

2020 ANNUAL GENERAL MEETING



28 September 2020

Dear Shareholder,

I am pleased to invite you to the Annual General Meeting (**AGM**) of Huon Aquaculture Group Limited (**Huon Aquaculture or Company**), to be held on Friday, 30 October 2020 at 10:30am (AEDT).

The AGM will be held virtually, using technology to facilitate shareholder engagement and participation.

The Notice of Meeting is available on our website at <http://investors.huonaqua.com.au/investors/> in the dedicated Annual General Meetings section. Shareholders will also find on the website instructions for how to join and view the meeting online, submit questions and cast your vote during the meeting.

To participate online live on the day of the meeting, you will need to go to: <https://agmlive.link/HUO20>.

The meeting will be held via an online platform provided by Huon's share registrar, Link Market Services Limited (Link) at <https://agmlive.link/HUO20>, which will provide a reasonable opportunity for shareholders to participate. Shareholders attending the meeting via the online platform will be able to hear any discussion, submit written questions and vote. We will endeavour to address appropriate questions at the meeting. We strongly recommend that shareholders who wish to participate log in to the online portal at least 15 minutes prior to the scheduled start time.

More information regarding virtual attendance at the meeting (including how to vote and ask questions) is available on our website at <http://investors.huonaqua.com.au/investors/>.

Agenda Summary

The Notice of Meeting describes the business of the meeting, and includes Explanatory Notes and voting procedures. Items to be considered at the AGM are:

- the Financial Statements and Reports;
- the Remuneration Report;
- the Grant of Performance Rights; and
- the Re-election of Mr Neil Kearney as a Director.

There is no vote taken on the Financial Statements and Reports. All resolutions are explained in more detail in the Notice of Meeting and Explanatory Notes.

Board Recommendations for Voting

Your Board is committed to creating value for shareholders and is seeking your support by encouraging you to vote FOR resolutions 1, 2 and 3. As the Chairman of Huon Aquaculture, I intend to vote all undirected proxies in favour of Resolutions 1, 2 and 3 (where appropriately authorised to do so).

Voting by Proxy

If you are unable to attend the AGM, you are encouraged to vote on resolutions by submitting a proxy. A Proxy Form has been enclosed in this letter and you are invited to submit it either online or by mail. In order for your Proxy Form to be valid it must be lodged online or received by 10:30am (AEDT) on Wednesday, 28 October 2020.

Corporate shareholders wishing to appoint a representative to attend on their behalf will need to complete a 'Certificate of Appointment of Representative' (or provide other satisfactory evidence of appointment). This form of certificate can be obtained from the Share Registry (whose contact details are contained in the Notice of Meeting).

Updating your Share Registry Contact Information

In addition, to assist us with our commitment to the environment and focus on cost control, I strongly encourage you to receive all of your shareholder communications by email. Electronic communications are fast, efficient and economical. We want to keep you up to date as quickly as we can, but when we send notifications by post, important messages can be delayed, not to mention the cost and its environmental impact. You can update your communication preferences at any time by visiting <https://investorcentre.linkmarketservices.com.au>.

An electronic version of the Annual Report for the year ended 30 June 2020 is available on the Company's website (<http://investors.huonaqua.com.au/investors/>).

My fellow Directors hope you can take advantage of the new technology we are using this year to hold the Company's 2020 Annual General Meeting. We look forward to your participation.

Yours sincerely,

Neil Kearney, Chairman



Financial Summary

Changes in accounting policies – AASB 16 Leases

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 and as such has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions. Tables and commentary included in the Directors' Report contain comparisons for before (Pre AASB 16) and after adoption (Post AASB 16) of AASB 16 and are labelled accordingly. The following commentary makes reference to financial information for FY2020 that is Pre AASB 16. This is used as a comparison against the prior corresponding reporting period as the Directors believe this provides more meaningful comparison when understanding the operations of the Company. The table on page 22 shows a comparison of key statistics Pre AASB 16 and Post AASB 16 that are referenced in the following Operating Review. The tables on pages 24 and 25 are presented in Pre AASB 16 format.

- » Harvest tonnage rose 36% to 25,566 tonnes reflecting the significant investment made over the past year in rebuilding the biomass. This together with optimal growing conditions from spring through summer resulted in excellent fish performance.
- » Heightened volatility of the international salmon price during the first half FY2020 and weaker pricing in the fourth quarter due to COVID-19, impacted the overall expected return for the year. While revenue increased by 21% on pcp, revenue per HOG/kg fell 11% from \$14.96 to \$13.30.
- » Excellent growing conditions contributed to an above average harvest weight of 5.04 kg, the best performance in a decade. This also provides the first indication of how the extensive changes to the way Huon farms salmon are contributing to better fish performance.
- » Operating EBITDA fell 14% to \$40.8 million as margins were squeezed from 16.8% to 12.0%. While the average cost of production (including freight) fell 6% from \$12.45/HOG kg in FY2019 to \$11.70/HOG kg, it was more than negated by the 11% fall in average price over the year.
- » Operating NPAT dropped to \$5.5 million as higher depreciation charges compounded the impact to earnings, weakened by lower average prices. Statutory NPAT (pre AASB16) eased to \$6.5 million assisted by a \$1.5 million increase in the Fair Value Adjustment of Biological Assets.
- » The increase in harvest volumes resulted in a larger portion of production being sold in the export market. This was exacerbated in the final months of FY2020 by the effective closure of the food services sector in Australia due to COVID-19. Overall volume sold into the domestic market during FY2020 declined by 10% to 15,280 tonnes while export volume increased to 10,286 tonnes.
- » The fair value of Huon's biomass at year end increased by \$53.7 million to \$262.8 million. Biomass in the water at 30 June 2020 was 57% higher at 26,429 tonnes compared to 30 June 2019.
- » Capital expenditure was down due to the completion of all major projects in FY2019. Nevertheless the rebuild of the biomass placed increased pressure on working capital requirements which rose by 31% over the year. This continued to be largely debt funded resulting in net debt and gearing increasing to \$167.3 million and 53%.
- » Dividends were suspended for the year in order to preserve cash flow for operations.

