



Q4 FY2020 Activities Update & Appendix 4C

Record quarterly sales achieved in an unprecedented trading environment; further improvement in stock position

20 July 2020 – 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 30 June 2020 (Q4 FY20). Financial information presented in this Quarterly Activities Update and Appendix 4C is unaudited.

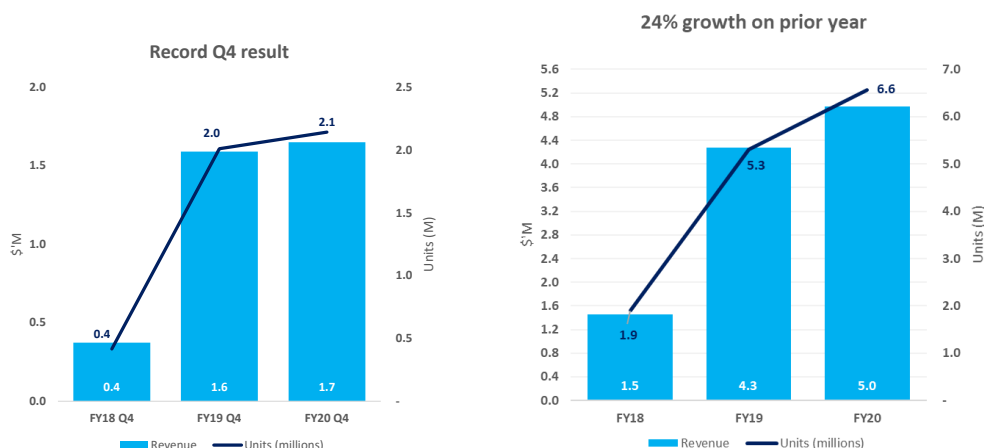
Key highlights for Q4 FY20 and current activities:

- A record quarter of sales achieved in unprecedented trading conditions – 2.1 million oysters sold, up 5% on Q4 FY19 (pcp); record full year sales of 6.6 million oysters, up 25% on FY19
- Growth in retail channel offsetting the adverse impact of restaurant closures
- Record quarterly sales of \$1.7 million, up 4% on pcp
- Positive operating cash flow achieved for the full year of \$405k
- Stock position remains strong with further mix improvement towards larger sizes; leases close to capacity with Haslam overflow facility now in use
- Stronger financial position, with improved liquidity

Record Q4 result achieved in unprecedented trading conditions, driven by strong growth in retail channel

The COVID-19 pandemic created significant challenges over Q4 FY20, with key trading channels completely shut down. Considerable work and decisive actions were taken to ensure the viability of Angel in both the short and long term, including fast-tracking Angel’s plans to build its retail sales program; with growing recognition that Angel can guarantee continuous supply of good quality stock. Pleasingly, despite the challenging environment, Angel sold a record 2.1 million oysters in the quarter, which was an increase of 5% on pcp, with underlying oyster prices remaining steady.

This was a tremendous outcome and highlights the quality of Angel’s oysters, the strength of customer relationships, and the agility of the Company to find the right end markets.



Sales for the full year to 30 June 2020 were 6.6 million oysters, representing an increase of 25% on prior year. The result reflects the underlying growth in the business through increased water holdings and Angel's strong stock profile.

The growth in oyster sales drove a record quarterly revenue result of \$1.7 million, up 4% on pcpc, and a record full year revenue result of \$5.0 million, up 16% on FY19. Pleasingly, underlying oyster prices have remained steady, while sales mix weighting towards the bistro size oysters during the year resulted in a lower realised average price for FY20 compared to FY19.

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

"We are very proud of the results our team has achieved in Q4, a period that was significantly impacted by the COVID-19 pandemic restrictions. Despite restaurant sales being significantly down, Angel has still been able to sell a record number of oysters over the quarter and for the full year."

"Our team has done a fantastic job in ensuring the growth and health of our oysters, which has allowed Angel to guarantee continuous supply of high-quality stock to our customers. Feedback from customers has been really positive, and we are planning for further growth."

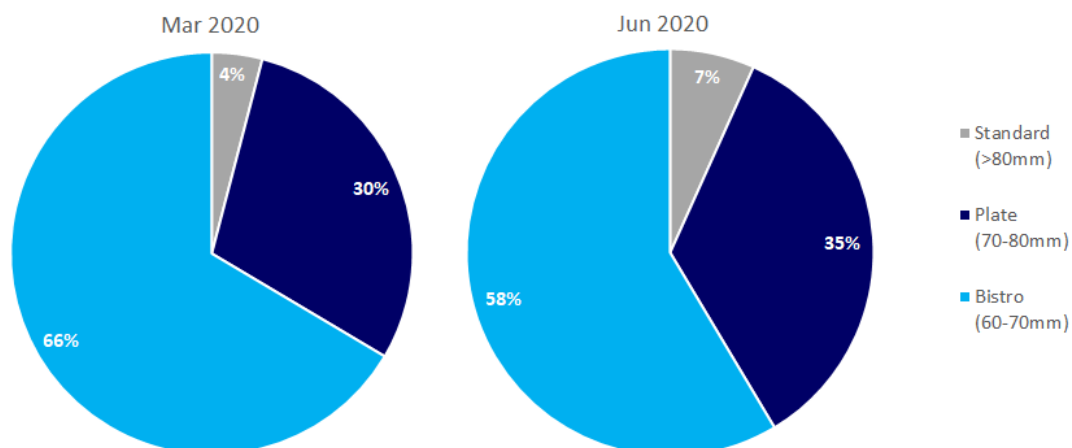
Cash receipts from customers in Q4 FY20 were \$1.7 million, up 24% on pcpc.

