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Q1 FY20-S Activities Update & Appendix 4C

All-time record high quarterly sales; well-placed coming into peak demand period

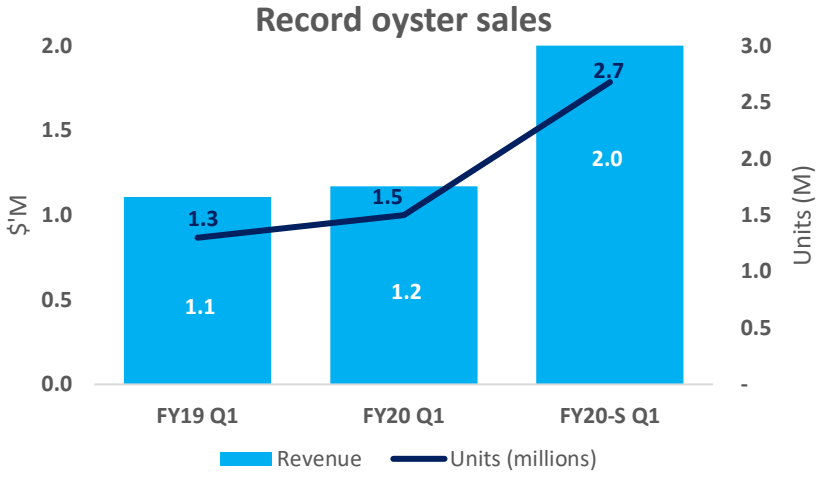
15 October 2020 – Angel Seafood Holdings Ltd (ASX: AS1) (the "Company" or "Angel") provides the following quarterly update and Appendix 4C for the period ending 30 September 2020.

Key highlights for the period:

- **Another quarter of record sales achieved with 2.7 million oysters sold, up 78% on the previous corresponding period (pcp) and an all-time record high, driven by Angel's multi-bay strategy and retail sales momentum**
- **Spat purchases recommenced; Angel's team is now focused on accelerating its investment in growth of spat and further development for production within the multi-bay operations**
- **Positive operating cash flow of $408k**
- **Working Capital Facility with National Australia Bank (NAB) extended by $1 million after balance date, with total liquidity increasing to $2.7 million**
- **Strong stock position coming into peak demand period**
- **Angel's financial year end to change to 31 December to align with the growing and sales cycle of the Company's operations; current period will be a transitional six-month period running from 1 July 2020 to 31 December 2020 ('FY20-S')**

Record sales driven by continued strong momentum in retail channel & success of multi-bay strategy

Angel Seafood, the largest producer of certified organic and sustainable pacific oysters in the southern hemisphere, has sold an all-time record high 2.7 million oysters in the quarter ending 30 September 2020 (Q1 FY20-S), an increase of 78% on pcp, off the back of continued strong demand for its Coffin Bay oysters from the retail channel.



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The Company fast-tracked its plans to build a retail sales program earlier this calendar year, following the closure of the restaurant channel due to COVID-19 restrictions. The strong stock position and growing recognition of Angel's ability to guarantee continuous supply of organic, sustainable and high-quality stock for the retail channel supported the record result.

Pleasingly, there are also signs of the restaurant demand starting to pick up with COVID-19 restrictions easing in some states.

While underlying oyster prices have remained steady, sales mix weighting towards the bistro size oysters sold into the retail channel resulted in a lower realised average price during the quarter compared to pcp.

Driven by strong sales and partly offset by lower average price, Angel achieved a quarterly revenue result of $2.0 million, up 71% on pcp. Cash receipts from customers in Q1 FY20-S were $1.9 million, up 50% on pcp.

The export channel remains unviable at this stage due to the reduced capacity of air freight and associated high costs. As a result, Angel is now focused on selling its oysters in the domestic market which is heading into peak demand season. The Company remains confident that it can significantly grow its export program in the long-term.

Commenting on the record quarter, Angel's CEO and founder, Zac Halman, said:

"The Angel team has worked extremely hard throughout the COVID-19 pandemic, quickly pivoting our strategy to set up a retail sales program following the restrictions on our traditional avenues. Delivering another record result during these uncertain times is a testament to the tremendous effort by the team, as well as the quality of our product and the strong relationships we have in place with our customers.

"We continue to receive positive feedback from our customers and are progressing initiatives to further increase retail penetration. Angel is bolstering relationships and examining marketing initiatives with large retailers based on Angel's ability to provide a continuous supply of high-quality oysters. We are extremely excited about the growth opportunities that this channel provides us."