Statutory Earnings

Twelve months for the year ended

		Post AASB 16 12 Months FY2020	Pre AASB 16 12 Months FY2020	Pre AASB 16 12 Months FY2019	Pre AASB 16 Jun to Jun Change	Pre AASB 16 Jun to Jun Change %
Tonnage	t	25,566	25,566	18,849	6,717	36%
Revenue ⁽¹⁾	\$M	339.9	339.9	282.0	57.9	21%
Revenue per HOG kg	\$/kg	13.30	13.30	14.96	(1.66)	-11%
EBITDA ⁽²⁾	\$M	48.8	42.3	38.2	4.1	11%
EBITDA per HOG kg	\$/kg	1.91	1.65	2.03	(0.38)	-19%
EBITDA margin	%	14.4%	12.4%	13.5%	-1.1%	-8%
EBIT	\$M	9.7	9.8	12.5	(2.7)	-22%
NPAT	\$M	4.9	6.5	9.5	(3.0)	-32%
Fair value adjustment of Biological Assets	\$M	1.5	1.5	(9.1)	10.6	-116%
Related income tax refund/(expense) ⁽³⁾	\$M	(0.5)	(0.5)	2.7	(3.2)	-119%
Biological assets	\$M	264.0	262.8	209.1	53.7	26%
Earnings per share	c	5.63	7.47	10.82	(3.35)	-31%
Return on assets ⁽⁴⁾	%	1.4%	1.6%	2.2%	-0.7%	-30%
Operating cash flow	\$M	8.4	(4.3)	14.5	(18.8)	-130%
Net debt ⁽⁵⁾	\$M	167.3	167.3	138.8	28.5	21%
Total gearing ratio ⁽⁶⁾	%	54.3%	52.6%	44.2%	8.4%	19%

Operating Earnings

		FY2020	FY2020	FY2019	Change	Change %
Operating EBITDA ⁽⁷⁾	\$M	47.3	40.8	47.3	(6.5)	-14%
Operating EBIT	\$M	8.2	8.3	21.6	(13.3)	-62%
Operating NPAT ⁽⁸⁾	\$M	3.9	5.5	15.9	(10.4)	-65%

1 Revenue from the sale of goods.

2 EBITDA is a non-IFRS financial measure which is used to measure business performance, using net depreciation and amortisation recognised in the income statement.

3 Related income tax at current tax rate.

4 Return on Assets is measured as statutory EBIT/total assets.

5 Net Debt is total debt net of cash and cash equivalents.

6 Total Gearing Ratio is measured as debt (net of cash)/net assets.

7 Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets.

8 Operating NPAT excludes the impact of the Fair Value Adjustment of Biological Assets and related tax impact.



Summary of Operational Performance

There were many operational highlights during FY2020, a year in which the last pieces of our strategy to grow production and improve operational efficiency fell into place. These included:

- » the first release of salmon from the Whale Point Salmon Nursery. The 19 Year Class average size was 20% higher on release at 282 grams and represented the first Year Class to be produced from hatchery to harvest under Huon's upgraded infrastructure and expanded capacity.
- » the stocking of East of Yellow Bluff, a new lease site 1.5km from Bruny Island, with up to 2.5 million smolt. This site is crucial in enabling Huon to complete the arrangement of all Huon marine leases in Storm Bay to meet key components of the industry biosecurity plan.
- » the arrival in Hobart of the Ronja Storm, Huon's second wellboat and the most advanced fish bathing and transportation vessel in the world.
- » the launch of Hulk, Huon's second unmanned, fully automated 600 tonne feed barge. Both barges are permanently moored in Storm Bay and supplied by the Huon Supply, a 1,000 tonne feed delivery boat.

These and other investments in new infrastructure and technology have laid the foundation for the ramp up in production that commenced in mid-2018.

Biomass in the water at 30 June 2020 was 26,429 tonnes, double the 12,960 tonnes two years earlier. This highlights the scale of Huon's rebuild and expansion which is now being realised through the 36% increase in this year's harvest volume. A further increase of at least 40% is expected in FY2021. The fair value of Huon's biomass at year end increased by \$53.7 million from 30 June 2019 to \$262.8 million.

After a slow start to the year, with fish growth affected by health impacts from contact with jellyfish in early 2019, growth rates picked up rapidly in spring. This, together with optimal growing conditions through summer, resulted in an average weight for the year of 5.04kg – the best result in over a decade. The increased production volumes supported an 11% reduction in cost of production per HOG kg to \$10.46.

However, the investment in growing and feeding the increased volume of fish placed significant demands on cash flow, particularly over the past year. Adjusted Cash Flow from Operations fell from \$24.9 million to minus \$1.9 million and this, combined with \$21.6 million in maintenance capital expenditure, resulted in an increase in net debt from \$138.8 million to \$167.3 million. Repayment of debt will be a priority over the next two years.

The increase in production volume was sold into the international market with around 6% of this going to a number of contracted international retail outlets in Asia. Sales into the domestic retail channel were below the previous year due to the completion of a large MAP contract in June 2019, however good gains were made in recovering over a third of that volume through new supply agreements. The wholesale channel was heavily impacted by the restrictions imposed due to COVID-19 in the fourth quarter. Huon's high exposure to the food service channel meant that a significant drop in sales in its wholesale market was unavoidable. While retail prices held up during this time, pricing in both the wholesale and export channels came under pressure.

Reduced pricing during the second half, particularly in Huon's dominant wholesale and export channels, resulted in revenue increasing by only 21% against a 36% increase in tonnage. Despite lower per kg production costs, the slower rate of revenue growth resulted in operating margins being squeezed from 16.8% to 12.0% and Operating EBITDA falling by 14% to \$40.8 million.

Huon's primary focus in FY2021 will be the efficient management of the biggest harvest in its corporate history. This will be happening at a time of great economic uncertainty as the global community navigates its way through the travel and trade restrictions imposed by the pandemic. While the domestic demand for salmon is likely to recover quickly as restrictions ease, there is little certainty about how the next twelve months will play out for the global salmon market and the impact that will have on pricing.

Operating Earnings and Cash Flow

Sales
revenue⁽¹⁾

\$339.9M

FY2019: \$282.0m

Operating
EBITDA⁽²⁾

\$40.8M

FY2019: \$47.3m

Operating
NPAT⁽³⁾

\$5.5M

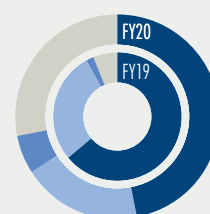
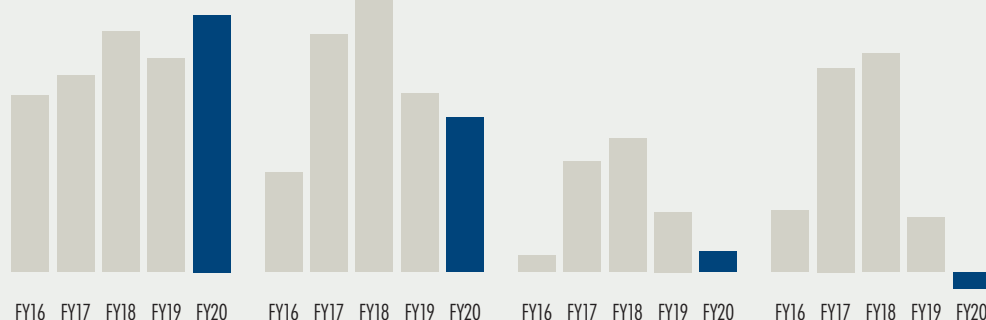
FY2019: \$15.9m

Operating
Cash Flow

(\$4.3M)

FY2019: \$14.5m

FY2020
Channel mix
% of total revenue



1 Revenue from the sale of goods.
2 Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets.
3 Operating NPAT excludes the impact of the Fair Value Adjustment of Biological Assets and related tax impact.



