



**CLEANSEAS**  
SUSTAINABLE SEAFOOD

CLEAN SEAS SEAFOOD LIMITED  
ABN 61 094 380 435

**APPENDIX 4E STATEMENT - FULL YEAR REPORT**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET  
FULL-YEAR ENDED 30 JUNE 2023  
(Comparative figures being the full-year ended 30 June 2022)**

	Full-Year ended 30 June 2023	Full-Year ended 30 June 2022	Period Movement up/(down) \$ '000	Period Movement up/(down) %
Revenue from ordinary activities	<b>69,411</b>	66,164	3,247	5
EBITDA	<b>10,167</b>	13,293	(3,126)	(24)
EBIT	<b>6,327</b>	9,461	(3,134)	(33)
Profit / (Loss) from ordinary activities before tax	<b>5,996</b>	8,676	(2,680)	(31)
Income tax credit / (expense)	-	-	-	-
Profit / (Loss) from ordinary activities after tax attributable to members	<b>5,996</b>	8,676	(2,680)	(31)
Net tangible asset backing per ordinary share	<b>50.9</b>	46.7	4.2	9.0

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

Record date for determining entitlements to dividends.

No dividend declared

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

This report is all the full year information provided to the Australian Securities Exchange under listing rule 4.3A. The report also satisfies the full-year reporting requirements of the Corporations Act 2001.



**Clean Seas Seafood Limited**  
**Consolidated Financial Statements**  
For the year ended 30 June 2023  
ABN 61 094 380 435

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# Directors' Report

The Directors of Clean Seas Seafood Limited ("Clean Seas") 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") for the for the year ended 30 June 2023.

## **Directors**

The following persons held office as Directors of Clean Seas during and since the end of the financial year:

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

## **Company Secretary**

The following persons were Joint Company Secretary of Clean Seas during and since the end of the financial year:

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

## **Principal activities**

The principal activities of the consolidated Group during the financial year were:

- The propagation of Spencer Gulf Yellowtail Kingfish, producing fingerlings for sale and growout; and
- The growout of Spencer Gulf Yellowtail Kingfish for harvest and sale.

The Group continues to enhance its operations through new research and the application of the world's best practice techniques to deliver Spencer Gulf Kingfish of premium quality.

The consolidated financial statements are presented in Australian Dollars ("AUD"), which is also the functional currency of the Parent Company.

## Review of operations and financial results

The Board and Management of Clean Seas report a statutory profit after tax for the year of \$6.0 million, which compares to a statutory profit after tax of \$8.7 million in FY22. Importantly, underlying earnings before interest, tax, depreciation, and amortization (EBITDA) reached \$3.7 million, indicating a turnaround from an operating loss of \$4.8 million in FY22.

<b>Financial Performance <sup>1</sup></b>			
	<b>FY22</b>	<b>FY23</b>	<b>Change</b>
<b>Production Metric</b>			<b>%</b>
Tonnes sold (WWE)	3,757	3,054	-19%
Net Growth (tonnes)	3,152	3,837	22%
Harvest volumes (tonnes)	2,919	3,354	15%
Closing Live Fish Biomass (tonnes)	3,508	3,991	14%
Frozen inventory	164	376	129%
<b>Operating Results (\$/kg) <sup>1</sup></b>			
			<b>\$</b>
<b>Revenue \$/k.g</b>	<b>17.61</b>	<b>22.73</b>	5.12
Post farmgate costs \$/kg	(3.41)	(4.87)	(1.46)
<b>Farmgate \$/k.g</b>	<b>14.20</b>	<b>17.86</b>	3.66
Production costs \$/k.g	(12.38)	(13.03)	(0.65)
<b>Gross profit \$/k.g</b>	<b>1.82</b>	<b>4.83</b>	3.01
Indirect & R&D Costs \$/k.g	(3.10)	(3.62)	(0.52)
<b>Operating EBITDA \$/k.g</b>	<b>(1.28)</b>	<b>1.21</b>	2.49
<b>Operating Results (\$'000) <sup>1</sup></b>			
			<b>\$'000</b>
<b>Revenue</b>	<b>66,164</b>	<b>69,411</b>	3,247
Post farmgate costs	(12,815)	(14,870)	(2,055)
<b>Net farmgate revenue</b>	<b>53,349</b>	<b>54,541</b>	1,192
Production costs	(46,514)	(39,804)	6,710
<b>Gross profit</b>	<b>6,835</b>	<b>14,737</b>	7,902
Indirect & R&D Costs	(11,659)	(11,044)	615
<b>Operating EBITDA</b>	<b>(4,824)</b>	<b>3,693</b>	8,517
<b>Underlying Adjustments</b>			
Impairment	(211)	(675)	n/a
AASB 141 SGARA and cost allocation	18,328	7,149	n/a
Total underlying Adjustments	18,117	6,474	(11,643)
<b>Statutory EBITDA</b>	<b>13,293</b>	<b>10,167</b>	(3,126)
Depreciation & amortisation	(3,832)	(3,840)	(8)
<b>Statutory EBIT</b>	<b>9,461</b>	<b>6,327</b>	(3,134)
Net interest costs	(785)	(331)	454
<b>Statutory NPAT</b>	<b>8,676</b>	<b>5,996</b>	(2,680)

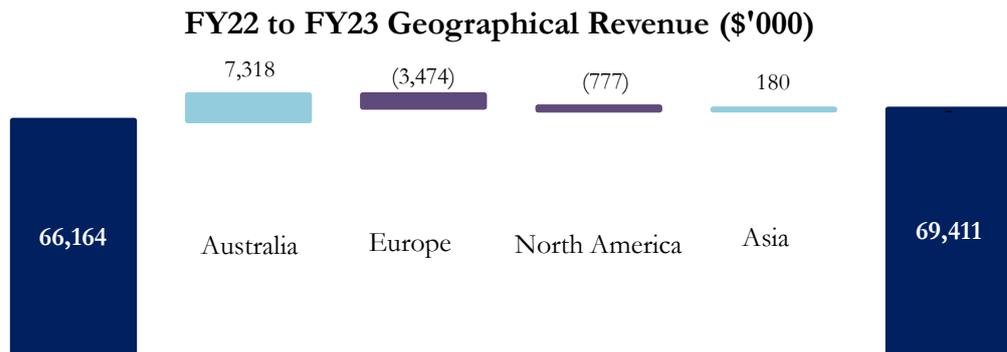
1. Operating Results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. They have not been subject to audit or review by the Group's external auditors.

The improvement in profitability in FY23 reflects the advantages gained from a 29% and 26% increase in revenue and farmgate per kg, respectively, as well as farming and overhead cost efficiencies achieved. Although production costs rose to \$13.03 per kg due to increased feed prices, the gains achieved in revenue per kg more than offset this increase. As a result, Clean Seas delivered a gross profit of \$4.83 per kg and an underlying operating EBITDA of \$1.21 per kg.

