

ROYAL CARIDEA, LLC

Royal Shrimp - Locally Based,
Locally Grown, Nationwide Reach



Royal is a company poised to transform
the shrimp production industry





93% of the shrimp consumed in the US each year is imported. Over 3.3MM pounds every day of the year which almost all was previously frozen. Americans have little to no access to fresh, never frozen or live shrimp. The same is true in Europe and Asia.

Today Consumer needs are met largely by farms in Thailand, Indonesia, India, Vietnam, and Ecuador. Together, these production regions account for over 4.6B lbs. of shrimp, representing over 42 percent of global production – all have high chances of supply chain disruption and significant sustainability concerns. The overall trend of shrimp farming is towards more efficient, sustainable, and cleaner production, but significant challenges remain in the dominant, small-scale portion of the sector. Most of the smaller, often family-run operations in Asia continue to be serious sources of concern, principally due to wastewater discharge and antibiotics overuse that led to increased risk of widespread disease outbreaks. **Cleaner and more efficient farming requires capital investments and technical training, which is not universally accessible. These farms are subject to the vagaries of weather, plagued by disease, excessive land abuse, and poor labor practices.**

Demand for shrimp continues to rise fueled by a growing population of consumers, seeking high quality sustainable, traceable protein. Year-over-year, global shrimp consumption is growing at a rate of over 4%. Consumers “accept” frozen shrimp but are constantly in search of a locally grown fresh product. Wild fisheries cannot meet the demand and current farming practices cannot meet demand for fresh, never frozen or live shrimp in Europe or America. **There is a clear opportunity for a market entrant that can produce locally grown, high quality shrimp in quantity through sustainable, responsible methods, available to the market daily. Royal Caridea (Royal) was formed to take advantage of this opportunity.**

Our patent-pending production method is innovative, sustainable, traceable, and, most importantly, supports raising shrimp close to the consumer that is free of antibiotics and toxic chemicals and is harvested under sanitary conditions. Local farming enables the delivery of live and fresh, never-frozen shrimp, thereby meeting high-end underserved markets. Employing a proprietary enclosed raceway-based system is the key to this innovation. Shrimp “colonies” are raised in independent, enclosed environmentally controlled raceways or troughs, thus reducing water, land, and feed while eliminating disease. **The Royal system effectively converts shrimp farming from a batch-oriented process with periodic harvests to a continuous environmentally friendly process permitting daily harvests year-round. When the customer demands shrimp Royal will deliver *with its branded Arizona Desert Shrimp™ (www.arizonadesertshrimp.com)*.**

Initial taste tests have confirmed the quality and desirability of Royal-raised shrimp. Our proprietary production methods have been validated and refined in pilot plant operations and an industry-experienced team has been assembled. We are ready to embark on a five-year plan to build and operate the first Royal technology based commercial shrimp product plants using our patent pending technology (Gen 2) starting in 2021. The first plant will be a Two-Stacked Container system producing about 22,000 lbs. to the market in 2022. In 2022 Royal will build its first Module (¼ full plant) producing about 325,000 lbs. to market starting in 2023. In 2023 Royal will build its second Module and in 2024 Royal plans to build its third and fourth Modules with a net capacity of about 1.3MM lbs./Yr. and at some time in the future, discontinue the pond production. Royal plans to return the pond land to its pre-shrimp farming condition to be used in a manner consistent with “good land practices”.

Royal expects to see its sales grow from over \$960K in 2021 to about \$20.9MM in 2025 with EBITDA surging from 2021 of \$64,000 to over \$13.2MM in 2025 **with expenses growing as business expands, but at a less than expected rate compared to revenue.** This means Royal is on the path to excellent prosperity while bringing to market a series of high-quality products meeting a vast unmet need of demanding and savvy consumers.

We are raising \$1.5M to support the continued development and operation of our initial Two-Stacked Container GEN2 plant and aquaculture farm.



ROYAL CARIDEA

- **COMMERICAL - SUSTAINABLE
HIGH QUALITY SHRIMP PRODUCTION**
- **PRODUCED - IN PATENT PENDING CLOSED MODULAR
SYSTEM**
- **USING A FRACTION OF THE LAND AND WATER**
- **GROWN LOCAL TO THE END USER MARKET**
- **MINIMAL HEALTH OR ENVIRONMENTAL CONCERNS**

Shrimp...large demand, ripe for innovation

Shrimp is an excellent source of protein and a key part of cuisine around the world. Every year it is one of the fastest growing segments of the food industry. Growing popularity, however, has led to difficult supply issues - from availability to environmental damage and labor abuses. Soon the world's oceans will no longer support demand and aquaculture is wrestling with how to responsibly address the demand gap.

