



2020 Annual General Meeting

Chairman's Address and CEO's Presentation to AGM

27 November 2020 – Angel Seafood Holdings Limited (ASX: AS1) (the “Company” or “Angel”) is pleased to provide a copy of the Chairman’s Address and CEO’s Presentation to the 2020 Annual General Meeting of the Company held on 27 November 2020.

This announcement was approved for release by the Board.

Further Information

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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.

27 November 2020

2020 AGM Addresses

Chairman's Address

2020 has been an extraordinary year - and when I spoke to shareholders this time last year, I can assure you our expectation of the year ahead and reality were vastly different. I am extremely pleased to talk to you today after such a maelstrom of a year and note that we are far stronger and a better business today than we were then.

After last year's AGM and through January and February we worked away building and being ready to deliver a 10 million year oyster production with an expectation that they would all be easily sold into the domestic and export markets. No sooner had selling commenced in March than all of a sudden every restaurant in Australia was closed down. The impact of this shock on our business cannot be overstated - our entire revenue source dried up overnight providing the biggest challenge ever. I cannot speak highly enough of the attitude and work of Zac and his team to ensure we were firstly able to survive and then thrive. Pivoting our sales towards retail and building overflow infrastructure at Haslam were the two key matters but there were many other small events that also contributed.

This has proven the resilience of our team and our business which is something we should not forget. I am also extremely pleased that in this storm we were able to deliver record quarterly sales in the June quarter and then easily beat that record again in the September quarter - all in an environment where the restaurant situation around the country is not yet normal and where freight rates for export sales still make them uneconomic for us. We also remain cash flow positive from operations and made a profit - all admirable traits.

It would be remiss of me not to mention here the wonderful assistance we have received from National Australia Bank. In a year that did provide extreme challenges, they remained supportive throughout and have indeed provided further funding to us. The relationship we have forged with them has been very important to get Angel where it is today and we very much look forward to it blossoming further in the years ahead.

So, looking forward, we are now confident that we can achieve the 10 million oyster plan and stay profitable - so last week we announced the start of the next phase of our growth. Zac will talk in more detail later but the aim will be to double our size in the Eyre Peninsula and this will be achieved through three main pillars, being additional water, improved productivity and generating a better price per oyster. We are very confident that the experiences gained over the last three years position us exceptionally well to be able to achieve these goals. And once achieved, we will doubtless be looking at a new set of goals which we will share with shareholders at the time.

Finally, to all of our shareholders, we are very mindful that each of us have had many moving parts this year and we thank you for your loyalty and trust in us. First and foremost we focus on building a sustainable business that we can all be proud of and we believe that we are on a very good track to deliver excellent long term results and returns. We always welcome shareholder comments and questions and thank you again for your loyalty and support of the Angel family.

Thank you.

CEO's Presentation

Thank you Tim, and good morning everyone. Welcome to Angel's 2020 Annual General Meeting and thank you for your virtual attendance.

Year 2020 has been a year like no other. Due to the circumstances around COVID-19 and the impact it had on restaurants, with many having to close their doors for several months, Angel had to quickly adjust its short-term strategy and find new end-markets for our oysters. We first took decisive measures to ensure the viability of the company, and then focused on developing our retail sales program while strengthening stock position for the eventual return of restaurant demand. Fortunately for Angel, prompt actions and a shift in strategy paid off, and like Tim said earlier, we believe that we are in a stronger position than ever before. As a result, we are now confidently moving to the next phase of our growth and I am pleased to take you through the new 3-pillar strategy later in the presentation.

As many of you are aware, Angel is now the largest sustainable and organic certified pacific oyster producer in the Southern Hemisphere. We strive to utilise leading farming practices which optimise production and quality while also respecting the environment we operate in. Since our listing on the ASX just over 2.5 years ago, Angel has continued to grow its footprint in the Eyre Peninsula. I am proud to say that Angel is profitable and remains operating cash flow positive.

We have come a long way within a relatively short period of time. From a small oyster farmer in Smoky Bay, Angel has grown into a leading producer supplying 10% of all pacific oysters in Australia. Our next target is to double production and further strengthen our position as the leading oyster producer in Australia.

The strong financial results of FY20 is a true testament of the strength and agility of our business and the team. Despite our key trading channels being closed for a good part of the second half, we managed to sell a record number of oysters and generate a positive bottom line result. I am very proud of the Angel team and what we have been able to achieve in extremely challenging conditions. Sales to the retail channel offset lost volume to other channels, and we were able to strengthen our stock position in preparation for a normalization of demand. That strong momentum in retail that we experienced in the Q4 has continued into the current half, and it is a channel that will remain a key part of our strategy moving forward.

