

ASX Announcement | 31 August 2021

Seafarms Group Limited (ASX:SFG)

(SFG Announcement No. 703)

Seafarms Group 2021 Full Year Results Announced Annual Report Presentation

Investment Highlights

Project Sea Dragon

- Successful capital raising of A\$107.5 million before costs to start construction for Project Sea Dragon, supported by Seafarms Chairman Ian Trahar, other long term and existing shareholders
- Construction well underway for Project Sea Dragon at Legune Station
- First harvest for Project Sea Dragon on track for the third quarter of 2023
- A\$168 million spent by the Australian, Northern Territory and Western Australian governments to upgrade road and bridge infrastructure creates year round access for Project Sea Dragon

North Queensland operations

- Seafarms achieves A\$21 million in aquaculture revenue during 2020–21 financial year
- Black tiger prawn production increased by 21 per cent
- World leading breeding, domestication and genetic program continues with fifth generation (G5) prawns used to stocks ponds in Queensland operation

Sustainable aquaculture company Seafarms Group Limited (ASX:SFG) ("Seafarms" or "the Company") continues its transformation from one of Australia's largest prawn producers into a significant global producer of black tiger prawns.

The Company announced its full year results for the 2021 financial year (FY21) today with a number of key milestones achieved for Project Sea Dragon and its operations in North Queensland.

Project Sea Dragon – Construction well underway at Legune Station

Construction has started on Stage 1a of Project Sea Dragon with a construction camp mobilised to Legune Station and civil works have started on the first ponds to create Farm 1 of the Legune Grow Out Facility in the Northern Territory.

Approved and authorised for release by Seafarms' Disclosure Committee.

Ends.

For further information, please contact:

Seafarms Group

Mr Harley Whitcombe

Company Secretary

P: (08) 9216 5200

Media / Investor Enquiries

True North Strategic Communication

Penny Baxter

P: +61 8 8981 6445

M: +61 437 522 532

E: penny@truenorthcomm.com.au

About Seafarms Group

Seafarms Group Limited (ASX:SFG) is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia.

Seafarms Group uses environmentally sustainable processes and is currently Australia's largest producer of farmed prawns, its Crystal Bay® Prawns and Crystal Bay® Tigers are available year-round in fresh and frozen formats. To learn more please visit: www.crystalbayprawns.com.au

Seafarms Group is investing in sustainable aquaculture for export through Project Sea Dragon, a large-scale, vertically integrated, land-based, prawn aquaculture project being developed in northern Australia. The standalone marine prawn production system will be capable of annually producing 130,000 – 180,000 tonnes of prawns and the high-quality, year-round volumes will target export markets. To learn more please visit: www.seafarms.com.au



2021 Full Year Result

August 2021

The transformation of Seafarms from Australia's largest prawn producer into a significant global low cost producer has commenced

Seafarms Group Limited (ASX:SFG)

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Overview of Seafarms Group

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Overview of Seafarms Group



- Seafarms is one of Australia's largest prawn aquaculture companies
- Seafarms has significant operational aquaculture expertise and a demonstrated track record of growth and innovation.
- Queensland operations have a 4-star rating Best Aquaculture Practice (BAP) Certificate by the Global Aquaculture Alliance – a world-leading certification for Aquaculture seafood. Seafarms is Australia's only prawn producer with a 4-star BAP certification.
- Queensland operations have also received awards for both sustainability and biosecurity.
- Queensland operations have the capacity to produce 1,000 to 1,800 tonnes per annum, with production dominated by Black Tigers.
- Development of the Company's Tier 1 Project Sea Dragon development has commenced. This truly world class asset of global significance that will, once fully developed, be one of the largest Black Tiger operations globally.

Project Sea Dragon (PSD) Construction has commenced

PSD is a large-scale and integrated, land-based prawn aquaculture project being developed across multiple sites in northern Australia.