Key Financials

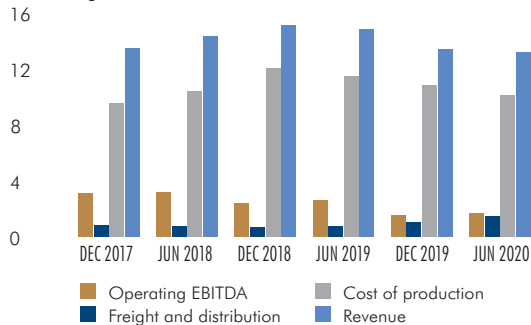
Operational Performance

Six months ended

		30 Jun 2020	31 Dec 2019	30 Jun 2019	31 Dec 2018
Harvest volume HOG	†	12,245	13,321	9,830	9,019
Revenue from operations	\$M	161.8	178.1	145.7	136.3
Revenue \$/HOG kg	\$/kg	13.21	13.37	14.82	15.11
Cost of production	\$M	(123.6)	(143.7)	(112.7)	(108.4)
Cost of production \$/HOG kg	\$/kg	(10.09)	(10.79)	(11.46)	(12.02)
Freight and distribution	\$M	(17.8)	(14.0)	(7.2)	(6.3)
Freight and distribution \$/HOG kg	\$/kg	(1.45)	(1.05)	(0.73)	(0.70)
Operating EBITDA*	\$M	20.4	20.4	25.7	21.6
Operating EBITDA \$/HOG kg	\$/kg	1.67	1.53	2.62	2.39
Margin	%	12.6%	11.5%	17.7%	15.8%
Fair value adjustment	\$M	(24.7)	26.2	(34.1)	25.0

Operational Performance

\$/HOG kg



- The increase in harvest volumes is the outcome of the strategy to rebuild the biomass.
- The cost of production per kg fell in the second half to \$10.09 with production efficiencies and lower mortality costs compared to 2H2019 (\$11.46) and a record average harvest weight (5.04kg). The cost of production could have been even lower if the harvest of the 19 Year Class salmon had not been slowed due to COVID-19.
- The majority of the increase in production was sold into the lower priced export market. This lifted the proportion of revenue exported in the second half to 27% and contributed to the 11% fall in the overall average price from \$14.82 in 2H2019 to \$13.21. As a result while volumes for the second half finished up 25% on pcpr, revenue was up by only 11%.
- The higher proportion of exports also pushed freight costs up in the second half to \$1.45/HOG kg from \$0.73/HOG kg (pcpr).

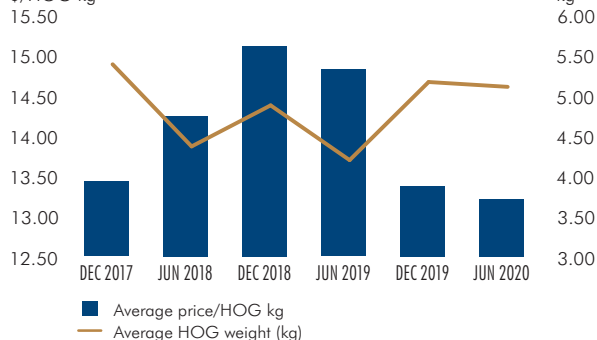
Biological Assets

Six months ended

		30 Jun 2020	31 Dec 2019	30 Jun 2019	31 Dec 2018
Biological assets at fair value	\$M	262.8	251.6	209.1	228.5
Fair value adjustment (FVA)	\$M	28.1	52.8	26.6	60.7
Biological assets (excluding FVA)	\$M	234.7	198.8	182.5	167.8
Total weight of live finfish at sea	†	26,429	23,001	16,886	18,939
Biological asset value/kg (live)	\$/kg	9.94	10.94	12.38	12.07
Fair value adjustment/kg (live)	\$/kg	1.06	2.30	1.58	3.21
Biological assets/kg (live) (excluding FVA)	\$/kg	8.88	8.64	10.81	8.86
Number of fish (harvest)	000's	2,445	2,629	2,397	1,888
Sales volume (HOG kg)	†	12,245	13,321	9,830	9,019
Average HOG weight	kg	5.01	5.07	4.10	4.78
Average price/HOG kg (net sales)	\$/kg	13.21	13.37	14.82	15.11
Net sales	\$M	161.8	178.1	145.7	136.3

Fish weight and price

\$/HOG kg



- The fair value of biological assets rose 26% (over pcpr) to \$262.8 million while the value at cost rose 29% (over pcpr) to \$234.7 million. This reflects the significant rebuild of the biomass that commenced last year to return Huon's production level to its long term average growth rate.
- The average value of biological assets at cost declined by 18% from \$10.81/HOG kg (pcpr) to \$8.88/HOG kg due to lower production costs and improved growth.
- Live weight at sea increased 57% from 16,886 tonnes to 26,429 tonnes, a combination of the increased number of fish (+27%) and a 23% improvement in the average weight over pcpr.
- Average harvest weight rose 22% on pcpr in the second half to 5.01kg. The second half is characterised by the start of the new Year Class which typically is lower weight. The new 19 Year Class salmon has however grown exceptionally well, delivering a record harvest weight for new fish.

* Operating EBITDA excludes the impact of the Fair Value Adjustment of Biological Assets.



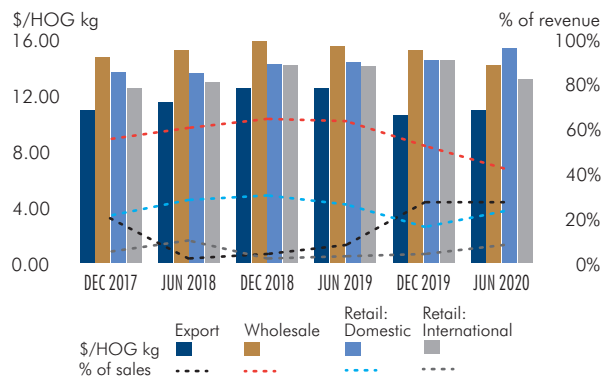
Key Financials – CONTINUED

Sales Channel

Six months ended

		30 Jun 2020	31 Dec 2019	30 Jun 2019	31 Dec 2018
Wholesale HOG	†	4,815	6,045	5,981	5,507
Retail Domestic HOG	†	2,407	2,014	2,615	2,895
Retail International HOG	†	1,032	602	288	213
Export HOG	†	3,991	4,661	945	405
Total HOG	†	12,245	13,322	9,830	9,019
Wholesale % of revenue	%	42%	52%	63%	64%
Retail Domestic % of revenue	%	23%	16%	26%	30%
Retail International % of revenue	%	8%	4%	3%	2%
Export % of revenue	%	27%	27%	8%	4%
Wholesale \$/HOG kg	\$/kg	14.08	15.21	15.46	15.81
Retail Domestic \$/HOG kg	\$/kg	15.30	14.43	14.30	14.21
Retail International \$/HOG kg	\$/kg	13.14	14.43	14.06	14.08
Export \$/HOG kg	\$/kg	10.92	10.44	12.48	12.47

