

Angel Seafood Holdings Ltd



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

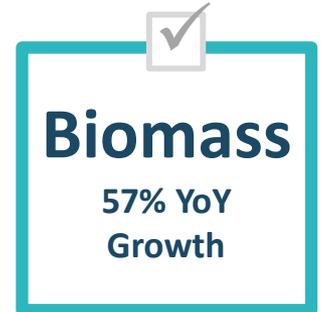
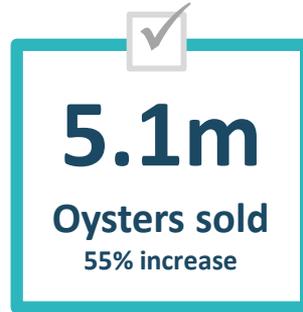
23 February 2021

* 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

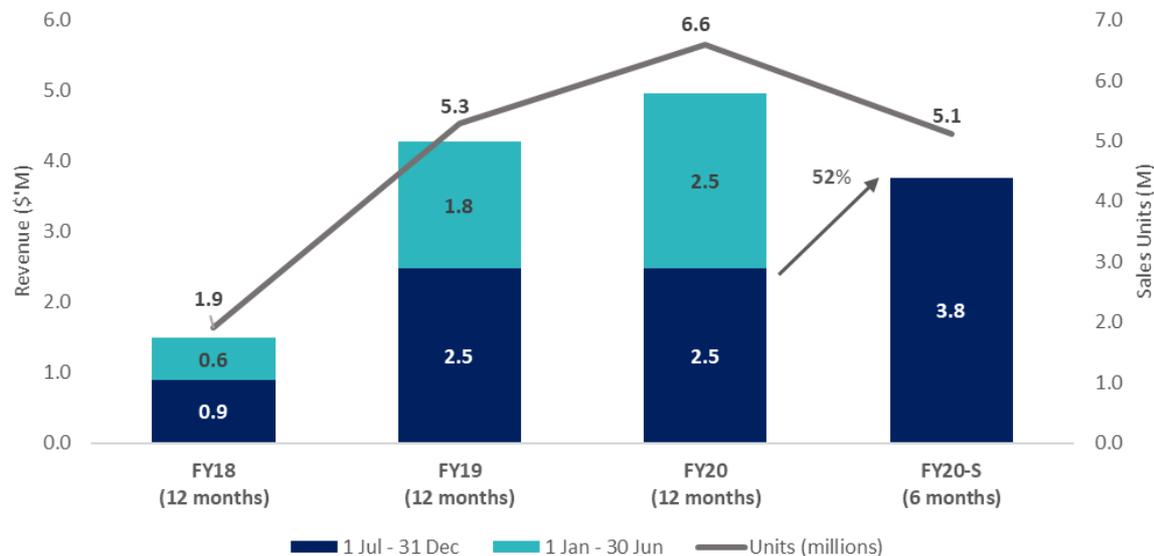
Strong demand and continued success of the multi-bay strategy

- **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

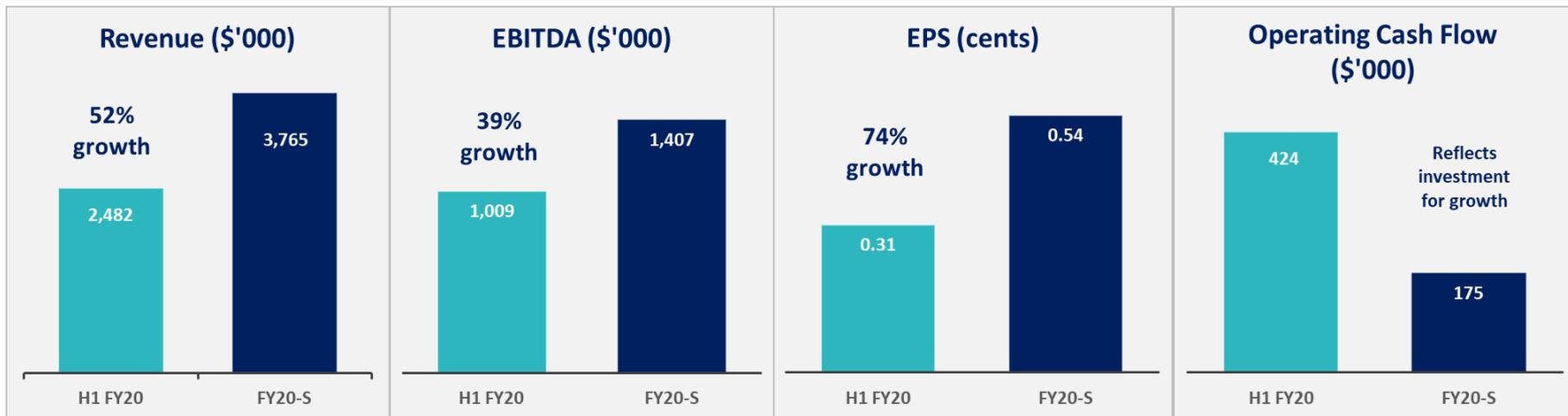
Continued year-on-year growth in sales & revenue