- ❖ Development of this world class Project Sea Dragon asset commenced following a highly successful recent capital raising (A\$107.5M raised before costs). The capital raise was successfully supported by Company's Chairman Ian Trahar, other long term major shareholders, and Seafarms existing shareholders.
- ❖ PSD is a staged development and is designed to produce high-quality, year-round reliable Black Tiger Prawns (BTP) volumes for export and domestic markets
 - ❑ BTP are a higher quality prawn product than the globally traded commodity prawn, commanding a pricing premium and is sought after by discerning customers in domestic and export markets
 - ❑ Significant offtake agreements (up to 25%) with Nissui in Japan and Primstar in Europe and strong relationships with major grocers in both Australia and Japan
- ❖ SFG has obtained all the material regulatory approvals, including an Indigenous Land Use Agreement, required for Stage 1 development of PSD
- ❖ Government support is strong. PSD has Major Project Status from the Australian Federal Government, WA and NT Governments.
 - ❑ ~A\$168M has been expended by governments to develop supporting road and bridge infrastructure to ensure year round access
 - ❑ Additional support in the form of land packages and in-kind R&D support of Seafarms Black Tiger breeding/genetics program has been received



Mobilising to Legune Station Photo: Ben Broady



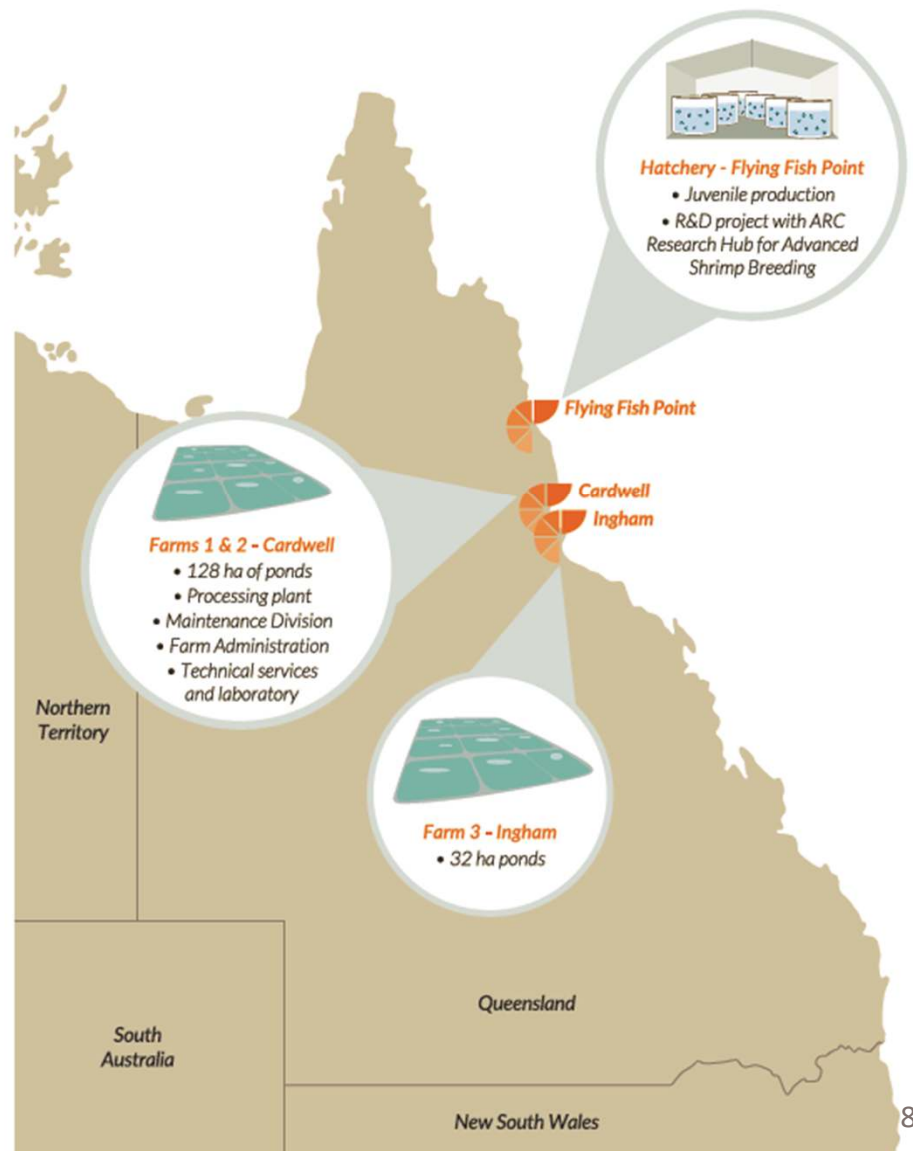
Seafarms Financial Overview FY21

SFG Achieves Revenue of ~A\$21.0M in FY21

- ▣ The Queensland Operations are primarily intended to demonstrate and trial operating concepts for PSD.
 - ▣ A commercial pilot approximately 40% of the size of the initial PSD development and most importantly provide the platform to recruit a core operational workforce, support our graduate program for PSD, provide aquaculture facilities for part of our world class breeding/domestication/genetics program and R&D activities.
- ▣ The Queensland operations are undertaken at three sites:
 - ▣ Flying Fish Point (commercial hatchery);
 - ▣ Cardwell (Farms 1, Farm 2 and Processing Plant); and
 - ▣ Ingham (Farm 3)
- ▣ Aquaculture revenues for the FY21 reporting period were ~A\$21M (A\$27.7M in FY20)
 - ▣ The fall in revenue reflects the management decisions to reduce H1 stocking rates by 53% at Cardwell in order to reduce marketing risk surrounding COVID-19
 - ▣ Commensurate reduction in input costs were achieved
 - ▣ Production in 2H was well ahead of expectations
- ▣ For the 12 months reporting period to 30 June 2021 Seafarms reported a loss in the order of A\$25.8M (FY20 A\$25.5M). This loss was projected and resulted from:
 - ▣ Planned lower first half production to reduce market risk due to COVID-19
 - ▣ Expensing all direct PSD development costs including
 - ▣ PSD expenses relating to Research and Development
 - ▣ Infrastructure expenses (Founder Stock Centre) to the domestication/breeding program;