Distribution Channels by Price and Contribution to Sales



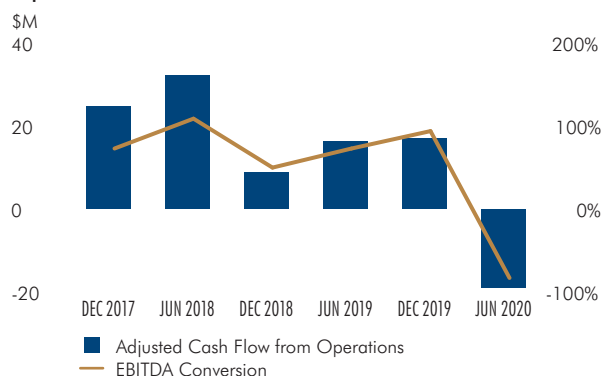
- The increase in production has shifted the sales mix heavily towards the overseas market (34%). Pricing was unusually volatile during the year with the international salmon price falling in Q2 to its lowest point in 5 years. The international salmon market was further disrupted as the COVID-19 pandemic forced the reduction of international airfreight.
- While the wholesale market continues to be Huon's dominant market (47%), it experienced a challenging year. First quarter sales volumes slowed due to underweight fish and pricing came under pressure in Q3 as a result of increased supply from all Tasmanian producers. In Q4 the pandemic closed restaurants and the food service sector, a large portion of Huon's customers.
- Sales into the retail channel eased with the loss of the MAP contract in FY2019. Nevertheless most of this volume was recovered through continued supply into supermarkets outside contractual requirements as well as picking up new value added and fresh contracts.

Cash Generation

Six months ended

		30 Jun 2020	31 Dec 2019	30 Jun 2019	31 Dec 2018
Operating EBITDA*	\$M	20.4	20.4	25.7	21.6
Cash flow from operations	\$M	(19.2)	14.2	16.0	(1.6)
Add – net interest paid	\$M	3.9	2.6	5.4	2.8
– tax paid/(refunded)	\$M	(3.7)	0.3	(5.2)	7.5
Adjusted cash flow from operations	\$M	(19.0)	17.1	16.2	8.7
EBITDA conversion	%	-93%	84%	63%	40%
Capex	\$M	9.1	12.5	22.9	41.4
Cash at end of period	\$M	5.9	15.5	2.6	4.5

Operational Cash Flow



- Cash flow was not supported by Operating EBITDA which fell 21% on FY2019 due to harvesting of the high cost 18 Year Class, the slow start to the harvest of the 19 Year Class due to COVID-19 and a reduction in the net sales price as a result of the increased weighting of sales to exports.
- Cash flow from operations was impacted by higher payments to suppliers, driven predominantly from the build of biological stock (+29%). Feed is a high proportion of this and also reflects the strong growth performance of fish. In addition fuel costs increased due to high fuel prices in the first half together with the arrival of the new wellboat in February 2020. Higher exports drove increased freight costs with the annual spend up 134% to \$31.8 million in FY2020.
- Huon spent \$21.6 million in capex in FY2020, focused on maintenance following the completion of all major infrastructure projects at the end of FY2019.



NOTICE OF 2020 ANNUAL GENERAL MEETING



Notice is hereby given that the 2020 Annual General Meeting of Huon Aquaculture Group Limited ABN 79 114 456 781 (Huon Aquaculture or Company) will be held on Friday, 30 October 2020 commencing at 10:30am (AEDT).

Virtual AGM

This year, Huon Aquaculture's 2020 Annual General Meeting will be held virtually as a result of the COVID-19 pandemic. Your participation in the meeting is important to us. You will be able to listen to the proceedings, view the presentations, ask questions and vote. Further information on how to participate in the meeting is provided in this Notice of Meeting, and in the Virtual Meeting Online Guide provided by Link, which you can access at <http://investors.huonaqua.com.au/investors/>.

If you will not be able to attend the meeting online at the scheduled time, you can participate in the meeting by appointing a proxy to attend and vote on your behalf. Details on how to appoint a proxy are contained in this Notice of Meeting.

Copies of both the Chairman's and CEO and Managing Director's addresses will be available on the day of the meeting on both the ASX website at www.asx.com.au and Huon Aquaculture's website at <http://investors.huonaqua.com.au/investors/>.

Participation at the AGM

Watch and participate live online

Shareholders are invited to participate in Huon Aquaculture's 2020 Annual General Meeting by watching and participating in the AGM virtually via the online platform by using a computer or mobile device and go to <https://agmlive.link/HUO20> using your supported browser.

To participate in the meeting you will be required to log in to the portal using your full name, mobile number, email address, and company name (if applicable). More information regarding virtual attendance at the meeting (including how to vote and ask questions) is available on our website at <http://investors.huonaqua.com.au/investors/>.

Participating in the meeting online enables shareholders to view the meeting live, ask questions and cast votes at the appropriate times during the meeting. All shareholders will have an equal opportunity to participate in the online meeting regardless of their physical location. Shareholders, once verified, will be taken to be present at the meeting for all purposes, until either the meeting ends or the shareholder exits the online platform. It is important that you are connected to the internet at all times during the meeting in order to vote when balloting commences.

Voting options

Voting on all resolutions at the meeting will be conducted by a poll. Shareholders have two options to cast votes at the meeting:

- appointing a proxy to vote on your behalf; or
- voting online during the meeting.

The Board approves the use of the online platform as a means of participating and voting electronically in this meeting under Article 37(b) of the Company's Constitution.

Questions

At the meeting, shareholders may ask questions online once they have logged on and registered for the meeting. It may not be possible to respond to all questions. However, shareholders as a whole will have a reasonable opportunity to ask questions about or make comments on the management of the Company. Shareholders are encouraged to lodge questions prior to the meeting by including them with the lodgement of the Proxy Form or online at www.linkmarketservices.com.au.



Notice of 2020 Annual General Meeting – CONTINUED

Business to be conducted

Financial Statements and Reports

To receive and consider the Financial Report of the Company for the year ended 30 June 2020 together with the Directors' Report and Independent Auditor's Report as set out in the Annual Report.

Resolution 1.

Adoption of Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

"That, the Remuneration Report for the financial year ended 30 June 2020 as set out in the Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2.

Approval of the Grant of Performance Rights to Mr Peter Bender

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to the grant of 172,015 Performance Rights to Mr Peter Bender under the Company's Long Term Incentive and Bonus Sacrifice Plan on the terms set out in the Explanatory Notes accompanying the Notice of Meeting convening this meeting (including to the giving of benefits in connection with Mr Bender ceasing to hold a managerial or executive office with the Company, as described in the Explanatory Notes)."

Resolution 3.

Re-election of Mr Neil Kearney as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, Mr Neil Kearney, being a Director of the Company who retires in accordance with Article 47 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Other Business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Notes

Dated this 28th day of September 2020.

By order of the Board

Thomas Haselgrove
Company Secretary



Voting at the meeting

Voting Entitlements

The Board has determined that shareholders will be able to attend and vote at the meeting if they are recorded on the register of members of the Company at 7:00pm (AEDT) on Wednesday, 28 October 2020.

