

Clean Seas Seafood Limited

(ASX:CSS & OSE:CSS)

FY22 Results Presentation

CEO: Robert Gratton
CFO: David Brown

31 August 2022



Continued success

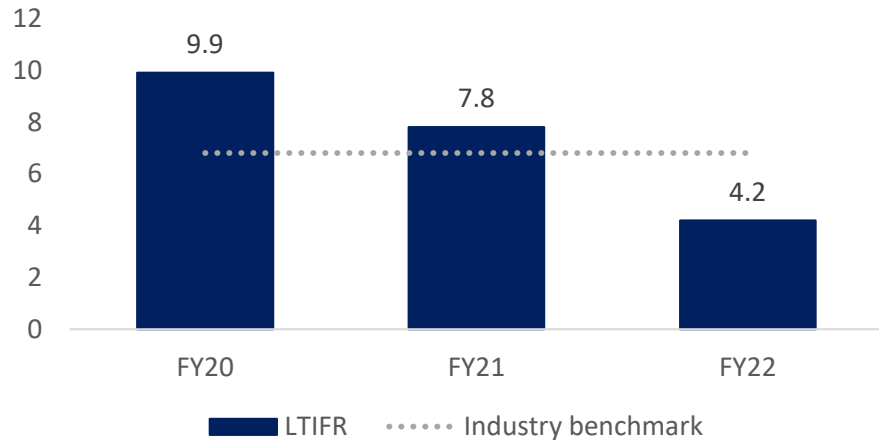
Significant progress made against the strategic plan with financial performance exceeding expectations

- Further market and channel penetration, growing awareness and acceptance of Yellowtail Kingfish globally
- Strong resonance of commercial messaging, highlighting quality, culinary flexibility and Spencer Gulf provenance
- Substantial sales volume and revenue growth
- Decreased cost of production and working capital efficiency improvements
- Positive operating cash flows of A\$6.2m
- Progress on ESG agenda with asparagopsis collaboration
- Considerable untapped opportunity for future global expansion



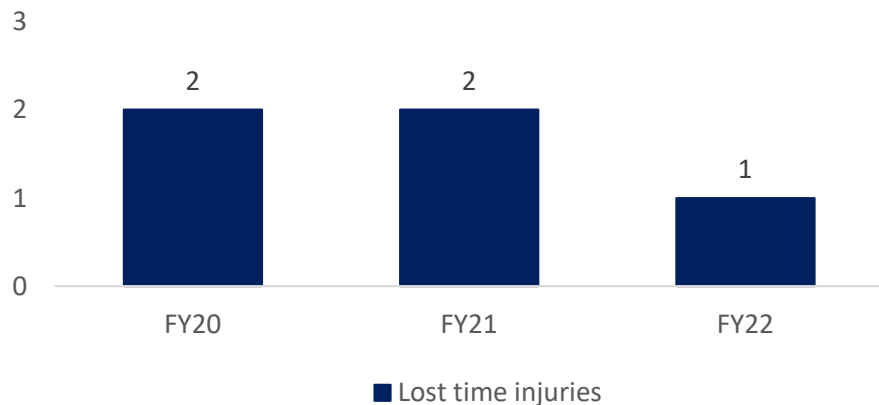
Focus on workplace health and safety

Lost Time Injuries Frequency Rate (LTIFR)



- Clean Seas Lost Time Injury Frequency Rate (LTIFR) decreased to 4.2 in FY22 compared to 7.8 in FY21 (per million hours worked)
- A total of 63 days was lost in FY22 due to one medically treated injury
- The Group has again placed significant focus on the areas of compliance with best practice standards for plant & chemical management and strengthening our ‘Safety First’ Culture
- Clean Seas continues to promote our values and behaviours that make us a workplace of choice and we have increased our focus on ‘how’ we carry out our duties as well as ‘what’ we do every day

Lost Time Injuries



FY22 FINANCIALS



FY22 Financial Overview

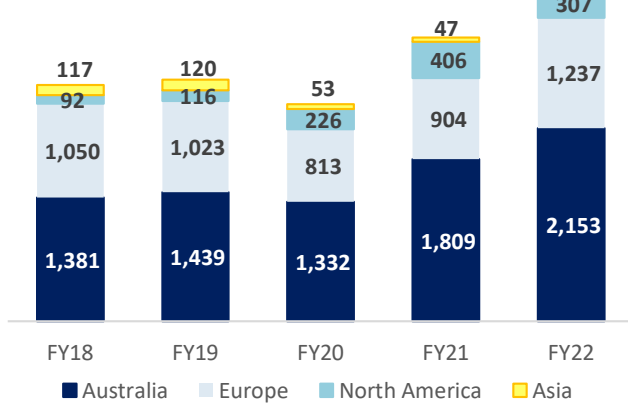
Financial Performance			
A\$'000	FY22	FY21	Change (Fav/Unfav)
Revenue	66,164	48,460	37%
Tonnes	3,757	3,166	19%
Operating Results¹			
Revenue \$/kg	17.61	15.31	2.30
Farmgate \$/kg	14.20	12.37	1.83
Production costs \$/kg	(12.38)	(15.29)	2.91
Underlying Gross profit \$/kg	1.82	(2.92)	4.74
Indirect & R&D 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. 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. Please refer to the Appendix for reconciliation