 - ▣ Expenses relating to the ongoing due diligence process required for the PSD banking facility processes.
 - ▣ The loss also includes all of Seafarms corporate overheads which are predominantly supporting the development of PSD.



Seafarms Operations



Seafarms Group Limited Corporate Overview

ASX Listing Code	SFG
Market capitalisation (August 2021)	Approx. \$254M
Fully Paid Shares on Issue	4.79B
Cash, Debtors & Inventories (as at 30 June 2021)	\$12.9M ¹
Financial Year End	30 June
Directors Shareholdings	34.9% (including Nissui) ²
Current Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto Hisami Sakai (Nissui representative) Naoto Sato (Nissui alternative)



Far North Queensland Operations

Overview of Far North Queensland Operations

Queensland Operations are a vertically integrated business that have been operational for over 30 years

- Seafarms acquired Cardwell in early 2014, continued its banana prawn production and commenced production of its premium Black Tiger prawn production and announced its genetic/breeding program in mid 2014, as part of its long term PSD development and biosecurity strategy.
- Later in 2014 a farm at Ingham 50km to the south of Cardwell was acquired. This farm is an operational trial for PSD and demonstrates the feasibility of achieving key assumptions for PSD.
- Seafarms Crystal Bay branded prawns are processed on site at Cardwell. Sold in a variety of formats including:
 - Fresh,
 - Frozen,
 - MAPIn supermarkets throughout Australia



Seafarm Queensland processing plant employee



Farm 3 – Aerial View



Crystal Bay® Prawns



FY 2021 Production, Operational Overview and Improvements

Operational Overview

- ▀ Overall production exceeded budget (FY21 – 1,068 tonnes)
 - ▀ Black Tiger Prawns constituted 91% of production
 - ▀ Black Tiger Prawn yield was 8.0 tonnes per hectare across all farms, a 21% increase on FY20
 - ▀ Banana Prawn yield was 8.3 tonnes per hectare, a 9% increase on FY20.
- ▀ Domestication program led to improved commercial outcomes
 - ▀ For the first time (FY21) nursery ponds were partially stocked with domesticated animals that were developed as part of the ARC Industry Transformative Hub Program
 - ▀ The biological metrics of Farm 3 again demonstrated the feasibility of achieving key assumptions for Project Sea Dragon
 - ▀ Nursery ponds for the upcoming crop, have been stocked with 100% fifth generation (G5) domesticated Black Tiger animals
 - ▀ Remain on track to breed sixth generation (G6) of domesticated animals this year
- ▀ Part of Seafarms' strategy to deepen operational talent in readiness for Project Sea Dragon, the Company recently appointed one of Australia's most experienced prawn farm operators, Mr Alistair Dick

FY 2021 Production, Operational Overview and Improvements

Operational PSD Trials

- Continued trialling and assessment of automated feed systems, with the opportunity to test and develop the integration of in-pond monitoring technologies

