

Appendix 4D

(Rule 4.2A.3)

Angel Seafood Holdings Ltd

ABN 38 615 035 366

For the half-year ended:

30 June 2021

Previous Corresponding Period:

30 June 2020

Results for announcement to the market

| | 2021 | 2020 | Mvmt | Mvmt |
|--|-----------|-----------|-----------|------|
| Revenue and Profit | \$ | \$ | \$ | % |
| Revenue from ordinary activities | 3,630,108 | 2,483,657 | 1,146,451 | 46% |
| Net profit/(loss) from ordinary activities attributable to members | 488,953 | (160,336) | 649,289 | >>> |
| Net profit/(loss) attributable to members | 488,953 | (160,336) | 649,289 | >>> |
| Profit/(loss) before depreciation, amortisation, finance costs, acquisition and restructuring related expenses | 1,250,671 | 470,871 | 779,800 | 166% |

Commentary on results for the period

Refer to the accompanying ASX announcements dated 27 August 2021 for commentary on results.

Dividends

No dividends were declared or paid during the period.

Net tangible assets per ordinary share

| | 2021 | 2020 |
|--|-------|-------|
| | \$ | \$ |
| Net tangible assets per ordinary share | 0.067 | 0.042 |
| Net assets per ordinary share (including Oyster Leases – classified as intangible assets under the accounting standards) | 0.114 | 0.097 |

Review of results

Please refer to the Review of Operations for the review of the results. This half-year Interim Report should be read in conjunction with the most recent Annual Report for the period ended 31 December 2020.

Performance shares

1,000,000 Performance Shares were on issue throughout the period. Each Performance Share converts into one ordinary share subject to the completion of performance milestones as set out in the Annual Report for the financial period ended 31 December 2020. No Performance Share milestones were met, nor any shares converted or redeemed, during the half-year ended 30 June 2021.

Details of entities over which control has been gained

Nil

Information on Audit or Review

Independent Review by Auditor

This report is based on the attached Interim Report for the half-year ended 30 June 2021, which has been reviewed by William Buck. The review report is attached as part of the Interim Report.



ANGEL SEAFOOD HOLDINGS LIMITED

ACN 615 035 366

INTERIM REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2021

Directors' Report

The Directors of Angel Seafood Holdings Ltd (Company or Angel) present their report, together with the interim financial statements of the Company and its controlled entities (the Group) for the half-year ended 30 June 2021 ("interim financial period").

Directors

The following persons were directors of the Company during the interim financial period and/or to the date of this report:

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

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

Principal activities

Angel Seafood Holdings Ltd is an Australian producer, marketer, and seller of certified organic and sustainable oysters. No significant changes occurred in the nature of the principal activities during the interim financial period.

Company Overview

Angel is Australia's largest producer of fresh, clean, green, certified organic and sustainable pacific 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 is committed to sustainable and modern farming practices that are good for the environment while improving productivity.

The Company runs a multi-bay strategy with nursery and oyster grow out operations in Cowell 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. The Company also holds water leases in Haslam, currently being used for storage of excess stock, with capacity to hold to 2-5 million oysters. 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.

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 facility in Port Lincoln.

Review of Operations

The half-year ended 30 June 2021 was another significant period of growth of Angel Seafood. The Company grew substantially, both operationally and in terms of financial outcomes, which was driven by the Company's execution of its growth strategy.

Key achievements for Angel over the half-year ended 30 June 2021 included:

- a) Strong half-year results, with record June half-year sales of 4.7 million oysters (up 44% on prior comparative period ("pcp")).
- b) EBITDA of \$1.3 million, up 178%; net profit of \$0.5 million, up from (\$0.2 million) loss.
- c) Strong stock position, biomass increased 42% compared to 30 June 2020 following investment in biological stock to cater for continuing sales growth.
- d) Growth initiatives towards doubling production and increasing profitability on track
 - o 5Ha Flipfarm now developed, and trials commenced in Coffin Bay and Cowell; significant efficiency gains apparent from early results.
 - o Launch of Halo Club, as a direct to customer sales channel.
 - o 'Summer oysters' on track to be available for sale next summer.
 - o Additional 10Ha of water acquired in Streaky Bay, providing further expansion options.
- e) NAB Facilities extended by \$1 million; Angel in a strong financial position.

