a Shellfish Quality Assurance Program (SASQAP), which is a joint initiative between PIRSA and the shellfish industries of South Australia. SASQAP monitors the water quality in shellfish harvesting areas where the Company's oysters are grown. The Group is subject to an ongoing monitoring regime to maintain this accreditation.

In June 2018, following commissioning of the Company's newly purchased facility in Port Lincoln, certification was granted by the Australian Department of Agriculture, Fisheries and Forestry for an approved arrangement under the Export Control Act 1982, as Export Registered Establishment No 6280. This accredits the good hygienic practice, HACCP, product integrity and importing country requirements required for export.

In addition to statutory legislative and regulatory requirements, the Company complies with the SA Environment Protection Authority (EPA) Code of practice for the environmental management of the SA oyster farming industry.

Certified Organic

The Company's passion for the Eco system where we produce oysters has drove to achieve 'Organic Certification' status in 2012, becoming one of the first oyster growers in Australia to achieve this accreditation. This organic certification was granted by the National Association for Sustainable Agriculture, Australia (NASAA), Certificate No 5411. Ongoing water monitoring, sea grass management and environmentally friendly infrastructure are just a few elements required to achieve and maintain organic status. The auditing process for obtaining and maintaining certified status is rigorous, and the Company believes this certification is something that its customers, especially end consumers, desire.

Sustainability Certification

Angel holds the highly respected "Friends of the Sea" certification. This global program strives to make sustainability a reality in the fishing and aquaculture sectors. Reducing ecosystem impact, energy efficiency and social accountability underpin this program. These certifications are subject to regular audits, the most recent of which was conducted in early 2020 and saw the Company achieve renewal of this certification.

Traceability

Organic oysters are 100% traced from spat throughout their life cycle on the Company's organic farms through to their final customer destinations. The Company can account for each batch of oysters from spat to retailer.

Environmental regulation

The Company operates a number of licences and leases issued through Primary Industries and Regions South Australia (PIRSA). The licence and lease holder must comply with PIRSA regulations and guidelines. The Company must comply with a number of relevant legislative instruments including the Environmental Protection Act 1993 (SA), Aquaculture

Act 2001 (SA), Aquaculture Regulations 2016 (SA), Environmental Protection (Water Quality) Policy 2015, Livestock Act 1997 (SA) and Livestock Notice 2014.

The Company also complies with the South Australian Environment Protection Authority (EPA) Code of practice for the environmental management of the South Australian oyster farming industry. The South Australian Shellfish Quality Assurance Program (SASQAP), which is a joint initiative between PIRSA and the shellfish industries of South Australia, monitors the water quality in shellfish harvesting areas where the Company's oysters are grown.

No breaches of environmental regulation occurred during the financial period and to the date of this report.

Changes in the state of affairs

The Company has been trialing flip farming (a modern floating basket system) over the last 12 months, with 6Ha of flip farms built across Coffin Bay and Cowell. This additional infrastructure has increased production capacity to 15 million oysters per year from 12 million (25% increase). There were no other significant changes in the state of affairs of the Company, other than as referred to in this Report.

Subsequent events

Angel Seafood Holdings Ltd entered into a Scheme Implementation Agreement with Valley Seas BidCo Pty Ltd (BidCo), a subsidiary of Laguna Bay Agricultural No 1 Pty Ltd (Laguna Bay) on 10 February 2022.

In the Scheme Implementation Agreement, BidCo is proposing to purchase all of the shares in Angel (which entities associated with Laguna Bay do not already own) by way of a scheme of arrangement (with the exception of 16,178,927 shares held by CEO Isaac Halman and his affiliated entities) for a total cash consideration of \$0.20 per share. 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.

Directors consider the Scheme to be in the best interests of Angel's shareholders and unanimously recommend the Scheme, subject to no Superior Proposal emerging and an independent expert determining that the Scheme is in the best interests of Angel's shareholders.

Corporate governance

The Board oversees the Company’s business and is responsible for the overall corporate governance of the Company. It monitors the operational, financial position and performance of the Company and oversees its business strategy, including approving the strategy and performance objectives of the Company.

The Board is committed to maximising performance and generating value and financial returns for shareholders. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices, which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company. To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (4th Edition).

The Company’s Corporate Governance Plan, including key policies, is available at www.angelseafood.com.au.

Directors’ meetings

During the year ended 31 December 2021, 16 meetings of Directors, including Committees of Directors, were held. Attendances by each Director during the year were as follows:

Directors	Directors’ Meetings		Audit and Risk Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Tim Goldsmith	15	15	1	1
Michael Porter	15	15	1	1
Ashley Roff ⁽¹⁾	4	4	1	1
Isaac Halman	15	14	-	-

1. Ashley Roff retired from the board on 28 May 2021.

Directors’ shareholdings

The following table sets out each Director’s relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Name	Fully paid ordinary shares	Share Options	Performance Rights	Performance Shares
Tim Goldsmith	4,240,000	1,500,000	-	-
Michael Porter	4,946,000	1,000,000	-	-
Isaac Halman	24,770,210		-	1,000,000

Further details of Directors’ security holdings are provided in the Remuneration Report.

Directors’ and Senior Executives’ Remuneration

Details of the Company’s remuneration policies and the nature and amount of the remuneration of the Directors and senior management (including shares, options and rights granted during the financial period) are set out in the Remuneration Report and in Notes 14 and 15 to the financial statements.

Remuneration Report (Audited)

The Directors of the Company present this Remuneration Report for the Group for the year ended 31 December 2021. The information provided in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001 (Cth)* (Corporations Act) and forms part of the Directors' Report.

The Remuneration Report outlines the Company's key remuneration activities during the year ended 31 December 2021 and remuneration information pertaining to the Company's Directors and senior management personnel who are the key management personnel (KMP) of the Group for the purpose of the Corporations Act and Accounting Standards. KMP are the personnel who have authority and responsibility for planning, directing and controlling the activities of the Company.

The report is structured as follows:

- (a) Remuneration Governance
- (b) Directors and key management personnel (KMP)
- (c) Remuneration policy
- (d) Remuneration components
- (e) Relationship between Remuneration and Group Performance
- (f) Details of Directors and Key Management Personnel Remuneration
- (g) Key Terms of Employment Contracts
- (h) Term and Conditions of share-based payment arrangements
- (i) Directors and Key Management Personnel Equity Holdings
- (j) Other transactions with Directors and Key Management Personnel

A. REMUNERATION GOVERNANCE

Consistent with the Board's Charter, the Board has taken the decision that at this early stage of the Company's growth a separate Remuneration and Nomination Committee is not warranted. Accordingly, the Board as a whole carries out the functions of the Remuneration and Nomination Committee, as described in the Committee Charter. Where appropriate, this is undertaken by Non-executive Directors only, without the presence or participation of the Executive Director.

Functions

The Board reviews any matters of significance affecting the remuneration of the Board and employees of the Company. The primary remuneration purpose of the Board is to fulfil its responsibilities to shareholders, including by:

- a. ensuring that the approach to executive remuneration demonstrates a clear relationship between key executive performance and remuneration;
- b. fairly and responsibly rewarding executives, having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
- c. reviewing the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- d. reviewing and approving any equity-based plans and other incentive schemes;
- e. clearly distinguishing the structure of Non-executive Director (NED) remuneration from that of executive directors and senior executives, and recommending NED remuneration to the Board;
- f. arranging the performance evaluation of the Board, its Committees, individual Directors and senior executives on an annual basis; and
- g. overseeing the annual remuneration and performance evaluation of the senior executive team.

The Board considered performance and remuneration of the NEDs in detail during the year ended 31 December 2021. A performance review of Executives for the year ended 31 December 2021 was completed in February 2022.

Further information about remuneration structures and the relationship between remuneration policy and Company performance is set out below.

The Board Charter and the Remuneration and Nomination Committee Charter, which outlines the terms of reference under which the Committee operates, are available in the Corporate Governance Plan at www.angelseafood.com.au.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

B. DIRECTORS AND KEY MANAGEMENT PERSONNEL (KMP)

The Directors and KMP of the Group during the year were:

Period of Responsibility in FY21		Position
Non-Executives		
Tim Goldsmith	Full year	Independent Non-executive Chairman
Michael Porter	Full year	Independent Non-executive Director
Ashley Roff	Until 28 May 2021	Independent Non-executive Director
Executives		
Isaac Halman	Full year	Chief Executive Officer (CEO); Executive Director and Company Founder
Simba Matute	Full year	Chief Financial Officer (CFO)

C. REMUNERATION POLICY

The Company's remuneration framework for Directors and senior executives has been designed to remunerate fairly and responsibly, balancing the need to attract and retain key personnel with a prudent approach to management of costs. Other employees are remunerated in accordance with the provisions of the relevant Fairwork Australia Award. The majority of staff fall under the Aquaculture Attendants' Award.

The Board's policy for determining the nature and amount of remuneration for Non-Executive Directors and senior executives of the Company is as follows.

Non-Executive Director remuneration

The Board aims to remunerate each Non-executive Director at market rates for comparable companies for their time, commitment and responsibilities. The Board determines the annual level of fees payable to Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability and subject to the maximum aggregate amount per annum as approved by shareholders. Fees for NEDs are not linked to the performance of the Group, apart from participation in share options (refer to section (D) for share option plans).

Executive remuneration

The Board reviews and determines our executive structure and framework annually to ensure it remains aligned to business needs. In particular, the board aims to ensure that remuneration practices (are):

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- include a reasonable level of performance-based incentives to encourage and reward high performance; and
- transparent and easily understood by all stakeholders.

The Board may also engage external remuneration consultants to assist with executive remuneration review. There was no engagement of remuneration consultants for the year ended 31 December 2021 (FY20-S: Nil)

D. REMUNERATION COMPONENTS

Non-executive Director Fees

Non-Executive Directors receive a fixed fee for their participation on the Board and sub-committees of the Board. They do not receive performance-based incentives, but they are eligible, subject to shareholder approval, for the grant of options with vesting conditions which do not include performance-based criteria.

Non-Executive Directors fees are determined with an aggregate fee pool limit, which is periodically reviewed for adequacy. Any increase to the fee pool is submitted to shareholders for approval. There was no change in the fee pool limit during the

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

year ended 31 December 2021 and the fee pool currently stands at \$200,000 per annum, which was the amount approved by shareholders at the Company's inaugural Annual General Meeting (AGM) on 24 October 2017.

The annual Non-Executive Director fees were as follows:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Chairman	60,000	60,000
Non-Executive Directors	40,000	40,000

Fees are shown exclusive of superannuation contributions, at the statutory rate of 10% (9.5% FY20-S), that are made on behalf of Non-executive Directors in accordance with the requirements of the Company's statutory superannuation obligations.

Other benefits and remuneration for additional services

The Company's Constitution provides that the Board may, subject to the ASX Listing Rules, authorise the provision of other benefits by the Company to a Director for services as a director or in any other capacity if the Board is satisfied that to do so is fair to the Company. The Board may also authorise special remuneration to any Director who is or has been engaged by the Company to carry out work or perform any services which are not in their capacity as a director of the Company or a related company. A Director may also be reimbursed for reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as a Director.