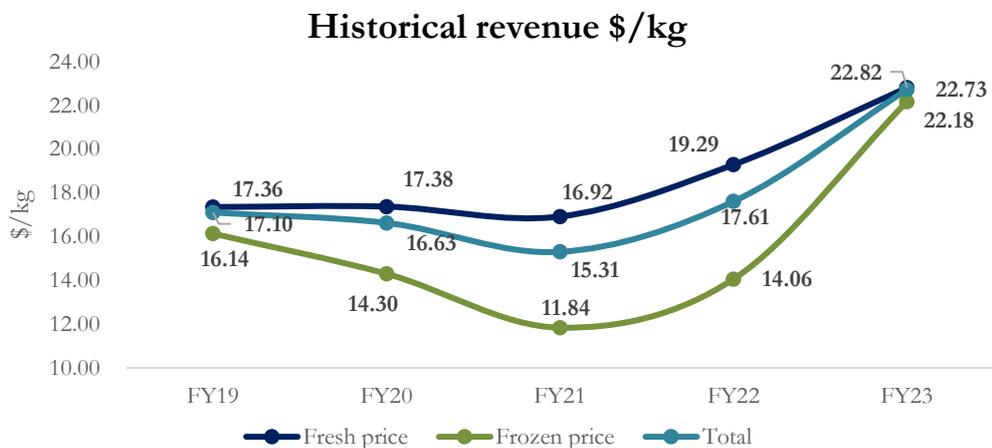
In previous financial years, Clean Seas had undertaken a significant program to reduce working capital by optimising live fish biomass and reducing inventory of frozen Kingfish. In FY22 alone, frozen inventory was reduced by 892 tonnes. With excess inventory successfully cleared and notwithstanding a reduction in sales volumes in FY23, the corresponding benefit in pricing and cost efficiencies underpinned an excellent FY23 result.

## Financial Performance

### Sales volumes and revenue



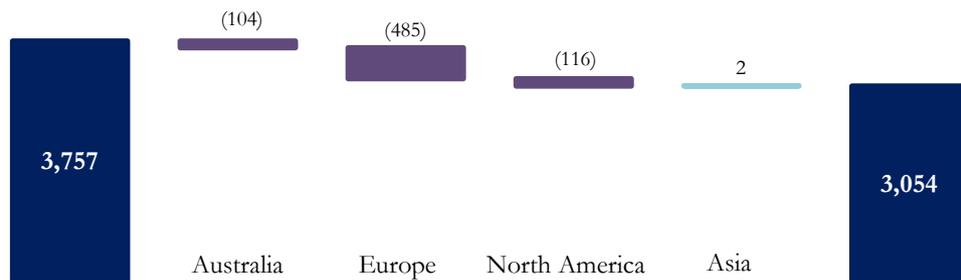
Clean Seas' achieved revenue of \$69.4 million in FY23, representing a 5% increase on FY22. The result highlights the Group's ability to grow revenue per kg across both Fresh and Frozen products and geographical area. Revenue per kg increased to \$22.73 in FY23, representing a 29% increase on FY22.



In FY23, fresh revenue per kg continued its upward trend, reaching a record \$22.82 per kg, showing growth of 18% compared to FY22. The increase in fresh pricing reflects growth across all geographical regions.

During FY23, the Group faced limited frozen supply, however, customer demand for premium frozen products continued and consequently frozen revenue per kg increased by an impressive 58%, reaching \$22.18 per kg in FY23.

### FY22 to FY23 Geographical volumes (tonnes)

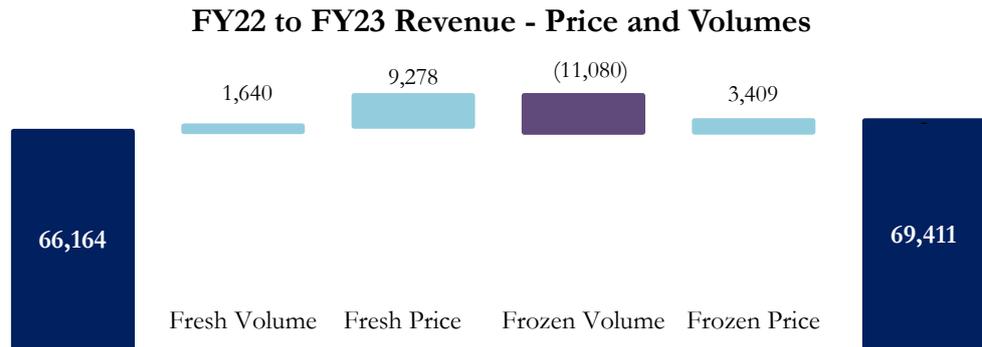


Total sales volumes for FY23 were 3,054 tonnes, which was a 19% reduction compared to FY22. The decline in sales volumes is attributed to the transition away from surplus frozen inventory, which played a significant role in the FY22 results. Consequently, total frozen volumes declined by 65%, reaching 420 tonnes in FY23. However, despite the absence of surplus frozen inventory, strong demand led to improved pricing, reaching record highs. In contrast, the Group recorded a 3% increase in total Fresh volumes, totalling 2,634 tonnes.

Australian sales volumes decreased by 5% to 2,049 tonnes in FY23. This slight reduction in sales volumes is primarily due to the one-off sale of 150 tonnes of frozen clearance inventory in FY22. The Fresh Australian business continued its growth in FY23, increasing to 2,008 tonnes, representing a 4% increase from FY22.

Sales volumes in Europe decreased by 485 tonnes to 752 tonnes in FY23. The reduction in sales volumes reflects the decrease in available frozen inventory and the emergence of more challenging economic conditions and increased competition. However, the decline in sales volumes was partially offset by growth in revenue per kilogram, increasing by 38% to \$24.08 per kg.

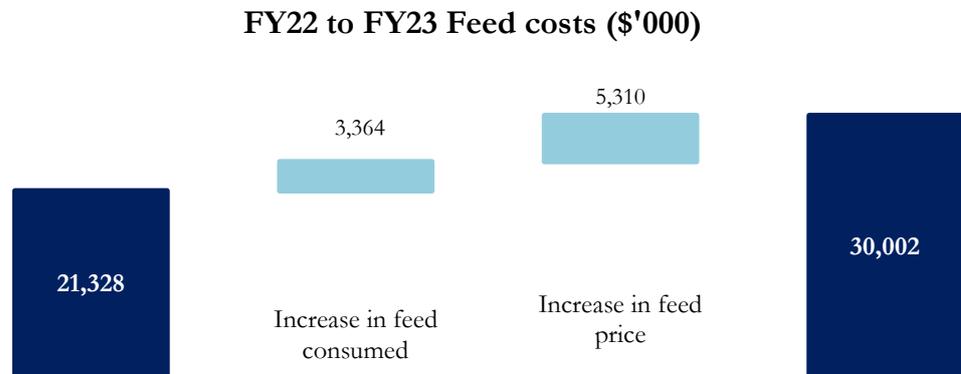
North America also experienced a decline in volumes, with a reduction of 116 tonnes to 191 tonnes. This decrease was primarily driven by a 131-tonne reduction in frozen sales volumes, but was partially offset by a growth in Fresh sales of 15 tonnes.



Despite a 19% reduction in sales volumes, Revenue increased by \$3.2 million (5%). The growth in revenue was driven by growth in both Fresh and Frozen pricing, increasing by 18% and 58% respectively. The improvement in price more than offset the loss of frozen sales.

**Production costs**

Production costs increased by \$0.65 per kg to \$13.03 per kg in FY23. Costs were adversely impacted by inflationary pressures, increasing the cost of feed, labour, electricity, and fuel, however the impact was partially offset by efficiencies on the farm. The Group achieved an improvement in economic feed conversion ratio (eFCR) and reduced farming costs per kg (excluding feed) as fish growth rates exceeded cost increases.



In FY23 Clean Seas benefitted from the work completed to reduce excess live fish biomass and reduce the time taken to grow its fish to harvest by bringing forward the year class cutover date. In FY23 the Group transitioned year classes in March 2023, and, as a result eFCR reduced from 2.57 in FY22 to 2.43 in FY23. The reduced time in water also helped Clean Seas achieve a reduction in farming costs per kg, excluding feed.

