

29<sup>th</sup> July 2022

## Clean Seas Seafood Quarterly Activities Report and Appendix 4C

### Full Year Revenue up 37% and Positive Operating Cashflow

- **Q4 FY22 sales revenue of \$17.4 million, representing an average sales price of \$19.68 per kilogram, up 53% on Q4 FY21**
- **Q4 cash receipts of A\$18.2 million representing a A\$6.3 million increase on Q4 FY21**
- **Full year unaudited FY22 revenue of A\$66.2 million, up 37% on FY21 and 64% on FY20**
- **Full year unaudited FY22 sales volume of 3,757t, up 19% on FY21 and 55% on FY20**
- **Full year unaudited FY22 cash receipts of A\$67.3 million, up 50% on FY21 and 58% on FY20**
- **The Company obtained A\$17.61 per kg of Kingfish sold during FY22, representing a 15% increase compared to FY21**
- **Full Year unaudited FY22 production costs in the range of A\$12.35-A\$12.45/kg, representing a circa 19% decrease from FY21**
- **Clean Seas achieved full year FY22 operating cash flow of A\$5.5 million as a result of strong sales and reduced production costs, and reflects substantial progress made against the Company's strategic priorities**
- **The Company maintained cash and unused working capital funding of A\$23.1 million as at 30 June 2022, plus an additional A\$16.4 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 its Appendix 4C and Quarterly Activities Report for Q4 FY22, provided under Listing Rules 4.7b and 4.7c.

#### Quarterly Activities

Q4 Sales Volumes Performance						
Region (tonnes WWE)	Q4 FY18	Q4 FY19	Q4 FY20	Q4 FY21	Q4 FY22	
Australia	316	345	196	474	531	
Europe	314	296	94	322	249	
North America	25	36	120	58	79	
Asia	48	37	2	7	23	
<b>Total</b>	<b>703</b>	<b>714</b>	<b>412</b>	<b>861</b>	<b>882</b>	
<b>Group Revenue (\$'000)</b>	<b>10,763</b>	<b>12,328</b>	<b>5,334</b>	<b>13,076</b>	<b>17,360</b>	
Revenue \$/k.g	15.31	17.27	12.95	15.19	19.68	

Clean Seas’ achieved sales revenue of A\$17.4 million in Q4 FY22 as awareness and appetite for Yellowtail Kingfish continued to grow on a global scale. This result highlights the Company’s ability to maintain its momentum from Q3 FY22 and is a significant increase on sales revenue from Q4 FY21 (A\$13.1 million).

The Company leveraged the significant Kingfish demand in the market to achieve sales volume and revenue per kilogram growth during the quarter. Clean Seas' sold 882t of Kingfish at approximately A\$19.68 per kilogram during the quarter to conclude the financial year with 3,757t of Kingfish sold (19% increase on FY21 and 55% increase on FY20) at an average price of A\$17.61 per kilogram (15% increase on FY21).

Sales Volumes Performance					
Region (tonnes WWE)	FY18	FY19	FY20	FY21	FY22
Australia	1,381	1,439	1,332	1,809	2,153
Europe	1,050	1,023	813	904	1,237
America	92	116	226	406	307
Asia	117	120	53	47	60
<b>Total sales volumes</b>	<b>2,640</b>	<b>2,698</b>	<b>2,424</b>	<b>3,166</b>	<b>3,757</b>
<b>Group Revenue (\$'000)</b>	<b>41,650</b>	<b>46,149</b>	<b>40,313</b>	<b>48,460</b>	<b>66,162</b>
Revenue A\$/kg	15.78	17.10	16.63	15.31	17.61

Clean Seas recorded unaudited revenue of A\$66.2 million in FY22, representing a 37% increase on FY21 revenue and 64% increase on FY20 revenue.

