

Directors' report

The Directors present their report together with the financial statements of Seafarms Group Limited consisting of Seafarms Group Limited and the entities it controlled at the end of or during the year ended 30 June 2022 (referred to hereafter as "Seafarms" or the "Group").

Directors

The following persons held office as Directors of Seafarms Group Limited during the financial period:

Michael Peter McMahon (appointed 29 October 2021, resigned 6 May 2022)
Ian Brannan (appointed 29 October 2021, resigned 20 May 2022)
Ian Norman Trahar (appointed 13 November 2001)
Harley Ronald Whitcombe (appointed 20 May 2022)
Dr Christopher David Mitchell (resigned 30 November 2021)
Paul John Favretto (resigned 28 January 2022)
Hisami Sakai (appointed 7 August 2018)
Naoto Sato (appointed 7 August 2018 (resigned 20 May 2022)
Rodney John Dyer (appointed 20 May 2022)
Terutaka Kuraishi (appointed 20 May 2022)

Principal activities

The Group is developing the world-class Project Sea Dragon project and operating a black tiger and banana prawn aquaculture business located in North Queensland.

Company financial performance

The overall financial performance over the 2022 financial year continues to reflect the investment being made by the Group in pursuing its expansion in aquaculture operations.

Review of operations

It's been a turbulent year for Seafarms since the successful capital raise late in the previous financial year in June 2021.

Construction of Project Sea Dragon commenced early in the year and the board appointed a new CEO and CFO to take Seafarms Group Limited (Seafarms or the Company) to the next phase. A renewal of the board in the first half of the year included the appointment of Messrs McMahon and Brannan, the resignation of Messrs Whitcombe, Mitchell and Favretto, and a change in board chairmanship from Mr Trahar to Mr McMahon who became Executive Chairman.

In November the new board announced a review of Project Sea Dragon. Decisions taken during this time included the curtailment of all debt funding activity, and the termination of Project Sea Dragon contracts and most of the Project Sea Dragon construction team. This effectively placed the majority of Project Sea Dragon on hold which was announced to the market in March 2022.

This significant change in direction for the Company prompted a move by a major shareholder to have Mr McMahon removed. This resulted in the resignation of Mr McMahon from the board and as CEO, and the resignation of Mr Brannan from the board and as Company Secretary.

In late May 2022 the board appointed Mr Dyer as CEO, Mr Leijer as CFO and Mr Whitcombe as Company Secretary, and the appointment of Messrs Dyer and Whitcombe to the Board as Executive Directors. Mr Trahar was appointed as Non-Executive Chairman.

In 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 about the viability of Project Sea Dragon announced by previous management in March 2022.

Review of operations (continued)

At the Queensland operations the Company experienced good performance of Black Tiger production from Farm 3 (Ingham). However the early harvests of Farm 1 and Farm 2 (Cardwell) significantly impacted output and was due to the emergence of disease in Cardwell in January 2022 that became severe over the following two months. This has subsequently been addressed.

The Group has reported a loss for the year after taxation of \$85,434,599 (2021: loss \$25,755,546) that is primarily a result of the cash outgoings associated with the Project Sea Dragon construction and development activities.

A summary of consolidated revenues and results for the year by significant industry segments is set out below:

	Segment revenues		Segment results	
	2022	2021	2022	2021
	\$	\$	\$	\$
Aquaculture	19,299,422	21,320,320	(77,328,319)	(24,452,525)
Group administration and corporate costs	178,151	50,036	(8,106,280)	(1,303,021)
Total segment revenue/result	19,477,573	21,370,356	(85,434,599)	(25,755,546)

Comments on the operations and the results of those operations are set out below:

Queensland Operations

The Queensland operations are undertaken at three sites: Flying Fish Point (commercial hatchery), Cardwell (Farms 1 & 2 and Processing Plant) and Ingham (Farm 3).

Total production for the year was 720 tonnes of Black Tiger production and 144 tonnes of Banana production totalling 864 tonnes of production (2021: 1,068 tonnes). 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.