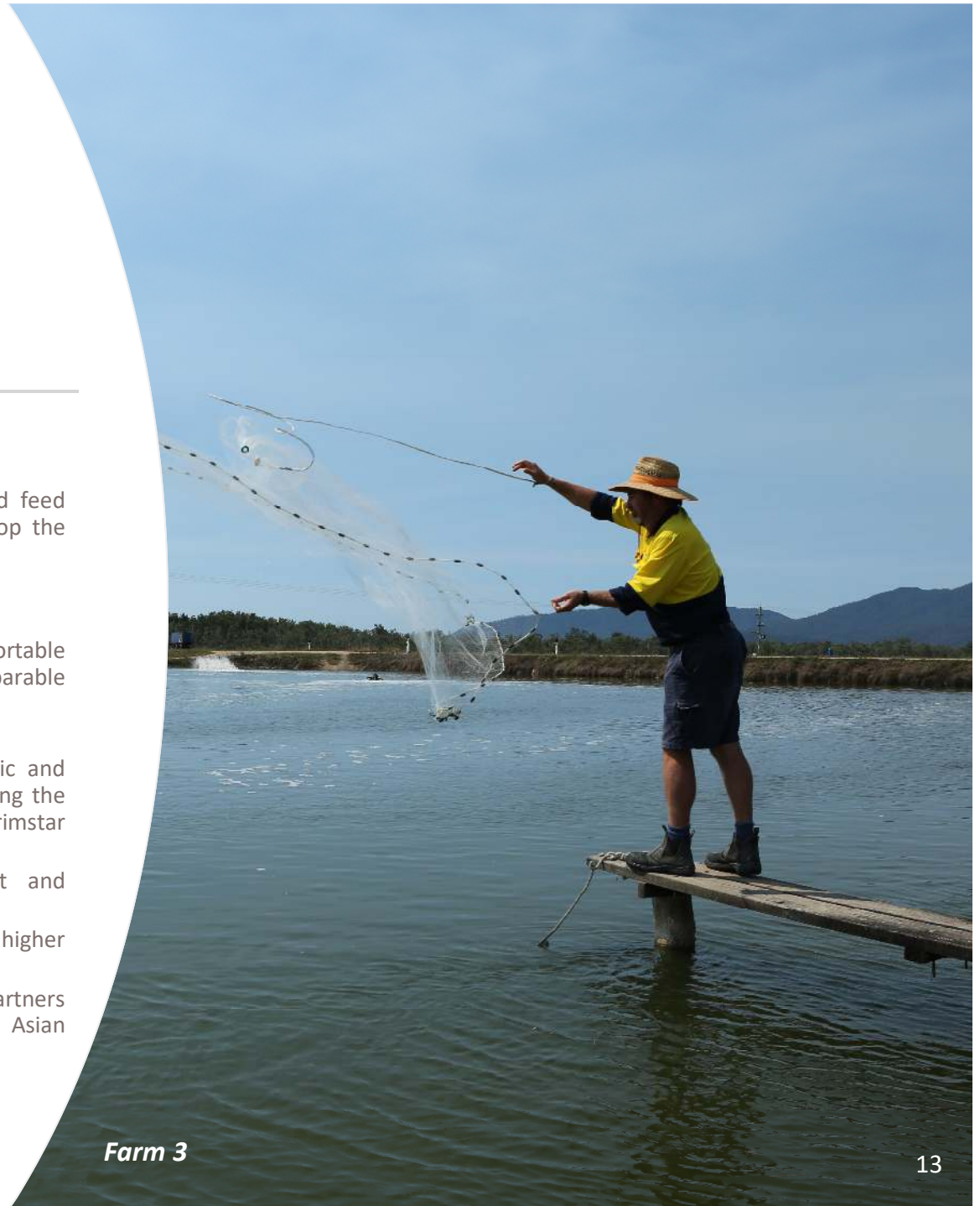
Operational Health and Safety

- Zero lost time injuries achieved
- Overall performance 88% reduction in total reportable Injury Frequency Rate from the previous comparable reporting period

Market Development

- Continued market development in both domestic and international markets (Japan and Europe), including the first shipment to our European offtake partner, Primstar (one of Europe's largest seafood companies).
- Manage our core new product development and portfolio mix to maximise margin.
- Expansion of product lines underway to deliver higher margins and offset cost base volatility
- Significant interest from other potential offtake partners received, with new enquiries originating from Asian countries and the USA.