Operating and financial review

Operating Results

The Group made a consolidated profit after tax of \$0.5 million for the half-year ended 30 June 2021, compared to a loss of (\$0.2 million) in the prior comparative period ("2020").

| | 30 Jun 2021 | 30 Jun 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue | 3,630,108 | 2,483,657 |
| Fair value adjustment of biological assets | 1,871,649 | 355,025 |
| Other income | 56,534 | 606,972 |
| Cost of biological stock | (1,176,995) | (629,366) |
| Employee benefits | (1,896,139) | (1,408,465) |
| Other expenses | (1,234,486) | (936,952) |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | 1,250,671 | 470,871 |
| Finance costs | (186,043) | (186,776) |
| Depreciation and amortisation expense | (575,675) | (444,431) |
| Profit before income tax | 488,953 | (160,336) |

Revenue from oyster sales during the half-year increased 46%, driven by the increase in sales volume from 3.2 million units to 4.7 million units.

The consolidated results include a Fair Value adjustment on biological stock of \$1.9 million (2020: \$0.4 million), representing net growth in biological stock during the six-month financial period, and Other Income of \$56k. Other income in the pcp included government grants for COVID-19 support, which were not available in the current period. Following the change in financial period; the R&D rebate, included in comparatives, will fall into the second half of the financial year.

Operating expenses for the year included the following:

- Cost of biological stock of \$1.2 million in relation to oysters sold during the period (2020: \$0.6 million) and sourcing of additional mature stock under third-party allied arrangements to maintain supply while growing the Company's stock position and biomass to cater for future growth.
- Employee benefits of \$1.9 million, comprising payroll costs, oncosts and amortisation of shares and performance rights awarded to employees (2020: \$1.4 million). The increase in employee benefits reflects the increase headcount to drive growth and build biomass.
- Other expenses of \$1.2 million comprising other production costs such as repairs and maintenance, freight, consultancy costs as well as administration and corporate costs (2020: \$0.9 million).

Finance cost were \$0.2 million for the half-year (2020: \$0.2 million), representing interest on borrowings (debt facilities, asset finance and lease liabilities).

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

Financial Position

The Group's total assets increased during the half-year to \$28.3 million as at 30 June 2021 (31 December 2020: \$26.1 million), with the following key movements:

- Cash and cash equivalents decreased to \$2.5 million (31 December 2020: \$3.2 million) following investment in capital projects and biological stock to drive growth; offset by proceeds from financing activities, issue of shares on exercise of options and drawdown of loan facilities.
- Biological assets increased to \$8.4 million (31 December 2020: \$6.5 million), driven by a net improvement in the stock profile, with over 30 million oysters on hand at the end of the period.
- Property, plant and equipment increased to \$9.1 million (31 December 2020: 8.0 million) driven by development of new water infrastructure (mainly in the form of Flipfarms) and acquisition of ancillary equipment; offset by depreciation for the period.

The following were the key sources of funding for the Group as at 30 June 2021 and for the half-year then ended:

- The Company issued 6 million shares on exercise of options, receiving proceeds of \$0.5 million in February 2021.
- Draw down of \$1.5 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 \$1.2 million, net of repayments made during the half-year, to an aggregate of \$5.1 million (31 December 2020: \$3.7 million).
- Lease liabilities decreased to \$ 3.4 million (31 December 2020: \$3.6 million) following repayments made during the period.

Net assets for the Group as at 30 June 2021 were \$18.4 million (31 December 2020: \$17.3 million) with the increase mainly derived from profit for the period and increase in share capital on exercise of share options.