The rising cost of feed put pressure on Clean Seas' cost base, with the average cost of feed increasing by 21% to \$3.22 per kg compared to FY22. Given feed accounts for approximately 60% of total production costs and has remained persistently high, Clean Seas has made a strategic investment in a new automated feed barge which will transform the feeding process at our Arno Bay farm site. Feeding at this location is performed manually, resulting in lower fish growth rates compared to the automated Louth Bay (Port Lincoln) farming site due to weather-related missed feed days. The new automated feed barge will allow for remote and consistent feed dispensing at the Arno Bay farm site, regardless of the weather conditions.

The feed barge possesses a storage capacity of 650 tonnes of feed, which can be directly received via ocean transshipment from the feed mill, eliminating the need for road transport and double handling. This streamlining of operations is expected to significantly reduce freight costs and further decrease the overall cost of production.

The investment in the automated feed barge is projected to yield a payback period of less than four years, demonstrating its financial viability. Moreover, it is expected to further reduce eFCR (feed conversion ratio), which will contribute to enhanced cost savings and overall profitability for Clean Seas.

### **Underlying Gross Profit**

The improvement in Underlying Gross Profit to \$4.83 per kg reflects improvements in pricing, which has more than offset the increase in post farmgate and production costs. More importantly, it reflects the progress made against the strategic plan which was focused on establishing a business model capable of consistently generating a gross profit margin of between \$4.00 to \$5.00 per kg.

### **Indirect costs**

The downward trend in indirect costs continued in FY23, reducing to \$11.04 million, which was an improvement of approximately \$0.6 million. However, on a per kg basis indirect costs increased by \$0.52 per kg to \$3.62 and represents weakened operational leverage following the 19% reduction in sale volumes.

### **Underlying Operating EBITDA**

In FY23, Clean Seas achieved enhanced profitability by boosting its revenue and farmgate price per kg by 29% and 26%, respectively. Despite facing challenges such as high feed prices and inflationary pressures affecting input costs, the Group managed to achieve an impressive underlying operating EBITDA of \$1.21 per kg. This success can be attributed to the effective implementation of the FY21 to FY23 turnaround strategy, which has transformed Clean Seas into a profitable business, generating positive operating EBITDA and operating cash flows. This transition marks a significant milestone in the Group's journey towards sustained profitability and growth.

Adjustments to underlying Operating EBITDA include:

- **Impairment:** Clean Seas entered into an agreement with *IceFresh* in June 2021 to obtain a non-transferable, non-sublicensable, worldwide license to the IceFresh Technology solely for use in connection with the distribution of retail products of Kingfish. The current strategic plan does not include the sale of retail fish products and is therefore not a current focus for the Group. The carrying value has been written down to nil.
- **SGARA and cost allocation:** Live fish biomass and frozen inventory is 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). 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.

### Statutory Net Profit

Clean Seas has delivered a statutory profit in FY23 of approximately \$6.0 million driven by an improvement in operating earnings, coupled with a significant increase in the growth of Live Fish net growth tonnes (+22%) and increase in valuation. 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. changes in valuation).

### Cash Flow

Cash flow summary (\$'000)			Movement	
	FY22	FY23	\$	%
<b>Cash receipts</b>	<b>67,376</b>	<b>69,612</b>	<b>2,236</b>	<b>3%</b>
Operating cash flow	6,218	1,510	(4,708)	-76%
Investing cash flow	(5,753)	(4,838)	915	16%
Financing cash flow	(17,555)	(3,297)	14,258	81%
<b>Net increase / (decrease) in cash held</b>	<b>(17,090)</b>	<b>(6,625)</b>	<b>10,465</b>	<b>61%</b>

#### Operating cash flow

Cash receipts for the full year ended 30 June 2023 reached \$69.6 million, which exceeded FY22 by \$2.2 million (representing a 3% increase), which benefited from optimising working capital by selling down frozen inventory by 892 tonnes to 164 tonnes at 30 June 2022.

Feed payments increased by 23% to \$27.5 million in FY23 driven by an increase in Live Fish biomass growth of 22% and a 21% increase in the average feed price. Payments to employees increased by 18% driven by inflationary pressures and growing biomass.

The growth in cash receipts more than offset the increase in costs, which allowed Clean Seas to report a Full Year operating cash flow of approximately \$1.5 million and represents the second consecutive positive operating cash flow result.

#### Investing cash flow

Clean Seas capital investment was approximately \$5.0 million in FY23, which comprises maintenance and growth capital expenditure (capex):

- Growth capex amounted to \$2.0 million and comprised three key components: \$1.2 million allocated for progress payments for the new Feed Barge, \$0.5 million for implementing a new camera system for the feed barges, and \$0.3 million for acquiring a new Health vessel.
- Maintenance capex amount to approximately \$3.0 million in new cages, nets, vehicles, and processing plant improvements.

The Group received \$106k from the sale of non-current assets and \$53k in interest earned.

#### Financing cash flow

During FY23, Clean Seas continued its focus on reducing debt and further strengthening the balance sheet, which included the repayment of short- and medium-term debt of \$5.1 million. Interest payments were \$0.3 million.

## Funding

Net Cash / (Debt) \$'000	Jun-22	Jun-23	Change (Fav/Unfav)	
Cash at bank	12,982	6,357	(6,625)	▼
Working capital facility (Trade Finance Facility)	(1,837)	-	1,837	▲
Senior debt facility (Cash Advance Facility)	(1,991)	(4,091)	(2,100)	▼
Asset finance facility	(1,582)	(527)	1,055	▲
Insurance premium funding	(1,460)	(1,173)	287	▲
Lease liability (AASB 16)	(755)	(807)	(52)	▼
<b>Total net cash / (debt)</b>	<b>5,357</b>	<b>(241)</b>	<b>(5,598)</b>	▼

The net debt position of (\$241k) in June 2023 includes *AASB 16 Lease Liabilities*. Excluding these items, Clean Seas had adjusted net cash of \$566k. The transition into net debt position reflects the repayment of short- and medium-term debt and the decision to use cash reserves to fund maintenance capital.

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 Cash Advance 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, interest coverage and tangible net worth ratios, which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2023.

Debt Arrangements	Total Facility	Drawn	Undrawn
Senior debt facility (Cash Advance Facility)	14,000	(4,091)	9,909
Working capital facility (Trade Finance Facility)	12,000	-	12,000
Asset finance facility	6,000	(527)	5,473
<b>Total</b>	<b>32,000</b>	<b>(4,618)</b>	<b>27,382</b>

At 30 June 2023, the Group had \$27.4 million in undrawn facilities, which will provide sufficient headroom for working capital and to fund planned capital investment projects.

### Significant changes in the state of affairs

There have been no significant changes in the state of affairs.

### Events arising since the end of the reporting period

Subsequent to 30 June 2023, 1,278,199 Share Rights lapsed, which represent the FY21 Long-Term Incentive program, and the Board approved the issue of 2,164,329 Share Rights, which represent the FY24 annual Long-Term Incentive program.

There are no other matters or circumstances that have arisen since the end of the year that has 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.

### **Likely developments, business strategies and prospects**

The Group has made significant progress against its strategic objectives, building channel and market awareness, and strengthening its balance sheet, despite the impacts of inflationary pressures. The Group expects strong demand for its premium ocean-reared Kingfish to continue, and aims to leverage this by:

- Highlighting the quality, flexibility and Spencer Gulf provenance of its Yellowtail Kingfish;
- Maintaining and improving key financial and operating metrics including Kingfish survival rates, Gross Profit/kg, indirect costs and inventory months cover;
- Tight cost controls throughout all aspects of the business; and
- Targeted investments in resources and infrastructure to grow production capacity and improve production efficiencies, including feed automation.

### **Information on Directors and Key Management**

#### **Mr Travis Dillon - Chairman, Independent Non-Executive Director**

Mr Dillon was appointed to the Board on 21 October 2020.

