



Q3 FY2019 Activities Update & Appendix 4C

*Stock at near capacity levels; reduction in warm season mortality rate;
infrastructure investment set to deliver strong growth*

15 April 2019 – Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”) is pleased to provide the following quarterly update and Appendix 4C for the period ending 31 March 2019 (Q3 FY19).

Key highlights for Q3 FY19:

- **Receipts from customers of \$923k – a strong result given lower sales expected for Q3 due to natural oyster cycles**
- **Reduced mortality in all stocks, with significant improvement in juvenile stock**
- **Continued infrastructure development to deliver sustained growth**
- **Organic certification extended following NASSA audit of operations**
- **Extension of NAB facility to \$4m, providing balance sheet flexibility**
- **Fully stocked leases will deliver sustainable growth in sales**
- **On track to be operationally cash flow positive for FY2019¹**

Sales and operations: solid cash receipts following strong Q2

Sales for the quarter were \$200k (272k oysters), in line with expectations for lower sales for the quarter due to the natural cycle of oysters, with spawning during the warm summer season temporarily affecting their condition.

Cash receipts from customers were \$923k, driven by sales momentum from the previous quarter.

Operating activities during the quarter focused on grading and tendering of the stock to minimise mortality during the summer season. Mortality has been lower than expected for the summer season, with juvenile stock showing a significant reduction in mortality which has been driven by improvement to nursery operations over the last 12 months and improving quality of spat.

The sales season recommenced in early April with leases stocked at near capacity levels with more than 20 million healthy oysters in the water (still subject to normal growth cycles and mortality), positioning Angel strongly to deliver orders into the Easter holiday demand and beyond.

Infrastructure: investment program set to deliver sustainable growth

With the expected seasonal downturn in sales, Q3 was a period to focus on maintenance and ongoing development of infrastructure to deliver sustainable growth for the business. Below were the key infrastructure developments over the quarter:

- Relocation and commissioning of 0.5Ha Longnose Zone lease (from Hank acquisition) to the more productive Sandspit Zone, to adjoin existing Angel lease holdings; with expected benefits in both finishing quality and increased efficiency in handling product between the leases. (refer figure 1)
- Development and commissioning of a new Beacon Zone lease (refer figure 2)
- Refurbishment of infrastructure on Davies lease

¹ Subject to certain normalisation adjustments to statutory results

- Our newest big vessel, Angel 6, was received and commissioned; creating significant capacity through efficient transfers of stock in larger batches (refer figure 3)
- Completion and commissioning of the new processing facility in Cowell (refer figure 4)
- Upgrading of the Port Lincoln Export Facility and Head Office in preparation to commence export sales (refer figure 5)

Subsequent to the quarter end and as announced to the market on 5 April 2019, the Company acquired an additional 0.5Ha of prime water holdings in the highly productive Beacon Zone, bringing the Company's total holding in Coffin Bay to 10.75Ha, with a finishing capacity of 9-10 million oysters per year.

Change of Registered Office and Principal Place of Business

Following the completion of the works to the Port Lincoln head office, the Company wishes to advise that its registered office and principal place of business has changed to:

48 Proper Bay Road
Port Lincoln
South Australia 5606

Organic and Sustainable certification continues to be a key differentiator for Angel

Angel has been re-certified "Organic" up to March 2020 following an audit undertaken by the National Association for Sustainable Agriculture Australia (NASAA) during the quarter. This certification is testament to Angel's sustainable farming practices and continues to be a key differentiator between Angel's premium oysters and other oysters available in the market.



As at the end of the quarter, the company was also undergoing an audit by Friends of the Sea to extend its "Sustainable" certification.

Bank facility extended; team strengthened with appointment of CFO

The Company successfully extended its NAB Debt Facility by \$1.2 million to \$4 million, providing the Company with added flexibility to sustain its growth agenda as it approaches positive operating cash flows.

The newly appointed Chief Financial Officer, Simba Matute, commenced with the Company on 25 February 2019, bringing significant financial and analytical skills to Angel.

Outlook

The Company is focused on maximising sales in the last quarter of the financial year, underpinned by near capacity stock levels and investments in infrastructure.

The Company also remains fully focused on progressing the development of its export strategy throughout the remainder of FY19 and into FY20, building on the initial export sample programs previously undertaken in various Asian and Middle Eastern markets.

The Company remains on track to be operationally cash flow positive for the 2019 financial year¹.