The disease event at Farms 1 and 2 related to PIR A/B bacterial issues that started in January and was exacerbated by record high water temperatures that increased in intensity throughout February and March. This impacted the performance of Black Tiger prawn crops. For the 2023 financial year at these farms the Company has switched to banana prawns which have historically not been affected by the PIR A/B bacterial issues.

Black Tiger prawn production at Farm 3 performed well and the biological metrics of the Farm 3 again demonstrated the feasibility of achieving key assumptions for Project Sea Dragon.

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. Last year the Company reported that a statistical analysis of the performance of ponds stocked with domesticated animals compared with those originating from wild broodstock showed a significant difference between the two, with the domesticated animals out performing those from the wild.

Seafarms programs of Occupational Health and Safety management at its operations resulted in two Lost Time Injuries for the year and a Total Reportable Injury Frequency Rate (TRIFR) of 11.1 injuries per million man hours. The Company continues to implement its program of reducing risk to improve OH&S performance.

Environmental performance proceeded at the Queensland operations without issue during the year.

Market development

Market development supports the Company's objective to build a high value, high quality and premium branded offer for both domestic and export markets.

Review of operations (continued)

Market development (continued)

There is clear domestic demand for high quality, fresh Australian prawns, available 52 weeks per year. Capturing this opportunity, Crystal Bay Prawns® (Banana Prawn) production was increased to meet existing customer requirements, with 100% of the crop successfully sold fresh and the number of fresh availability weeks increased compared with last financial year. The Company will continue to build on the weekly, fresh sales opportunity, with a greater focus on Banana prawns in FY2023 to lift total volume and profitability.

Domestically, the Company continued to develop share in the frozen self-serve category, with the launch of 550g Crystal Bay Tiger Prawns® cooked, frozen offer, complimenting the 1kg frozen boxes available through Woolworths nationwide. Seafarms frozen packaging supports the high-quality, sustainable Australian prawns brand message at point of purchase, and underpins the strategy to expand the availability of the Crystal Bay Tiger Prawns® brand.

High brand engagement was achieved during the fresh Crystal Bay Tiger Prawns® season, with the “100% Aussie Freshness” message driven at point of purchase in key wholesalers and retailers/fishmongers. There was a focus on building brand awareness at key events, such as Easter, and lifting fresh sales at peak consumer purchasing times.

Brand development continued with social media promotion sharing the Australian Crystal Bay Prawns® journey from pond to plate, reaching over 250,000 people during the last 12 months.

Project Sea Dragon

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.

Following the successful equity placement in June 2021 (funds received in July) and the appointment of Canstruct Pty Ltd as managing contractor, construction work commenced at Legune Station in July, and the procurement of long lead items for Legune, Exmouth and Bynoe were progressed.

At Legune Station, seventy six beds were commissioned by late September allowing work on roads and earthworks to commence in earnest on site. An additional 20 beds were added shortly thereafter, and mobilisation of construction equipment was completed in November.

Prior to the wet season shutdown in late December the contractors had worked on almost 50 km of access roads, placed over 200,000 m³ of fill in embankments for nursery ponds and 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.

The 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.

All weather, all year access to Legune Station is now complete. Project Sea Dragon is responsible for upgrading the on-Station roads to all year, all weather condition.

Following the statements made by the Company in March of 2022 the Company terminated contracts with most vendors, and the construction contracts with Canstruct were terminated for convenience in late April 2022. By the end of September 2022 the demobilisation of construction plant & equipment had largely been completed.

The Company also placed further work on hold at Bynoe and Kununurra while progressing a reduced scope of work at the Exmouth facility. The Company continues to undertake works to maintain all permits and approvals.

Review of operations (continued)

Project Sea Dragon (continued)

Despite capacity constraints, the program to develop Specific Pathogen Free domesticated broodstock at the Exmouth Founder Stock Centre continued to progress albeit at a slower rate. The Company announced that it successfully produced the fourth generation (G4) of Black Tiger Prawns that continue to test negative to specific pathogens. In the absence of facilities at the Project Sea Dragon Bynoe site, the animals were transferred to the Company's Queensland hatchery to improve the diversity of genetics of the domesticated broodstock for existing operations. Healthy G2 animals at Exmouth continue to grow with G3 animals being generated late this calendar year.