Mr Dillon holds an Advanced Diploma of Agriculture (RBM), a Master of Business Administration from Australian Institute of Business and is a Member of the Australian Institute of Company Directors.

Mr Dillon has extensive agribusiness experience, with a strong commercial and strategic mindset. He was formerly CEO & MD of Ruralco Holdings and is currently Chairman of Select Harvests Limited (ASX:SVH), Non-Executive Director of Lifeline Australia and member of the CSIRO Agriculture and Food Advisory Committee. Mr Dillon was previously Chairman of Terragen Holdings Limited (ASX:TGH).

Mr Dillon's shareholding at signing date was 200,000 shares.

#### **Ms Katelyn Adams - Independent Non-Executive Director**

Ms Adams was appointed to the Board on 1 June 2021. She is also the Chair of the Audit and Risk, and the Remuneration and Nominations Committees.

Ms Adams has over 15 years of accounting and board experience, servicing predominantly ASX listed companies. Katelyn is a Chartered Accountant and Partner of the Corporate Advisory division of HLB Mann Judd in Adelaide, as well as the Company Secretary of various listed and private companies. Katelyn has extensive knowledge in corporate governance, ASX Listing Rule requirements, IPO and capital raising processes, as well as a strong technical accounting background.

Ms Adams holds a Bachelor of Commerce and is a Chartered Accountant and has a shareholding at signing date was 50,000 shares.

**Mr Marcus Stehr - Independent Non-Executive Director**

Mr Stehr was appointed to the Board on incorporation in September 2000. He is a member of the Audit and Risk Committee.

Mr Stehr's technical qualifications include Master Class 4 Fishing/Trading Skippers certificates, MED 1 and Dive Master certificates. Commercial qualifications include business management courses spanning post graduate studies in Business and completion of the Company Director's Course. He is a Fellow of the Australian Institute of Company Directors.

Mr. Stehr has more than 25 years hands on experience in marine finfish aquaculture operations encompassing Tuna, Kingfish and Mulloway.

In addition to being Managing Director of Australian Tuna Fisheries Pty Ltd (a major shareholder in Clean Seas), Stehr Group Pty Ltd and Sanchez Tuna Pty Ltd, Mr Stehr makes a strong contribution to the Australian fishing and aquaculture industries as:

- Board member of the Australian Southern Bluefin Tuna Industry Association Ltd;
- Director of the Australian Maritime and Fisheries Academy (Australian Fisheries Academy Ltd);
- Industry member of Southern Bluefin Tuna Fishery Management Advisory Committee; and
- Industry representative on the Southern Bluefin Tuna Management Advisory Committee.

Mr Stehr's shareholding at signing date was 117,930 shares.

**Mr Gilbert Vergères – Non-Executive Director**

Mr Vergères was appointed to the Board on 3 March 2020. He is a member of the Remuneration and Nomination Committee.

Mr Vergères is one of three Partners of Bonafide Wealth Management AG, who, through their mutual investment funds, is Clean Seas' largest shareholder. Based in Liechtenstein, Bonafide Wealth Management AG was established in 2008 to focus exclusively in the Fish & Seafood Sector and is today considered one of the pre-eminent global investors in aquaculture.

Mr Vergères had a long career in Finance in Switzerland, where he worked at several Swiss private banks. In 1998, he started his own business operations and has been Managing Director and member of the Board of Directors at an asset management company until 2013 before establishing the Bonafide Global Fish Fund with his two partners in 2012. Mr Vergères is located in Asia reflecting the Bonafide Funds focus on aquaculture investments in the Asia Pacific region.

Mr Vergères shareholding at signing date was 320,176 shares.

**Ms Eryl Baron – Company Secretary**

Ms Baron (AGIA) was appointed as Company Secretary on 3 December 2020. Ms Baron has an extensive background in providing corporate secretarial and corporate governance services to listed companies in a wide range of industries.

**Mr Rob Gratton – Chief Executive Officer**

Mr Gratton was appointed as Chief Executive Officer on 3 December 2020 having been acting in the role since August 2020, and was appointed Joint Company Secretary on 4 June 2019. Mr Gratton was previously Clean Seas' Chief Financial Officer. He has over 25 years' experience in Banking, Corporate Finance and Accounting roles in Australia, the United Kingdom and United States. Mr Gratton was CFO and Company Secretary at Jurlique and kikki.K, and has also held senior positions at JP Morgan Investment Bank in London and New York, after starting his career at Westpac in Australia. Mr Gratton's shareholding at signing date was 455,647 shares.

### Mr David Brown – Chief Financial Officer

Mr Brown was appointed as Chief Financial Officer on 3 December 2020, having previously been Group Controller and Joint Company Secretary. He has over 15 years' experience in Corporate Finance and Accounting roles across a breadth of industries and is a Chartered Accountant. Prior to commencing with Clean Seas, Mr Brown held senior positions at KPMG and Grant Thornton specialising in Corporate Finance. Mr Brown's shareholding at signing date was 106,829 shares.

### Directors' meetings

The number of Board meetings and meetings of Board Committees held during the year, and the number of meetings attended by each Director is as follows:

Director's name	Board Meetings		Audit and Risk Committee		Remuneration and Nominations Committee	
	A	B	A	B	A	B
Travis Dillion	10	10	3	3	2	2
Katelyn Adams	10	10	3	3	2	2
Marcus Stehr	10	9	3	3	-	-
Gilbert Vergères	10	9	-	-	2	2

Where:

**column A** is the number of meetings the Director was entitled to attend as a member

**column B** is the number of meetings the Director attended (all Directors are entitled to attend Committee meetings)

### Unissued shares under option

There are no share options issued at the date of this report.

The Group issued 2,187,564 share rights during the financial year. The Group had 5,146,866 share rights outstanding at 30 June 2023. Further details are provided in the Remuneration Report.

### Shares issued during or since the end of the year as a result of exercise

The Group issued 136,829 shares during the financial year as a result of the exercise of share rights.

### Remuneration Report (audited)

The Directors of Clean Seas Seafood Limited ('the Group') present the Remuneration Report for Non-Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Bonuses included in remuneration; and
- Other information.

#### a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive remuneration strategy and supporting incentive programs and frameworks are:

- to attract and retain high calibre senior executives;
- to align rewards to business outcomes that deliver value to shareholders;

- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

The Board has established a Remuneration and Nominations Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The advice of independent remuneration consultants is taken from time to time so as to establish that Directors' fees and Executive remunerations are in line with market standards, however, Clean Seas did not use remuneration consultants in FY23.

#### Non-Executive Director Remuneration

In accordance with best practice corporate governance, the remuneration of Non-Executive Directors is structured separately from that of Executive Directors and Senior Executives.

The Group's Non-Executive Directors receive only Director fees (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses. The Board reviews its fees to ensure the Group's Non-Executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to conduct the role and to have in place a fee scale which enables the Group to attract and retain talented Non-Executive Directors.

Non-Executive Directors do not receive any shares, options or other securities in addition to their remuneration and are not eligible to participate in any Group share plans or any other incentive plans that may be in operation. They do not receive any retirement benefits other than compulsory superannuation where applicable.

The aggregate remuneration paid to all the Non-Executive Directors (inclusive of statutory superannuation) may not exceed the current "fee pool" limit of \$600,000, which was set at the 2018 AGM on 13 November 2018. This 'fee pool' is only available to Non-Executive Directors, as Board membership is taken into account in determining the remuneration paid to Executive Directors as part of their normal employment conditions. In FY23 total fees paid to Non-Executive Directors was \$400,852.

