



ASX Announcement | 29 June 2020
Seafarms Group Limited (ASX:SFG)
(SFG Announcement 653)

Seafarms releases new investor presentation for EGM

Investment Highlights

- Seafarms Group provides a market update prior to its Extraordinary General Meeting (EGM) in Melbourne on Monday, 29 June 2020
- The presentation, attached here, provides a brief overview of Seafarm's future plans

Sustainable aquaculture company Seafarms Group Limited (ASX:SFG) ('Seafarms' or 'the Company') is pleased to release this Market Update which will be addressed at the Company's EGM today.

Transforming from Australia's largest prawn producer into a global producer

Seafarms produces the premium Crystal Bay® Prawns and is developing the Project Sea Dragon (PSD) prawn aquaculture project in northern Australia.

Once completed, PSD will target high-quality year-round volumes for export markets and have a production capacity of up to 150,000 tonnes of prawns.

This update address considers the impacts of COVID-19.

To access the full presentation please read below.

Approved and authorised for release by Seafarm's Disclosure Committee.

Ends.

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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 over 150,000 tonnes of prawns and the high-quality, year-round volumes will target export markets. To learn more please visit: www.seafarms.com.au



Seafarms Group Limited

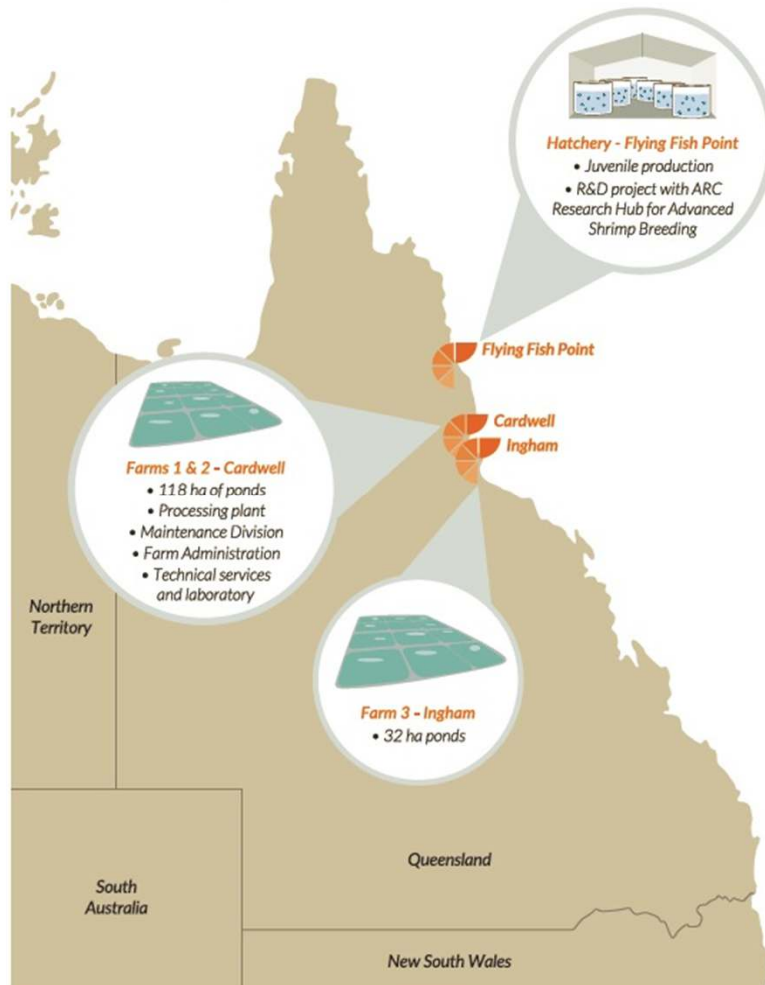
EGM Presentation
Brief PSD Overview and Market Update
June 2020

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Seafarms Group Limited (ASX:SFG)

Australia's largest prawn producer: Transforming into a high quality, low-cost global producer



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Seafarms 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 up to 150,000 tonnes of prawns and the high-quality, year-round volumes will target export markets. Development has already commenced.



COVID-19

How COVID-19 will drive strong demand for Seafarms' premium, clean & green product

- As a sustainable aquaculture company that produces high-quality seafood for global markets including Japan, Europe and China, we believe Seafarms is well-positioned to benefit greatly in a post- COVID-19 world. Safe, clean food with impeccable provenance, reliably supplied will not only continue to be in high demand but will attract a price premium.