Debt and Equity funders have re-approached the Company and interest in funding Project Sea Dragon is strong.

The Indigenous Land Use Agreement with the Native Title Holders continues to be implemented. At the request of the Northern Land Council, Seafarms agreed to bring forward the planning of the Caring for Country (Ranger) Program. The NLC has appointed a ranger coordinator who commenced planning consultations with various groups. In February 2022 the project's Community Planning and Development Officer relocated to Kununurra. Formal ILUA Committee Meetings were interrupted due to the inability of all participants to attend in person, where possible meetings were held by video-conference, with one Committee Meeting held in person during the last week of October 2021.

Financial reporting process

The Group relocated its finance function and twice replaced its chief financial officer (CFO) during the financial year. The current CFO assumed the position shortly before the year-end. The Group faced many other significant events and challenges that required complex financial reporting estimation and judgement. A review of the financial statements by the external auditor also identified several restatements of previously audited amounts that have been processed and are disclosed. These events contributed to delays in the year-end closing and financial reporting process. Due to internal capacity and capability constraints, the finance team involved a reputable external firm of accounting and auditing specialists to assist in the consideration of complex matters, the drafting of several memoranda that was presented to the Board Audit Committee (BAC) and the external auditors, and in the preparation of the financial statements. The BAC considered the commitment, expertise, resources and experience of the CFO and the finance function as a whole and obtained feedback from the external auditor.

The Group does not have an internal audit function and the BAC currently does not believe the size of the Group justifies the employment of a full-time internal auditor. The BAC believes that the current CFO is capable and committed to accurate financial reporting and to establish the required financial reporting controls, to prevent a recurrence of the current year experience. The BAC and CFO acknowledge that there are shortcomings in the expertise and resources of the finance function and weaknesses in the financial reporting environment, that are being addressed. The CFO, with the full and committed support of the management team and the BAC, will initiate and implement various projects to formalise policies and to improve our financial reporting internal control environment and related governance processes to ensure the integrity, accuracy and timeliness of the information we disclose and publish. The BAC expects these improvement projects to take some time and will closely monitor the progress. The BAC reported these concerns, its assessment, and the planned actions to the Board of Directors.

Going concern

The Directors note there are material uncertainties that may cast doubt on the Group's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the ordinary course of business and at the amounts stated in the financial statements. These uncertainties relate primarily to the quantum of the settlement of the contractual liabilities and the biological risk associated with aquaculture operations. The nature of the risks and mitigations are set out in more detail in note 1(c) to the financial statements.

The Directors are of the opinion that the Company and Group will continue to operate as going concern and therefore these financial statements have been prepared on a going concern basis.

Significant changes in the state of affairs

The significant changes to the state of affairs of the Company are set out in the Review of Operations above.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

There has been no change in the strategic direction of the company, which is to develop Project Sea Dragon as a scalable integrated prawn aquaculture project.

Information on directors

Ian Norman Trahar, B.Ec, MBA. *Non-executive Chairman (director since 13 November 2001)*

Experience and expertise

Mr Trahar has a resource and finance background. He is a director and significant shareholder of Avatar Finance Pty Ltd, an unlisted private company. Ian is a member of the Australian Institute of Company Directors.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chair of the board.

Chair of the audit committee.

Chair of remuneration committee.

Interests in shares and options as at 30 June 2022

1,316,616,676 shares in Seafarms Group Limited.

387,327,272 options in Seafarms Group Limited.

Harley Ronald Whitcombe, B.Bus, CPA *Executive Director. (since 13 November 2001)*

Experience and expertise

Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Company Secretary of Seafarms Group Limited.

Interests in shares and options as at 30 June 2022

19,680,984 ordinary shares in Seafarms Group Limited.

406,635 options in Seafarms Group Limited.