Executive Remuneration

Executive remuneration comprises elements of fixed remuneration (salary), short-term and long-term incentive plan components. These are set with reference to the Company's performance and the market. Fixed remuneration, which reflects the individual's role and responsibility as well as their experience and skills, includes base pay and statutory superannuation. Remuneration at risk is provided through short-term and long-term incentive plan components, linked to performance measured against operational and financial targets set by the Company. These are designed to achieve operational and strategic targets for the sustainable growth of the Company and long-term shareholder value.

Executive remuneration components are summarised in the table below:

Element	Delivery	Purpose	Performance metrics	Potential value
Total Fixed Remuneration	Cash	To attract high calibre executives and retain them by offering competitive market salary including superannuation and other non-monetary benefits	N/A	Determined through negotiation with executives, considering skill and experience, market factors and remuneration levels of comparative group of companies.
Short Term Incentive (STI)	Cash	Reward for annual performance based on agreed short term performance objectives.	Combination of corporate and personal performance measures as determined by the board	Target 25% of Annual Salary, with room for board discretion depending on performance.
Long Term Incentive (LTI)	Performance rights or other equity instruments	Retention and alignment of executives to longer term shareholder value. Award given in securities to encourage executives to hold shares in the Company.	Agreed for each grant.	Agreed for each grant.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

Fixed remuneration

Executives may receive their fixed remuneration as cash, superannuation contributions and non-monetary benefits such as access to company vehicles, where applicable. Fixed remuneration is reviewed annually, or on promotion taking into account market data for comparable roles in companies in a similar industry and with similar market capitalisation, and with the flexibility to take into account capability, experience, value to the organisation and performance of the individual.

During the year ended 31 December 2021 CFO fixed remuneration increased by 9%. CEO remuneration remained unchanged.

Short-Term Incentive Plan (STI)

The STI plan provides reward for short term performance based on agreed performance objectives.

i) Year ended 31 December 2021

Feature	Description																				
Target opportunity	CEO and CFO: 25% of Annual Salary																				
Performance metrics	STI metrics align with our strategic priorities of grow, operational excellence, shareholder value and fostering talented and engaged people. Performance metrics for the year ended 31 December 2021 were premised on achievement of business milestones and attainment of the budget (mainly EBITDA) for the relevant financial period.																				
Determination of Outcomes for FY21	The Board assessed overall STI attainment for the period based on the financial results (in comparison to the budget), and considering challenges in the general operating environment; with the following highlights: <ul style="list-style-type: none">- Sales and biomass growth achieved during the year- Revenue of \$8.4 million- Underlying EBITDA of \$2.7 million- Net profit of \$451k																				
STI opportunity and award for FY21	<p>The following table shows details of the STI opportunity, as a percentage of Annual Salary, for each of the KMP, and the amounts granted and forfeited for the year ended 31 December 2021.</p> <table><tr><th>Name</th><th colspan="2">Target opportunity</th><th>Amount granted</th><th>Amount forfeited</th></tr><tr><th></th><th>%</th><th>Amount</th><th>%</th><th>%</th></tr><tr><td>I Halman</td><td>25%</td><td>\$57,309</td><td>100%</td><td>-</td></tr><tr><td>S Matute</td><td>25%</td><td>\$80,000</td><td>128%</td><td>-</td></tr></table>	Name	Target opportunity		Amount granted	Amount forfeited		%	Amount	%	%	I Halman	25%	\$57,309	100%	-	S Matute	25%	\$80,000	128%	-
Name	Target opportunity		Amount granted	Amount forfeited																	
	%	Amount	%	%																	
I Halman	25%	\$57,309	100%	-																	
S Matute	25%	\$80,000	128%	-																	

ii) Financial year ending 31 December 2022

The STI plan for the financial year ending 31 December 2022 (FY22) will be similar to FY21, with each of the KMP having an STI opportunity 25% of Annual Salary, and performance metrics-based attainment of the corporate budget and business milestones. The Board may make changes to the STI scheme at its discretion should business priorities change during the period to ensure incentives remain aligned with shareholders' interests.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

Long-Term Incentives (LTI)

LTI is part of the Company's remuneration strategy and designed to align the long-term interests of management and shareholders and assists the Company to attract, motivate and retain executives. In particular, the LTI plan is designed to provide relevant directors and key employees with an incentive to remain with Angel Seafood and contribute to the future performance of the Group over the long term.

Following are details of the key components and conditions of the Performance Shares, Performance Rights and Options comprising the Company's current LTI schemes.

Performance Shares (Pre-IPO)

Each Performance Share is a share in the capital of the Company and confers on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Performance Share is not transferable and does not entitle the holder to dividends or to vote on any resolutions proposed by the Company except as otherwise required by law. Full terms of the Performance shares are disclosed in the Company's prospectus dated 19 February 2018.

1,000,000 Performance Shares remain on issue to I Halman and will convert into ordinary shares upon each, and all of the following occurring in the same 12-month period by 30 June 2022:

- a. the Company achieving, in relation to its business and assets at the date it is admitted to the Official List of ASX and the Haslam Assets and Cowell Assets, annual sales revenue, not including fair value adjustment, of at least \$8,000,000, as shown in the Company's audited financial statements; and
- b. the Company being cash flow positive for the financial year; and
- c. the Company achieving a net profit before tax of at least 2.66 cents earnings per Share assessed against net profit before tax.

The following table summarises Performance Shares on issue:

	31 Dec 2021 Number	31 Dec 2020 Number
Movement for the year ended 31 December 2021		
Balance at the beginning of the period	1,000,000	1,000,000
Converted to ordinary shares	-	-
Balance at the end of the period	1,000,000	1,000,000
At 31 December 2021		
Vested	-	-
Unvested	1,000,000	1,000,000
Total	1,000,000	1,000,000

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

Performance Rights (issued under Performance Rights and Options Plan)

Performance Rights are issued to Executives and senior managers within the Group from time to time, pursuant to the Company's Performance Rights and Option Plan (PROP), a copy of which is available on the Company's website at www.angelseafood.com.au. Vesting for each grant is contingent on the achievement of specific performance hurdles over an agreed period.

Performance Rights confer rights to ordinary shares of the Group, and when vested convert to ordinary shares on a 1:1 basis. While performance rights do not carry participation rights or entitlements inherent in ordinary shares and are not transferable; all shares issued upon the vesting and exercise of performance rights rank equally in all respects with other ordinary shares.

1,000,000 Performance Rights remain on issue to S Matute under the LTI plan, subject to the same vesting hurdles as for Performance Shares and expire on 30 June 2022.

The following table summarises the Performance Rights on issue under the PROP:

	31 Dec 2021 Number	31 Dec 2020 Number
Movement for the year ended 31 December 2021		
Balance at the beginning of the period	1,000,000	1,000,000
Converted during the period	-	-
Granted during the period	-	-
Balance at the end of the period	1,000,000	1,000,000
At 31 December 2021		
Vested	-	-
Unvested	1,000,000	1,000,000
Total	1,000,000	1,000,000

Options

Options issued Pre-IPO

Options issued to directors and executives prior to IPO are as follows. Full details were disclosed in the Company's Replacement Prospectus dated 19 February 2018, a copy of which is available on the Company's website at www.angelseafood.com.au.

	31 Dec 2021 Number	31 Dec 2020 Number
Movement for the year ended 31 December 2020		
Balance at the beginning of the year	12,000,000	12,000,000
Exercised during the period	(6,000,000)	-
Balance at the end of the year	6,000,000	12,000,000
At 31 December 2020		
Vested	6,000,000	12,000,000
Unvested	-	-
Total	6,000,000	12,000,000

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

Options issued under current Performance Rights and Options Plan

Options are also issued pursuant to the PROP. The following table summarises the options on issue under the PROP:

	31 Dec 2021 Number	31 Dec 2020 Number
Movement for the year ended 31 December 2021		
Balance at the beginning of the year	4,700,000	4,700,000
Granted during the period	-	-
Balance at the end of the year	4,700,000	4,700,000
At 31 December 2021		
Vested	4,700,000	4,700,000
Unvested	-	-
Total	4,700,000	4,700,000

E. RELATIONSHIP BETWEEN REMUNERATION AND GROUP PERFORMANCE

The link between incentives to KMP and Group performance is detailed in Section (D) of this report.

Statutory performance indicators

The Board aims to align executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five financial periods as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, see Section (D) above. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded to executives.

	12 months to 31 Dec 2021	6 months to 31 Dec 2020 ⁽¹⁾	12 months to 30 Jun 2020	12 months to 30 Jun 2019	12 months to 30 Jun 2018 ⁽²⁾
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	8,415	3,765	4,966	4,272	1,459
Underlying EBITDA	2,652	1,407	1,480	1,175	(890)
Net Profit/(Loss) after tax attributable to members of the parent entity	451	719	252	305	(1,143)
Share price at start of period ⁽ⁱ⁾	\$0.17	\$0.14	\$0.20	\$0.16	\$0.20
Share price at end of period	\$0.19	\$0.17	\$0.14	\$0.20	\$0.16
Basic earnings (cents) per share	0.28	0.54	0.19	0.24	(1.18)
Diluted earnings (cents) per share	0.28	0.53	0.19	0.22	(1.13)
Interim and final dividend	N/A	N/A	N/A	N/A	N/A

1. The Company changed its financial year end from 30 June to 31 December with effect from 1 July 2020; with a 6-month transitional financial period ended 31 December 2020.
2. The Company was incorporated on 27 September 2016 as a proprietary company and was changed to an unlisted public company on 21 April 2017. Initial listing on the ASX occurred on 21 February 2018. The share price at start of year is based on the value of shares taken up pursuant to the Prospectus and at initial listing.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

F. DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration for the year ended 31 December 2021

	FIXED REMUNERATION				VARIABLE REMUNERATION			Total	Performance related
	Salaries and fees	Super-annuation	Leave ⁽¹⁾	Other	Short term incentive (cash) ⁽²⁾	Performance shares and rights ⁽³⁾	Options ⁽³⁾		
	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors									
T Goldsmith	60,000	5,850	-	-	-	-	-	65,850	-
M Porter	40,000	3,900	-	-	-	-	-	43,900	-
A Roff ⁽⁴⁾	16,667	1,583	-	-	-	-	-	18,250	-
Non-Executive Directors	116,667	11,333	-	-	-	-	-	128,000	-
Executives/KMP									
I Halman	230,000	22,425	32,778	7,529 ⁽⁵⁾	57,309	45,511	-	395,552	26%
S Matute	250,000	24,375	19,960	-	80,000	50,861	-	425,196	31%
Executives	480,000	46,800	52,738	7,529	137,309	96,372	-	820,748	28%
TOTAL	596,667	58,133	52,738	7,529	137,309	96,372	-	948,748	25%

1. Represents annual leave and long service leave entitlements, being the net movement in accrued benefits during the period.
2. Performance based Short Term Incentive with respect to performance for the year ended 31 December 2021.
3. Represents amounts expensed in the Company's profit and loss during the year for shares, performance shares and rights and share options granted to Directors and Executives. These amounts are recognised in the profit and loss over the vesting period of each grant in accordance with AASB 2 Share-based Payments.
4. A Roff retired from the Board of Directors on 28 May 2021.
5. Benefit relating to use of Company vehicle measured in accordance with the Fringe Benefits Tax Assessment Act 1986.

