CLEANSEAS
SUSTAINABLE SEAFOOD

1H FY24 RESULTS PRESENTATION

ASX:CSS & OSE:CSS

CEO: Robert Gratton
CFO: David Brown

BUSINESS UPDATE

- Operational Review on track to deliver “right-sized” business, with **sales and production at circa 3,000 tonnes per annum**

- **Maintained pricing** at A$22.53/kg for 1H FY24 versus A$22.44/kg for 1H FY23 and A$23.02/kg for 2H FY23 in a highly **competitive trading environment**

- Operating profit **remained positive** despite higher feed costs, but **declined from A$1.04/kg in 1H FY23 to A$0.11/kg in 1H FY24**

- Completed **Placement of A$9.5M** and **renewed A$32.2M bank facility** to support working capital and the Operational Review

- **Biomass reduction complete**
  - **saving A$11.0M in feed costs** over the next 14 months versus growing these fish to harvest size
  - resulted in an A$10.1M impairment to biomass inventory and a statutory loss of **A$25.9M**

- Targeted **reduction in fixed and variable operating costs** of up to A$5.0M per annum underway and on track

- **Feed prices easing** from record highs, with price reductions in 2H FY24

CLEANSEAS SUSTAINABLE SEAFOOD

SOUTH AUSTRALIAN YELLOWTAIL | SPENCER GULF KINGFISH FROM SOUTH AUSTRALIA

OPERATIONAL REVIEW RATIONALE

Process:

- Review entire business focusing on driving efficiencies and improvements
- Consider workstreams related to investment, biomass and growth ambitions
- Develop updated strategy to achieve profitability and cash flow aims in short and medium term

Objectives:

1. Reduce funding required for infrastructure and working capital
2. Reduce operating costs and improve margins
3. Offset operational risk and reduce complexity
4. Leverage existing infrastructure and derive the full benefit of automation
5. Leverage Clean Seas strength in premium markets to maintain strong pricing

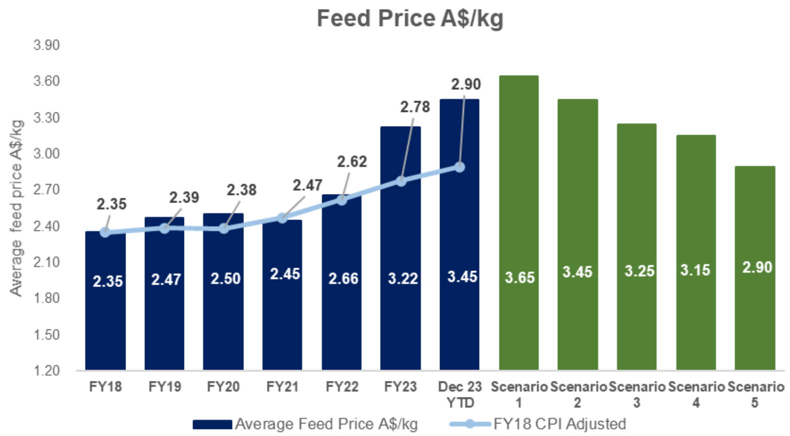
These initiatives create a more efficient, stable and resilient business – and a faster path to positive cash flow