Farm 3





Project Sea Dragon (PSD) Overview

Overview of Project Sea Dragon

One of the world's largest aquaculture operations

- Project Sea Dragon is a Tier 1 asset of global significance and once fully developed it will be one of world's largest Black Tiger operations with the capacity to produce up to 130,000-180,000 tonnes per annum
- Project Sea Dragon is a fully integrated project that includes all steps from breeding, hatching and rearing, to growing, harvesting and processing prawns for the consumer.
- The first stage (Stage 1) of the project comprising approximately 1,080ha of ponds and facilities at Exmouth, Bynoe Harbour, Gunn Point, Legune and Kununurra is fully approved and is expected to produce 18,000 tonnes annually

PSD represents the first new major Australian prawn farm development since 2000

- According to CSIRO (2014) PSD grow out ponds at Legune Station in NT has been identified as having "one of the highest levels of economic and environmental attributes for the sustainable development of large scale land-based marine aquaculture across the whole of the Northern Australian coastline".

Construction partner in place

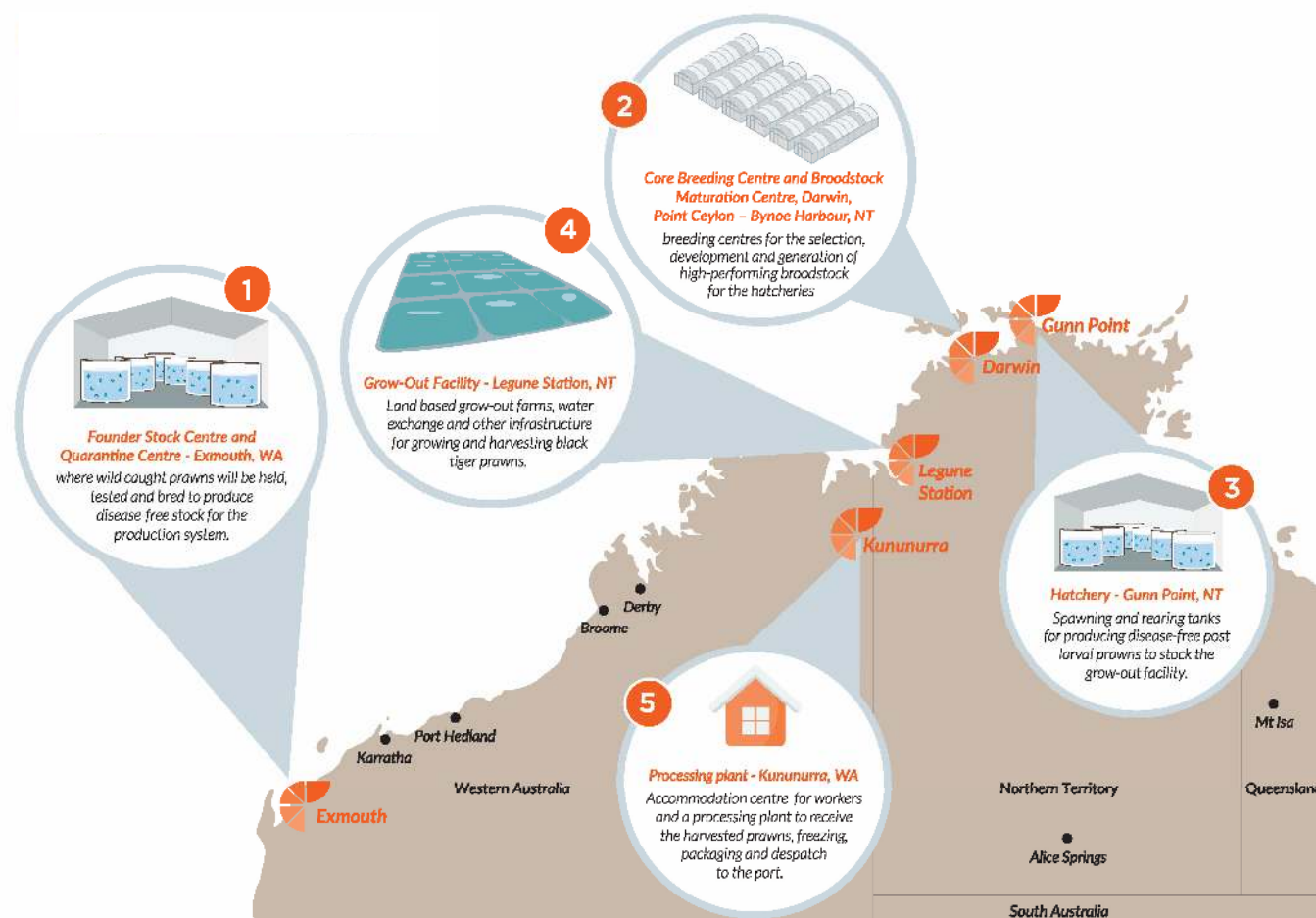
- Seafarms appointed Canstruct Pty Ltd as managing contractor
- Established a Project Framework Agreement in March
- Canstruct commenced mobilisation to site

Completing Stage 1

- Stage 1B, will complete another two farms to bring total production area to about 1,180 ha and further expand the number of sites to include a hatchery at Gunn Point (Darwin, NT).