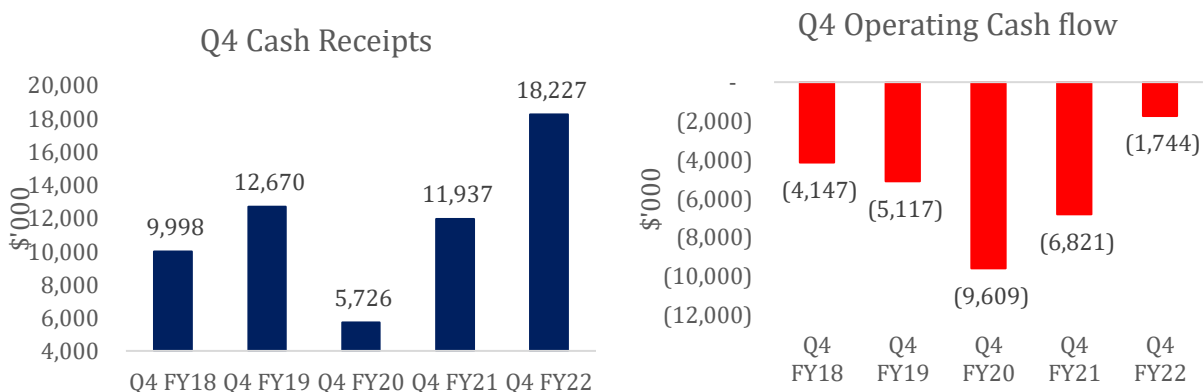
The harvest of the final cohort of high cost, surplus Year Class 20 biomass will be completed in early August 2022, and inventory month cover had reduced to 12 at 30 June 2022 (16 inventory months cover at 30 June 2021). The optimisation of working capital has led to further reductions in carrying costs of inventory and we continue to observe month-on-month reductions in the cost of production. Clean Seas unaudited Full Year FY22 cost of production is expected to be in the range of A\$12.35-A\$12.45/kg, representing a circa 19% decrease from FY21, despite a 9% increase in the average cost of feed throughout FY22.

Demand for Clean Seas' premium ocean reared Yellowtail 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.

#### Appendix 4C Cash flows

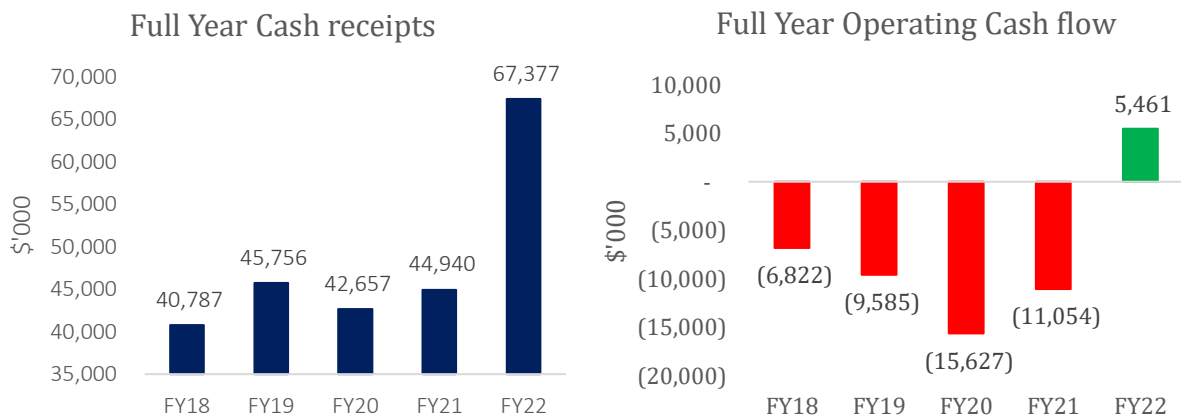
Quarterly cash receipts for Q4 FY22 reached A\$18.2 million, representing a A\$6.3 million increase on Q4 FY21. The result was driven by an increase in average revenue per kilogram to A\$19.68 in Q4 FY22.

Clean Seas experiences material seasonal fluctuation in cash flows due to high fish growth in the 2<sup>nd</sup> half of the financial year. Yellowtail Kingfish in South Australia typically experience strong growth between October to May when the seawater temperatures are warmer. With this, feed consumption typically peaks in the 2<sup>nd</sup> half of the financial year and requires the Group to purchase and pay for materially higher quantities of feed. During Q4 FY22, feed payments increased to A\$10 million which is in line with seasonal trends. Although this impacted operating cash flows, the loss was materially lower than the past four Q4 periods due to a significant growth in sales volume.



Capital investment during Q4 FY22 was largely focused on scaling up production capacity on the Company's new farm at Whyalla, which included the acquisition of two large vessels to support its growth ambitions (total investment of \$1.9 million), which was funded by Clean Seas' long term debt facility (cash advance facility) with the Commonwealth Bank of Australia.

The full year FY22 operating activity result reflects another very strong quarter despite the usual seasonal increase in feed payments in line with the Company's peak growing season from October to May. A 50% increase in cash receipts for the full year FY22 versus FY21, combined with reduced production costs has delivered positive operating cash flows of A\$5.5 million, an increase of A\$16.5 million on FY21, and of A\$21.1 million on FY20 (normalised for litigation settlement).



