

## Independent Auditor's Report to the members of Seafarms Group Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Seafarms Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Valuation of Biological assets</b></p> <p><i>Refer to Note 3 'Critical accounting estimates and judgements' and Note 13 'Biological assets'</i></p> <p>As at 30 June 2021 the Group held \$2.2 million of biological assets. This balance comprises the hatchery live crop of \$0.6 million, carried at cost, and live prawns of \$1.6 million carried at fair value less estimated costs to sell.</p> <p>In order to determine the fair value of the live prawns, management prepare a discounted cash flow model ("DCF") which requires them to exercise significant judgement in respect of:</p> <ul style="list-style-type: none"> <li>• Survival rates;</li> <li>• Harvest average body weight;</li> <li>• Average production cost per kilogram; and</li> <li>• Sales price per type and category of prawn.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the processes and relevant controls over the key inputs and assumptions used by management to determine fair value;</li> <li>• Assessing the appropriateness of the valuation methodology;</li> <li>• Assessing and challenging the key assumptions in the DCF model as follows: <ul style="list-style-type: none"> <li>○ Survival rates by comparing to historical trends;</li> <li>○ Harvest average body weight by comparing to historical trends;</li> <li>○ Average production cost per kilogram by comparing to historical trends and testing a sample of recent costs to external supporting evidence; and</li> <li>○ Sales price per type and category of prawn by comparing to recent historical sales prices and industry data.</li> </ul> </li> <li>• Evaluating the appropriateness of the discount rate used in the DCF model; and</li> <li>• Performing sensitivity analysis on the key assumptions outlined above.</li> </ul> <p>We also assessed the appropriateness of the disclosure in Note 13 to the financial statements.</p>

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><b>Carrying amount of non-current assets – Queensland aquaculture</b></p> <p><i>Refer to Note 14 ‘Property, plant and equipment’</i></p> <p>As at 30 June 2021 the carrying value of property, plant and equipment for the Queensland Aquaculture cash-generating-unit (“CGU”) was \$24.5 million.</p> <p>Management has assessed the recoverable amount of the CGU using the Fair Value Less Cost of Disposal (“FVLCD”) method.</p> <p>In the impairment assessment, the most significant area of judgement applied by management relates to the estimated fair value per hectare of the land on which the farms are located.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Evaluating the reasonableness of management’s judgement in relation to non-current asset impairment indicators and the adoption of the FVLCD method;</li> <li>• Assessing whether management had included all appropriate assets and liabilities in the CGU;</li> <li>• Assessed if management’s FVLCD assessment was performed in accordance with the relevant accounting standards;</li> <li>• In conjunction with our valuation experts:               <ul style="list-style-type: none"> <li>○ Assessing the fair value per hectare used in the assessment; and</li> <li>○ Evaluating the competence and objectivity of the third-party expert utilised by management.</li> </ul> </li> <li>• Performing sensitivity analysis on the fair value per hectare.</li> </ul> <p>We also assessed the appropriateness of the disclosure in Note 14 to the financial statements.</p>

### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2021 but does not include the financial report and our auditor’s report thereon. The annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the financial report does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in on pages 14 to 21 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Seafarms Group Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



**Peter Rupp**

Partner

Chartered Accountants

Perth, 31 August 2021