



ASX Announcement | 15 December 2020
Seafarms Group Limited (ASX:SFG)
(SFG Announcement 669)

Seafarms releases new investor presentation

Investment Highlights

- Seafarms Group presents a market update prior to its Annual General Meeting (AGM) via Lumi today
- The presentation, attached here, provides an overview of Seafarm's current operations and future plans

Sustainable aquaculture company Seafarms Group Limited (ASX:SFG) ('Seafarms' or 'the Company') is pleased to release its Annual General Meeting & Market Update investor presentation.

Authorised by the Board of Seafarms Group Limited.

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 (ASX:SFG) - Annual General Meeting & Market Update – December 2020

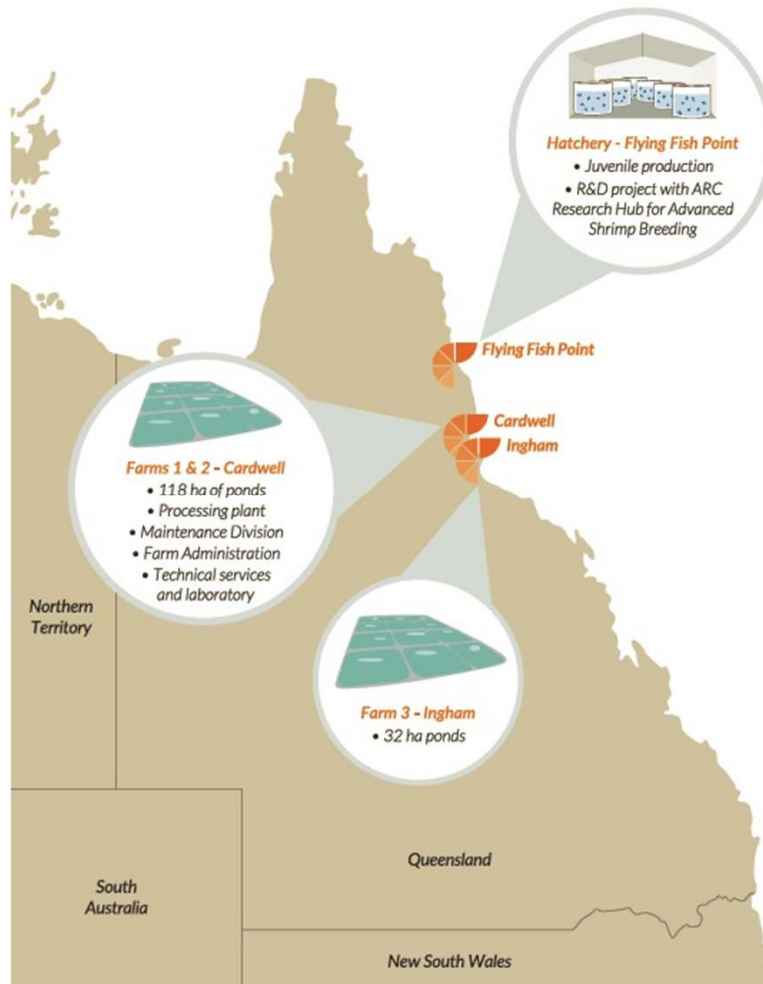
Seafarms' Project Sea Dragon (PSD) is a Tier 1 development asset of global significance – PSD staged development program offers significant in-built leverage through economies of scale and an advanced leading domestication and breeding/genetic program.

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Seafarms Group Limited (ASX:SFG)

Award winning Australian farm prawn 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 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.



Contents

Part 1	Overview Chairman's AGM address Corporate overview Queensland operations
Part 2	Project Sea Dragon Operational Map Overview Vertical integration Biosecurity Leadership Summary : Offtake Agreements Strong Government and Key Stakeholders Support Domestication and Breeding
Part 3	FY20 Financial Overview FY20 Financials Production and Operational Overview and Improvements New Awards Investment in market development
Part 4	Outlook



Chairman's address

Seafarms would like to begin by acknowledging the Traditional Owners of the land on which we meet today and pay our respects to their Elders past and present.

Seafarms remains committed to working respectfully with the Traditional Owners of all the lands upon which our operational sites are located.

Welcome Ladies and Gentleman to Seafarms Group Limited (ASX: SFG) Annual General Meeting.

The 2020 financial year has been another successful year for the company despite the challenging COVID 19 environment.