Information on directors (continued)

Rodney John Dyer B.E. (Mech) Executive Director. (since 20 May 2022)

Experience and expertise

Mr Dyer has extensive experience with the Project Sea Dragon both in design and in the financial aspects of the project.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Managing director

Interests in shares and options

None

Hisami Sakai *Non-executive Director (since 7 August 2018)*

Experience and expertise

Mr Sakai has had nearly 40 years' commercial experience with Nippon Suisan Kaisha Limited (Nissui), one of the biggest global seafood companies in Japan. He is currently Managing Executive Officer of Nissui. His responsibilities include being in charge of European business, Business Supervisor in Oceania and Asia and in charge of International Sales and Business Development Department.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

None

Interests in shares and options

None

Terutaka Kuraishi MBA *Alternate Director for Hisami Sakai (since 20 May 2022)*

Experience and expertise

Mr Kuraishi has extensive commercial experience and is currently the Commissioned Deputy International Business Operating Officer and Commissioned General Manager of Business Supervisor in Oceania at Nissui.

Other current directorships

None.

Former directorships in last 3 years

None.

Interests in shares and options

None

Company secretary

The Company secretary is Mr Harley Ronald Whitcombe B.Bus, CPA. Mr Whitcombe was re-appointed to the position of Company secretary on 20 May 2022, having previously held the position from 13 November 2001 to 29 October 2021.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the 12 months ended 30 June 2022, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees			
			Audit		Nomination & Remuneration	
	A	B	A	B	A	B
Ian Norman Trahar	15	15	2	2	1	1
Harley Ronald Whitcombe	8	8	-	-	-	-
Dr Christopher David Mitchell	9	9	1	1	1	1
Paul John Favretto	10	10	1	1	1	1
Hisami Sakai	15	15	1	1	-	-
Michael Peter McMahon	11	11	1	1	-	-
Ian Brannan	12	12	1	1	-	-
Naoto Sato	13	11	1	1	-	-
Rodney John Dyer	2	2	-	-	-	-
Terutaka Kuraishi	2	2	-	-	-	-

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office, was invited to attend or was a member of the committee during the 12 months

Remuneration report

The Directors are pleased to present your Company's 2022 remuneration report which sets out remuneration information for Seafarms Group Limited's non-executive Directors, executive Directors and other key management personnel.

Non-executive director remuneration policy

The shareholders of Seafarms Group Limited on 24 February 2012 approved, for the purposes of the ASX Listing Rules and the Group's Constitution, an increase in the maximum aggregate directors' fees to \$400,000, with such fees to be allocated to the directors as the board of directors may determine.

The Remuneration Committee determines the remuneration of all non-executive directors, none of whom have service contracts with the company.

Executive remuneration policy and framework

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitive and reasonable, enabling the company to attract and retain key talent;
- performance linkage / alignment of executive compensation;
- acceptable to shareholders.
- transparent; and
- aligned to the company's strategic and business objectives and the creation of shareholder value;

The executive remuneration and reward framework has several components:

- base pay and benefits, including superannuation;
- short-term performance incentives; and
- long-term incentives through participation in the "Seafarms Group's Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016 and 25 November 2016.

The combination of these comprises an executive's total remuneration.

Remuneration report (continued)

Executive remuneration policy and framework (continued)

The board has established a remuneration committee which makes recommendations to the board on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Alignment to shareholders' interests:

- rewards capability and experience; and
- provides recognition for contribution.

- attracts and retains high calibre executives.

Alignment to program participants' interests:

(a) Elements of remuneration

Base pay and benefits

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

There are guaranteed base pay increases included in all of the executives' contracts.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

Short-term incentives

If the Group achieves a pre-determined profit target set by the remuneration committee, a short-term incentive (STI) pool is available to executives and other eligible participants. Cash incentives (bonuses) are payable on 15 August each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The distribution of the STI pool is at the discretion of the Executive Chairman.

Long-term incentives

Long-term incentives may be provided to directors and staff via the Seafarms Group Employee Incentive Plan as approved by shareholders at the AGMs held on 1 February 2016, 25 November 2016 and 15 December 2020.