The 6.5m oysters sold in FY20 generated a revenue of \$5.0m which is 16% more than the year prior. While underlying oyster prices were steady throughout the year, the average oyster price was lower due to sales being skewed towards smaller sizes sold to the retail channel.

FY20 earnings were impacted by our investment earlier in the year being aligned to the original selling target of 8-10m oysters in FY20.

Angel takes great pride to be one of the only certified sustainable and organic oyster growers in the world. The way we farm our oysters does not compromise the environment, and we continue to explore new innovative ways to grow oysters in the most sustainable way. One example of this, which I will talk about more shortly, is flip-farming, a new innovative farming method we are currently trialling in the nutrient rich waters of Coffin Bay where we now hold 14ha of prime water.

Our unique multi-bay strategy continues to provide Angel with significant competitive advantages in optimising growth and conditioning of the oysters and in fast tracking production. During the COVID-19 pandemic the multi-bay strategy has proven to be even more beneficial than previously thought, providing flexibility in sales and distribution when sales temporarily declined due to restrictions on restaurant operations.

Angel now holds 38ha of developed water across Coffin Bay, Haslam and Franklin Harbour (Cowell). We also have a further 23ha of water that can be developed as we work towards doubling production.

In addition to developing more water, we are also committed to improving productivity and reducing operating costs through innovation. We want to be at the forefront of the oyster industry.

As restaurant sales materially slowed down in the second half following Australia-wide restrictions, Angel decided to fast-track its plans on building a retail sales program. This is something that had always formed a part of our longer-term vision and the circumstances of this year allowed us to focus more on the retail offering sooner. I'm pleased to report that we have experienced strong growth across large retailers and there is growing recognition on our ability to guarantee continuous supply of oysters. We are pleased to have been included in Costco's Christmas catalogue this year as well as in Drakes' weekly catalogues.

We believe that there is a material opportunity for further growth within retail, with only 1 in 5 major retail stores currently selling oysters. Supplying oysters to the retail channel also complements our strategy well, with retail opting for the smaller bistro sizes while restaurant and export channel prefer to purchase larger size oysters.

Over the last few years, we have built a strong and profitable operating base for our Company. Multi-bay strategy has given Angel a strong competitive advantage and we have reached scale which is opening new exciting opportunities for the business. Last week we unveiled what the next phase of growth will look like for Angel as we move towards doubling production.

The new strategy that we launched last week is based upon 3 pillars which aim to increase capacity and improve profitability, ultimately reaching a production capacity of 20m oysters per annum at higher margins. To give you an idea of the initiatives we are working on, I will take you through each pillar in more detail.

The first pillar is focused on increasing scale through further water acquisitions in the Eyre Peninsula where Angel's existing infrastructure and local know-how can quickly be leveraged. Last week we announced lease agreements for an additional 6.25Ha across the bays, immediately increasing capacity to 12m oysters and providing an option for further growth. The new leases are in prime location and come with attractive terms. We will continue to look for further lease opportunities as they arise.

The aim of the second pillar is to increase productivity and profitability through continued focus on innovation. An exciting development is the introduction of flip-farming to Coffin Bay which we are currently trialling on 3.0Ha of water. This innovative farming method is less labour-intensive, making it an efficient and cost-effective way to farm oysters. We are also working on other initiatives to further improve productivity, thereby lowering operating costs further.

We believe that Angel has reached scale where it is now able to leverage its organic, sustainable and quality credentials, and ultimately achieve a higher price per oyster. Having been recognised as a trusted supplier of good quality oysters by many large retailers, Angel is working towards becoming a price setter in the market. Further, we are working on initiatives to build the Angel brand while making oysters more accessible to consumers via online sales platform. As part of the third pillar, we are also focused on increasing export sales in the longer term, given strong demand for premium Australian seafood and the price premium that can be achieved in the South East Asian markets.

I am very excited about the opportunities ahead for Angel. We have completed the initial phase of growth and proven that our multi-bay strategy provides significant benefits and competitive advantage. While retail demand has continued to be strong into this half, we are also encouraged by the return of restaurant sales with the return to dining-in. I look forward to updating you on the progress with our 3 pillar strategy as we progress towards doubling capacity and improving margins.

Finally, I'd like to thank all shareholders for their support this year, and I look forward to continuing to guide the company through the next phase of growth.

Thank you, ladies and gentlemen. I will now hand back to Tim to run through the formal part of the meeting.