The fees payable to Non-Executive Director and Committee fees are summarised below:

<b>Changes in Non-Executive Directors and Committee fees</b>			
	<b>2023</b>	<b>2022</b>	<b>Change</b>
Chairman	\$150,000 <sup>(1)</sup>	\$150,000 <sup>(1)</sup>	-
Non-Executive Director	\$70,000	\$70,000	-
Audit and Risk Committee Chair	\$15,000	\$15,000	-
Audit and Risk Committee member	\$7,500	\$7,500	-
Remuneration & Nomination Committee Chair	\$12,000	\$12,000	-
Remuneration & Nomination Committee member	\$6,000	\$6,000	-

1. Chairman's fees are inclusive of all committee fees.

#### Executive Remuneration

The remuneration structure adopted by the Group for FY23 consists of the following components:

- fixed remuneration being annual salary and benefits;
- short term incentives, being cash bonuses; and
- long term incentives, being share based remuneration, in the case of the CEO and Senior Executives.

The Remuneration and Nominations Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Executive Team.

The payment of bonuses is reviewed by the Remuneration and Nominations Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses must be linked to pre-determined performance criteria.

#### **Short Term Incentive (STI)**

The Group's performance measures involve the use of annual performance objectives, metrics and performance appraisals. Financial targets are based on Operating EBITDA while non-financial targets are based on strategic goals set in relation to the main priorities for each position.

The performance measures are set annually after consultation with the Directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for business improvement, expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators ('KPI's') for the KMP in FY23 are summarised as follows:

- CEO: Operating EBITDA in FY23, sales volumes and farmgate, growth capital projects, workplace health and safety, culture and sustainability.
- CFO: Operating EBITDA in FY23, growth capital projects, workplace health and safety, culture and sustainability.

#### **Long Term Incentive (LTI)**

The Group maintains an annual Long Term Incentive (LTI) plan for Executives. This plan grants Share Rights to eligible employees, and the Rights have the potential to vest into Ordinary Shares over a three year period, subject to the Group delivering increased shareholder value.

The Group's LTI Plan has primarily been linked to share price and EPS growth delivery over a three year performance period and is underpinned by the Group's longer term vision. Given the significant targeted growth trajectory and in recognition of the volatility and inherent operational risks in aquaculture and their impact on future results, the Group has elected to include annual vesting assessments. The annual vesting is weighted towards the delivery of EPS growth in each year. If EPS growth target is not achieved, vesting for that year lapses unless the target for the following year is achieved. Summary of LTI's granted is presented below.

Share Right tranche	Grant date	Valuation price	Exercise price	Targets	Number of rights	Vesting dates
FY21 Tranche 1	21-Jan-22	0.52	nil	Share Price \$1.0	426,067	30-Jun-23
FY21 Tranche 2	21-Jan-22	0.415	nil	Share Price \$1.5	426,066	30-Jun-23
FY21 Tranche 3	21-Jan-22	0.344	nil	Share Price \$2.0	426,066	30-Jun-23
FY22 Tranche 1	21-Jan-22	0.625	nil	EPS growth 17%	560,368	30-Jun-24
FY22 Tranche 2	21-Jan-22	0.625	nil	EPS growth 4%	560,368	30-Jun-24
FY22 Tranche 3	21-Jan-22	0.625	nil	EPS growth 4%	560,368	30-Jun-24
FY23 Tranche 1	9-Jun-23	0.495	nil	Cumulative operating EBITDA over 3 years \$15 million	729,188	30-Jun-25
FY23 Tranche 2	9-Jun-23	0.495	nil	Cumulative operating EBITDA over 3 years \$20 million	729,188	30-Jun-25
FY23 Tranche 3	9-Jun-23	0.495	nil	Cumulative operating EBITDA over 3 years \$21.5 million	729,188	30-Jun-25

106,829 Share Rights vested and were exercised into Ordinary Shares in FY23 by key management.

#### Performance Reviews

Management have regular annual performance reviews in accordance with established procedures.

Pursuant to the Board's and Board Committee's respective Charters, the Board conducts annual evaluations of its performance, the performance of its Committees, the Chairman, individual Directors and the key governance processes that support the Board's work. The respective Board Committee Charters also require the Committees to evaluate their performance and composition at least annually to determine whether they are functioning effectively by reference to current best practice. This evaluation is presented to the Board for review.

#### Voting and comments made at the Group's last Annual General Meeting

The resolution for adoption of the Remuneration Report for the financial year ending 30 June 2022 was passed by 93.9% of votes in a poll at the Company's 2022 Annual General Meeting. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

The Directors consider that the relevant remuneration packages of the Board and Executives are appropriate.

#### Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following measures in respect of the current financial year and the previous five financial years:

Item	2023	2022	2021	2020	2019
Basic EPS (cents)	3.62	5.26	(27.36)	(15.57)	1.73
Profit / (loss) before tax (\$'000)	5,996	8,676	(32,097)	(14,454)	1,446
Profit / (loss) after tax (\$'000)	5,996	8,676	(32,097)	(14,454)	1,446
Net Assets (\$'000)	87,053	80,742	68,532	72,458	73,542
Share price at 30 June (cents) (1)	50.0	52.0	52.5	55.5	90.5

**b Details of remuneration**

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of the Group are shown in the table below:

<b>Director and other Key Management Personnel remuneration (\$)</b>										
<b>Employee</b>	<b>Year</b>	<b>Cash benefits</b>				<b>Non-cash benefits</b>	<b>Cash benefits</b>	<b>Non-cash benefits</b>	<b>Total</b>	<b>Performance based percentage of remuneration</b>
		<b>Short term employee benefits</b>			<b>Post-employment benefits</b>	<b>Long-term benefits</b>	<b>Termination benefits</b>	<b>Share-based payments</b>		
		<b>Cash salary and fees</b>	<b>Bonus</b>	<b>Non-monetary benefits</b>	<b>Superannuation</b>	<b>Long service leave</b>	<b>Termination payments</b>	<b>Share rights</b>		
<b>Non-Executive Directors</b>										
Travis Dillon (1) Chairman, Independent	2023	150,000	-	-	-	-	-	-	150,000	0%
	2022	150,000	-	-	-	-	-	-	150,000	0%
Katelyn Adams (2) Independent	2023	97,000	-	-	-	-	-	-	97,000	0%
	2022	97,000	-	-	-	-	-	-	97,000	0%
Marcus Stehr Independent	2023	70,455	-	-	7,398	-	-	-	77,853	0%
	2022	70,455	-	-	7,045	-	-	-	77,500	0%
Gilbert Vergeres	2023	76,000	-	-	-	-	-	-	76,000	0%
	2022	76,000	-	-	-	-	-	-	76,000	0%
<b>Other Key Management Personnel</b>										
Rob Gratton - CEO	2023	450,750	106,875	-	27,500	16,315	-	108,372	709,812	30%
	2022	428,462	106,875	-	27,500	12,369	-	140,063	715,269	35%
David Brown - CFO	2023	299,789	82,875	-	27,500	12,065	-	67,160	489,389	31%
	2022	246,682	97,500	-	27,500	16,690	-	114,199	502,571	42%
<b>2023 Total</b>	<b>2023</b>	<b>1,143,994</b>	<b>189,750</b>	<b>-</b>	<b>62,398</b>	<b>28,380</b>	<b>-</b>	<b>175,532</b>	<b>1,600,054</b>	<b>23%</b>
<b>2022 Total</b>	<b>2022</b>	<b>1,068,599</b>	<b>204,375</b>	<b>-</b>	<b>62,045</b>	<b>29,059</b>	<b>-</b>	<b>254,262</b>	<b>1,618,340</b>	<b>28%</b>

### c Service agreements

Remuneration and other terms of employment for the Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary \$	Motor Vehicle / Allowance	Term of agreement	Notice period
Rob Gratton (CEO)	\$425,750	Yes	Ongoing	9 months
David Brown (CFO)	\$299,785	No	Ongoing	3 months

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	Maximum At risk – STI	Maximum At risk – LTI
<i>Other Key Management Personnel</i>			
Rob Gratton	49%	15%	36%
David Brown	49%	15%	36%

### d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel for FY23, the percentage of the available bonus that was awarded in the financial year and the percentage that was forfeited because the performance criteria were not achieved is set out below. No part of the bonus carries forward to future years. The awarded bonuses have been recognised in FY23.