Royal Caridea...a path to viability and sustainability

Using its proprietary farming method, Royal Caridea is launching a premium brand of farm-raised shrimp to address untapped and traditional US markets. Success at home with our sustainable and responsible methods, will open the door to markets worldwide and set the stage for a transformation of the industry. Royal Caridea can set the standard for shrimp production.

Growing demand, changing demands

Americans' appetite for shrimp grows every year but few realize 93% of our shrimp is imported. Wild-caught production plateaued years ago and, to date, US-based shrimp farming has failed to take hold. Until now, importing farm-raised shrimp has been the only way to meet demand.

While foreign farms work to keep pace with US demand, the landscape is changing. Readily-available, healthy shrimp at reasonable prices is no longer a guarantee. As economies improve, other countries are competing for shrimp once exported primarily to the US. Even when shrimp is available, it is frozen. Foreign producers cannot meet the growing demand for live and fresh, never-frozen shrimp. Consumer attitudes are also evolving. Americans today care more about quality and product sourcing. They want antibiotic-free food, raised in an environmentally responsible manner and where workers are treated fairly.

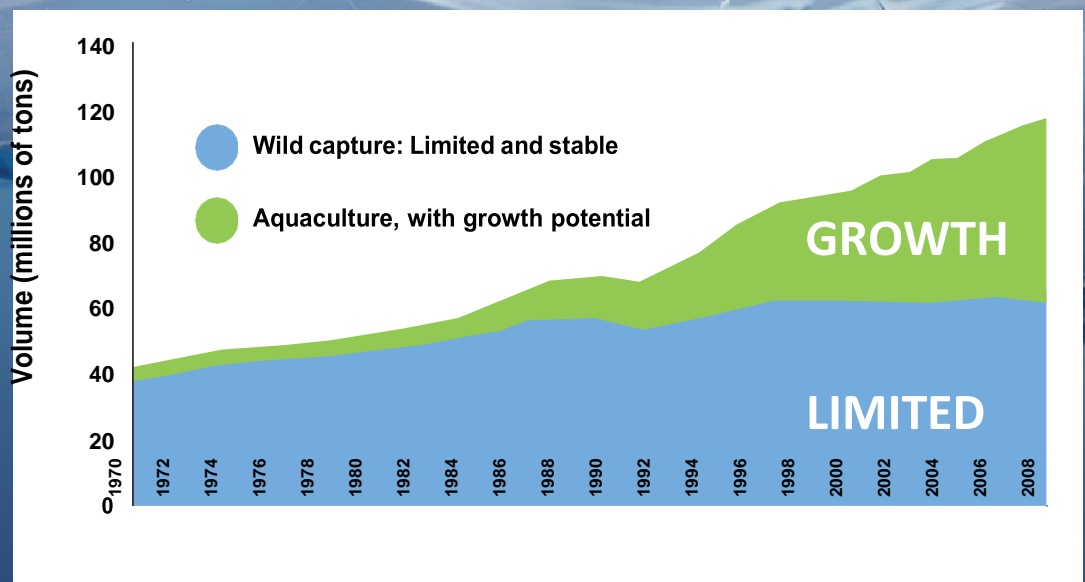
Increased consumption and changing attitudes are not just US realities. China, the EU, Japan, and other regions with large markets are facing the same issues. Some, like the EU, are restricting imports due to health concerns. Others are seeking reliable sources of protein to feed growing populations.

Exporting countries recognize the inherent issues. Land-based production cannot sufficiently scale long term to meet demand. Today's methods also spoil the land, require excessive water use and pollute nearby waterways. In many countries, labor and business practices are drawing scrutiny. The industry knows these issues exist, but change has only been incremental.

"Up until this point the shrimp sector has been a commodity market, and quality has often taken a back seat to prices, but there are consumers who want more choice. Consumers who care about what they eat, and how it has been produced, and it is time they were offered a choice of farmed shrimp that meets the highest standards and is fully traceable to its origins. Shrimp grown by producers who care, for consumers who care."