¹ Subject to certain normalisation adjustments to statutory results

Further Information

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

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Figure 1 – Relocation of 0.5Ha from Longnose to Sandspit

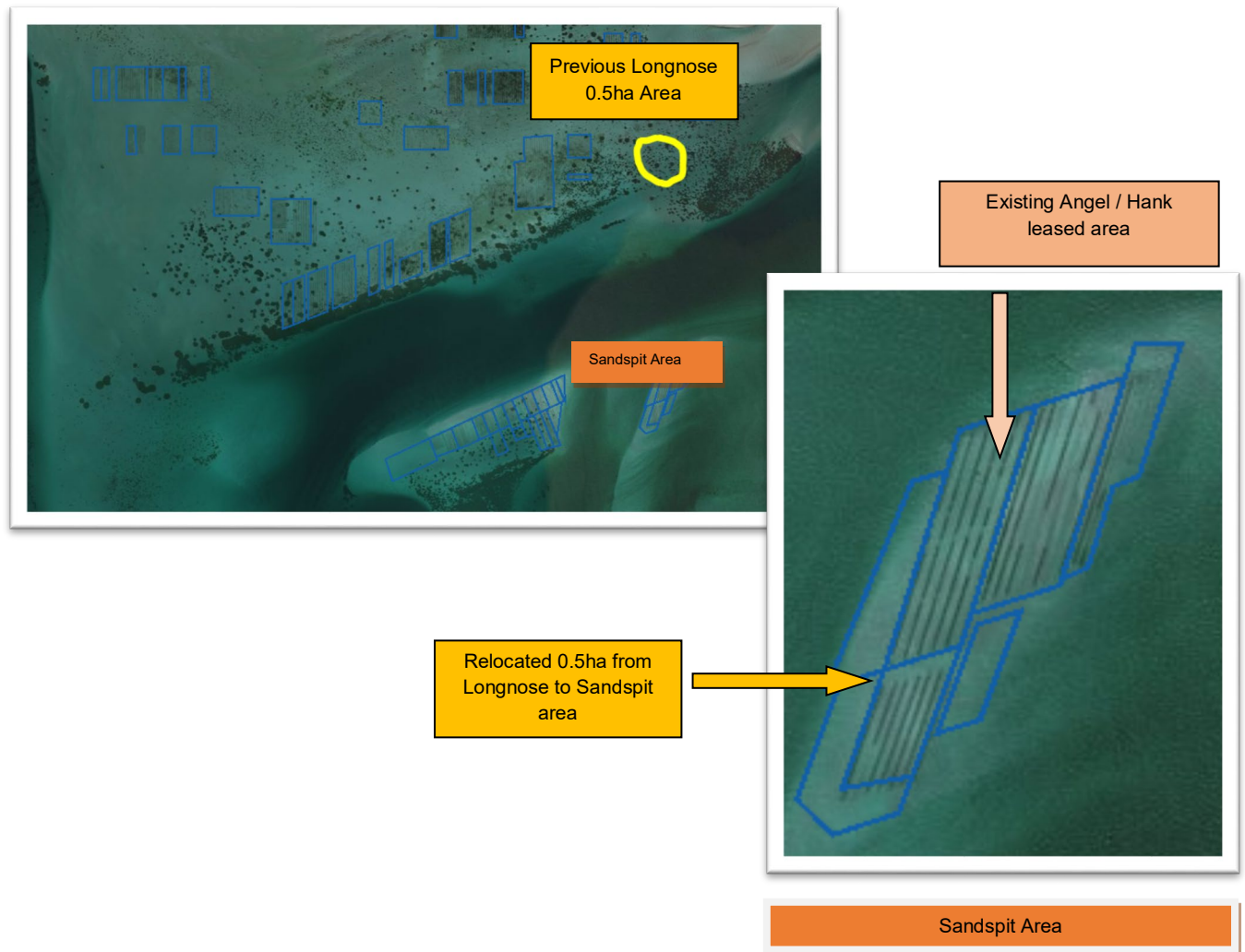


Figure 2 – New Beacon lease



Figure 3 – Angel’s new big vessels (Angel 5 and Angel 6) in action on Sandspit Lease

