



ANNUAL GENERAL MEETING

ASX:CSS & OSE:CSS

27th October 2023

OVERVIEW

- Full year **profitability** and **positive cash flow** milestones achieved in FY23 through **record revenue** and **reduced non-feed production costs**
- Resonance of Clean Seas **commercial messaging** and the transition away from frozen clearance stock continues to drive **strong pricing and revenue growth**
- Highly **competitive trading environment** due to the global economic downturn coupled with increased competition across all markets from cheaper proteins
- Ongoing **elevated feed prices** due to inflationary pressures and raw material supply shortages
- Progress on **sustainability** agenda with novel feed ingredients and asparagopsis collaboration



FY23 FINANCIAL OVERVIEW

- **Group revenue of \$69.4 million and an underlying operating EBITDA of A\$1.21/kg or \$3.4 million, up \$8.5 million on FY22**
- Turnaround strategy over the last 3 years has transformed Clean Seas into a profitable business
- Improved profitability reflects **29% and 26% increase in revenue and farmgate per kg**, with **increased and converging** Fresh and Frozen pricing
- Farming and overhead cost efficiencies achieved despite an increase in costs, lowest Economic Feed Conversion Ratio in 5 years of 2.43
- **Harvest volumes increased to 3,354 tonnes, a 15% increase**
- Increased fresh sales, and the sell-through of all surplus clearance frozen inventory resulted in sales volumes of 3,054 tonnes being 19% below FY22



Targeted and consistent commercial approach drives worldwide demand for our Kingfish

- **Maintained strong farmgate returns** despite increased worldwide competition.
- Continued **rationalisation of our supply chain** in Europe and North America to better service end customers and maximise returns
- The **South Australian Yellowtail** push into independent and specialty retailers in Australia and North America has demonstrated that consumers are looking for accessible alternative proteins
- Reinforced our collaboration with Australian restaurant groups and sushi chain retailers
- **Strong performance of our high-end foodservice** business across all markets despite growing competition
- Strong resonance of commercial messaging, highlighting quality, culinary flexibility of our Kingfish



Strategic ambition to establish a reputation for its sustainable practices, leveraging the unique Spencer Gulf provenance story of growing native Kingfish in its natural waters

- In FY23 Clean Seas formed its key ESG priorities including
 - the establishment of an **ESG reporting framework**
 - selecting a **platform** that can assist in **preparing the ESG report** and start gathering the necessary information for its compilation
 - engaging with a reputable partner who will aid Clean Seas in calculating its greenhouse gas emissions, ensuring **accuracy and compliance**.
- Successful trial to substitute the fish oil in its diet with **sustainably sourced algal oil**. In this trial, up to 100% of the fish oil in the diet was replaced with algal oil without materially impacting the health or performance of the Kingfish. As a result of this trial, algal oil has now been incorporated into Clean Seas production diet, with the expectation that this will evolve into more sustainable diets in the future.

Investment in infrastructure and automation to lower production costs, promote operational stability and unlock productive efficiencies

- FY23 saw investment in **larger vessels, hatchery capacity and marine infrastructure**, plus the commitment to acquire a new automated feed barge (which is currently in production)
- When operationalised in mid-2024, the **new feed barge** will allow feed to be dispensed remotely regardless of the weather, promoting operational stability, improving feed efficiency and on farm performance
- Capacity to store **650 tonnes of feed**, received directly on board via ocean transshipment from the feed mill, rather than by road, **reducing the cost of freight** and eliminating double handling and further reducing cost of production



TRADING & PRODUCTION UPDATE

- **Challenging market conditions** have persisted throughout 2023, resulting in flat sales volumes year-on-year.
- **Revenue is up versus Q1 last year** due to ongoing reinforcement by our sales team and strong resonance of Clean Seas commercial positioning, with **pricing up 4%** on Q1 FY23
- **Harvest volumes are up 23%** on last year, with **frozen inventory increasing** by 190 tonnes in Q1 FY24 to 540 tonnes
- Live fish **biomass is up 10%** to 3,110 tonnes

Revenue (AUD \$) & Production Metrics (tonnes)	Q1 FY24	Q1 FY23	Change (Fav/Unfav)
Revenue ('000's)	16,151	16,071	1%
Revenue (\$/kg)	22.62	21.78	4%
Sales Volume	714	738	(1%)
Harvest Volume	904	732	23%
Live Fish Biomass	3,110	2,817	10%

Leveraging premium market position, investment in infrastructure and automation, and reviewing operational footprint to help offset competitive market forces and input cost pressures

- **Implement automated feed barge** in early 2024 to provide capability whilst managing operational and financial risks
- Explore the **development of alternate diets** to drive fish performance and options to offset exposure to volatility in feed prices
- Continue to highlight the **quality, usage, provenance and sustainability** credentials of Clean Seas' ocean farmed Yellowtail Kingfish to maintain premium pricing
- Focus on driving **efficiencies and improvement** across the business to offset global inflationary pressures
- Ensure decisions related to investment, biomass and growth ambitions are appropriate in the context of profitability and cash flows in the short and medium term

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All volumes are in Whole Weight Equivalents (WWE).

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



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