José Antonio Camposano
Executive President
National Chamber of
Aquaculture from Ecuador

North America



Shrimp production is an industry ripe for transformation. By moving from resource-intensive production far from market to a more local, sustainable, reliable, and commercially viable alternative, rising demand and changing market tastes can be satisfied. Royal Caridea has developed its technology to meet these challenges.

A shrimp farm unlike any other

Royal Caridea's innovation begins with a totally redesigned growing environment. Taking a page from new generation vegetable crop farming, premium shrimp are raised in vertical modules. Ponds and tanks are replaced by stacked shipping containers and raceways. Instead of vast amounts of land and water, far from market, premium shrimp are grown with fewer resources in warehouses close to market. This breakthrough development is the second generation of raceway technology known as the "Multi-Phasic Super Intensive Shrimp Production System (Gen 2)", it is patent pending in 12 countries.

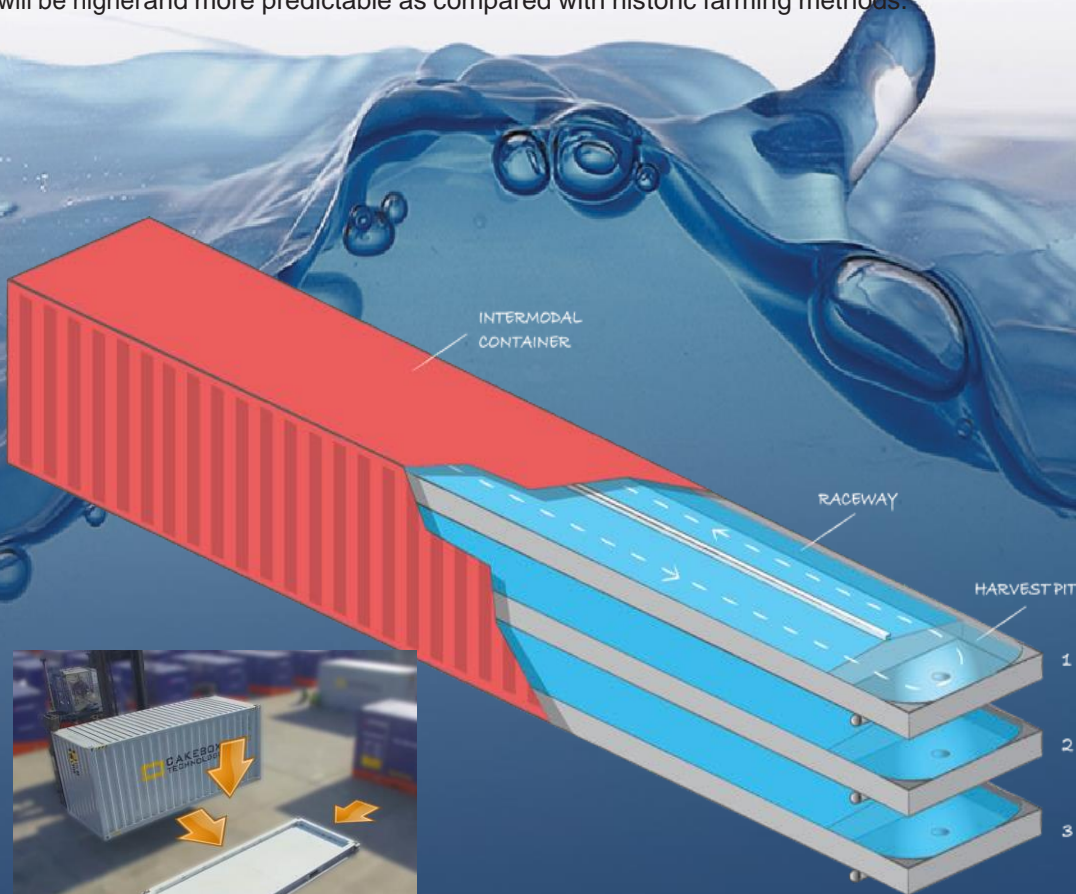


The raceway is the heart of the system. A raceway is a trough, the length and width of a standard shipping container (see below). Three troughs are housed in each container. Water is continuously circulated through each raceway. The combination of a closed controlled environment, conditioned water and a managed feeding program creates an optimal growing environment.

