



ANNUAL GENERAL MEETING

28 May 2021 – Angel Seafood Holdings Ltd (ASX: AS1) (the “Company” or “Angel”) is pleased to provide a copy of the Chairman’s Address and CEO’s Presentation to the 2021 Annual General Meeting of the Company held on 28 May 2021.

This announcement was approved for release by the Board.

Further Information

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

Angel Seafood Holdings Ltd

Simba Matute, CFO

M: +61 420 488 862

E: simba@angelseafood.com.au

Investor contact

Eric Kuret

M: +61 417 311 335

E: eric.kuret@marketeye.com.au

Media contact

Tristan Everett

P: +61 3 9591 8905

E: Tristan.everett@marketeye.com.au

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.



28 May 2021

2021 AGM: Chairman's Address & CEO's Presentation

TIM GOLDSMITH, Chairman

On behalf of the Board, I am pleased to welcome you to the 2021 Annual General Meeting of Angel Seafood. As a result of Angel changing its financial reporting year to a calendar basis, this is the second time in 6 months we are convening for an Annual General Meeting, and due to the continued uncertainty related to COVID-19, we are again holding the meeting virtually.

The transitional financial year, FY20-S, was another successful period for Angel. The Company continued to leverage its multi-bay strategy and substantial capital investment program to deliver a record sales result of 5.1 million oysters in the 6-month period ending 31 December 2020. This represented an increase of 55% on the previous corresponding period – a tremendous achievement during a period of continued uncertainty and disruption which adversely impacted our sales to the restaurant channel.

Angel has truly proven the strength and agility of its business model over the past year by being able to quickly pivot sales towards the retail channel – a channel that has shown there is significant demand for our clean, green, and sustainably sourced oysters. With the restaurant channel now showing good signs of recovery, and the continued success of our retail sales program, we are confident in our ability to execute on our next phase of growth.

When I last spoke to you at the 2020 AGM in November, we had just unveiled what the next phase of growth will look like for Angel. Our 3-pillar growth strategy, which aims to double production capacity to 20 million oysters and improve profitability, leverages Angel's exceptional multi-bay strategy, continued focus on innovation and its emerging brand presence which has strengthened significantly following the successful launch of its retail sales program.

Angel has already made good progress across all three growth pillars. We have:

- Built further scale in the Eyre Peninsula by acquiring additional water leases in Coffin Bay and Cowell. We have also acquired 10Ha of undeveloped water in Streaky Bay which will give options for further growth.
- We have commenced FlipFarm trials in Coffin Bay with the aim to increase Angel's productivity and lower operating costs
- We launched the trial of summer oysters which, if successful, will result in our sales period extending to the entire calendar year, up from the current 10 months, and increase annual sales by 10-15%
- We have been developing our direct-to-consumer channel. This exciting new initiative will be launched soon, and it will first be exclusively available to you, our shareholders; with the initial roll-out phase to cover Melbourne, Sydney and Adelaide. More information will follow on this.

To accelerate our growth plans, Angel successfully raised \$4 million via a Placement in December 2020. The Company is now in a stronger position than ever before to leverage the continued strong demand for our premium organic oysters.

On behalf of the Board, I would like to thank Zac Halman and his team for their continued commitment to Angel.

We have continued to enjoy the support of our bank, the National Australia Bank; and I thank them for the confidence they have shown in our business.

I thank all our shareholders for their ongoing support and loyalty. I also take this opportunity to welcome Laguna Bay as a substantial shareholder of Angel. We are excited to have them join the Angel journey and look forward to their support as shareholders.

Given the change in year-end and the consequent transitional financial period; Ashley Roff's term on the board will come to an end at the end of this AGM, and he is not standing for re-election. Ashley came onto the board at the time of IPO and served as the Chairman of the Audit and Risk Committee since that time. I sincerely thank Ashley for his contribution to Angel. This position on the board will not be immediately replaced; we will have a 3-member board in the interim. As we continue to evaluate the composition and skills of the board of directors, to align with the strategic focus of the organization as we grow, there may be appointments to the board in due course.

Thank you. I will now handover to Zac.

ZAC HALMAN, CEO

Thank you, Tim. Good morning, everyone and welcome to Angel's 2021 Annual General Meeting.

The past year has been transformational for Angel. We continued to face challenging trading conditions in the second half of the calendar year due to the ongoing uncertainty in the trading environment, but thanks to the prompt actions and shift in channel strategy towards retail earlier in the year, we managed to deliver a record financial result in the transitional period FY20-S. Continued strong momentum in the retail channel and resilience in sales throughout the challenging period gave us the confidence to launch Angel into its next phase of growth.

[Slide - Australia's largest producer of Pacific Oysters]

As many of you know, Angel remains the Southern Hemisphere's largest sustainable and organic certified pacific oyster producer. We strive to use leading farming practices that maximise productivity and oyster quality while also respecting the environment in which we operate. Following the completion of Angel's initial phase of growth, we launched a 3-pillar growth strategy late last year which aims to increase our production capacity to 20 million oysters and improve our profitability through focus on scale, innovation and price. Pleasingly, we have made progress across all three elements of the strategy and I will take you through these developments later in the presentation.

Despite ongoing investment in future growth, the Company remains profitable and generated positive operating cashflow in the 6-month period ended 31 December 2020.

[Slide 5 – what makes Angel unique]

We at Angel are very proud to be farming our oysters in a sustainable way that does not compromise the environment we operate in. The journey of each and every oyster can be 100% traced from spat throughout their life cycle.