- 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



Costco Christmas catalogue

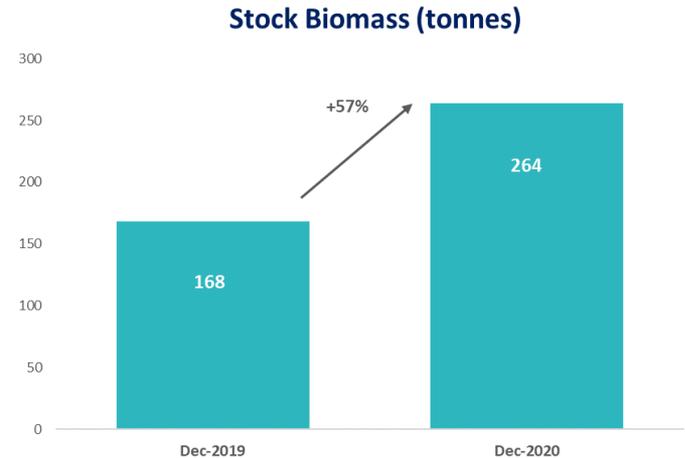
Drakes weekly catalogue

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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 pcp**
 - › 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 pcp 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	30-Jun-20
	(\$'000)	(\$'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

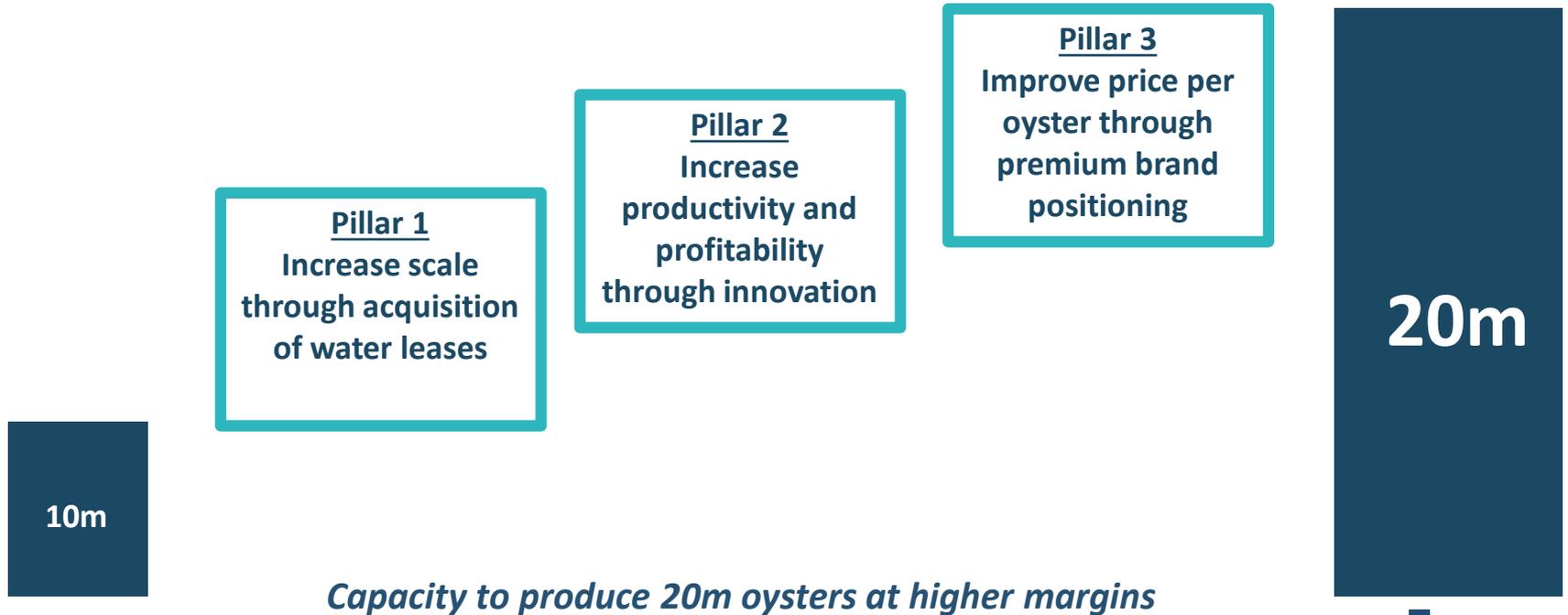
- **Positive operating cash flow of \$0.2m achieved**
 - › Driven by growth in production and sales, and government stimulus measures
 - › Partially offset by continued investment in the business for future growth
- **Investing cash outflows of \$(1.0)m driven by investment in property, plant & equipment**
- **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

