



ASX Announcement | 26 February 2021
Seafarms Group Limited (ASX:SFG)
(ASX Announcement 673)

Seafarms Group continues to progress Project Sea Dragon in H1 FY21

Sustainable aquaculture company Seafarms Group Limited (ASX:SFG) ('Seafarms' or 'the Company') is pleased to release its 'Overview & Market Update' investor presentation for the six months ended 31 December 2020 (H1 FY21).

Transforming from Australia's largest prawn producer into a low-cost global producer

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

The Company is currently Australia's largest producer of farmed prawns and has significant operational aquaculture expertise and a demonstrated track record of growth and innovation.

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.

Progress at shovel ready PSD continues

PSD is a world-class industrial-scale Tier 1 project with an operating life of 90 years which will be developed and constructed in stages with production ponds located at Legune Station in the Northern Territory.

Ends.

Authorised by the Board of Seafarms Group Limited.

For further information, please contact:

Seafarms Group

Mr Harley Whitcombe
Company Secretary
P: (08) 9216 5200

Media/Investor Enquiries

True North Strategic Communication
Elena Madden
P: +61 08 8981 6445
E: elena@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 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 (ASX:SFG) – Overview & Market Update – Six months to 31 December 2020

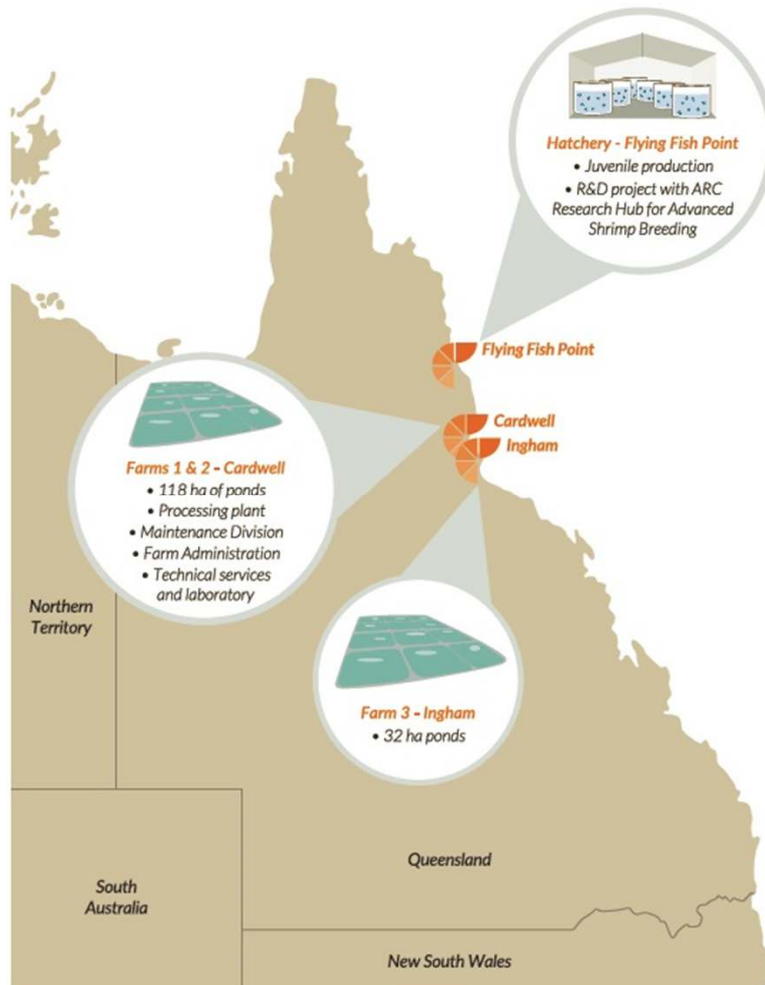
Seafarms: Transforming into a high quality, low-cost global producer

Legal 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 of the Seafarm Group Limited's (SFG) half year result ending 31 December 2020 and 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.

Seafarms Group Limited (ASX:SFG)

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



Seafarms Group Limited (ASX:SFG) "Seafarms" or "the Company" is a sustainable aquaculture company, producing the premium Crystal Bay® Prawns and developing the Project Sea Dragon prawn aquaculture project in northern Australia. Seafarms uses environmentally sustainable processes and is currently one of Australia's largest producer of farmed prawns, its Crystal Bay® Prawns and Crystal Bay® Tigers are available year round in fresh and frozen formats.

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 130,000 – 180,000 tonnes of prawns and the high-quality, year-round volumes will target export markets. Development has already commenced.



Contents

Part 1

Overview

- Corporate overview
- COVID 19
- Queensland operations
- Project Sea Dragon
- FY21 1H financial highlights
- FY21 1H operational overview

Part 2

Project Sea Dragon

- Market Opportunity
- Premium Location
- Vertical Integration
- Biosecurity Leadership
- Industry partners secured
- Government & Shareholder Support
- Project Delivery Strategy
- Construction Stage 1a



Seafarms' corporate overview

Seafarms has a market capitalisation in the order of A\$216 million and is currently one of Australia's largest producer of farmed prawns, with significant operational aquaculture expertise and a demonstrated track record of growth and innovation.