OPERATIONAL REVIEW STATUS UPDATE

Action	Objective	Progress	Status
Reduce biomass levels	- Support sales volumes of ~3,000 tonnes in the most efficient manner - Allow for the consolidation of farming activities - Save approximately A$10.0M of feed costs/working capital per annum	- Targeted pens were identified and immediately placed on a maintenance diet to reduce cost and growth, saving ~A$2M in feed costs across November, December and January 2024 - ~560 tonnes was then harvested, processed and sold into the global fish protein market in December and January 2024	**COMPLETE**
Renew bank facilities and complete Placement	- Provide funding headroom to support working capital and costs related to the Operational Review	- Second tranche of Placement approved in January 2024 EGM and Placement for A$9.5M completed - Renewal of A$32.2M Funding Agreement with the Commonwealth Bank of Australia completed in December 2023	**COMPLETE**
Consolidate farming activities and reduce operational footprint	- Reduce business complexity and support functions - Reduce capital spend by approximately A$8.0M per annum versus what would be required to support the growout of these fish over the next 2 years across multiple sites - Allow for a lower cost of production than is possible with an underutilised larger footprint	- Reduction in biomass reduces the farming footprint - Final run Year Class 24 juveniles stocked in Port Lincoln in February 2024 - Arno Bay farm site to be closed in April 2024 - Arno Bay sea cages to be relocated to Port Lincoln in February and March 2024	**ON TRACK** April 2024
Right-sizing business to align sales and production at ~3,000 tonnes per annum	- Facilitates faster transition to positive operating profits and free cash flows - Allows a reduction in fixed and variable operating costs of up to A$5.0M per annum across contractors, labour and other input costs	- Remaining biomass post-reduction aligns with an annual harvest of ~3,000 tonnes per annum - Organisational restructure in progress, with affected roles identified and informed in January 2024. Redundant roles to exit in February, March and April 2024 - Go-forward employee and contractor costs expected to be ~25% below FY23	**ON TRACK** April 2024
Commission new feed barge and automate farming operations	- Once deployed on the consolidated footprint will increase automation and reduce production costs - Improved feed conversion ratios, reduction in fuel and labour costs - Along with the vessels acquired by the Company in the last two years, the Company has the infrastructure in place, without any additional capital spend on growth assets, to effectively farm ~3,000 tonnes	- New Automated feed barge delivery - May 2024 - Existing barge at Louth Farm - to be upgraded and relocated to Port Lincoln Bickers Farm – July 2024 - These two automated growout sites have biomass capacity of 3,600 tonnes and will allow for ~90% of Clean Seas biomass to be fed remotely	**ON TRACK** July 2024

FINANCIAL METRICS – SCENARIO ANALYSIS

Illustrative Operating and Financial Metrics - 3,000 tonne single site farm					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Feed price (A$/kg)	**$3.65**	**$3.45**	**$3.25**	**$3.15**	**$2.90**
Sales volume (Tonnes)	3,000	3,000	3,000	3,000	3,000
Gross profit (A$/kg)	$4.72	$5.19	$5.65	$5.89	$6.47
Operating EBITDA (A$/kg)	$1.43	$1.90	$2.37	$2.60	$3.19
Operating EBITDA (A$'000)	**4,294**	**5,698**	**7,102**	**7,804**	**9,559**



- The adjacent scenarios present an illustrative view of the financial and operating metrics on a 3,000-tonne farming footprint at varying feed prices and an eFCR of 2.34
- Current feed prices have risen faster than the FY18 CPI-adjusted feed price of A$2.90/kg. The unusually high spike in feed prices in FY23 and 1H FY24 reflects the volatile market for fish meal and oil. However, this volatility appears to have peaked, and evidence in Q3 FY24 supports our current expectation for pricing to decline
- Scenario 1, which comprises a feed price of A$3.65/kg, reflects the current feed price for Q3 FY24
- The Operational Review initiatives will reposition Clean Seas as a stable, more resilient business for the current market environment
- Reduced operating costs, infrastructure & working capital requirements will drive stronger free cash flows
- **By eliminating the need for funding future growth, EBITDA to operating cash flow conversion is expected to improve**