Voting by Proxy

1. A shareholder who is entitled to attend and vote at this meeting is entitled to appoint a proxy (who need not be a shareholder of the Company and may be an individual or a body corporate) to attend and vote on their behalf. A proxy may be appointed by completing the proxy form that accompanies this Notice of Meeting. A shareholder cannot appoint more than two proxies to attend and vote in his or her place.
2. A proxy appointed by a shareholder to attend and vote at this meeting may only exercise the rights of the shareholder on the basis and subject to the restrictions provided in the Corporations Act and the Company's Constitution.
3. If a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's proportion or number of votes, each proxy may exercise half the votes. Fractions of votes will be disregarded.
4. A shareholder which is a body corporate and entitled to attend and vote at the meeting, or a proxy which is a body corporate and is appointed by a shareholder entitled to attend and vote at the meeting, may appoint an individual to act as its representative at the meeting by providing that person with a letter or certificate, executed in accordance with the Corporations Act or the body corporate's constitution, authorising the person as the representative; or a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative. A copy of the letter, certificate or resolution, or other evidence satisfactory to the Chairman of the meeting, must be produced prior to admission to the meeting.
5. Huon Aquaculture encourages you to consider directing your proxy how to vote by marking the appropriate box on each of the proposed resolutions on the proxy form.

6. Chairman as proxy
 - Resolutions 1 and 2 are connected with the remuneration of KMP. For this reason, the Chairman of the meeting can only vote undirected proxies on Resolutions 1 and 2 if the appointment expressly authorises the Chairman to do so even if the resolution is connected with the remuneration of a KMP.
 - The Chairman of the meeting intends to vote, as your proxy, in favour of each of the proposed resolutions (where permissible). If you do not want the Chairman of the meeting to vote as your proxy in favour of any resolution, you need to direct your proxy to vote against, or abstain from voting on, the relevant resolution by marking the appropriate box on the proxy form.
7. Other KMP as proxy
 - If you appoint a Director (other than the Chairman of the meeting) or another KMP (or a **Closely Related Party** of any KMP) as your proxy, you should direct them how to vote on Resolutions 1 and 2 by marking the appropriate box. If you do not do so, your proxy will not be able to vote on your behalf on Resolutions 1 and 2.

The Proxy Form must be received by 10:30am on Wednesday 28 October 2020, and be lodged:

Online:

- www.linkmarketservices.com.au

By Fax:

- Australia +61 2 9287 0309
- Overseas +61 2 9287 0309

In Person:

- Share Registry:
Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
- or
- 1A Homebush Bay Drive
Rhodes NSW 2138

By Mail:

- Share Registry:
Link Market Services
Locked Bag A14
Sydney South NSW 1235

Intermediary Online:

- Custodians who are subscribers to intermediary online may appoint their proxy by visiting www.linkmarketservices.com.au



Explanatory Notes

Financial Statements and Reports

A copy of the Company's Annual Report, including the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2020, can be found on the Company's website at <http://investors.huonaqua.com.au/investors/>. It was first released to ASX on 27 August 2020.

Shareholders may elect to receive by mail, free of charge, the Company's Annual Report. Please contact the Company's share registrar, Link Market Services, to request a hard copy. The Company mails a copy of the Annual Report only to those shareholders who have made an election to receive it.

During this Item there will be an opportunity for consideration of the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2020.

Shareholders as a whole at the meeting will be allowed a reasonable opportunity to ask questions and make comments on these reports or about the Company generally.

Shareholders also have the right to submit written questions to the auditors relevant to the contents of the Auditor's Report or the conduct of the audit of the Company's Financial Report. Written questions must be submitted no later than 5 business days before the Annual General Meeting and the answers will be available at and after the meeting. There will be no formal resolution with respect to this Item.

RESOLUTION 1

Adoption of Remuneration Report

During this Item there will be an opportunity for shareholders to ask questions and comment on the Remuneration Report in the 2020 Annual Report.

The Remuneration Report appears on pages 31 to 43 of Huon Aquaculture's Annual Report 2020 and is available at <http://investors.huonaqua.com.au/investors/>.

The vote on this resolution will be advisory only and will not bind the Directors of Huon Aquaculture. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration policy for Directors and Executives in future.

BOARD RECOMMENDATION

The Board considers that the Company's remuneration policies are structured to provide rewards based on its performance and to be competitive with those in the markets in which they operate. On that basis, and with the Directors acknowledging their personal interest in their own remuneration, the Board recommends that shareholders vote in favour of this Resolution.

VOTING EXCLUSION STATEMENT

No votes can be cast on Resolution 1 by or on behalf of any KMP whose remuneration details are included in the Remuneration Report, or their Closely Related Parties, (each referred to as a Prohibited Voter) in any capacity and the Company will disregard any votes cast on this resolution (in any capacity) by any such Prohibited Voter, except where the vote is cast by the Prohibited Voter as a proxy on this Resolution for someone other than a Prohibited Voter and either:

- the proxy is appointed by writing that specifies the way the proxy is to vote on the resolution; or
- the proxy is the Chairman of the meeting and the appointment of the proxy does not specify the way the proxy is to vote but does expressly authorise the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a KMP.

Further, a member of the KMP (regardless of whether or not their remuneration details are disclosed in the Remuneration Report) and their Closely Related Parties must not vote as a proxy on this Resolution unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form, or by the Chairman of the meeting provided the appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a KMP.

KMP includes Directors and certain senior Huon Aquaculture executives who have the authority and responsibility for planning, directing and controlling the activities of Huon Aquaculture, both directly and indirectly and whose remuneration details are disclosed in the Remuneration Report. It also includes any people who have become a KMP since the Remuneration Report was issued on 27 August 2020.

A Closely Related Party includes a spouse, child or dependant of the KMP (or a child or dependant of the KMP's spouse), anyone else in the KMP's family who may be expected to influence (or be influenced by) the KMP in the KMP's dealing with Huon Aquaculture, or any company the KMP controls.



Explanatory Notes – CONTINUED

RESOLUTION 2

Approval of the Grant of Performance Rights to Mr Peter Bender

By the resolution sought under Resolution 2, the Company is seeking the approval of shareholders for a proposed grant of up to 172,015 Performance Rights to the Chief Executive Officer and Managing Director, Mr Peter Bender under the Company's Long Term Incentive and Bonus Sacrifice Plan (**LTI Plan**).

BACKGROUND

Under ASX Listing Rule 10.14, the Company must not issue equity securities under an employee incentive scheme to a Director of the Company unless it obtains shareholder approval. If new Shares are issued (as opposed to purchasing Shares on-market) in order to satisfy the Performance Rights awarded to Mr Bender (if they vest), that issue falls within ASX Listing Rule 10.14.1 because Mr Bender is a Director of the Company and therefore requires the approval of shareholders under ASX Listing Rule 10.14. Accordingly, shareholder approval is sought for the grant of Performance Rights to Mr Bender. As shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required, in accordance with Listing Rule 7.2 Exception 14.