Further improvement in stock profile towards larger sizes

The impact of COVID-19 (lower sales than original guidance) enabled Angel the opportunity to further focus on improving its stock profile, ensuring the health of oysters as they grew in size. Growing conditions remained favourable throughout autumn which resulted in a significant increase in biomass during the quarter and further improvement in stock profile.

As at 30 June, Angel has 20 million graded oysters in the water with an increased biomass. 42% of the mature oysters conditioning for sale were classified as the larger size which represents an improvement from 34% as at 31 March 2020.

Breakdown of mature stock conditioning for sale



Angel has recommissioned its overflow facility at Haslam and is utilising the farm to its current useable capacity, which is 9ha. The useable capacity provides warehousing capacity of up to 5 million oysters, and there remains an additional 15ha in Haslam that remains undeveloped.

Initiatives implemented to improve liquidity following COVID-19

Angel remains vigilant to the developments of the COVID-19 pandemic and the ongoing implications to its business. The company has adapted its short-term strategy to optimise business performance while continuing to position Angel for the long-term.

As announced in April, Angel took actions to preserve cash and significantly improve working capital by stopping all discretionary operating expenses and deferring planned expansionary capital expenditures. At the same time, 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.

In addition to the decisive actions taken by Angel to ensure financial stability throughout the pandemic, the Company also qualified for Government stimulus packages in Q4.

Hank lease extension and deferral of option to purchase

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

Angel continues to monitor the rapidly evolving situation and will respond to changing conditions with any necessary measures, with health and safety of its staff remaining a key priority.

Export sales recommenced in Q4

Angel recommenced export sales over the last quarter as planned. With the support of the Australian Government's "International Freight Assistance Mechanism", Angel successfully shipped oysters to its existing clients in Hong Kong. However, volumes remain small due to COVID-19 restrictions remaining in place, as well as interrupted economic conditions in Hong Kong.

Whilst short-term outlook for exports is uncertain, Angel is confident that it can significantly grow its export volumes in the long-term as consumer demand returns. Angel is encouraged by the recent increase in export enquiries and is focused on building trade relationships with a number of prospective clients in Asia.

Positive operating cash flow achieved for the full year

Angel generated positive operating cash flows of \$462k during the quarter, and \$405k for the full FY20; a very pleasing outcome in light of the unprecedented trading conditions experienced due to the COVID-19 pandemic during the last half of the financial year.

Cash inflows for Q4 included \$1.7m cash receipts from customers and \$170k of COVID-19 support government grants received during the quarter.

Operating cash expenditure for Q4 FY20 was \$1.3 million, comprising of production costs, advertising and marketing, payments for leased assets, staff costs, and administration and corporate costs.

Payments to related parties over Q4 FY20 were \$114k, being KMP salaries and fees for Directors.

Outlook: Uncertainty remains, but Angel well positioned for demand recovery and continued penetration of retail channel

Pleasingly, Angel saw an increase in demand over the final weeks of the quarter, as restrictions in most States eased and consumers were able to return to dining out. However, post-balance date, renewed restrictions have been put in place in Victoria, causing some uncertainty with outlook.

Angel will continue to focus selling its oysters to existing customers, and further penetrate the retail channel.

Given the continued uncertainty surrounding COVID-19 and the potential for sustained or renewed restrictions, Angel considers it prudent not to provide sales guidance for FY21. Angel 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:

"Whilst the past few months have been challenging for all of us and it has impacted the way we live our daily lives; I am encouraged by Angel's performance and the results our team has achieved during this period. We are confident in our stock profile moving forward and our ability to meet our customers' growing needs."

"Whilst social distancing directives will no doubt continue to provide uncertainty of sales; I'm pleased to see more orders coming through in recent weeks. We have plenty of oysters available and they are in their prime condition and ready to be enjoyed."

"I'm very proud of our team and the agility they have shown to ensure that the Company continues to be in a strong position. Our stock remains in good health and of high-quality across our leases, and we have some exciting opportunities ahead of us."

Further Information

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

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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")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Full year \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,656	5,156
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(577)	(2,199)
(c) advertising and marketing	(14)	(40)
(d) leased assets	(19)	(79)
(e) staff costs	(633)	(2,532)
(f) administration and corporate costs	(75)	(444)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(46)	(286)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	170	829
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	462	405
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	Full year \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(369)	(695)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	311
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(369)	(384)

3.	Cash flows from financing activities		
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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	700	1,899
3.6	Repayment of borrowings	(14)	(1,105)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	686	794

Consolidated statement of cash flows		Current quarter \$A'000	Full year \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	566	530
4.2	Net cash from / (used in) operating activities (item 1.9 above)	462	405
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(369)	(384)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	686	794
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,345	1,345

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	1,345	566
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)	1,345	566

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**

(114)

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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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,925	4,389
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	4,925	4,389

7.5 **Unused financing facilities available at quarter end** 536

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 finance facilities with National Australia Bank (NAB); a Working Capital Facility of \$2 million, and Business Expansion loan facility for \$2.925 million. Both facilities are secured by a first claim over the oyster leases owned by the Group. Interest is incurred on the drawn down portion of these facilities at a floating interest rate. As at 30 June 2020 the average interest rate on these facilities was 4.06%.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	462
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,345
8.3 Unused finance facilities available at quarter end (Item 7.5)	536
8.4 Total available funding (Item 8.2 + Item 8.3)	1,881
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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:20 July 2020.....

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