



ASX Announcement | 31 August 2020
Seafarms Group Limited (ASX:SFG)
(SFG Announcement No. 660)

Seafarms Group Limited Year Ended 30 June 2020
Annual Report Presentation 2020

Enclosed is Seafarms Group's Annual Report Presentation and Market Update for the financial year ended 30 June 2020.

For further information, please contact:

Media Enquiries

True North Strategic Communication

Penny Baxter

P: +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 culture 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



2020 Full Year Result

August 2020

The transformation of Seafarms from Australia's largest prawn producer into a global low cost producer is underway

Seafarms Group Limited (ASX:SFG)

Disclaimer

- ❖ This presentation is provided for information purposes only. The information in this presentation is in a summary form, does not propose to be complete and is not intended to be relied upon as advice to investors or other persons. The information contained in this presentation was prepared as of its date, and remains subject to change without notice. This presentation has been provided solely for the purposes for giving background information about SFG, its operations and Project Sea Dragon (PSD).
- ❖ This presentation has been prepared without taking into account the investment objectives, financial situation or particular need of any particular person.
- ❖ To the extent permitted by law, no representation or warranty, express or implied, is made as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation. To the extent permitted by law, none of SFG, its related bodies corporate, shareholders or affiliates, nor any of their respective directors, officers, employees, related bodies corporate, associates, affiliates, agents or advisers makes any representations or warranties that this presentation is complete or that it contains all material information about PSD or SFG. To the extent permitted by law, none of those persons accepts any liability for any loss, claim, damages, costs or expenses of whatever nature (whether or not foreseeable), including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of information contained in this presentation or in relation to the accuracy or completeness of the information, statements, opinions or matters, expressed or implied, contained in, arising out of or derived from, or for omissions from, this presentation.
- ❖ No person is under any obligation to update this presentation.
- ❖ This presentation may contain forward looking statements that are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this presentation include statements about future financial and operating results, possible or assumed future growth opportunities and risks and uncertainties that could affect SFG's business. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Actual outcomes and results may differ materially from what is expressed in this presentation. In any forward looking statement in which SFG expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurances that the statement or expectation or belief will result or be achieved or accomplished. SFG is not under any duty to update forward looking statements unless required by law.
- ❖ This presentation is not and does not constitute or form part of an offer, invitation or recommendation in respect of securities, or an invitation to buy or apply for securities, nor may it, or any part of it, form the basis of, or be relied on in connection with any contract or commitment whatsoever. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Contents

- 🍊 Overview of Seafarms Group
- 🍊 FY20 Overview
- 🍊 Operations Overview
- 🍊 PSD – Project Overview and Step 1 of Stage 1 Development Update