ASX Listing Code	SFG
Market capitalisation (February 2021)	~ \$216M
Fully Paid Shares on Issue	2.42B
Cash, Debtors & Inventories (as at 31 December 2020)	\$13.7M
Financial Year End	30 June
Directors Shareholdings	42.4% (including Nissui)
Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto Hisami Sakai (Nissui representative) Naoto Sato (alternate to Hisami Sakai)



COVID-19

- 🍊 The Company has implemented a dynamic COVID-19 Management plan across its business at all locations in order to minimise the risk of infection and impact on operations (including regularly monitoring key equipment, consumables and materials to confirm continuity of supply).
- 🍊 Travel has been highly reduced between facilities to minimize COVID-19 contact risk which has caused some operational difficulties, albeit these have not affected production.
- 🍊 Staff have reacted well to the management of this risk.
- 🍊 While the COVID-19 pandemic has adversely impacted certain segments of the markets for Black Tiger Prawns (such as supply to restaurants), the company and market has to date continued to adapt to find replacement markets and demands (such as increased distribution through mass merchant distribution channels).
- 🍊 The COVID-19 pandemic delayed planned product acceptance processes in Europe which Seafarms and Primstar continue to work to co-operatively resolve. This had no material effect on results.

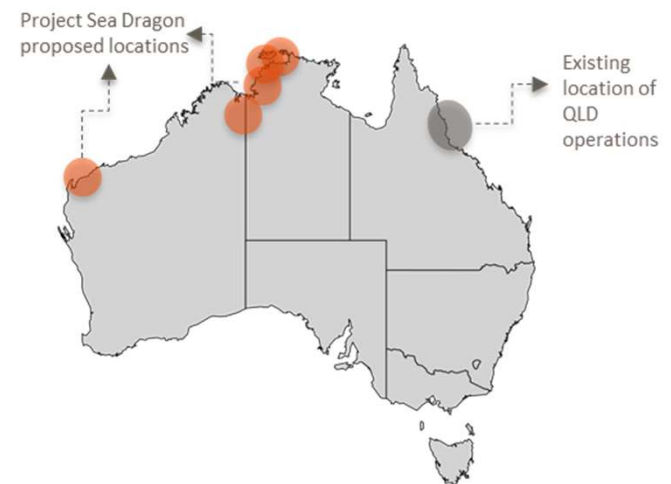
SFG is one of Australia's leading prawn farmers

SFG overview

- SFG acquired its operations in QLD in 2014 (QLD operations), and has established a strong operational track record since the acquisition:
 - Annual production in year of acquisition was only 600t
- SFG prawns are marketed to consumers under the well recognised 'Crystal Bay' brand
- Production mix has shifted towards BTPs, which now constitutes the vast majority of sales volumes
- Banana prawns are now grown selectively to extend the season for in demand fresh product and distributed on an exclusive basis
- Social media strategy has delivered an engaging brand audience and solid reach
- The development of the 1kg frozen Black Tiger packs sold through leading supermarkets continues to find strong market acceptance
- Established domestic distribution networks, principally through:
 - A leading domestic mass merchant which is the largest seafood retailer in Australia
 - Sealord

Operations in context

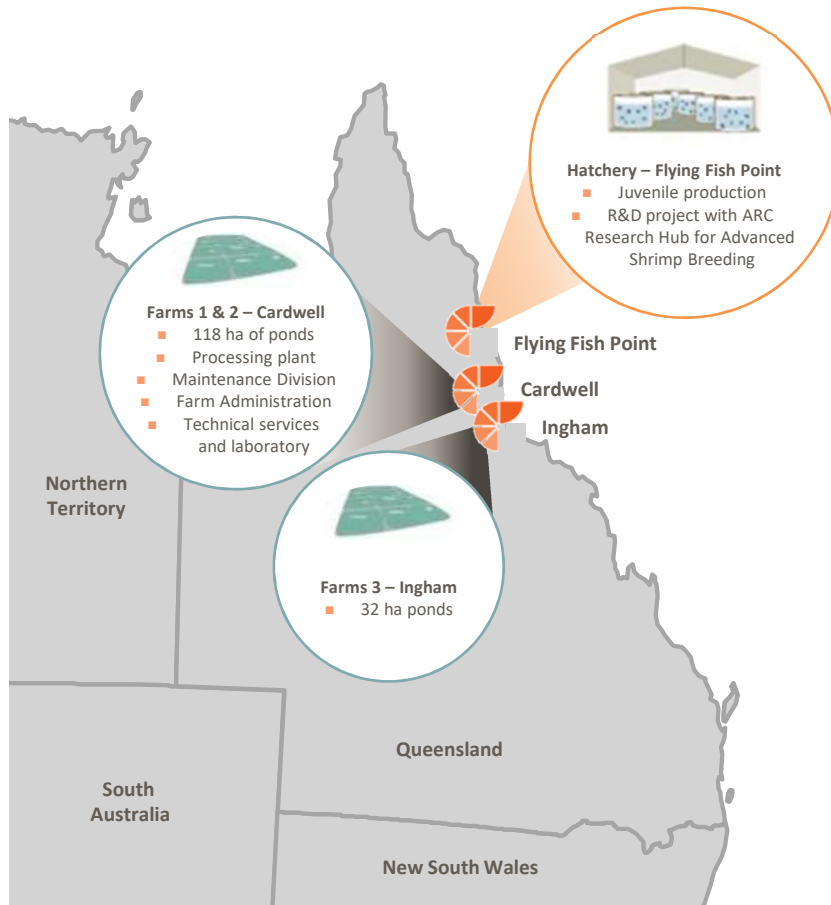
- Existing QLD operations located in Flying Fish Point (QLD) (hatchery), Cardwell and Ingham (QLD) (grow out ponds), and Exmouth (WA) (quarantine centre)