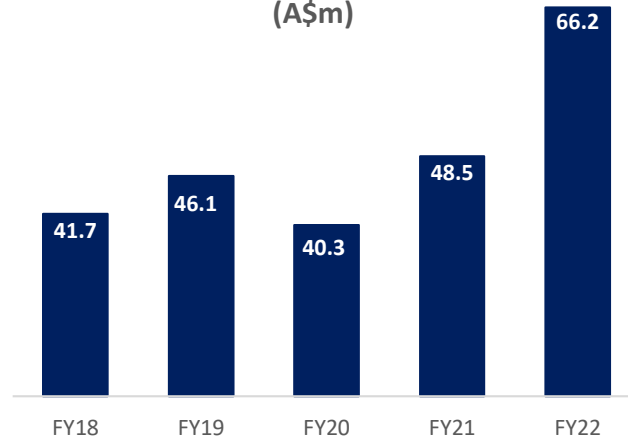
- **Substantial growth in sales volumes to 3,757 tonnes, up 19% on FY21, with revenue of A\$66.2m up 37% on FY21**
- **19% reduction in production costs to A\$12.38/kg, with further improvement expected in FY23**
- **Material improvements in Underlying Gross Profit and Operating EBITDA reflect growth in sales volumes, revenue per kg and production cost savings.**
- **Statutory Profit of A\$8.7m** represents improved operating earnings coupled with a significant increase in Live Fish Biomass net growth (+41%) and valuation
- **Clean Seas remains on track to generate positive operating earnings in FY23**

Record revenue and sales volumes driven by unprecedented demand

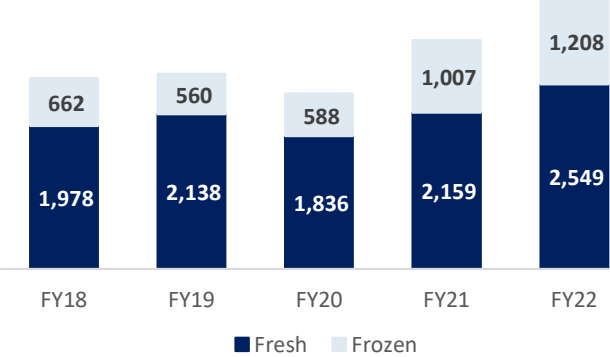
Geographical sales volumes (tonnes WWE)



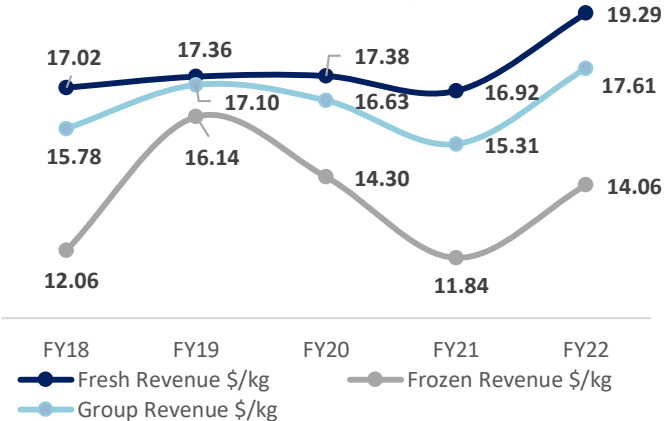
Sales revenue (A\$m)



Sales mix volumes (tonnes WWE)



