



26 September 2018

ASX:AS1 – Audited Financial Report Commentary & FY19 Outlook

Angel Seafood Holdings Ltd (the Company/Angel) is pleased to provide the following commentary regarding the release of its Audited Financial Report for the year ended 30 June 2018. This commentary should be read in conjunction with the released full version of the Audited Financial Report.

FY18 Reporting Highlights:

- Angel has the capacity to hold 20-million oysters across its water leases.
- The Company can sell direct to export and domestic customers through the acquisition, refurbishment, commissioning and AQIS accreditation of a purpose-built processing export facility.
- Combined the Company now has access to 67Ha of water suitable for oyster farming. This is a 31% increase in available water over and above that listed in the Company Prospectus.
- FY18 saw the establishment and expansion of a South Australian based spat production; with each passing month the spat supply has been improving.
- Total revenue for the year increased by 6.70% to \$1,510,511 this is despite a very challenging market environment where spat were difficult to obtain.
- Net assets for the period increased by 164% to \$11.12 million.
- The consolidated loss of the Company and its controlled entities (Group) after income tax was \$(1,142,629). This represented a 31.48% improvement on the results reported for the previous financial year, and reflects the investment made to build scale and a sustainable business.
- Angel has invested in its people, that now number 14 full time staff. New staff include specialist Bay Managers and a Spat Manager whose sole focus is the health of the Company's juvenile oysters.
- Early in FY19 approval was granted by the National Australia Bank Limited for an additional \$2,000,000 loan facility, bringing total available debt from the NAB to \$2,800,000.

Angel's Strategic and Future Objectives

The Company continues to build a strong and stable business based in South Australia's Eyre Peninsula. Below are the objectives for FY19 as the Company seeks to execute against its business plan:

- The continued procurement of sufficient spat to ensure that business plan outcomes can be reached.
- Implementation of oyster husbandry and farming techniques that optimise the oyster growth cycle and lower the mortality levels throughout the stock's lifecycle.
- Development and maintenance of key domestic and export sale markets.
- Investigation, and where deemed appropriate the expansion of the Company's assets, including additional seafood leases and potentially expanding into vertical integration.

- The attraction and maintenance of a vibrant, diverse and engaged workforce.
- The development of a sustainable business model including the delivery of an operationally cash flow positive outcome in FY19.
- The Company will continue to explore further opportunities that meet Angel's long-term growth and development goals. The overall aim is to provide shareholders with a sustainable increase in profits.

FY19 Outlook

Angel has experienced strong domestic demand to date in FY19, and inbound enquiries by a number of potential global customers for export quality oysters; particularly Asian customers. Angel's CEO and Founder has recently visited potential partners in these markets. Despite this interest, the key focus for the Company from now through to Christmas 2018 is optimising Angel Seafood's oyster production to maximise domestic sales.

The Company expects to have completed key increased production enabling tasks such as relocation of the Coffin Bay oyster leases and commissioning of the expanded Coffin Bay processing facility before the peak Christmas season. Once this investment has been completed, Angel Seafood will have the facilities and infrastructure in place to deliver the larger volumes anticipated as spat supply increases and the oysters in the water grow to an optimal size for sale.

The Board, given its water holdings and stock on hand, is confident of delivering growth in operations and financial results through FY19 including achieving an operationally cash flow positive position. However, in making this statement it is always important to note the inherent operational risks in aquaculture that may impact on future results.

The Company expects that spat supply will continue to be tight over the coming 6 to 12 months, but Angel is confident in receiving enough spat to reach its business plan outcomes. The Company wishes to again acknowledge the work of the South Australian Government, SAOGA and the hatcheries in bringing as much spat to market as possible. The Board anticipates that access to spat will improve throughout FY19.

Further Information

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

chairman@angelseafood.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.