CLEANSEAS SUSTAINABLE SEAFOOD

SOUTH AUSTRALIAN YELLOWTAIL | SPENCER GULF KINGFISH FROM SOUTH AUSTRALIA

FINANCIAL OVERVIEW

Financial Performance	1H FY23	1H FY24	Change (Fav/Unfav)
Production Metric			
Tonnes sold (WWE)	1,526	1,513	(1%)
Net Growth (tonnes)	886	826	(7%)
Harvest volumes (tonnes)	1,588	2,107	33%
Closing Live Fish Biomass (tonnes)	2,806	2,710	(3%)
Frozen inventory	190	531	179%
Operating Results ($/kg)			
Revenue $/k.g	**22.43**	**22.53**	0.10
Post farmgate costs $/kg	(4.78)	(5.28)	(0.50)
Farmgate $/k.g	**17.65**	**17.25**	(0.40)
Production costs $/k.g	(13.22)	(13.54)	(0.32)
Gross profit $/k.g	**4.43**	**3.71**	(0.72)
Indirect & R&D Costs $/k.g	(3.39)	(3.60)	(0.21)
Operating EBITDA $/k.g	**1.04**	**0.11**	(0.93)
Operating Results $'000			
Revenue	**34,231**	**34,081**	(150)
Post farmgate costs	(7,295)	(7,987)	(692)
Net farmgate revenue	**26,936**	**26,094**	(842)
Production costs	(20,168)	(20,481)	(313)
Gross profit	**6,768**	**5,613**	(1,155)
Indirect & R&D Costs	(5,178)	(5,447)	(269)
Operating EBITDA	**1,590**	**166**	(1,424)
Underlying Adjustments			
Impairment	-	(12,170)	n/a
AASB 141 SGARA and cost allocation	(2,951)	(11,413)	n/a
No-recurring items	-	(313)	
Total underlying Adjustments	(2,951)	(23,896)	(20,945)
Statutory EBITDA	**(1,361)**	**(23,730)**	(22,369)
Depreciation & amortisation	(1,879)	(1,865)	14
Statutory EBIT	**(3,240)**	**(25,595)**	(22,355)
Net interest costs	(227)	(351)	(124)
Statutory NPAT ($'000)	**(3,467)**	**(25,946)**	(22,479)

- **Group revenue of A$34.1M, gross profit of A$3.71/kg and an underlying operating EBITDA of A$0.11/kg**
- The decrease in profitability can be attributed to challenging market conditions and a high-cost environment, impacting freight and feed costs. Together, these increases have reduced GP$/kg by A$0.72/kg to A$3.71/kg
- Importantly, Clean Seas managed to maintain attractive pricing at A$22.53/kg
- Harvest volumes increased to 2,107 tonnes, which incorporates 364 tonnes of the accelerated harvest program, a further 196 tonnes was removed in Jan-24
- An impairment of approximately A$10.1M to account for the 560 tonnes removed during accelerated harvest between December 23 and January 24. Frozen inventory incurred an impairment of A$2.1M, reflecting a reduction in the net realizable value
- The statutory loss is mainly due to A$12.2M in impairments and A$11.4M in net SGARA losses and historical cost allocations. Specifically, an A$28.0M SGARA cost was recognised for the sale of Fresh and Frozen fish, while A$16.9M was recognised for growth during the period. The net SGARA loss is heavily influenced by the seasonal growth profile of Yellowtail Kingfish, with the Company typically experiencing 15% to 35% of biomass growth during the first half of the financial year

1. Operating Results 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 Group's external auditors.

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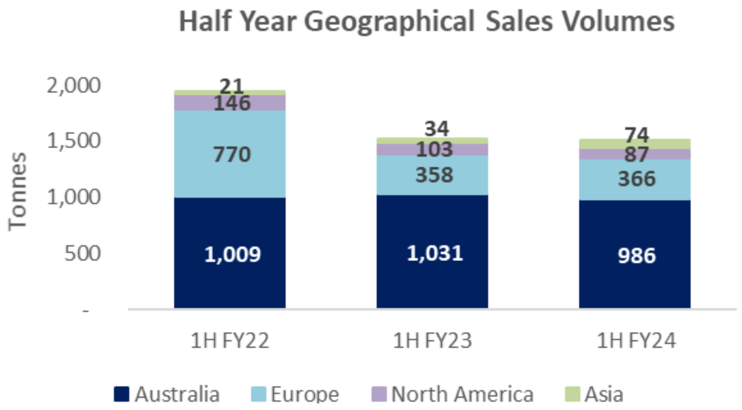
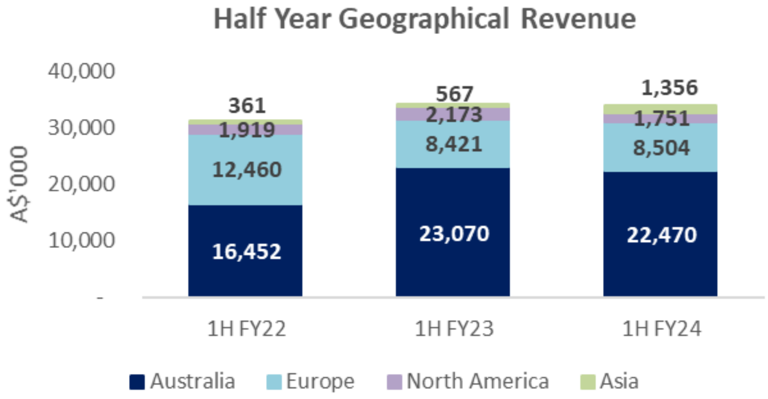
REVENUE AND SALES VOLUME





