

ASX & Media Release

4 July 2024

Business Update

Clean Seas Seafood Limited ("Clean Seas" or "the Company") (ASX: CSS, OSE: CSS), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to provide the following business update.

Highlights¹:

- **Full Year FY24 Sales Volume of 3,135t and Sales Revenue of A\$68.7M a result of strong demand and pricing for fresh product, offset by the requirement to discount frozen sales**
- **Resilient pricing throughout FY24 at A\$21.91/kg, with fresh pricing increasing from A\$22.80/kg in FY23 to A\$22.93 in FY24**
- **Frozen inventory reduced to circa 261t as at 30 June 2024 as the Company cleared excess stock and right sized the business**
- **Implementation of Operational Review completed and transition to efficient single farm site finalised in May 2024**
- **New automated feed barge completed and in transit to Port Lincoln will drive cost savings, improve feed conversion and reduce waste**
- **Feed prices declined from March 2024 peak of A\$3.80/kg, with current orders being placed at A\$3.63/kg - A\$3.72/kg**
- **Sales guidance for FY25 in the range of 2,600 - 2,800t, with pricing expected to benefit from a greater mix of domestic and fresh product sales coupled with reduced frozen discounting**
- **New efficient farming model and automation of feeding expected to deliver positive Operating EBITDA in FY25**

In FY24, total sales volume of 3,135 tonnes was up by 3% versus the prior year, driven by consistent demand for fresh Kingfish and sales of discounted frozen inventory. Revenue was A\$68.7 million in FY24, marking a 1% decrease from FY23 as a result of reduced frozen pricing.

Average sales pricing remained robust at A\$21.91/kg, compared to A\$22.73/kg in FY23, with fresh pricing increasing from A\$22.80/kg in FY23 to A\$22.93/kg in FY24. Clean Seas continues to experience sustained demand and strong pricing for fresh volumes in both local and international markets, with the price of frozen product in export markets driven by discounting in order to reduce frozen inventory levels.

Operational Review

In FY24 Clean Seas undertook an in-depth Operational Review into the structure of the business in order to drive efficiencies and improvements to offset input cost pressures. Clean Seas reduced monthly frozen production from a peak of 110 tonnes in August 2023 to circa 20 tonnes per month from December 2023 to June 2024 and undertook a concerted campaign to clear surplus frozen inventory. These actions have delivered a reduction in frozen inventory from a peak of 547 tonnes in October 2023 to circa 261 tonnes at the end of June 2024.

One of the key strategic outcomes of this Operational Review was the consolidation of farming operations into Port Lincoln, an activity that was completed in May 2024. This initiative has enabled the Company to realise cost savings,

¹ FY24 results are unaudited.

including a reduction in feed expenses. The new farming footprint leverages 3,696 tonnes of available biomass capacity across three leases in the greater Port Lincoln area and all within 25km of the Company's base inside the Port Lincoln Marina. In order to improve efficiencies, these three leases have been set up as specialised nursery, growout and harvest sites, allowing specific infrastructure to be deployed at each site.

To support this farming model, Clean Seas has invested in a new automated feed barge, named the "Eyre Spirit", which has been fully constructed and is now in transit to Port Lincoln ahead of deployment to the Company's growout lease. The Company's existing barge, the "Kingfish 5", will be deployed on the nursery lease. Once fully commissioned ahead of the upcoming summer growing season, circa 90% of Clean Seas Kingfish will be able to be fed remotely from the Company's office in Port Lincoln, driving cost savings, improving feed conversion ratios and efficiency and reducing waste.

Clean Seas has retained its leases at Arno Bay (2,850t) and Fitzgerald Bay (4,250t) but is not planning on farming these sites in the near future.

In conjunction with the Operational Review, the Company successfully completed a Placement of A\$9.5M and renewed its A\$32.2M debt facility to support working capital and infrastructure investment.

Feed Prices

Clean Seas has observed feed prices easing from record highs of A\$3.80/kg in March 2024, with current feed orders placed at A\$3.63/kg to A\$3.72/kg. Over the last several years 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 FY24 reflects the volatile market for fish meal and oil, however this volatility appears to have peaked, supporting the Company's current expectation for pricing to decline in FY25.

Outlook

Looking ahead, Clean Seas is targeting sales volumes in the 2,600 – 2,800 tonne range for FY25. In setting this range, the Company has assessed overall market conditions, the expected performance of currently stocked year classes of Kingfish, and the Company's stated goal of aligning sales and production at circa 3,000 tonnes so as to achieve the expected significant savings in working capital and operating costs.

The target sales volume for FY25 is influenced by the following factors:

- Operational challenges associated with the transition and consolidation of farming activities onto a single site resulted in missed feed days and health treatments leading to lower than expected fish growth rates and higher mortalities in FY24.
- Below average water temperatures in Q4 FY24 impacting late-season growth rates for the Company's Kingfish.
- Greater than expected sales of discounted frozen stock in FY24. The Company expects to transition back to full price frozen sales in Q2 FY25, and with that a reduction in frozen sales volume in FY25 versus FY24, with a corresponding increase in frozen sales prices.
- Constrained harvest forecast in FY25 in order to maintain the biomass required for future years. Clean Seas Kingfish take 18-24 months to grow to harvest size, and as such the year classes currently at sea on the Company's farms support the harvest for the entire FY25 and for most of FY26. To ensure harvest targets for FY25 and FY26 are met, the Company will seek to cap the FY25 harvest in the 2,600 – 2,800t range.

The target sales volume is driven by available supply of the Company's Kingfish, and as a result Clean Seas is expecting pricing to grow modestly in FY25 with continued demand at or above the planned harvest of 2,600 – 2,800 tonnes, and through the transition to full price frozen sales from Q2 FY25 onwards. Additionally, the Company expects reductions in feed prices throughout FY25, and with the efficiencies and cost savings derived from the Operational Review, and improved fish performance resulting from the consolidated farming footprint, Clean Seas expects to return to positive Operating EBITDA in FY25.

Clean Seas Seafood CEO Rob Gratton said *“FY24 has been a year of significant operational change for Clean Seas, and having acted decisively to restructure our operations, it is encouraging to see the positive benefits emerging, with further improvements being relentlessly pursued. The consolidation of our farming footprint will give rise to efficiencies and a lower risk profile in a much shorter timeframe than would have otherwise been the case, providing mitigation for the operational challenges experienced in FY24. Our expected return to positive Operating EBITDA in FY25 demonstrates that we are on the path to financial stability.”*

The Board notes that the inherent operational risks in aquaculture may impact future results.

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

About Clean Seas Seafood

Clean Seas Seafood is a fully integrated Australian Aquaculture business listed on the Australian Securities Exchange (ASX) and with a secondary listing on Euronext Growth Oslo (OSE).

Clean Seas is the global leader in full cycle breeding, farming, processing and marketing of its Hiramasa or Yellowtail Kingfish (*Seriola lalandi*) and is renowned amongst leading chefs and restaurants around the world for its exceptional quality.

Clean Seas is recognised for innovation in its sustainable Yellowtail Kingfish farming and has become the largest producer of aquaculture Yellowtail Kingfish outside Japan.

For more information, visit www.cleanseas.com.au

All volumes are in Whole Weight Equivalents (WWE) unless otherwise specified.

For further information on Clean Seas Seafood, please contact:

Rob Gratton	Andrew Angus
CEO	Investor Relations
rob.gratton@cleanseas.com.au	andrewangus@overlandadvisers.com.au
+61 434 148 979	+61 402 823 757

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