

A sailboat is positioned in the center of the frame, sailing on a body of water. The sun is low on the horizon, directly behind the sailboat's mast, creating a bright, circular glow and a long, shimmering reflection on the water's surface. The sky is a warm, orange-yellow color. In the background, there are silhouettes of mountains and hills. The water is dark with many small, dark buoys or floats scattered across it.

ATLAS

PEARLS

AGM Presentation –

28 October 2020

ASX: ATP

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IMPORTANT INFORMATION

Presentation By: Atlas Pearls

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Atlas is a leading producer of white and silver pearls.

Six pearl farms including two hatcheries and four grow out sites that span the Indonesian Archipelago.

4-year pearl production lifecycle.

Over 900 employees

Fully integrated business;

- Hatcheries
- Nursery
- Seeding
- Cultivation
- Harvesting
- Grading
- Distribution

LOCATION OF ATLAS PEARLS OPERATIONS



1. EAST JAVA, Banyubiru

2. NORTH BALI, Penjabangan

3. FLORES, Labuan Bajo, Pungu Island

4. EAST NUSA TENGGARA, Lembata Bay

5. EAST NUSA TENGGARA, Alor Bay

6. RAJA AMPAT, Alyui Bay

THE IMPACT OF COVID ON ATLAS PEARLS

- The Company's ability to move and sell pearls around the world has been severely impacted since March 2020.
- International pearl auctions were rescheduled and country borders closed causing traditional pearl distribution channels to be disrupted.
- Movements of people and supplies between farm sites were constrained by local COVID restrictions.
- Auctions were cancelled and the reduction in revenue adversely impacted 2019/20 profitability.
- Focus areas included;
 - Optimising Cultivation, and
 - Pearl distribution channels.
- Despite the impact of COVID, the Company is proud to report the following;
 - Revenue of \$13.7m in comparison to \$16.2m in FY19
 - EBITDA of \$178k in comparison to \$603k in FY19

Business Focus over 2019/20

Focus Area	Actions
Optimising Cultivation	Increased cultivation time to 24 months which is the ideal time for the <i>Pinctada maxima</i> oyster in Indonesian waters.
Pearl distribution channels	<p>Explored new distribution channels including;</p> <ul style="list-style-type: none">- Indonesian auctions- Online auctions- Online loose pearl sales- New Markets <p>Implemented a new distribution philosophy to ensure that every pearl is always in a distribution channel</p>
Pearl Quality	Restructure of the seeding team to ensure that every seeding event and harvest is overseen by an expert. This has continued even during COVID restrictions with the Indonesian government granting special travel exemptions for the seeding technicians.
Pearling By-Product Sales	Increased sales of Mother of Pearl

DEBT RESTRUCTURE

- The combination of COVID and increased cultivation period placed pressure on working capital.
- Our major shareholders entity, Boneyard, restructured the existing facility and increased lending from \$2.5m to \$4.5m. These funds have been used for working capital and to navigate the post COVID pearl market.
- Other funding changes include;
 - The renegotiation of a short-term loan agreement with a major customer from one single repayment in June 2020 to four equal quarterly repayments.
 - Continued support from National Australia Bank where Atlas has;
 - \$1.5m overdraft facility, and
 - \$250k working capital loan

OPERATIONS

- 821,000 oysters were seeded in financial year 2020 and the Company has experienced an improvement in retention rates.
- With seeding levels between 800-850,000 the Company foresees the production of 500-550,000 pearls per annum.
- In February 2019, new seeding techniques were employed. Improvements in seeding techniques in combination with the ideal 24 month cultivation time, positions the Company for an anticipated uplift in pearl size from February 2021.
- New genetics have been introduced into breeding stock to produce larger, stronger and more genetically diverse oysters.

DISTRIBUTION CHANNELS

Since March 2020, the Company has explored new distribution channels particularly focusing on;

- Indonesian auctions
- Online auctions
- Online loose pearl sales
- New Markets

Atlas' distribution philosophy is to always ensure that every pearl, is for sale in a distribution channel.

This presentation was authorised for release to the ASX by the Executive Chairman of the Company.

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