Remuneration for the six-month period ended 31 December 2020

	FIXED REMUNERATION				VARIABLE REMUNERATION			Total	Performance related
	Salaries and fees	Super-annuation	Leave ⁽¹⁾	Other	Short term incentive (cash) ⁽²⁾	Performance shares and rights ⁽³⁾	Options ⁽³⁾		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors									
T Goldsmith	30,000	2,850	-	-	-	-	-	32,850	-
M Porter	20,000	1,900	-	-	-	-	-	21,900	-
A Roff	20,000	1,900	-	-	-	-	-	21,900	-
Non-Executive Directors	70,000	6,650	-	-	-	-	-	76,650	-
Executives/KMP									
I Halman	115,000	10,925	11,525	11,245 ⁽⁴⁾	28,750	22,943	-	200,388	26%
S Matute	110,000	10,450	9,081	-	27,500	25,639	-	182,670	29%
Executives	225,000	21,375	20,606	11,245	56,250	48,582	-	383,058	27%
TOTAL	295,000	28,025	20,606	11,245	56,250	48,582	-	459,708	23%

1. Represents annual leave and long service leave entitlements, being the net movement in accrued benefits during the period.
2. Performance based Short Term Incentive with respect to performance for the six-month period ended 31 December 2020.
3. Represents amounts expensed in the Company's profit and loss during the year for shares, performance shares and rights and share options granted to Directors and Executives. These amounts are recognised in the profit and loss over the vesting period of each grant in accordance with AASB 2 Share-based Payments.
4. Benefit relating to use of Company vehicle measured in accordance with the Fringe Benefits Tax Assessment Act 1986.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

G. KEY TERMS OF EMPLOYMENT CONTRACTS

Below is a summary of key terms of contracts for Non-Executive Directors and KMP:

Non-executive Directors

The Company has entered into letters of appointment with each Non-Executive Director, which set out the terms and conditions of their appointment. Directors are subject to the provisions of the Constitution relating to retirement by rotation and re-election of directors. A Director may terminate their directorship at any time by advising the Board in writing. The Non-Executive Director Agreements are otherwise made on standard commercial terms and in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Ed).

Non-Executive Directors receive fixed annual remuneration, composed of fees and statutory superannuation payments where applicable. Further remuneration details are provided in Section (D) of this Remuneration report.

Executive Service Agreements

The table below summarises the key terms of engagement for KMP effective from 1 January 2022 and as of the date of this report.

Name	Position	Term of Agreement	Fixed remuneration	Incentives	Notice period
I Halman	Chief Executive Officer	Ongoing	\$230,000 plus 10% super	25% STI Eligible for LTI	3 months' notice to be given by either party
S Matute	Chief Financial Officer	Ongoing	\$250,000 plus 10% super	25% STI Eligible for LTI	3 months' notice to be given by either party

The Executive Employment Agreements contain other standard terms and conditions expected to be included in contracts of their nature.

H. TERM AND CONDITIONS OF SHARE-BASED PAYMENT ARRANGEMENTS

Performance Shares

The terms and conditions of each grant of performance shares affecting the remuneration of Directors and KMPs in the current and future reporting periods are as follows:

Grant date	Last vesting date	Exercise price \$	Number granted	Value per performance share at grant
8 Feb 2018	30 Jun 2022	-	1,000,000	\$0.20

Performance Rights

The terms and conditions of each grant of performance rights affecting the remuneration of Directors and Key Management Personnel in the current and future reporting periods are as follows:

Grant date	Last vesting date	Exercise price \$	Number granted	Value per performance right at grant
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ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

7 May 2019	30 Jun 2022	-	1,000,000	\$0.17
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Options

There are no options affecting the remuneration of Directors and KMPs in the current and future reporting periods. All options vested and the costs were fully recognised in prior periods.

I. DIRECTORS AND KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Shareholdings

A reconciliation of the number of ordinary shares held by Directors and KMPs, including their personally related parties, in the Company is set out below:

	Balance at 1 Jan 2021	Exercise of options	Market acquisitions	Market disposals	Balance at Other 31 Dec 2021
T Goldsmith	4,240,000	-	-	-	- 4,240,000
M Porter	6,366,000	1,500,000	80,000	(3,000,000)	- 4,946,000
I Halman	23,270,210	1,500,000	-	-	- 24,770,210
A Roff ⁽¹⁾	116,666	-	-	-	(116,666) -
Total	33,992,876	3,000,000	80,000	(3,000,000)	(116,666) 33,956,210

1. A Roff retired from the Board of Directors on 28 May 2021.

Performance Shares

A reconciliation of the number of performance shares held by Directors and KMPs, including their personally related parties, in the Company is set out below:

	Balance at 1 Jan 2021	Granted	Performance shares converted	Expired/ Lapsed	Balance at 31 Dec 2021	Vested	Unvested
I Halman	1,000,000	-	-	-	1,000,000	-	1,000,000
Total	1,000,000	-	-	-	1,000,000	-	1,000,000

Performance Rights

A reconciliation of the number of performance rights held by Directors and KMPs, including their personally related parties, in the Company is set out below:

	Balance at 1 Jan 2021	Granted	Performance shares converted	Expired/ Lapsed	Balance at 31 Dec 2021	Vested	Unvested
S Matute	1,000,000	-	-	-	1,000,000	-	1,000,000
Total	1,000,000	-	-	-	1,000,000	-	1,000,000

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

Options

A reconciliation of the number of options held by Directors and KMPs, including their personally related parties, in the Company is set out below:

	Balance at 1 Jan 2021	Granted	Options exercised	Other	Balance at 31 Dec 2021	Vested	Unvested
T Goldsmith	3,000,000	-	-	-	3,000,000	3,000,000	-
M Porter	3,750,000	-	(1,500,000)	-	2,250,000	2,250,000	-
I Halman	1,500,000	-	(1,500,000)	-	-	-	-
S Matute	1,200,000	-	-	-	1,200,000	1,200,000	-
A Roff ⁽¹⁾	1,000,000	-	-	(1,000,000)	-	-	-
Total	10,450,000	-	(3,000,000)	(1,000,000)	6,450,000	6,450,000	-

1. A Roff retired from the Board of Directors on 28 May 2021.

Not all options were granted as part of KMP remuneration.

J. OTHER TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

There have been no transactions with Directors and KMP other than those described in this remuneration report. No loans were made from the Company to any Director or KMP and no loans were made from Directors or KMP to the Company during the year ended 31 December 2021 (FY20-S: nil).

Related party transactions

Details of transactions with related parties including KMPs are provided at Note 14 to the financial statements.

-- End of Remuneration Report --

Performance Shares, Performance Rights and Options

Holders of performance shares, performance rights and options do not have any rights to participate in any issue of shares or other interests of the Company or any other entity.

Performance shares

There were no performance shares issued during the year ended 31 December 2021 (FY20-S: nil). No shares were issued on conversion of vested performance shares during the year ended 31 December 2021 (FY20-S: nil).

At the date of this report, the unissued performance shares of the Company are as follows.

Classification	Grant date	Expiry date	Consideration payable (\$)	Number of options
Performance shares	8 Feb 2018	30 Jun 2022	Nil	1,000,000

Each outstanding performance share will, upon satisfaction of vesting conditions, convert to one ordinary share of the Company.

Performance rights

There were no performance rights issued during the financial year ended 31 December 2021. (FY20-S: Nil). No shares were issued on exercise of vested performance rights during the financial year ended 31 December 2021 (FY20-S: nil).

At the date of this report, unissued ordinary shares of the Company under performance rights are as follows.

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

Classification	Grant date	Expiry date	Consideration payable (\$)	Number of options
Performance rights	7 May 2019	30 Jun 2022	Nil	1,000,000

Each outstanding performance right will, upon satisfaction of vesting conditions, convert to one ordinary share of the Company.

Options

During the year ended 31 December 2021, no options were issued (FY20-S: nil). 6,000,000 shares were issued on the exercise of options during the year ended 31 December 2021 (FY20-S: nil).

At the date of this report, outstanding options of the ordinary shares of the Company are as follows:

Grant date	Vesting date	Expiry date	Exercise price \$	Number granted
7 May 2019	25 Feb 2020	25 Feb 2023	0.28	1,200,000
30 Mar 2020	30 Mar 2020	30 Mar 2024	0.40	3,500,000

A total of 6,000,000 options (4,000,000 with 20c exercise price and 2,000,000 with 40c exercise price) expired on 21 February 2022.

Controlled entities

There have been no options, performance shares or performance rights granted over unissued shares or interests of any controlled entity within the Group since the end of the reporting period.

For details of options, performance shares and performance rights issued to Directors and executives as remuneration, refer to the Remuneration Report.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial period.

Indemnification and Insurance of Officers or Auditor

During the financial period, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Audit and Non-Audit Services

The Board of Directors is satisfied that the provision of audit and non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the non-audit services provided by the auditors during the period did not compromise the external auditor's independence. All services provided by the external auditor or associates are reviewed and approved by the Board to ensure they do not adversely affect the integrity and objectivity of the auditor. The following fees were paid or payable to William Buck and its associates for audit and non-audit services provided during the year ended 31 December 2021:

ANGEL SEAFOOD HOLDINGS LTD (ACN 615 035 366) – REMUNERATION REPORT (AUDITED)

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Audit services		
Auditing/reviewing the financial statements for Company	39,000	19,000
Total audit fees	39,000	19,000
Non-audit Services		
- Tax compliance	31,253	18,265
Total fees paid to William Buck	70,253	37,265

Auditor's independence declaration

The auditor's independence declaration is included on page 30 of the Annual Report.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Tim Goldsmith
Chairman

28 February 2022

Auditor's Independence Declaration Under Section 307c Of The Corporations Act 2001 To The Directors Of Angel Seafood Holdings Ltd

I declare that, to the best of my knowledge and belief during the year ended 31 December 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (SA)
ABN: 38 280 203 274

M.D. King

M.D. King
Partner

Dated this 28th day of February, 2022 in Adelaide, South Australia.