It is very pleasing that 2020 has been the year of awards for the Company. Seafarms has become the first Australian prawn aquaculture company to achieve four star Best Aquaculture Practices (BAP) Certification across its entire production chain. BAP was established by the international non-governmental Global Aquaculture Alliance (GAA) in 2003. This certification is recognised globally and is endorsed both by the major Australian and leading international retailers.

Seafarms was also awarded the Australian Farm Biosecurity Producer of the Year Award for leadership in on-farm biosecurity within the aquaculture industry. Biosecurity remains a core focus of our business.

It should be noted that Seafarms has previously received an award for Prawn Farming Sustainability Program Award in 2016.

During the year Seafarms Group continued to advance its world class Project Sea Dragon.



Chairman's address

Internationally interest in PSD premium black tiger product continued to be generated during the year with a new (up to 10 years) offtake agreement being finalised with a major European seafood company Primstar. Based in the Netherlands, Primstar and its related entities are substantial seafood producers and distributors handling approximately 12,000 metric tonnes of shrimp and other seafood products annually. Importantly, Seafarms also completed its first delivery of black tiger prawns as part of its offtake agreement (Qld and PSD) to Japanese seafood giant Nissui. Nissui the world's second largest seafood company, remains a strategic investor in Seafarms and has invested approximately A\$28m to date.

The development of the infrastructure needed to support the company's long term breeding and domestication program continued during the year. This breeding and domestication program – a major biosecurity strategy for PSD, has now produced G3 animals for the first time in Australia from a Specific Pathogen Free program that commenced in 2016 – a major achievement for the company and more importantly PSD.

Government infrastructure support for PSD also continued during the year with the all-weather Keep River Road upgrade from the Western Australia/Northern Territory border to the boundary of Legune Station recently being completed. This all-weather surface will enable some elements of the construction to extend further into the wet season with the consequential benefit of possibly reducing the time needed to complete the Legune works and then production.

The recent announcement by the Premier of Western Australia, the Hon Mark McGowan, that the Western Australia Government will upgrade and seal the remaining 7.5 kms of the Moonamang Road at an estimated cost of A\$18.3m to the border of the Northern Territory. This is a major milestone in the development of PSD, as this will enable year-round access to and from Legune Station in the Northern Territory to the Company's planned processing plant in Western Australia near Kununurra. These road upgrades coupled with all year round harvesting at Legune Station will enable Seafarms to offer fresh product to markets all year– a major competitive advantage of this significant project.



Chairman's address

During the year the Company appointed a member of a leading global financial services group as sole arranger to assist in arranging the proposed construction debt component for the development of the Company's PSD. Unfortunately COVID-19 has had a material impact on both domestic and international debt markets, this coupled with the various closed borders restricting people's movements between our existing operations (WA and Qld) and the Northern Territory has caused delays in securing project finance. Despite these delays, the Company is working closely with the arranger to progress the additional due diligence required – and the credit processes and legal documentation for the project debt funding. The Company remains confident of achieving financial close in the near future and getting on with the job of constructing this major new Northern Australian aquaculture project.

I would like to acknowledge and thank our shareholders for their patience and continued financial support – this has enabled Seafarms to start important early PSD development work (breeding/domestication and its associated infrastructure). The prize of finally developing this project will be significant. At full production PSD has the capacity to generate annual revenues in excess of \$3B pa, making the project larger than the total current value of NT agricultural production (\$759m in FY19) and around 28% of WA's total agricultural production (\$10.7b in FY19).

Finally, I would like to thank my fellow directors, management, staff, advisors, our research and industry partners, our Indigenous stakeholders and supporters in local communities in regional Northern Australia.



Seafarms' corporate overview

Seafarms has a market capitalisation of over A\$238 million and is currently one of Australia's largest producers of farmed prawns, with significant operational aquaculture expertise and a demonstrated track record of growth and innovation.

