

ANGEL

SEAFOOD

Q1 FY2020 Activities Update & Appendix 4C

Strong growth in exports; healthy stock position and increased finishing capacity to drive growth; on track to meet full year guidance

23 October 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 30 September 2019 (Q1 FY20).

Key highlights for Q1 FY20:

- Sales of \$1.2 million, up 9% on Q1 FY19 (pcp), despite slower growing conditions in the bays
- Cash receipts from customers \$1.3 million, up 48% on pcp
- Strong growth in exports, accounting for 16% of Q1 sales
- Acquisition of additional 1.5Ha of premium water in Coffin Bay
- Healthy stock position; on track to achieve full year guidance of 8-10 million oysters

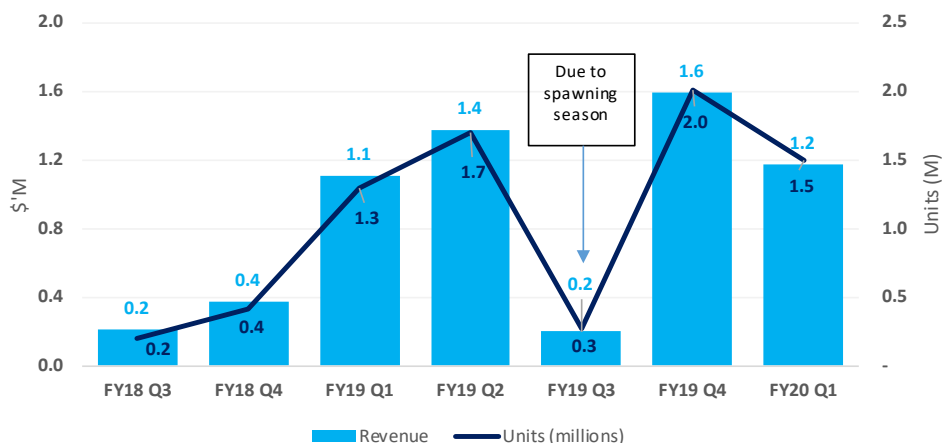
Quarterly sales up 9% on pcp; on track to meet full year guidance of 8-10 million oysters

Sales for Q1 FY20 were \$1.2 million, up 9% on pcp, reflecting the additional capacity in the business following a period of extensive investment in the Company. The 25% reduction from the previous quarter (Q4 FY19) is due to the slower growing conditions in the bays that were experienced over the quarter as previously reported. The cooler than normal conditions experienced in the bays meant less oysters were available for sale than normal, with stock sold weighted more towards the smaller sizes.

While the slower growth affects timing of sales, the stock is still available and prices have remained strong, underpinned by strong demand. The average water temperature within the bays has now returned within the expected range and the conditions are favourable for oysters to grow at a higher rate as Angel heads into the festive season.

Angel sold 1.5 million oysters over the quarter, up 15% on pcp, and remains on track to achieve full year guidance of 8-10 million oysters.

Growth in quarterly revenue and oyster sales



Cash receipts from customers in Q1 FY20 were \$1.3 million, up 48% on pcp, following the strong sales result from the previous quarter. Operating cash flow of \$(0.3) million for the quarter was adversely impacted by the lower sales for the quarter. Heading into the peak period for oyster sales, the Company expects to generate positive operating cash flow in Q2 and for the full year.

Commenting on Q1 FY20, Angel's CEO and founder, Zac Halman, commented:

"Despite cooler water temperatures in the first quarter, we are off to a solid start this financial year and in a very strong position to deliver on our growth targets."

"Pleasingly, the water temperatures have now returned to levels within the expected range, which means we are well placed for strong oyster sales as we come into the festive season", said Mr Halman.

Export sales accounting for 16% of quarterly sales

As previously reported, Angel commenced its export sales during Q4 FY19 to Hong Kong and has received strong customer feedback. The Company is pleased to announce there has continued to be strong demand from Hong Kong customers in Q1, with exports making up 16% of the total quarterly sales. Prices achieved for export oysters continue to be largely in line with domestic oyster prices.

With greater domestic demand expected over the festive season, as well as Northern Hemisphere oysters coming back into season over the coming weeks, the Company, as planned, will slow down exports in Q2.

Angel expects exports into the Asian market to continue to grow in FY20 and beyond, representing a large long-term opportunity for the Company as it continues to grow its production.

Acquisition of additional high-quality assets in Coffin Bay

In July, Angel announced the acquisition of an additional 1.5Ha of quality water in Coffin Bay, bringing the total water holding in the area to 12.25Ha and increasing the Company's finishing capacity to 10 million oysters per annum. This further improves the Company's ability to serve the strong demand for its sustainable and organic oysters. The newly acquired asset requires minimal further investment and has an expected payback period of 2.5 years. The Company is actively trialling operations on its leases to increase utilisation and therefore increase production capability. Results of these trials will be released in due course.

The acquisition was partly funded from the proceeds of selling Angel's non-core assets in Smoky Bay, with the balance to be funded from future cash flows.

Outlook

Commenting on the outlook, Mr Halman, commented:

"Stock levels remain healthy across our farms and we expect to see strong demand for our sustainably grown organic oysters domestically and overseas. We have received excellent initial feedback from our customers in Hong Kong and look to build our export business in the long term. With the busy festive season ahead, our team is well positioned to deliver another record quarter of sales in Q2."

Further Information

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

Eric Kuret

Market Eye

M: +61 417 311 335

E: eric.kuret@marketeye.com.au

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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,256	1,256
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(686)	(686)
(c) advertising and marketing	-	-
(d) leased assets	(19)	(19)
(e) staff costs	(623)	(623)
(f) administration and corporate costs	(97)	(97)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(83)	(83)
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	(252)	(252)
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 (3 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(193)	(193)
	(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	241	241
	(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	48	48

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	350	350
3.6	Repayment of borrowings	(518)	(518)
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	(168)	(168)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	530	530
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(252)	(252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	48	48
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(168)	(168)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	158	158

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	158	530
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)	158	530

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	(107)
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 and salary for Non-Executive Directors and Executive Director respectively (including superannuation).		

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	3,408
8.2 Credit and standby arrangements	-	-
8.3 Other (Credit Card)	30	8
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.		
<p>8.1 Loan Facility is provided by National Australia Bank Limited with a facility limit of \$4 million. Drawn down amounts are subject to an interest rate of 4.46% per annum. The loan is secured by Company assets.</p> <p>8.3 Credit card limit at quarter end totalled \$30,000 with an outstanding balance of \$8,163.</p>		

9. Estimated cash in/(out)flows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(940)
9.3 Advertising and marketing	-
9.4 Leased assets	(30)
9.5 Staff costs	(700)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	2,200
9.8 Total estimated cash in/(out)flows	430
<p>9.7 Estimated net cash inflows for the quarter from sales and collection of receivables, net of cash outflows for investing activities and repayment of liabilities falling due during the quarter.</p> <p>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.</p>	

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 & Consideration 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.

Nil Consideration Performance Rights remained on issue during the quarter; vesting and conversion to shares occurred on 27 February 2019.

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: 23/10/19

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.