SFG QLD operations

- SFG has significant operational aquaculture expertise and a demonstrated track record of growth and innovation

QLD operations overview



Commercial pilot program

- The QLD operations provide SFG with a commercially viable pilot to develop and test best practices for PSD and provide aquaculture facilities to undertake its domestication and breeding program which commenced in 2015
 - SFG has cultured the third generation of prawns (G3) as part of its specific pathogen free (SPF) domestication program
- R&D activities have been extensive and have included the incorporation of settlement and nursery ponds into the production system (an Australian first for BTP), testing automatic feeding systems etc
- For the first time the Ingham Farm was stocked (up to 80%) with domesticated tiger prawns – a major milestone and strategy to reduce the dependence on wild-caught broodstock.
- Export shipments were completed for both Japanese and European customers to support market development for Project Sea Dragon.
- SFG has the operational expertise to execute the development of PSD into a globally significant land-based prawn farming operation



Project Sea Dragon – Status of Development

Project Finance

- Project finance continues to be advanced, despite this difficult COVID-19 environment
- A number of independent due diligence reports were prepared throughout 2020 for the purpose of securing debt finance
- Project remains shovel ready

Development Status

- Seafarms continues to position the Project to enable a fast-start during the Dry Season
- 4 expressions of interest (EOI) sought for major contract works for PSD via the Industry Capability Network (ICN) portal:
 - Sea water intake pumps and piping - Legune Station;
 - Farm 1 - Ponds and Channels – Earthworks and Structures - Legune Station;
 - Farm 1 – Pond Inlet and Outlet Structures – Legune Station;
 - Sea Water Intake Structure – Design and Construct (Early Contractor Involvement) – Legune Station.
- These Expressions of Interest represent all the earthworks for Farm 1 and more than half of the bulk earthworks needed for this stage, Stage 1a of the project
- Preparations for further requests for EOI's are well advanced;
- Over \$153 million in 30 tenders to be finalised by the end of May 2021;
- The tendering timetable has been developed to optimise construction during the coming Dry Season
- Construction program changes to mitigate COVID-19 risk for PSD are well in hand;
- The completion of the Keep River Road and the sealing of the Moonamang Rd to the WA/NT border enables year-round access to Legune station and reduces timing risk during the construction schedule
- The design of the Bynoe Harbour facility is being refined based on feedback from international experts and this will optimise stocking and harvesting at Legune and improve planned productivity at the Kununurra Processing Plant.

Breeding/domestication program remains well advanced

- As previously announced the Company has successfully produced Generation 3 (G3) animals, a critical step in the domestication program;
- New wild stock introduced into Exmouth with new families passing initial screening for specific pathogens (SPF) to increase the genetic diversity in future generations;
- The company is further securing the IP of its breeding program by investigating opportunities to accommodate animals in other facilities during expansion of Exmouth and construction of Bynoe Harbour



FY21 Financial overview for six months ending 31 December 2020

Seafarms Group achieved revenue of ~\$15m million while supporting continued investment into Project Sea Dragon

Financial overview for the six months ending 31 December 2020

- For the six month reporting period ending 31 December 2020, Seafarms has reported revenue of approximately \$15 million (down 30.7%) and a loss in the order of \$13.2 million. These results reflect the cash contributions of Queensland aquaculture operations whilst fully expensing all PSD development costs, as required by the Australian Accounting Standards.
- The loss was affected by a significantly reduced pond stocking in response to the market uncertainty and additional risks associated with COVID-19 environment experienced in the half year to June 2020.
- The financial outcome for Seafarms continues to be heavily influenced by the high level of expensed investment in developing PSD, ongoing training of staff for PSD and capital invested in the company's Queensland operations (collectively over \$138 million in total to date) which are primarily intended to demonstrate the fundamental operating concepts for PSD.



First Half FY21

Operational Overview

Overview

- As a result of market uncertainty due to COVID 19 and associated risk management, the company made a decision to reduce stocking in 1H 2020. The black tiger prawn stockings were reduced by 53% across the Cardwell farms.
- The strategy resulted in all product being produced fresh for Christmas being sold.
- The revised stocking strategy included a single banana crop cycle incorporating an exclusive retail agreement with a major Australian retailer. This strategy was fully subscribed with all product sold fresh.
- Total production for the 6-month period ending 31 December was 321 tonnes (down 47% on 1H FY2020).
- This reduction in stocking drove structural change within the Queensland operations with the associated savings to fixed costs associated with the operational restructure.
- Operating revenue for the 6 months ending 31 December 2020 was approximately ~\$15 million (down 31% on 1H FY2020).
- Safety outcomes remain a key focus with continuing reductions in reportable incidents.
- Export shipments were completed for both Japanese and European customers to support market development for Project Sea Dragon.

