



## Q1 FY21 Activities Update & Appendix 4C

### Angel commences the 2021 sales season and delivers a record March quarter result; growth initiatives progressing well

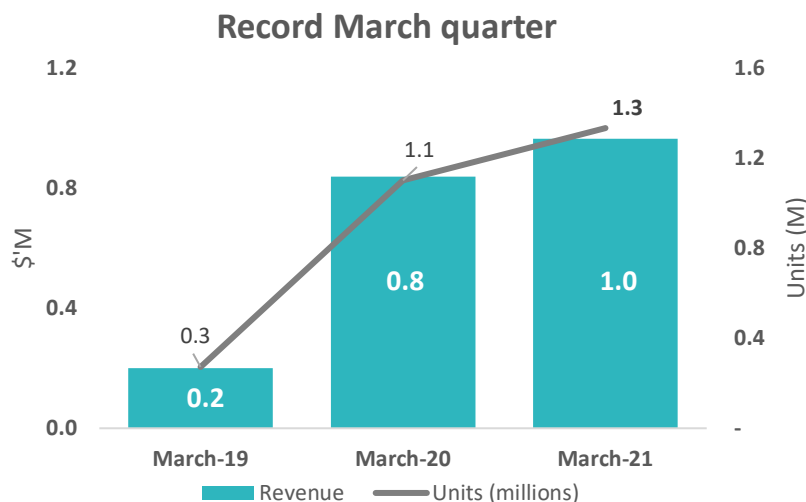
26 April 2021 – Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”), the Southern Hemisphere’s largest producer of certified organic and sustainable pacific oysters, provides the following quarterly update and Appendix 4C for the period ending 31 March 2021 (Q1 FY21).

#### Key highlights for the period:

- Record March quarter sales achieved with 1.3 million oysters sold, up 21% on the previous corresponding period (pcp)
- Oyster sales resumed following summer spawning period; good momentum experienced in the lead up to Easter
- Biomass increased 42% following good growth rates across all bays during the summer; record 33 million oysters on hand to cater for growing demand
- Growth initiatives towards doubling production and increasing profitability progressing well:
  - FlipFarm construction now commenced; project on budget and schedule
  - ‘Summer oysters’ on track to be available for sale next summer
  - Additional 10Ha of water acquired in Streaky Bay, providing further expansion options

#### Record March quarter result achieved with good momentum in sales in the lead up to Easter

Angel has delivered another strong quarter with 1.3 million oysters sold in the period ending 31 March 2021, representing an increase of 18% on pcp. The March quarter was a record result, which was achieved despite the 2021 selling season commencing later than usual. The strong result was driven by sales momentum experienced in the lead up to Easter with continued strong demand across the retail segment, as well as a noticeable pick-up in the restaurant channel.



Angel achieved a quarterly revenue result of \$1.0 million, up 15% on pcp, with underlying prices for its oysters remaining steady during the majority of the period, before increasing at the end of March, following the NSW floods that impacted supply of Sydney Rock oysters at a time of high demand for Easter. The average price achieved was 3% down on pcp, driven by the product mix being in favour of the smaller bistro sizes following the pivot to retail in response to the COVID-19 pandemic. Cash receipts from customers in Q1 FY21 were \$0.9 million, up 14% on pcp.

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

*"Angel is off to a flying start in 2021 with another record sales result driven by continued strong demand for our organic and sustainable pacific oysters. With COVID-19 restrictions across Australia now largely eased, we are pleased to see diners able to enjoy oysters in restaurants again with demand making a notable improvement. I am also excited about the continued strength we have experienced within the developing retail channel, a channel we started a year ago in response to the COVID-19 situation. Today, it makes up an increasing portion of our sales and represents a key feature in our strategy moving forward."*

*"In recent months the Angel team has been busy working on infrastructure upgrades and ensuring our oysters are in prime condition for the new sales season. We have also made sound progress with initiatives towards our goal of doubling capacity and improving profitability. Construction works for the FlipFarm trial are underway and the 'summer oysters' trial is proving promising with good survival rates in their first grading. With a record stock position on hand, we remain very well placed for a strong FY21."*

#### **Record stock position following favourable growing conditions**

Angel achieved pleasing growth rates across all bays over summer months, resulting in a 42% increase in biomass during the quarter, from 264 tonnes at 31 December 2020 to a record 375 tonnes (36% increase from pcp). As of 31 March 2021, Angel had 33 million healthy oysters on hand, positioning the Company well for continued sales growth.

Angel's leases across the Eyre Peninsula are operating near capacity with the overflow of oysters being warehoused in Haslam.

#### **Productivity initiatives progressing as planned; FlipFarm construction underway; additional water acquired**

In November, Angel launched a 3-pillar strategy to support the next phase of its growth which will see the Company increase annual production to 20 million oysters and improve profitability through increasing scale, focusing on innovation and improving price.

As part of Angel's next growth phase, the Company launched FlipFarming and 'summer oysters' trials which are aimed at improving farming productivity and lowering production costs through innovation.