ASX Listing Code	SFG
Market capitalisation (November 2020)	~ \$238M
Fully Paid Shares on Issue	2.422B
Cash, Debtors & Inventories (as at 30 June 2020)	\$19.5M
Financial Year End	30 June
Substantial Shareholders	51.8% (including Nissui)
Current Directors	Ian Trahar (Executive Chairman) Harley Whitcombe Chris Mitchell Paul Favretto Hisami Sakai (Nissui representative)



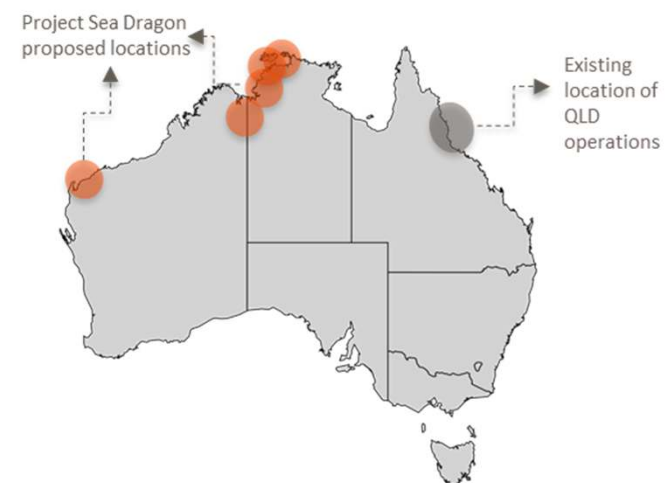
SFG is one of Australia's leading prawn farmers

SFG overview

- 🌟 In FY20, SFG produced ~19% of Australia's farmed prawns
- 🌟 SFG acquired its operations in QLD in 2014 (QLD operations), and has established a strong operational track record since the acquisition:
 - Generated a revenue of A\$27.7m in FY20
 - Production volume of ~1,366t in FY20 (~88% BTP)
 - 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 constitute ~88% of sales volumes
- 🌟 Social media strategy has delivered an engaging brand audience and solid reach
- 🌟 Established domestic distribution networks, principally through:
 - A leading domestic mass merchant which is the largest seafood retailer in Australia
 - Sealord