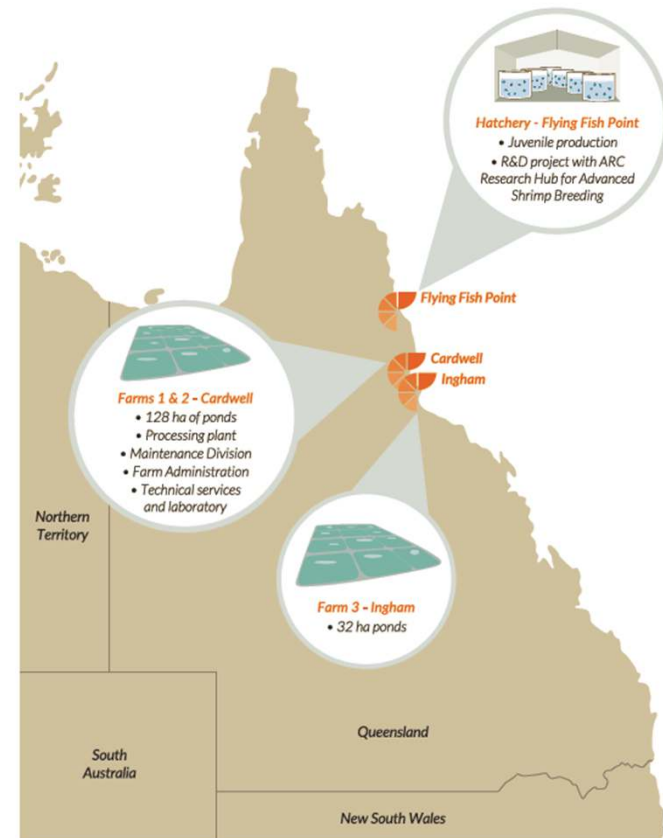
Overview of Seafarms Group

Overview of Seafarms Group Queensland Operations Overview

- Seafarms has significant operational aquaculture expertise and a demonstrated track record of growth and innovation.
- The Queensland operations are primarily intended to demonstrate the fundamental operating concept for Project Sea Dragon (PSD) and provide the platform for the core of the workforce required for the much larger greenfields project. The Queensland operation also provide the aquaculture facilities to undertake part of our world-class breeding program for PSD.
- The Queensland operations are undertaken at three sites:
 - Flying Fish Point (commercial hatchery);
 - Cardwell (Farms 1 and 2); and
 - Ingham (Farm 3).
- Total production for the year was 1,366 tonnes, down from 1,770 tonnes in the previous year.
- As previously reported production in the first half was impacted by lower growing temperatures and adjustments to the stocking schedule. The second half production was broadly in line with expectations, despite the onset of COVID-19 – which reduced stocking of some production ponds. Part of the crop was also held over into the current financial year in order to accelerate product acceptance in Europe – as part of Seafarms new offtake agreement with Primstar.
- Queensland operations are also used to undertake extensive R&D activities which have included the incorporation of settlement and nursery ponds into the production system, testing automatic feeding systems etc.



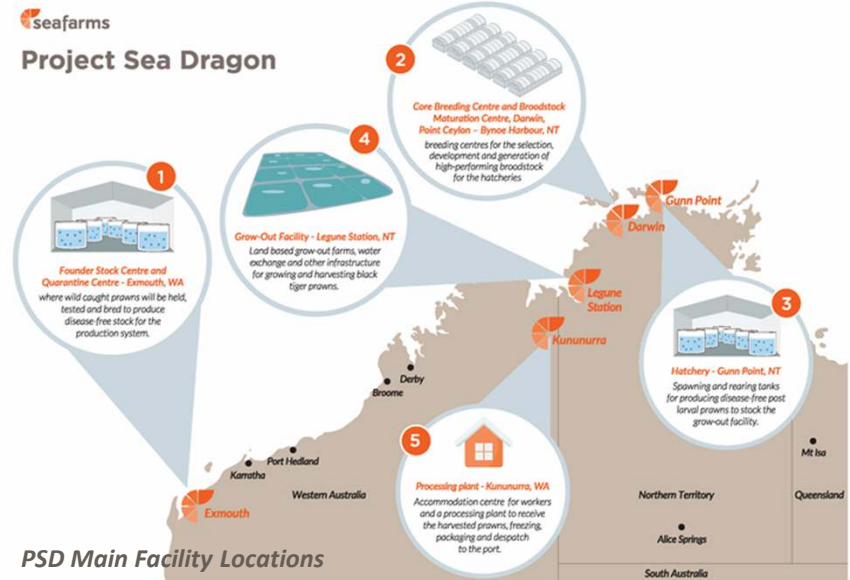
Seafarms Operations



Project Sea Dragon (PSD) Development Underway

PSD is a proposed large-scale and integrated, land-based prawn aquaculture project being developed in northern Australia. Development has commenced.

- ❖ PSD is a proposed large-scale and integrated, land-based prawn aquaculture project being developed in northern Australia by SFG
- ❖ PSD is designed to produce high-quality, year-round reliable Black Tiger Prawns (BTP) volumes for export and domestic markets
 - ❑ BTP are a larger and higher quality prawn product than globally traded commodity prawn, commanding a pricing premium and is sought after by discerning customers in domestic and export markets
 - ❑ Offtake agreements with Nissui (15%) in Japan, Primstar (15%) in Europe and strong relationships with major grocers in both Australia and Japan
- ❖ Following 8 years of development and over A\$120m of investment, SFG has obtained all the material regulatory approvals and Project and Indigenous Land Use Agreements required for Stage 1 development of PSD
- ❖ All key government approvals have been received and PSD has obtained Major Project Status which ensures a significant level of funding support from the Australian Federal Government, WA and NT Governments:
 - ❑ Approximately A\$150m has been committed by various governments to develop supporting road and bridge infrastructure to ensure year round access, land packages and in-kind R&D support of Seafarms Black Tiger breeding/genetics program