The LTI Plan is a long term incentive plan established by the Board as part of the remuneration of the Company's executives to ensure Huon Aquaculture has the most effective reward mix in place, particularly in light of the changing legislative environment and economic conditions. The LTI Plan is designed to attract, motivate and retain qualified and experienced KMP by aligning KMP interests with those of shareholders and by providing reward through market competitive variable remuneration. The primary objective of the LTI Plan and the Performance Rights, through the performance conditions, is to link the reward of selected individuals who have the capacity to influence the long term performance of the Company with the generation of shareholder wealth.

Under the LTI Plan, the Company may grant selected eligible executives, including the Managing Director, rights to subscribe for, or be transferred, Performance Rights (**Performance Rights**). Each Performance Right provides the entitlement on vesting to acquire one fully paid ordinary share in the Company for nil consideration payable.

The Board has resolved to:

- grant, subject to shareholder approval being obtained, up to 172,015 Performance Rights to Mr Bender on the terms of the LTI Plan and the terms and conditions described below; and
- issue or procure the transfer of Shares, or alternatively pay the cash amount of equivalent value, to Mr Bender on the vesting of those Performance Rights.

Mr Bender is presently the only Director of the Company entitled to participate in the LTI Plan.

PERFORMANCE PERIOD

The Performance Rights allocated will vest on the applicable Vesting Date to the extent that certain performance-based conditions are achieved in the relevant Performance Period. Mr Bender may exercise a Performance Right that has vested until the applicable expiry date. If any shares are issued to Mr Bender following exercise of a vested Performance Right prior to the applicable expiry date, then they may not be sold or transferred before 1 July 2023. The number of Performance Rights to be issued and the Performance Periods applicable to the performance-based Performance Conditions are as follows:

Number of Performance Rights	Performance Period
172,015	1 July 2020 to 30 June 2023

PERFORMANCE CONDITIONS

The Performance Rights will be tested against the following performance conditions (Performance Conditions):

Earnings per share (EPS) growth. Earnings per share compound annual growth is calculated as the net profit after income tax (**NPAT**) (excluding adjustment for biological assets) divided by the weighted average number of ordinary shares on issue. Compared to an absolute profit measure, EPS takes into account changes in the equity base and for this reason it is preferred to other profit based metrics.

Return on Assets (ROA). Return on Assets is calculated as statutory earnings before interest and tax (**EBIT**) (excluding adjustment for biological assets), divided by total assets excluding cash and fair value adjustment on biological assets (average of opening and closing balance). ROA is an appropriate measure for asset intensive industries which reinforces the need to invest capital on projects with a superior return.



Explanatory Notes – CONTINUED

NUMBER OF SHARES TO BE ALLOCATED

The percentage of Performance Rights that vest, and number of Shares to be allocated or amount of cash to be paid, at the end of each applicable Performance Period will be determined by reference to the following schedule:

Target 1: EPS Compound Growth EPS – 50% of LTI Plan Performance Rights

EPS compound annual growth rate ('CAGR')	Vesting outcome
Less than 7.5% CAGR	Nil
7.5% CAGR	50%
Above 7.5% CAGR but below 10% CAGR	Pro-rata from 50-99%
10% CAGR or greater	100%

Target 2: ROA ROA – 50% of LTI Plan Performance Rights

ROA (return for the reporting period)	Vesting outcome
Less than 10% return	Nil
10% return	50%
Above 10% return but below 15% return	Pro-rata from 50-99%
15% return or greater	100%

Any shares issued to Mr Bender upon vesting of Performance Rights may not be sold or transferred by Mr Bender before 1 July 2023.

TERMINATION OF EMPLOYMENT

Upon ceasing employment with the Huon Group, Mr Bender's Performance Rights will be dealt with as follows:

- if Mr Bender's employment ceases due to resignation or dismissal for misconduct or poor performance, then unless the Board determines otherwise prior to or within 60 days of cessation of employment, any unvested Performance Rights lapse with effect from the date of cessation of employment;
- if Mr Bender's employment ceases for any other reason, then unless the Board determines otherwise prior to or within 60 days of cessation of employment:
 - any unvested Performance Rights do not vest or lapse merely because the employment has ceased; and
 - the Plan Rules and all conditions of the Performance Rights continue to apply in relation to the Performance Rights. Any Performance Rights that do not vest based on testing of the Performance Conditions at the end Performance Period, following cessation of employment, will lapse (i.e., there will be no subsequent re-testing).

For the purposes of sections 200B and 200E of the Corporations Act, approval is also sought for the Company to provide certain benefits pursuant to the LTI Plan (including benefits resulting from the exercise of discretions by the Board under the LTI Plan) in connection with the cessation of employment of Mr Bender, a person who holds managerial or executive office. The approval covers where Board discretion is exercised to waive vesting conditions, or vesting is accelerated, or vesting entitlements are granted to participants under the LTI Plan rules, or benefits are otherwise provided by reason of the exercise of discretions by the Board or otherwise under the LTI Plan.

Section 200B restricts the provision of benefits to individuals who hold managerial or executive office in connection with cessation of their employment with the Company, except where the giving of the benefit has been approved by shareholders under section 200E. Mr Bender holds a managerial or executive office with the Company. If shareholders approve the grant of the Performance Rights to Mr Bender, the approval will also cover the provision of such benefits to Mr Bender pursuant to the exercise of relevant discretions under the LTI Plan in connection with the cessation of his employment.

The amount and value of the termination benefits for which the Company is seeking approval is the maximum potential benefit that could be provided under the LTI Plan, in order to provide the Board with the discretion to determine the most appropriate termination package for Mr Bender. There is no obligation to exercise this discretion.

Exercise of the discretion will depend on factors such as Mr Bender's performance, contribution and tenure. The amount and value of the termination benefits that may be provided under the LTI Plan cannot be ascertained in advance. This is because various matters, events and circumstances will or are likely to affect the calculation of the amount and value, including:

- the circumstances of Mr Bender's cessation of employment (for example, whether cessation of employment arises due to resignation, retirement or redundancy);
- the number of Performance Rights or shares held by Mr Bender prior to cessation of employment;
- the time period served during the performance period by Mr Bender up to the date of cessation of employment;
- the terms contained within the invitation to Mr Bender (such as the applicable performance conditions);
- whether vesting of Performance Rights is accelerated or vesting conditions are varied;
- whether any Performance Rights vest (and if so, how many); and
- any other factors that the Company (or its delegate) determines to be relevant when exercising its discretion under the LTI Plan.



Explanatory Notes – CONTINUED

SUMMARY OF LTI PLAN

A summary of the terms of the LTI Plan is set out in Schedule 1 to this Notice of Meeting. A description of the LTI Plan can also be found in the Remuneration Report on pages 35 and 36 of the Company's 2020 Annual Report. A copy of the Plan Rules of the LTI Plan will be made available free of charge if requested by a shareholder from the Company Secretary.

TERMS OF THE PROPOSED PERFORMANCE RIGHTS ISSUE

Timing of issue

If shareholder approval is obtained, the Performance Rights will be granted to Mr Bender shortly after the 2020 Annual General Meeting and in any event within three years after the date of the 2020 Annual General Meeting.