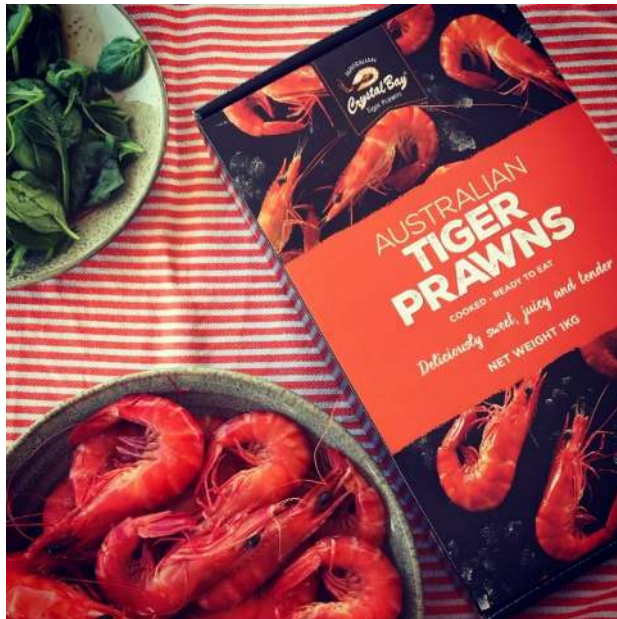
Outlook

- Outlook for the full year is in the order of 900 tonnes of production in line with the reduced stocking strategy for FY2021
- Export production to be undertaken as an investment in market development for Project Sea Dragon, to both Japan and Europe.



SFG QLD operations

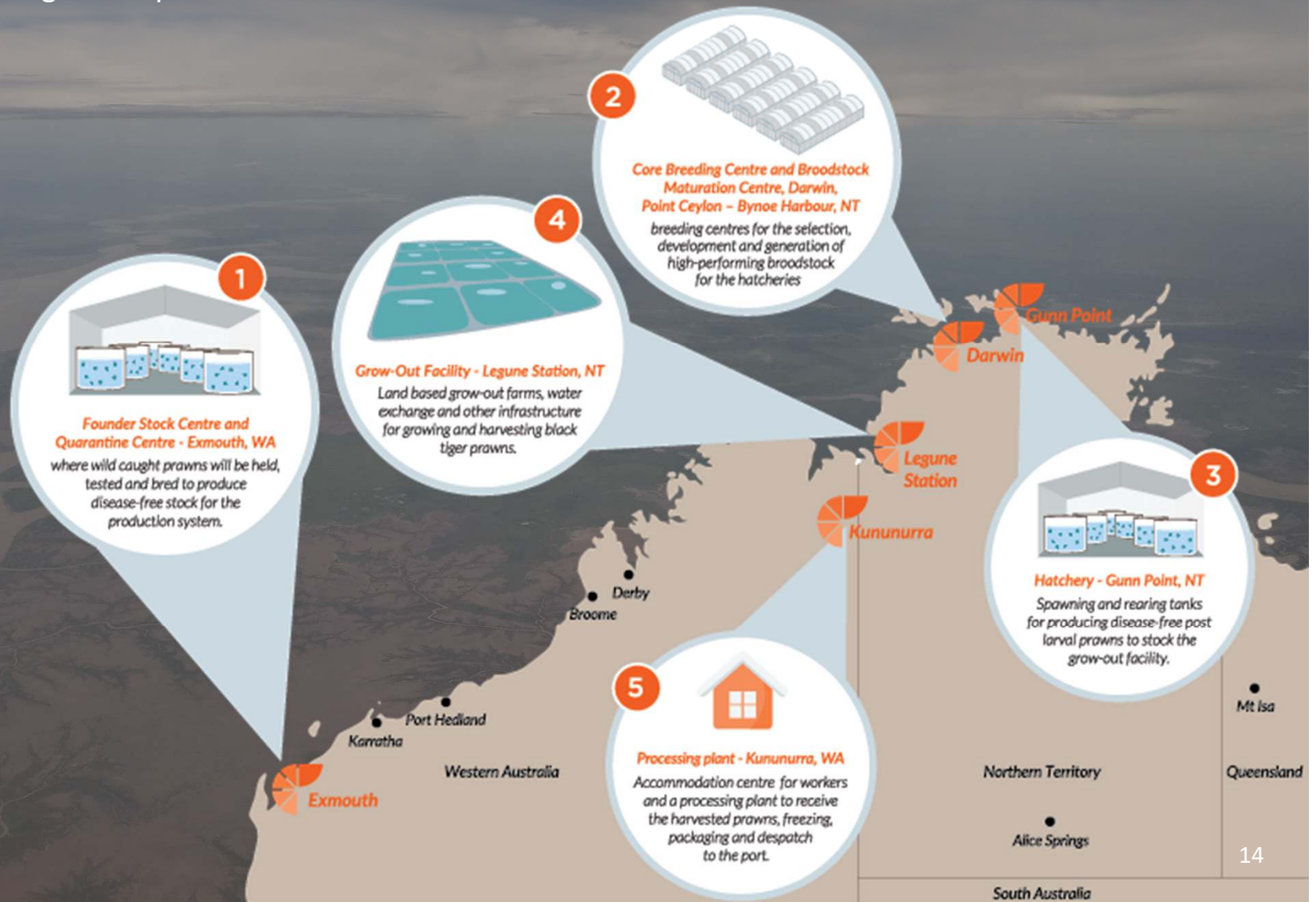
- Branded product availability in the freezer aisle achieved a new distribution category, and consistent in-store brand messaging drove awareness.



