

CLEAN SEAS SEAFOOD LIMITED

ABN 61 094 380 435

APPENDIX 4D STATEMENT - HALF YEAR REPORT

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF-YEAR ENDED 31 DECEMBER 2022**

(Comparative figures being the half-year ended 31 December 2021)

	Half-Year ended December 2022	Half-Year ended December 2021	Period Movement up/(down)	Period Movement up/(down)
	\$ '000	\$ '000	\$ '000	%
Revenue from ordinary activities	34,231	31,192	3,039	10
EBITDA	(1,361)	410	(1,771)	(432)
EBIT	(3,240)	(1,498)	(1,742)	(116)
Profit / (Loss) from ordinary activities before tax	(3,467)	(2,160)	(1,307)	(61)
Income tax credit / (expense)	-	-	-	-
Profit / (Loss) from ordinary activities after tax attributable to members	(3,467)	(2,160)	(1,307)	(61)
Net tangible asset backing per ordinary share	\$0.45	\$0.40		

	Amount per security
Dividends (Ordinary Shares)	
Final dividend	cents/share Nil
Interim dividend	cents/share Nil

Record date for determining entitlements to dividends.

No dividend declared

Consistent with the decision taken in June 2012 not to carry future income tax benefits as an asset in the accounts the income tax benefit attributable to the December 2022 loss has not been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2022. The Group will continue to assess this treatment on an ongoing basis as Group profitability improves.

Details of the Group's performance for the first six months of FY 2023 are attached to this notice.

This report is all the half year information provided to the Australian Securities Exchange under listing rule 4.2A. The report also satisfies the half year reporting requirements of the Corporations Act 2001.

This half year financial report should be read in conjunction with the 2022 annual financial report.



Clean Seas Seafood Limited
Interim Consolidated Financial Statements
For the half-year ended 31 December 2022
ABN 61 094 380 435

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Directors' Report

The Directors of Clean Seas Seafood Limited present their Report together with the financial statements of the Consolidated Entity, being Clean Seas Seafood Limited ('the Company') and its Controlled Entities ('the Group' or 'Clean Seas') for the half-year ended 31 December 2022.

Director details

The following persons were Directors of Clean Seas Seafood Limited during or since the end of the financial half-year:

- Mr. Travis Dillon – Chairman;
- Mr Marcus Stehr;
- Mr Gilbert Vergères; and
- Ms Katelyn Adams.

Company Secretary

The following persons were Company Secretary of Clean Seas Seafood Limited during and since the end of the financial half-year:

- Ms Eryl Baron (Joint Company Secretary); and
- Mr Rob Gratton (Joint Company Secretary).

Review of operations and financial results

The Board and Management of Clean Seas report a statutory loss after tax for H1 FY23 of \$3.5 million, reflecting the seasonal growth profile of the Company's Yellowtail Kingfish. During the first half of the financial year, Clean Seas typically observes between 15% and 35% of live fish biomass growth, a key driver of statutory profit. Therefore, the statutory loss was in line with the Company's expectations.

Importantly underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) was A\$1.6 million, reflecting a turnaround to operating profit from a loss of A\$9.9 million in H1 FY22. The improvement in profitability for H1 FY23 reflects the benefits from demand exceeding supply which increased revenue and farmgate per kg by 40% and 41%, respectively. Coupled with a lower production cost of \$13.22 per kg compared to H1 FY22, Clean Seas' delivered a gross profit of A\$4.43 per kg and underlying operating EBITDA of A\$1.04 per kg.

