



ASX Announcement | 31 August 2021
Seafarms Group Limited (ASX:SFG)
SFG ASX Announcement No. 734

Seafarms Group 2022 Preliminary Full Year Results (Unaudited)

Seafarms Group today announced its preliminary full year results for year ending 30 June 2022 (FY22).

- 🍷 **Net Profit After Tax: loss of \$75.114M (FY21: loss of \$25.756M)**
- 🍷 **Project Sea Dragon pre-development costs expensed: \$32.330M (FY21: \$Nil)**
- 🍷 **Impairment of \$13.501M of Project Sea Dragon assets (FY21: \$Nil)**
- 🍷 **Revenue from continuing operations \$20.049M (FY21: \$21.370M)**
- 🍷 **Total production of 907 tonnes (FY21: 1,068 tonnes)**

Overview

Seafarms has recorded a Net Profit After Tax (NPAT) loss of \$75.114M for the year ending 30 June 2022. This includes expensing of \$32.330M in direct pre-development costs from Project Sea Dragon, and given the March 2022 announcement and the uncertainty of Project Sea Dragon's future, an impairment cost of \$13.501M against Project Sea Dragon assets.

Revenue from ongoing aquaculture operations in Queensland totalled \$19.681M, down 6.2% on FY21. Production from the operations totalled 907 tonnes, down 15% on FY 21.

Cash and cash equivalents stood at \$36.196M at 30 June 2022 (FY21: \$0.497M) and total borrowings at \$nil (FY21: \$27.063M).

Seafarms continued to utilise its facilities in Queensland to progress R&D work for Project Sea Dragon. These costs and other central overhead costs with Project Sea Dragon account for the majority of other cash outgoings during the year.

Commenting on the results, CEO Mr Rod Dyer said:

"2022 has been one of the more challenging years in Seafarms history as we worked through the future of Project Sea Dragon and production outputs at our Queensland operations.

Seafarms management are particularly active in finding and implementing improved efficiencies in our Queensland operations while continuing to look into the future of Project Sea Dragon."

Queensland operations

Total production at Seafarms Queensland operations was 907 tonnes (762 tonnes of Black Tiger prawns and 145 tonnes of Banana prawns).

The lower production was the result of a decision to reduce stocking to lessen market risk exposure from the COVID-19 pandemic, and a significant disease event in Farms 1 and 2 located at Cardwell in January to March 2022 which impacted the performance of Black Tiger crops.

Seafarms Group Limited

ABN 50 009 317 846

Level 10, 490 Upper Edward Street
Spring Hill, Queensland 4000
Australia

PO Box 252
Spring Hill, Queensland 4004

T +61 7 3248 0222

E info@seafarms.com.au

W <https://www.seafarms.com.au>

Black Tiger prawn production at Farm 3 (Ingham) performed well.

This year all Queensland ponds were stocked with high health prawn larvae from domesticated broodstock without needing to augment the program with wild caught broodstock. This improved yields.

Crystal Bay Prawns® (Banana Prawn) production was increased to meet existing customer requirements during the year, with 100% of the crop successfully sold fresh and the number of fresh availability weeks increased compared with last financial year.

Project Sea Dragon

Project Sea Dragon is a greenfield project to build one of the world's largest prawn farms and associated infrastructure capable of producing up to 180,000 tonnes of fresh and frozen product for domestic and export.

Significant progress in construction at Project Sea Dragon sites was made during the year up until the March 2022 review point announced by previous management.

Prior to the wet season shutdown in late December 2021 contractors had worked on almost 50 km of access roads, placed over 200,000 m³ of fill in embankments for nursery ponds and the seawater intake, produced 38 pre-cast concrete structures for nursery ponds and grow-out ponds, as well as crushing and grading almost 100,000 tonnes of material in Forsyth Creek Quarry.

All weather, all year access to Legune Station is also now complete. Contractors to the Northern Territory Government completed the construction of the bitumised all-weather road from the NT/WA border to Legune Station in 2021 and the WA Government completed construction of the Moonamang Road that connects the existing bitumised road from Kununurra to the upgraded Keep River Road in 2022.



Constructed nursery ponds at Legune Station as part of Project Sea Dragon.

Consistent with the capitalisation policy for Project Sea Dragon, all direct pre-development costs were expensed during the year (\$32.196M). Impairment charges of \$13.501M and other costs associated with Project Sea Dragon, such as R&D at Seafarms Queensland operations and other centralised costs made up the majority of net cash outgoings during the year.

On 21 June 2022 Seafarms announced it was conducting a thorough assessment of the key challenges, development path and opportunities for Project Sea Dragon. The assessment is re-examining a number of matters raised by the former Executive Chairman and CEO about the viability of Project Sea Dragon in a Review Investor Briefing on 31 March 2022.

The current assessment is on track to be completed in Q4 CY2022.

Board change

Mr Terutaka Kuraishi has replaced Mr Hisami Sakai as Nissui's representative on the Seafarms board as part that company's strengthening of its overseas business. Mr Sakai will remain as an alternate director for Mr Kuraishi.

Outlook

"We have a clear view of the challenges that we must address to get our existing operations to an improved commercial footing. The Board and executive believe also that Project Sea Dragon has a future if risks can be appropriately managed and we look forward to updating the market on how we will maximise the interests of shareholders and stakeholders," Mr Dyer said.

Authorised for release by the Seafarms Board

For further information, please contact:

Seafarms Group

Mr. Harley Whitcombe
Company Secretary
P: +61 8 8923 7924

Media / Investor Enquiries

John Fergusson
P: +61 407 826 952
E: info@seafarms.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.