PSD's Strong Competitive Advantages

- 🍊 Seafarms and its research partners to develop the “most advance and industry transformative improvement program for any prawn/shrimp species globally”¹.
- 🍊 Other competitive advantages include:
 - 🍊 Low sovereign risk;
 - 🍊 Remoteness and a relative lack of development have provided a natural biosecurity barrier;
 - 🍊 Higher water temperatures contribute to higher growth and reduced production times. 2 crops per annum;
 - 🍊 Long coastline, pristine waters, availability of suitable land;
 - 🍊 Population free waters;
 - 🍊 Availability of suitable hatchery and grow out sites with ideal climatic conditions for the growth of black tigers – isolated locations;
 - 🍊 Well established disease detection and prevention technology;
 - 🍊 Cost effective feeds and operating systems;
 - 🍊 Significant volumes and bigger higher premium animals produced;
 - 🍊 Proximity to rapidly growing seafood markets in Asia:
 - 🍊 Australia has already established a strong reputation for producing high quality seafood.



Seafarms Financial Overview FY20

SFG Achieves Revenue of A\$27.8M in FY20

- As previously stated 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 and support our graduate program needed for PSD.
- Aquaculture revenues for the FY20 reporting period were approximately A\$27.8M, up from A\$24.4M in FY19.
- For the 12 months reporting period to 30 June 2020, Seafarms has reported a loss in the order of A\$25.5M, (FY19 was A\$30.9M). This loss was projected and resulted from:
 - lower first half production
 - expensing all direct PSD development costs including:
 - PSD expenses relating to its R&D trials;
 - infrastructure expenses relating to the domestication facility development program; and
 - a whole year lease expense for Legune Station (for the first time).
 - The loss also includes all of Seafarms corporate overheads which are predominately supporting the development of PSD.

Seafarms Group Limited Corporate Overview

ASX Listing Code	SFG
Market capitalisation (August 2020)	Approx. \$182M
Fully Paid Shares on Issue	2.42B
Cash, Debtors & Inventories (as at 30 June 2020)	\$19.5M
Financial Year End	30 June
Directors Shareholdings	42.4% (including Nissui)
Current Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto Hisami Sakai (Nissui representative)



Northern Queensland Operations

Overview of Northern Queensland Operations

- Queensland farms at Cardwell are a fully vertically integrated business and 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 genetic/breeding program in 2014/2015, as part of its PSD development strategy. Later in 2014 a farm at Ingham 50kms 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;
 - PSD represents the first new major Australian prawn farm development since 2000.
- In relation to PSD, the Queensland operations are primarily intended to:
 - Test operating concepts for PSD within the constraints of aged infrastructure, sub-optimal climate and sub-optimal economic scale;
 - Practically test the benefits of potential design features to be adopted at PSD - settlement ponds, nursery ponds etc.;
 - Provide a platform to attract highly experienced core operational management team needed for a project of PSD scale. Core operational team has managed projects greater than the entire Australian farm prawn industry;
 - Provide a training facility for a workforce, graduates etc. needed for PSD. Industry has had little employment growth as there has been no new farm developments since 2000, part of de-risking strategy for PSD;
 - Undertake PSD R&D research projects in relation to stocking rates, feed mixture regimes and testing QA/QC of potential PSD suppliers;
 - Commence internal sourcing of Post Larvae –another major PSD bio-security measure;
 - Provide a hub of aquaculture assets used as industry research laboratories for world leading black tiger genetic/breeding program – so called ARC program. Commencing in FY2015, this A\$9m program is the “most advance and industry transformative improvement program for any prawn/shrimp species globally”¹;
 - Early commencement of exporting premium black tiger product. Seafarms has secured all the necessary accreditation for exports into Japan, China and Europe. Ability to export now in readiness of PSD production. Has included capital investment into the installation of a semi-IQF (individual quick freeze) as an important valuable real-world data source that will be useful in finalising PSD processing facilities in WA;
 - Refine biosecurity practices including: staff training, development of pathogen surveillance protocols, hatchery testing, PL screening, on-farm testing;
 - Provide test samples premium product to enable offtake agreements to be negotiated and finalised.