ACCOUNTANTS & ADVISORS

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Angel Seafood Holdings Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Angel Seafood Holdings Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	
Biological assets existence and valuation Refer also to notes 8(a), 20(c) and 20(q)	How our audit addressed it
<p>The Group's biological assets consist of oysters, which are measured at fair value less costs to sell.</p> <p>The process of estimating the number and fair value is complex involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a model that uses a number of inputs from internal and external sources.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – Documenting the processes and assessing the internal controls relating to the existence and valuation methodology applied to biological assets; – Attending a physical inspection of oyster leases and grading during the year to observe and document the process and related controls;

ACCOUNTANTS & ADVISORS

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<p>This area is a key audit matter due to the complex nature involving a number of judgements and estimates.</p>	<ul style="list-style-type: none"> – Reviewing the inputs used in the valuation model by comparing to actual performance subsequent to reporting date, comparing with historical performance of the Group and comparing to external data such as current oyster prices, where external data is available; – Reviewing the historical accuracy of the Group's assessment of the fair value of Oysters by comparing to actual outcomes; and – Assessing the adequacy of the related disclosures within the financial statements.
KEY AUDIT MATTER	
Carrying value of property, plant and equipment and intangible assets Refer also to notes 8(b) 8(c), 20(c), 20(k), 20(l) and 20(m)	How our audit addressed it
<p>As disclosed in Notes 8(b) and 8(c), at 31 December 2021 the Group's statement of financial position includes property, plant and equipment of \$9,216,516 and intangible assets of \$7,507,670, which make up one cash generating unit (CGU). The oyster leases are considered indefinite life intangible assets.</p> <p>Management have used the fair value less costs of disposal method to calculate the fair value of the business and support the carrying value of CGU. The key input used in deriving the estimated fair value of the business is the offer received from Laguna Bay to purchase certain shares in the parent company, Angel Seafood Holdings Limited, for \$0.20 per share.</p> <p>The outcome of this assessment could vary significantly if different assumptions were applied and as a result the evaluation of the carrying value of property, plant and equipment and intangible assets is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> – We understood, evaluated and validated management's key controls over the impairment assessment process; – We reviewed and tested management's reconciliation of the valuation, used for impairment testing purposes, noting that the Group has one single CGU and segment; – Agreed key assumptions to the offer received by the Company, which has been used for assessing the fair value of the Group for impairment purposes; – We reviewed and tested management's reconciliation of the valuation, used for impairment testing purposes, to the entity's market capitalisation, noting that the Group has one single CGU and segment; – We have compared the carrying value of the Group's assets to the recoverable amount determined by the impairment test to identify if there are any impairment losses; – We also considered the appropriateness and reviewed the disclosures in the consolidated financial statements. <p>We found the Group's impairment assessment of the CGU to be supported by the available evidence.</p>
KEY AUDIT MATTER	
Liquidity and capital management Refer also to note 11(b)	How our audit addressed it
<p>To support the basis of preparation of the financial statements, the Group has prepared a forecast of its cash flows, which includes a number of significant assumptions about sales and production and estimates of cash outflows.</p> <p>The Group's operations are subject to a number of operational and environmental risks inherent in primary industries and the nature of biological stock which may ultimately have an impact on the Group's cash flows and liquidity. As a result, our assessment of liquidity and capital management as it relates to the basis of preparation of the financial statements is considered a key audit matter.</p>	<p>We assessed the main assumptions in the Group's cash flow forecast for at least 12 months from the date of signing the auditor's report, by performing the following procedures, amongst others:</p> <ul style="list-style-type: none"> — Evaluating the assumptions used in management's cash flow forecasts; — Compared actual revenue and cost outcomes for the prior period and the current year to date to Group forecasts; — Ensuring that all committed capital purchases and debt facility reduction requirements are taken into consideration. <p>We evaluated the Group's potential opportunities for cash conservation as well as options for raising additional funds. We also considered the appropriateness of the liquidity risk disclosures included within the financial statements.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Angel Seafood Holdings Ltd, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



William Buck (SA)

ABN: 38 280 203 274



M.D. King

Partner

Dated this 28th day of February, 2022 in Adelaide, South Australia.

FINANCIAL STATEMENTS

FOR THE YEAR PERIOD ENDED 31 DECEMBER 2021

The financial statements are presented in Australian dollars which is the functional currency of entities within the Group.

Angel Seafood Holdings is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

48 Proper Bay Road
 Port Lincoln SA 5606
 Australia

A description of the nature of the consolidated entities operations and its principal activities is included in the directors' report on pages 4 to 30, which is not a part of these financial statements.

These financial statements were authorised for issue by the Directors of the Company on 28 February 2022. The Directors have the power to amend and reissue the financial statements.

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ANGEL SEAFOOD HOLDINGS LIMITED (ACN 615 035 366)
31 DECEMBER 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

		12 months to 31 Dec 2021	6 months to 31 Dec 2020
	Note	\$	\$
Revenue	3	8,414,913	3,764,763
Fair value adjustment of biological assets	8(a)	2,813,844	726,264
Other income	4	813,574	778,331
Cost of biological stock	8(a)	(2,292,085)	(894,680)
Employee benefits	5	(4,066,507)	(1,776,799)
Depreciation and amortisation expense	5	(1,260,908)	(493,205)
Other expenses		(3,031,253)	(1,190,395)
Finance costs		(400,695)	(195,736)
Product recall costs		(539,758)	-
Profit before income tax	5	451,125	718,543
Income tax	6	-	-
Profit for the period		451,125	718,543
Other comprehensive income		-	-
Total comprehensive income for the period		451,125	718,543
Total comprehensive income attributable to:			
Members of the Angel Seafood Holdings Limited		451,125	718,543

Earnings per share (EPS)

Basic EPS (cents)	17	0.28	0.54
Diluted EPS (cents)	17	0.28	0.53

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

ANGEL SEAFOOD HOLDINGS LIMITED (ACN 615 035 366)
31 DECEMBER 2021

Consolidated Statement of Financial Position

As at 31 December 2021

		31 Dec 2021	31 Dec 2020
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7(a)	1,539,434	3,176,289
Trade and other receivables	7(b)	1,083,477	859,047
Biological assets	8(a)	7,484,788	4,990,372
TOTAL CURRENT ASSETS		10,107,699	9,025,708
NON-CURRENT ASSETS			
Biological assets	8(a)	1,952,334	1,461,375
Property, plant and equipment	8(b)	9,216,516	7,957,610
Intangible assets	8(c)	7,507,670	7,678,628
Other assets	8(d)	-	7,849
TOTAL NON-CURRENT ASSETS		18,676,520	17,105,462
TOTAL ASSETS		28,784,219	26,131,170
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7(c)	1,441,689	1,018,799
Borrowings	7(d)	3,301,113	1,788,203
Employee benefits	8(e)	333,169	395,469
TOTAL CURRENT LIABILITIES		5,075,971	3,202,471
NON-CURRENT LIABILITIES			
Borrowings	7(d)	5,222,784	5,533,862
Employee benefits	8(e)	107,994	64,347
TOTAL NON-CURRENT LIABILITIES		5,330,778	5,598,209
TOTAL LIABILITIES		10,406,749	8,800,680
NET ASSETS		18,377,470	17,330,490
EQUITY			
Share Capital	9(a)	19,571,394	18,703,911
Reserves	9(b)	689,479	961,107
Accumulated losses		(1,883,403)	(2,334,528)
Total equity attributable to equity holders of the Company		18,377,470	17,330,490
TOTAL EQUITY		18,377,470	17,330,490

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

ANGEL SEAFOOD HOLDINGS LIMITED (ACN 615 035 366)
31 DECEMBER 2021

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 January 2021	18,703,911	961,107	(2,334,528)	17,330,490
Comprehensive income for the period	-	-	451,125	451,125
<i>Transactions with owners in their capacity as owners</i>				
Issuance of shares net of transaction costs	490,483	-	-	490,483
Transfer from share-based payments reserve on exercise of options	377,000	(377,000)	-	-
Share-based payment expense recognised	-	105,372	-	105,372
	867,483	(271,628)	451,125	1,046,980
Balance at 31 December 2021	19,571,394	689,479	(1,883,403)	18,377,470
Balance as at 1 July 2020	14,936,061	912,524	(3,053,071)	12,795,514
Comprehensive income for the period	-	-	718,543	718,543
<i>Transactions with owners in their capacity as owners:</i>				
Issuance of shares net of transaction costs	3,767,850	-	-	3,767,850
Share-based payment expense recognised	-	48,583	-	48,583
	3,767,850	48,583	718,543	4,534,976
Balance at 31 December 2020	18,703,911	961,107	(2,334,528)	17,330,490

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

ANGEL SEAFOOD HOLDINGS LIMITED (ACN 615 035 366)
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Consolidated Statement of Cash Flows

For the year ended 31 December 2021

		12 months to 31 Dec 2021	6 months to 31 Dec 2020
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,511,736	3,477,750
Payments to suppliers and employees		(9,537,157)	(3,958,764)
Government grants and incentives		419,270	831,827
Finance costs		(379,714)	(175,676)
Net cash inflow/(outflow) from operating activities	10	(985,865)	175,137
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(2,416,015)	(1,038,483)
Proceeds from disposal of property, plant and equipment		95,604	22,104
Net cash (outflow) from investing activities		(2,320,411)	(1,016,379)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares net of transaction costs		490,483	3,767,850
Proceeds from borrowings		2,000,000	478,201
Repayment of borrowings		(300,000)	(1,450,000)
Repayment of lease liabilities		(521,062)	(123,271)
Net cash inflow from financing activities		1,669,421	2,672,780
Net (decrease)/increase in cash and cash equivalents		(1,636,855)	1,831,538
Cash and cash equivalents at the beginning of the period		3,176,289	1,344,751
Cash and cash equivalents at the end of the period	7(a)	1,539,434	3,176,289

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

NOTES TO THE FINANCIAL STATEMENTS

HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;
- (b) analysis and sub-totals, including segment information; and
- (c) information about estimates and judgements made in relation to particular items.

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NOTE 1. INTRODUCTION

Angel Seafood Holdings Ltd and its controlled entities (the “Consolidated Group” or “Group”) principal activity is the growing and sale of oysters.

The consolidated financial statements and notes represent those of Angel Seafood Holdings Ltd and its wholly controlled entities.

The financial statements were authorised for issue on 28 February 2022 by the Directors of the Company.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a ‘for-profit entity’ for financial reporting purposes under Australian Accounting Standards.

Compliance with IFRS

The Consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected current and non-current assets.

Accounting policies

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Critical accounting estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Parent entity information

The condensed separate financial information of the parent entity, Angel Seafood Holdings Ltd, has been presented within this financial report in Note 18.

Change in financial year end

The Consolidated Group changed its reporting date from 30 June to 31 December, effective from 1 July 2020. The comparative information presented in the financial statements and notes to the financial statements is for the transitional six-month period ended 31 December 2020.

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NOTE 2. SEGMENT INFORMATION

The Group has one operating segment, being the multi-bay operations in South Australia that include oyster nursery and grow out operations in Cowell, and conditioning and finishing in Coffin Bay.

All of the Group's activities are interrelated and financial information is reported to the Board (Chief Operating Decision Maker) encompassing the results of the Group on a consolidated basis, consistent with the presentation of the results in the statutory consolidated financial statements.

NOTE 3. REVENUE

The Group's revenue is from the sales of oysters.

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Revenue from sales of oysters	8,414,913	3,764,763
Total revenue	8,414,913	3,764,763

Geographical distribution of sales

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Revenue from sales of oysters		
- Australia	8,281,713	3,754,131
- Asia (export sales)	133,200	10,632
Total revenue	8,414,913	3,764,763

80% of the Group's sales in Australia were attributable to 4 major customers, each with more than 10% of the Group's revenue (6 months to 31 December 2020: 74% from 5 customers).

