

ANNOUNCEMENT



NZX / MEDIA RELEASE

7 June 2018

2019 Profit Guidance and Funding Update

SeaDragon Limited (NZX:SEA) today announces its forecast for the financial year ending 31 March 2019 ("FY19") and provides an update on funding negotiations with cornerstone shareholders BioScience Managers and Pescado Holdings

As signaled in our announcement of 30 May 2018, the company was reviewing its forecasts as part of the negotiations aimed at securing the company's immediate short-term and long-term funding. This review is now complete and the company is pleased to provide guidance for the 2019 year.

We also noted on 30 May 2018 that the company required more cash to achieve its longer-term sales growth. The ability to deliver on the below FY19 forecast is therefore underpinned on securing long term funding for the company. Negotiations are continuing with two of our major shareholders and these discussions are expected to be finalised within the coming days. Directors will be seeking shareholders' approval for the proposed funding structure at the annual shareholders meeting anticipated to be scheduled for late July or early August.

Guidance for FY19:

- Total sales revenue will be in the range of \$10-14 million up from \$3 million for the corresponding FY18 period.
- Normalised EBITDA losses will be in the range of \$2-\$2.8 million down from \$4.5 million loss for FY18
- Net Losses after Tax will be in the range of \$3.6m-\$4.55 million compared to \$6.1 million loss for FY18

	12 months ended 31 March 2019 \$'000	12 months ended 31 March 2018 \$'000
GAAP TO NON-GAAP RECONCILIATION		
Sales	10,000 to 14,000	3,028
Unaudited reported Net loss after tax (NPAT)	(3,600) to (4,550)	(6,057)
Add back:		
Interest costs (net)	700 to 800	647
Depreciation	900 to 950	888
Normalised EBITDA	(2,000) to (2,800)	(4,522)

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SeaDragon Chairman Colin Groves said: “The company is continuing to grow and it is very pleasing to report that approximately 50% of the forecast revenue is subject to indicative orders already received from customers and this demand has been matched with the indicative raw material supply orders. It is also worth noting that production capacity used to meet this forecast will be approximately 40% of our refinery’s total annual capacity therefore still enabling significant sales growth for the future.”

Ends

For further information, contact:
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GAAP to non-GAAP reconciliation:

SeaDragon’s standard profit measure prepared under NZ GAAP is net profit after tax (NPAT). SeaDragon has used a non-GAAP profit measure of earnings (or losses) before interest, tax, depreciation and stock options (Normalised EBITDA), when discussing financial performance in this document, and intends to do so in the future allowing investors to compare periods. The directors and management believe this measure provides useful information to readers to assist in understanding the Company’s financial performance and position. This measure is also used internally to evaluate performance of the business to establish operational goals and to allocate resources. Non-GAAP profit measures are not prepared in accordance with NZ GAAP (and therefore do not comply with International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation.

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 30 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.