Liquidity

The Group's liquidity is summarised below, with the decrease resulting from the roll-out of expansionary capital projects and investment in biomass which is expected to drive further sales growth going forward:

| | 30 Jun 2021 | 31 Dec 2020 |
|---------------------------|------------------|------------------|
| | \$ | \$ |
| Liquidity | | |
| Cash and cash equivalents | 2,495,469 | 3,176,289 |
| Available facilities | 1,557,924 | 2,057,924 |
| Total liquidity | 4,053,393 | 5,234,213 |

The Group's projections show that the group will generate sufficient cash from operating and financing activities to settle debts as they fall due.

Material Business Risks

Business risks with the potential to impact the Group's operations, financial results and its ability to deliver corporate objectives are disclosed in the Annual Report for the financial period ended 31 December 2020. There was no significant change in the Group's assessment of material business risks during the interim period to 30 June 2021.

Changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the interim financial report.

Subsequent events

The COVID-19 pandemic is continuing in Australia and around the world. New outbreaks of the 'delta-variant' in Australia have resulted in lockdowns and different levels of restrictions around the country, with New South Wales and Victoria particularly impacted in July and August 2021.

The Group's operations are on the Eyre Peninsula, South Australia, and are continuing as normal to this stage. The Group remains on high alert for new outbreaks; however there has been no significant change in circumstances beyond the likely scenarios that were contemplated as at the balance sheet date.

Company Dividends

No dividends were paid or declared during the interim period.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of this interim financial report.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Tim Goldsmith
Chairman

27 August 2021

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of of Angel Seafood Holdings Ltd (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of of Angel Seafood Holdings Ltd is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck (SA)
ABN: 38 280 203 274

M.D. King

M.D. King
Partner

Adelaide, 27th August 2021

Auditor's Independence Declaration Under Section 307C of The Corporations Act 2001 To The Directors Of Angel Seafood Holdings Ltd And Controlled Entities

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2021 there have been:

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

William Buck

William Buck (SA)
ABN 38 280 203 274

M. D. King

M. D. King
Partner

Dated at Adelaide this 27th day of August, 2021

ACCOUNTANTS & ADVISORS

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INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2021

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

Angel Seafood Holding 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 2 to 5 which is not a part of these financial statements.

The interim financial statements were authorised for issue by the Directors of the company on 27 August 2021. The Directors have the power to amend and reissue the interim financial statements.

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2021

| | | 30 Jun 2021 | 30 Jun 2020 |
|---|------|-------------|-------------|
| | Note | \$ | \$ |
| Revenue | 3 | 3,630,108 | 2,483,657 |
| Fair value adjustment of biological assets | 7(a) | 1,871,649 | 355,025 |
| Other income | 4 | 56,534 | 606,972 |
| Cost of biological stock | 7(a) | (1,176,995) | (629,366) |
| Employee benefits | 5 | (1,896,139) | (1,408,465) |
| Depreciation and amortisation expense | 5 | (575,675) | (444,431) |
| Other expenses | 5 | (1,234,486) | (936,952) |
| Finance costs | | (186,043) | (186,776) |
| Profit/(Loss) before income tax | 5 | 488,953 | (160,336) |
| Income tax | | - | - |
| Profit/(Loss) for the year | | 488,953 | (160,336) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the year | | 488,953 | (160,336) |
| Total comprehensive income/(loss) attributable to: | | | |
| Members of Angel Seafood Holdings Limited | | 488,953 | (160,336) |
| Earnings per share (EPS) | | | |
| Basic EPS (cents) | | 0.31 | (0.12) |
| Diluted EPS (cents) | | 0.31 | (0.12) |

The Condensed 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.