Financial Performance	H1 FY22	H1 FY23	Change (Fav/Unfav)
Production Metric (tonnes)			
Tonnes sold (WWE)	1,946	1,526	-22%
Net Growth	828	886	7%
Harvest volumes	1,341	1,588	18%
Closing Live Fish Biomass	2,739	2,806	2%
Frozen inventory	431	190	-56%
Underlying Operating Results (A\$/kg)¹			
Revenue	16.03	22.43	6.40
Post farmgate costs	(3.52)	(4.78)	(1.26)
Farmgate	12.51	17.65	5.14
Production costs	(14.83)	(13.22)	1.61
Gross profit	(2.32)	4.43	6.75
Indirect & R&D Costs	(2.76)	(3.39)	(0.63)
Operating EBITDA	(5.08)	1.04	6.12
Underlying Operating Results A\$'000¹			
Revenue	31,192	34,231	3,039
Post farmgate costs	(6,856)	(7,295)	(439)
Net farmgate revenue	24,336	26,936	2,600
Production costs	(28,852)	(20,168)	8,684
Gross profit	(4,516)	6,768	11,284
Indirect & R&D Costs	(5,376)	(5,178)	198
Operating EBITDA	(9,892)	1,590	11,482
Underlying Adjustments			
Impairment	(211)	-	
AASB 141 SGARA and cost allocation	10,513	(2,951)	
Total underlying Adjustments	10,302	(2,951)	
Statutory EBITDA	410	(1,361)	(1,771)
Statutory NPAT	(2,160)	(3,467)	(1,307)

¹Underlying operating EBITDA and gross profit 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 Company's external auditors.

Financial Performance

Sales Volumes and Revenue

Sales tonnes and revenue					
	H1 FY19	H1 FY20	H1 FY21	H1 FY22	H1 FY23
Australia	701	779	781	1,009	1,031
Europe	474	508	441	770	358
North America	51	74	199	146	103
Asia	47	45	23	21	34
Total	1,273	1,406	1,444	1,946	1,526
Revenue (\$'000)	21,585	24,437	22,333	31,192	34,231
Revenue \$/k.g	16.96	17.38	15.47	16.03	22.43
Farmgate Revenue (\$'000)	16,413	18,859	17,656	24,336	26,936
Farmgate Revenue \$/kg	12.89	13.41	12.23	12.51	17.65

Total sales volume for H1 FY23 of 1,526 was down 22% on H1 FY22, while revenue of A\$34.2 million exceeded H1 FY22 by 10%. The decline in sale volumes reflects the transition away from surplus frozen inventory, which was a key driver in the H1 FY22 result. However, despite the absence of surplus frozen inventory, strong demand improved pricing to record highs in H1 FY23 at A\$22.43/kg versus A\$16.03/kg in H1 FY22, while farmgate revenue of \$A17.65/kg was up 41% on the A\$12.51/kg achieved in H1 FY22.

In Australia, sales volumes for H1 FY23 were up 2% on the same period last year, however, by excluding the 150 tonnes of frozen clearance sales into domestic retail channels, premium sales volumes increased by 20%.

Europe and North American sales volumes for H1 FY23 declined by 54% and 29%, respectively, versus the same period. The decline reflects a reduction in available frozen inventory and the emergence of more challenging economic conditions and greater competition.

H1 Sales mix (tonnes)					
	FY19	FY20	FY21	FY22	FY23
Fresh	1,053	1,126	951	1,146	1,354
Frozen	220	280	493	800	172
Fresh revenue \$/k.g	17.15	17.30	17.04	18.68	22.49
Frozen revenue \$/k.g	16.04	17.70	12.44	12.24	21.94

Due to the COVID-19 disruptions in FY20, Clean Seas had surplus live fish biomass and frozen inventory, the clearance of which helped the Company to substantially grow frozen sales volumes in FY21 and FY22. In H1 FY23, the Company prioritised the efficient management of working capital, and with strong demand for its fresh product, access to frozen inventory was limited.

Due to limited supply, frozen revenue per kg increased to \$21.94/kg in H1 FY23. With more available frozen supply in H2 FY23 we expect sales volumes to increase.