Project Sea Dragon – Location Overview

Legune Station in the Northern Territory, has been carefully selected for the grow out facility. SFG holds sub-lease on Legune Station providing secure tenure for the full development



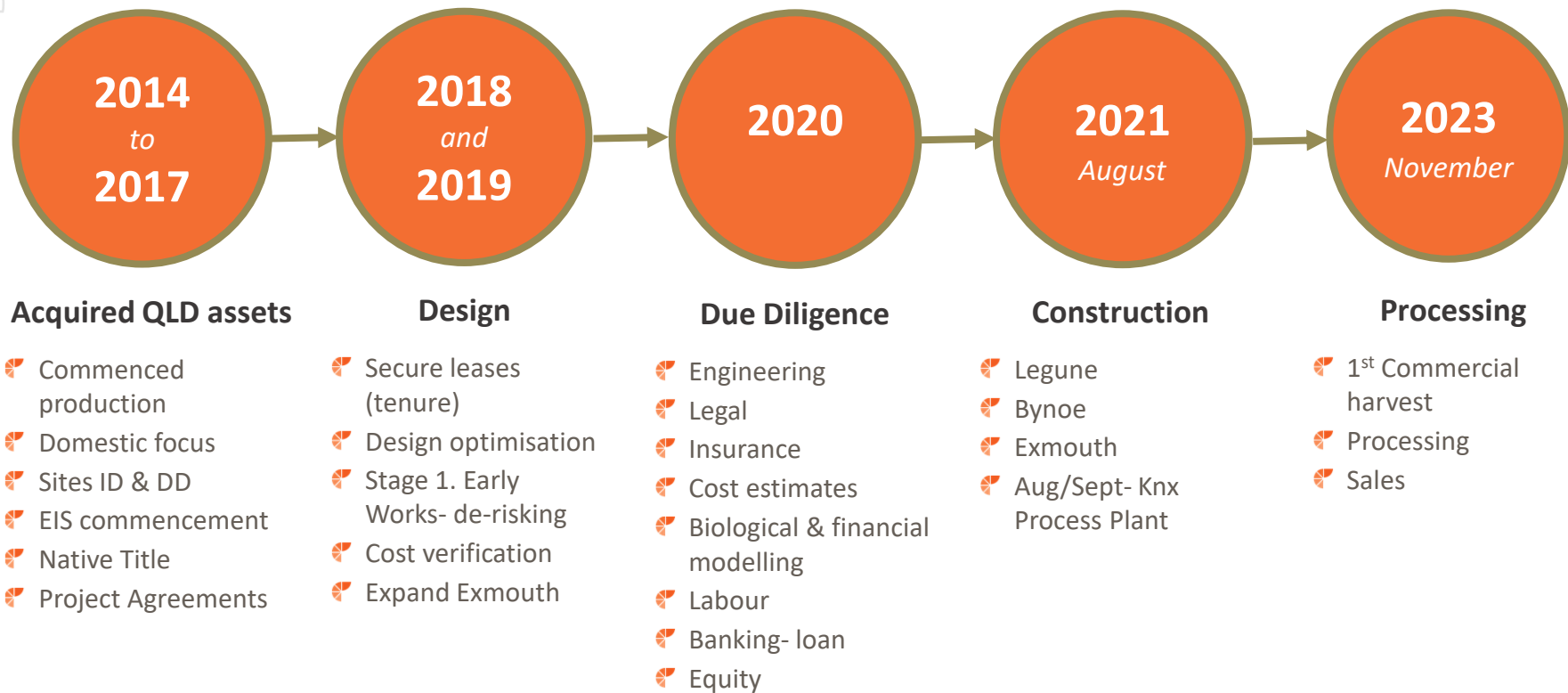
Please note this is a stylised map of Project Sea Dragon and does not represent the accurate scale and location of the project facilities.