The growing cycle begins with young shrimp being introduced into a raceway. After one month, the shrimp double in size. The colony is then subdivided between two other raceways.

Subdividing re-establishes the optimal environment, giving room for continued growth. The subdividing process is repeated monthly. After four months, healthy, natural, organic, antibiotic-free, 16-26gram premium shrimp are ready for market.

Taste tests have shown raceway-grown shrimp to be superior in taste, texture, and size to traditionally farmed shrimp. Operations tests have confirmed production yields will be higher and more predictable as compared with historic farming methods.



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A “farm” will be a collection of container modules in a warehouse-like facility close to market. A typical Royal Caridea farm will produce over 3,500 pounds of fresh shrimp daily year-round. In addition to traditional markets, consumers will have for the first time, access to live and fresh, never-frozen shrimp in predictable quality and quantities.

Innovation brings benefits

This proprietary Gen 2 raceway system is the foundation of a commercially viable business and solves the problems faced by the industry.

Two of the biggest problems in shrimp farming are disease and weather. Using containers solves both. Shrimp are isolated into small colonies, reducing the chance of disease, and eliminating the need for antibiotics. Containers also shield the operation from weather. In construction, the modular approach enables rapid plant start-up in locations close to key markets.

Traditional farming methods require extensive resources and have a detrimental impact on the environment. Both are addressed by the raceway approach. These Raceways require much less land, water, and feed. They also enable automated tracking of shrimp throughout their development. Using recycled water, conditioned for the proper pH and salinity, helps create the optimal growing environment.

Global Shrimp Market: Forecast and Analysis

“Revenue from the global shrimp market stood at US\$ 37 Bn in 2016 and is expected to reach about US\$ 39 Bn by the end of 2017. By 2027 end, the global shrimp market is expected to reach a value of more than US\$ 67 Bn, growing at a CAGR of 5.6% over the forecast period.”

Future Markets Insights Report
August 23, 2017

Global demand

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Success at home with our sustainable and responsible methods, will open the door to

A U.S. launch to global markets – Initial Marketing and Sales Plan

Royal Caridea will initially focus on the US market, building a platform that will support international expansion. The first path to market will be a distribution center near the first plant, followed by a retail location. Management has experience with retail shrimp operations and

will use the opportunity to learn more about consumer reaction and tastes. Market focus will shift when the second plant is online. The retail operation will be augmented with sales to the restaurant, hospitality, institutional, grocery and food wholesale segments. The online market will also be tested. An advantage of the seafood market is that there are established channels and partners providing access to key buyers.

Competition

Shrimp today is offered in many forms. From head-on whole shrimp to de-headed popcorn shrimp with many products in between. Regardless of source and size, nearly all offerings have one thing in common – it has been frozen at least once.

Royal Caridea premium shrimp will compete directly with the upper-end of traditional offerings while also opening untapped markets for live and fresh, never-frozen product. Consumers in these markets are health and quality conscious and, in many cases, concerned about the source of their food.

In two of these three markets – live and fresh, never frozen – Royal Caridea will face limited competition from niche players without the capacity to produce shrimp on a continuous, predictable basis.

Within the traditional market, the primary competition will be international suppliers exporting to the US. The Company will compete only with the upper end of their offerings. Taste tests and production results have shown Royal Caridea premium shrimp to have better taste, texture and color and will compete well. Unlike its competition, the Company will be able to produce shrimp year-round unimpacted by weather and disease.

US Market

- 605,000 tons imported in 2017
- \$6 billion value
- Shrimp imports up 20.5% January 2017 to January 2018
- Demand Drivers
 - Need for QUALITY protein
 - Seafood perceived as healthy
 - Increasing affluence, moderating prices
 - Cultural – Asian and Gulf Coast communities, for example seek Live Shrimp
 - Growing population – many countries are now importers vs. exporters.
 - Trace-back – locally grown



The plan

Royal Caridea has set out a roadmap to commercialization with a path to sustainable market presence and significant profitability. Our plan is a four-stage approach.

Stage 1 Completed

- 2020**
- Secured a \$2.2MM USDA backed loan to update the Farm
 - Updated the Farm shrimp ponds/infrastructure and built processing and storage facilities.
 - Filed patent applications in twelve countries.
 - Positioned the company for our Series A Funding of \$1.5MM.