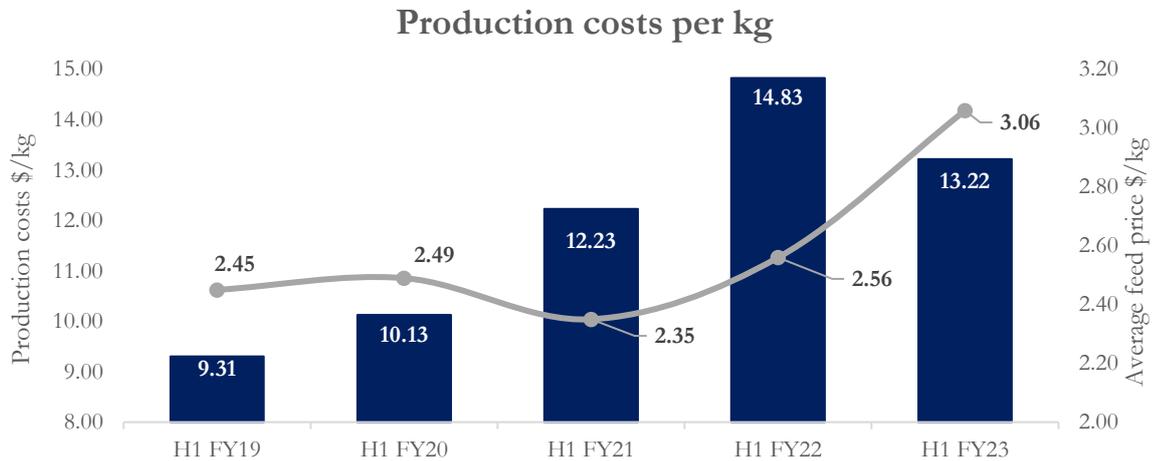
The Fresh business continued its rebound and reached 1,354 tonnes in H1 FY23, representing a growth of 18% on H1 FY22. Fresh revenue per kg increased by 20% to record highs of \$22.49 per kg.

Fish Health

Clean Seas is currently farming two of its three locations on Spencer Gulf, being Port Lincoln and Arno Bay. The Company's Year Class 22 fish were stocked at its third farm location, Fitzgerald Bay, and spent the first year of their growout cycle at this location. In H1 FY23 the Company made the decision to transfer its Year Class 22 fish from its Fitzgerald Bay farm to Port Lincoln and Arno Bay to better make use of available infrastructure and resources for the important second year growout and harvest operations, and these fish were successfully transferred with no fish losses. The Company retains its Fitzgerald Bay licences in support of its future growth plans.

Live Fish growth rates in the first two months of the current growing season have been below expectations, driven by missed feed days caused by poor weather conditions at the Arno Bay farm and unexpected fish losses on the close out of some Year Class 21 cages.

Production Costs



Production costs were elevated in H1 FY22 at \$14.83 per kg due to the additional cost of holding excess inventory, driven by the COVID-19 disruption. However, the Company has made substantial progress in rectifying inventory levels, and with this, Clean Seas improved production costs.

In H1 FY23, production costs reduced to A\$13.22 per kg compared to H1 FY22 due to the reduced carrying costs of excess inventory, however, production costs were adversely impacted by the increasing cost of feed, which reached an average of \$3.06 per kg, lower growth than expected, and higher labour and fuel costs.

Production costs typically remain flat during the first half of the financial year when between 15% and 35% of live fish biomass growth occurs. Consequently, production costs are expected to decline from their current level during H2 of FY23 as live fish growth accelerates.

Indirect & R&D costs

Due to a decline in sales volumes, indirect costs per kg increased to \$3.39, however, total costs declined by \$0.2 million primarily due to reduced frozen storage costs. R&D costs also decreased following the decision in FY22 to cease the Southern Bluefin Tuna research program and instead concentrate all R&D projects on Yellowtail Kingfish.

During H1 FY23, our R&D projects have been focused on developing an infeed treatment for fluke, improving FCR and using sustainably sourced alternatives for energy and Omega 3 in our feed composition, and progressing our genetics programs for Yellowtail Kingfish.

