

ASX & Media Release

31 August 2022

Clean Seas FY22 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 FY22 results.

Financial Performance	FY22	FY21	Change
A\$000's			(fav/unfav)
Revenue	66,164	48,460	37%
Tonnes	3,757	3,166	19%
Operating Results¹			
Revenue \$/kg	17.61	15.31	2.30
Farmgate \$/kg	14.20	12.37	1.83
Production costs \$/kg	(12.38)	(15.29)	2.91
Underlying Gross profit \$/kg	1.82	(2.92)	4.74
Indirect & R&D Costs \$/kg	(3.10)	(3.43)	0.33
Underlying Operating EBITDA \$/kg	(1.28)	(6.35)	5.07
Statutory Results			
Underlying Gross profit (\$'000)	6,835	(9,279)	16,114
Underlying Operating EBITDA (\$'000)	(4,824)	(20,131)	15,307
Underlying Adjustments			
Impairment	(211)	(9,882)	n/a
Restructuring costs	-	(1,381)	n/a
AASB 141 SGARA and cost allocation	18,328	4,517	13,811
Total Underlying Adjustments	18,117	(6,746)	24,863
Statutory EBITDA (\$'000)	13,293	(26,877)	40,170
Statutory NPAT (\$'000)	8,676	(32,097)	40,773
Production Metrics (tonnes)			
Net Growth	3,152	2,229	41%
Harvest Volumes	2,919	3,416	-15%
Closing Live Fish Biomass	3,509	3,295	6%
Closing Frozen inventory	164	1,056	-84%

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:

- **Increasing awareness and acceptance of Yellowtail Kingfish globally has driven strong revenue growth with Full Year FY22 revenue of A\$66.2m, up 37% on FY21 and 64% ahead of FY20**
- **Pricing of A\$17.61/kg, up 15% on FY21, reflects the premium quality, culinary flexibility and Spencer Gulf provenance of Clean Seas' ocean reared Kingfish**
- **Substantial reduction in excess live fish and frozen inventory has delivered a 19% decrease in production costs versus FY21. Further opportunity to reduce costs in FY23 with the final harvest of excess Year Class 20 fish concluded in August 2022**
- **The FY22 sales result combined with a focus on working capital has delivered improved underlying EBITDA and operating cash flow results versus FY21. FY22 underlying EBITDA is A\$15.3m favourable to FY21 while net cash used in operating activities (excluding one-off items) is favourable to FY21 by A\$16.1m**
- **FY22 Statutory Profit After Tax of A\$8.7m versus a Loss of A\$32.1m in FY22 was driven by improvement in operating earnings coupled with a significant increase in the growth of Live Fish biomass asset (+41%) and increase in valuation**

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Clean Seas' financial results for FY22 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 volumes and revenues, reducing costs and strengthening its balance sheet.

Clean Seas' achieved revenue of A\$66.2m in FY22, representing a 37% increase on FY21 and 64% on FY20. The result highlights the Company's ability to grow both sales volumes and price. Total sales volumes for FY22 of 3,757 tonnes represents a 19% increase on FY21, reflecting the broad and growing demand for Kingfish globally. This has been achieved despite ongoing uncertainty and disruption to markets and supply chains and highlights the continued growth in awareness and appetite for Yellowtail Kingfish globally.

The Company was able to use excess inventory in FY22 to substantially grow frozen sales volumes by 20%, and reflects the Company's strategic decision to establish a more significant customer base for its frozen products, utilising its innovative premium frozen technology, **SensoryFresh**. This has allowed Clean Seas to offset the higher airfreight charges as a result of COVID-related transport disruptions with greater utilisation of a lower cost and lower carbon footprint frozen supply chain.

Clean Seas has made substantial progress to rectify inventory levels, evidenced by production costs reducing to A\$12.38/kg in FY22. Continued improvements in production costs are expected in future years, notwithstanding that the increasing cost of feed has put significant pressure on costs. FY22 feed cost per kg was A\$2.66/kg while Q4 FY22 feed cost was A\$2.80/kg.

Underlying EBITDA was impacted by the discounted sell-through of surplus frozen inventory in Q1 FY22, and by elevated production costs resulting from the carrying cost of excess frozen inventory and live biomass, however the improvement in price and reduced production costs drove a A\$15.3m improvement in FY22 underlying EBITDA to a loss of A\$4.8m.

Clean Seas has delivered a statutory profit in FY22 of A\$8.7m driven by improvement in operating earnings coupled with a significant increase in the growth of the Live Fish biomass asset (+41%) and increase in valuation. Under *AASB 141*, the Company is required to recognise a gain or loss in the Profit and Loss when changes occur to live fish biomass (i.e. net growth) or expected future profits (i.e. changes in valuation).

Clean Seas' CEO Rob Gratton said *"While the quality and Spencer Gulf provenance of our Yellowtail Kingfish continues to drive sales growth, I'm thrilled that we have also been able to demonstrate how well our fish performs in an expanded cross-section of markets and channels. With increased scale and our cost focus, we have made solid progress towards proving out Clean Seas' financial model. Achieving such significant revenue growth and converting excess inventory into cash has delivered positive operating cash flow a year earlier than expected.*

As we look forward, projects such as our Asparagopsis collaboration provide us with the potential for meaningful environmental benefits for aquaculture and agriculture into the future, and with production costs reducing we are on the pathway to achieving our goal of becoming the lowest cost producer of Kingfish in the world, whilst retaining our quality, sustainability and provenance leadership positions."

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

Webcast

The Company will conduct two webcasts of its FY22 Results Briefing at **9.30am AEST** and at **6.30pm AEST (10.30am CEST in Europe)** on **Thursday 1 September 2022**.

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.

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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