- 1H FY24 sales volume of 1,513 tonnes was down 1% from 1H FY23, reflecting challenging market conditions. Revenue of A$34.1M in 1H FY24 was 0.4% below 1H FY23

- Australian sales volumes experienced a 4% decline to 986 tonnes in 1H FY24, primarily influenced by a soft first quarter in FY24. Importantly, sales volumes reached 562 tonnes in Q2 FY24, which aligned with Q2 FY23, delivering the expected seasonal growth in demand during the warmer months

- Sales volumes in Europe experienced a 2% increase to 366 tonnes in 1H FY24. This improvement can be attributed to marginal growth observed in both Fresh and Frozen products. However, challenging economic conditions and heightened competition in the region resulted in lower-than-expected demand and pricing for frozen products

- North America volumes declined by 16% in 1H FY24 reflecting similar economic and competitor conditions to those experienced in Europe. The decline in sales volumes was concentrated to Frozen products

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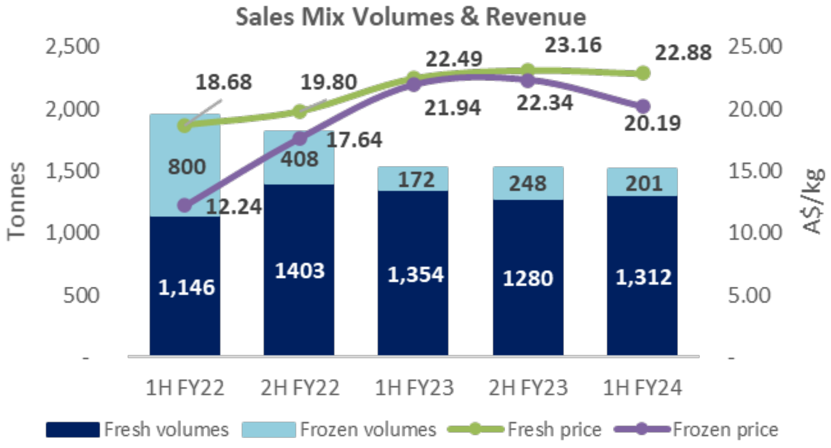
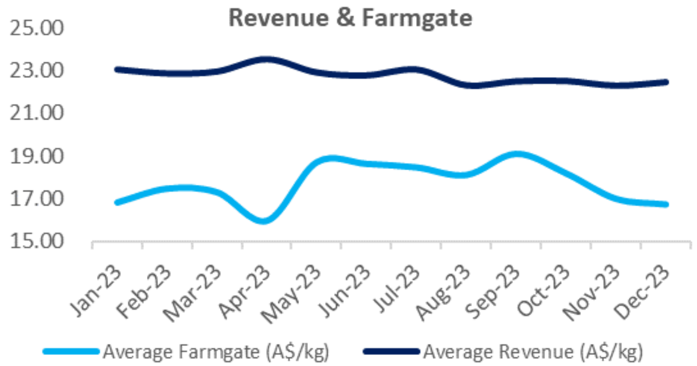
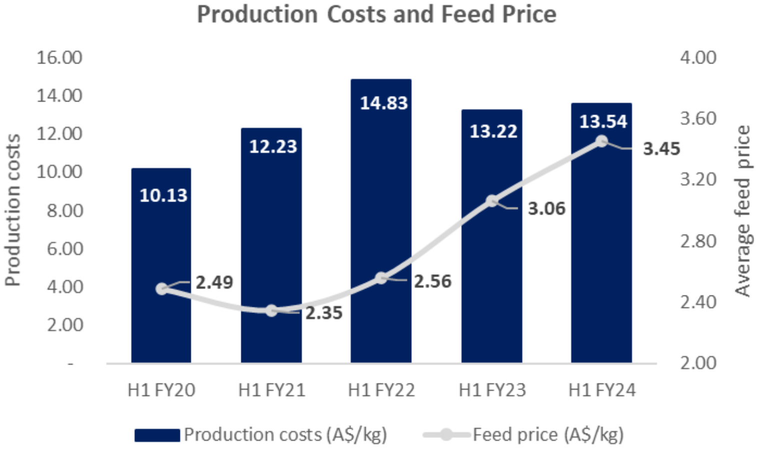
SALES MIX AND PRICING