Underlying Gross Profit

The improvement in underlying gross profit to \$4.43 per kg reflects improvements in pricing and production costs, despite the increase in feed costs, and underlying gross profit exceeds expectations. In H2 FY23 we expect production costs to further decline due to the seasonal nature of the growing cycle, but for this favourable impact to be partly offset by ongoing high feed prices.

Underlying Operating EBITDA

Profitability improvement was delivered in H1 FY23 through an increase in revenue and farmgate per kg by 40% and 41%, respectively. Despite the impact of high feed prices and inflationary effects on fuel and labour, Clean Seas delivered an underlying operating EBITDA of \$1.04 per kg, reflecting the underlying performance of the business.

Adjustment to underlying EBITDA:

- **SGARA and cost allocation:** Live fish biomass and frozen inventory is accounted for in accordance with *AASB 141 'Agriculture'*. Under *AASB 141*, the Company 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 per kg). For the purposes of calculating Underlying EBITDA, the Company eliminates these entries. Furthermore, to calculate Underlying EBITDA, the Company has included the required entries to reflect a historical cost Profit and Loss.

Cash Flow

Cash flow summary (\$'000)			Change
	H1 FY22	H1 FY23	(Fav/Unfav)
Cash receipts	32,132	34,066	1,934 ▲
Operating cash flow	6,564	3,483	(3,081) ▼
Investing cash flow	(3,115)	(1,766)	1,349 ▲
Financing cash flow	(18,957)	(4,001)	14,956 ▲
Net increase / (decrease) in cash held	(15,508)	(2,284)	13,224 ▲

Operating cash flow

Cash receipts for the period ended 31 December 2022 reached \$34.1 million, which exceeded H1 FY22 by \$1.9 million, representing a 6% increase. Despite a 22% decline in sale volumes, the Company grew cash receipts, driven by the improvement in price across all geographic regions.

Feed payments increased by \$4.1 million to \$9.5 million, driven by a 20% increase in the average feed price, a 13% increase in feed used, and inventory build-up for the peak growing months. In addition, payments to employees increased by 22%, reflecting inflationary pressures and a reduction in vacant positions.

The growth in cash receipts more than offset the cost increase, which allowed Clean Seas to report a Half Year operating cash flow of \$3.5 million. The reduction in H1 FY22 was largely due to the benefits of selling down frozen inventory in the prior period.

Investing cash flow

Capital investment of \$1.8 million in H1 FY23 was largely focused on maintenance projects, including annual cages, nets, and rope upgrades, and was below the \$3.1 million investment in H1 FY22 which included the part payment of the purchase of two large heavy vessels. In the deployment of growth assets Clean Seas will consider the uncertain economic environment and the Company's desire not to significantly increase its debt position in a high inflation and interest environment, however, the Company continues to assess key growth assets, such as feed automation and hatchery upgrade and expects a final investment decision on these items in H2 FY23.

Financing cash flow

Financing cash flow reflects short- and medium-term debt repayments for \$3.7 million. While interest payments were \$0.2 million. The Company did not draw down on any new facilities during the six month period ending 31 December 2022.

Funding

Net Cash / (Debt) \$'000	Jun-22	Dec-22	Change (Fav/Unfav)	
Cash at bank	12,982	10,698	(2,284)	▼
Working capital facility	(1,837)	-	1,837	▲
Senior debt facility	(1,991)	(1,991)	-	-
Asset finance facility	(1,582)	(1,054)	528	▲
Insurance premium funding	(1,460)	(166)	1,294	▲
Lease liability	(755)	(666)	89	▲
Total net cash	5,357	6,821	1,464	▲

The net cash position increased to \$6.8 million as of 31 December 2022, driven by positive operating cash flows and the repayment of short and medium term debt.