FY 2020 Production and Operational Overview and Improvements

Operational Overview

- Production for the financial year was 1,366 tonnes, down 404 tonnes on FY2019, primarily driven by reduced first half production outcomes as a result of lower growing temperatures and adjustments to the stocking schedule. Second half production outcomes broadly in-line with expectations.
- Product/species mix was changed to accommodate COVID-19 onset. This included not stocking all production ponds in the second half.

Operational Improvements

- Seafarms program of Occupational Health and Safety at its operations resulted in 80% of operating areas recording nil injuries or incidents for the year
- Further investment in both biosecurity and water quality infrastructure developments were completed during FY20
 - Driven largely by the reconfiguration of Farms 1 and 2 at Cardwell to provide the construction of settlement ponds at these Farms
 - Settlement ponds improve water quality in the grow-out ponds – a major biosecurity improvement



Further independent recognition achieved

- Seafarms was recognized by the Department of Agriculture as recipient of an Australian Biosecurity 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.
- Seafarms has become the first Australian prawn aquaculture company to achieve four-star Best Aquaculture Practices (BAP) Certification across its entire production chain.
- BAP Certification has been awarded across all Seafarms' Queensland facilities.
- BAP was established by the international non-government Global Aquaculture Alliance (GAA) in 2003, BAP addresses environmental responsibility, social accountability, food safety, animal health and welfare, and traceability.
- BAP certification is recognised globally as the comprehensive, proven and trusted third-party aquaculture certification program. It is the only third-party aquaculture certification program that encompasses compliance with the Global Food Safety Initiative (GFSI), Global Social Compliance Program (GSCP) and Global Sustainable Seafood Initiative (GSSI). It is endorsed by the major Australian retailers and by leading international retailers including Tesco, Sainsbury, Walmart, Metro, Aldi, Lidl and HemaFresh.





Project Sea Dragon (PSD) Overview

PSD Achieves Key Milestones in FY20

- PSD continued to progress despite COVID 19.
- Construction of the first step of the expansion of the Exmouth Founder Stock Centre has been completed:
 - Seawater intake was improved and a series site adjustments made to improve biosecurity;
 - Discharge water treatment upgraded;
 - Three large additional sheds were constructed, with the first shed fully fitted-out.
- Construction of planned early works at Bynoe Harbour Broodstock Maturation facility has been completed.
- Secured a new PSD industry partner – Primstar BU:
 - One of Europe's largest seafood companies;
 - Part of the large multinational Cornelis Vrolijk Group;
 - Offtake of up to 15% of PSD initial production profile;
 - Part of Seafarms PSD strategy of building a high value, high quality jointly ranged product into well established markets.
- Advancing PSD project funding. A further A\$12.5M raised to further develop major biosecurity PSD infrastructure - designed to produce more product more quickly.
- PSD domestication/genetics breeding program producing its first G3 animals.
- Government (NT and Federal Governments) sponsored infrastructure PSD work programs with Keep River Bridge completed and the remaining upgrading of the road expected to be completed by October 2020.
- The Indigenous Land Use Agreement with the Native Title holders continues to be implemented.



Legune ILUA and Indigenous

- 🍊 Employment
 - 🍊 Developed a 12 month Indigenous employment action plan;
 - 🍊 Seafarms contractors are meeting or exceeding agreed Indigenous employment targets.
- 🍊 Business
 - 🍊 Accepted as an Associate member of the Northern Territory Indigenous Business Network (NTIBN);
 - 🍊 Contracts awarded to Larrakia Development Corporation & Alan King and Sons JV with Native Title Holder Company.
- 🍊 Cultural Heritage
 - 🍊 Cultural Awareness Training has been developed with strong consultation and engagement from Native Title Holders, the Northern Land Council and relevant Indigenous organisations.
- 🍊 Environmental
 - 🍊 The Ranger Program has been bought forward as part of the implementation of the Legune ILUA.