For more information please contact info@seafarms.com.au



PSD project location within Australia

PSD Progression



Construction at Legune

- 2021 Dry Season construction has commenced
- 74 person construction camp has been transported to site
- Construction camp site cleared and camp fit-out underway using local contractors
- Road-works within the station boundary have commenced
- Quarrying contract has been awarded and mobilising to site
- Procurement of long-lead items such as Seawater Intake Pumps is underway
- Ground broken at Farm 1 site



Farm 1 pond under construction Photo: MNG

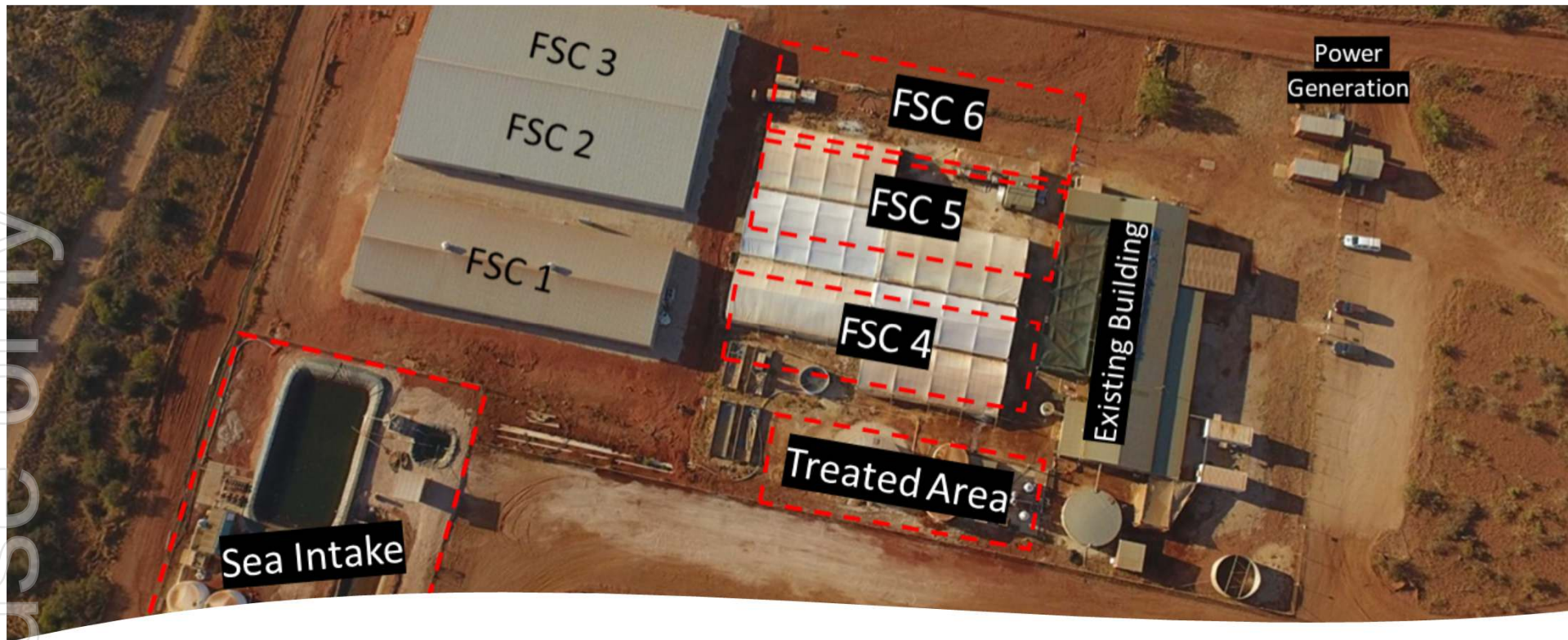
World leading Breeding/Domestication and Genetics Programs