Angel enters the peak demand period with strong stock position; recommenced spat purchases

Growing conditions throughout winter were in line with expectations, with winter months typically being the slowest period for oyster growth, and stock remains in good health. As of 30 September, Angel had 22 million graded oysters in stock with a biomass of 256T, a 31% increase compared to biomass of 196T as of 30 September 2019. Following the record quarter of sales and the seasonally slower oyster growth over winter, biomass reduced 30% from June 2020.

In recognition of the strong sales momentum experienced in recent months, Angel increased spat purchases during the quarter above the natural replacement rate (investment in net biological stock growth) to ensure there remains a steady pipeline of biological stock to cater for future growth.

Farming operations are now focusing on finishing mature stock in preparation for the peak demand period during spring/summer and the festive season.

Angel continues to utilise its overflow facility at Haslam, which has the potential to be further expanded to increase production if required.

Working capital facility extended to provide additional liquidity

Angel is pleased to advise that it has secured an increase of $1 million to its working capital facility with the National Australia Bank (NAB). The working capital facility limit now stands at $3.0 million with the renewal of the facility extended out to 30 November 2021.

The additional facility further strengthens the Company's liquidity, allowing Angel to focus on improving productivity and further invest in building scale in the business.

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Positive operating cash flow achieved

Angel generated another quarter of positive operating cash flows of $408k.

Cash inflows for Q1 FY20-S included $1.9 million in cash receipts from customers, $500k in R&D incentives, and $218k in JobKeeper and other COVID-19 support payments. Angel will not qualify for the JobKeeper program from Q2 FY20-S onwards.

Operating cash expenditure for Q1 FY20-S was $2.1 million, comprising of spat purchases (including investment in net biological stock growth), production costs, advertising and marketing, payments for leased assets, staff costs, and administration and corporate costs.

Payments to related parties over Q1 FY20-S were $239k, mainly consisting of KMP salaries and fees for Directors.

Outlook: Angel well positioned for the peak period in domestic demand

Coming off the back of a record quarter of sales, Angel enters Q2, the peak domestic season, in a strong position.

Angel continues to experience strong momentum in retail sales, with consumers becoming increasingly accustomed to purchasing oysters from their local retailer. The retail channel will continue to be a focus over Q2, and further initiatives are being rolled out to increase retail penetration.

The Company has also seen signs of recovery in demand from the restaurant channel with restrictions easing across most states and customers returning to dining out. Angel is in a healthy position to further grow its sales once restrictions are further lifted, and consumer demand returns to normal levels.

Commenting on the outlook, Mr Halman, said:

"The past quarter was a very successful period for Angel despite some states continuing to face tough restrictions on gatherings and restaurant trade. We have made huge progress with our retail offering and we continue to focus on that as we enter the second quarter. Pleasingly, we have seen the strong momentum in retail continue over the past few weeks.

"Our game-changing and industry leading multi-bay strategy enables us to produce high-quality oysters at scale from spat to maturity, mitigating production risk and creating a sustainable operating environment that allows us to be an agile operation that can quickly pivot to adjust to consumer needs and demands.".

Investor webcast today at 11:00am (AEDT)

An investor webcast will take place today, 15 October 2020, at 11:00am (AEDT). Participants will have an opportunity to ask questions following the briefing. Please pre-register for the webcast via:

https://us02web.zoom.us/webinar/register/WN_zscj7Yd5QGKDl3B52fGEKA

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Angel announces change in financial year end to 31 December

Angel's Board of Directors have resolved to change the Company's financial year end from 30 June to 31 December, effective from 1 July 2020.

Previously, the Company's financial year commenced on 1 July and ended on 30 June. This change was undertaken to more closely align the financial year with the growing and sales cycle of Angel's key operations, which is planned on a calendar year basis.

This change has been made in accordance with Section 323D(2A) of the *Corporations Act 2001 (Cth)* and Angel confirms:

- The Company's current financial period which began on 1 July 2020 will now be transitional period ending on 31 December 2020 ("FY20-S")
- The Company will thereafter revert to a 12-month financial year, commencing on 1 January 2021 and ending on 31 December 2021 (FY21).

This change in financial year requires the Company to undertake the following in respect of the transitional financial period (FY20-S):

- Lodge an Appendix 4E by 28 February 2021
- Lodge an Annual Report by 16 March 2021
- Hold an annual general meeting by 31 May 2021[1].

This announcement was approved for release by the Board.

