

Clean Seas Seafood  
Limited (ASX: CSS)

## Annual General Meeting

20<sup>th</sup> OCTOBER 2020



- Clean Seas was on a strong growth trajectory when COVID-19 hit, and entered the crisis with a strong balance sheet including significant cash and funding facilities
- The shutdown of restaurants and reduction in foodservice had a material impact on revenues, however Kingfish farming was unaffected and nitrogen freezing is being used to manage inventory
- Clean Seas implemented cost savings initiatives to focus on preserving cash, and benefitted from government stimulus measures including JobKeeper and the International Freight Assistance Mechanism
- The Company accelerated the development retail products and opening new sales channels with it's existing partners, as well as with it's strategic partner Hofseth as part of a pivot and diversification of the business
- The retail pivot has the capacity to deliver increased scale, lower costs of production and improved margins

## Focus Areas



- Develop existing and new partnerships to assist in the strategic pivot into new channels and markets
- Leverage the sale of excess inventory to support the conversion of working capital into cash
- Take positive steps to address biomass overhang, to ensure efficient farming practices and reduce cost of production
- Implement structural changes to reduce cost and promote efficiency, consolidation of activities into Clean Seas' South Australian base
- Stabilise the internal team and processes post restructure and CEO transition



- The strategic relationship with Hofseth continues to gain momentum, creating a distribution pipeline targeting new channels and providing opportunities to diversify the business and grow volumes
- Through Hofseth North America, major retail and home meal kit customers in North America have been confirmed for launch with Clean Seas' premium Kingfish
- Initial sale of 157 tonnes (WWE) of frozen product in support of this program was shipped in September 2020
- Distribution Agreement signed with Hofseth Asia to open the China market
- This agreement will leverage the Shanghai based team of Hofseth Asia, who have specialist seafood industry experience across these markets



- Many of Clean Seas Australian wholesale partners have successfully launched Clean Seas Kingfish products into their own retail channels, which has itself driven a diversification and underpinned Clean Seas sales throughout the COVID-19 disruptions
- Further retail trials to occur in October and November, with Clean Seas Kingfish products to be sold in circa 100 stores across two major Australian supermarket chains
- Newly developed retail products will be launched for trial which will equate to 10 tonnes Whole Weight Equivalent (WWE) sales volume to Clean Seas
- While this this volume is not material in itself, it is an important first step in a broader rollout to develop the Australian retail channel
- Clean Seas will continue to work with partners nationally to diversify into new channels, including retail and home delivery

## Q1 FY21 Sales Update



- Total sales volumes for Clean Seas existing food service business in Q1 FY21 were 88% of the pre-COVID-19 prior year, with Australia at 87% and Europe was in line with the prior year
- Despite the ongoing lockdowns in its key Australian and European markets, Clean Seas is encouraged by the ongoing resilience of its existing sales business
- In addition to the above existing channel business, in September 2020 Clean Seas sold 157 tonnes (WWE) to Hofseth North America in support of retail launches in that market. Including this sale, total sales volumes for Q1 FY21 were up 12% on Q1 FY20
- Sales revenue for Q1 FY21 at 95% of the prior year, which was a positive result considering the impact to the Company's traditional premium food service business, and it's stated strategy to leverage the sale of excess inventory to support the strategic pivot into new channels and markets



- Whilst the ongoing COVID-19 disruptions will continue over the coming months, the planned entry into retail product distribution is expected to deliver long-term growth from channel diversification that will complement Clean Seas' existing restaurant and premium food service business
- Clean Seas will continue to leverage the sale of excess inventory to support working capital requirements and the diversification into new markets and channels
- Work with partners to develop products and supply chains for Clean Seas' strategic pivot into new retail and meal kit channels
- Retain the advantage of an exceptional product and flexibility of supply chain that Clean Seas' premium frozen formats allows
- Underpin the existing balance sheet strength through an ongoing focus on cost reductions and farming efficiency

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