

Catalano Seafood Limited

# ASX Statement

31 January 2023



## QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2022

Catalano Seafood Limited (**Catalano's** or **the Company**) (ASX:CSF) is pleased to provide the following update regarding its activities for the quarter ending 31 December 2022.

### Highlights

- » December sales up 26.6% on last year. Q2 consolidated sales up 12.1% on last year.
- » Coles Local store in South Perth commenced ranging Catalano chilled and frozen seafood.
- » Sales to wholesaler Metcash Limited up 50.4% on last year.
- » SMS stores up 6.1% on last year. Preferred supplier stores up 14.3% on last year.
- » Wholesale sales up 25.4% on last year.
- » Catalano frozen seafood range now on sale in 18 IGA stores, 13 Flannery Natural Food stores and 3 Toscano fresh food stores across NSW, Qld and Vic.
- » Contract Processing sales up 39.2% on last year.
- » Catalano continues to install automated solutions to improve productivity and yields in the factory. A prawn peeling line and batch weigher machine were commissioned during the quarter. A Mondini packaging machine arrived in the quarter and will be commissioned in Q3.
- » Additional 1,500 sq mts of factory floor space now being utilised at the Bassendean head office to assist with increased volumes.
- » During the quarter, the updating of CSF IT Equipment began in the production facility.
- » Receipts from customers for the Quarter of \$4.9m.
- » Cash balance as at 31<sup>st</sup> December of \$2.3m.

#### BOARD OF DIRECTORS

**Nick Catalano**  
Ceo & Chairman

**Silvestro Morabito**  
Non Executive Director

**Mark Leong**  
Non Executive Director

**Koon Poh Low**  
Non Executive Director

## Operations Summary

The Company provides the following summary of its 3 Pillar key operational events throughout the quarter.

### Retail

- » Procurement plans initiated in mid-2022 delivered excellent inventory levels. This enabled Catalano to leverage off this strong inventory base to perform well over the festive season, in particular the key lines of lobster and prawns. As a result, December sales were up 26.6% on last year and December quarter consolidated sales were up 12.1% on last year.
- » Coles Local agreement signed in the December quarter. Trading commenced in November 2022 at the South Perth Coles Local. The Catalano range has performed well with sales for the first 8 weeks totalling ~\$36k. Supply to a second store will commence in early Q3 with 'Coles Local' in Mosman Park.
- » SMS (Seafood Category Solution) and PSS (Preferred Supplier Stores) continue to trade well with SMS sales up 6.1% on last year and PSS sales up 14.3% on last year.
- » The Catalano brand along the East coast has grown from 15 IGA stores to 34 in December quarter.

### Processing

- » Contract processing sales of ~\$1.71m in the December quarter, up from ~\$1.23m in the same period last year, an increase of 39.2%.
- » The recently installed prawn peeling line was commissioned on 26 October 2022. The automated line supplies peeled prawns for company owned retail stores, wholesale clients and contract processing customers including Austral Fisheries and Sea Harvest (MG Kailis). The prawn skewers for Austral Fisheries is in full production with YTD sales YTD at ~\$280k.
- » A batch weigher was commissioned in the December quarter. The automation of weighing product rather than via human engagement is expected to deliver significant improvements in profitability as weighs will be 100% accurate through the elimination of human error.
- » Further automation is expected in Q3 through the arrival of filleting lines from China.
- » We have gained an additional 1,500 sq mts of factory space. At this point the additional space is being used for storage but in time will allow Catalano to improve its freezer capacity (by an additional 380 pallets) and storage efficiencies. We expect these benefits will begin to be realised in Q3.



- » A Mondini packaging machine will be commissioned in Q3. This machine will not only improve productivity in the factory but will also deliver on our commitment to more sustainable packaging. Removing the plastic packaging and introducing an eco-friendly board. Catalano expects this initiative will reduce problematic plastic usage in our business by as much as 70% by late 2023 and beyond.
- » An investment of \$100k with Existco Pty Ltd (Information technology platform) has been made. This technology will be installed in Q3. This production control system (Existco) will deliver a modern computerised platform across the total factory. As a result, improving our overall management reporting and generating cost savings through improved accuracy and process.

## Distribution

- » Strong performance in volumes through the WA Metcash Limited distribution centre in the quarter. Specifically, with standout results on local tiger prawns - 11,376 kg sold over the Christmas period plus other Catalano branded fish lines. YTD sales of ~\$1.08m compared to ~\$677k last year, up an impressive 50.4%.
- » Wholesale distribution has increased a further 7% since Q1 to 25.4% in Q2.

## Corporate Activities

- » Loyalty Options Prospectus was issued on 16<sup>th</sup> November 2022, offering 1 Loyalty Option for every 2 Shares held on the Record date as an issue price of \$0.001 to raise up to approximately \$40,062 (before costs).
- » On 29 December 2022 the Loyalty Option offer closed oversubscribed. 56,393,610 Loyalty Options applied for, 40,062,000 issued. Further 2,500,000 Loyalty Options issued to Corporate Advisor, Auspac Financial Advisory.
- » ~\$1.2m debt facility established with National Australia Bank to assist with growth plans, completed in December quarter.



## Appendix 4C Financial Disclosures and Use of Funds

### Appendix 4C disclosures

The Appendix 4C provides details on the cashflows for the quarter ended 31 December 2022. As at 31 December 2022, the Company had a cash balance of \$2.3m. The Company's net cash used in operating activities for the quarter amounted to \$118k. This was comprised of \$4.9m receipts from customers, \$102k receipt from a government grant, \$2.6m spent on product manufacturing and operating costs, \$13k on advertising and marketing, \$148k on leased assets, \$1.5m on staff costs, \$577k for administrative and corporate costs and \$26k in interest costs.

As disclosed in item 6.1 of the attached Appendix 4C, \$98k was paid in respect of directors' fees to directors (or their associated entities) during the quarter.

### Use of funds statement

Catalano was admitted to the official list of the ASX on 11 March 2022 following completion of its listing raising \$5,025,800. The December FY23 quarter is included in a period covered by a use of funds statement in the prospectus lodged with ASX under Listing Rule 1.1 condition 3.

A comparison of the Company's actual expenditure since admission to 31 December 2022 against the estimated expenditure in the use of funds statement is set out below as required by ASX Listing Rule 4.7C.2.

<b>Use of funds – Year 1</b>	<b>Actual total (11 Mar 22 – 31 Dec 22) \$</b>	<b>Prospectus total (11 Mar 22 – 11 Mar 23) \$</b>
Sales and marketing distribution	478,714	950,000
Seafood Management Solution	167,257	600,000
Processing upgrade and equipment	647,372	1,000,000
General admin and working capital	723,858	682,219
Costs of the public offer	583,759	621,473
<b>Total</b>	<b>2,600,960</b>	<b>3,853,692</b>

In relation to the use of funds, the Company notes:

- » The working capital line item includes, inter alia, executive management salaries and wages who are supporting the growth strategy and the Company's business objectives.
- » The costs of the public offer include costs in relation to the Company's ASX listing on 11 March 2022.



**-ENDS-**

This announcement was authorised for issue by the Board of Catalano Seafood Limited.

**For more information, please contact:**

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**FORWARD LOOKING STATEMENTS**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of Catalano Seafood Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.



**@catalanoseafood**