- The new product 1kg Cooked Crystal Bay Tiger Prawns Frozen, launched into the Woolworths freezer aisle.
- The “100% Aussie Freshness” tag line was driven at point of purchase during the Crystal Bay Prawns® and Crystal Bay Tigers® fresh seasons.
- Strong reach, high engagement, and positive consumer feedback achieved in social media.

Project Sea Dragon (PSD) Overview

Seafarms' proposed, large-scale, integrated, land-based prawn aquaculture project. Currently being developed in northern Australia.



Scale production to address large market opportunity and macro tailwinds

- SFG seeks to tap into the increasing demand for protein from a growing middle class. A significant proportion of this new demand can only be met by seafood aquaculture

Key macro-economic trends

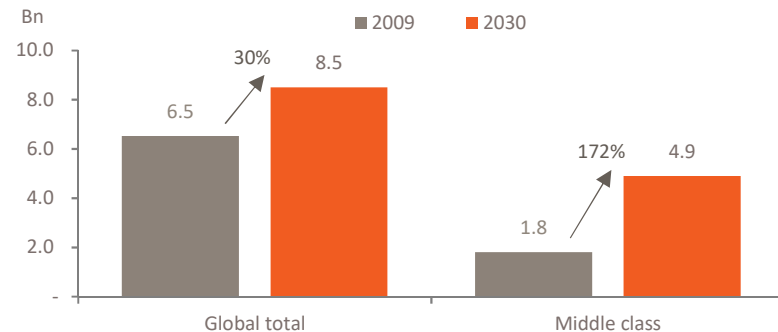
- Global population expected to grow to 8.5bn by 2030
- Levels of urbanisation forecast to increase from 54% in 2015 to 60% by 2030
- Global 'middle class' forecast to increase from 3.7bn in 2019 to 4.9bn by 2030
- Key source of growth is Asia, where seafood is culturally preferred over red meat

Impact

- Based upon expected population and income growth, seafood demand expected to reach 261Mt in 2030, up from 140Mt in 2007
- In addition to income growth, increased health awareness amongst the middle class is an important factor for growing seafood demand
 - Major part of daily Asian diet
- Forecast aquaculture supply growth is not sufficient to meet forecast demand growth
 - Current baseline supply growth projections to 2030 leave a shortfall of 50Mt

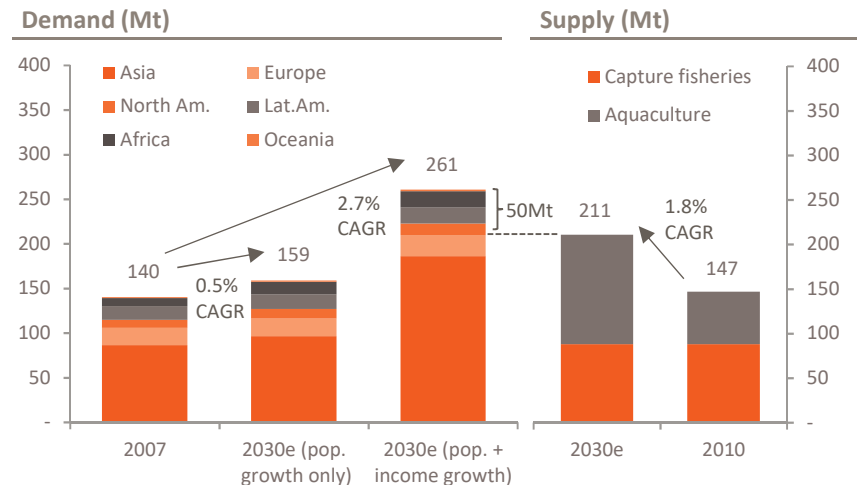
Source: UN, FAO, OECD Observer. Global Economy and Development at Brookings 2017

Growing global population and middle class



Source: UN, OECD Observer.