	Included in remuneration	Percentage vested during the year	Percentage forfeited during the year
<i>Other Key Management Personnel</i>			
Rob Gratton	\$106,875	74%	26%
David Brown	\$82,875	84%	16%

### e Other information

Shares held by Key Management Personnel

The number of ordinary shares in the Group during the 2023 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2023 – Ordinary Shares					
Personnel	Balance at start of year	Granted as remuneration	Received on exercise	Other changes (1)	Held at the end of reporting period
T Dillon	118,176	-	-	81,824	200,000
K Adams	-	-	-	50,000	50,000
M Stehr	117,930	-	-	-	117,930
G Vergeres	320,176	-	-	-	320,176
R Gratton	455,647	-	-	-	455,647
D Brown	-	-	106,829	-	106,829
<b>Totals</b>	<b>1,011,929</b>	<b>-</b>	<b>106,829</b>	<b>131,824</b>	<b>1,250,582</b>

(1) Changes are on market purchases and disposals.

No options to acquire shares are held by Key Management Personnel.

### Share Rights held by Key Management Personnel

Share rights granted under the LTI Equity Incentive Plan are set out below:

Year ended 30 June 2023 – Share Rights						
Personnel	Balance at start of year	Other changes	Granted as remuneration	Exercised	Lapsed	Held at the end of reporting period
R Gratton	1,297,402	-	721,592	-	(138,877)	1,880,117
D Brown	776,198	-	493,721	(106,829)	-	1,163,090
<b>Totals</b>	<b>2,073,600</b>	<b>-</b>	<b>1,215,313</b>	<b>(106,829)</b>	<b>(138,877)</b>	<b>3,043,207</b>

The share rights will vest if specified performance targets are achieved and the Executive remains employed by the Group for three years including the year for which the share rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each share right on exercise converts to one ordinary share, subject to adjustment in specified circumstances. No amount is payable on vesting or exercise.

### Other Transactions with Key Management Personnel

The Group's related parties comprise its key management and entities associated with key management.

A substantial shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF) (Marcus Stehr is a Director). ATF and its associated entities controlled 3.8% of issued shares at 30 June 2023 (2022: 3.77%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund, Sanchez Tuna Pty Ltd and Marcus Stehr Australia Pty Ltd. These transactions were as follows:

	2023 \$'000	2022 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	12	4
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	(291)	(1,545)
Stehr Group Pty Ltd		
• Payments for office rent	(47)	(36)
Marcus Stehr Australia Pty Ltd		
• Receipt from the sale of SBT Quota	-	175

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2023 \$'000	2022 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	9	-
• Stehr Group Pty Ltd	5	-

**End of audited Remuneration Report.**

## **Environmental, Social and Governance**

Clean Seas' has a strategic ambition to establish a reputation for its sustainable practices and create a safe and collaborative environment for its employees, which fosters teamwork, and internal development opportunities, and provides the necessary resources to drive growth, profitability, sustainability, and stability.

To advance our Environmental, Social, and Governance (ESG) credentials, we have identified and are currently addressing the following key priorities:

1. Identify a suitable ESG Reporting Framework that aligns with our objectives and reporting requirements.
2. Select a platform that can assist in preparing the ESG report and start gathering the necessary information for its compilation.
3. Engage and select consultants who will aid Clean Seas in calculating its Greenhouse Gas emissions, ensuring accuracy and compliance.

By addressing these priorities, Clean Seas aims to strengthen its commitment to sustainability and transparency while effectively communicating its ESG performance to stakeholders and driving positive change within the organisation.

Our current progress on the key priorities are summarised below:

1. To accurately report Clean Seas' sustainability performance and establish trust and credibility with stakeholders, we have carefully chosen an ESG framework that enables us to provide relevant and reliable information. Clean Seas has selected the World Economic Forum (WEF) Stakeholder Capitalism ESG framework. The WEF Stakeholder Capitalism Metrics were developed as part of the Measuring Stakeholder Capitalism Initiative, launched in August 2019. This initiative was a collaborative effort between the World Economic Forum's International Business Council and leading firms. Its objective is to enhance how companies measure and demonstrate their performance in environmental, social, and governance (ESG) areas while tracking their positive contributions to achieving the Sustainable Development Goals (SDGs) consistently.
2. Clean Seas has selected the Socialsuite ESG disclosure platform to effectively monitor our disclosure progress and showcase our sustainability performance. Socialsuite develop and provide technology solutions that enable the measurement and management of social impact and ESG reporting. Clean Seas have opted for Socialsuite's ESG solution because it is specifically designed for small and mid-cap companies, offering a structured, standardized, and globally recognized approach to initiating ESG reporting.
3. Clean Seas has selected a consulting group to support the Group in calculating our greenhouse gas (GHG) emissions. The assessment will be conducted using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard 1, as well as ISO 14064-parts 1 & 3. Additionally, their assessments are aligned with Climate Active standards. The GHG Assessment conducted will identify and evaluate both direct and indirect emissions resulting from Clean Seas' activities.

### **Environmental**

Through our accreditation with the Aquaculture Stewardship Council (ASC) and Friends of the Sea, we have demonstrated the importance of our animal welfare, sustainability, and environmental credentials. The ASC is an independent, international non-profit organisation that manages the world's leading certification and labelling programme for responsible aquaculture. This important certification recognises that customers around the world are increasingly looking for sustainable and responsibly farmed seafood products and underpins everything we do at Clean Seas.

Clean Seas is committed to managing its farming operations using best practice methods and practices to grow world class, high quality Yellowtail Kingfish whilst ensuring that the environment and ecology of the waters farmed remain pristine and safeguard the long term sustainability of our operations.

Clean Seas champions world's best practice in sustainability and intentionally exceeds stringent government regulations to ensure viable stocks for the future. Consequently, we were the first Aquaculture company in the Southern Hemisphere certified sustainable by the internationally recognised Friends of the Sea accreditation system, which audits seafood operations in over 50 countries. Environmental impact is managed by fallowing and stocking limits and is strictly monitored by the South Australian government.

Clean Seas was founded with sustainability as a core value, with initial R&D focussed on closing the lifecycle of Yellowtail Kingfish, reducing reliance on wild stocks and flow on impacts to the marine ecosystem. These values are reflected in the Group's ongoing operations.

Clean Seas' Yellowtail Kingfish breeds and grows naturally in the waters of Spencer Gulf, meaning that farming here is ideal for the fish and the business. The Group's farm locations within the vast waters of Spencer Gulf allow for site rotations and fallowing periods.

For land-based operations, including the Arno Bay hatchery facility Clean Seas sources its electricity from a GreenPower™ certified supplier.

Clean Seas seeks to continue to enhance its sustainability credentials, through projects which are focused on reducing the Group's future impact on climate change. Two key projects are described below:

#### **Kingfish Diet Development**

Clean Seas continues to work closely with feed suppliers and conduct extensive in-house research to improve feed formulations, integrate alternative ingredients with enhanced sustainability credentials and improve the overall performance of its Yellowtail Kingfish feeds.

In FY23 the Group ran a successful trial to substitute the fish oil in its diet with sustainably sourced algal oil. In this trial, up to 100% of the fish oil in the diet was replaced with algal oil without materially impacting the health or performance of the Kingfish. As a result of this trial, algal oil has now been incorporated into Clean Seas production diet, with the expectation that this will evolve into more sustainable diets in the future.