ARC program

- As previously announced in 2014, Seafarms has invested significantly in Research & Development, being Industry sponsor of the Australian Research Council (ARC) Industry Transformative Hub into Advanced Prawn Breeding led by James Cook University and including CSIRO, University of Sydney, and the Australian Genomic Research Facility.
 - This research represents the “most advance and industry transformative improvement program for any prawn/shrimp species globally”¹. The aim of this research project was to sequence the genome of the Black Tiger Prawn. More than 40,000 DNA markers have already been identified to help develop a breeding program based on genomic selection that will assist in identifying genes associated with growth, disease resistance and other commercially important factors
 - Additional government funding over a further 5 years has recently been announced whereby the Hub will work with industry participants to apply modern genetic, selective breeding and artificial intelligence to dramatically improve productivity of farming in Northern Australia.
 - As a result of this investment over 6 years, Seafarms was able to develop a domesticated population of prawns, that has reduced our requirements to source broodstock from the wild – a major biosecurity risk factor. Results from recent harvesting activities in Queensland where ponds were partially stocked with G4 animals for the first time has highlighted the significant commercial outcomes that can be achieved from such programs.
 - The Flying Fish Point hatchery breeding performance (fecundity) of domesticated generation 5 (G5) animals is in line with international benchmarks for these metrics.
 - Generation 5 (G5 not specific pathogen free) animals being used to fully stock the latest Christmas crops in Queensland
 - G6 animals are expected to produced in 2H of 2021.



SPF Program



Seafarms Specific Pathogen Free Program

- At Exmouth in Western Australia, Seafarms has progressed with the long term development program of domesticated Specific Pathogen Free prawns to reduce production risks at PSD. G4 Specific Pathogen Free animals are scheduled to be produced in the 2H of 2021.
- This strategy combined with selective breeding produces faster growing prawns.
- Stage 1a buildings FSC 2 and FSC 3 will be fitted out, water systems upgraded and new recirculating aquaculture systems installed.

Strong Government Support for PSD continues

Keep River Road Upgrade

- This investment by the Western Australian Government complements the investment by the Northern Territory Government that resulted in 30 kilometers of the Keep River Road being constructed from the WA/NT border to Legune.
- This upgrade included building two bridges over the Keep River and Sandy Creek and was completed in November 2020 at an estimated cost of over A\$87 million.
- This road infrastructure project was sponsored by the Australian and Northern Territory Governments.

Moonamang Road Upgrade

- Upgrade gives all weather access to Wyndham, Kununurra and Legune
- The A\$18.3 million Western Australian Government sponsored sealing of the Moonamang Road continues to be advanced and upon completion will provide a complete all weather sealed road from Kununurra to the Legune Station boundary.
- It will ensure the Company can efficiently move fresh prawns from where they will be grown and harvested at Legune to the planned processing plant near Kununurra all year round.



Sandy Creek Bridge – Keep River Road



Construction of Moonamang Road Photo: Main Roads WA



Access Road



74 person camp at Bundoberg

Funding Status of PSD

- COVID-19 restrictions has caused delays in finalising the funding required to fund Stage 1A development.
- The recent interim capital raising has provided greater time and the ability to finalise debt arrangements without impacting construction schedule; with first product expected in Q3 2023.
- Up to A\$150M in construction debt being sourced.
 - Discussions with multiple debt providers are well advanced.
 - Other funding additional to the proposed construction debt is required to fully fund the development of Project Sea Dragon Stage 1a.

Sustainability

- BAP® certification at the Queensland facilities demonstrates commitment by the company to sustainability. This certification includes third party assurances to ensure only sustainable feeds are used in the supply chain
- Project Sea Dragon design continues to be driven by sustainability across economic, environmental and social dimensions
- PSD has committed to achieving Aquaculture Stewardship Council certification, which can only be obtained 6 months after operations begin
- Climate Change
 - Impacts - Bynoe Harbour, Gunn Point and Legune are designed to meet 1:100 climate change impacts including sea-level rise scenarios. Climate change risk impact assessments underway for Exmouth and Kununurra
 - Emissions – project greenhouse gas emissions assessment to be done once power technologies are selected.



Caring for Country planning meeting



Water bird survey team, Austecology



MG Building refurbishment of camp buildings



ILUA committee in-person and on video

Indigenous and Local Commitment

Indigenous Land Use Agreement (ILUA)

- Caring for Country (ranger) program sponsored by PSD and implemented through the Northern Land Council commenced with detailed planning
- The ILUA committee continued to meet via video due to Covid-19 constraints
- COVID-Safe welcome to country protocols developed
- Cultural heritage monitors were appointed by Native Title Holders and employed by NLC

Local contracting

- PSD camp building under refurbishment by the MG Corporation owned MG Building company under contract to Canstruct



Contact Us

Seafarms Group Limited

Level 11, 225 St Georges Terrace
Perth WA 6000

PO Box 7312
Cloisters Square WA 6850

T. +61 8 9216 5200
E. info@seafarms.com.au