

Angel Seafood Holdings Ltd



Results for the six-month period ended
31 December 2020
*FY2020-S**

23 February 2021

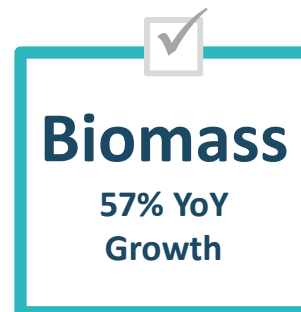
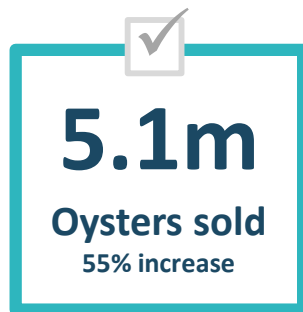
* FY20-S relates to a transitional 6 month period, given financial year changing to 1 January to 31 December



Angel delivers a record six-month result

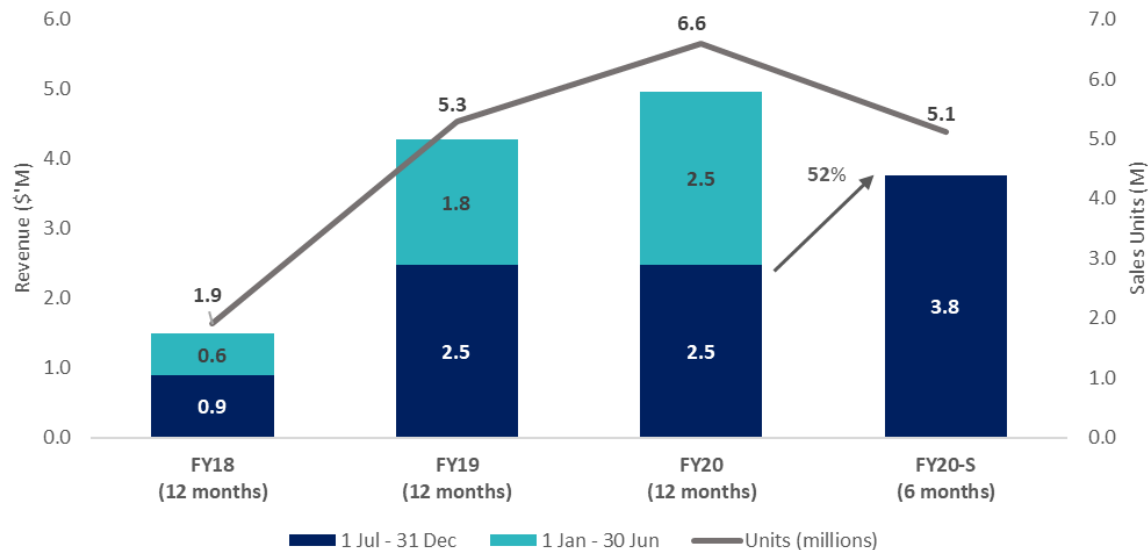
Strong demand and continued success of the multi-bay strategy

- **Record half year sales with 5.1 million oysters sold, up 55% on pcp (H1 FY20)**
 - Multi-bay strategy increasingly successful
 - Continued momentum in the retail channel
 - Restaurant demand recovering
- **Strong sales driving revenue up 52% on pcp**
 - Underlying oyster prices steady
- **20% reduction in average operating costs[#]**
 - Benefits of scale and productivity gains being realised
- **Growing conditions in line with expectations; stock in good health**
 - Focused on investing in pipeline to cater for future growth
 - Biomass* up 57% on pcp; Haslam facility accommodating the increased biomass



