

ANNOUNCEMENT



NZX / MEDIA RELEASE

15 April 2020

SeaDragon provides Market Update

SeaDragon Limited (NZX SEA) wishes to provide the market with the following update regarding an early indication of the unaudited financial year end results and a Board decision to undertake major changes to SeaDragon's operations, including governance and other costs.

Financial year end 30 March 2020:

SeaDragon will release its audited financial results in June 2020, however after an early review of management accounts the company will produce a normalised EBITDA loss of approximately \$4.9m which compares to last years normalised EBITDA loss of \$5.2m. This result is subject to audit that will be carried out during the months of May and June 2020.

Funding:

As a consequence of these ongoing losses funding continues to be a major concern for the business. As communicated on 18 February 2020 Pescado had committed a further unsecured loan of \$1,000,000 which provided a bridge until further capital raising activities were undertaken. This bridging finance is due for repayment no later than 18 August 2020. Directors will continue to review options for providing additional cash to the business and will update the market as required with progress.

Major Changes to the Company:

The SeaDragon Board has decided that, given these ongoing losses and the current operating environment, there needs to be a concerted effort to get the business to a positive operating cashflow as soon as possible. As a consequence, the company will, with immediate effect, commence a cost reduction strategy where it will, seek to dramatically reduce operational, compliance, governance and other costs.

This cost reduction strategy will require significant changes within SeaDragon's Nelson based team, and these discussions have recently commenced with all team members.

The SeaDragon plant continues to operate as an essential service supplying infant formula producers, but the number of future customers serviced will be restricted to only those able to meet SeaDragon's gross margin criteria.

Compliance and governance costs of being an NZX Main Board listed entity are significant and the SeaDragon Board has decided that, subject to discussions with NZX and the Unlisted Securities Exchange (USX), it intends to seek shareholder approval to delist from NZX and become an unlisted company trading on USX. To this end SeaDragon intends to hold a virtual special meeting of shareholders as soon as practicable. Full details of the approvals sought will be outlined in the relevant notice of meeting, which will be sent to shareholders once discussions with NZX and USX are completed.

With immediate effect and for the foreseeable future the CEO's income and directors' fees will be reduced by 33.33%. SeaDragon also expects to address the composition of the Board as part of the delisting process.

Financial results announcement and annual report timing:

With the disruption to year end accounting and audit practices caused by the Covid-19 Alert Level 4 lock down in New Zealand, SeaDragon has elected to rely on the class waiver granted by NZX Regulation on 3 April 2020 (the "NZX Waiver") for the delayed announcement of its financial results and the class exemption announced by the Financial Markets Authority on 3 April 2020 and the NZX Waiver for the delayed release of its annual report. SeaDragon expects to announce its financial results in June 2020 and to release its annual report towards the end of August 2020.

For further information, contact:

Bryan Mogridge
Chairman
Tel: +64 21 931 355

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.