Consideration for issue

The Performance Rights issued to Mr Bender will be issued for nil consideration payable, and each Performance Right will provide the entitlement on vesting to acquire one fully paid ordinary share in the Company for nil consideration.

Maximum number of Performance Rights

The maximum number of Performance Rights which may be acquired by Mr Bender under the shareholder approval being sought is 172,015. The number of Performance Rights to which Mr Bender is entitled was calculated by dividing the annual long-term incentive component of Mr Bender's remuneration (\$522,926, being 100% of Mr Bender's total fixed annual remuneration) by Huon Aquaculture's 10 day volume weighted average share price (VWAP) as at 1 July 2020, which was \$3.04.

Details of Performance Rights previously granted under the LTI Plan to Directors or their associates

Mr Bender is presently the only Director of the Company entitled to participate in the LTI Plan. Since the last approval at the Company's 2019 Annual General Meeting, Mr Bender has been granted 111,337 Performance Rights.

No other person referred to in Listing Rule 10.14 has received Performance Rights since the date of the last approval of the LTI Plan.

No consideration is payable for the grant of the Performance Rights or for the issue or transfer of shares upon the vesting of Performance Rights granted.

Details of Performance Rights granted to Mr Bender are also set out on page 38 of the Company's 2020 Annual Report.

What will happen if the resolution is or is not approved?

Resolution 2 seeks shareholder approval for the grant of 172,015 Performance Rights (being the maximum number that could vest) to Mr Bender under the LTI Plan.

If Resolution 2 is passed, the Company will be able to proceed with the issue of up to 172,015 Performance Rights to Mr Bender and any such issue will not count towards the Company's capacity to issue equity securities under ASX Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of Performance Rights to Mr Bender. In this situation, the Board will have regard to developing alternative remuneration arrangements for Mr Bender to provide him with an appropriate long term cash incentive.

Other information

The Company provides the following additional information to shareholders in accordance with ASX Listing Rule 10.15:

- no loans have been or will be provided by the Company in relation to the issue of Performance Rights to, or the exercise of Performance Rights by, Mr Bender under the LTI Plan;
- Mr Bender is the only director entitled to participate in the LTI Plan;
- it is proposed that Mr Bender be issued with 172,015 Performance Rights;
- the details of the remuneration framework applying to Mr Bender and his current remuneration applying in FY2021 consist of:
 - » salary of \$522,926 plus superannuation;
 - » long service and annual leave and other benefits (such as termination benefits);
 - » fringe benefits (such as a motor vehicle and car parking); and
 - » participation in the LTI Plan;
- since the Company's admission to the official list of the ASX on 23 October 2014, Mr Bender has received 689,125 Performance Rights under the LTI Plan. Of these, 159,352 have vested and 301,149 have lapsed, with 228,624 Performance Rights outstanding. Of this total, Mr Bender received 111,337 Performance Rights following shareholder approval at the 2019 Annual General Meeting. All Performance Rights have a nil exercise price;
- no amount will be payable by Mr Bender on grant of the Performance Rights. If vesting occurs, no amount is payable upon the exercise of vested Performance Rights (or the Shares underlying them);
- details of any Performance Rights issued to a Director or their associates under the LTI Plan are published in the Company's Annual Report relating to the period in which the Performance Rights have been issued. The Annual Report will also contain a statement that shareholder



Explanatory Notes – CONTINUED

approval for the issue of the Performance Rights was obtained under ASX Listing Rule 10.14;

- any person other than Mr Bender who becomes entitled to participate in the LTI Plan, and who requires approval to participate in the LTI Plan under ASX Listing Rule 10.14, will not be issued Performance Rights until that approval is obtained under ASX Listing Rule 10.14; and
- the key terms of the LTI Plan are detailed below in Schedule 1.

BOARD RECOMMENDATION

The Non-executive Directors recommend that shareholders vote in favour of Resolution 2.

VOTING EXCLUSION STATEMENT

Pursuant to ASX Listing Rules 10.14, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Bender or an associate of Mr Bender.

However, the Company is not required to disregard a vote if it is cast:

- a) by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;
- b) by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction given to the Chairman of the meeting to vote as the Chairman decides, even though the resolution is connected with the remuneration of a member of the KMP; or
- c) by a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the shareholder votes in accordance with the beneficiary's directions.

Further, KMP and their Closely Related Parties must not vote as a proxy on this resolution if the appointment does not specify how the proxy is to vote. However, the Chairman of the meeting may vote an undirected proxy, provided the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a KMP.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

Resolution 3

Re-election of Mr Neil Kearney as a Director

In accordance with Article 47 of the Company's Constitution, Mr Neil Kearney retires from the Board and seeks re-election as a Director at that meeting. Mr Kearney was originally appointed to the Board in August 2014, and was last re-elected as a director at the 2017 AGM. Mr Kearney is a Non-executive Director of the Company and currently holds the position of Chairman.

Mr Kearney has significant leadership experience in major Australian and international food companies with prior senior roles at Goodman Fielder Limited and National Foods Limited. He is currently the Non-executive Chairman of Felton Grimwade Bosisto's Pty Ltd, a Non-executive director of Craig Mostyn Holdings Pty Ltd and a Non-executive director of Simonds Group Limited.

Mr Kearney's most recent executive role was Chief Strategy Officer of ASX-listed company Goodman Fielder Limited from 2011–2014 and before that he was Chief Executive Officer and Managing Director of Warrnambool Cheese & Butter Factory Co. Holdings Limited from 2007–2009.

Mr Kearney has previously been a Board member for Warrnambool Cheese & Butter Factory Co. Holdings Limited and Colorpak Limited as well as being a Director of National Foods Holdings Ltd 2005–2007 and Vitasoy Australia Products Pty Ltd 1999–2007 and Non-executive director of Brainwave Australia.

BOARD RECOMMENDATION

The Board, other than Mr Kearney (because of his interest in the matter), recommends that shareholders vote in favour of Mr Kearney's re-election to the Board. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.



Schedule 1

Summary of the terms of the Huon Aquaculture Group Long Term Incentive and Bonus Sacrifice Plan (LTI Plan)

A summary of the key terms and conditions of the LTI Plan is set out below. A copy of the LTI Plan Rules will be made available free of charge by the Company if requested by a shareholder. All requests should be addressed to the Company Secretary.

Performance rights

Under the LTI Plan, the Board of the Company may invite eligible employees to participate in a grant of Performance Rights, where a Performance Right means any right of a LTI Plan participant to acquire one fully paid ordinary share in the Company (Shares) (or a cash amount of equivalent value) in accordance with the LTI Plan Rules and subject to certain performance criteria. The Board may determine that an invitation to participate may involve a bonus sacrifice, where an employee elects to contractually forgo part of a future pre-tax cash bonus, subject to the terms and conditions of the invitation.

The number of Rights that are granted to a holder represents the maximum number of Shares that the holder may acquire under the LTI Plan on exercise of the Performance Rights. The actual number of Shares that could be acquired by the holder on exercise of the Performance Rights depends on satisfaction of certain performance criteria (explained below). On this basis, the number of Shares allocated to the holder on exercise of Performance Rights under the LTI Plan may be lower, but cannot be higher, than the number of Performance Rights held.