Financial year sales

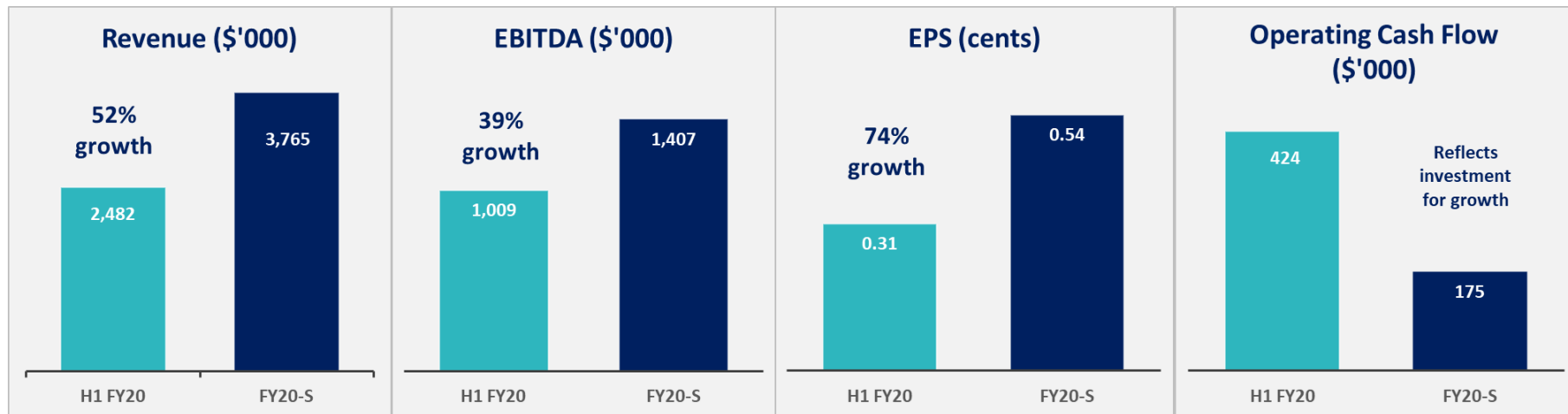
Continued year-on-year growth in sales & revenue



- Angel changed its financial year end from 30 June to 31 December, effective from 1 July 2020, to more closely align the financial year with the growing and sales cycle of Angel's key operations
- The financial period from 1 July 2020 to 31 December 2020 was a transitional period ("FY20-S")

FY20-S Financial Highlights

Record results achieved despite unprecedented trading environment



- A record result despite challenging trading conditions demonstrates the underlying quality and strength of the business
- Growth across revenue and earnings reflects growth in scale of operations
- Positive operating cash flow achieved; net figure includes ongoing investment in stock for future sales growth

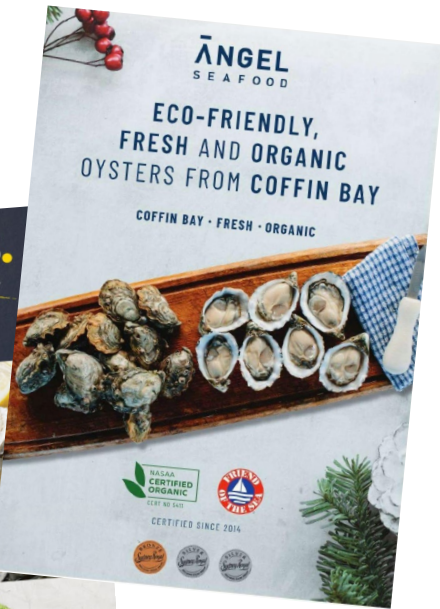
Strong retail momentum continues

Retail market now a key feature of Angel's growth strategy

- **Strengthening relationships with large retailers**
 - Angel's oysters featured in the Costco's Christmas catalogue and Drakes weekly catalogue
- **Growing recognition that Angel can guarantee continuous supply of good quality stock to retailers**
- **Mainly bistro size oysters sold through retailers which complements demand for larger size oysters by restaurant channel and export markets**
- **Significant opportunity to further increase penetration within retailers**
 - Currently less than 20% of major retail stores sell oysters
 - Opportunities exist to provide 'Angel' branded oysters into major supermarket chains



