

ANNUAL GENERAL MEETING

ASX:CSS & OSE:CSS
28th October 2022




CLEANSEAS
SUSTAINABLE SEAFOOD

Significant progress against the strategic plan with financial performance exceeding expectations

- 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 growth in volume, pricing and revenue
- Decreased cost of production and working capital efficiency improvements
- Positive operating cash flows
- Progress on sustainability agenda with asparagopsis collaboration
- Considerable untapped opportunity for future global expansion



COMMERCIAL HIGHLIGHTS

Leveraged sale of 900 tonnes of frozen inventory to build awareness and develop new markets and channels

- 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



FY22 FINANCIAL OVERVIEW

Excellent sales growth, increased pricing, reduced costs

- Substantial growth in sales volumes to 3,757 tonnes, up 19% on FY21, with revenue of A\$66.1m 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
- Operating cash flow of positive A\$6.2m
- Statutory Profit of A\$8.7m represents improved operating earnings coupled with a significant increase in Live Fish Biomass net growth (+41%) and valuation
- On track to generate positive operating earnings and cash flow in FY23





PRUDENT WORKING CAPITAL MANAGEMENT

Positive operating cash flows and downward pressure on costs

- Inventory cover reduced to 12 months in June 2022 from a peak of 27 months in June 2020
- Clearance of excess inventory from the Year Class 18, 19 and 20 is now complete
- The extended grow-out of these Year Classes added significant cost and is the primary reason for elevated cost of production in FY21 and FY22
- To achieve the lowest possible cost of production, the full harvest of a large fish should be completed within approximately 18-24 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

Q1 FY23 TRADING UPDATE

Strong trading performance and positive operating cashflow

- Target harvest volumes and inventory levels achieved, on track to deliver increased harvest of circa 30% versus FY22
- Strong demand and the absence of surplus frozen inventory continues to drive growth in pricing to an average of A\$21.78/kg in Q1 FY23, while farmgate revenue of \$A17.49/kg is up 64% on the A\$10.68/kg achieved in Q1 FY22
- Q1 FY23 sales revenue of A\$16.1 million is 6% ahead of Q1 FY22, while farmgate revenue of \$A12.9 million is 13% up on Q1 FY22
- Positive Operating Cash flows in the quarter of A\$0.6 million as a result of the strong trading performance. This has been achieved without the benefit of the sale of surplus frozen inventory





SUSTAINABLE PRODUCTION

Leveraging R&D and unique provenance to drive sustainability credentials

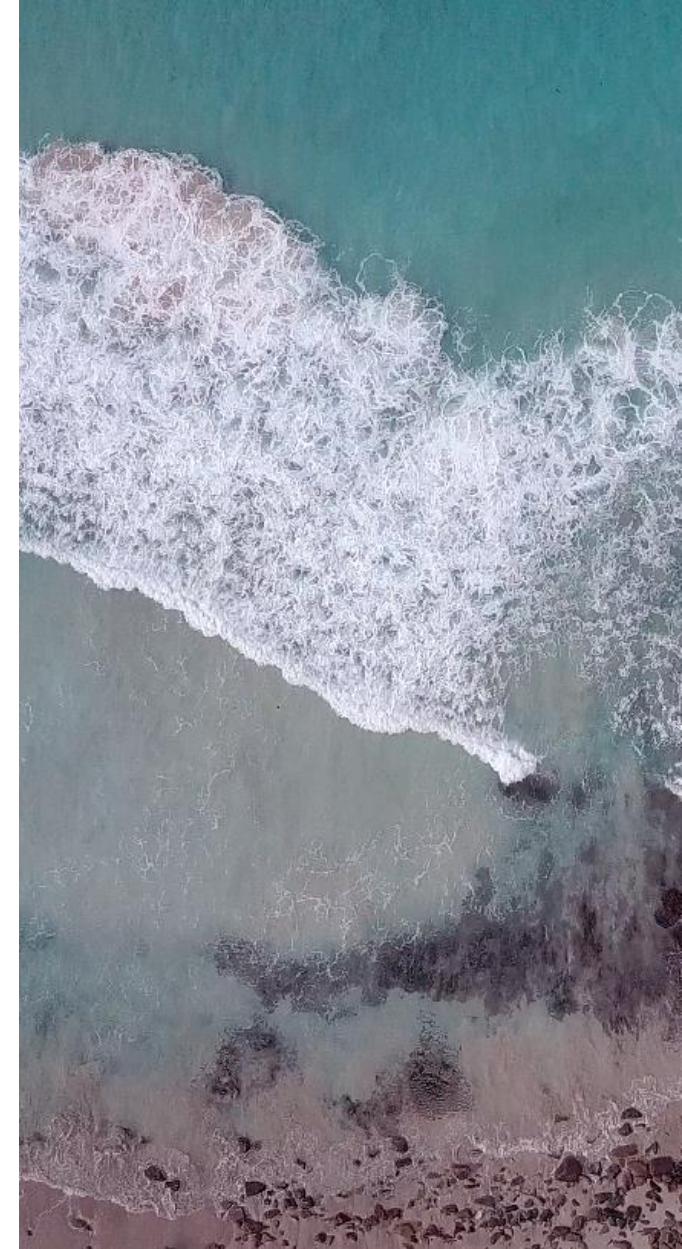
- Full lifecycle breeding and sustainable farming practices
- Unique grow out proposition, ocean reared in the perfect environment for Yellowtail Kingfish
- Best practice liquid nitrogen SensoryFresh™ freezing technology leverages low-cost and low-carbon frozen supply chain
- Ongoing investment in Blue 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