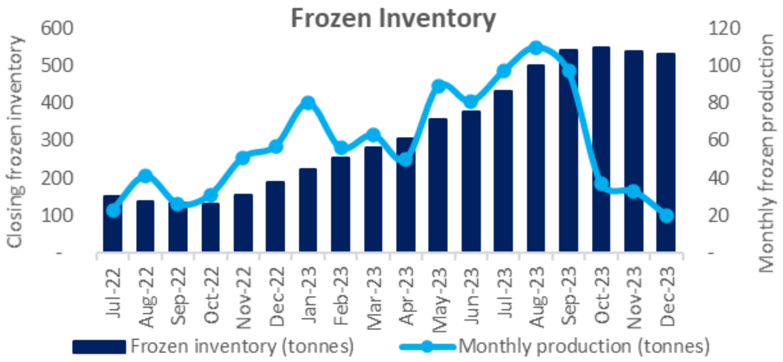




- Despite flat demand, sales pricing remained robust at A$22.53/kg, compared to A$22.43/kg in 1H FY23
- The impact of elevated air-freight costs saw a reduction in Farmgate revenue/kg to A$17.25/kg. Pleasingly, we have observed a decreasing trend in air freight costs in Q2 FY24
- Sustained demand for fresh volumes continued, increasing by 3%. Internationally, Clean Seas' Fresh products continue to be sought after in high-end restaurants, with chefs expressing a preference for them over our competitors' offerings. Domestically, growth has slowed, reflecting the increased supply of lower-priced alternative species
- Fresh pricing declined by 1% in 1H FY24, reaching A$22.88/kg compared to the record high of A$23.16/kg in 2H FY23. Despite this decrease, pricing continues to be at very attractive levels
- Increased competition and the prevailing market sentiment led to a decline in frozen sales to 201 tonnes in the 1H FY24
- Revenue per kg for frozen products decreased to A$20.19/kg in 1H FY24, as discounting strategies were employed to stimulate demand

SOUTH AUSTRALIAN YELLOWTAIL | SPENCER GULF KINGFISH FROM SOUTH AUSTRALIA





- Feed costs A$/kg increased by 13%, reaching A$3.45/kg in 1H FY24, and production costs experienced a marginal increase of 2% to A$13.54/kg. The effects of higher feed costs were partially mitigated by the decision to implement the biomass reduction program as part of the Operational Review

- Inflationary pressures continued to be evident on key input costs such as feed, labour & energy and reached its peak during 1H FY24. Pleasingly, key cost pressures are expected to decline in 2H FY24

- Following the biomass reduction program, Clean Seas reduced monthly frozen production, decreasing from a peak of 110 tonnes in August 2023 to 20 tonnes in December 2023. This has allowed frozen inventory to remain relatively stable at circa 500 tonnes since September 2023. It is anticipated that frozen production will continue to be constrained as the Company manages it’s frozen inventory levels

- Given the decline in sales demand for frozen products and the necessity of implementing discounting strategies to stimulate sales, an impairment of A$2.1M relating to frozen inventory has been recognised