The Seafarms Group Employee Incentive Plan is designed to provide long-term incentives ("LTI") for directors and staff to deliver long-term shareholder returns. Under the plan, participants may be granted unlisted Share Options and/or Performance Rights which only vest if certain performance conditions are met and the directors and staff are still employed by the Group at the end of the vesting period. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Remuneration report (continued)

(b) Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) of Seafarms Group Limited and the Group are set out in the following tables.

The key management personnel of Seafarms Group Limited includes the directors as listed below:

- Ian Trahar (Non-executive Chairman)
- Harley Ronald Whitcombe (Executive Director and Company Secretary)
- Rodney Dyer (Executive Director and Chief Executive Officer)
- Hisami Sakai (Non-executive Director)
- Terutaka Kuraishi (Alternative Director)
- Ian Brannan (Executive Director and Company Secretary, resigned 20 May 2022)
- Michael McMahon (Executive Director, resigned 6 May 2022)
- Dr Christopher David Mitchell (Executive Director, resigned 30 November 2021)
- Paul John Favretto (Non-executive Director, resigned 28 January 2022)
- Naoto Sato (Alternative director, resigned 20 May 2022)

In addition to the directors the following executives that report directly to the Board are key management personnel:

- Dallas Donovan (Chief Operating Officer, Seafarms Operations Limited) resigned subsequent to year end effective 1 July 2022.
- Ian Leijer (Chief Financial Officer, Seafarms Group Limited, commenced 22 May 2022)

The following table shows details of the remuneration expense recognised for the Group's directors and executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Remuneration report (continued)

(b) *Details of remuneration (continued)*

Year ended 30 June 2022

Name	Short-term employee benefits			Post-em ployment benefits	Long- term benefits	Share-based payments Performance rights / Share options		Total
	Cash salary and fees	Cash bonus	Non- monetary benefits*	Super- annuation	Long service leave	Termi- nation benefits		
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
P Favretto	32,083	-	-	3,208	-	-	-	35,291
H Sakai	-	-	-	-	-	-	-	-
I Trahar	135,680	-	-	13,568	4,408	-	-	153,656
Sub-total non-executive directors	167,763	-	-	16,776	4,408	-	-	188,947
Executive Directors								
H Whitcombe	305,389	-	-	20,554	500	45,135	-	371,578
R Dyer	281,716	-	-	20,581	1,250	-	-	303,547
I Brannan	457,243	-	-	27,437	-	764,987	844,586	2,094,253
M McMahon	649,673	-	-	40,199	-	1,398,422	1,970,702	4,058,996
C Mitchell	291,437	-	7,936	19,854	-	73,600	-	392,827
Sub-total executive directors	1,985,458	-	7,936	128,625	1,750	2,282,144	2,815,288	7,221,201
Alternative Directors								
N Sato	-	-	-	-	-	-	-	-
T Kuraishi	-	-	-	-	-	-	-	-
Sub-total alternative directors	-	-	-	-	-	-	-	-
Other key management personnel (Group)								
D Donovan	352,100	-	-	27,499	5,464	-	-	385,063
I Leijer	46,620	-	-	4,662	833	-	-	52,115
Total key management personnel compensation (Group)	2,551,941	-	7,936	177,562	12,455	2,282,144	2,815,288	7,847,326

*This relates to a benefit for motor vehicles.

Remuneration report (continued)

(b) Details of remuneration (continued)