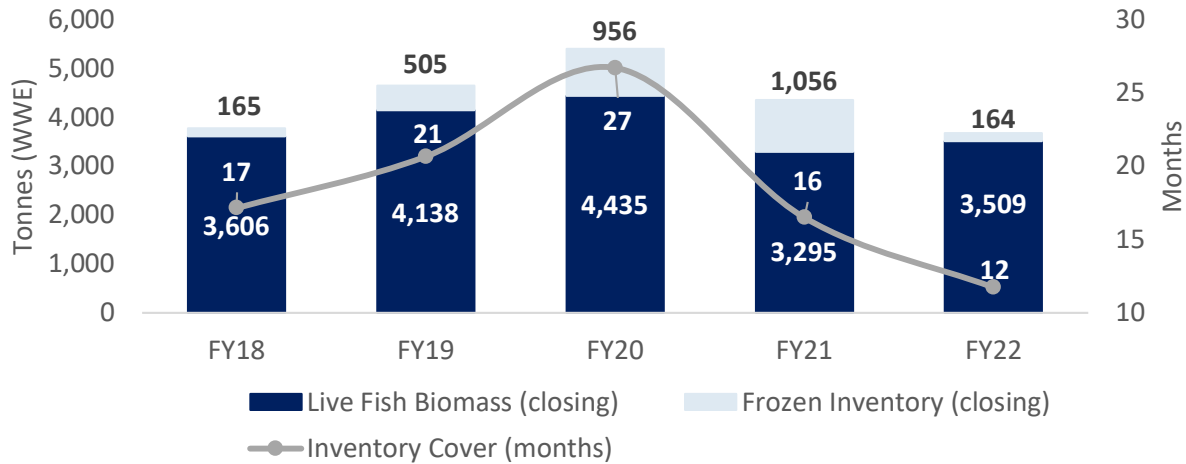
Revenue A\$/kg



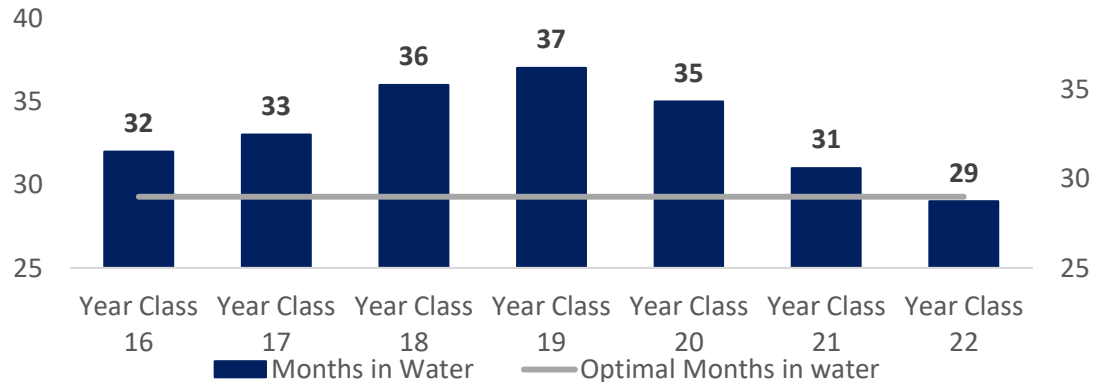
- FY22 was a breakout year in terms of revenue generation, **delivering a record A\$66.2m**
- **Australian sales growth of 19%** largely reflects the rebound and growth in our Fresh business
- FY22 Fresh price increased **by 14% to A\$19.29/kg.**
- **Frozen sales volumes have grown at a CAGR of 16.2% since FY18** reflecting the demand for premium *SensoryFresh* products. With this, the Company has rebalanced frozen inventory whilst also driving an increase in **frozen revenue per kg. of 19% to A\$14.06/kg in FY22**
- Clean Seas expect sales mix to return to historical levels of approximately 75% Fresh and 25% Frozen in FY23

Prudent working capital management delivers positive operating cash flows

Biomass and frozen inventory

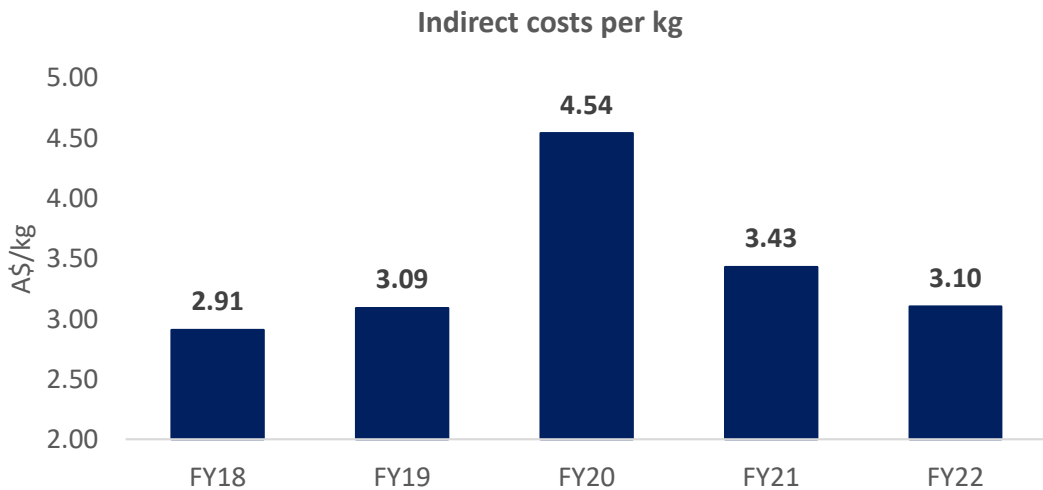
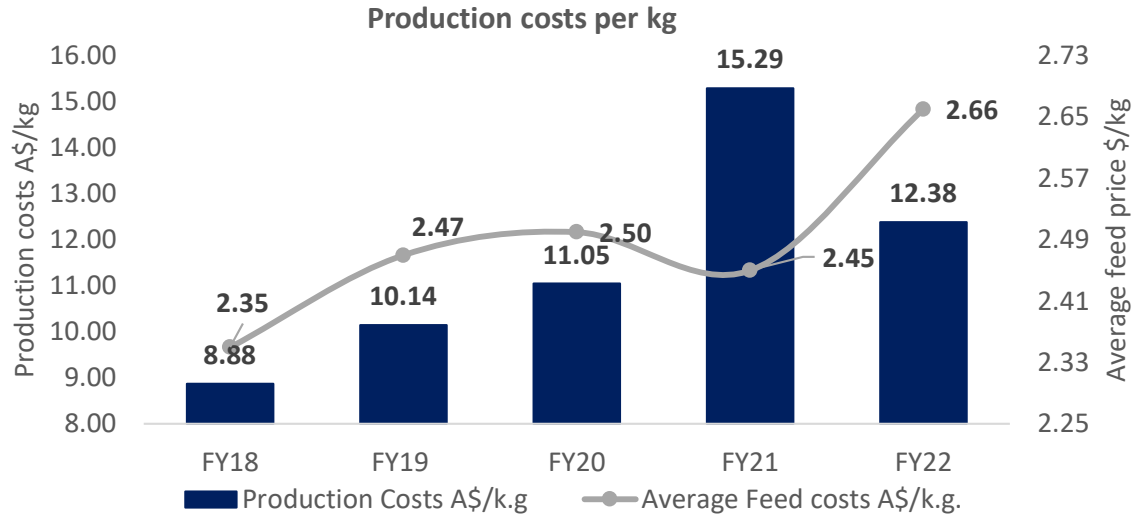


Year class growout
number of months vs optimal months



- **Inventory months cover reduced to 12 in June 2022** from a peak of 27 in June 2020
- **Excess inventory from the Year Class 18, 19 and 20 are now complete.** All 3 cohorts were significantly impacted by COVID-19 disruptions in 2020
- The extended grow-out of these Year Classes added significant cost and is the primary reason for current elevated cost of production in FY21 and FY22
- To achieve the lowest possible cost of production, the full harvest of a Year Class Cohort should be completed within approximately 29 months
- **Year Class 21 is expected to be finalised in April 2023 and will be the shortest grow-out of a Year Class in 6 years**