#### **Polystyrene box replacement for fresh fish transportation**

Whilst Clean Seas currently relies on polystyrene boxes for transporting all fresh products, the Group is taking steps to explore more sustainable packaging options. To this end, Clean Seas is conducting trials with a 100% reusable and recyclable packaging solution, aligning with Clean Seas' commitment to environmental responsibility.

If the trials prove successful, Clean Seas intends to eliminate the use of polystyrene boxes entirely from its seafood supply chain. This strategic move demonstrates Clean Seas' dedication to adopting eco-friendly practices and reducing its environmental impact by promoting the use of sustainable and recyclable packaging materials.

**Social**

Clean Seas has maintained its commitment to engaging with its customers, suppliers, investors, and the community.

**Community**

Clean Seas has supported the Port Lincoln High School, Cleve Area School and Whyalla Secondary College, providing course content and site visits to help inspire careers in aquaculture, and contributed to the Dive into Aquaculture pilot program for industry pathways. In FY23 Clean Seas established a scholarship with the Playford Trust to provide financial support and an internship program to two undergraduates in a marine science discipline. The first scholarship under this program was awarded to an undergraduate in Environmental Science and Marine Biology in April 2023.

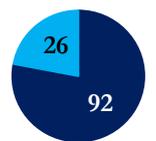
**People**

Our values & behaviours are at the heart of everything we do and are focused on four key pillars being: Do What’s Right; Work as a Team, Challenge Boundaries and Make it Happen Safely. These values and behaviours lay the foundations for how we behave, what we choose to do, and what we value. Our belief is that these values will become part of everyday life at Clean Seas and are essential for us to become a global leader in aquaculture.

Clean Seas places great emphasis on feedback and in 2022 we undertook our first annual employee survey and our overall engagement score was 68% across the business. Following this review, the Group has implemented several initiatives aimed at improving reward and recognition and providing opportunities for training, growth and development.

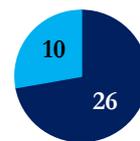
Clean Seas is focused on providing a blend of working arrangements to manage the needs of our people and the business. At 30 June 2023 our workforce consisted of the following:

**Full time employees**



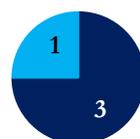
■ Male ■ Female

**Part time & casual employees**



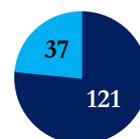
■ Male ■ Female

**Non-Executive Directors**



■ Male ■ Female

**Total employees**



■ Male ■ Female

### Workplace Health and Safety

The Group has again placed significant focus in the areas of compliance with best practice standards for plant & chemical management; and strengthen our ‘Safety First’ Culture. Clean Seas continues to promote the values and behaviours that make Clean Seas a great place to work. We’ve increased our focus on ‘how’ we carry out our duties as well as ‘what’ we do every day.

Clean Seas has engaged an external consultant to conduct a review of Clean Seas' systems and processes to ensure compliance with Work Health and Safety (WHS) obligations. This review will be undertaken in the first half of FY24. The review aims to identify potential gaps in the current safety measures and develop a remediation plan to address them effectively. Taking proactive measures and investing in safety compliance and improvement reflects the Group’s commitment to the well-being of its employees and stakeholders.

Clean Seas takes employee well-being seriously and prioritises their mental health and emotional support. As part of this commitment, Clean Seas provides all its employees with access to the Employee Assistance Program (EAP). Through this program, all employees are provided with free counselling services. The EAP is designed to offer a confidential and supportive space where employees can seek professional guidance and assistance to address any personal or work-related challenges they may be facing. By providing this valuable resource, Clean Seas aims to foster a positive and supportive work environment that promotes the overall well-being of its workforce.

### Governance

#### Corporate Governance framework

The Board of Directors and management of Clean Seas recognise the importance of good corporate governance and are committed to maintaining and enhancing the highest standards across the Group. The Clean Seas Board has established a transparent and high quality corporate governance framework comprising codes, policies and charters under which the Group operates. The framework outlines the Group and management’s commitment to act ethically, openly, fairly, and diligently when promoting the interests of shareholders, employees, customers, suppliers and broader community interests.

The Board’s roles and responsibilities are formalised in a Board Charter which is available on the Group’s website. The Charter is reviewed periodically to ensure it remains appropriate given the operations of the business and the responsibilities and composition of the Board. In addition to the Board Charter, the Board has developed a Policy on Delegation and Matters Reserved for the Board which clearly establishes the relationship between the Board and Management and further describes their respective roles and responsibilities in a manner consistent with the ASX Principles.

Although the shareholders appoint Clean Seas’ Directors, the Board seeks to ensure that the Directors have a broad range of experience and commercial expertise or appropriate professional qualifications most relevant to the sound governance of the Group. Clean Seas routinely reviews the skills of the board through the development of a board skills matrix. The matrix identifies the skills and experience required for Board members to fulfil their responsibilities effectively.

In FY23 the Board engaged a corporate governance and board leadership consultancy to conduct workshops and skills training for the Directors, ensuring that they remain up-to-date with development of regulations and stakeholder expectations with respect to their role on the Board of Clean Seas.

The Board currently comprises four Non-Executive Directors, including the Chairman. Clean Seas' Board has a majority of independent Non-executive Directors, and three Directors are considered to be independent.

We have a Policy on Independence of Directors that outlines the criteria for determining independence, which includes factors such as shareholding, relationships with the Group, and business relationships with senior executives. We regularly assess our Non-executive Directors' independence to ensure that remain independent in their decision-making.

Clean Seas is committed to promoting diversity and inclusion, and our Board reflects this commitment. The Group has a policy to promote diversity at all levels of the organisation. Our Board has one female Director, accounting for 25% of the Board. We also recognise the importance of Board diversity, and through our selection and recruitment processes we actively seek out Board members with diverse backgrounds and perspectives to enhance the board skills matrix.

#### **Anti-bribery and corruption**

Clean Seas is committed to upholding the highest standards of ethical behaviour, transparency, and accountability. We recognise that corruption is a major threat to sustainable development and can have significant negative impacts on our business, stakeholders, and society as a whole. The Group does not tolerate wilful acts of bribery and corruption in its operations and activities since such acts are legally, morally and ethically wrong. Clean Seas has therefore adopted an Anti-bribery and Corruption Policy and a Code of Conduct which apply to all staff and directors. These policies outline our commitment to ethical behaviour, including zero-tolerance for bribery, corruption, and any other forms of unethical conduct. Clean Seas Seafood has a zero-tolerance approach to corruption and bribery, and we have not had any reported incidents of corruption during the reporting period.

#### **Whistleblower Policy**

The Group recognises the importance of providing employees, Board members and other stakeholders with a safe and confidential environment to report any unethical behaviour. To achieve this, the Group has implemented a Whistleblower Protection Policy that allows individuals to report any illegal, unethical, or inappropriate behaviours or practices without fear of retribution. No reports have been received under this policy during the reporting period.

#### **Environmental legislation**

The Group's operations are subject to Commonwealth and State regulations governing marine and hatchery operations, processing, land tenure and use, environmental requirements including site specific environmental licences, permits and statutory authorisations, workplace health and safety and trade and export.

The Group's management regularly and routinely monitor compliance with the relevant environmental regulations and compliance is regularly reported to the Board.

The Group has well established procedures to monitor and manage compliance with existing environmental regulations and new regulations as they come into force.

The Directors believe that all regulations have been met during the period covered by this Annual Financial Report and are not aware of any significant environmental incidents arising from the operations of the consolidated entity during the financial year.