We continue to explore new innovative ways to grow oysters in the most sustainable way. One example of this is flip-farming, a new innovative farming method we are currently trialling in the nutrient rich waters of Coffin Bay.

[Slide 6 – what makes Angel unique, multi-bay strategy]

Our multi-bay strategy continues to provide Angel with significant competitive advantages in optimising growth, conditioning of the oysters and in fast tracking production. The strategy allows us to utilise the unique features of each bay in an optimal way. The model has also proven to give us flexibility in sales and distribution when needed, as was evidenced during the turmoil of last year.

Angel now holds 43ha of developed water across Coffin Bay, Haslam and Cowell. We also have a further 44ha of water than can be developed as we work towards doubling production. This includes 10Ha in Streaky Bay, near Haslam, which we recently acquired to provide us with further development options.

[Slide 8 – Angel delivered a record six-month result]

By continuing to leverage our multi-bay strategy and pivoting sales towards the retail channel in FY20-S, Angel was able to generate record sales of 5.1 million oysters in the transitional six-month period ended 31 December 2020. This represented an impressive 55% increase over the previous corresponding period, demonstrating the underlying strength of our business and the continued demand for our oysters during uncertain times.

Angel also continued to benefit from increased scale and productivity improvements, resulting in 20% reduction in operating costs on a volume adjusted basis.

Pleasingly, stock remained healthy during the period and benefited from good growing conditions. Biomass at the end of the period, which represents the aggregate weight of biological stock, grew 57% compared to the year prior.

[Slide – FY20-S financial highlights]

The record financial results achieved in FY20-S, despite the challenging conditions, are a great testament to our business and the Angel team's strength and agility. We managed to sell a record number of oysters and generate a positive bottom-line result despite the restaurant channel being impacted by COVID-19 restrictions. Our financial results across the board reflect growth in scale and commitment to delivering profitable growth.

Underlying oyster prices remained steady throughout the period, resulting in revenue growth of 52% to \$3.8 million. Sales over the period were skewed towards smaller sizes due to the channel mix, with retail preferring the smaller bistro size oysters.

We achieved positive operating cash flow in the period despite ongoing investment in stock for future sales growth.

I am very proud of the Angel team and what we have been able to achieve over this period. Sales to the retail channel more than offset lost volume in the restaurant channel, and we were able to strengthen our stock position in preparation for future growth. The strong momentum we experienced in retail throughout 2020 has continued into the current year, and it is a channel that will remain a key part of our strategy moving forward.

[Slide – retail growth]

The success of our retail sales program was truly one of our key achievements in 2020. We strengthened relationships with large retailers and positioned ourselves as a supplier that can be relied on for high quality oysters. Angel's oysters were featured in Costco and Drakes catalogues late last year, and further substantial opportunities exist for our branded oysters to be stocked in major supermarket chains. The retail market has become a key feature of our growth strategy moving forward, and we are excited to work on initiatives to grow that channel further.

[Slide – 3-pillar strategy]

In November, Angel launched a new growth strategy to support the next phase of growth which over time will see an increase in annual production capacity to 20 million oysters and an improvement in profitability. These goals will be achieved through a 3-pillar plan focused on:

- Increasing scale in the Eyre Peninsula through water acquisitions
- Increasing farming productivity through innovation
- Improving oyster pricing through premium brand positioning

[Slide – pillar 1]

The first pillar of the strategy is focused on leveraging our presence and existing multi-bay strategy in the Eyre Peninsula. Since November, we have acquired an additional 6.25Ha of water leases in Coffin Bay which immediately increased our capacity to 12 million oyster per annum. We have utilised the newly acquired undeveloped water for our flip-farming trials. We also hold a further 44Ha of undeveloped leases across the bays which gives us optionality for growth towards the 20 million oysters per annum target and beyond.

[Slide – pillar 2]

The second pillar aims to increase productivity and efficiency through the utilisation of innovative farming methods. We have recently launched two innovative trials, and I'm excited to report that both of these are progressing as planned.

FlipFarming, which is an innovative biodynamic farming method that utilises floating baskets that can be flipped with the assistance of a boat, is being trialled in Coffin bay. 2Ha is now in operation and another 2Ha is currently being built. We are pleased to say that early signs of productivity and efficiency gains have been encouraging.

We also commenced the 'summer oysters' trial late last year. Unlike a traditional oyster, summer oysters don't spawn, which means that they can be sold throughout the year, extending sales period from the current 10 months to 12 months, and increasing annual sales by 10-15%. So far, the summer oysters have performed very well and are on track to be available for the next summer season.

[Slide – pillar 3]

Now that Angel has reached scale where it can really leverage its credentials, we are focused on building the Angel brand and positioning ourselves as the price setter in the market. We are developing our direct-to-consumer channel which will enable customers to have Angel oysters delivered direct to their homes; initially in Melbourne, Sydney and Adelaide, and then expand from there. Shareholders will have priority in accessing this new and exciting offering which we expect to launch in the coming weeks.

[Slide – outlook]

Angel has started the current year in a strong position. In the March quarter, we continued to experience strong demand across the retail channel, and we saw a noticeable pick-up in restaurant demand, resulting in a record 1.3 million oysters in the March quarter, despite a late start to the 2021 selling season.

Following good growth rates over the summer months, biomass of our oysters grew 42% and, as of 31 March, we had a record 33 million healthy oysters on hand.

I am very excited about the year ahead; we are in a strong position to deliver growth in FY21 and beyond. We have exciting initiatives in place that will see Angel move towards its target of doubling production and improving profitability.

Thank you for all your support, and I look forward to updating you on our progress.

I will now hand back to Tim who will take you through the formal part of the meeting.

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