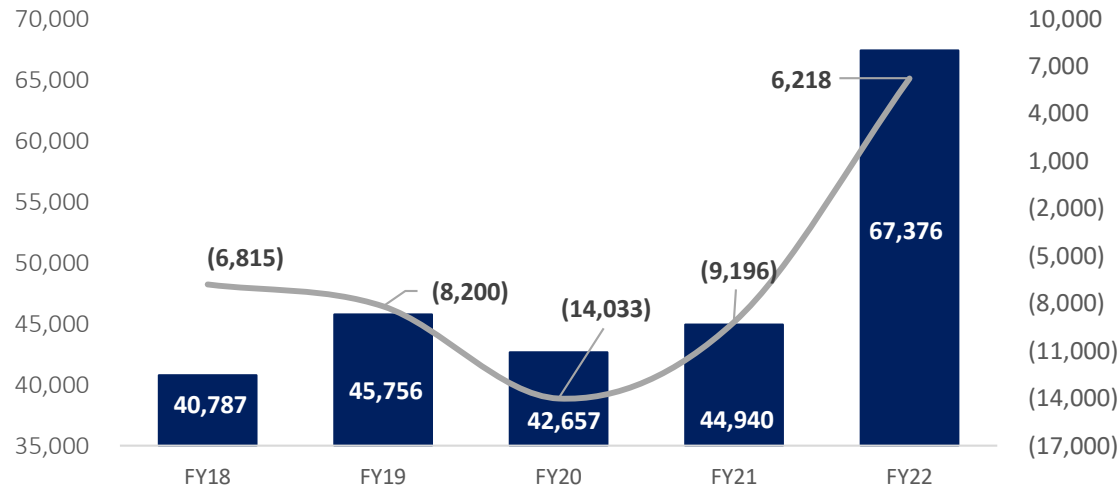
19% reduction in Production Costs in FY22



- Direct production costs **peaked at A\$15.29/kg. in FY21 and have reduced by 19% to A\$12.38/kg. in FY22**
- Increased cost of feed has put pressure on production costs, with **average feed cost per kg. reaching A\$2.66/kg. in FY22** (in Q4 FY22 reached approximately A\$2.80/kg.)
- Clean Seas is well positioned to deliver production cost savings in FY23, although, the rising cost of feed will slow the Company's ability to return to the historical lows of FY18
- Downward trend in indirect cost per kg. continued in FY22, **reducing by 9% to A\$3.10/kg.** The improvement represents improved operational leverage, reduction in spending across sales & marketing and lower frozen storage costs.

Record cash receipts of A\$67.4m and operating cashflow of A\$6.2m

Full Year Receipts and Underlying Operating Cash Flows (\$'000)



Current cash and undrawn facilities (A\$'000)	FY18	FY19	FY20	FY21	FY22
Cash at bank	5,534	1,004	22,169	30,072	12,982
Undrawn working capital facility	10,000	4,725	3,504	2,529	10,163
Undrawn senior debt facility	-	-	14,000	14,000	12,009
Undrawn asset finance facility	3,868	1,679	2,667	3,713	4,418
Total cash and undrawn facilities	19,402	7,408	42,340	50,314	39,572

- FY22 Cash receipts **up 50% on FY21 to reach A\$67.4m**, reflecting the improved operating conditions and the benefits from optimising working capital
- Feed payments increased by 13% to A\$22.3m in FY22 driven by a 41% increase in Live Fish Biomass net growth and a 9% increase in the average feed price
- Payments to suppliers increased by 9% driven by the higher cost of freight, fuel and operating costs associated with an increasing Biomass
- **Record Full Year operating cash flow of A\$6.2m** reflects improved operating conditions and the benefits of optimising working capital by selling down frozen inventory by 892 tonnes
- **Cash and undrawn facilities remained very healthy at A\$39.6m** reflecting the benefits of achieving positive operating cash flow

Clean Seas' focus on inventory management and debt reduction has further strengthened the Balance Sheet in FY22

Summary Balance Sheet			
A\$'000	Jun-22	Jun-21	Movement
Cash and cash equivalents	12,982	30,072	(17,090)
Trade and other receivables	5,299	6,383	(1,084)
Inventories	7,693	11,252	(3,559)
Prepayments	1,943	1,565	378
Biological assets	49,591	32,505	17,086
Current assets	77,508	81,777	(4,269)
Property, plant and equipment	17,543	15,955	1,588
Right to use asset	736	288	448
Biological assets	117	244	(127)
Intangible assets	3,554	3,736	(182)
Non-current assets	21,950	20,223	1,727
Total assets	99,458	102,000	(2,542)
Liabilities			
Trade and other payables	9,456	8,900	556
Borrowings	4,532	12,030	(7,498)
Provisions	1,335	1,253	82
Current liabilities	15,323	22,183	(6,860)
Borrowings	3,093	1,434	1,659
Convertible note	-	9,551	(9,551)
Provisions	300	300	-
Non-current liabilities	3,393	11,285	(7,892)
Total liabilities	18,716	33,468	(14,752)
Net assets	80,742	68,532	12,210

- Cash reduction reflects the repayment of Convertible Notes and borrowings
- Inventory decreased as a result of the sell-through of frozen fish, partially offset by an increase in feed on hand
- Increase in Biological assets largely reflects a valuation uplift
- Increase in PPE reflects investments in a mixture of growth (A\$2.1m) and maintenance assets (A\$3.9m)
- Remained in a net cash position of A\$5.4m, despite significant debt reduction

BUSINESS & MARKET UPDATE



Commercial Highlights

Leveraged sale of excess frozen inventory to build awareness and develop new markets and channels

- Expanded market and channel penetration, growing awareness and acceptance of Yellowtail Kingfish globally
- Strong resonance of commercial messaging, highlighting quality, culinary flexibility and Spencer Gulf provenance
- Successfully launched a retail range of frozen, chilled and hot smoked products into domestic retail
- Marketed new South Australian Yellowtail offering into independent and specialty retailers, opened new opportunities with mid-tier foodservice providers
- Targeted the large Japanese importers in North America and the successful launch into some of Europe’s biggest sushi kiosk chains
- Re-captured high-end foodservice business across all markets, which will remain a near-term priority in order to maintain higher returns