Drakes weekly catalogue



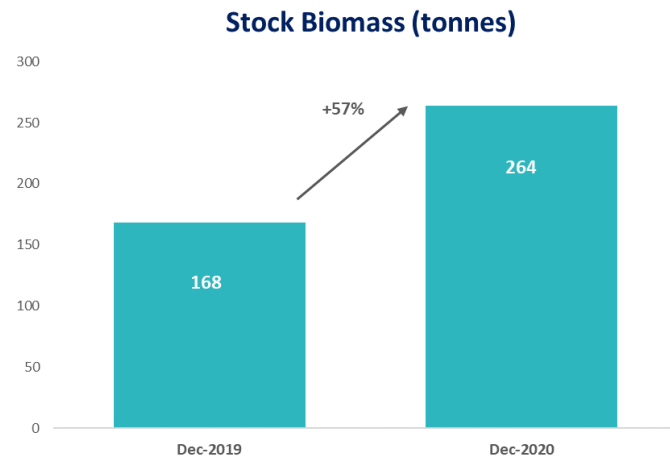
Costco Christmas catalogue

ANGEL
SEAFOOD

A good supply of oyster sizes to cater for the increasing demand

Focus on growing stock profile and upgrading infrastructure for the future

- **29 million graded* oysters currently in stock**
 - › Farming operations now focused grading oysters and monitoring the condition of the oysters during spawning season
 - › Spat purchases increased to ensure a steady supply of oysters to meet future demand and growth
 - › 57% growth in biomass vs pcp
- **Strong demand continued into the new year**
 - › Sales continued into January, albeit at a reduced scale:
 - Additional stock available for sale in Q1 FY21 despite record sales in previous quarter
 - Some stock has started regaining condition following early spawning experienced in Coffin Bay
 - › Angel team now focused on infrastructure upgrades; the 2021 sales season expected to fully commence in March



Review of FY20-S Financials

Profit & Loss

Record revenue result despite challenging trading conditions

- **A record six-month revenue result of \$3.8m, up 52% vs pcg**
 - › Record oyster sales – 5.1 million oysters, up 55%
 - › Growth in retail channel offsetting the adverse impact of lower restaurant sales brought about by COVID-19
 - › Strong stock profile and steady underlying oyster prices
 - › Growing consumer preference for healthier food
- **Fair value (SGARA) adjustment of \$726k reflects growth in biomass over the half**
- **EBITDA up 39% to \$1.4m despite ongoing investment for future growth**
 - › Additional investments in biological assets (spat) – should contribute to future growth
 - › 13% reduction in the average cost per unit sold on pcg due to a decrease in mortality rates
- **NPAT up 74% to \$0.7m**

	FY20-S	H1 FY20	%
	(\$'000)	(\$'000)	
Revenue	3,765	2,482	51.7%
<i>Other income</i>	778	535	45.6%
<i>Fair value adjustment (SGARA)</i>	726	1,067	-32.0%
Total expenses	(3,862)	(3,074)	25.6%
EBITDA	1,407	1,009	39.4%
<i>Depreciation & Amortisation</i>	(493)	(413)	19.6%
EBIT	914	597	53.2%
<i>Interest expenses</i>	(196)	(185)	5.9%
Profit Before Tax	719	412	74.4%
<i>Income Tax</i>	-	-	
Profit / (Loss) for the year	719	412	74.4%
Reported EPS (cents)	0.54	0.31	74.2%

Balance sheet

Significantly strengthened financial position;
well funded to accelerate growth plans

- **Successful \$4 million Placement undertaken in December 2020**
 - › 23.5 million fully paid ordinary shares issued at \$0.17 per share
 - › Strongly supported by existing investors as well as new high quality institutional and sophisticated investors
- **Working capital facility with NAB increased by \$1 million**
 - › The working capital facility limit is now \$3.0 million; renewal of the facility extended out to 30 November 2021
- **Funds from placement and additional working capital facility will fast-track growth initiatives and support financial position**
- **Total liquidity of \$5.2m as at 31 December 2020**
 - › Comprised of cash and available funds under working capital facility (\$2m)

	31-Dec-20 (\$'000)	30-Jun-20 (\$'000)
Cash	3,176	1,345
Receivables	859	592
Biological Assets	4,990	4,478
Total current assets	9,026	6,415
Biological Assets	1,461	755
PP&E	7,958	7,371
Intangible assets	7,679	7,243
Total non-current assets	17,105	15,385
TOTAL ASSETS	26,131	21,800
Trade & other payables	1,019	631
Borrowings	1,788	2,412
Total current liabilities	3,202	3,424
Borrowings	5,534	5,518
Total non-current liabilities	5,598	5,580
TOTAL LIABILITIES	8,801	9,004
NET ASSETS	17,330	12,796