In December 2022, the Group renewed its Finance Facility with the Commonwealth Bank of Australia, with a facility limit of \$32.15 million. The Finance Facility comprises a \$12 million Trade Finance Facility, a \$14 million Market Rate Loan Facility, a \$6 million Equipment Finance Facility and a \$150,000 Corporate Card Facility. This ongoing facility is subject to annual review and is secured against all Group assets.

As at 31 December 2022, the Company had cash and unused working capital funding of \$22.7 million, plus an additional \$17.0 million of undrawn bank facilities to fund major capital works.

Earnings Per Share

Basic (loss) / earnings per share was (2.10) cents in H1 FY23 and (1.31) cents in H1 FY22. Diluted (loss) / earnings per share was (2.10) cents in H1 FY23 and (1.31) cents in H1 FY22.

Dividend

No dividend has been declared.

Outlook

Clean Seas is well positioned to benefit from a growing awareness of Yellowtail Kingfish globally and expects ongoing strong demand for its product as a result of its high quality, culinary flexibility, and the sustainability benefits of growing a native fish in its natural waters.

In H2 FY23, the Company believes that economic uncertainty and reduced purchasing power may impact consumer demand, and with increased competition, there may be a reduction in pricing versus H1 FY23. Furthermore, the Company expects feed and other key cost drivers to remain elevated, which may adversely impact production cost per kg.

Based on fish performance at this stage of the growing season, the Company expects harvest volumes to increase in the range of 15-20% above last year for the remainder of FY23, this represents a decrease to our previous guidance of a 30% increase above prior year.

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

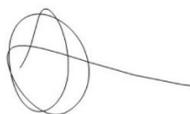
Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 10 of this financial report and forms part of this Directors' Report.

Rounding of amounts

Clean Seas Seafood is a type of Company referred to in ASIC Class Order 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable), or in certain cases, to the nearest dollar under the option permitted in the class order.

Signed in accordance with a resolution of the Directors.



Travis Dillon
Chairman

21 February 2023

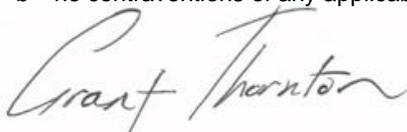
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Auditor's Independence Declaration

To the Directors of Clean Seas Seafood Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Clean Seas Seafood Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 21 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Notes	31-Dec-2022 \$'000	31-Dec-2021 \$'000
Revenue	6	34,231	31,192
Other income		237	134
Net (loss) / gain arising from changes in fair value of Yellowtail Kingfish	8	(1,202)	3,176
Fish husbandry expense		(15,239)	(13,096)
Employee benefits expense		(7,426)	(6,081)
Fish processing and selling expense		(8,048)	(6,071)
Costs of goods sold – frozen inventory		(2,734)	(7,154)
Impairment - biological assets & frozen inventory		-	(211)
Depreciation and amortisation		(1,879)	(1,908)
Other expenses		(1,180)	(1,479)
Loss before finance items and tax		(3,240)	(1,498)
Finance costs		(247)	(663)
Finance income		20	1
Loss before tax		(3,467)	(2,160)
Income tax benefit / (expense)		-	-
Loss for the period from continuing operations		(3,467)	(2,160)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(3,467)	(2,160)
(Loss)/profit for the period and total comprehensive loss for the period is attributable to owners of the parent.			
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	10	(2.10)	(1.31)
Diluted earnings per share (cents per share)	10	(2.10)	(1.31)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	31-Dec-2022 \$'000	30-Jun-2022 \$'000
Assets			
<i>Current</i>			
Cash and cash equivalents		10,698	12,982
Trade and other receivables		5,306	5,299
Inventories	7	9,019	7,693
Prepayments		1,017	1,943
Biological assets	8	44,515	49,591
Current assets		70,555	77,508
<i>Non-current</i>			
Property, plant and equipment	9	17,554	17,543
Right-of-use assets		635	736
Biological assets		224	117
Intangible assets		3,528	3,554
Non-current assets		21,941	21,950
TOTAL ASSETS		92,496	99,458
Liabilities			
<i>Current</i>			
Trade and other payables		9,309	9,456
Borrowings		1,019	4,532
Provisions		1,368	1,335
Current liabilities		11,696	15,323
<i>Non-current</i>			
Borrowings		2,858	3,093
Provisions		367	300
Non-current liabilities		3,225	3,393
TOTAL LIABILITIES		14,921	18,716
NET ASSETS		77,575	80,742
Equity			
Equity attributable to owners of the Parent:			
• share capital	14	228,019	227,901
• share rights reserve		689	507
• accumulated losses		(151,133)	(147,666)
TOTAL EQUITY		77,575	80,742