<sup>1</sup>Appendix 4c requires that operating cash flows include interest payments, however, for statutory accounts interest is disclosed as financing activities. Total interest in FY22 is \$758k.

Cash receipts for full year FY22 reached A\$67.4 million, which exceeded FY21 by A\$22.4 million which reflects the growing awareness of and demand for Yellowtail Kingfish globally, and a reduction in debtor days.

Despite increasing sales volumes by 19%, Clean Seas was able to maintain its operating cash costs, due in part to an improvement in working capital which has reduced the cost of production and eliminated frozen storage costs.

Financing cash flow reflects the repayment of the Company's working capital facility debt and the successful early A\$6.6 million redemption of Clean Seas' Convertible Notes. The Company has cash and unused working capital funding of A\$23.1 million, plus an additional A\$16.8 million of undrawn facilities to fund major capital works.

Clean Seas' CEO Rob Gratton said *"An exceptionally strong trading performance, combined with a reduction in our cost of production has delivered positive operating cash flows for FY22, a year earlier than our expectations, and despite ongoing increases in input costs we have been successful in materially reducing our per kilogram cost of production. I'm incredibly proud of what the Clean Seas team have achieved in the quarter and FY22 as a whole, and am grateful to our customers for their ongoing recognition of the quality, sustainability and provenance leadership positions of our incredible Kingfish."*

### Payments to related parties

Payments to related parties for the quarter included fees paid to Non-executive Directors of A\$86k, contract services, vessel hire and related expenses of A\$287k paid to associates of Non-executive Directors.

The Board notes that notwithstanding this result, the inherent operational risks in aquaculture may impact future results.

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.

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

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Clean Seas Seafood Limited

**ABN**

61 094 380 435

**Quarter ended ("current quarter")**

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	18,227	67,377
1.2 Payments for		
(a) research and development	(262)	(822)
(b) product manufacturing and operating costs	(5,840)	(23,269)
(c) advertising and marketing	(127)	(424)
(d) leased assets	-	-
(e) staff costs	(2,778)	(11,426)
(f) administration and corporate costs	(876)	(2,935)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid (including convertible notes)	(68)	(758)
1.6 Government grants and tax incentives	-	-
1.7 Other - Feed	(10,020)	(22,282)
1.8 Other (Insurance settlement)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,744)</b>	<b>5,461</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,348)	(6,004)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets – Ice fresh licence	-	(779)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	41
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	175	175
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Grants received)	717	813
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(456)</b>	<b>(5,754)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,124)
3.5 Repayment of Convertible Notes	-	(6,662)
3.6 Proceeds from borrowings	2,453	4,156
3.7 Repayment of borrowings	(956)	(13,167)
3.8 Transaction costs related to loans and borrowings	-	-
3.9 Dividends paid	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,497</b>	<b>(16,797)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	13,685	30,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,744)	5,461
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(456)	(5,754)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,497	(16,797)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>12,982</b>	<b>12,982</b>

<b>5. Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	12,982	13,685
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,982</b>	<b>13,685</b>

**6. Payments to related parties of the entity and their associates**

6.1	Aggregate amount of payments to related parties and their associates included in item 1	364
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter  
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts paid to Non-executive Directors Fees: \$86k

Amounts paid to associates of Non-executive Directors include rental payments \$9k, contract services and equipment/vessel hire \$278k.

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities – CBA Cash Advance & Trade Finance Facility	26,000	3,828
7.2 Credit standby arrangements	-	-
7.3 Other – CBA Lease Facility	6,000	1,582
<b>7.4 Total financing facilities</b>	<b>32,000</b>	<b>5,410</b>

7.5 **Unused financing facilities available at quarter end** 26,590

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Commonwealth Bank \$12 million Secured Trade Finance Facility of which \$1,84 million had been drawn at the end of the quarter.

The Commonwealth Bank \$14 million Secured Cash Advance Facility of which \$1.99 million had been drawn at the end of the quarter.

The Commonwealth Bank \$6 million Equipment Finance Facility of which \$1.58 million had been drawn at the end of the quarter.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,744)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	12,982
8.3 Unused finance facilities available at quarter end (Item 7.5)	10,163*
8.4 Total available funding (Item 8.2 + Item 8.3)	23,145
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>13</b>

\* excludes Cash Advance Facility for \$14 million which held for the acquisition of major capital assets and \$6 million asset lease facility.

If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable



3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...29/7/2022.....

Authorised by: ....Board of Clean Seas Seafood Limited.....  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.