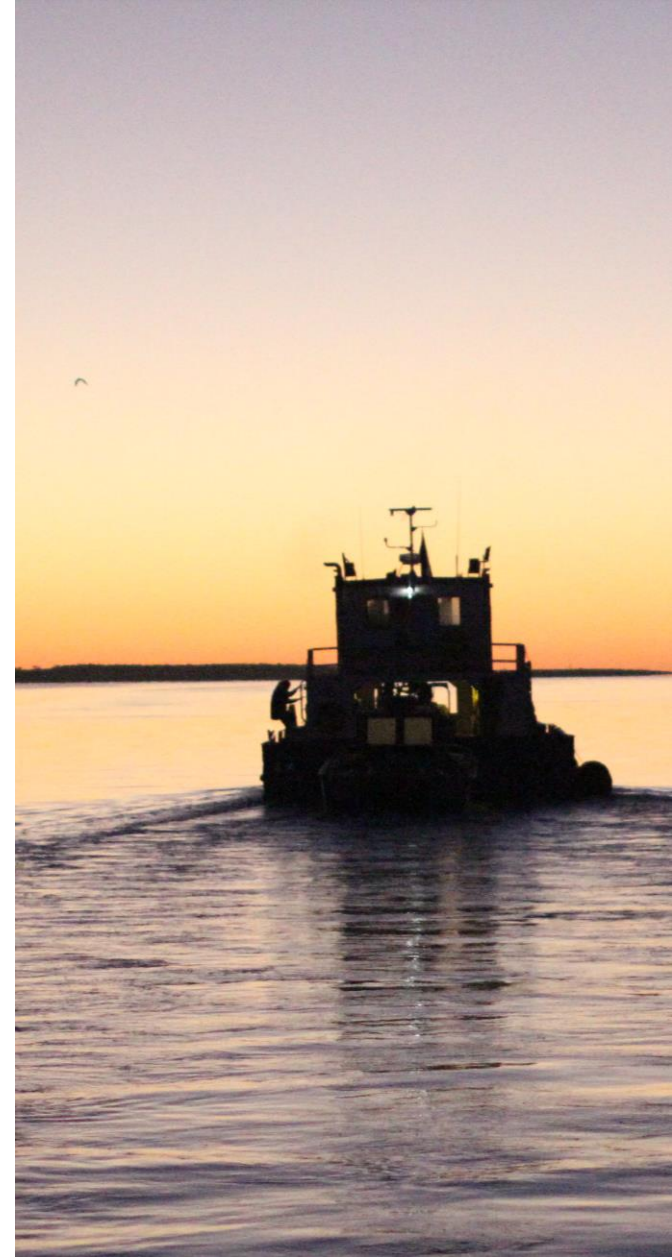
GROWTH POTENTIAL

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 scale, market reach and balance sheet strength, with available licence capacity to more than double current production

DIVIDEND POLICY

- Strong belief that we can maximise returns to shareholders at this time by reinvesting profits into growth and efficiency opportunities, such as feed automation and capacity expansion
- Our goal and expectation is that Clean Seas will, at greater scale in the years ahead, be in a position to pay dividends from surplus profits and cash flows



Investment in technology and automation to provide scalability to expand production whilst managing operational and financial risks

- 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 sustainability enhancing projects around feed ingredients, carbon and nitrogen capture



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All volumes are in Whole Weight Equivalents (WWE).

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