Year ended 30 June 2021

Name	Short-term employee benefits			Post-em employment benefits	Long- term benefits	Termi- nation benefits	Share-based payments Performance rights / Share options	Total
	Cash salary and fees	Cash bonus	Non- monetary benefits	Super- annuation	Long service leave		\$	
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
P Favretto	35,200	-	-	25,025	-	-	-	60,225
Sub-total non-executive directors	35,200	-	-	25,025	-	-	-	60,225
Executive Directors								
I Trahar	240,450	-	-	37,843	4,388	-	-	282,681
H Whitcombe	270,811	-	-	35,727	4,942	-	-	311,480
C Mitchell	294,398	-	11,937	37,968	5,373	-	-	349,676
Sub-total executive directors	805,659	-	11,937	111,538	14,703	-	-	943,837
Alternative Directors								
H Sakai	-	-	-	-	-	-	-	-
N Sato	-	-	-	-	-	-	-	-
Sub-total alternative directors	-	-	-	-	-	-	-	-
Other key management personnel (Group)								
D Donovan	278,539	-	-	26,461	5,083	-	-	310,083
R Dyer	310,502	10,000	-	29,498	2,267	-	-	352,267
Total key management personnel compensation (Group)	1,429,900	10,000	11,937	192,522	22,053	-	-	1,666,412

Details in relation to the KMP long term incentives are set out in note 26 to the financial statements.

Remuneration report (continued)

(c) Service agreements

Remuneration has been determined after the Remuneration Committee, for executive directors, and the Board, for group executives, has investigated current market terms and conditions.

The Remuneration Committee will continue to revise the remuneration practices and develop policy for future appointments and determine performance-based salary increases and bonuses, bearing in mind the size of the Group and the need to ensure quality staff are employed and retained.

I Trahar, Chairman:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer may terminate employment on giving twelve months notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving three months notice.
- Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016 and 25 November 2016.

H Whitcombe, Director and Company Secretary:

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer may terminate employment on giving three months notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving three months notice.
- Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016 and 25 November 2016.

D Donovan Director and Chief Operating Officer, Seafarms Operations Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (minimum increase of CPI);
- Employer or employee may terminate employment on giving six months notice;
- Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016 and 25 November 2016.

R Dyer Project Director, Seafarms Group Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (any adjustment will be at the Company's discretion);
- Employer or employee may terminate employment on giving three months notice;
- Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016 and 25 November 2016.

I Leijer, Chief Financial Officer, Seafarms Group Limited

- Term of agreement - no fixed term;
- Base salary which includes superannuation is reviewed annually (any adjustment will be at the Company's discretion);
- Employer or employee may terminate employment on giving three months notice;
- Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016 and 25 November 2016.

Remuneration report (continued)

(d) *Additional statutory information*

(i) *Remuneration breakdown*

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page above:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Directors of Seafarms Group Limited						
I Trahar	100%	100%	-%	-%	-%	-%
H Whitcombe	100%	100%	-%	-%	-%	-%
M McMahon	100%	100%	-%	-%	-%	-%
C Mitchell	100%	100%	-%	-%	-%	-%
R Dyer	100%	100%	-%	-%	-%	-%
I Brannan	100%	-%	-%	-%	-%	-%
P Favretto	100%	-%	-%	-%	-%	-%
Other key management personnel of the Group						
D Donovan	100%	100%	-%	-%	-%	-%
I Leijer	100%	100%	-%	-%	-%	-%

Cash bonuses are at the discretion of the remuneration committee and do not form part of the remuneration breakdown shown above.

(ii) *Share-based compensation*

Shares provided on exercise of options

On 22 September 2021, 100,000,000 performance rights (exercise price \$0.072, expiry date 31 August 2026) were issued to previous directors. All of these rights were issued pursuant to the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGM held on 15 December 2020.

The unlisted options issued during the 2018 financial year (15,000,000), which had no performance conditions attached, vested last financial year and were exercised on 11 August 2020.

The table below sets out summary information about the Group's earnings and movements in shareholder wealth for the last five financial periods:

	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2018
	\$	\$	\$	\$	\$
Revenue	19,477,573	20,826,823	28,382,012	24,394,803	25,901,587
Net (loss) before tax	(85,434,599)	(25,755,548)	(25,542,665)	(30,944,301)	(20,140,749)
Net (loss) after tax	(85,434,599)	(25,755,548)	(25,542,665)	(30,944,301)	(19,947,283)
Share price at start of year	6c	5c	9c	8c	6c
Share price at end of year	1c	6c	5c	9c	8c
Dividend	-	-	-	-	-
Basic (loss) per share	(1.87)c	(1.06)c	(1.24)c	(1.82)c	(1.42)c
Diluted (loss) per share	(1.87)c	(1.06)c	(1.24)c	(1.82)c	(1.42)c

