

ANNOUNCEMENT



NZX / MEDIA RELEASE

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SEADRAGON FINANCIAL RESULTS FOR THE SIX MONTHS TO SEPTEMBER 2018

- *Half-year revenue increases to \$2.3m from \$1.5m last year*
- *Half-year normalised EBITDA losses of \$(2.5)m, a \$(0.3)m increase from the previous year*
- *Half-year net loss widens to \$(3.4)m from \$(2.7)m*
- *Shareholders approve a new \$6.0m convertible loan facility from shareholders BioScience Managers and Pescado Holdings and extend the terms of the existing \$3.0m convertible loan facility with Comvita*
- *Subsequent to September 2018 the company raised \$1.1m following a one-for-one renounceable rights issue*

The company has continued to build a presence in the Omega-3 market increasing sales for the six month period compared with the previous year's corresponding period. However, changes to the European regulatory framework for fully refined tuna oil meant the company's sales were short of expectations and most of the sales for the period were of semi-refined oil at much lower margins. The company is committed to resolving these current market access issues with regulators and prospective customers as well as through changes to our refining process.

The lack of higher margin sales has resulted in a widening of the operating losses for the six month period and these losses have been funded by the support of the company's major shareholders – Comvita, BioScience Managers and Pescado – and through a \$1.1m renounceable rights issue.

Further to increasing processing of semi-refined tuna oils Management is also currently exploring several opportunities to toll-process oils through the company's facilities. In addition to these efforts, the company is also investigating longer term high-value opportunities to refine New Zealand sourced Omega-3 oil.

On the 21st of November, Colin Groves, Chair for the last 4 years stepped down but remains a Director. The Board appointed Mark Stewart as Interim Chair. The Remuneration Committee has commenced a board refreshment process after having assessed its current skills and its future requirements.

The company retains the revised guidance given to the market on 9 November 2018 for revenue for the year to 31 March 2019 of between \$6.0m and \$6.9m, for normalised EBITDA losses to range between \$(5.0m) and \$(4.8m) and net losses before tax to range between \$(6.6m) and \$(6.4m).

The financial results for the company are disappointing however the Directors believe necessary steps are being taken for it to reshape to a more sustainable and resilient business in the longer term and the company will keep shareholders updated on progress of these initiatives.

For further information, contact:

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About SeaDragon: www.seadragon.co.nz

SeaDragon Limited (NZX:SEA) is New Zealand's largest refiner and blender of high-quality, internationally certified concentrated fish oils and fractions, including Omega-3 oils. Our oils are sourced from fish caught in the clean and pure waters around New Zealand, in the Southern Ocean, and elsewhere. We have more than 20 years' experience processing fish oils and we are recognised for the quality and purity of our products. We supply health supplement manufacturers around the world to meet the burgeoning demand for pure, high-quality fish oils, which are scientifically proven to deliver significant human health benefits such as lowering the risk of heart disease, improving brain function and joint health. The majority of our supply is exported.