The role of seafood in meeting protein demand

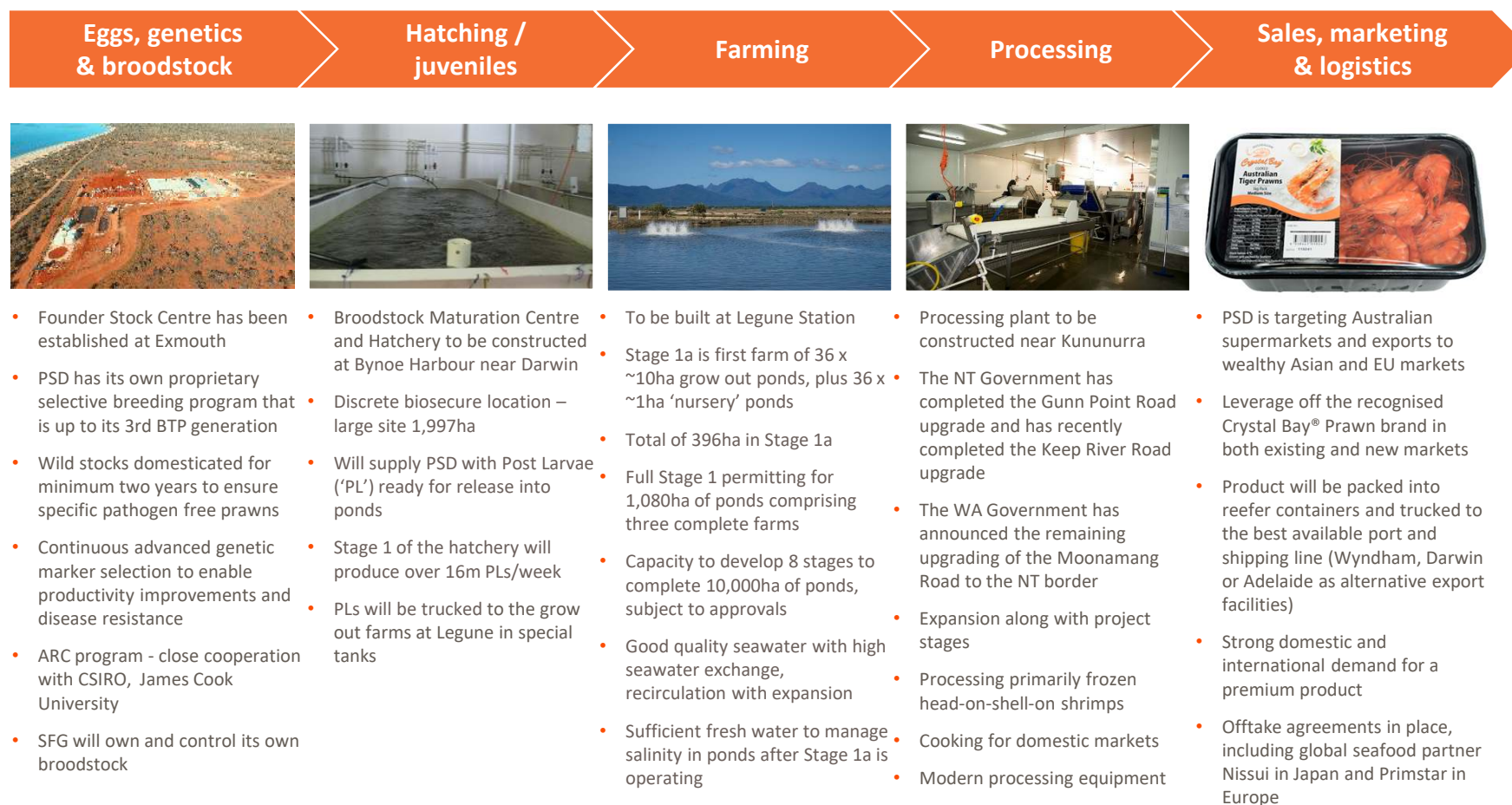


Source: 2030 FAO projections.

Vertical integration of aquaculture value chain

- End-to-end control of operations will allow SFG to ensure a sustainable business with biosecurity and process control
- PSD rears animals for the entire product cycle

Key process steps in PSD prawn aquaculture



Biosecurity leadership combined with advanced breeding and domestication techniques

- Biosecurity is the key industry risk factor. Isolation, geographic separation across facilities and SPF high health broodstock limit entry pathway for pathogens and makes PSD one of the most biosecure pond-based aquaculture projects in the world

Industry-leading biosecurity standards and control

Natural and designed geographic biosecurity	- Selected locations geographically isolated and are free of most internationally listed prawn diseases - The nearest Australian prawn farms some 1,500 km away, with the nearest prawn farm in Indonesia some 700 km away - Separate locations for breeding, grow out and processing activities to mitigate disease risk - Multiple levels of redundancy and restocking opportunities
SPF domesticated animals	- World-class genetic ARC breeding / genetic program in collaboration with CSIRO, James Cook University, Australian Genome Research Facility, University of Sydney and Seafarms - PSD designed for full vertical integration to allow for selection of healthy SPF broodstock, eliminating this pathogen entry pathway and ability to react quickly to any potential issues - Represents a key biosecurity strategy to deliver more robust faster growing, specific pathogen free ('SPF') animals into PSD production system - Recently cultured the third generation of prawns as part of its SPF program - the first of its kind in Australia - Associated infrastructure needed to support this program is well advanced and provides the framework for the development, growth and supply of large premium BTP to the market
Project design for biosecurity	- Buffer zones between farms - Best practice water management; settlement ponds, water filtration and large volumes of exchanged water reduce risk of large quantities of viable disease agents - Strict personnel and vehicle access control with vehicle wash-down



Mar 2020

SFG was awarded the Australian Farm Biosecurity Producer of the Year Award for leadership in on-farm biosecurity within the aquaculture industry



Apr 2020

Seafarms becomes first Australian prawn aquaculture company to achieve 4 Star Best Aquaculture Practices accreditation across its existing operations

Committed industry partners and customers – offtake agreements representing ~25% of production

