



Record results achieved in FY20 in unprecedented trading environment

Another year of significant progress in positioning Angel for the long-term

26 August 2020 – Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”) today announced its audited financial results for the 12 months ended 30 June 2020 (FY20).

Key highlights for FY20:

- **Record full year sales of 6.6 million oysters achieved, up 25% on FY19, attributable to underlying growth in the business through increased water holdings and strong stock profile**
- **\$5.0 million in revenue delivered, up 16% on FY19, a record result despite challenging trading conditions; steady underlying oyster prices over the year**
- **Growth in retail channel offset the adverse impact of restaurant closures in the second half; significant opportunity for further growth within retail**
- **Statutory profit of \$252k**
- **Positive operating cash flow of \$528k achieved**
- **Strong stock position with substantial biomass growth; 20m oysters on hand as at 30 June**
- **Improved financial position and liquidity**
- **Well positioned for strong growth once consumer demand returns to normal levels**

Record full year sales result achieved despite unprecedented trading conditions in the second half

FY20 was another year of significant progress for Angel in building further scale in the business and positioning itself as the largest Pacific Oyster producer in Australia. Despite challenging trading conditions due to COVID-19 related restrictions, which led to Angel’s key trading channels shutting down, Angel delivered a record full year sales result, demonstrating the underlying quality and strength of the business.

Sales for the full year were 6.6 million oysters, representing an increase of 25% on prior year. The growth in oyster sales drove a record revenue result of \$5.0 million, up 16% on FY19. Pleasingly, underlying oyster prices remained steady over the year, while sales mix weighting towards the smaller size oysters resulted in a lower realised average price for FY20 compared to prior year. The Company posted a statutory net profit of \$252k.

Initiatives implemented to ensure business viability; growth opportunity in retail fast-tracked

The COVID-19 pandemic created significant challenges during the second half of the year and decisive actions were taken to ensure the viability of Angel in both the short and long term.

With the restaurant channel effectively closed from March following nationwide COVID-19 restrictions, Angel made a decision to fast-track its plans on building a retail sales program for its oysters. To date, Angel has received overwhelmingly positive feedback from large retailers and

experienced strong growth in sales. Growing presence amongst major retailers, including Woolworths, Coles and Costco, and growing recognition that Angel can guarantee continuous supply of good quality stock, suggests that there is a significant opportunity to further increase Angel's retail exposure in FY21 and beyond.

Pleasingly, Angel saw an increase in restaurant demand over the final weeks of June, as restrictions in most States eased and consumers were able to dine out. However, renewed restrictions in Victoria and New South Wales continue to cause uncertainty with outlook for the restaurant channel.

Angel took actions to preserve cash and significantly improve working capital by stopping all discretionary operating expenses and deferring planned expansionary capital expenditures. The Company refinanced assets under an asset finance facility with NAB, and all interest and capital repayments on debt facilities were deferred until November 2020. NAB also approved an initial tranche of \$1 million in financing in April 2020, with the potential to provide further funding if required.

Commenting on the year, Angel's CEO and founder, Zac Halman, said:

"The past year has been a substantial year of progress in positioning Angel for the future. FY20 also proved the strength and agility of our business in being able to adapt to changing conditions and find new end markets when the traditional trading channels were unavailable. Delivering a record result in light of the challenges that COVID-19 restrictions posed upon us is an outstanding effort by the Angel team and I'm grateful for all their hard work."

Stock profile with larger sizes available; overflow facility in use

As at 30 June, Angel had 20 million healthy graded oysters in stock across its leases. Angel's oysters benefited from favourable growing conditions over summer and autumn in Cowell and Coffin Bay and, coupled with the impact of COVID-19 (lower sales than original guidance), there was a significant increase in biomass and an improvement in stock profile towards larger sizes.

Given the substantial growth in biomass, Angel recommissioned its overflow facility at Haslam in the second half of the year and is utilising the farm to its current useable capacity of 9ha. A further 15ha of water can be developed should there be need for additional capacity.

All things being equal, Angel expects to realise an improvement in average price per oyster sold in FY21 as a result of the improved stock profile.

Financial position strengthened; positive operating cash flow achieved

Angel generated positive operating cash flow of \$528k for FY20, driven by growth in production and sales. Cash inflows for FY20 included \$170k of COVID-19 support in government grants received during Q4.

The Company's balance sheet reflects the initiatives put in place to preserve cash and improve working capital during the COVID-19 pandemic. With \$1.9 million available in cash and undrawn debt facilities, Angel's liquidity has improved from prior periods and the company is in a stronger position to continue investing in its stock position, while focusing on improving productivity for more growth.

Post balance date, Angel negotiated an extension to the lease of its key Hank water holdings in Coffin Bay to November 2023. The option to purchase has similarly been deferred, providing additional cash flow flexibility for at least two years before completing the purchase.

Angel well positioned for demand recovery and continued penetration of retail channel

Having completed the recent extensive capital expenditure program, Angel now has capacity to finish 10 million oysters for sale each year. While the current capacity provides upside to sales in the short to medium term, Angel will continue exploring opportunities for further growth through consolidation, vertical integration, branding and retail innovation. Angel is also exploring alternate

uses/markets for its oysters, including the potential for oysters to be included as an ingredient in nutraceutical products; an industry experiencing rapid growth.

Given the ongoing uncertainty surrounding COVID-19 and the potential for sustained or renewed restrictions, Angel considers it prudent not to provide sales guidance for FY21. The Company is confident that once restrictions are further lifted, and consumer demand returns to normal levels, the Company is in a very strong position to continue its growth in sales.

Commenting on the outlook, Mr Halman, said:

While a level of uncertainty remains, particularly in Victoria, I am confident that we are well positioned for long term growth. We have taken the past few months as an opportunity to further improve our stock profile and develop Angel's retail sales strategy, and I think we are in a better position than ever before to take advantage of growth opportunities in the domestic and export markets. I'm encouraged by the continued growth in demand for our oysters and I am confident that Angel can deliver another strong year in FY21."

This announcement was approved for release by the Board.

Further Information

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

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Forward Looking Statements

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