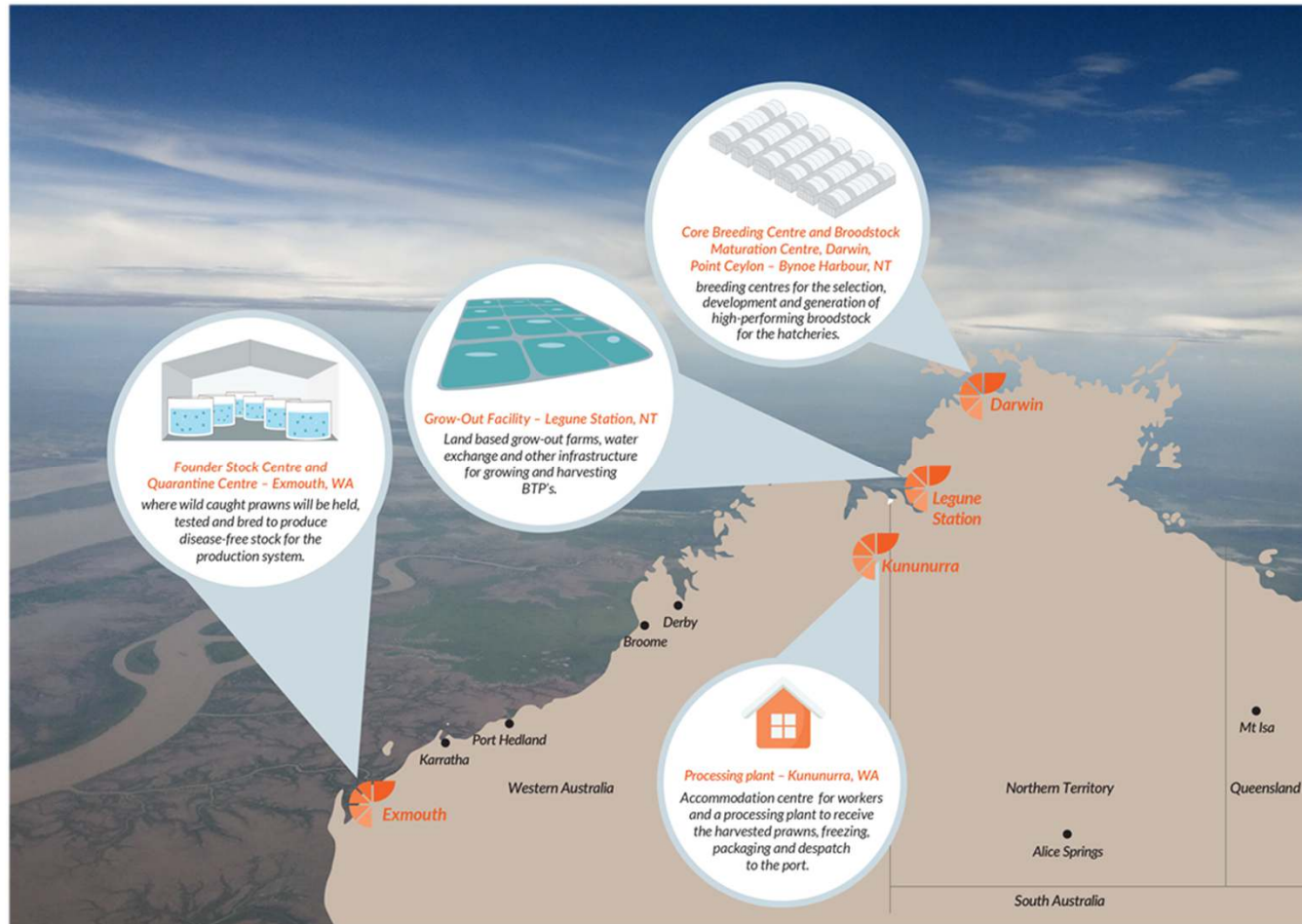
Operations in context

- 🌟 Existing QLD operations located in Flying Fish Point (QLD) (hatchery), Cardwell and Ingham (QLD) (grow out ponds), and Exmouth (WA) (Founder Stock Centre)



Project Sea Dragon

PSD is a proposed large-scale and integrated, land-based prawn aquaculture project being developed in northern Australia with target production of ~6,000t of BTP per annum in the first 12 months of production. PSD is shovel ready.

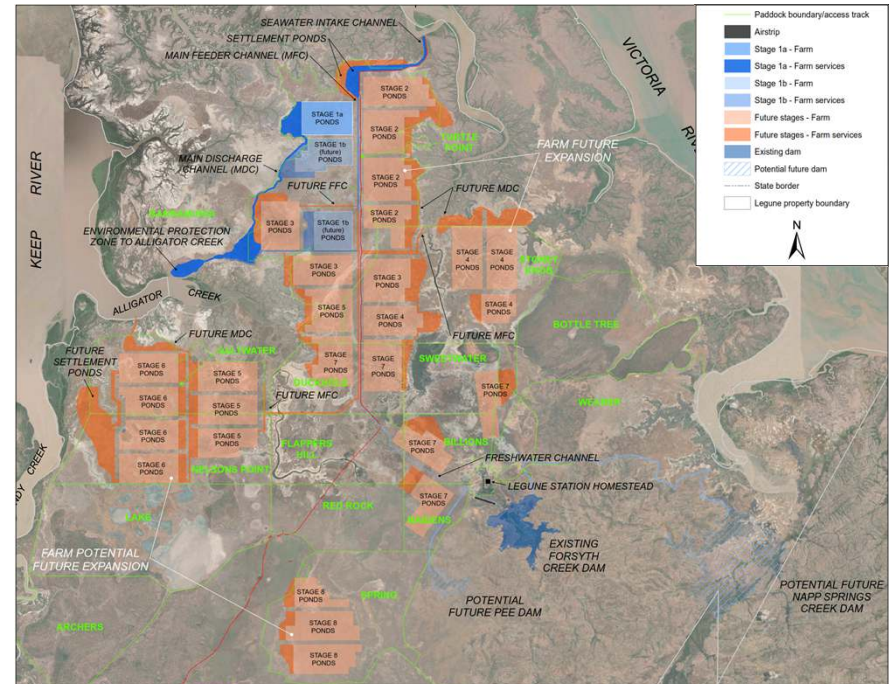


Project Sea Dragon

Overview

- 🌟 World-class industrial scale Tier 1 aquaculture project expected to have a minimum operating life of 90 years
- 🌟 Designed to produce high-quality, year-round reliable fresh and frozen BTP volumes for export and domestic markets
- 🌟 Developed and constructed in stages with production ponds located at Legune Station in the NT
- 🌟 All material regulatory approvals and Project and Indigenous Land Use Agreements required for the full Stage 1 development of PSD have been attained
- 🌟 All key government approvals have been received for the full Stage 1 development
- 🌟 Obtained Major Project Status which ensures a significant level of support from the Australian Federal Government, WA and NT Government. This support includes:
 - A\$159m expended or committed on road infrastructure, with the Keep River road upgrade recently completed and includes A\$18.3m committed by the WA Government
 - Land tenure packages from government WA and NT

Overlay map for concept plan of grow out ponds at Legune Station



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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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



FARM BIOSECURITY PRODUCER
OF THE YEAR CATEGORY

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



- **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

- **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

- 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

- 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

"[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

Nissui / Crystal Bay® Prawn export packaging

- Seafarms completed its first delivery of Black Tiger Prawns to Japanese seafood giant Nissui in October 2019.
- The delivery is under an offtake agreement announced last May 2018.
- Seafarms will supply 15% of its Queensland production to Nissui, which is a strategic investor in Seafarms.
- Nissui invested A\$24.99 million in Seafarms in 2018 and invested a further A\$2.998 million in 2019.