Cash Flow

Positive operating cash flow achieved again; increased liquidity

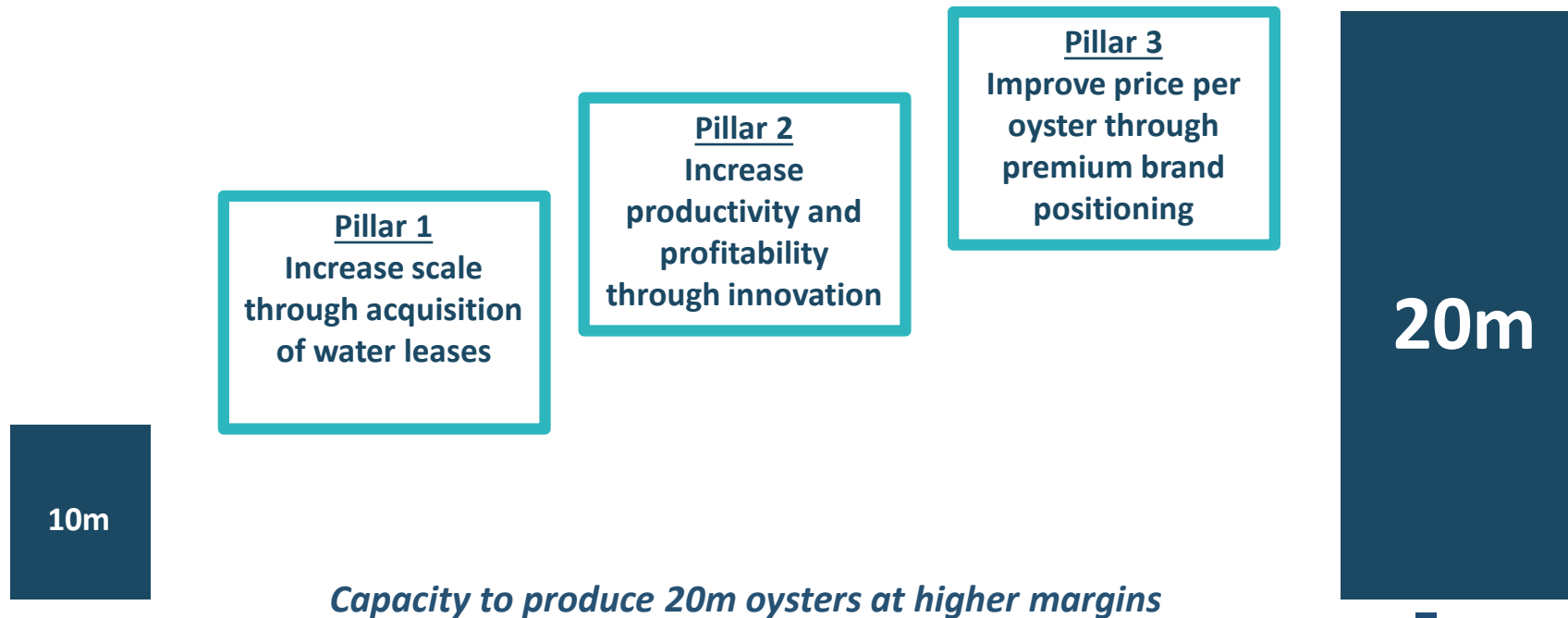
- **Positive operating cash flow of \$0.2m achieved**
 - Driven by growth in production and sales, and government stimulus measures
 - Partially offset by continued investment in the business for future growth
- **Investing cash outflows of \$(1.0)m driven by investment in property, plant & equipment**
- **Financing cash flows of \$2.7m reflects capital raise of \$4m, offset by repayment of borrowings**
- **Government grants of \$831k includes COVID-19 government support**
- **Liquidity (cash and available facilities) increased significantly to \$5.2m (from \$1.9m as at 30 June 2020)**

