

ASX & Media Release

27 August 2021

Clean Seas FY21 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 full year FY21 results.

| Financial Performance | FY21 | FY20 | FY19 |
|--------------------------------------|----------|------------|-----------|
| Sales Volume (t) | 3,166 | 2,424 ▲ | 2,698 ▲ |
| Operating Results¹ | | | |
| Sales Revenue (\$'000) | 48,460 | 40,313 ▲ | 46,149 ▲ |
| Farmgate Revenue (\$'000) | 39,152 | 30,878 ▲ | 35,263 ▲ |
| Underlying EBITDA (\$'000) | (20,131) | (6,918) ▼ | (2,533) ▼ |
| Production Costs (\$/kg) | (15.29) | (11.05) ▼ | (10.16) ▼ |
| Indirect Costs (\$/kg) | (3.43) | (4.54) ▲ | (4.03) ▲ |
| Statutory (Loss)/Profit (\$'000) | (32,097) | (14,454) ▼ | 1,446 ▼ |
| Operating Cash flow | (9,833) | (26) ▼ | (9,352) ▼ |

1. Operating earnings 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:

- **The Company reports full year FY21 After Tax Statutory Loss of \$32.1m, which includes a Non Cash Inventory impairment of A\$9.9m (which includes A\$8.1m already recognised in December 2020) to reflect expected clearance of inventory not sold during COVID shutdown, and reflects elevated production costs due to historical excess inventory and lower growth**
- **Strong sales rebound continues due to ongoing channel and market diversification delivering record Full Year FY21 sales of 3,166t, up 31% on FY20 and 17% ahead of FY19**
- **The Full Year sales result, combined with focus on working capital and reduced expenses has delivered an improved cash flow result versus the prior year, with FY21 Net cash used in operating activities (excluding one-off items) favourable to FY20 by A\$4.8m**
- **With the completion of the capital raise in May and June 2021, Clean Seas has cash and unused working capital funding of A\$32.6m, plus an additional A\$17.7m of undrawn facilities to fund major capital works**

Clean Seas' financial results for FY21 demonstrates a significant rebound and growth in sales ahead of pre-pandemic levels, despite the ongoing impacts of lockdowns in various markets. The sales result delivers increased sales volumes, revenues and farmgate revenue, and demonstrates the market and channel diversification that Clean Seas has undertaken over the last 12 months.

The financial result also reflects the increased carrying cost of excess live fish biomass and frozen inventory, and the steps taken over the last 12 months to resolve this imbalance. Significant progress has been made to clear excess inventory and bring biomass back into balance, and inventory months cover at year end is now below FY18 levels. As a result Clean Seas enters FY22 with the ability to substantially reduce cost of production over the coming year.

The Company has also reduced indirect expenses, and the new business model is expected to deliver an improved financial performance in FY22 and return Clean Seas to positive profits and cash flows in FY23.

Demand for Clean Seas' premium ocean reared Kingfish continues to expand as awareness for the species develops around the world. Clean Seas remains committed to providing the market with the highest quality fish, a native species grown in its natural waters of the Spencer Gulf in South Australia, while also aiming to be the lowest cost and most sustainable producer of Yellowtail Kingfish globally.

Clean Seas' CEO Rob Gratton said "*Clean Seas has demonstrated a strong recovery in sales post-COVID due to a rebound in demand in our premium restaurant business and our success in diversifying channels and markets. I am particularly pleased that we have achieved positive sales growth versus pre-pandemic levels despite ongoing lockdowns throughout the year.*

The other element of our recovery is to reduce the level of excess inventory, and while this has had a negative impact on our FY21 profit result, it has supported cash flow and crucially is the basis of our goal of becoming the lowest cost producer of Kingfish in the world, whilst retaining our quality, sustainability and provenance leadership positions.

We are on the path to significant volume growth and we expect this to drive overall benefits throughout the business going forward."

It is the Company's view that whilst the ongoing COVID-19 disruptions may reshape the timing of achieving its growth strategy, the ongoing development of new channels and markets is expected to deliver long-term growth that will complement Clean Seas' existing restaurant and premium food service business.

The Company has the advantage of an exceptional product and importantly enters FY22 with balance sheet strength and the production capacity to take advantage of increasing market awareness and demand premium Yellowtail Kingfish.

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

Webcast

The Company will conduct a webcast of its FY2021 Results Briefing at **10.00am AEST on Monday 30 August 2021.**

You can participate in the webcast by using the following link

https://us02web.zoom.us/webinar/register/WN_tzFubzY4Q-Gd_y-kpTf0aA

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, both on the Eyre Peninsula of South Australia.

For further information on Clean Seas Seafood, please contact:

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