



EXTRAORDINARY GENERAL MEETING

ASX:CSS & OSE:CSS

15th January 2024

- Operational Review on track to deliver “right-sized” business, with **sales and production at circa 3,000 tonnes per annum**
- Maintained **pricing resilience** at A\$22.53/kg for H1 FY24 versus A\$22.44/kg for H1 FY23 and A\$23.02/kg for H2 FY23 in a highly **competitive trading environment**
- Completed Tranche 1 **placement of A\$6.7 million** and **renewed A\$32.2 million bank facility** to support working capital and the operational review
- **Biomass reduction complete**, expected to **save A\$11 million** in feed costs over the next 14 months versus growing these fish to harvest size
- Targeted **reduction in fixed and variable operating costs** of up to A\$5.0 million per annum underway and on track
- Ongoing **elevated feed prices** however some respite is expected in H2 FY24 with Fish Meal prices easing in Q2 FY24



OPERATIONAL REVIEW PROGRESS

- **Biomass reduction has been completed** through an accelerated harvest and sale of ~550t into the fish protein market, saving ~A\$2.0 million in feed costs in November, December and January 2024, and ~A\$11 million over the next 14 months versus what it would cost to grow these fish out to harvest size
- Managing feed and growth levels, and achieving the biomass reduction **quicker than expected** meant the reduction required was less than the ~800 tonnes expected
- The new biomass level **supports sales volumes of ~3,000 tonnes** in the most efficient manner and allows for the **consolidation of farming activities**
- On track to achieve a reduction in fixed and variable operating costs of up to **A\$5.0 million** per annum
- The consolidation of farming activities and a reduction in the business' operational footprint is expected to reduce the requirement for future capital spend by approximately **A\$8.0 million** per annum
- With the lower biomass reduction of ~550t versus ~800t, we expect the previously advised **non-cash SGARA impairment** of between A\$13.5 and A\$14.5 million in FY24 to be **reduced proportionately**, which will be confirmed in our Half Year Financial Statements released in February 2024

- **Challenging market conditions** have persisted throughout H1 FY24, resulting in flat sales volumes year-on-year
- Excluding the accelerated harvest as part of the biomass reduction, **sales volumes for H1 FY24 were 1,513 tonnes**, versus 1,526 tonnes in H1 FY23
- **Prices for H1 FY24 remained strong**, with revenue of A\$22.53/kg ahead of H1 FY23 of A\$22.44/kg. Pricing decreased in comparison to H2 FY23 of A\$23.02/kg
- **Fresh prices have held up particularly well** at A\$22.88/kg in H1 FY24 versus A\$22.63/kg in H1 FY23 and A\$22.98/kg in H2 FY23
- **Frozen prices declined** to A\$20.23/kg in H1 FY24 versus A\$21.23/kg in H1 FY23 and A\$23.26/kg in H2 FY23 due to competitive pressures, broadly lower protein prices and high levels of inventory globally

OUTLOOK

- Leveraging **premium market position, investment in infrastructure and automation, and reviewing operational footprint** to help offset competitive market forces and input cost pressures
- Significant **reduction in funding required** for infrastructure and working capital as a result of the Operational Review
- **Reduced operational and financial risk, faster pathway to profitability and free cash flows**
- Right-sized business that leverages the premium positioning and **quality, culinary flexibility and unique provenance** of Clean Seas' ocean farmed Yellowtail Kingfish to maintain **premium pricing**
- **Automated feed barge on track** to be delivered and implemented in mid-2024 to provide capability and help offset cost pressures, and will allow for ~90% of Clean Seas' biomass to be fed remotely
- Explore the **development of alternate diets** to drive fish performance and options to offset exposure to volatility in feed prices
- Focus on driving **efficiencies and improvement** across the business

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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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