Entitlement to participate

The Board may in its absolute discretion make an offer of Performance Rights to an eligible employee selected by the Board, on the terms and conditions determined by the Board. An eligible employee means, in relation to such an offer, an employee of the Huon Group (including a director employed in an executive capacity) who is invited by the Board to participate in the LTI Plan.

Vesting of Rights and allocation of Shares

The Performance Period for a grant of Performance Rights is the period of time during which the Performance Conditions, each as specified in the offer letter, must be satisfied.

The holder will be notified of the result of the testing of the Performance Conditions shortly after the end of the Performance Period once performance outcomes are confirmed.

Once the Company has determined the number of Shares that it is required to allocate, it will make that allocation as soon as reasonably practicable.

Cessation of employment

If a holder ceases to be an employee of the Company or one of its controlled entities (Huon Group) due to resignation or dismissal for misconduct or poor performance, then unless the Board determines otherwise (prior to or within 60 days of the cessation of employment) any unvested Performance Rights lapse with effect from the date of cessation of employment.

If a holder ceases to be an employee of the Huon Group for any reason other than those set out in the paragraph above, then unless the Board determines otherwise (prior to or within 60 days of cessation of employment) then, any unvested relevant performance rights do not vest or lapse as a result of cessation of employment and the LTI Plan Rules and all conditions of the offer continue to apply, except that:

- any continuous service provision requirement of the offer is deemed to be waived; and
- any Performance Rights which do not vest based on testing of the relevant Performance Condition at the next testing date following cessation of your employment will lapse (i.e. there will be no further retesting).

In the event that the Board determines (prior to or within 60 days of cessation of employment) that some or all of the unvested Performance Rights will vest or lapse with effect from the date of cessation of employment, the holder will be notified in writing.

Lapse of Rights

A Performance Right will only vest where the relevant Performance Conditions and any other relevant conditions advised to the holder have been satisfied. Any unvested Performance Rights which fail to meet the Performance Conditions within the specified period will automatically lapse.

Any unvested Performance Rights will also lapse if:

- the holder has dealt with a performance right other than as permitted by the LTI Plan Rules; or
- the holder has (in the reasonable opinion of the Board) acted fraudulently, dishonestly or in material breach of his or her obligations to the Company.

Limitations on the number of Shares that may be issued

Under the LTI Plan, the Board must not make an offer of Performance Rights if the total number of Shares that are the subject of Performance Rights (and any other entitlements to Shares, whether under this LTI Plan or other employee incentive schemes) at the time of the offer exceeds (or would exceed) 5% of the Company's total number of Shares on issue at that time.



Schedule 1 – CONTINUED

Restrictions on dealing with Performance Rights and Shares

(a) Rights

A Performance Right is only transferable upon death, bankruptcy, or with the prior consent of the Board.

The Performance Rights are subject to Huon Aquaculture's Securities Trading Policy and if a holder purports to deal with their Performance Rights other than in the limited circumstances permitted by the LTI Plan Rules, the Performance Rights will immediately lapse.

(b) Shares

The Board may, in its discretion, impose a restriction on dealing with Shares allocated on vesting of a Performance Right, subject to provision of notice of such restrictions to the holder.

Consequences of a change of control event

In the event of:

- a takeover bid being made, a takeover bid being recommended by the Board or a takeover bid becoming unconditional; or
- a scheme of arrangement, reconstruction or winding up of the Company being put to members,

the Performance Rights may vest at the Board's discretion in accordance with the LTI Plan Rules.

In determining whether to exercise its discretion, the Board will have regard to all relevant circumstances, including the level of satisfaction of the Performance Conditions over the period from the grant date to the date of the relevant event.

If a company obtains control of the Company as a result of a takeover bid or another corporate action, the Company, the company acquiring control and the holder, may agree together that on the vesting of Performance Rights, the holder will receive shares in the company acquiring control in lieu of shares in the Company, on substantially the same terms as before.

Adjustments

If the Company makes any new issue of securities, or other alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital, or reconstruction of capital, the number of Performance Rights, or the number of Shares to which each participant is entitled upon vesting of Performance Rights, or any amount payable on vesting of the Performance Rights, will be adjusted in a manner determined by the Board, having regard to the ASX Listing Rules and the terms of the LTI Plan Rules.

Amendments

The Board has power to amend at any time all or any of the provisions of the LTI Plan and the terms and conditions of Performance Rights granted under the LTI Plan. However, the Board cannot do so if the amendment would prejudicially affect the existing rights of a participant, with the exception that (even in those circumstances) the Board may make an amendment if it is primarily for the purpose of complying with present or future law, to correct any manifest error or mistake, or to take into consideration possible adverse tax implications in respect of the LTI Plan.

In addition, the Board has power (subject to the ASX Listing Rules) to waive in whole or in part any of the performance criteria or other terms or conditions applicable to a participant's Rights if the Board determines that the original Performance Condition is no longer appropriate or applicable, so long as the interests of the relevant participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

Termination

The Board can terminate or suspend the operation of the LTI Plan at any time, however, the termination or suspension will not prejudicially affect the existing rights of existing participants.



Glossary

Annual Report means the annual report of the Company for the year ended 30 June 2020.

ASX means ASX Limited or, where the context requires, the securities exchange operated by it on which Shares are quoted.

ASX Listing Rules means the Listing Rules of ASX.

Board means the board of Directors of the Company.

Chair means the individual elected to chair any meeting of the Company from time to time.

Closely Related Party of a member of the KMP means:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependant of the member or of the member's spouse; or
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or
- e) a company that the member controls; or
- f) a person prescribed by the Corporations Regulations.

Company means Huon Aquaculture Group Limited ABN 79 114 456 781.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

EBIT means statutory earnings before interest and tax.

Explanatory Notes means the Explanatory Notes accompanying this Notice.

Huon Group means the Company and its controlled entities.

KMP or Key Management Personnel has the same meaning as in the accounting standards and includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director of the Company.

LTI Plan means the Long Term Incentive and Bonus Sacrifice Plan operated by the Company.

Notice or Notice of Meeting means this Notice of Annual General Meeting.

Performance Condition means one or more conditions which must be satisfied or circumstances which must exist before a Performance Right vests under the terms of the LTI Plan.

Performance Right means a performance right granted to an eligible employee under the terms of the LTI Plan from time to time.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Annual Report for the year ended 30 June 2020.

Share means a fully paid ordinary share in the capital of the Company.



Huon Aquaculture Group Limited
ABN 79 114 456 781

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Huon Aquaculture Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Huon Aquaculture Group Limited (**Company**) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (AEDT) on Friday, 30 October 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/HUO20> (refer to details in the Notice of Meeting).

Important for Resolutions 1 and 2: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1 and 2, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

For Against Abstain*

1 Adoption of Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Approval of the Grant of Performance Rights to Mr Peter Bender

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Re-election of Mr Neil Kearney as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted at the discretion of the Chairman of the Meeting, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (AEDT) on Wednesday, 28 October 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Huon Aquaculture Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)