	FY20-S	H1 FY20	Change
	(\$'000)	(\$'000)	%
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	3,478	2,720	28%
Payments to suppliers and employees	(3,959)	(2,782)	42%
Government grants	832	0	>>
Other	(176)	(174)	1%
Net operating cash flow	175	424	-59%
CASH FLOWS FROM INVESTING ACTIVITIES	(1,016)	36	<<
CASH FLOWS FROM FINANCING ACTIVITIES	2,673	109	>>
Net (decrease)/increase in cash	1,832	(4,895)	>>
Cash at beginning of period	1,345	3,957	-66%
Cash at end of period	3,176	-938	>>

Outlook

3-pillar strategy to double production capacity & improve profitability

Low-capital plan to support next phase of growth



Well positioned for long term growth

3 pillar strategy to increase capacity and sales

Initial phase of growth completed

- Holding capacity of over 20m oysters; finishing capacity of 10m oysters each year
- 38Ha of developed water holdings
- Proven multi-bay strategy
- Increasing recognition to guarantee continuous supply of high-quality produce
- Strong stock profile positions Angel strongly for increasing demand & recovery of restaurant channel
- Accredited export processing facility



Embarking on the next phase of growth

- Finishing capacity increased to 12m oysters following lease acquisitions in Q2 FY20-S
- Further consolidation within Eyre Peninsula, increasing finishing capacity to 20m per annum
- Focus on productivity and low-cost production driven by flip-farms and automation
- Marketing and product differentiation – evolve from ‘price taker’
- Significant opportunity to expand retail channel sales
- Increase premium export sales

Disclaimer

Not an Offer

This Company Update does not constitute or form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied upon in connection therewith or act as any inducement to enter into any contract or commitment with respect to securities.

This Document

The information contained in this Company update is disclosed to you by Angel Seafood Holdings Ltd (the Company).

No Disclosure Required

This Company Update is intended to provide potential buyers/investors/shareholders with background information only and does not purport to contain all the information that a potential buyer/investor/shareholder may require. This Company Update does not constitute a prospectus, short form prospectus or other disclosure document as defined in the Corporations Act 2001 (Cth) ("the Act"). This Company Update has not been lodged with the Australian Securities and Investments Commission ("ASIC"), the ASX, or any other government body.

Foreign Jurisdictions

The distribution of this Company Update (including electronic copies) outside Australia may be restricted by law and persons who come into possession of this Company Update outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No recipient of this Company Update outside the Commonwealth of Australia may treat this Company Update as constituting an invitation to them to purchase shares.

No Responsibility for Contents of Document

To the maximum extent permitted by law, neither the Company nor any of its associates, directors, officers, employees, advisors or representatives make any representations or provide any warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this Company Update or any subsequent information provided to the recipient including but not limited to any financial projections, estimates or any other historical information. The information in this Company Update relates to the business of the Company at the date of this document only.

Financial projections, and forward looking statements

This Company Update may contain future financial projections and forward looking statements. Such projections and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from forecast results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are also necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. Accordingly, there can be no assurance that such statements, estimates or projections will be realised.

The Company disclaims any intent or obligation to publicly update any forward looking statements, whether as a result of new information, future events or results or otherwise. All forward looking statements contained in the Company Update are qualified by the foregoing cautionary statements. Recipients are cautioned that forward looking statements are not guarantees of future performance and accordingly recipients are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

Confidentiality

This Company Update is based on information provided to the ASX by way of Company announcements. However, it is a condition of the issue of this Company Update that it is to be kept confidential and will not be reproduced, copied or circulated, in whole or in part, to any third party without the express written consent of the Company.

No Advice or Reliance

This Company Update is provided for general information purposes only. Nothing in this document constitutes investment, legal, tax, accounting or other advice. The recipient should consider its own financial situation, objectives and needs and conduct its own independent investigation and assessment of the contents of this financial model, including obtaining investment, legal, tax, accounting and other such other advice as it considers necessary or appropriate.

For further information
please contact:

Angel Seafood Holdings Ltd
simba@angelseafood.com.au

Investor Relations - Market Eye
eric.kuret@marketeye.com.au



ANGEL
SEAFOOD