ASX Announcement | 6 October 2025
Seafarms Group Limited (ASX: SFG)
SFG ASX Announcement No: 795

INCREASE OF AVATAR DEBT FACILITY

Seafarms Group Limited (ASX: SFG) (**SFG** or the **Company**) hereby announces that it has entered into an amended Revolving Credit Agreement with Avatar Finance Pty Ltd (**Avatar Finance**). The amended Revolving Credit Agreement increases the amount available to the Company from $8.5m to $16.5m and extends the repayment date to 15 October 2026.

Rationale for increasing the facility under the Revolving Credit Agreement

The Company requires further funds to advance its objectives and continue its operations. Due to the complications that have arisen with the administration and liquidation of Project Sea Dragon (**PSD**), the Company has been unable to raise any meaningful third party debt funding on terms that are commercially acceptable.

The Company obtained the benefit of a report by a third party advisor, which found that until the complications arising from the development of PSD are addressed, there would be little possibility of the Company sourcing third party debt or equity financiers on acceptable terms due to the these complications. This has been the experience of the Company on sourcing any third party debt in the current circumstances.

The Company considered an underwritten entitlement offer to raise additional funds. However for the same reasons that third party debt was unavailable, the Company was unable to source a third party underwriter of any proposed entitlement offer. The only underwriter that appeared available was Avatar Finance. Given any underwriting of an entitlement offer would be potentially extremely dilutive to current shareholders and increase Avatar Finance's relative interest in the Company, the Company did not proceed with this option. The Company considered an entitlement offer underwritten by Avatar Finance may result in a similar outcome to that rejected by shareholders in connection with the proposed issue of convertible notes to Avatar Finance. In the absence of a more appropriate commercial solution, the Company may consider capital raising by underwritten entitlement offer, in the future.

The time expended in sourcing third party financiers, investigating equity raisings and obtaining reports resulted in the Company having limited time available to pursue an increase in the Avatar Finance debt package. Avatar Finance had previously advised the Company that it would not materially increase its debt exposure to the Company other than on a secured basis.

The Company's audited accounts were due for release on 30 September 2025. The Company requires the additional funds from the increased Avatar Finance debt facility in order to provide sufficient funding to be able to sign off on its audited accounts and continue operations. The increased secured debt facility offered by Avatar Finance will allow the Company to sign off on its accounts in a timely manner. For this reason, the Company sought a waiver from ASX of the requirement to obtain shareholder approval under listing rule 10.1 of the grant of security to Avatar Finance. The waiver permits the grant of security to Avatar Finance without obtaining shareholder approval.

However, the conditions of the waiver provide that:

a. the security is limited to the funds due under the financial accommodation;
b. the security will be discharged when the funds due under the financial accommodation have been repaid in full;
c. in the event the security is enforced, the assets can only be disposed to Avatar Finance or an associate of Avatar Finance if the disposal is first approved by the Company's security holders under Listing Rule 10.1, including via the provision of an independent Expert's Report; and
d. otherwise, if the holder of the security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to Avatar Finance in accordance with their legal entitlements.

The Company distinguishes this transaction from the previous listing rule 10.1 approval sought by shareholders in relation to the proposed issue of Convertible Notes to Avatar Finance (which was not approved by unrelated shareholders) due to the fact that the increased secured debt facility does not on its terms allow for current unrelated shareholders to be diluted. The Company also considers that any provider of debt finance to the Company would require security on similar or worse terms than offered by Avatar Finance.

The Company is currently in discussions with the liquidator of Project Sea Dragon Pty Ltd (In liquidation) to reacquire those assets. Whilst there is no certainty that a transaction can be agreed, the quantum of the secured debt facility offered by Avatar Finance appears likely to provide sufficient funding to allow this transaction to occur, in addition to facilitating the continuing working capital requirements of the group and the funding of its various operations, including the operations continuing in Cardwell. The Company is also in discussions with other investors to provide further finance to develop those assets by building and operating Stage 1A of Project Sea Dragon in circumstances where the Company is able to reacquire those assets. The Company intends to advance these objectives with the funding available from the increased secured debt facility.

In terms of amounts to be used from the increased secured debt facility, approximately $4m is proposed to be used for Seafarms Queensland for seasonal working capital to fund the current prawn crop and the balance is to fund ongoing Project Sea Dragon and corporate costs. The harvest and sale of the prawn crop will fund further Project Sea Dragon and corporate costs.

As noted above, the increased funding will also allow the Company to sign off on its FY25 Financial Accounts in short order. The company will announce the FY25 Financial Accounts today.

The Company has obtained financial and legal advice that the loan and the security is on usual commercial terms for a transaction of this nature. Because the transaction is on arm's length terms no shareholder approval is required under the Corporations Act.

Further, the Seafarms board established an independent board committee (IBC) to manage the flow of confidential information, conflicts of interest and make decisions in relation to any arrangements between Seafarms and Avatar.