Sustainable Production

Leveraging R&D and unique provenance to drive sustainability credentials

- Full lifecycle breeding and sustainable farming practices
- Unique growout proposition, ocean reared in the perfect environment for Yellowtail Kingfish
- Best practice liquid nitrogen **SensoryFresh™** freezing technology leverages low-cost and low-carbon frozen supply chain:
 - Minus 90 degree freezing facility – capable of freezing 10x faster than traditional methods
 - Ability to change economics of supply to new market segments
- Ongoing investment in Blue Economy research, including Kingfish diet development and use of carbon and nitrogen capture technology such as seaweed
- Aquaculture Stewardship Council and Friends of the Sea certified



Asparagopsis Collaboration

Clean Seas and CH4 R&D collaboration to assess the methane mitigation potential of Asparagopsis

- Innovative R&D collaboration on a sustainable solution to offset the carbon and nitrogen typically generated through aquaculture operations
- Asparagopsis has been shown to substantially reduce the methane emissions of cattle
- Clean Seas will make available existing infrastructure at its Arno Bay hatchery, whilst CH4 will contribute the funding and resources required to operate the facility
- A successful outcome would provide significant sustainability benefits to both aquaculture and agriculture and reduce Clean Seas' cost of production



OUTLOOK & OPPORTUNITIES

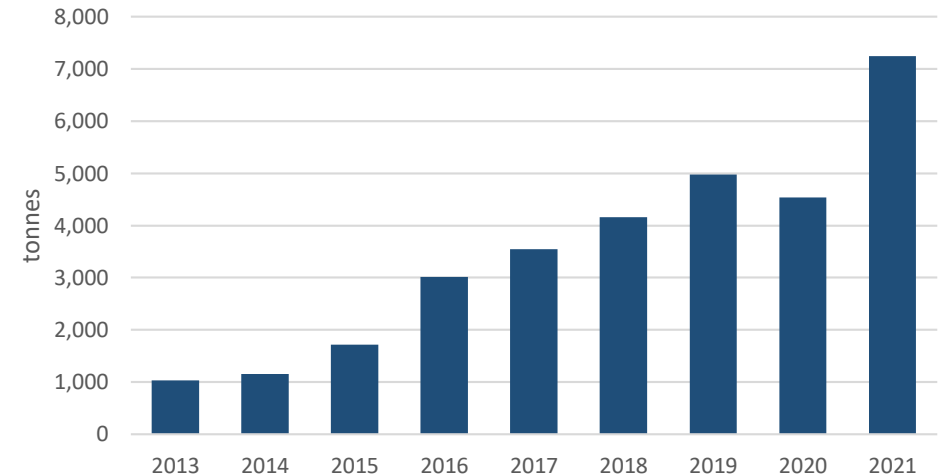


Growth Potential

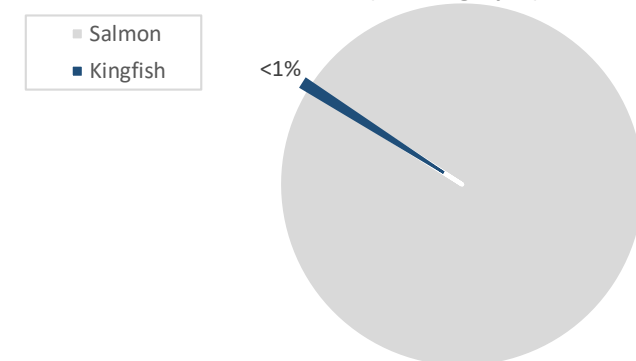
Outside of Japan, Yellowtail Kingfish production has increased significantly in recent years

- Yellowtail Kingfish is an exceptional product, raw or cooked, and offers high performance in numerous culinary applications
- Global production growth rate (excluding Japan) of approximately 28% per annum from 2013 to 2021
- The species is experiencing increasing global awareness but is still “niche”, with production less than 1% versus farmed salmon
- Clean Seas’ farming practices deliver the highest quality product, leveraging the natural provenance of the Spencer Gulf
- Well positioned to leverage megatrends around health, sustainable protein and rising environmental awareness
- Clean Seas has the scale, market reach, balance sheet and available licence capacity to deliver on its goal of a three-fold increase in production in the near term

Global Kingfish Production¹
(excluding Japan)



Global Farmed Kingfish Production vs Salmon¹
(excluding Japan)



¹Source: Clean Seas internal analytics

Global Opportunities

Strong market leadership in Australia and Europe, opportunity to accelerate North America and Asia