CASH FLOW

Cash flow summary (A$'000)	H1 FY23	H1 FY24	Change (Fav/Unfav)	
Cash receipts	**34,066**	**33,923**	**(143)**	▼
Operating cash flow	3,483	(8,929)	(12,412)	▼
Investing cash flow	(1,766)	(2,887)	(1,121)	▼
Financing cash flow	(4,001)	12,046	16,047	▲
Net increase / (decrease) in cash held	**(2,284)**	**230**	**2,514**	▲

- 1H FY24 cash receipts of A$33.9M aligned closely with 1H FY23
- Feed payments increased by A$8.7M, reaching A$18.1M in 1H FY24, driven by investment in future biomass linked to the previous growth strategy, the rise in the average feed price and the timing of feed payments
- Payments to suppliers rose by 19%, reflecting inflationary pressures, heightened freight costs, and increased frozen holding costs
- Growth in Clean Seas’ cost base was not matched with a corresponding increase in average revenue A$/kg, and when coupled with flat sales volumes, Clean Seas reported a 1H FY24 operating cash flow loss of (A$8.9M)
- Clean Seas’ capital investment was A$2.9M in 1H FY24, comprising :
    - **Growth capex of A$1.5M:** A$0.6M as progress payments for the new feed barge and the corresponding grid system A$0.6M. Additionally, A$0.3M was directed towards a new vessel.
    - **Maintenance Capex of A$1.4M**: comprising cages, nets and processing plant improvements
- Clean Seas has invested A$2.1M on the new feed barge and anticipates further spending of A$3.6M in the 2H FY24

FUNDING

Net Cash / (Debt) $'000	Jun-23	Dec-23	Change (Fav/Unfav)	
Cash at bank	6,357	6,587	230	▲
Working capital facility (Trade Finance Facility)	-	(6,207)	(6,207)	▼
Senior debt facility (Cash Advance Facility)	(4,091)	(5,142)	(1,051)	▼
Asset finance facility	(527)	(389)	138	▲
Insurance premium funding	(1,173)	(346)	827	▲
Lease liability	(807)	(690)	117	▲
Total net cash	**(241)**	**(6,187)**	**(5,946)**	▼

Debt Arrangements (A$'000)	Total Facility	Drawn	Undrawn
Senior debt facility (Cash Advance Facility)	14,000	(5,142)	8,858
Working capital facility (Trade Finance Facility)	12,000	(6,207)	5,793
Asset finance facility	6,000	(389)	5,611
Total	**32,000**	**(11,738)**	**20,262**

- Net debt position increased to (A$6.2M), driven by an operating cash flow loss of (A$8.9M) and the utilisation of short and medium-term debt
- Placement announced on 24 November 2023, with Tranche 1 for A$6.7M being received in December 2023
- The approval of the second tranche of the placement occurred at the Extraordinary General Meeting on January 15, 2024, with the A$2.8 M received in January 2024
- In December 2023, the Group renewed its Finance Facility with the Commonwealth Bank of Australia, with a facility limit of A$32.2M
- The Company had cash and unused working capital funding of A$12.4M, plus an additional A$14.5M of undrawn bank facilities and provides significant headroom to fund working capital and planned capital investment projects

PORT LINCOLN CONSOLIDATED FARMING FOOTPRINT

Louth Bay

- Primary growout site for large fish
- Up to 2,000 tonnes biomass capacity
- Location for new automated feed barge “Eyre Spirit”
- 25km from Port Lincoln Marina

Boston Bay

- All weather harvest site
- Up to 1,200 tonnes biomass capacity, but to be used for 2-3 harvest cages only
- Sole manual feed location
- 4km from Port Lincoln Marina

Bicker Isles

- Nursery site for juvenile fish and secondary growout site
- Up to 1,650 tonnes biomass capacity
- Location for existing automated feed barge “Kingfish 5”
- 7km from Port Lincoln Marina

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

APPENDICES

CLEANSEAS
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APPENDIX – GLOSSARY OF TERMS