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

| | | 30 Jun 2021 | 31 Dec 2020 |
|--|------|-------------|-------------|
| | Note | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6(a) | 2,495,469 | 3,176,289 |
| Trade and other receivables | 6(b) | 719,250 | 859,047 |
| Biological assets | 7(a) | 6,125,585 | 4,990,372 |
| TOTAL CURRENT ASSETS | | 9,340,304 | 9,025,708 |
| NON-CURRENT ASSETS | | | |
| Biological assets | 7(a) | 2,295,597 | 1,461,375 |
| Property, plant and equipment | 7(b) | 9,050,966 | 7,957,610 |
| Intangible assets | 7(c) | 7,582,357 | 7,678,628 |
| Other assets | | - | 7,849 |
| TOTAL NON-CURRENT ASSETS | | 18,928,920 | 17,105,462 |
| TOTAL ASSETS | | 28,269,224 | 26,131,170 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6(c) | 1,003,067 | 1,018,799 |
| Borrowings | 6(d) | 2,636,699 | 1,788,203 |
| Employee benefits | | 362,866 | 395,469 |
| TOTAL CURRENT LIABILITIES | | 4,002,632 | 3,202,471 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 6(d) | 5,855,341 | 5,533,862 |
| Employee benefits | | 44,139 | 64,347 |
| TOTAL NON-CURRENT LIABILITIES | | 5,899,480 | 5,598,209 |
| TOTAL LIABILITIES | | 9,902,112 | 8,800,680 |
| NET ASSETS | | 18,367,112 | 17,330,490 |
| EQUITY | | | |
| Share Capital | 8(a) | 19,571,394 | 18,703,911 |
| Reserves | 8(b) | 641,293 | 961,107 |
| Accumulated losses | | (1,845,575) | (2,334,528) |
| Equity attributable to shareholders of the Company | | 18,367,112 | 17,330,490 |
| TOTAL EQUITY | | 18,367,112 | 17,330,490 |

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 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 profit for the period | | | 488,953 | 488,953 |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Issuance of shares on exercise of options | 490,483 | - | - | 490,483 |
| Transfer from share-based payments reserve on exercise of options | 377,000 | (377,000) | - | - |
| Share based payment expense recognised | - | 57,186 | - | 57,186 |
| | 867,483 | (319,814) | 488,953 | 1,036,622 |
| Balance at 30 June 2021 | 19,571,394 | 641,293 | (1,845,575) | 18,367,112 |
| | | | | |
| Balance at 1 January 2020 | 14,923,061 | 789,938 | (2,892,735) | 12,820,264 |
| Comprehensive loss for the period | - | - | (160,336) | (160,336) |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Transfers from share-based payments reserve on issue of shares | 13,000 | (13,000) | - | - |
| Share based payment expense recognised | - | 135,586 | - | 135,586 |
| | 13,000 | 122,586 | - | 135,586 |
| Balance at 30 June 2020 | 14,936,061 | 912,524 | (3,053,071) | 12,795,514 |

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2021

| | 30 Jun 2021 | 30 Jun 2020 |
|--|--------------------|------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 3,759,766 | 2,431,220 |
| Payments to suppliers and employees | (4,159,321) | (2,380,582) |
| R&D Tax Incentive | - | 195,500 |
| Interest received | - | - |
| Finance costs | (186,043) | (141,649) |
| Net cash inflow/(outflow) from operating activities | (585,598) | 104,489 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Payments for oyster leases | - | - |
| Purchase of property, plant and equipment | (1,703,159) | (627,404) |
| Proceeds from disposal of property, plant and equipment | - | - |
| Net cash outflow from investing activities | (1,703,159) | (627,404) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issues of shares on exercise of options | 500,000 | - |
| Proceeds from borrowings | 1,500,000 | 2,139,882 |
| Repayment of borrowings | (150,000) | (140,898) |
| Repayment of lease liabilities | (242,063) | (240,500) |
| Net cash inflow from financing activities | 1,607,937 | 1,758,484 |
| Net increase/(decrease) in cash and cash equivalents | (680,820) | 1,235,569 |
| Cash and cash equivalents at the beginning of the period | 3,176,289 | 109,182 |
| Cash and cash equivalents at the end of the period | 6(a) 2,495,469 | 1,344,751 |

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

NOTE 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The interim consolidated financial statements were authorised for issue on 27 August 2021 by the Directors of the Company.

