

25 January 2023

Clean Seas Seafood Business Update

Continued Strong Trading & Discontinuation of Quarterly Reporting Requirement

- **H1 FY23 sales revenue is A\$34.2 million, up 10% on H1 FY22, while farmgate revenue is A\$26.9 million, a 11% increase on H1 FY22.**
- **Strong demand and an improved sales mix given the absence of surplus frozen inventory continues to drive pricing higher, with H1 FY23 at A\$22.43/kg versus A\$16.03/kg in H1 FY22. Farmgate revenue of A\$17.65/kg is up 41% on the A\$12.51/kg achieved in H1 FY22.**
- **H1 FY23 harvest volume was 1,588t, an 18% increase on H1 FY22, while frozen inventory remained stable at target levels in H1 FY23 compared to a reduction of 625t in H1 FY22 due to clearance sales of surplus frozen inventory.**
- **Positive Operating Cash flows delivered in Q2 and H1 FY23 despite higher input costs, particularly feed, and a lower than expected feed conversion in the early part of the current growing season. As a result of continued positive Operating Cash Flows, the ASX has ceased the requirement for Clean Seas to publish Appendix 4C quarterly cash flow and activity reports.**
- **The Company renewed its A\$32.15 million Funding Agreement with the Commonwealth Bank of Australia in December 2022. Clean Seas maintained cash and unused working capital funding of A\$22.7 million as at 31 December 2022, plus an additional A\$17.0 million of undrawn facilities to fund major capital works.**

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS) (“**Clean Seas**” or the “**Company**”), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to provide a Business Update for Q2 FY23.

Business Update

Sales tonnes and revenue					
	H1 FY19	H1 FY20	H1 FY21	H1 FY22	H1 FY23
Australia	701	779	781	1,009	1,031
Europe	474	508	441	770	358
North America	51	74	199	146	103
Asia	47	45	23	21	34
Total	1,273	1,406	1,444	1,946	1,526
Revenue (A\$'000)	21,585	24,437	22,333	31,192	34,231
<i>Revenue A\$/kg</i>	<i>16.96</i>	<i>17.38</i>	<i>15.47</i>	<i>16.03</i>	<i>22.43</i>
Farmgate Revenue (A\$'000)	16,413	18,859	17,656	24,336	26,936
<i>Farmgate Revenue A\$/kg</i>	<i>12.89</i>	<i>13.41</i>	<i>12.23</i>	<i>12.51</i>	<i>17.65</i>

Clean Seas' achieved sales revenue of A\$34.2 million in H1 FY23 as strong demand and awareness for the Company's Yellowtail Kingfish continued, despite the emergence of more challenging economic conditions and greater competition particularly in Europe and North America. This result highlights the Company's ability to maintain its momentum from FY22 and represents an increase on sales revenue from H1 FY22 (A\$31.2 million), despite H1 FY22 benefiting from frozen inventory clearance activities.

The Company successfully leveraged market demand for its Kingfish to achieve both sales revenue and revenue per kilogram growth during H1 FY23. Clean Seas sold 1,526t of Kingfish at an average of A\$22.43/kg which resulted in an 11% increase in farmgate revenue to A\$26.9 million in H1 FY23 versus A\$24.3 million in H1 FY22.

Sales Mix (tonnes, WWE)	H1 FY19	H1 FY20	H1 FY21	H1 FY22	H1 FY23
Fresh	1,053	1,126	951	1,146	1,354
Frozen	220	280	493	800	172
Fresh Revenue A\$/kg	17.15	17.30	17.04	18.68	22.49
Frozen Revenue A\$/kg	16.04	17.70	12.44	12.24	21.94

Clean Seas has continued to maintain inventory at targeted levels, while increasing harvest volumes by 18% in H1 FY23 to 1,354 tonnes versus the 1,146 tonnes harvested in H1FY22 in order to replace the clearance sales of surplus frozen inventory in H1 FY22. Frozen inventory was maintained at 190 tonnes in H1 FY23 versus a 625 tonne reduction in H1 FY22. The elimination of surplus frozen inventory has reduced frozen sales volume, but driven a 79% increase in the frozen sales price to A\$21.94/kg in H1 FY23 versus the A\$12.24/kg achieved in H1 FY22.

Operational Metrics (tonnes WWE)	H1 FY19	H1 FY20	H1 FY21	H1 FY22	H1 FY23
Harvest Volume	1,408	1,600	1,748	1,341	1,588
Closing Live Fish Biomass	3,189	3,621	3,384	2,739	2,806
Closing Frozen Inventory	300	601	1,187	431	190
eFCR (Economic Feed Conversion Ratio)	3.20	3.10	4.61	3.21	3.42
Average Feed Price (A\$/kg)	2.45	2.45	2.35	2.56	3.06

The improved pricing and maintained optimisation of working capital has driven positive Operating Cash flows in Q2 and H1 FY23 despite higher input costs, particularly feed, and a lower than expected eFCR in the early part of the current growing season.

The Company renewed its A\$32.15 million Funding Agreement with the Commonwealth Bank of Australia in December 2022. Clean Seas maintained cash and unused working capital funding of A\$22.7 million as at 31 December 2022, plus an additional A\$17.0 million of undrawn facilities to fund major capital works

Clean Seas' CEO Rob Gratton said *"Despite the emergence of more challenging economic conditions and increased competition, Clean Seas has delivered another strong trading performance. Our revenue growth and improved pricing, together with our focus on working capital optimisation has again delivered positive operating cash flows despite input costs including feed remaining elevated. We are focussed on achieving profitable growth in delivering value for shareholders, and are pleased to be able to demonstrate this once again with this positive set of results."*

The Board notes the inherent operational risks in aquaculture may impact future results.

Quarterly Reporting

As a result of positive net Operating Cash Flows sustained during the last four quarters, the ASX has exercised its discretion to lift the requirement for the Company to lodge Appendix 4C quarterly cash flow and activity reports.

The Company will provide regular updates regarding any material developments or changes in its business activities to keep the market informed in relation to how its operations are meeting its business objectives.

Authorised for release by the Board of Clean Seas Seafood Limited (ASX: CSS, OSE: CSS).

For further information on Clean Seas Seafood, please contact:

Rob Gratton	Andrew Angus
CEO	Investor Relations
rob.gratton@cleanseas.com.au	andrewangus@overlandadvisers.com.au
+61 434 148 979	+61 402 823 757

About Clean Seas Seafood

Clean Seas Seafood is a fully integrated Australian Aquaculture business listed on the Australian Securities Exchange (ASX) and with a secondary listing on Euronext Growth Oslo (OSE) – the leading exchange for high growth seafood companies.

Clean Seas is the global leader in full cycle breeding, farming, processing and marketing of its Hiramasa or Yellowtail Kingfish (*Seriola lalandi*) and is renowned amongst leading chefs and restaurants around the world for its exceptional quality.

Clean Seas is recognised for innovation in its sustainable Yellowtail Kingfish farming and has become the largest producer of aquaculture Yellowtail Kingfish outside Japan.

Clean Seas is headquartered at its processing facility in Royal Park in Adelaide, South Australia while its hatchery is at Arno Bay and its fish farms are at Port Lincoln, Arno Bay and Fitzgerald Bay on the Eyre Peninsula of South Australia.

For more information, visit www.cleanseas.com.au

All volumes quoted are in Whole Weight Equivalents (WWE) unless otherwise specified.