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NOTE 4. OTHER INCOME

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
R&D Incentive	739,432	478,840
COVID-19 support grants	25,000	249,500
Government Grants	764,432	728,340
Net gain from disposal of assets	5,550	12,283
Interest income	571	637
Sundry income	43,021	37,071
Total other income	813,574	778,331

NOTE 5. EXPENSES

The result for the period was derived after charging the following items:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
<i>Employee benefits:</i>		
Salaries and wages	3,337,021	1,361,443
Directors fees	116,667	70,000
Short term incentive payments	133,171	91,056
Superannuation	317,592	136,254
Leave entitlements	(74,574)	19,152
Oncosts	97,258	50,311
Share-based payments	105,372	48,583
Total employee benefits and oncosts	4,066,507	1,776,799
<i>Depreciation and amortisation:</i>		
Depreciation	1,067,054	441,690
Amortisation	193,854	51,515
Total depreciation and amortisation	1,260,908	493,205
<i>Other expenses include the following:</i>		
Repairs and maintenance costs	483,544	138,736
Freight and cartage	416,278	162,571
Audit fees	39,000	19,000
Consultancy costs	255,085	172,215

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NOTE 6. INCOME TAX

Effective 1 January 2021 Angel Seafood Holdings Limited formed a tax consolidated group with wholly owned subsidiaries Angel Oysters Australia Pty Limited and Angel Seafood Infrastructure Pty Limited.

a) Income Tax expense

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Current tax expense	-	-
Deferred tax expense	-	-
Total Income tax expense	-	-

b) Numerical reconciliation of income tax to accounting profit/(loss):

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Profit/(loss) from continuing operations before tax	451,125	718,543
Tax expense at tax rate of 25% (31 December 2020: 26%)	(112,781)	(186,821)
Tax effect of amounts that are non-assessable/(not deductible) in calculating taxable income:		
- R&D Tax incentive	184,858	137,498
- Share-based payments	(26,343)	(12,631)
- Research and development expenses	(294,454)	(208,376)
- Under provision in prior periods		(36,784)
- Other allowances	(2,695)	62,165
- Unrecognised losses from prior periods brought to account	251,415	244,949
Income tax expense	-	-

c) Deferred tax balances

	31 Dec 2021	31 Dec 2020
	\$	\$
Deferred tax assets		
Lease liabilities	147,142	618,233
Employee benefit provisions	110,288	119,552
Accruals	31,833	6,773
Other deductible allowances	92,469	230,511
Tax losses	3,025,984	880,199
Other CGT assets	765,851	-
Total deferred tax assets	4,173,567	1,855,268
Deferred tax liabilities		
Biological assets	(1,961,242)	(1,369,862)
Property plant and equipment	(2,069,020)	(292,844)

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	31 Dec 2021	31 Dec 2020
	\$	\$
Intangible assets	(143,305)	(192,562)
Total deferred tax liabilities	(4,173,567)	(1,855,268)
Net deferred tax balance	-	-

Movement in net deferred tax balance

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Opening balance	-	-
Movement credited to profit and loss	-	-
Closing balance	-	-

d) Tax losses and unrecognised temporary differences

Due to inherent uncertainty surrounding forward forecasts in the primary industry, and therefore the Group's ability to fully utilise tax losses in the future, a deferred tax asset on tax losses has only been recognised to the extent that it offsets deferred tax liabilities. The tax losses and temporary differences for which no deferred tax assets have been recognised are as follows:

	31 Dec 2021	31 Dec 2020
	\$	\$
Available tax losses for which no deferred tax asset is recognised	1,999,644	2,604,818
Potential tax benefit at 25% (31 December 2020: 26%)	499,911	677,253

The taxation benefits of utilised tax losses and temporary differences not brought to account will only be obtained if:

- the entities forming the consolidated entity derive assessable income of a nature and an amount sufficient for tax losses and future deductions to be offset against;
- the entities continue to comply with the condition for utilisation of tax losses imposed by law; and
- no change in tax legislation affecting the availability and utilisation of losses.

Significant estimate and judgement - deferred tax assets

Judgements and estimates are required when determining the recognition and measurement of deferred tax asset. The Group has recognised a deferred tax asset in relation to unused tax losses and deductible temporary differences only to the extent that this offsets deferred tax liabilities due to the inherent uncertainty surrounding forecasting taxable income in primary industries, and therefore the Group's ability to fully utilise tax losses.

The utilisation/recognition of tax losses in future periods will be recognised as a tax benefit in those future periods.

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NOTE 7: FINANCIAL ASSETS AND LIABILITIES

a) Cash and cash equivalents

	31 Dec 2021	31 Dec 2020
	\$	\$
Cash at bank	1,539,434	3,176,289
	<u>1,539,434</u>	<u>3,176,289</u>

b) Trade and other receivables

	31 Dec 2021	31 Dec 2020
	\$	\$
Current		
Trade receivables	318,096	414,921
GST receivable	59,460	86,061
R&D Tax Incentive	703,575	348,628
Other receivables	2,346	9,437
	<u>1,083,477</u>	<u>859,047</u>

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An allowance for credit loss is included for any receivable where the entire balance is not considered collectible. No allowance for credit loss is required as of 31 December 2021 (31 December 2020: Nil).

Additional Information in relation to financial risks concerning or with a potential impact on financial assets and liabilities is disclosed in Note 11 – Financial Risk Management.

c) Trade and other payables

	31 Dec 2021	31 Dec 2020
	\$	\$
Current		
Trade creditors and accruals	1,084,480	894,646
Other payables	357,209	124,153
	<u>1,441,689</u>	<u>1,018,799</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

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d) Borrowings

	31 Dec 2021	31 Dec 2020
	\$	\$
Current		
<i>Secured liabilities</i>		
Bank loan facility (Working Capital Facility)	2,000,000	1,000,000
Bank loan facility (Business Loans)	513,256	300,000
Lease liabilities and asset finance	787,857	488,203
	<u>3,301,113</u>	<u>1,788,203</u>
Non-current		
<i>Secured liabilities</i>		
Bank loan facility (Business Loans)	2,909,675	2,417,076
Lease liabilities and asset finance	2,313,109	3,116,786
	<u>5,222,784</u>	<u>5,533,862</u>

i. Bank Facilities

The Group has loan facilities with National Australia Bank (NAB); a revolving Working Capital Facility of \$3 million (31 December 2020: \$3 million), and Business Expansion loans of \$3.475 million (31 December 2020: \$2.775 million). Interest is incurred on the drawn down portion of these facilities at floating interest rates. As at 31 December 2021 the interest rate on these facilities was 3.867% (31 December 2020: 3.84%).

Working Capital Facility – \$3 million

This is a working capital facility renewable every year at the anniversary date, subject to an annual review. The next renewal date is 30 November 2022. A balance of \$2 million was drawn down as at 31 December 2021 (31 December 2020: \$1 million) and is classified as a current liability.

Business Loans – \$3.475 million

The Group has two Business Expansion facilities:

- *Business Expansion Loan* with a facility limit of \$2.475 million. The facility limit (or balance, if the facility has been fully drawn) will reduce by \$75,000 every quarter until 30 November 2024 when the facility expires. At 31 December 2021 the balance for this facility was \$2,417,076 of which \$300,000 has been classified as current, and \$2,117,076 as non-current.
- *SME Guarantee Scheme Loan* of \$1 million is to be repaid in monthly instalments, from December 2021, over a period of 5 years. At 31 December 2021 \$213,256 of this loan has been classified as current, and \$793,599 as non-current.

Security

NAB bank facilities are secured by a first claim over present and future rights, property and undertakings of the consolidated Group.

Loan Covenants

Under the terms of the NAB facilities, the Group is required to comply with the following financial covenants:

- Minimum Interest Cover ratio (EBITDA / finance costs) of 2; and
- Minimum Capital Adequacy ratio (Tangible Net Worth / Total Tangible Assets) of 35% (water leases owned by Angel are considered 'Tangible' for this assessment).

The Group was in compliance with these covenants at 31 December 2021 and for the period then ended.

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NOTE 8. NON-FINANCIAL ASSETS AND LIABILITIES

a) Biological assets

	31 Dec 2021	31 Dec 2020
	\$	\$
Live Oysters		
Oyster stock (at cost)	1,354,577	1,183,046
Oyster stock (fair value adjustment)	8,082,545	5,268,701
Total biological stock	<u>9,437,122</u>	<u>6,451,747</u>
Statement of Financial Position classification:		
Current	7,484,788	4,990,372
Non-current	1,952,334	1,461,375
Total biological stock	<u>9,437,122</u>	<u>6,451,747</u>

The biological assets disclosed as a current asset are oysters that are expected to be available to sell in the next twelve months (i.e., an adequate size for sale).

Reconciliation of biological assets

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Stock value at the beginning of the period	6,451,747	5,233,405
Purchases/additions	2,463,616	1,386,758
Cost of biological stock (sales and mortality)	(2,292,085)	(894,680)
Net movement in fair value adjustment	2,813,844	726,264
Total biological stock	<u>9,437,122</u>	<u>6,451,747</u>

Significant estimates and judgements – Valuation of biological stock

Management value oysters held for sale at their fair value less costs to sell in accordance with AASB141 Agriculture. Estimated fair values are based on estimated selling prices observed in the industry and other relevant factors that ultimately impact fair value. Where there are no observable prices, management may determine a fair price based on certain deductions made on the closest comparable prices. These estimates may vary from net proceeds ultimately achieved.

There is inherent uncertainty in the biomass estimate and resultant fair valuation of the Biological assets. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. The estimated fair value of oyster inventory is based on a stock lifecycle model developed internally by the Group which incorporates various key assumptions to simulate stock growth which are regularly reviewed and updated. These assumptions include anticipated:

- Oyster prices less cost to sell
- Mortality rates
- Spawning cycles
- Seasonal growth rates

Actual growth will invariably differ to some extent, which is monitored along with mortality rates during periodic physical grading and harvest counts. Perpetual stock records are then adjusted and reconciled following the completion of each periodic physical count.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level than an input that is significant to the measurements can be categorised into as follows:

- Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3** Unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included at Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- i. *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- ii. *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.
- iii. *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risk. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The Group's valuation of Biological Assets is considered to be Level 2 in the fair value hierarchy. A gain of \$2,813,844 has been recognised in the profit and loss for the year ended 31 December 2021 (6-month period ended 31 December 2020: \$726,264) to measure the biological assets at fair value.

There were no transfers between levels of the fair value hierarchy during the period.