(a) Basis of preparation

The condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the financial period ended 31 December 2020 and any public announcements made by Angel Seafood during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(i) New and amended standards adopted by the group

The new standards and/or pronouncements applicable for the first time this in this financial period did not have any impact on the group’s accounting policies and did not require adjustments.

(b) Changes in accounting policies

There were no changes in accounting policies during the period.

(c) 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. The Annual Report for the financial period ended 31 December 2020 discloses all significant estimates and judgments used in the preparation of the consolidated financial report. There has been no significant change in significant estimates and judgments applied by management unless otherwise stated in this interim report.

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, holding facility in Haslam, 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.

Geographical distribution of sales

| | 30 Jun 2021 | 30 Jun 2020 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Revenue from sales of oysters | | |
| - Australia | 3,630,108 | 2,446,979 |
| - Asia | - | 36,678 |
| Total revenue | 3,630,108 | 2,483,657 |

Major customer information

64% of the Group's sales in Australia were attributable to 5 major customers, each with more than 10% of the Group's revenue (2020: 60% from 4 major customers).

NOTE 4. OTHER INCOME

| | 30 Jun 2021 | 30 Jun 2020 |
|---|---------------|----------------|
| | \$ | \$ |
| R&D Tax Incentive | 39,432 | 344,500 |
| Export development grant | - | 25,500 |
| COVID-19 support (Jobkeeper and Cashflow Boost) | - | 230,000 |
| Government Grants | 39,432 | 600,000 |
| Interest income | 273 | 419 |
| Sundry income | 16,829 | 6,553 |
| Total other income | 56,534 | 606,972 |

NOTE 5. EXPENSES

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

| | 30 Jun 2021 | 30 Jun 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| <i>Employee benefits:</i> | | |
| Salaries and wages | 1,539,578 | 871,362 |
| Directors' fees | 70,000 | 70,000 |
| Short term incentive payments | 58,171 | 96,932 |
| Superannuation | 142,192 | 93,299 |
| Leave entitlements | (33,729) | 116,761 |
| Oncosts | 62,741 | 24,525 |
| Share based payments | 57,186 | 135,586 |
| Total employee benefits and oncosts | 1,896,139 | 1,408,465 |
| <i>Depreciation and amortisation:</i> | | |
| Depreciation | 479,403 | 405,396 |
| Amortisation | 96,272 | 39,035 |
| Total depreciation and amortisation | 575,675 | 444,431 |
| <i>Other expenses include the following:</i> | | |
| Repairs and maintenance costs | 189,780 | 156,993 |
| Freight and cartage | 170,255 | 141,274 |
| Consultancy costs | 101,082 | 138,702 |
| Net (loss) from disposal of assets | 356 | 31,824 |

NOTE 6: FINANCIAL ASSETS AND LIABILITIES**a) Cash and cash equivalents**

| | 30 Jun 2021 | 31 Dec 2020 |
|--------------|--------------------|--------------------|
| | \$ | \$ |
| Cash at bank | 2,495,469 | 3,176,289 |
| | <u>2,495,469</u> | <u>3,176,289</u> |

b) Trade and other receivables

| | 30 Jun 2021 | 31 Dec 2020 |
|-------------------|--------------------|--------------------|
| | \$ | \$ |
| Trade receivables | 283,264 | 414,921 |
| GST receivable | 35,686 | 86,061 |
| R&D Tax Incentive | 388,060 | 348,628 |
| Other receivables | 12,240 | 9,437 |
| | <u>719,250</u> | <u>859,047</u> |

The receivables have been reviewed and there are no expected credit losses based on past events, current conditions and forward looking information available at the reporting date. No allowance for credit loss is required as of 30 June 2021 (31 December 2020: Nil).

c) Trade and other payables

| | 30 Jun 2021 | 31 Dec 2020 |
|------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Trade creditors and accruals | 778,309 | 894,646 |
| Other payables | 224,758 | 124,153 |
| | <u>1,003,067</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.