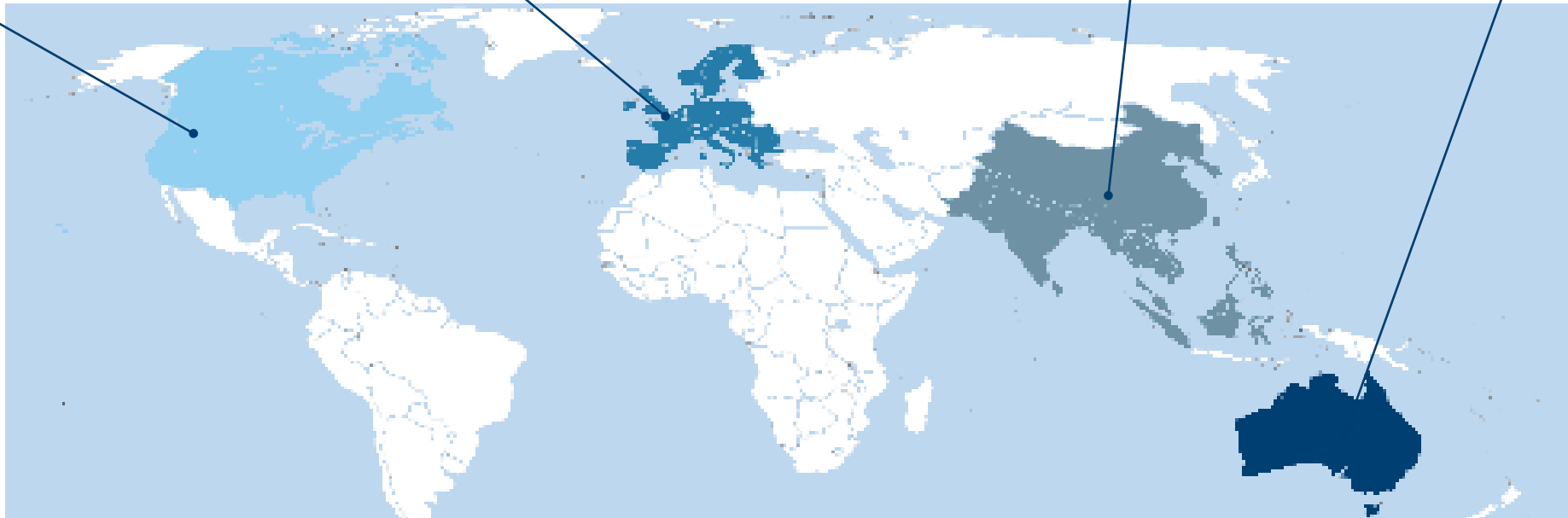
Global Kingfish markets excluding Japan¹

North America
69% of global market
CSS Market Share 3%

Europe
9% of global market
CSS Market Share 35%

Asia
12% of global market
CSS Market Share 4%

Australia
10% of global market
CSS Market Share 98%



- **Market Leader** - Clear leader in **Australia** and **Europe**
- **Market Opportunity** - **North America** and **Asia** represent over 80% of the global Kingfish market (ex Japan)

¹Source: Clean Seas internal analytics

Outlook

- Building awareness and channel diversification, highlighting the quality, usage, provenance and sustainability credentials of Clean Seas' ocean farmed Yellowtail Kingfish
- Increase harvest in FY23 by circa 30% to maintain year-on-year sales volumes and optimal frozen inventory level
- Strong demand and premium pricing from H2 FY22 expected to be maintained in FY23
- Optimised working capital to deliver further reduction in production costs and positive underlying EBITDA and operating cash flows
- Appropriate level of investment in infrastructure, to further unlock benefits of increased scale and improved operational leverage, while managing financial risk
- Progress development of ESG enhancing projects around feed ingredients, carbon and nitrogen capture



Summary

- Strong sales momentum taking an outstanding premium seafood species to the world, driven by the Spencer Gulf's unique provenance story
- Clear pathway to sustainable profitability and cash flows, decreasing production costs
- Attractive supply and demand drivers, strong pricing in a market with relatively high barriers to entry
- Huge global growth potential for Yellowtail Kingfish, with demonstrated growth and material scope for increased consumption in Australia, Europe, North America and Asia
- Significant scope to reduce cost of production and increase yields through automation and selective breeding
- Untapped capacity to triple current farm production volumes – licenses in place to support up to 10,000t
- Positive social license with engaged and supportive local stakeholders
- A sustainable and environmentally friendly growth opportunity accredited by the world's leading aquaculture certifiers

Contacts

Rob Gratton | CEO

rob.gratton@cleanseas.com.au

+61 434 148 979

David Brown | CFO

David.brown@cleanseas.com.au

+61 412 235 624

Andrew Angus | IR

andrewangus@overlandadvisers.com.au

+61 402 823 757

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All forward looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

All volumes are in Whole Weight Equivalents (WWE).

