



OCEANUS GROUP LIMITED

(Incorporated in the Republic of Singapore under Registration Number: 199805793D)
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QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF SGX-ST LISTING MANUAL

Oceanus Group Limited (the “**Company**”) has been placed on the watch list with effect from 14 December 2015, pursuant to Rule 1311 of the SGX-ST Listing Manual. In accordance with Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company would like to provide the following quarterly update on the Company, together with its subsidiaries (collectively, the ‘**Group**’).

Update on Financial Situation

The Group has on 26 February 2021 released its financial statement for the full-year period (“**FY2020**”) and financial quarter ended 31 December 2020 (“**4Q 2020**”). Shareholders should refer to the announcement for further details.

The Group reported a significant jump in topline, recording its highest turnover since the Group’s listing in 2008. For FY2020, Oceanus’ total revenue surged to 9.5 times or 855% to S\$91.7 million, from S\$9.6 million in the corresponding period of the preceding financial year (“**FY2019**”). This was attributable to several key factors. Approximately S\$4.0 million in revenue was contributed by its Aquaculture segment, where there was an increase in contract farming and rental revenue. The Group’s decision to pivot its business model and strategy has proven effective, enabling Oceanus to maintain fixed income levels through contractual terms with other aquaculture farmers, while foregoing direct, high operating costs associated with full-scale farming.

In addition to the revamped Aquaculture segment, the Group’s expansion in its Distribution segment in fast-moving consumer goods (“**FMCG**”) also played a significant role in Oceanus’ turnaround, contributing approximately S\$84.7 million in sales. Lastly, the Services segment saw a contribution of approximately S\$2.9 million to the Group’s topline.

In line with the above, the Group’s gross profit for FY2020 stood at S\$9.1 million, a 318% increment from FY2019. EBITDA for FY2020 was S\$12.1 million, a 346% increment from a S\$4.9 million loss in FY2019.

Correspondingly, the Group achieved a turnaround in net profit for FY2020 to S\$8.6 million, from a S\$7.4 million loss in FY2019.

The Group’s balance sheet remains healthy with a positive net asset position of S\$28.5 million as at 31 December 2020. This represents an increase of 26.7% from S\$22.5 million a year ago. The Group’s net working capital position (or net current asset position) has also improved by 826% from S\$2.3 million as of 31 December 2019 to S\$21.1 million as of 31 December 2020.

Update on Future Direction

Oceanus has successfully achieved a record-high turnover since its listing in 2008, with significant progress made towards sustainable growth through the Group's four synergistic growth pillars – Aquaculture, Distribution, Services and Innovation segments – which are highly scalable and offer cross-selling opportunities.

In Aquaculture, business transformation has included contract farming and the leasing of aquaculture farm plots to local farmers, with the option to purchase abalones from these farmers. Subsidiary Singapore-China Overseas Property Investments Co Ltd (“SCOPI”), has also gained traction in its management of the Group's aquaculture farming assets in China, successfully securing additional contracts with farm tenants and contract-farming agreements during the year. Oceanus will continue to actively manage its farming assets.

Additionally, in line with the Group's investment in deep tech indoor farming, Oceanus has invested in Universal Aquaculture Pte Ltd (“Universal Aquaculture”), a deep tech indoor company, in September 2020. Universal Aquaculture's vertical farming capabilities, which enables the production of 300 tonnes of seafood per annum with a farm size of 0.28 hectares, are also highly scalable which can be easily replicated globally for sustainable urban food production.

In Distribution, the Group has expanded and will continue to build upon its product range to over 2,000 FMCG products, with a focus on an expansion on frozen meat and fresh seafood products. Meanwhile, the Group's subsidiary, Season Global Trading Pte. Ltd. (“SGTPL”), has gained significant traction in the key markets of China and Southeast Asia and will continue to expand its global presence. Going forward, Oceanus will continue to leverage on its global distribution network, supported by an integrated suite of logistics and supply chain services. This will help the Group cement its position in matters over food supply chain and addressing food security.

The Group's Services segment continues to provide a diversified revenue stream with growing contributions from its media and marketing arm. With the recent acquisition of Resolute Communications Pte. Ltd. (“Resolute”), an event management company based in Singapore, it will assist the Group in further broadening its clientele-base. The Group's award-winning subsidiary, AP Media Pte Ltd (“AP Media”), continues to spearhead high profile projects both locally and overseas, such as The Front Row which is Singapore's first virtual fashion show held in August 2020. In addition, the Group will look to increase revenue streams from consultancy services (Oceanus Tech), as well as farm asset management arm (SCOPI).

Oceanus' Innovation pillar continues to pursue sustainable aquaculture technologies, including science and evidence-based farming techniques and cutting-edge aquaculture technology to boost productivity. The Group maintains a strong focus on research and development through its strategic partnerships with various educational institutions namely Temasek Polytechnic, Nanyang Technological University, Republic Polytechnic, James Cook University, Jimei University and National Taiwan Ocean University. The Group's subsidiary Oceanus Tech Pte Ltd, will also spearhead the Group's development of innovative and hi-tech solutions such as the digitalisation of supply chains, so as to address key issues in global food security.

In order to establish itself as a FoodTech leader, the Group continues to innovate in the area of food technology, which is evident in its recent agreement with Hainan Raffles Group, to set up the world's first Oceanus FoodTech Hub in Hainan, China. Oceanus FoodTech Hub will be located at the Hainan Laocheng Economic Development Zone, China's fourth comprehensive free trade zone. During the first phase, Oceanus FoodTech Hub will produce approximately 200 tonnes of shrimp for the first year of production and gradually increase to approximately 1,000 tonnes of shrimp in the following years. The Group will continue to identify potential business opportunities together with like-minded partners to expand its presence in the region.

Through the competencies and synergies across its key business segments, Oceanus continues to enjoy the economies of scale with a long-term revenue visibility.

With regards to the SGX-ST Watchlist under the Financial Entry Criteria, the Company has announced on 26 February 2021, that it has made an application to the SGX-ST for a further extension of time until 15 April 2021 to satisfy the Financial Exit Criteria, on the basis that the Company is in the processes of finalising its audited financial statements for the financial year ended 31 December 2020.

BY ORDER OF THE BOARD

Peter Koh Heng Kang, ^{PBM}
Executive Director and Chief Executive Officer

26 February 2021