

ASX & Media Release

5th January 2021

Business Update

- **Sales volumes rebound significantly as restaurants reopen and new channels are developed**
- **COVID lockdowns continue to intermittently impact sales in specific markets**
- **Production issue at Boston Bay farm location**
- **Renewal of bank facility confirms funding for working capital and infrastructure investments**

Clean Seas Seafood Limited (ASX: CSS; “Clean Seas”), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, provides a business update at the end of H1 FY21.

Sales Volumes

Overall sales volumes have benefitted from Clean Seas’ diversification into new retail channels and markets, and from the recovery in Clean Seas’ existing restaurant business as restrictions have eased in various markets around the world. Clean Seas expects markets to remain sensitive to COVID lockdowns being reimposed in specific markets but the Company remains optimistic for a continued recovery in 2021.

Australian sales volumes increased from 196t in Q4 FY20 to 294t in Q1 FY21, and to 456t in Q2 FY21. The Q2 FY21 result represents a 3% increase on the Q2 FY20 (pre-COVID) sales, notwithstanding ongoing disruptions in this market.

European sales benefitted from an easing of restrictions in Q1 FY21 and normalised from 94t in Q4 FY20 to 267t in Q1 FY21 which was in line with Q1 FY20. Despite COVID restrictions being reinstated in various European markets from October, the development of new channels has already mitigated the decline in overall volumes, and sales of 174t were achieved in Q2 FY21.

Importantly, in North America, Clean Seas achieved sales of 157t to Hofseth North America in support of retail launches in this market. Clean Seas Kingfish are now being sold in 80 retail stores across North America through this partnership, and further retail and home meal kit channel launches are pending for the upcoming months. These are new channels in this market, and represent a key strategic step for Clean Seas.

Despite ongoing disruption in the food service channel, Clean Seas achieved sales of 1,413t in H1 FY21, versus 1,016t in H2 FY20, and 1,406t in H1 FY20. This is a good outcome in a highly disrupted global market.

Production Issue

Clean Seas has experienced an increase in fish mortalities within the Company's marine leases within Boston Bay. Clean Seas' other farming locations on the Spencer Gulf are unaffected. The Company has identified a range of contributing factors and taken multiple steps to mitigate the risk of further mortalities, including removing fish from the affected location, and has seen a subsequent decline in mortalities and an improvement in fish health as a result of these measures.

The additional mortalities incurred are expected to represent circa 4.5% of Clean Seas' live fish biomass and the Company estimates that its FY21 AASB 141 (SGARA) fair value adjustment of biological assets will be negatively impacted by circa \$3 million. Conversely, this issue is expected to save circa \$1 million in cash from reduced feed and operating expenses, and expedite bringing Clean Seas' live fish biomass into balance.

Due to the COVID disruptions, Clean Seas currently has a surplus of live fish biomass and therefore does not expect any impact to sales volumes as a result of this production issue. The Company retains sufficient stocks of fish to service all current and forecast sales including those into new channels and markets as previously announced.

Banking Facility

Clean Seas has renewed its banking facility with the Commonwealth Bank of Australia, with the existing facility limits totalling \$32 million retained for at least a further 12 months. These facilities will provide sufficient headroom for working capital and will fund planned capital investment projects, including those that will deliver increased production capacity and automation.

Clean Seas CEO Rob Gratton said *"Clean Seas has exited the challenging 2020 year in a good position, with sales volumes in Q2 FY21 slightly above pre-COVID levels, and a strong balance sheet with the recent renewal of the company's banking facilities. Sales in existing channels have rebounded strongly as restrictions ease, and importantly, the strategic relationship with Hofseth is gaining traction with sales of Kingfish into North American markets diversifying, strengthening and growing the Clean Seas business"*.

Authorised for release by the Board of Clean Seas Seafood Limited (ASX: CSS).

About Clean Seas Seafood

Clean Seas Seafood is a fully integrated Australian Aquaculture business listed on the Australian Securities Exchange (ASX).

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.

Clean Seas is headquartered at its processing facility in Royal Park in Adelaide, South Australia while its hatchery is at Arno Bay and its fish farms are at Port Lincoln, both on the Eyre Peninsula of South Australia.

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