Further Information

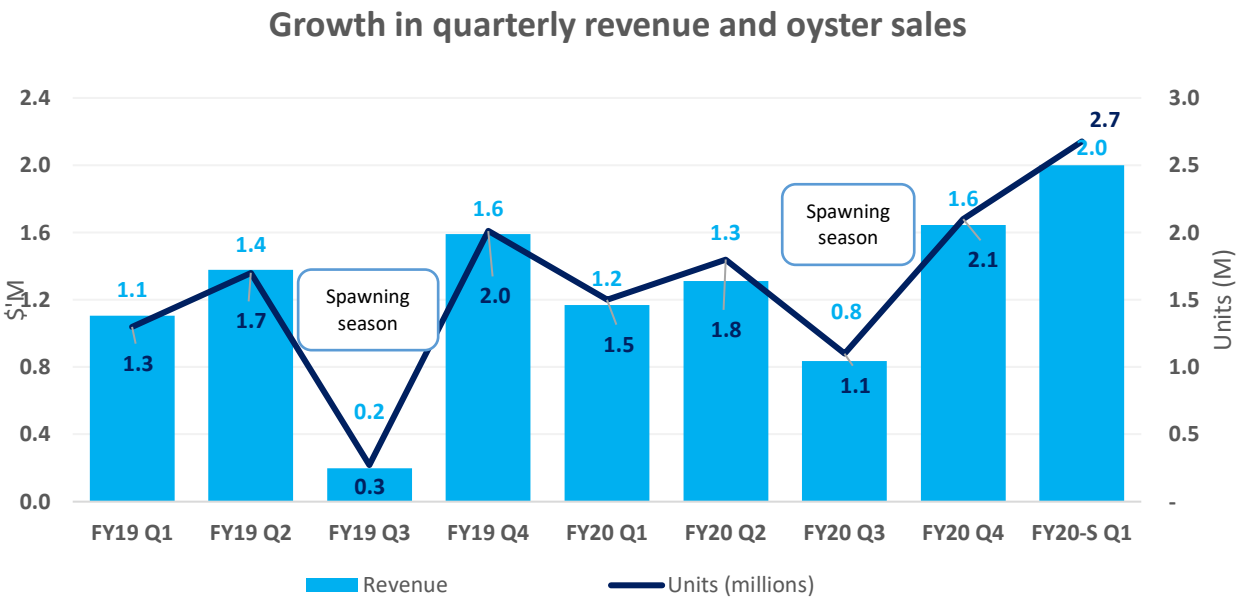
Any questions or requests for further information should be directed via email to:

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[1] The date of this annual general meeting will be determined and advised to the market in due course

Appendix – history of revenue & oyster sales



About Angel Seafood Holdings Ltd

Angel Seafood is a producer of fresh, clean and consistently high-quality oysters that don't compromise the environment. Angel has grown from a family-operated South Australian business and has rapidly developed from a traditional oyster-growing business into a premium, innovative and organically certified producer of Coffin Bay Oysters. The Company primarily sells oysters to the domestic market; however, exports represent a substantial long-term growth opportunity.

Angel Seafood is the Southern Hemisphere's largest sustainable and organic certified pacific oyster producer.

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.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ANGEL SEAFOOD HOLDINGS LIMITED

ABN	Quarter ended ("current quarter")
38 615 035 366	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (three months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,883	1,883
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(1,121)	(1,121)
	(c) advertising and marketing	(24)	(24)
	(d) leased assets	(23)	(23)
	(e) staff costs	(879)	(879)
	(f) administration and corporate costs	(99)	(99)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(47)	(47)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	718	718
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**408**	**408**

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.

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (three months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(76)	(76)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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**	**(76)**	**(76)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	477	477
3.6	Repayment of borrowings	(407)	(407)
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**	**71**	**71**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (three months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,345	1,345
4.2	Net cash from / (used in) operating activities (item 1.9 above)	408	408
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(76)	(76)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	71	71
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,748**	**1,748**

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	1,748	1,345
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)**	**1,748**	**1,345**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(239)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	4,850	4,792
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	4,850	4,792

7.5	**Unused financing facilities available at quarter end**	58

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 – The Group has two finance facilities with National Australia Bank (NAB); a Working Capital Facility of $2 million, and Business Expansion loan facility for $2.85 million. Both facilities are secured by a first claim over present and future rights, property and undertaking of the consolidated Group. Interest is incurred on the drawn down portion of these facilities at a floating interest rate. As of 30 September 2020, the average interest rate on these facilities was 3.61%.

7.4 – Subsequent to 30 September 2020, the Group has received approval for a $1 million extension to Working Capital Facility with the NAB, increasing the unused facilities.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	408
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,748
8.3	Unused finance facilities available at quarter end (Item 7.5)	58
8.4	Total available funding (Item 8.2 + Item 8.3)	1,806
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	N/A

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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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.

Date: 15 October 2020

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

+Rule 4.7B

+Rule 4.7B