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b) Property plant and equipment

	Land and buildings	Oyster lease infrastructure	Plant and equipment	Assets under construction	Total
	\$	\$	\$	\$	\$
At 1 January 2021					
Cost	2,440,293	4,576,915	3,127,452	253,003	10,397,663
Accumulated depreciation	(104,589)	(1,318,474)	(1,016,990)	-	(2,440,053)
Net book amount	2,335,704	3,258,441	2,110,462	253,003	7,957,610
Year ended 31 December 2021					
Opening net book amount	2,335,704	3,258,441	2,110,462	253,003	7,957,610
Additions	164,130	1,342,129	704,974	204,781	2,416,015
Disposals	-	-	(90,055)	-	(90,055)
Transfers	-	253,003	-	(253,003)	-
Depreciation	(50,101)	(583,618)	(433,335)	-	(1,067,054)
Closing net book amount	2,449,733	4,269,955	2,292,046	204,781	9,216,516
At 31 December 2021					
Cost	2,604,355	6,171,382	3,701,040	204,781	12,681,558
Accumulated depreciation	(154,622)	(1,901,427)	(1,408,994)	-	(3,465,042)
Net book amount	2,449,733	4,269,955	2,292,046	204,781	9,216,516
At 1 July 2020					
Cost	2,425,935	4,204,375	2,553,819	205,451	9,389,580
Accumulated depreciation	(79,731)	(1,075,056)	(864,153)	-	(2,018,940)
Net book amount	2,346,204	3,129,319	1,689,666	205,451	7,370,640
Six-month period ended 31 December 2020					
Opening net book amount	2,346,204	3,129,319	1,689,666	205,451	7,370,640
Additions	14,358	372,540	604,032	47,552	1,038,482
Disposals	-	-	(9,822)	-	(9,822)
Depreciation	(24,858)	(243,418)	(173,414)	-	(441,690)
Closing net book amount	2,335,704	3,258,441	2,110,462	253,003	7,957,610
At 31 December 2020					
Cost	2,440,293	4,576,915	3,127,452	253,003	10,397,663
Accumulated depreciation	(104,589)	(1,318,474)	(1,016,990)	-	(2,440,053)
Net book amount	2,335,704	3,258,441	2,110,462	253,003	7,957,610

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Right-of-use assets

Property, plant and equipment includes right-of-use assets of \$457,532 in relation to leased equipment as at 31 December 2021 (31 December 2020: \$521,499) for which a depreciation charge of \$118,118 was recognised during the financial year ended 31 December 2021 (6 months to 31 December 2020: \$54,244). The right-of-use assets are encumbered as security for lease liabilities of \$345,004 (31 December: \$436,706).

Assets pledged as security for borrowings

Plant and equipment include \$576,225 of assets pledged as security under asset finance arrangements as at 31 December 2021 (31 December 2020: \$669,260).

Significant estimates and judgments - recoverability of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment (impairment indicators). If impairment indicators are noted, management performs an impairment assessment by comparing recoverable value (higher of value in use and fair value less cost to sale) of assets to their carrying values, at the individual asset level or for the respective cash generating unit (CGU). Where the carrying value of an asset or CGU exceeds its recoverable value, an impairment loss is recognised to reduce the carrying value to the recoverable value.

COVID-19 was declared a global pandemic in March 2020 and resulted in restrictions on social gatherings and businesses that impacted traditional channels to market, and the economy at large. An impairment assessment was undertaken for the CGU and it was concluded that the carrying values of property plant and equipment are recoverable. Refer to Note 8(c) below for more disclosures on the impairment assessment.

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c) Intangible Assets

	Oyster leases	Other intangible assets	Total
	\$	\$	\$
At 1 January 2021			
Cost	7,799,747	17,823	7,817,570
Accumulated amortisation	(124,676)	(14,266)	(138,942)
Net book amount	7,675,071	3,557	7,678,628
Year ended 31 December 2021			
Net book amount at the beginning of the period	7,675,071	3,557	7,678,628
Additions	22,896	-	22,896
Amortisation	(190,297)	(3,557)	(193,854)
Net book amount at end of the period	7,507,670	-	7,507,670
At 31 December 2021			
Cost	7,822,643	-	7,822,643
Accumulated amortisation	(314,973)	-	(314,973)
Net book amount	7,507,670	-	7,507,670
At 1 July 2020			
Cost	7,312,529	17,823	7,330,353
Accumulated amortisation	(75,093)	(12,334)	(87,427)
Net book amount	7,237,436	5,489	7,242,925
Six-month period ended 31 December 2020			
Net book amount at the beginning of the period	7,237,436	5,489	7,242,925
Additions	487,217	-	487,217
Amortisation	(49,582)	(1,932)	(51,515)
Net book amount at end of period	7,675,071	3,557	7,678,628
At 31 December 2020			
Cost	7,799,747	17,823	7,817,570
Accumulated amortisation	(124,676)	(14,266)	(138,942)
Net book amount	7,675,071	3,557	7,678,628

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Oyster leases include right-of-use assets of \$2,566,542 at 31 December 2021 (31 December 2020: \$2,543,646), for which an amortisation charge of \$190,296 was recognised during the period (6 months to 31 December 2020: \$49,582). During the period there were additions of \$22,896 for right-of-use assets (6 months to 31 December 2020: \$487,217). Oyster leases are pledged as security for respective lease liabilities and bank facilities (Note 7(d)).

Significant estimates and judgements - *Impairment testing of intangible assets with indefinite lives*

For intangible assets with a finite life, at the end of each reporting period, management assess whether there are any indications that an asset may be impaired (i.e., its carrying amount may be higher than its recoverable amount). COVID-19 was declared a global pandemic in March 2020 and resulted in restrictions on social gatherings and businesses that impacted traditional channels to market, and the economy at large.

For intangible assets with an indefinite life, for impairment testing purposes, the Group identifies its cash generating unit (CGU) which is the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets of the Group.

Oyster leases are considered to be intangible assets with indefinite useful lives on the basis of reasonable expectation that they can be renewed at the end of each lease period for the foreseeable future. Consequently, Oyster leases are not amortised but are tested for impairment each reporting period in accordance with AASB 136 *Impairment of Assets*. Management have determined that there is one CGU.

For 31 December 2021, the recoverable amount of the CGU was determined based on fair value less cost of disposal, estimated with reference to the Indicative Non-Binding Offer received by the Company from Laguna Bay on 20 December 2021 to purchase all shares in the Company at 20c per share. This offer became binding on completion of confirmatory due diligence and signing of a Scheme Implementation Agreement on 10 February 2022. Refer to Note 13. The proposed transaction is an objective reference point for the implied fair value of the Company's sole CGU and is considered to be Level 2 in the fair value hierarchy.

At 31 December 2020 and prior years, the Company determined recoverable value on the basis of a DCF model to calculate Value In Use. The change was made this year due to the availability of reference information that is considered more objective.

The key assumptions used in the estimate of the Value In Use represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

	31 Dec 2021	31 Dec 2020
	%	%
Terminal value growth rate	N/A	1.5
Post tax discount rate	N/A	11.4

The COVID-19 pandemic is still unfolding globally and there is no certainty as to how far and until when the pandemic will remain. While the situation in Australia has improved and restrictions are progressively being eased; the situation remains fragile and new outbreaks may trigger significant changes. The pandemic and actions/restrictions imposed to combat the pandemic may have further adverse impacts on assumptions beyond those foreseen by management and could result in the recoverable value of the CGU being lower than the carrying value of assets in the future.

At each reporting date the Directors review intangible assets for impairment. No impairment was assessed as necessary during the year ended 31 December 2021 (31 December 2020: Nil).

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d) Other assets

	31 Dec 2021	31 Dec 2020
	\$	\$
Non-current		
Borrowing costs	-	6,849
Deposits	-	1,000
	<u>-</u>	<u>7,849</u>

e) Employee benefits provisions

	31 Dec 2021	31 Dec 2020
	\$	\$
Current		
Annual leave provision	181,354	299,575
Short term incentive	151,815	95,894
	<u>333,169</u>	<u>395,469</u>
Non-current		
Long service leave provision	107,994	64,347
	<u>107,994</u>	<u>64,347</u>

Current

The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience, the Group does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Non-current

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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NOTE 9. EQUITY

a) Share capital

	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	SHARES	SHARES	\$	\$
Issued and fully paid ordinary shares	161,574,854	155,515,175	21,699,653	20,822,853
Share issue costs			(2,128,259)	(2,118,942)
			<u>19,571,394</u>	<u>18,703,911</u>

i. Movements in share capital (excluding share issue costs)

	NUMBER OF SHARES	AVERAGE ISSUE PRICE	TOTAL
		\$	\$
Year ended 31 December 2021			
Opening balance	155,515,175		20,822,853
Issue of new shares:			
- Exercise of Options	6,000,000	0.145 ⁽¹⁾	876,800
- Employee Share Scheme	59,679	0.151	9,000
Closing balance	<u>161,574,854</u>		<u>21,699,653</u>
Six-month financial period ended 31 December 2020			
Opening balance	131,985,763		16,822,853
Issue of new shares:			
- Equity settled remuneration	23,529,412	0.170	4,000,000
Closing balance	<u>155,515,175</u>		<u>20,822,853</u>

¹ 0.145 includes the fair value of options previously recognised at issue and held in the share-based payment reserve. Options exercised had an exercise price of \$0.0833.

ii. Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

iii. Options

For information relating to share options issued to key management personnel during the financial period, refer to the Remuneration Report.

iv. Capital management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

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b) Reserves

	31 Dec 2021	31 Dec 2020
	\$	\$
Share-based payments reserve	689,479	961,107
	689,479	961,107

i. Movement in Share-based payments reserve

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Opening balance	961,107	912,524
Share-based payments expense	105,372	48,583
Transfer to share capital on exercise of options	(377,000)	-
Closing balance	689,479	961,107

ii. Share-based payments reserve

This reserve records, in accordance with AASB 2 Share-based Payments, the allocated fair value at grant date of share rights that have been granted and remain outstanding at the reporting date. The value determined is recognised evenly over the financial periods in which services are provided as specified by the performance period for each grant of share options or rights, subject to subsequent revision of the number of share rights expected to vest and the number that ultimately vest. The recognised value of share rights that vest and are exercised is transferred to share capital on the issue of shares.

The specific details of each tranche of options, performance rights and performance shares on issue are detailed in Note 15.

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NOTE 10. CASH FLOW INFORMATION

a) Reconciliation of net profit/(loss) to net cash flow from operating activities:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Profit for the period	451,125	718,543
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	193,854	51,515
- depreciation	1,067,054	441,690
- finance costs	13,133	11,850
- gain on sale of fixed assets	(5,550)	(12,283)
- share-based payments	105,372	48,583
- FV gain on revaluation of biological assets	(2,813,844)	(726,264)
Changes in assets and liabilities:		
- increase in trade and other receivables	(224,430)	(266,877)
- decrease in capitalised borrowing costs	7,848	8,211
- (increase) in biological assets	(171,531)	(492,078)
- increase in trade and other payables	409,756	375,509
- (decrease)/increase in employee benefits	(18,652)	16,738
Cashflows from operations	<u>(985,865)</u>	<u>175,137</u>

Non-cash financing and investing activities

The following investing and financing activities did not have a direct impact on the cash flows:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Recognition of ROU assets on lease arrangements	22,896	487,217
	<u>22,896</u>	<u>487,217</u>

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FINANCIAL RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note	Financial Risk	Page
11	Financial Risk Management	58

NOTE 11. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, lease liabilities and related party loans.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	31 Dec 2021	31 Dec 2020
	\$	\$
Financial assets at amortised cost		
Cash and cash equivalents	1,539,434	3,176,289
Trade and other receivables	1,083,476	859,047
	2,622,910	4,035,336
Financial liabilities at amortised cost		
Trade and other payables	1,441,689	1,018,799
Borrowings	8,523,897	7,322,065
	9,965,586	8,340,864

a) Financial Risk Management Policies

The Board are responsible for managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, liquidity risk and interest rate risk.

The Company's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance.

b) Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are liquidity risk, credit risk, and market risk consisting of interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Angel Seafood Holdings Ltd & Controlled Entities does not actively engage in the trading of financial assets for speculative purposes.