NOTE 6: FINANCIAL ASSETS AND LIABILITIES (Continued)**d) Borrowings**

| | 30 Jun 2021 | 31 Dec 2020 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| <i>Secured liabilities</i> | | |
| Bank loan facility (Working Capital Facility) | 1,500,000 | 1,000,000 |
| Bank loan facility (Business Loans) | 507,543 | 300,000 |
| Lease liabilities and asset finance | 629,156 | 488,203 |
| | <u>2,636,699</u> | <u>1,788,203</u> |
| Non-current | | |
| <i>Secured liabilities</i> | | |
| Bank loan facility (Business Loans) | 3,059,533 | 2,417,076 |
| Lease liabilities and asset finance | 2,795,808 | 3,116,786 |
| | <u>5,855,341</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 \$3.625 million (31 December 2020: \$2.775 million). Interest is incurred on the drawn down portion of these facilities at floating interest rates. As at 30 June 2021 the interest rate on these facilities was 3.98% (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 2021. A balance of \$1.5 million was drawn down as at 30 June 2021 (31 December 2020: \$1 million) and is classified as a current liability.

Business Loans – \$3.625 million

The Group has two Business Expansion facilities:

- *Business Expansion Loan* with a facility limit of \$2.625 million. The facility limit (or balance, if the facility has been fully drawn) will reduce by \$75,000 every quarter until 30 November 2022 when the facility expires. At 30 June 2021 the balance for this facility was \$2,567,076 of which \$300,000 has been classified as current, and \$2,267,076 as non-current.
- *SME Guarantee Scheme Loan* of \$1 million is to be repaid in monthly instalments, from July 2021, over a period of 5 years. At 30 June 2021 \$207,543 of this loan has been classified as current, and \$792,457 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 should comply with the following financial covenants, tested at the end of the financial year:

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

Compliance with loan covenants will be assessed as at and for the year ended 31 December 2021. The Group expects to comply with the loan covenants.

NOTE 7. NON-FINANCIAL ASSETS AND LIABILITIES**a) Biological assets**

| | 30 Jun 2021 | 31 Dec 2020 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Live Oysters | | |
| Oyster stock (at cost) | 1,280,832 | 1,183,046 |
| Oyster stock (fair value adjustment) | 7,140,350 | 5,268,701 |
| Total biological stock | <u>8,421,182</u> | <u>6,451,747</u> |
| Statement of Financial Position classification: | | |
| Current | 6,125,585 | 4,990,372 |
| Non-current | 2,295,597 | 1,461,375 |
| Total biological stock | <u>8,421,182</u> | <u>6,451,747</u> |

The biological assets disclosed as a current asset are oysters that will be available to sell in the next 12-months (i.e. an adequate size for sale).

Reconciliation of biological assets

| | 30 Jun 2021 |
|--|--------------------|
| | \$ |
| Stock value at the beginning of the period | 6,451,747 |
| Purchases of biological stock | 1,274,781 |
| Cost of biological stock (sales and mortality) | (1,176,995) |
| Net movement in fair value adjustment | <u>1,871,649</u> |
| Stock value at the end of the period | <u>8,421,182</u> |

NOTE 7. NON-FINANCIAL ASSETS AND LIABILITIES (Continued)**b) Property plant and equipment**