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Share Capital \$'000	Share Rights Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2022	227,901	507	(147,666)	80,742
Total comprehensive profit for the period	-	-	(3,467)	(3,467)
Share rights reserve movement	118	182	-	300
Balance at 31 December 2022	228,019	689	(151,133)	77,575

For the half-year ended 31 December 2021

	Share Capital \$'000	Share Rights Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 July 2021	224,772	102	(156,342)	68,532
Total comprehensive profit for the period	-	-	(2,160)	(2,160)
Share rights reserve movement	17	1	-	18
Convertible note converted to shares	3,457	-	-	3,457
STI paid via share issue	(353)	-	-	(353)
Balance at 31 December 2021	227,893	103	(158,502)	69,494

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	31-Dec-2022 \$'000	31-Dec-2021 \$'000
Operating activities		
Receipts from customers	34,066	32,132
Payments to suppliers (excluding feed)	(14,321)	(14,620)
Payments for fish feed	(9,452)	(5,369)
Payments to employees	(6,810)	(5,579)
Net cash used in operating activities	3,483	6,564
Investing activities		
Purchase of property, plant and equipment	(1,822)	(2,378)
Purchase of intangible asset	-	(779)
Proceeds from sale of property, plant and equipment	36	41
Interest received	20	1
Net cash used in investing activities	(1,766)	(3,115)
Financing activities		
Transaction costs related to issues of shares	-	(788)
Repayment of convertible notes	-	(6,662)
Proceeds from borrowings	-	278
Repayments of borrowings	(3,757)	(11,224)
Finance costs	(244)	(561)
Net cash (used in) / provided by financing activities	(4,001)	(18,957)
Net change in cash and cash equivalents	(2,284)	(15,508)
Cash and cash equivalents, beginning of period	12,982	30,072
Cash and cash equivalents, end of period	10,698	14,564

The accompanying notes form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

1 Nature of operations

Clean Seas Seafood Limited and its subsidiaries' ('the Group') principal activities include finfish, which comprises the propagation, growout and sale of Yellowtail Kingfish. The Group continues to enhance its operations through new research and world's best practice techniques to deliver Hiramasa Yellowtail Kingfish of premium quality.

As noted in Note 11 of the FY22 Financial Statements, the Tuna operations is no longer a focus for the Group, and until sufficient resources are available there are no current plans to undertake further Southern Bluefin Tuna (SBT) research programs. As a consequence the Group removed its remaining Tuna Broodstock and sold its SBT quota in FY22.

Refer to Note 11 for further information about the Group's operating segments.

2 General information and basis of preparation

The interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2022 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2022 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 21 February 2023.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2022.

4 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2022.

5 Seasonal fluctuations

The Group's underlying reported profit is subject to material seasonal fluctuation due to fish growth being the major contributor to profitability and Yellowtail Kingfish in South Australia having a seasonal strong growth period from October to May when the seawater temperatures are warmer. Historically 15% to 35% of biomass growth in a financial year has occurred in the first half of the financial year. Consequently, it is expected that the Group's future underlying reported profits will be materially higher in the second half of the financial year than the first half.