The IBC was initially comprised of SFG director, Mr Rodney Dyer, and SFG Chief Financial Officer, Mr Ian Leijer.

Given Mr Harley Whitcombe did not have a material personal interest in any proposed increase in debt funding from Avatar Finance, it was decided that Mr Harley Whitcombe could be involved in board discussions to allow more than one director to opine on the matters.

Mr Ian Trahar excused himself from participating in all discussions and decisions at Seafarms board meetings concerning the Revised Facility and accompanying Security Documents.

Accordingly it is the view of the Company, that Mr Ian Trahar and Avatar Finance have not influenced the terms of the transaction to favour Avatar Finance at the expense of SFG.

Material terms of the Revolving Credit Agreement

The material terms of the amended Revolving Credit Agreement are set out below:

Lender	Avatar Finance Pty Ltd (a company controlled by Mr Ian Trahar)
Facility Limit	$16.5m
Interest Rate	The 30 day Bank Bill Swap Rate +4%.
Security	The Company has entered into the following security documents in connection with the facility: • General Security Deed between the Company and certain group companies (**Grantors**) and Avatar Finance (**GSD**); • Real Property Mortgage in respect of freehold property between, amongst others, Avatar Finance, Seafarm Hinchinbrook Pty Ltd and Seafarm Queensland Pty Ltd; • Real Property Mortgage in respect of leasehold property between, amongst others, Avatar Finance and Seafarm Hinchinbrook Pty Ltd; and • Deed of Guarantee and Indemnity between the Company and certain group companies (**Guarantors**) and Avatar Finance (**Guarantee**), (**Security Documents**).
Fees	Nil.
Repayment Date	Debt outstanding to be repaid by 15 October 2026

Material terms of the Security Documents

The GSD grants security over all present and after acquired property of the Grantors in favour of Avatar Finance, and the Real Property Mortgages grant a mortgage over leasehold and freehold property of the relevant group companies in accordance with the mortgage terms and conditions. The freehold property comprises of three properties wherein Seafarm Hinchinbrook Pty Ltd and Seafarm Queensland Pty Ltd are the registered proprietors, and two leasehold properties wherein Seafarm Hinchinbrook Pty Ltd is the registered lessee. The Guarantee grants a guarantee and indemnity in favour of Avatar Finance in respect of the monies ultimately owing under the amended Revolving Credit Agreement.

Under the GSD and the terms and conditions of the Real Property Mortgages, as a result of the Waiver being granted to the Company, Avatar Finance must not acquire any legal or beneficial interest in the collateral the subject of the Security Documents without the Company having first obtained the approval of shareholders of the Company for the purposes of and required by Listing Rule 10.1. The security interests granted pursuant to the GSD and Real Property Mortgages are intended to rank in priority to any other security interest over the collateral under those security documents, and the grantors are restricted from permitting or creating any security interest over the collateral. The security interests granted under the Security Documents remain in effect until all monies owing under the amended Revolving Credit Agreement are paid in full.

The securities under the GSD do not attach to assets which require third party approvals, until those third parties have approved.

Neither Avatar Finance nor its associates can acquire any interest in the secured property without SFG first obtaining a Listing Rule 10.1 approval from its shareholders.

The Security Documents are otherwise on standard commercial terms for documents of this nature.

Waiver of Listing Rule 10.1

As noted above, Avatar Finance required security to be provided by the Company before granting the increased facility and SFG is pleased to advise that on 3 October 2025, ASX granted a waiver of Listing Rule 10.1 to allow the Company to grant security without shareholder approval to secure its obligations under the Revolving Credit Agreement (Waiver).

Terms and Conditions of the Waiver

ASX has granted the Waiver on the following terms and conditions:

1. The Company releases an announcement to the market (which is intended to be this announcement) that provides the material terms of the transaction and of the waiver, including a description of why the Company has chosen to obtain the financial accommodation from Avatar Finance, rather than a lender that is not a Listing Rule 10.1 party, and the steps the board has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective

of the holders of the Company's ordinary securities;

2. any variation to the terms of the financial accommodation or the security which advantages Avatar Finance in a material respect, disadvantages the Company in a material respect, or is inconsistent with the terms of the waiver, will be subject to the approval of the Company's security holders under Listing Rule 10.1;
3. for each year while they remain on foot, a summary of the material terms of the financial accommodation and the security will be included in the related party disclosures in the Company's audited annual accounts; and
4. the security documents expressly provide that:
   a. the security is limited to the funds due under the financial accommodation;
   b. the security will be discharged when the funds due under the financial accommodation have been repaid in full;
   c. in the event the security is enforced, the assets can only be disposed of to Avatar Finance or an associate of Avatar Finance if the disposal is first approved by the Company's security holders under Listing Rule 10.1, including via the provision of an independent Expert's Report; and
   d. otherwise, if the holder of the security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to Avatar Finance in accordance with their legal entitlements.

This announcement has been approved by the Board.

Ends.

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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.