| | Land and buildings | Oyster lease infrastructure | Plant and equipment | Assets under construction | Total |
|-------------------------------------|-----------------------|--------------------------------|------------------------|------------------------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| 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 |
| Half-year ended 30 June 2021 | | | | | |
| Opening net book amount | 2,335,704 | 3,258,441 | 2,110,462 | 253,003 | 7,957,610 |
| Additions | - | 680,637 | 573,098 | 402,985 | 1,656,720 |
| Transfers | - | 156,804 | - | (156,804) | - |
| Disposals | - | - | (83,961) | - | (83,961) |
| Depreciation | (24,427) | (253,513) | (201,463) | - | (479,403) |
| Closing net book amount | 2,311,277 | 3,842,369 | 2,398,136 | 499,184 | 9,050,966 |
| At 30 June 2021 | | | | | |
| Cost | 2,440,293 | 5,414,356 | 3,604,631 | 499,184 | 11,958,464 |
| Accumulated depreciation | (129,016) | (1,571,987) | (1,206,495) | - | (2,907,498) |
| Net book amount | 2,311,277 | 3,842,369 | 2,398,136 | 499,184 | 9,050,966 |

Right-of-use assets

Property, plant and equipment includes right-of-use assets of \$473,839 in relation to leased equipment at 30 June 2021 (31 December 2020: \$457,532) for which a depreciation charge of \$58,903 was recognised during the half-year then ended. The right-of-use assets are encumbered as security for lease liabilities of \$416,463 (31 December 2020: \$436,706).

Assets pledged as security for borrowings

Plant and equipment include \$623,190 of assets pledged as security under asset finance arrangements as at 30 June 2021 (31 December 2020: \$669,260).

NOTE 7. NON-FINANCIAL ASSETS AND LIABILITIES (Continued)**c) Intangible Assets**

| | Oyster leases | Other intangible assets | Total |
|--|------------------|-------------------------------|-----------|
| | \$ | \$ | \$ |
| 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 |
| Half-year ended 30 June 2021 | | | |
| Net book amount at the beginning of the year | 7,675,071 | 3,557 | 7,678,628 |
| Disposals | - | - | - |
| Amortisation | (94,339) | (1,932) | (96,271) |
| Net book amount at end of year | 7,580,732 | 1,625 | 7,582,357 |
| At 30 June 2021 | | | |
| Cost | 7,799,747 | 17,823 | 7,817,570 |
| Accumulated amortisation | (219,015) | (16,198) | (235,213) |
| Net book amount | 7,580,732 | 1,625 | 7,582,357 |

Oyster leases include right-of-use assets of \$2,449,308 at 30 June 2021 (31 December 2020: \$2,543,646), for which an amortisation charge of \$94,339 was recognised during the half-year. Oyster leases are pledged as security for respective lease liabilities and bank facilities (Note 6(d)).

NOTE 8. EQUITY**a) Share capital**

| | 30 Jun 2021 | 31 Dec 2020 | 30 Jun 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) |
| | | | 19,571,394 | 18,703,911 |

b) Reserves

| | 30 Jun 2021 | 31 Dec 2020 |
|------------------------------|-------------|-------------|
| | \$ | \$ |
| Share based payments reserve | 641,294 | 961,107 |
| | 641,294 | 961,107 |

NOTE 9. COMMITMENTS, CONTINGENCIES AND OTHER GUARANTEES**a) Capital Expenditure Commitments**

There were no significant capital expenditures contracted for at 30 June 2021 that are not recognised as assets and liabilities (31 December 2020: Nil).

b) Contingencies and guarantees

The Group does not have any contingent liabilities and has not provided any guarantees.

NOTE 10. EVENTS OCCURRING AFTER THE REPORTING DATE

The COVID-19 pandemic is continuing in Australia and around the world. New outbreaks of the 'delta-variant' in Australia have resulted in lockdowns and different levels of restrictions around the country, with New South Wales and Victoria particularly impacted in July and August 2021.

The Group's operations are on the Eyre Peninsula, South Australia, and are continuing as normal to this stage. The Group remains on high alert for new outbreaks; however there has been no significant change in circumstances beyond the likely scenarios that were contemplated as at the balance sheet date.

Directors' Declaration

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

1. the interim financial statements and notes for the half-year ended 30 June 2021 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the half-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.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Tim Goldsmith', is written over a faint, rectangular, light blue background.

Tim Goldsmith
Chairman

27 August 2021