6 Revenue

	6 months to 31 December 2022 \$'000	6 months to 31 December 2021 \$'000
Sale of fresh finfish	29,822	21,321
Sale of frozen fish products	4,409	9,871
Total revenue	34,231	31,192

7 Inventories

	31-Dec-2022 \$'000	30-Jun-2022 \$'000
Frozen fish products	3,568	2,148
(Less) impairment	-	-
Frozen fish products (at NRV)	3,568	2,148
Fish feed (at cost)	4,163	4,555
Other (at cost)	1,288	990
Total inventories	9,019	7,693

8 Current Biological Assets – Live Fish

	6 months to 31 December 2022 \$'000	12 months to 30 June 2022 \$'000
Live Yellowtail Kingfish – Held for Sale		
Carrying amount at beginning of period / year	49,591	32,505
Adjusted for:		
Gain arising from physical changes at fair value less costs to sell	20,377	56,091
Decrease due to harvest for sale as fresh	(21,579)	(36,055)
Net (loss) / gain recognised in profit and loss	(1,202)	20,036
Decrease due to harvest for processing to frozen inventory	(3,874)	(2,950)
Carrying amount at end of period / year	44,515	49,591

There is inherent uncertainty in the biomass estimate and resultant live fish valuation. This is common to all such valuations and best practice methodology is used to facilitate reliable estimates. Biomass is estimated using a model that simulates fish growth. Actual growth will invariably differ to some extent, which is monitored and stock records adjusted via harvest counts and weights, periodic sample weight checks, physical counts on transfer to sea cages and subsequent splitting of cages, mortality counts and reconciliation of the perpetual records after physical counts and on cage closeout.

As at 31 December 2022 the closing biomass comprised 2,806 tonnes at an average weight of 1.21 kg comprising:

Year Class 2021: 705 tonnes at an average weight of 3.35 kg;

Year Class 2022: 1,839 tonnes at an average weight of 1.91 kg; and

Year Class 2023: 262 tonnes at an average weight of 0.27 kg.

As at 30 June 2022 the closing biomass comprised 3,509 tonnes at an average weight of 2.19kg comprising:

Year Class 2020: 269 tonnes at an average weight of 5.98 kg;

Year Class 2021: 1,960 tonnes at an average weight of 3.32 kg; and

Year Class 2022: 1,280 tonnes at an average weight of 1.32 kg.

During the six months period to 31 December 2022 harvests totalled 1,588 tonnes.

9 Property, plant and equipment

The following table shows the movements in property, plant and equipment:

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2022	4,437	47,515	51,952
Additions	2	1,762	1,764
Disposals	-	(51)	(51)
Balance at 31 December 2022	4,439	49,226	53,665
Depreciation and impairment			
Balance at 1 July 2022	(1,930)	(32,479)	(34,409)
Disposals	-	51	51
Depreciation	(55)	(1,698)	(1,753)
Balance at 31 December 2022	(1,985)	(34,126)	(36,111)
Carrying amount at 31 December 2022	2,454	15,100	17,554
Gross carrying amount			
Balance 1 July 2021	4,366	42,452	46,818
Additions	71	5,128	5,199
Disposals	-	(65)	(65)
Balance 30 June 2022	4,437	47,515	51,952
Depreciation and impairment			
Balance 1 July 2021	(1,826)	(29,037)	(30,863)
Disposals	-	38	38
Depreciation	(104)	(3,480)	(3,584)
Balance 30 June 2022	(1,930)	(32,479)	(34,409)
Carrying amount 30 June 2022	2,507	15,036	17,543

10 Earnings per share

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	6 months to 31 December 2022	6 months to 31 December 2021
Weighted average number of shares used in basic earnings per share	165,474,416	164,834,484
Shares deemed to be issued for no consideration in respect of share based payments	-	-
Weighted average number of shares used in diluted earnings per share	165,474,416	164,834,484

The potential exercise of share rights has been excluded from the diluted earnings per share calculation for 6 months to 31 December 2022 and 31 December 2021 due to being antidilutive, in accordance with *AASB 133 Earnings Per Share*, paragraph 43.

