

ASX & Media Release

21 February 2023

Clean Seas H1 FY23 Results

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to announce its H1 FY23 results.

Financial Performance	H1 FY22	H1 FY23	Change (Fav/Unfav)
Production Metrics (WWE tonnes)			
Sales Volume	1,946	1,526	▼ -22%
Net Growth	828	886	▲ 7%
Harvest Volume	1,341	1,588	▲ 18%
Closing Live Fish Biomass	2,739	2,806	▲ 2%
Frozen Inventory	431	190	▼ -56%
Operating Results¹ (A\$/kg)			
Revenue	16.03	22.43	▲ 6.40
Post farmgate costs	(3.52)	(4.78)	▼ (1.26)
Farmgate	12.51	17.65	▲ 5.14
Production costs	(14.83)	(13.22)	▲ 1.61
Gross profit	(2.32)	4.43	▲ 6.75
Indirect & R&D Costs	(2.76)	(3.39)	▼ (0.63)
Operating EBITDA	(5.08)	1.04	▲ 6.12
Operating Results¹ (A\$'000)			
Revenue	31,192	34,231	▲ 3,039
Post farmgate costs	(6,856)	(7,295)	▼ (439)
Net farmgate revenue	24,336	26,936	▲ 2,600
Production costs	(28,852)	(20,168)	▲ 8,684
Gross profit	(4,516)	6,768	▲ 11,284
Indirect & R&D Costs	(5,376)	(5,178)	▲ 198
Operating EBITDA	(9,892)	1,590	▲ 11,482
Underlying Adjustments (A\$'000)			
Impairment	(211)	-	
AASB 141 SGARA and cost allocation	10,513	(2,951)	
Statutory NPAT	(2,160)	(3,467)	▼ (1,307)

¹ Underlying EBITDA and Gross Profit in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Company's external auditors.

Highlights:

- **Positive Operating EBITDA of A\$1.6 million (A\$1.04/kg) for H1 FY23 compares to a loss of A\$9.9 million in H1 FY22, driven by price increases and operational cost reductions**
- **Pricing up 40% to A\$22.43/kg in H1 FY23. Increased and converging Fresh and Frozen prices, up 20% and 79% respectively, driven by demand outstripping supply and the transition away from an overstocked live fish biomass and frozen inventory position**
- **Production costs down 11% to A\$13.22/kg in H1 FY23 due to optimisation of live fish biomass achieved despite increased feed, labour and fuel costs, and lower than expected growth in the early part of the current growing season**
- **Reduced sales volumes reflect sell-through of all clearance frozen inventory, partially offset by 18% increase in harvest volumes**
- **Positive operating cash flows of A\$3.5 million in H1 FY23 and increased net cash position to A\$6.8 million**
- **Statutory NPAT loss reflects H1 being predominantly winter non-growing season and expected to be positive for FY23 once the summer growing season is completed in H2**

Clean Seas' financial result for H1 FY23 demonstrates an improved trading performance, leveraging the growth in awareness and acceptance of Yellowtail Kingfish globally, and the outstanding premium quality, culinary flexibility and Spencer Gulf provenance of Clean Seas' ocean reared Kingfish. The result also highlights the significant progress made against the Company's strategic objectives, including building channel and market awareness, growing sales revenues, reducing costs and strengthening its balance sheet.

Clean Seas' achieved revenue of A\$34.2m in H1 FY23, representing a 10% increase on H1 FY22. In H1 FY22 the Company cleared 625 tonnes of surplus frozen inventory, and so the H1 FY23 revenue growth has been achieved without the benefit of this clearance activity. While the elimination of surplus frozen inventory has resulted in a reduction in sales volumes versus the prior year, the transition to full price sales has driven price to A\$22.43/kg in H1 FY23, versus A\$16.03/kg in H1 FY22, a 40% increase.

Clean Seas has made substantial progress over the last two years to rectify inventory levels, evidenced by lower production costs of A\$13.22/kg in H1 FY23 versus A\$14.83/kg in H1 FY22. Importantly this has been achieved despite the inflationary pressures on input costs, with feed prices at A\$3.06/kg for H1 FY23 versus A\$2.56/kg in H1 FY22.

In February 2023 the Company completed the transfer of a record 1.22 million Year Class 23 juveniles to its Port Lincoln farm, a 17% increase on the Year Class 22, and will achieve the final harvest of Year Class 21 fish on time in March 2023. Growth rates for H1 FY23 are 7% ahead of H1 FY22 but below expectations due to adverse weather conditions impacting manual feeding at the Company's Arno Bay farm. Growth rates on the automated Port Lincoln farm are in line with expectations, reinforcing the investment case for greater feed automation.

H1 FY23 harvest volumes are 18% ahead of H1 FY22, and full year harvest is now expected to be in the range of 15-20% ahead of last year reflecting lower growth expectations and performance of Year Class 21.

As a result of the strong trading performance and the ongoing focus on inventory optimisation, Clean Seas has delivered positive operating cash flow of A\$3.5m, and facilitated the transition to profitability despite global inflationary pressures and the elimination of surplus frozen inventory sales.

Operating EBITDA of A\$1.6m in H1 FY23 compares to a loss of A\$9.9m in H1 FY22.

Clean Seas' CEO Rob Gratton said *"To be reporting positive cash flow and the transition to profitability is a great testament to the team at Clean Seas, our customers, and the quality and Spencer Gulf provenance of our Yellowtail Kingfish. We have achieved this milestone result due to our strong trading performance and focus on inventory and cost management, and without the benefit of surplus inventory clearance activities. We continue to make solid progress towards proving out Clean Seas' financial model despite inflationary pressures contributing to higher input costs."*

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

Webcast

The Company will conduct two webcasts of its H1 FY23 Results Briefing at **12.00pm (midday) AEDT** and at **6.30pm AEDT (8.30am CET in Europe)** on **Tuesday 21 February 2023**.

You can participate in the webcast by using the following link:

<https://us02web.zoom.us/j/7163045271>

Meeting ID: **716 304 5271**

You are advised to log on at least 15 minutes before the webcast is scheduled to begin.

Authorised for release by the Board of Clean Seas Seafood Limited.

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.

For further information on Clean Seas Seafood, please contact:

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