- Offtake agreements with both Nissui and Primstar for Project Sea Dragon's premium product
- Secured necessary accreditations for exports into major seafood markets of Japan and Europe



- | | |
|--|---|
| <ul style="list-style-type: none">• Strategic investor in Seafarms• Provides key access to Asian markets• Offtake agreement represents between 10 – 20% of total annual production of PSD (% depends on Nissui's direct and indirect shareholdings)• Supply and marketing arrangements based on market prices | <ul style="list-style-type: none">• Provides key access to European markets• Offtake agreement represents ~15% of the total annual production of Stage 1a of PSD at market-based prices; volumes can be extended by agreement• Minimum of 5 years from the start of PSD, with an option to extend for another five years• Exclusive European sales and marketing partner for PSD |
|--|---|
-
- | | |
|---|---|
| <ul style="list-style-type: none">• Nippon Suisan Kaisha Limited (Nissui) is a marine and food product business listed on the Tokyo Stock Exchange; 9,000 employees globally• SFG currently supplies 15% of QLD production to Nissui• Offtake agreement with Nissui and domestic marketing agreement in place with Sealord (50% owned by Nissui) since May 2018 | <ul style="list-style-type: none">• Primstar B.V (Primstar) is a large European seafood distributor based in the Netherlands• Primstar and related entities handle ~12,000 metric tons of shrimp and other seafood products annually• Agreement signed with Primstar in January 2020• Primstar arrangements are subject to confirmation by Primstar that the product is acceptable which has been delayed due to COVID-19. |
|---|---|

“[PSD] has the potential to be one of the world's largest, producing premium quality prawn product, from operations located in a biosecure area with an experienced operator and state of the art infrastructure”

- Primstar CEO Richard Oerlemans

Strong government and key stakeholder support

- PSD has significant support from Federal, Territory and WA State Governments, with Major Project Status and ~A\$167m of government infrastructure investment committed

All major regulatory and land use approvals in place for a full Stage 1

Government support

- Major Project Status with Federal, WA and NT Governments
- Project Development Agreement with NT Government for entire 10,000ha project
- Estimated A\$167m of government sponsored infrastructure investment (road upgrades and bridges) supports development of the region including PSD.
- In-kind financial support for BTP ARC genetic program
- Land packages

Indigenous support

- Indigenous Land Use Agreement for entire 10,000ha project. Now in force

Stakeholder support

- Nissui ~A\$28m equity investment in SFG and offtake agreement – QLD and PSD
- SeaLord (50% owned by Nissui) – marketing agreement
- Primstar PSD offtake agreement
- AAM Investment Group (and associated entities) Sublease and Co-Operation Agreement to provide long term (90 year) access to Legune Station for development and operation of the entire 10,000ha project. SFG retains an option to acquire Legune Station. It was purchased by associated entities of AAMIG in December 2018 for an estimated A\$68.4m

Committed infrastructure packages



Aerial view of the Keep Rover Road Upgrade July 2020



Completed all weather bridge across the Keep River

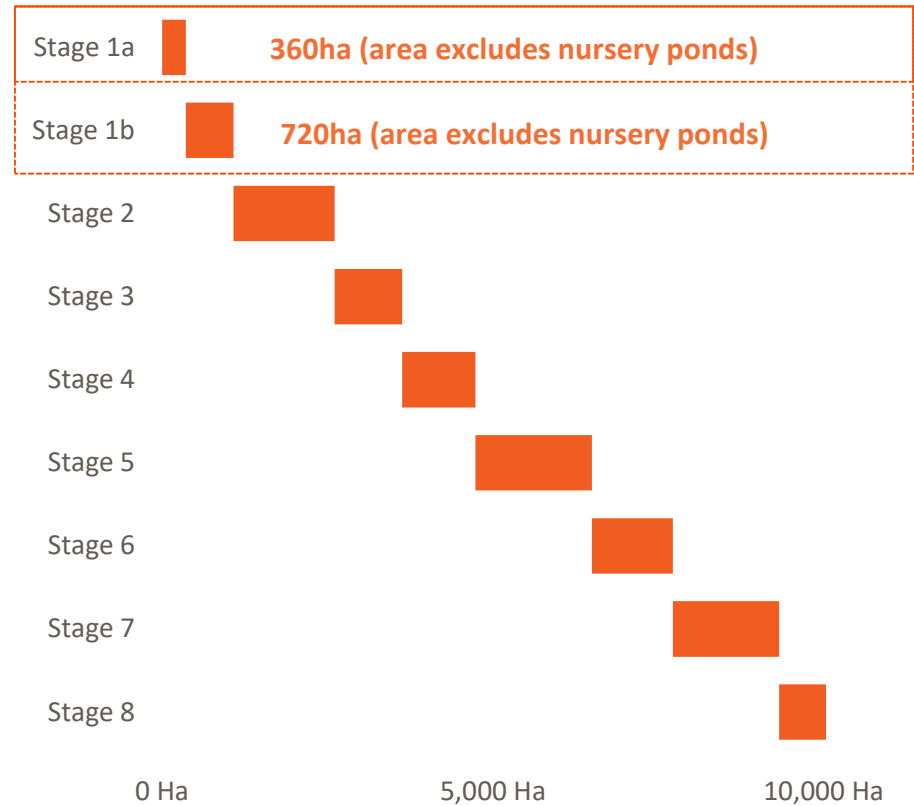
Project delivery strategy

- The project delivery strategy of PSD as a modular project underpins its scalability for future stages