Remuneration report (continued)

(d) *Additional statutory information (continued)*

(ii) *Share-based compensation (continued)*

Shares provided on exercise of options (continued)

At the 2015 Annual General Meeting of Seafarms Group Limited, held on 1 February 2016, at the 2016 Annual General Meeting of shareholders of Seafarms Group Limited, held on 25 November 2016, and again at the 2020 Annual General Meeting, held on 15 December 2020 shareholders approved the "Seafarms Group Employee Incentive Plan" under which the Board may grant equity securities (including performance rights and options) to eligible participants under the plan, which may, subject to the discretion of the Board, include executive directors or key management personnel.

(iii) *Voting and comments made at the company's Annual General Meeting*

Seafarms Group Limited received more than 97.96% of "yes" votes on its remuneration report for the 2021 financial period. The company did not receive any specific feedback at the AGM or throughout the period on its remuneration practices.

(e) *Equity instrument disclosures relating to key management personnel*

(i) *Share holdings*

The numbers of shares in the Company held during the financial period by each Director of Seafarms Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2022	Balance at the start of the period	Purchase of shares during the year	Balance at end of the period
Name			
Directors of Seafarms Group Limited			
Ordinary shares			
I N Trahar	675,871,221	690,277,497	1,366,148,718
H R Whitcombe	18,298,258	672,726	18,970,984
C D Mitchell	11,327,268	-	11,327,268
P J Favretto	37,916,666	2,545,454	40,462,120
I Brannan	-	9,090,909	9,090,909
M McMahon	-	36,363,636	36,363,636
R Dyer	-	-	-
Other key management personnel of the Group			
Ordinary shares			
D Donovan	-	-	-
I Leijer	-	14,032,716	14,032,716

Remuneration report (continued)

(e) *Equity instrument disclosures relating to key management personnel (continued)*

(i) *Share holdings (continued)*

2021 Name	Balance at the start of the year	Purchase of shares during the year	Balance at end of the year
Directors of Seafarms Group Limited			
Ordinary shares			
I N Trahar	675,871,221	-	675,871,221
H R Whitcombe	18,298,258	-	18,298,258
C D Mitchell	11,327,268	-	11,327,268
P J Favretto	37,916,666	-	37,916,666
Other key management personnel of the Group			
Ordinary shares			
R Dyer	-	-	-
D Donovan	-	-	-

Loans to key management personnel

There are no loans made to directors of Seafarms Group Limited and other key management personnel.

Shares under option

(a) *Unissued ordinary shares*

Unissued ordinary shares of Seafarms Group Limited under option at the date of this report are as follows:

Number under option	Class of shares	Exercise price of option	Expiry date
5,320,622 (*)	Ordinary	0.062	1 June 2023
30,000,000 (*)	Ordinary	0.097	12 December 2023
1,447,581,216 (*)	Ordinary	0.0975	13 August 2024
100,000,000 (**)	Ordinary	0.0715	30 November 2022

(*) Refer to note 24(d) for further details.

(**) Refer to note 34 for further details.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

(b) *Shares issued on the exercise options*

The following ordinary shares of Seafarms Group Limited were issued during the year ended 30 June 2022 on the exercise of options granted under the Employee Option Plan.

Number of shares issued	Class of shares	Amount paid	Amount unpaid
449,997	Ordinary	\$43,762.20	-

End of Remuneration Report

Insurance of officers

(a) Insurance of officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, Mr H R Whitcombe, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined at note 27 to the financial statements.

Dividends - Seafarms Group Limited

The Directors of Seafarms Group Limited do not recommend the payment of a dividend for the year ending 30 June 2022 (2021: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

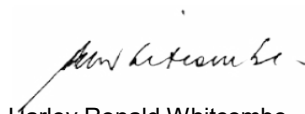
Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the *Corporations Act 2001*.



Harley Ronald Whitcombe
Darwin
31 October 2022