1H FY20	Financial results for 6 months from 1 July 2019 to 31 December 2019
1H FY21	Financial results for 6 months from 1 July 2020 to 31 December 2020
1H FY22	Financial results for 6 months from 1 July 2021 to 31 December 2021
1H FY23	Financial results for 6 months from 1 July 2022 to 31 December 2022
1H FY24	Financial results for 6 months from 1 July 2023 to 31 December 2023
FY23	Financial results for 12 months from 1 July 2022 to 30 June 2023
A$'000	Australian Dollars presented in thousands
A$/kg	Australian Dollar per sales kg
A$M	Australian Dollars presented in millions
AASB	Australian Accounting Standards Board
AASB 141	Accounting Standard AASB 141 Agriculture
Direct production costs	Comprises the cost of feed, hatchery, marine operations and direct employee costs
eFCR	Economic feed conversion ratio
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
LTM	Last twelve months
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
WWE	All sales volumes quoted are in Whole Weight Equivalent tonnes

APPENDIX – RECONCILIATION STATUTORY VS UNDERLYING OPERATING EBITDA

$'m	1H FY24 Statutory	Adjustments: Eliminate Impairment	Eliminate SGARA entries	Eliminate Production costs recognised directly to Financial Statements	Add theoretical Historical costs entries	Non-recuring income and costs	Total adjustments	1 HFY24 Theoretical Underlying Operating EBITDA
Revenue	34.1	-	-	-	-		-	34.1
Other income	0.3	-	-	-	-	(0.2)	(0.2)	0.1
Net gain arising from changes in fair value of biological assets	(7.2)	-	7.2	-	-		7.2	-
Fish husbandry expense	(16.1)	-	-	16.1	(20.5)		(4.4)	(20.5)
Employee benefits expense	(8.1)	-	-	4.7	-		4.7	(3.4)
Fish processing and selling expense	(9.6)	-	-	-	-	0.5	0.5	(9.1)
Frozen selling expense	(4.0)	-	4.0	-	-		4.0	0.0
Other expenses	(1.1)	-	-	-	-		-	(1.1)
Impairment – frozen inventory and biological assets	(12.2)	12.2	-	-	-		12.2	-
EBITDA	**(23.7)**	**12.2**	**11.2**	**20.7**	**(20.5)**	**0.3**	**23.9**	**0.2**
Depreciation and amortisation expense	(1.9)	-	-	-	-	1.0	-	(1.9)
EBIT	**(25.6)**	**12.2**	**11.2**	**20.7**	**(20.5)**	**0.3**	**23.9**	**(1.7)**
Finance costs	(0.4)	-	-	-	-		-	-
Finance income	0.0	-	-	-	-		-	-
Loss before tax	**(25.9)**	-	-	-	-		-	-
Income tax benefit / (expense)	-	-	-	-	-		-	-
Loss for the year after tax	**(25.9)**	-	-	-	-		-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-		-	-
Total comprehensive loss for the year	**(25.9)**	-	-	-	-		-	-

SGARA and cost allocation: Live fish biomass and frozen inventory are accounted for in accordance with *AASB 141 'Agriculture'*. Under *AASB 141,* the Group 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 $/k.g). The total *AASB 141-related* loss for 1H FY24 was A$11.4 M. For the purposes of calculating Underlying Operating EBITDA, the Group eliminates these entries. Furthermore, to calculate Underlying EBITDA, the Group has included the required entries to reflect a theoretical historical cost Profit and Loss

Impairment: An impairment of approximately A$10.1 M was recorded for live fish biomass, accounting for the 560 tonnes allocated to accelerated harvest between December 23 and January 24. Additionally, frozen inventory incurred an impairment of A$2.1 M, reflecting a reduction in the net realizable value

Non-recurring items: As of December 2023, Clean Seas had incurred $0.52 M in costs related to the accelerated harvest and recognised revenue of $0.22 M from the sale of fish meal. Additional costs and sales are anticipated in January for the final harvest and sale of fish meal and oil

DISCLAIMER:

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Such forward looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of CSS' operations, production and prices, operating costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by CSS, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements.

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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.

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