Project sequencing

- Stage 1a comprises 36 x ~10ha grow out ponds, 36 x ~1ha nursery ponds and access, water, hatchery, production and processing infrastructure which is designed to support production up to approximately 6,000 tonnes per annum of BTP in the first 12 months of production
- The next planned step is to develop Stage 1b, which will comprise approximately 72 x ~10ha grow out ponds, 18 x ~1ha nursery ponds
- Stage 1b will be able to utilise much of the infrastructure developed for Stage 1a, including roads, water intake and outlet and communications infrastructure, thereby reducing capital cost per hectare of ponds
- Much of the infrastructure can be shared for further stages of PSD (with necessary expansion and upgrades)
- Ultimately, PSD has the potential to be expanded to approximately 10,000ha of grow out ponds generating 130,000 to 180,000 tonnes per annum of BTPs

Indicative of completed stages if developed



PSD – Construction of Stage 1a

- Stage 1a delivers the facilities and infrastructure across four sites for vertically integrated prawn rearing and production for domestic and export markets

Stage 1a Overview

🌱 Stage 1a comprises:

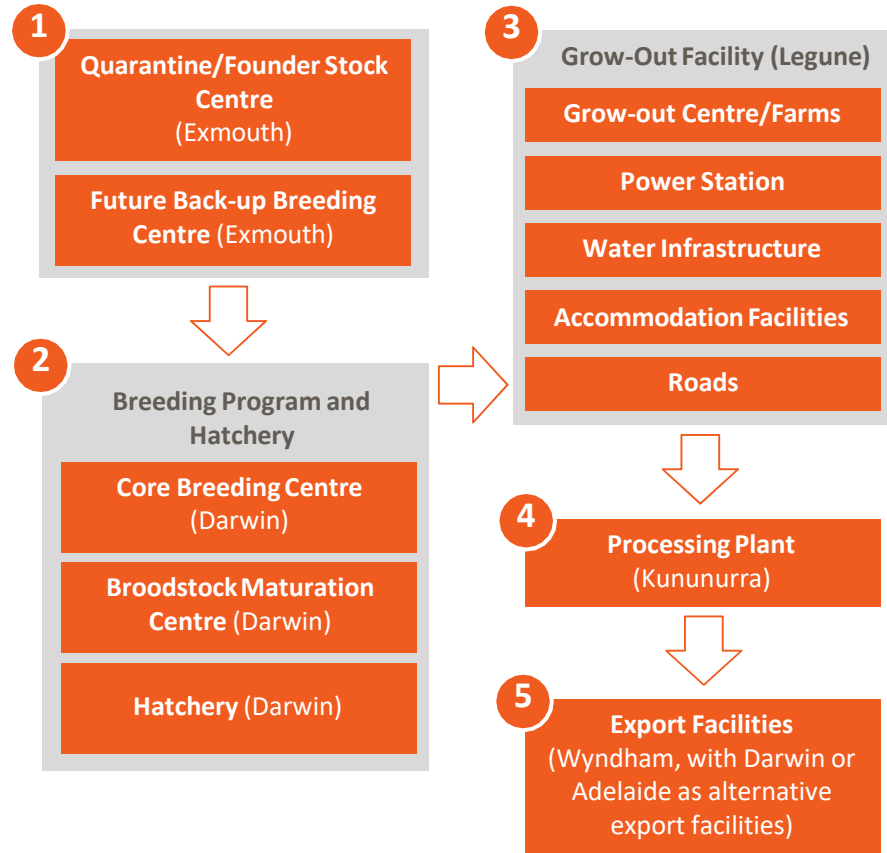
- Upgrade/expansion of the existing facilities at Exmouth
- New Breeding Facility at Bynoe Harbour near Darwin
- A new grow-out facility (farms) at Legune Station, this facility consists of one farm comprising 396ha of ponds, roads, communication infrastructure, seawater intake and outlet water infrastructure, storage facilities for feed, and other ancillary infrastructure required to support the operation
- A power supply developed via a Build Own Operate and Maintain contract
- A new Processing Plant and Cold Store at Kununurra

🌱 All major government approvals and project and indigenous land use agreements required for the full Stage 1 development have been attained

🌱 Stage 1a will produce high-quality, year-round reliable fresh and frozen BTP volumes for export and domestic markets

🌱 Stage 1a is designed to produce ~6,000t p.a. of BTP in the first 12 months of production

Project Components





Seafarms Group Limited (ASX:SFG)

T: +61 8 9216 5200

E: info@seafarms.com.au

W: www.seafarms.com.au

Level 11, 225 St Georges Terrace
Perth WA 6000

PO Box 7312
Cloisters Square WA 6850

Media/Investor Enquiries

True North Strategic Communication

Elena Madden

P: +61 08 8981 6445

M: 0447 710 108

E: elena@truenorthcomm.com.au

Seafarms Group Limited (ASX:SFG) – Overview and Market Update – Six months to 31 December 2020

Seafarms: Transforming into a high quality, low-cost global producer