## *FlipFarm project update*

The on-water construction activities for FlipFarms, which is managed in-house, have commenced and the project is on track to be delivered on budget and on schedule.



**Picture 1 – Newly built 100m long FlipFarm lines in Coffin Bay ready to receive first stock in April. A total of 4Ha (~40 lines) are being developed for FlipFarming trials in Coffin Bay. The floating system will increase operating efficiencies and improve accessibility. (In the background, to the left, is existing intertidal-farm infrastructure submerged during high-tide.)**

As part of the project, Angel purchased a jack-up barge that provides significant ‘jetty building’ capability. The new asset will lower costs for future capital projects and maintenance activities requiring on-water developments.

## *Summer oysters trial*

Summer oysters performed well through the summer period with grading showing good survival rates of the spawnless triploid spat. The oysters are on track to be available for sale for the summer season in early January 2022. Summer oysters will extend Angel’s sales period from current 10 months to the entire calendar year and increase annual sales by 10-15% with no further investment in assets. Additionally, a successful outcome from the trial will further strengthen Angel’s position within the retail channel given the ability to guarantee a continuous supply of its organic and sustainable oysters throughout the year, including over key festive periods such as Chinese New Year and Valentine’s Day.



**Picture 2 – Sample of triploid juvenile oysters**

#### *Additional 10Ha of water acquired in Streaky Bay*

In line with Angel's strategy to increase production capacity, the Company is in the process of acquiring an additional 10Ha of undeveloped water in Streaky Bay, which is situated close to Haslam. The low-cost acquisition is in exchange for Angel taking over ongoing obligations for annual licence fees and site maintenance. This additional water will increase 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.

#### **Operating cash flow**

The group had net operating cash outflow of \$1.2 million for the quarter, in line with expectations for the March quarter as sales are out of season for the majority of the period.

Cash inflows for Q1 FY21 included \$0.9 million in cash receipts from customers.

Operating cash expenditure for Q1 FY21 was \$2.1 million, comprising of spat purchases, production costs, advertising and marketing, payments for leased assets, staff costs, and administration and corporate costs.

Payments to related parties over Q1 FY21 were \$311k, consisting of Directors' fees and KMP salaries.

#### **Outlook**

Angel has commenced the 2021 sales season in a strong position with a good supply of oyster sizes available to cater for restaurants and the retail channel. The Company is focused on its sales program and strengthening its relationships with large retailers while also investing in the future growth of the business.

Angel continues to make good progress on key initiatives across the three pillars of its growth strategy which aims to increase annual production capacity to 20 million oysters and improve profitability through increasing scale, focusing on innovation and improving price.

*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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### **About Angel Seafood Holdings Ltd**

Angel Seafood is a producer of fresh, clean and consistently high-quality oysters that don't compromise the environment. Angel has grown from a family-operated South Australian business and has rapidly developed from a traditional oyster-growing business into a premium, innovative and organically certified producer of Coffin Bay Oysters. The Company primarily sells oysters to the domestic market; however, exports represent a substantial long-term growth opportunity.

Angel Seafood is the Southern Hemisphere's largest sustainable and organic certified pacific oyster producer.

### **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 cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

ANGEL SEAFOOD HOLDINGS LIMITED

**ABN**

38 615 035 366

**Quarter ended ("current quarter")**

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (three months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	926	926
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1033)	(1033)
(c) advertising and marketing	(10)	(10)
(d) leased assets	(19)	(19)
(e) staff costs	(818)	(818)
(f) administration and corporate costs	(134)	(134)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(94)	(94)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,182)</b>	<b>(1,182)</b>
1.2(a) – The group undertakes research and development activities the cost of which is embedded within its pool of operating costs and have not been split in this cash flow statement.		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1,420)	(1,420)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,420)</b>	<b>(1,420)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	500	500
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	500	500
3.6	Repayment of borrowings	(198)	(198)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>802</b>	<b>802</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (three months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,176	3,176
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,182)	(1,182)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,420)	(1,420)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	802	802
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,375</b>	<b>1,375</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	1,375	3,178
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,375</b>	<b>3,178</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(311)
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	5,700	4,142
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	5,700	4,142

7.5 **Unused financing facilities available at quarter end** 1,558

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 – The Group has two revolving finance facilities with National Australia Bank (NAB); a Working Capital Facility of \$3 million, and Business Expansion loan facility for \$2.7 million. Both facilities are secured by a first claim over present and future rights, property and undertaking of the consolidated Group. Interest is incurred on the drawn down portion of these facilities at a floating interest rate. As of 31 March 2020, the average interest rate on these facilities was 3.84%.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,182)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,375
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,558
8.4 Total available funding (Item 8.2 + Item 8.3)	2,933
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	2.5

8.1 – The net cash outflow from operations during the quarter ended 31 March 2021 is driven by seasonality of oyster production, with sales being out of season for the majority of the period, and is not representative of the operating cash flow expectations for the rest of the financial year with sales back in season.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

## 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.

Date: 26 April 2021

Authorised by: by the Board

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

+Rule 4.7B

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