The principal categories of financial instruments used by the Group are:

- i. Trade receivables
- ii. Cash at bank
- iii. Trade and other payables
- iv. Borrowings, comprising bank facilities, lease liabilities and vendor finance

Risk exposure and mitigation strategies for specific risks faced are described below:

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I. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- i. preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- ii. monitoring undrawn credit facilities;
- iii. obtaining funding from a variety of sources;
- iv. maintaining a reputable credit profile;
- v. managing credit risk related to financial assets;
- vi. only investing surplus cash with major financial institutions; and
- vii. comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's ability to continue operating its business and execute its business plan over time will depend on its ability to generate free cash flow, to raise funds for operations and growth activities, and to service, repay or refinance debts as they fall due. The Group's operations are subject to a number of operational and environment risks inherent to primary industries and the nature of biological stock which may ultimately have an impact on the Group's cash flows and liquidity. The Group considers that it has both internal and external options to manage Group liquidity should need arise, including raising additional funding through debt and/or equity.

a) Financing arrangements

At 31 December 2021, the Company has access to the following undrawn revolving credit facilities:

	31 Dec 2021	31 Dec 2020
	\$	\$
Bank loan – Working Capital Facility	1,000,000	2,000,000
Bank loan – Business Expansion Facility	52,069	57,924
	1,052,069	2,057,924

The working capital facility has a limit of \$3,000,000 (31 December 2020: \$3,000,000), of which \$2,000,000 was drawn down at 31 December 2021 (31 December 2020: \$1,000,000). Funds may be drawn at anytime until 30 November 2022 and repaid at any time without notice. The facility is renewed annually subject to a review by the bank.

The Business Expansion facility has a limit of \$3,475,000 (31 December 2020: \$2,775,000), of which \$3,422,931 was drawn as at 31 December 2021 (31 December 2020: \$2,717,076). The limit (or balance, if the facility has been fully drawn) will reduce by \$75,000 every quarter, until 30 November 2024 when the facility expires.

b) Maturity of financial liabilities

The table below reflects an undiscounted contractual maturity analysis for financial liabilities (excluding bank revolving facilities that have no fixed cash flow profiles).

	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Total contractual cash flow	Carrying amount
	\$	\$	\$	\$		\$
31 December 2021						
<i>Non-derivatives</i>						
Trade creditors and other	1,441,689	-	-	-	1,441,689	1,441,689
<i>Borrowings</i>						
Lease and asset finance liabilities	415,201	609,446	2,698,804	2,659,489	6,382,940	3,100,966
Total non-derivatives	1,554,851	609,446	2,698,804	2,659,489	7,522,590	4,542,655

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	Less than 6 months	Between 6-12 months	Between 1-2 years	Between 2-5 years	Total contractual cash flow	Carrying amount
	\$	\$	\$	\$		\$
31 December 2020						
<i>Non-derivatives</i>						
Trade creditors and other	1,018,799	-	-	-	1,018,799	1,018,799
Borrowings						
Lease and asset finance liabilities	366,736	335,973	772,438	2,677,970	4,153,117	3,604,989
Total non-derivatives	1,385,535	335,973	772,438	2,677,970	5,171,916	4,623,788

The group does not have any Financial Guarantees to external parties.

II. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the invoice date.

Credit risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through taking trade deposits from prospective customers, title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The Group's main exposure to credit risk is in relation to receivables and deposits placed with financial institutions or suppliers. Trade receivables consist of a small number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that may be past due.

Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

As at 31 December 2021, there were no receivables that were past due (31 December 2020: Nil) and there were no expenses recognised during the financial period then ended for the write-off of receivables or provision for doubtful debts 31 December 2020: Nil).

All the Groups bank balances are held with National Australia Bank (NAB) which has a Standard & Poors (S&P) credit rating of 'AA-'.

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III. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Group to interest rate risk are limited to cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 31 December 2021, 52% of the Group debt is subject to a floating rate (31 December 2020: 51%).

The Group also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The net effective variable interest rate borrowings (i.e., unhedged debt) expose the Group to interest rate risk, which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	31 Dec 2021	31 Dec 2020
	\$	\$
Non-derivative Floating rate liabilities		
Bank loan facility (Working Capital Facility)	2,000,000	1,000,000
Bank loan facility (Business Expansion Loan)	3,422,931	2,717,076
	5,422,931	3,717,076

(ii) Group sensitivity to interest rates

Based on the floating rate financial liabilities and assets held by the Group at 31 December 2021, the following table shows the sensitivity of the Group's results to potential changes in the interest rate.

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Increase/(decrease) in profit before tax		
Interest rate 1% higher	(45,134)	(22,666)
Interest rate 1% lower	45,134	22,666
Impact on equity (other than accumulated losses)		
Interest rate 1% higher	-	-
Interest rate 1% lower	-	-

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OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note	Other information	Page
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NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER GUARANTEES

The Group does not have any significant capital commitment, contingent liabilities and has not provided any guarantees.

NOTE 13. EVENTS OCCURRING AFTER THE REPORTING DATE

Angel Seafood Holdings Ltd entered into a Scheme Implementation Agreement with Valley Seas BidCo Pty Ltd (BidCo), a subsidiary of Laguna Bay Agricultural No 1 Pty Ltd (Laguna Bay) on 10 February 2022.

In the Scheme Implementation Agreement, BidCo is proposing to purchase all of the shares in Angel (which entities associated with Laguna Bay do not already own) by way of a scheme of arrangement (with the exception of 16,178,927 shares held by CEO Isaac Halman and his affiliated entities) for a total cash consideration of \$0.20 per share. 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.

Directors consider the Scheme to be in the best interests of Angel's shareholders and unanimously recommend the Scheme, subject to no Superior Proposal emerging and an independent expert determining that the Scheme is in the best interests of Angel's shareholders.

NOTE 14. RELATED PARTY DISCLOSURES

a) Ultimate parent

Angel Seafood Holdings Limited is the ultimate holding company of the Group.

b) Subsidiaries

Interests in subsidiaries are set out in Note 19.

c) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel (KMP). Detailed remuneration disclosures are provided in the Remuneration Report.

Remuneration paid to KMP of the Group for the period is as follows:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Short term employee benefits	776,132	381,426
Post-employment benefits	58,133	28,025
Other long-term benefits	18,111	1,675
Share-based payments	96,372	48,582
	<u>948,748</u>	<u>459,708</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These are company contributions to superannuation funds of the respective KMP.

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Other long-term benefits

These amounts represent long service leave benefits accruing during the period.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

d) Transactions with other related parties:

Transactions with related parties, other than KMP in their capacity as KMP, are set out below:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
<i>Salaries and wages</i>		
K Halman	80,604	28,685
	<u>80,604</u>	<u>28,685</u>

Kady Halman is the spouse of Isaac Halman and is employed in the business under a commercial employment relationship. Kady Halman temporarily increased her hours from 50% to 100% for a 6-month period during the financial year.

e) Outstanding balances arising from transaction with related parties

There were no balances arising from transactions with related parties, apart from employee entitlements in relation to related parties that are employees of the Group.

NOTE 15. SHARE-BASED PAYMENTS

a) Types of share-based payment plans

The Group has a Performance Rights and Option Plan in existence which forms an important part of a comprehensive remuneration strategy for the Company's Directors and employees, and aligns their interests with those of shareholders by linking rewards to the long term success of the Company and its financial performance.

Measurement

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share-based payment reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share rights expected to vest. Non-market vesting conditions are included in assumptions about the number of share options or rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options or rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options or rights ultimately exercised are different to that estimated on vesting. Upon exercise of share options or rights, the proceeds received and the accumulated amount in the share options or rights reserve applicable to those share options or rights, net of any directly attributable transaction costs, are allocated to share capital.

Other 'non-employee' share-based payments arrangements

The Group may also issue equity instruments as settlement for goods and services provided by external parties. In these cases, the equity instruments are measured with reference to the value of the goods and/or services provided.

b) Summary and movement of options on issue

The table below summarises the number, weighted average exercise prices and movements in Options on issue during the financial period:

	31 Dec 2021		31 Dec 2020	
	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)	Number of options
Balance at the beginning of the period	0.2294	16,700,000	0.2294	16,700,000
Exercised during the period	0.0833	(6,000,000)	-	-
Balance at the end of the period	0.3581	10,700,000	0.2294	16,700,000
Vested and exercisable at end of the period	0.3581	10,700,000	0.2294	16,700,000

Each option is convertible into one ordinary share. There are no voting or dividend rights attached to the options. Voting and dividend rights will attach to the ordinary share when the options have been exercised.

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Share options outstanding at the end of the financial period have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price (\$)	31 Dec 2021	31 Dec 2020
			Number	Number
20 Apr 2017	28 Feb 2021	0.0833	-	6,000,000
8 Feb 2018	21 Feb 2022	0.2000	4,000,000	4,000,000
8 Feb 2018	21 Feb 2022	0.4000	2,000,000	2,000,000
7 May 2019	25 Feb 2023	0.2800	1,200,000	1,200,000
30 Mar 2020	30 Mar 2024	0.4000	3,500,000	3,500,000
			10,700,000	16,700,000

Weighted average remaining contractual life of options outstanding at the end of the period

0.8 years 1.2 years

c) Summary and movement of performance shares and rights

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	Number	Number
Balance at the beginning of the period	2,000,000	2,000,000
Granted during the period	-	-
Exercised and converted to shares	-	-
Balance at the end of the period	2,000,000	2,000,000
Vested and exercisable at end of the period	-	-

No performance rights were issued during the period.

Vesting of the 2,000,000 performance rights and shares outstanding at 31 December 2021 is subject to the following performance hurdles all being achieved in a single financial year up to and including the year ending 30 June 2022 as determined by the audited financial statements:

- annual sales revenue of at least \$8 million (excluding fair value adjustments);
- a positive cash flow for the financial year; and
- a net profit before tax of greater than or equal to \$0.0266 earnings per share.

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d) Expenses arising from share-based payments transactions

Total expenses arising from share-based payments transactions recognised during the financial period were as follows:

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Recognised in profit and loss		
Employee Share Scheme		
- Performance shares and rights	96,372	48,582
- Ordinary shares granted	9,000	-
Total employee benefits	105,372	48,582
Other equity settled transactions	-	-
Total share-based payments expense	105,372	48,582

NOTE 16. REMUNERATION OF AUDITORS

During the financial period the following fees were paid or payable for services provided by the auditors of the Group, its related practices.