COVID-19 impact on demand

- The major initial effects of the pandemic will have washed through the global economy. However, because of the origins of this pandemic the demand for safe, clean, food, particularly from, but not limited to China, will be strong. Producers will be required to demonstrate safety and chain-of-custody systems through the supply chain.

Benefiting from changes in consumer behaviour

- PSD will benefit from the expected significance reduction in reliance on Asia's wet markets
- PSD will benefit from the ongoing increase in Australian's demand for seafood as a protein source.
- Safe, clean food with impeccable provenance, reliably supplied will not only continue to be in high demand but will attract a price premium.

Rising demand in China and Asia prior to the pandemic

Seafood supply

- Before the COVID-19 outbreak, the global aquaculture market was expected to grow to over US\$200 billion this year.
- While wild-catch seafood production is flat, aquaculture keeps growing and is expected to outpace wild-catch in 2020, according to Rabobank Research.
- Since 2011 supply from wild caught fisheries has been 90.9 million tonnes and this source of supply is not expected to grow.
- All growth in seafood is from aquaculture. Seafood now supplies more human protein than any other protein category.
- The growth in aquaculture is being driven by improved genetics, new husbandry technologies, innovations in aquafeed and industrialisation, of which Seafarms is at the cutting-edge.

COVID-19

Seafood demand

- Seafood demand continues to grow both with overall population growth, but also on a per capita basis.
- While Europe, North America and North Asia (Japan and South Korea) are considered mature markets, rapidly rising economies particularly China and India, will create unmatched demand.
- The rising middle class in China, is expected to rise five-fold by 2022 to over 100 million.
- The race to meet the rising demand of China's middle class has already begun and will likely not end due to COVID-19.
- President Xi's confirmed Chinese demand for quality Western food products in a speech in April 19.
- In 2018, seafood consumption per capita in China surpassed pork, according to China's Ministry of Agriculture.
- New Zealand and Canada have already experienced strong seafood export growth into Asian markets.

Seafarms well-capitalised to progress PSD

While we recognise that COVID-19 creates a severe shock to Australian and global commerce and creates immediate stresses on the planned PSD construction schedule, there is flexibility there that can be used to our advantage. As the project does not require any further government approval to proceed, we can resume work quickly once lockdowns are lifted.

Based on currently available projections, we estimate that PSD will be coming into production just as the world economy rises from the pandemic.

In addition to providing the world with safe, high-quality and affordable food following the Covid-19 pandemic, we see PSD as a 'nation-building project' that will add desperately needed jobs to Northern Australia.

Project Sea Dragon – State of Project Financing

- Well advanced
- COVID – 19 however has slowed the whole progress down due to various delays caused by numerous restrictions (and different restrictions) by various state, territory and federal governments.
- Number of international banks at various stages of their due diligence processes
- Preliminary indications suggest a mixture of debt facilities including senior revolving credit and unitranche construction facilities
- Number of parties expressing potential interest in direct equity participation in Project Sea Dragon



Government sponsored PSD infrastructure – Keep River Bridge and road upgrade to Legune Station

Seafarm Queensland Operations Update

Overview

- Black Tiger Prawn production for the YTD ending 30 May was 1,172 tonnes despite the 2019 Christmas crop being impacted by lower growing water temperatures.
- Farm 3 production concluded with 351 tonnes harvested at 10.5 tonnes per hectare.
- Harvests on Farms 1 & 2 are ongoing with harvest volumes in line with expectations.
- Best Aquaculture Practices (BAP) Certification has been awarded across all Seafarms' Queensland facilities. Seafarms is Australia's only 4-star accredited prawn producer.
- Seafarms was recognised by the Department of Agriculture as recipient of an Australian Biosecurity Award with a Farm Biosecurity Producers of the Year award. This award recognised the company's significant and sustained investments in all aspects of biosecurity in its east coast operations. This has seen the company become an industry leader in biosecurity preparedness and prevention.



Outlook

- Outlook for the full year is in the order of 1,450 tonnes of production due to the lower growing temperatures affecting the Christmas crop which takes into account the first half performance and changes to the stocking schedule
- Exporting of Queensland product to Japan and Europe as part of the Nissui and Primstar offtake agreements



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