Meeting with Legune Native Title Holders and the Northern Land Council



Cover photo Cultural Awareness Training Booklet – with Desiree Simon, Jarrajarran Native Title Holder



ILUA Project Committee meeting at Marralum

Capex and Funding Status of PSD

- COVID-19 restrictions has caused delays in finalising the funding required to fund Step 1 of Stage 1 PSD development.
- Appointment of Sole Arranger now finalised. Up to A\$150M in construction debt well advanced.
 - Engagement with numerous international banks, particularly Asian banks, continues to be advanced.
 - Seafarms continues to progress the project funding process required to meet the capex requirements for Step 1.
- Step 1 involves the development of 400 ha's of production and nursery ponds - producing +6,000 tonnes per annum. It has a total Project Construction Budget of approximately A\$281M excluding cost contingency and escalation and includes over A\$150M in infrastructure spend that will service up to a full Stage 1 (1,120 ha's) project as well capital that will service other stages up to Stage 7 (+7,000ha's).



Seafarm Operations



Seafarm Employees



PSD Development - Step 1 of Stage 1 Well Underway

PSD Domestication and Breeding – continued advancement

Exmouth

- Program started in 2016
- Completed upgrade of infrastructure, constructed 3 sheds, fitted-out the first of these and transferred animals;
- This facility has now cultured the third generation (G3) of prawns as part of its SPF domestication program;
- Significant milestone for Project Sea Dragon;

East coast

- 6-year program that was recently completed in December 2019;
- ARC program – most advanced and industry transformative improvement program will help identify genes associated with growth, disease resistance and other commercially important factors;
- The domestication program with the ARC Hub produced 30 G2 and 60 G3 families with comprehensive genetic records;
- These domesticated families now ready for commercial trials.

- Initial development of Broodstock Maturation Centre commenced in NT.



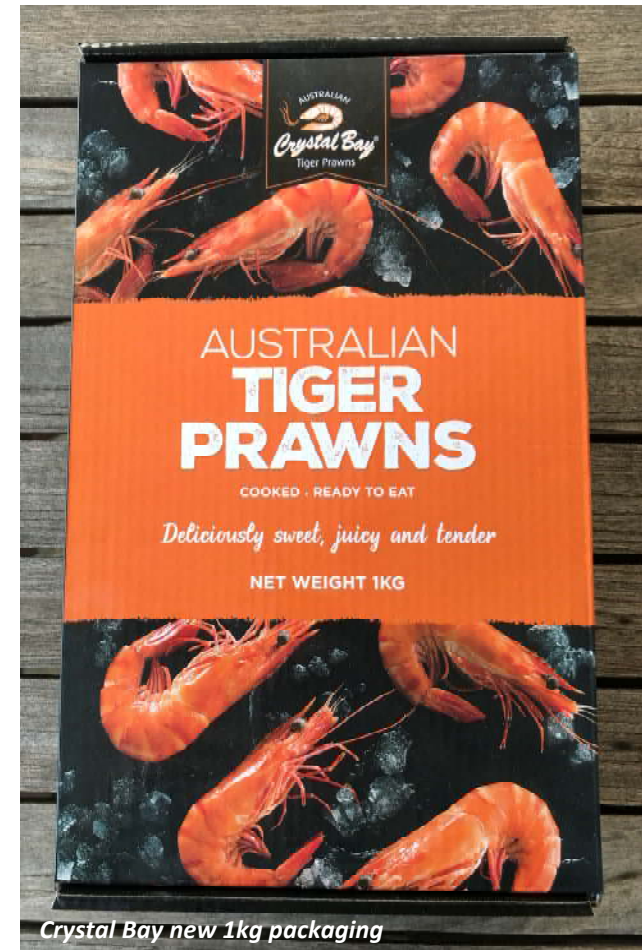
Exmouth Founder Stock Centre



Broodstock at the Exmouth Founder Stock Centre

Investment in Market Development – both domestic and international

- Through its Queensland operations Seafarms continues to develop, trial and demonstrate concepts that if successful will be transferred to PSD, this also involves market development.
- Successfully launched a new 1kg frozen pack of Black Tigers through major Australian retailers, Woolworths. Represents further brand extension for Crystal Bay® brand.
- Seafarms continues to align its production systems to provide fresh product 10 months a year – significantly longer than other domestic producers.
- Delivered first shipment of Queensland product to Nissui in Japan.
- Secured new offtake agreement for PSD with Primstar BU, one of Europe's largest Seafood companies, part of the large multinational Cornelis Vrolijk Group. Offtake includes 15% of the initial product from PSD for distribution across the EU, part of PSD strategy of building high value, high quality jointly branded product into these markets.



Nissui/Crystal Bay Prawn® Export Packaging





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