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Audit services		
Auditing/reviewing the financial statements for Company	39,000	19,000
Total audit fees	39,000	19,000
Non-audit Services		
- Tax compliance	31,253	18,265
Total fees paid to William Buck	70,253	37,265

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NOTE 17. EARNINGS PER SHARE

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	Cents	Cents
Earnings/(loss) per share		
Basis earnings/(loss) per share	0.28	0.54
Diluted earnings/(loss) per share	0.28	0.53

a) Reconciliation of earnings used in calculating basic and diluted earnings per share

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Basic earnings/(loss)		
Profit/(loss) attributable to ordinary shareholders of the Group used in calculating basic earnings/(loss) per share	451,125	718,543
Diluted earnings/(loss)		
Profit/(loss) attributable to ordinary shareholders of the Group used in calculating diluted earnings/(loss) per share	451,125	718,543

b) Weighted average number of shares used as denominator to calculate basic and diluted earnings per share

	12 months to 31 Dec 2021	6 months to 31 Dec 2020
	\$	\$
Weighted average number of ordinary shares used in calculating basic earnings per share	160,661,752	132,630,404
Weighted average number of dilutive options outstanding	-	3,060,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	160,661,752	135,690,404

All 10.7 million options on issue at 31 December 2021 are currently antidilutive. Refer to note 15

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NOTE 18. PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements of the parent entity, Angel Seafood Holdings Limited, prepared on the same basis as the consolidated financial statements, show the following aggregate amounts.

	31 Dec 2021	31 Dec 2020
	\$	\$
Assets		
Current assets	548,952	1,310,291
Non-current assets	17,452,007	16,318,160
Total assets	18,000,959	17,628,451
Liabilities		
Current liabilities	125,697	82,340
Non-current liabilities	-	-
Total liabilities	125,697	82,340
Net assets	17,875,262	17,546,112
Equity		
Share capital	19,571,394	18,703,911
Reserves	689,480	961,108
Accumulated losses	(2,385,612)	(2,118,907)
Total equity	17,875,262	17,546,112
 Loss after income tax for the period	 (504,587)	 (230,953)
Other comprehensive income	-	-
Total comprehensive income for the period	(504,587)	(230,953)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2021.

Contractual commitments

The parent entity did not have any contractual commitments as at 31 December 2021.

Guarantees

The parent entity has provided a guarantee and indemnity for the Group's loan facility with the National Australia Bank.

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NOTE 19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the policy for consolidation set out in Note 20.

	Principal place of business	Percentage of equity interest held by the Group	
		31 Dec 2021	31 Dec 2020
Angel Oysters Australia Pty Ltd	Port Lincoln, SA, Australia	100%	100%
Angel Seafood Infrastructure Pty Ltd	Port Lincoln, SA, Australia	100%	100%

The subsidiaries listed above have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles for consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Angel Seafood Holdings Ltd) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

b. Income Tax

The income tax expense (income) for the period comprises current income tax expense (income) and deferred tax expense (income).

Effective 1 January 2021 Angel Seafood Holdings Limited formed a tax consolidated group with Angel Oysters Australia Pty Limited and Angel Seafood Infrastructure Pty Limited.

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- i. a legally enforceable right of set-off exists; and
- ii. the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Angel Seafood Holdings Limited (the "Head entity") and its wholly owned Australian subsidiaries formed an income tax consolidated group on 1 January 2021. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining appropriate amount of taxes to allocate to members of the tax consolidated group. In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from each subsidiary in the tax consolidated group.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are disclosed in the relevant notes to the financial statements as significant estimates and judgments.

d. Leases

The Group leases/rents oyster leases and plant and equipment. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments, being fixed payments (including in-substance fixed payments), less any lease incentives receivable; discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

d. Leases (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Right-of-use assets are depreciated/amortised over the period that the Group has the right of use, or the expected useful life of the asset, and are included in the asset categories that the respective assets would be classified if they were owned by the Company.

e. Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from the sale of goods and a corresponding receivable is recognised at the point of delivery of goods to the customer as this corresponds to the transfer of control and ownership. At this point, the Group's right to consideration is deemed unconditional, as only the passage of time is required before payment of that consideration is due. There is no significant financing component in revenue because sales (which include those with volume discounts) are made within a credit term of 15 to 45 days.

Interest revenue is recognised using the effective interest method.

Government grants are recognised as income at fair value of the consideration received or receivable during the period in which the requirements of the respective grant are satisfied.

All revenue and other income is stated net of the amount of goods and services tax (GST).

f. Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for credit loss; which is calculated using the simplified approach.

g. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

h. Finance Costs

Finance costs include all interest-related expenses, other than those arising from financial assets at fair value through profit or loss. Fees and charges incurred in the syndication of borrowing facilities are capitalised and amortised over the expected life of the respective facility. The amortisation expense is included in finance costs.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

i. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

j. Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

k. Property, plant and equipment

Each class of property, plant and equipment is carried at cost, where applicable, any accumulated depreciation and impairment losses.

Property

Property includes freehold land, buildings and other property improvements on the land. Freehold land is carried at cost less any impairment write-down. Land is not depreciated as it is considered to have an indefinite useful life. Buildings and other property improvements are measured on the cost basis and therefore carried at cost less accumulated depreciation, and any accumulated impairment. In the event the carrying amount of freehold land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

k. Property, plant and equipment (continued)

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	5%-50%
Computer Software	25%
Buildings and property improvements	2.5%-5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

l. Intangible Assets

Oyster farm-holdings

Oyster farm-holdings are measured on the cost basis and therefore carried at cost less any accumulated impairment. In the event the carrying amount of an oyster farm-holding is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. Oyster farm-holdings have indefinite useful lives and an impairment assessment is performed annually and whenever there is indication that the assets may be impaired.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

l. Intangible Assets (continued)

The Group's Government awarded oyster farm-holdings are classified as 'production leases' by the Department of Primary Industries and Regions SA (PIRSA) and are granted for a maximum term of 20 years. Upon the expiry of any given term, they are renewable for successive terms and the Group considers that the risk of any of its oyster farm-holdings not being renewed at the end of their current terms to be immaterial. As such, the useful life of the farm-holdings is considered to be indefinite and no amortisation is applied.

The carrying amount of oyster farm-holdings are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than oyster leases, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

m. Impairment of Non-financial Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment at each reporting period.

n. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

n. Financial Instruments (continued)

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at amortised cost; or fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income; or fair value through profit or loss. Measurement is on the basis of the contractual cash flow characteristics of the financial asset and the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

n. Financial Instruments (continued)

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults. Impairment of trade receivables is determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected losses.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

o. Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

p. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdraft are shown within borrowings, in current liabilities, in the statement of financial position.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

q. Biological Assets

Biological assets consist of oysters. These assets have been measured at fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on a stock lifecycle model developed by the Group which incorporates various key assumptions. These assumptions include anticipated:

- Oyster prices less cost to sell
- Mortality rates
- Spawning cycles
- Seasonal growth rates

These assumptions are updated regularly, and the fair value increments or decrements are recorded in the statement of profit or loss and other comprehensive income.

r. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Other long-term employee benefits are measured at present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period, in which case the obligations are presented as current provisions.

s. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTE 20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

t. Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

u. Segment reporting

For management purposes the Group is organised in one operating segment being the production and sale of oysters in Australia. Financial information of the Group is reported to the Board (Chief Operating Decision Maker) as a single segment. All material operating decisions are based on analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

v. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

ANGEL SEAFOOD HOLDINGS LIMITED (ACN 615 035 366)
31 DECEMBER 2021

Directors' Declaration

In accordance with a resolution of the Directors of Angel Seafood Holdings Limited, the Directors of the Company declare that:

1. the financial statements and notes for the financial year ended 31 December 2021 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 31 December 2021 and of the performance for the financial year ended on that date of the Consolidated Group;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Tim Goldsmith
Chairman

Dated this 28th day of February 2022

Additional Information for Listed Companies

The following information is current as at 21 February 2022:

1. Shareholding

161,574,854 fully paid ordinary shares were on issue and quoted on ASX Limited. There were 891 holders of fully paid ordinary shares. Of these shares, 73,297 shares (7 holders) were employee share plan shares restricted until 30 March 2023.

1,000,000 performance shares (1 holder), 13,200,000 options (9 holders) and 1,000,000 performance rights (1 holder) are unquoted.

a. Distribution of Shareholders

Category (size of holding)	Number of Holders of Ordinary Shares
1 - 1,000	29
1,001 - 5,000	177
5,001 – 10,000	183
10,001 – 100,000	380
100,001 – and over	122
Total	891

b. The number of shareholders holding less than marketable parcels is 44.

c. Substantial shareholders as disclosed by notices received by the Company as at 21 February 2022 are:

Shareholder	Number of Ordinary Shares
Isaac Halman, Halman Family Trust & Halman Super Fund *	56,997,272
Valley Vino, Laguna Bay & Associates	
Thorney Opportunities Limited, Tiga Trading Pty Ltd & associated entities	25,715,320

* Comprises 1,000,002 shares held by Isaac Halman, 22,516,109 shares held by Angel Oysters Pty Ltd ATF Halman Family Trust and 1,254,099 shares held by Mr Isaac Lee Halman and Mrs Kady Jennifer Huxley Halman ATF Halman Super Fund

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares:

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member at a meeting or by proxy has one vote on a show of hands.

Other:

- Performance shares, performance rights and options do not confer upon the holder an entitlement to vote on any resolutions proposed by the Company except as required by law.

20 Largest Shareholders – Ordinary Shares

Name	Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
VALLEY VINO PTY LTD	31,389,562	19.43
UBS NOMINEES PTY LTD	25,465,320	15.76
ANGEL OYSTERS PTY LTD <HALMAN FAMILY A/C>	22,516,109	13.94
NATIONAL NOMINEES LIMITED	5,535,805	3.43
MR MICHAEL RICHARD PORTER + MRS PATRICIA MARY PORTER	4,175,000	2.58
MR KIRIL DENNIS BOITCHEFF + MS SUZANNE JANET BOITCHEFF <SEAVIEW SUPER FUND A/C>	2,982,350	1.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,914,728	1.80
BENVELL PTY LTD <THE LAKE FAMILY A/C>	2,571,252	1.59
MR BRETT ANTONY WISEMAN + MRS LEAH JAYNE WISEMAN <WISEMAN SUPER FUND A/C>	2,450,000	1.52
MOLLYGOLD SUPERANNUATION PTY LTD <MOLLYGOLD SUPER A/C>	2,300,000	1.42
CITICORP NOMINEES PTY LIMITED	2,106,002	1.30
MR CYRIL KOLEFF	1,625,288	1.01
TIMOTHY GOLDSMITH + LORRAINE ALYSSA GOLDSMITH <GOLDSMITH FAMILY A/C>	1,500,000	0.93
MR SHANE ROBERT JONES	1,419,733	0.88
CERTANE CT PTY LTD <BC1>	1,405,052	0.87
FRIMATE PTY LTD	1,330,000	0.82
MAUNSELL GLOBAL CORPORATION	1,300,207	0.80
B F A PTY LTD	1,297,010	0.80
MR ISAAC LEE HALMAN + MRS KADY JENNIFER HUXLEY HALMAN <HALMAN SUPER FUND A/C>	1,254,099	0.78
COMSEC NOMINEES PTY LIMITED	1,099,722	0.68
Total	116,637,239	72.19

2. The Company Secretary is Ms Christine Manuel.

3. Registered Office and Principal Place of Business

48 Proper Bay Road
Port Lincoln SA 5606
Ph: 0456 401 272

4. Share Register

Computershare Investor Services – Australia
Level 5, 115 Grenfell Street
Adelaide SA 5000
Ph: (08) 8236 2300 / 1300 850 505
Website: www.computershare.com

5. Securities Exchange Listing

Admitted to the official list of ASX Limited on 21 February 2018. Quoted ordinary shares: AS1