Stage 2 Series A \$1.5MM

- 2021**
- Restart pond shrimp production ~ 50,000 lbs. /Yr. Most sales 2022
 - Build and operate our first Two-Stacked Container (Gen 2 production plant) capacity ~ 22,000 lbs. / Yr.
 - The Gen 2 shrimp available for sale January 2022
 - Estimated shrimp lbs. sold 2021 75,000 Estimated Revenue \$960,000

Stage 3 Series B \$4MM

- 2022**
- Build and operate our first Module (1/4 unit of a Full 1.3MM lb. Plant)
 - Module 1 will have a capacity of ~ 325,000 lbs. / Yr.
 - The Gen 2 Module 1 shrimp available January 2023
 - Estimated shrimp lbs. sold 2022 115,000 Estimated Revenue \$1,500,000
- 2023**
- Build and operate our Module 2
 - Module 2 will have a capacity of ~ 325,000 lbs. / Yr.
 - The Gen 2 Module 2 shrimp available for sale January 2024
 - Estimated shrimp lbs. sold 2023 357,000 Estimated Revenue \$5,530,000
- 2024**
- Build and operate Module 3 and 4. These four Modules will be the capacity of a Full Plant ~capacity 1.3MM lbs. / Yr.
 - The Gen 2 Modules 3 and 4 shrimp available for sale January 2025
 - Estimated shrimp lbs. sold 2024 694,000 Estimated Revenue \$10,800,000

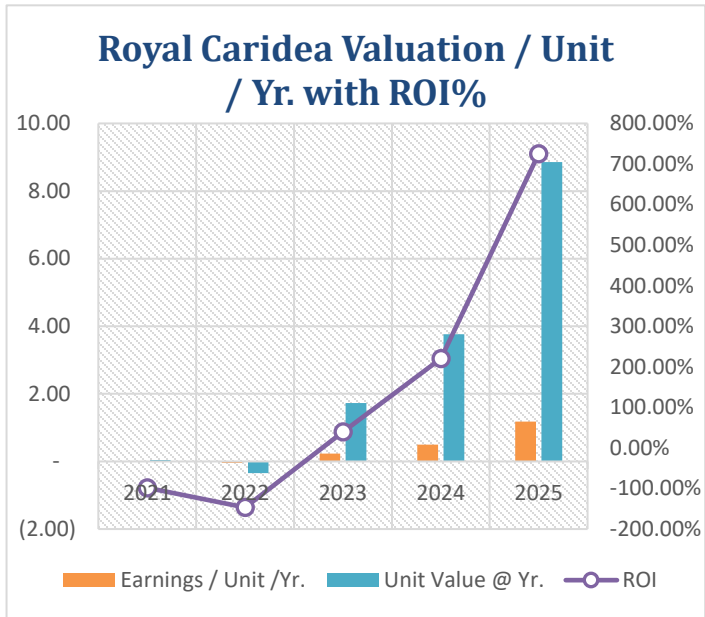
Stage 4 Expansion

- 2025** Build and operate our second Full 1.3MM lb. / yr. plant.



Royal Caridea Valuation / Unit / Yr. with ROI%

ROJECTED RESULTS



- 2025 4 Modules 1.33MM lbs./Yr. demonstrates commercial viability generating over \$20.9MM/Yr.
- 2025 estimated EBITDA \$13.2MM
- 2025 Estimated Earnings/Unit \$1.18
- 2025 Estimated Value/Unit \$8.86

The Royal Caridea start-up team is highly experienced in business development and operations including management, financing, plant construction, engineering and sales in the food, feed, and aquaculture industries. The team's background includes management of shrimp farming operations.

The co-inventors of the pending patent are key members of the team.



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Medical Microbiology

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Gen 2 Co-inventor



Michael Cunha
CFO

MBA
Accounting and
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Manufacturing
experience



Anthony Brand
VP Engineering

Systems design and
integration expertise

Pond-based aquaculture
experience

Gen 2 Co-inventor



Craig Collins
Operations Manager

30+ years shrimp
farming experience

Shrimp marketing and
sales experience



Phil Peck
VP Mkt & Sales

25-years sales &
marketing management
in foodservice and
manufacturing

Online, retail, club
stores and foodservice
distribution channels.



For more information about the company
and its plans, please contact

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