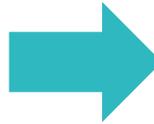


Well positioned for long term growth

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

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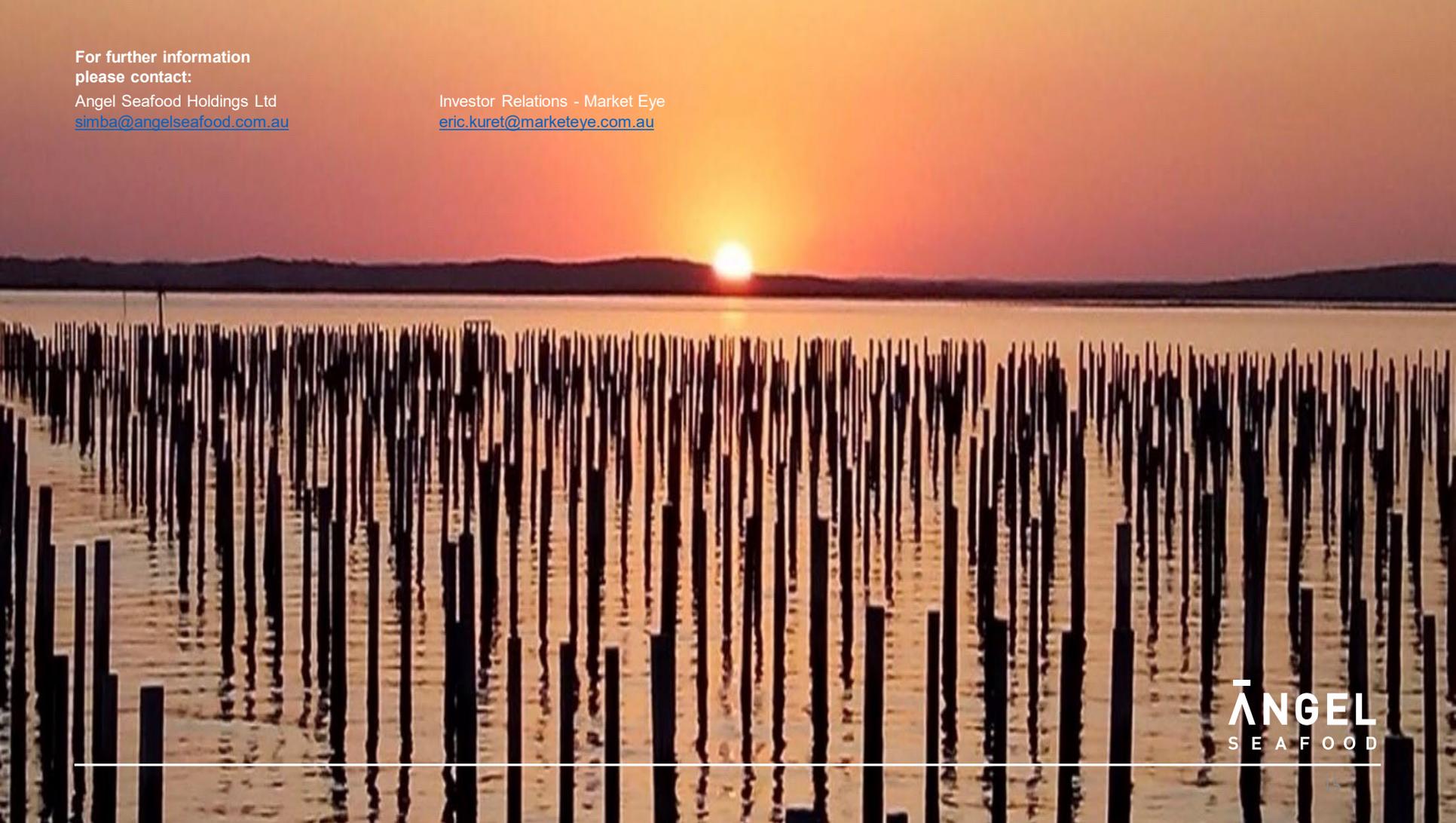
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For further information
please contact:

Angel Seafood Holdings Ltd
simba@angelseafood.com.au

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



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