11 Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker, identified as the Board of Directors, in order to allocate resources to the segment and to assess its performance. As a result of the discontinuation of the Group's Tuna operations during the year ended 30 June 2022, the Board has concluded that there are no separately identifiable operating segments for the period ended 31 December 2022. The Group operates in one industry segment, finfish sales, which comprises all Yellowtail Kingfish.

12 Contingent assets and liabilities

The Group also has unrecognised carry forward tax losses. This contingent asset is discussed in Note 10 to the financial statements in the 2021/22 Annual Report.

There are no other material contingent assets or liabilities.

13 Borrowings

In December 2022, the Group renewed its Finance Facility with Commonwealth Bank of Australia, with a facility limit to \$32.15 million. The Finance Facility comprises \$12 million Trade Finance Facility, \$14 million Market Rate Loan Facility, \$6 million Equipment Finance Facility and \$150,000 Corporate Card Facility. This is an ongoing facility subject to annual review and is secured against all Group assets.

The Group is subject to financial covenants, including operating cash flows and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 31 December 2022.

14 Share capital

The share capital of Clean Seas Seafood Limited consists only of fully paid ordinary shares: the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting.

	31-Dec-2022 Shares	30-Jun-2022 Shares	31-Dec-2022 \$'000	30-Jun-2022 \$'000
Shares issued and fully paid:				
• at beginning of the year	165,352,683	158,648,059	227,901	224,772
• share placements / (costs)	-	-	-	(345)
• convertible notes	-	6,686,141	-	3,457
• STI paid via equity	-	18,483	-	17
• share rights ¹	136,829	-	118	-
Total contributed equity	165,489,512	165,352,683	228,019	227,901

- 106,829 share rights were exercised by a Key Management Personnel.

15 Fair value measurement of non-financial assets – Fair Value Hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** Inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's biological assets (live fish) held for sale are valued at their fair value in accordance with Note 4.20 of the 2021/22 Annual Report. This valuation method satisfies the criteria for Level 3. At 31 December 2022 the Group has 2,806 tonnes of live fish held for sale valued at \$44.5 million (June 2022: 3,509 tonnes valued at \$49.6 million).

16 Capital Commitment

As at 31 December 2022 the Group has contracted for the purchase of various items of plant and equipment totalling \$0.75 million [June 2022: \$0.61 million].

17 Post-reporting date events

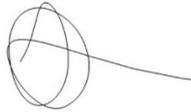
There are no other matters or circumstances that have arisen between the reporting date and the date of authorisation that have significantly affected or may significantly affect either:

- the entity's operations in future financial years;
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years.

Directors' Declaration

- 1 In the opinion of the Directors of Clean Seas Seafood Limited:
 - a The consolidated financial statements and notes of Clean Seas Seafood Limited are in accordance with the *Corporations Act 2001*, including:
 - i Giving a true and fair view of its financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - ii Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, consisting of a stylized 'T' and 'D' followed by a long horizontal stroke.

Travis Dillon
Chairman

Dated the 21th day of February 2023

Independent Auditor's Review Report

To the Members of Clean Seas Seafood Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Clean Seas Seafood Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Clean Seas Seafood Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of Clean Seas Seafood Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

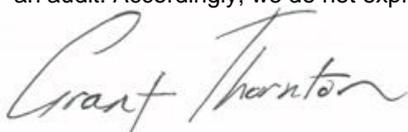
Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

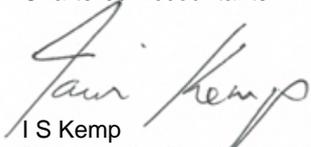
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



I S Kemp
Partner – Audit & Assurance

Adelaide, 21 February 2023