Nissui-branded Seafarms Black Tiger Prawn

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	<ul style="list-style-type: none"> • 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 and in-kind financial support for BTP ARC genetic program • Land packages
Indigenous support	<ul style="list-style-type: none"> • Indigenous Land Use Agreement for entire 10,000ha project. Now in force
Stakeholder support	<ul style="list-style-type: none"> • 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

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 ARC program that was recently completed in December 2019;
 - Most advanced and industry transformative improvement program which helps 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



FY20 Financial overview

Seafarms Group achieved aquaculture revenues of \$27.8 million over the 2020 financial year while supporting continued investment into Project Sea Dragon

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.

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



Farm 3 – Aerial View



Seafarm Employees

Cardwell settlement ponds



Newly constructed incoming water settlement ponds at Farm 1 and Farm 2
This retrofit improves water quality and reduces biosecurity risk

Further independent recognition achieved

- Seafarms was recognised 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.



Investment in Market Development domestic and international

- Through its Queensland operations Seafarms continues to develop, trial and demonstrate concepts that is successful will be transferred to PSD. This also involves market development.

Domestic:

- New Products launched into the Woolworths freezer aisle in June 2020.

Results:

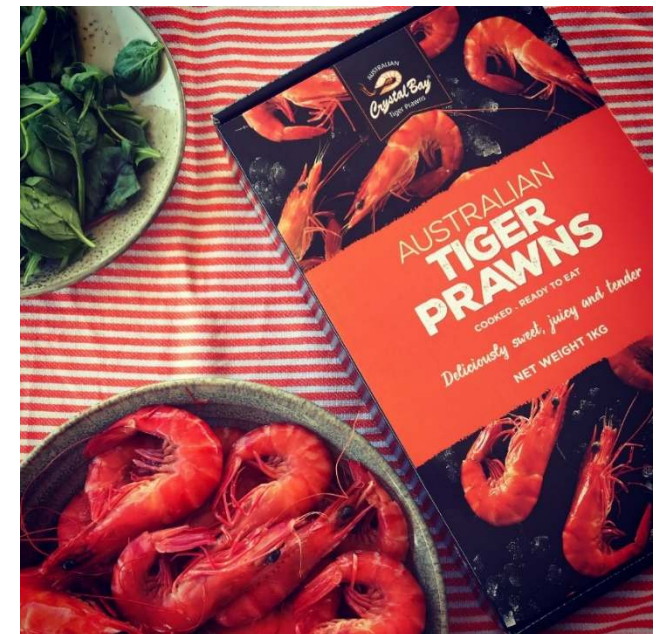
- Strong sales results, with a solid build in base line sales.
- Brand availability in the freezer aisle is a new distribution category for Seafarms.
- Strong branding achieved and with clear Australian quality, packaging messaging.
- Increases brand availability during the supermarket shopper journey.
- Positive consumer feedback received via socials and website contact-us page.

The product success is driven by:

- Delivering to consumers a trusted Australian prawn brand and product solution which can be re-purchased frequently.
- Tapping into the trend of consumers cooking more often and more restaurant inspired meals at home.

International:

- Delivered first shipment of Queensland product to Nissui, Japan
- Secured new (up to 10years) offtake agreement with one of Europe's largest seafood companies, Primstar





Seafarms Group's Outlook

Seafarms Group forecasts strengthening market conditions to underpin demand for our operations as we transform into a high quality, low-cost global prawn producer

- Seafarms currently produces around **1,300 tonnes** of prawns per annum
- PSD debt funding well advanced.
- Following funding Seafarms Stage 1a of PSD is expected to generate **+6,000 tonnes** per annum in the first full 12 months of production
- Project Sea Dragon has the potential to bring Seafarms' capacity to **130,000 – 180,000 tonnes** per annum at full capacity



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