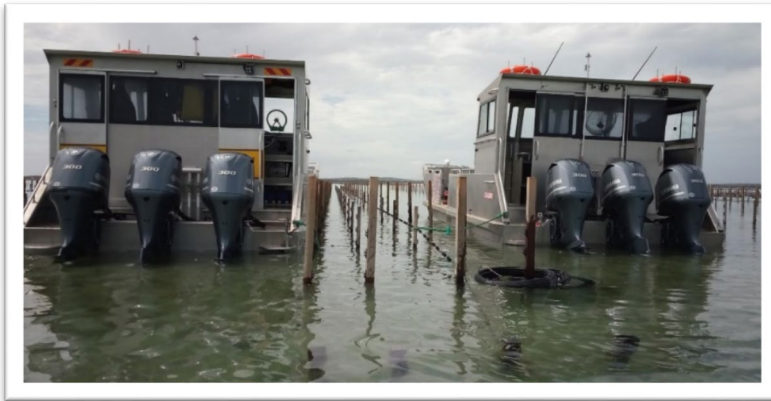


Figure 4: Completed Cowell processing facility and 6X6m cool room



Figure 5: Upgrades to Port Lincoln Export Facility and Head Office



Forward Looking Statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, variations in spat supply, production estimates and growth and mortality rates from those assumed, as well as the impact of governmental regulation.

The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Angel Seafood Holdings Ltd

ABN

38 615 035 366

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	923	2,801
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(466)	(1,810)
(c) advertising and marketing	(1)	(2)
(d) leased assets	(35)	(109)
(e) staff costs	(511)	(1,367)
(f) administration and corporate costs	(135)	(332)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	7
1.5 Interest and other costs of finance paid	(57)	(107)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(282)	(919)
<p>1.2 (b) includes \$230,000 of stock purchased as part of the 'Hank' Acquisition announced to the ASX on 29 October 2018.</p> <p>1.2 (d) and 1.5 – Year to date numbers have been adjusted to reclassify payments of \$31,000 associated with the 'Hank' Acquisition (announced to the ASX on 29 October 2018) from 'Payments for leased assets' to 'Interest and other costs of finance paid' in line with the treatment of the arrangement as a finance lease for accounting purposes.</p>		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(628)	(5,163)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(628)	(5,163)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,431	2,999
3.6	Repayment of borrowings	(624)	(708)
3.7	Transaction costs related to loans and borrowings	(15)	(25)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	792	2,266

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	259	3,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(282)	(919)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(628)	(5,163)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	792	2,266
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	141	141

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	141	259
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	141	259

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(103)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 Directors Fees of \$35,587 (including superannuation), Salaries of \$65,700 (including superannuation) and consulting fees of \$2,500.		

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	4,000	2,996
8.2 Credit standby arrangements	-	-
8.3 Other (Credit Card)	30	12
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.1 Loan Facility is provided by National Australia Bank Limited with a facility limit of \$4,000,000. Drawn down amounts are subject to an interest rate of 5.52% PA. The loan is secured by Company assets.		
8.3 Credit card limit at quarter end totalled \$30,000 with a balance of \$11,793.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(500)
9.3 Advertising and marketing	-
9.4 Leased assets	(30)
9.5 Staff costs	(520)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	(500)
9.8 Total estimated cash outflows	(1,650)

9.7 Includes \$450,000 of remaining payments for ongoing infrastructure expansion and planned development for the recently acquired 0.5Ha Beacon lease, with the remainder being payments for leases classified as finance leases.

9.8 The Board is of the opinion that total estimated cash outflows are more than sufficiently covered by planned sales, debtors' payments, cash on hand and available debt facilities.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Other – Performance Shares & Performance Rights

During the quarter, 1,000,000 Performance Shares were on issue. These Performance Shares are subject to escrow for a period of 24 months from the date of official listing on 21/2/18.

Each Performance Share converts into one ordinary share subject to the completion of performance milestones as set out in section 16.3 of the Replacement Prospectus dated 13/12/17 (Replacement Prospectus). No relevant performance milestones for Performance Shares arose during the quarter and no Performance Shares were converted during the period.

At the commencement of the quarter, 4,000,000 Performance Rights were on issue. These Performance Rights were subject to escrow for a period of 24 months from the date of official listing on 21/2/18.

The performance milestone and conversion rate for Performance Rights are set out in section 16.4 of the Replacement Prospectus. As announced in the FY19 Half-Year Report dated 27 February 2019, 4,000,000 Performance Rights vested and were converted to 5,657,708 ordinary shares on 27 February 2019. These shares are also subject to escrow until 21/2/20.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 15/4/19

Print name: Christine Manuel

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.