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

APPENDICES

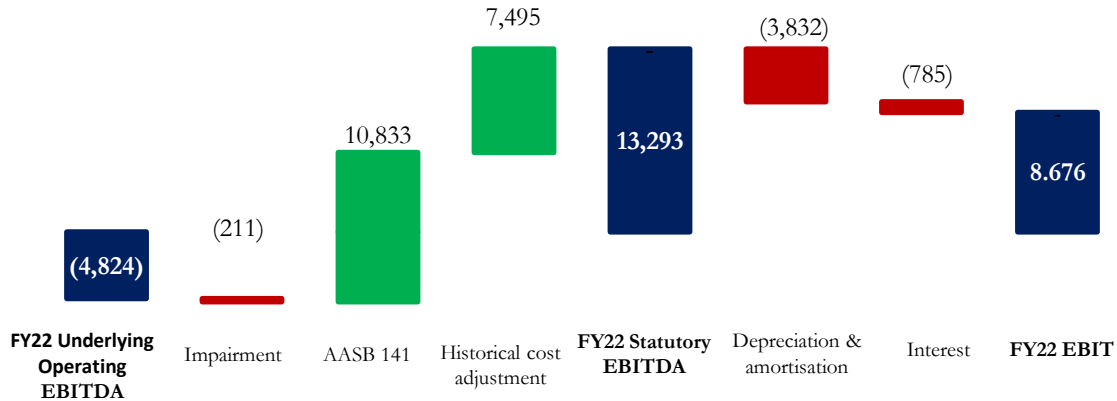


Appendix – Glossary of terms

FY18	Financial results for 12 months from 1 July 2017 to 30 June 2018
FY19	Financial results for 12 months from 1 July 2018 to 30 June 2019
FY20	Financial results for 12 months from 1 July 2019 to 30 June 2020
FY21	Financial results for 12 months from 1 July 2020 to 30 June 2021
FY22	Financial results for 12 months from 1 July 2021 to 30 June 2022
A\$'000	Australian Dollars presented in thousands
A\$/kg	Australian Dollar per sales kg
AASB	Australian Accounting Standards Board
AASB 141	Accounting Standard AASB 141 Agriculture
CAGR	Compound annual growth rate
Direct production costs	Comprises the cost of feed, hatchery, marine operations and direct employee costs
Farmgate Revenue	Revenue from customers less processing costs, freight, customs/duties and commissions
Live Fish Biomass	Represents the total number of Yellowtail Kingfish measured in tonnes
Net Growth	Net growth refer to live fish biomass growth for a 12 month period allowing for mortalities
Underlying Operating EBITDA	Underlying Operating EBITDA refers to earnings before interest, tax, depreciation, and amortisation allowing for adjustments described on page 24
WWE	All sales volumes quoted are in Whole Weight Equivalent tonnes

Appendix – FY22 reconciliation between underlying operating EBITDA and Statutory EBITDA and EBIT

Operating EBITDA reconciliation (A\$'000)



Adjustments to statutory EBITDA include:

- Impairment:** The Southern Bluefin Tuna (SBT) operation is not currently a focus for the Group, and until sufficient resources are available there are no plans to undertake further SBT research programs. As a consequence, the Group has recognised an impairment of \$211k to remove the remaining SBT due to the age and health of the remaining fish
- AASB 141 adjustment:** Live fish biomass and frozen inventory is accounted for in accordance with *AASB 141 'Agriculture'*. 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. movements in Farmgate \$/kg)
- Historical costs adjustment:** For the purposes of calculating Underlying EBITDA, the Company eliminates these entries. Furthermore, to calculate Underlying EBITDA, the Company has included the required entries to reflect a historical cost of Profit and Loss

Appendix – Historical sales information

Historical sales tonnes and revenue					
Tonnes	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
North America	92	116	226	406	307
Asia	117	120	53	47	60
Total	2,640	2,698	2,424	3,166	3,757
Revenue A\$'000	41,650	46,149	40,313	48,460	66,164
Revenue \$/kg	15.78	17.10	16.63	15.31	17.61

Sales mix					
Tonnes	FY18	FY19	FY20	FY21	FY22
Fresh	1,978	2,138	1,836	2,159	2,549
Frozen	662	560	588	1,007	1,208
Total sales volumes	2,640	2,698	2,424	3,166	3,757
Fresh Revenue A\$/kg	17.02	17.36	17.38	16.92	19.29
Frozen Revenue A\$/kg	12.06	16.14	14.30	11.84	14.06

Appendix – Historical balance sheet, working capital, and cash flow

Summary Balance Sheet					
A\$'000	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22
Cash and cash equivalents	5,534	1,004	22,169	30,072	12,982
Trade and other receivables	5,133	5,764	2,973	6,383	5,299
Inventories	5,484	9,465	10,891	11,252	7,693
Prepayments	581	1,047	1,072	1,565	1,943
Biological assets	45,229	56,585	49,783	32,505	49,591
Current assets	61,961	73,865	86,888	81,777	77,508
Property, plant and equipment	16,500	16,869	16,092	15,955	17,543
Right to use asset	-	-	539	288	736
Biological assets	244	244	244	244	117
Intangible assets	2,957	2,957	2,957	3,736	3,554
Non-current assets	19,701	20,070	19,832	20,223	21,950
Total assets	81,662	93,935	106,720	102,000	99,458
Liabilities					
Trade and other payables	6,504	6,982	6,423	8,900	9,456
Borrowings	622	1,585	10,925	12,030	4,532
Bank overdraft	-	7,275	-	-	-
Provisions	862	977	1,175	1,253	1,335
Current liabilities	7,988	16,819	18,523	22,183	15,323
Borrowings	1,727	3,356	2,340	1,434	3,093
Convertible note	-	-	13,075	9,551	-
Provisions	178	218	324	300	300
Non-current liabilities	1,905	3,574	15,739	11,285	3,393
Total liabilities	9,893	20,393	34,262	33,468	18,248
Net assets	71,769	73,542	72,458	68,532	80,742

Cash Flow Summary					
A\$'000	FY18	FY19	FY20	FY21	FY22
Underlying operating cash flow	(6,815)	(8,200)	(14,033)	(9,196)	6,218
Underling adjustment					
Restructuring costs	-	-	-	(637)	-
Litigation settlement & expense	-	(1,142)	14,007	-	-
Statutory operating cash flow	(6,815)	(9,342)	(26)	(9,833)	6,218
Investing cash flow	(4,854)	(3,220)	(2,411)	(3,323)	(5,753)
Financing cash flow	16,679	757	30,877	21,059	(17,555)
Net increase / (decrease) in cash held	5,010	(11,805)	28,440	7,903	(17,090)

Inventory Months Cover (tonnes)	FY18	FY19	FY20	FY21	FY22
Sales Volume	2,640	2,698	2,424	3,166	3,757
Live Fish Biomass (closing)	3,606	4,138	4,435	3,295	3,509
Frozen Inventory (closing)	165	505	956	1,056	164
Biomass + Frozen Inventory	3,771	4,643	5,391	4,351	3,673
Inventory Cover (months)	17	21	27	16	12

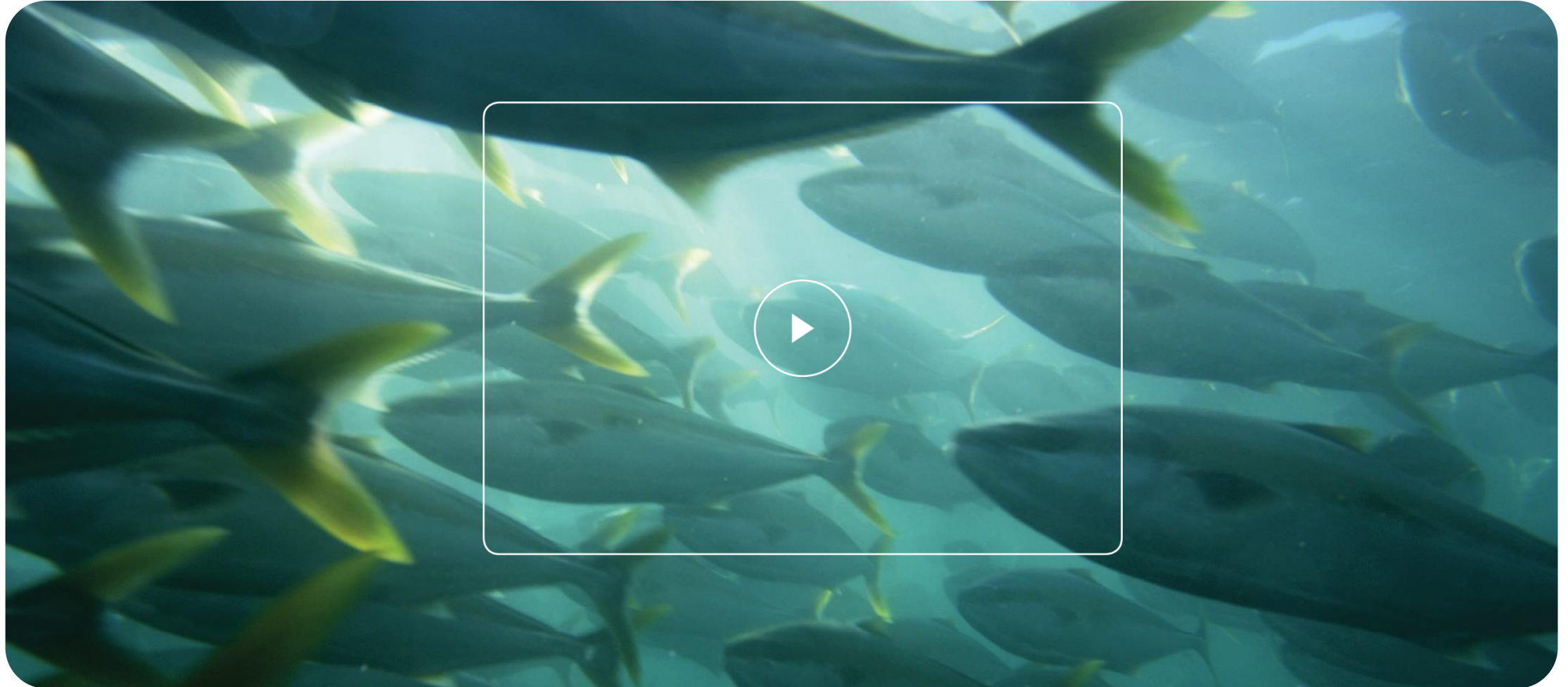
To be a global leader in aquaculture, inspiring culinary experiences around the world through our sustainable, premium seafood

- Founded in 2000 as a research and development company to close the lifecycle of Southern Bluefin Tuna, Kingfish, Mulloway and Snapper
- Focused on the production of Yellowtail Kingfish – *Seriola lalandi* – a native fish farmed in its natural waters of Spencer Gulf, South Australia
- Largest Kingfish producer outside of Japan, supplying 98% of Australian consumption and circa 35%¹ of European consumption
- Listed in Australia (ASX:CSS) with a secondary listing in Norway (OSE:CSS)
- Core sustainability values reflected in founding principles, farming practices, supply chain, commercial positioning and R&D focus

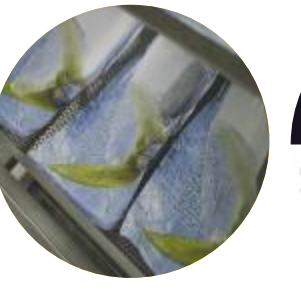
¹Source: Clean Seas internal analytics



The video below illustrates the “Ocean to Plate” story of Spencer Gulf Yellowtail Kingfish



Vertically Integrated Supply Chain, from Egg to Plate



- R&D, breeding and early lifecycle growout at dedicated land-based (RAS) facility
- Growout to harvest in Yellowtail Kingfish’s native waters of Spencer Gulf, South Australia
- In-house processing, packaging and best practice freezing technology
- Unique branding and product positioning – unrivalled quality with international recognition and Michelin Star presence
- Global sales team driving activation, awareness, and in-depth communication with our customers on quality and provenance

Yellowtail Kingfish – *Seriola lalandi*

Clean Seas focuses its efforts on the sustainable, full life-cycle production and sale of Yellowtail Kingfish

- A high-quality firm white-fleshed pelagic species
- Gained prominence at global high-end restaurants as a raw starter/entrée (sashimi, ceviche)
- Growing appreciation as a cooked offering, excellent performance as a frozen product
- Highly flexible applications as it holds firmness, texture and taste – can be grilled or baked
- Quality, culinary flexibility and sustainable provenance drives price premium versus commoditised aquaculture species



Why We Farm in the Spencer Gulf

The Spencer Gulf provides the perfect breeding ground over 22,000km²

- Clean Seas ensures greater quality and improved sustainability by growing Yellowtail Kingfish in its natural waters with relatively low stocking densities
- Seasonal water temperatures ranging between 22°C in the summer and 13°C in the winter provides the desired combination of growth and quality
- Existence of native seaweed and algae species to further sequestration research and feasibility
- Positive community engagement, opportunity to significantly increase production volume as required
- Economies of scale and operational leverage through consolidation in a single geography
- Adelaide, South Australia head office along with processing and cold storage facilities