Further information in relation to specific regulated areas of the operation is as follows:

- The Arno Bay Hatchery is licensed to operate under an Aquaculture Land based Category D License issued by the South Australian Minister for Primary Industries and Regional Development under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2016, Environment Protection (Water Quality) Policy 2015 and the Livestock Act 1997. Clean Seas has not recorded any breaches of the license requirements.
- The Group operates 22 marine aquaculture licences issued by The South Australian Minister for Agriculture, Food and Fisheries under the Aquaculture Act 2001. The licensee is required to comply with the requirements of all statutes, regulations, by-laws, ordinances, rules, notices or orders lawfully given pursuant to the Aquaculture Act 2001, Aquaculture Regulations 2016, Environment Protection (Water Quality) Policy 2015 and the Livestock Act 1997. There has been no material recorded breaches of the license requirements.
- The Royal Park processing plant is licensed by the South Australian Environment Protection Authority under Part 6 of the Environment Protection Act 1993 to operate as a fish processing works. The Licensee must be aware of and comply with their obligations under the Environment Protection Act 1993, the Environment Protection Regulations 2009, the Environment Protection Policies made under the Environment Protection Act 1993 and the requirements of any National Environment Protection Measure which operates as an Environment Protection Policy under the Environment Protection Act 1993. Clean Seas has not recorded any breaches of the licence requirements.

#### **Indemnities given to and insurance premiums paid for Directors and officers**

Under rules 50 and 51 of the Group's Constitution, each of the Group's Directors, the Company Secretary and every other person who is an officer is indemnified to the extent permitted by law and Directors and Officers Liability Insurance has been implemented. The terms of the insurance contract prohibit the Group from disclosing the level of premium paid.

The Directors, the Company Secretary, the CFO and the CEO have entered into Deeds of Indemnity and Access which indemnify a Director or officer against liabilities arising as a result of acting as a Director or officer subject to certain exclusions and provides for related legal costs to be paid by the Group. The Deed requires the Group to maintain an insurance policy against any liability incurred by a Director or officer in his or her capacity as a Director or officer during that person's term of office and seven years thereafter. It also provides a Director or officer with a right of access to Board papers and other documentation while in office and for seven years thereafter.

#### **Non-audit services**

During the year, Grant Thornton, the Group's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 27 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 28 of this financial report and forms part of this Directors' Report.

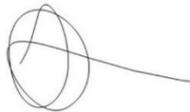
#### **Proceedings of behalf of the Group**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

#### **Rounding of amounts**

Clean Seas 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

29 August 2023

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**Grant Thornton Audit Pty Ltd**  
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GPO Box 1270  
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T +61 8 8372 6666

## Auditor's Independence Declaration

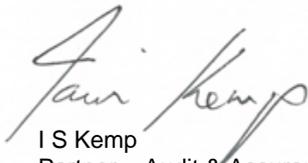
### To the Directors of Clean Seas Seafood Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Clean Seas Seafood Limited for the year ended 30 June 2023, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner – Audit & Assurance

Adelaide, 29 August 2023

# Corporate Governance Statement

The Group's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Group has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Group has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Group's website and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX. The Appendix 4G will particularise each Recommendation that needs to be reported against by the Group and will provide shareholders with information as to where relevant governance disclosures can be found.

The Group's corporate governance policies and charters are all available on the Group's Website <https://www.cleanseas.com.au/investors/corporate-governance/>.

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

### For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Revenue	6	69,411	66,164
Other income	7	611	369
Net gain arising from changes in fair value of biological assets	15	23,390	20,036
Fish husbandry expense	8	(41,723)	(32,115)
Employee benefits expense	23.1	(15,331)	(13,367)
Fish processing and selling expense		(15,518)	(12,702)
Frozen selling expense		(6,594)	(11,001)
Impairment	17/18	(675)	(211)
Depreciation and amortisation expense	16/18/19	(3,840)	(3,832)
Other expenses		(3,404)	(3,880)
<b>Profit before finance items and tax</b>		<b>6,327</b>	<b>9,461</b>
Finance costs	9	(384)	(786)
Finance income	9	53	1
<b>Profit before tax</b>		<b>5,996</b>	<b>8,676</b>
Income tax benefit / (expense)	10	-	-
<b>Profit for the year after tax</b>		<b>5,996</b>	<b>8,676</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit for the year</b>		<b>5,996</b>	<b>8,676</b>
<b>Earnings per share from continuing operations:</b>			
Basic earnings per share (cents per share)	25.1	3.62	5.26
Diluted earnings per share (cents per share)	25.1	3.56	4.86

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Financial Position

### As at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents	11	6,357	12,982
Trade and other receivables	12	5,223	5,299
Inventories	14	11,191	7,693
Prepayments		1,500	1,943
Biological assets	15	62,250	49,591
<b>Current assets</b>		<b>86,521</b>	<b>77,508</b>
<i>Non-current</i>			
Property, plant and equipment	16	18,929	17,543
Right-of-use assets	19	766	736
Biological assets	17	117	117
Intangible assets	18	2,827	3,554
<b>Non-current assets</b>		<b>22,639</b>	<b>21,950</b>
<b>TOTAL ASSETS</b>		<b>109,160</b>	<b>99,458</b>
<b>Liabilities</b>			
<i>Current</i>			
Trade and other payables	20	13,681	9,456
Borrowings	21	1,685	4,532
Provisions	22	1,394	1,335
<b>Current liabilities</b>		<b>16,760</b>	<b>15,323</b>
<i>Non-current</i>			
Borrowings	21	4,913	3,093
Provisions	22	434	300
<b>Non-current liabilities</b>		<b>5,347</b>	<b>3,393</b>
<b>TOTAL LIABILITIES</b>		<b>22,107</b>	<b>18,716</b>
<b>NET ASSETS</b>		<b>87,053</b>	<b>80,742</b>
<b>Equity</b>			
Equity attributable to owners of the Parent:			
• share capital	24.1	228,019	227,901
• share rights reserve	24.2	704	507
• accumulated losses		(141,670)	(147,666)
<b>TOTAL EQUITY</b>		<b>87,053</b>	<b>80,742</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Changes in Equity

### For the year ended 30 June 2023

	Notes	Share capital \$'000	Share rights reserve \$'000	Accumulated Losses \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>		224,772	102	(156,342)	68,532
Profit for the year		-	-	8,676	8,676
Share placement costs	24.1	(345)	-	-	(345)
Convertible note conversions	24.1	3,457	-	-	3,457
Share rights reserve movement	24.2	17	405	-	422
<b>Balance at 30 June 2022</b>		227,901	507	(147,666)	80,742
Profit for the year		-	-	<b>5,996</b>	<b>5,996</b>
Share rights reserve movement	24.2	<b>118</b>	<b>197</b>	-	<b>315</b>
<b>Balance at 30 June 2023</b>		<b>228,019</b>	<b>704</b>	<b>(141,670)</b>	<b>87,053</b>

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Cash Flows

### For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Operating activities</b>			
Receipts from customers		69,612	67,376
Payments to suppliers excluding feed		(27,107)	(27,448)
Payments for feed		(27,508)	(22,282)
Payments to employees		(13,487)	(11,428)
<b>Net cash provided by operating activities</b>	26	<b>1,510</b>	6,218
<b>Investing activities</b>			
Purchase of property, plant and equipment		(4,997)	(6,004)
Purchase of intangible asset		-	(779)
Proceeds from Government Grants		-	813
Proceeds from sale of property, plant and equipment		106	41
Proceeds from sale of intangible asset		-	175
Interest received		53	1
<b>Net cash used in investing activities</b>		<b>(4,838)</b>	(5,753)
<b>Financing activities</b>			
Share issue expenses		-	(1,124)
Repayment of convertible notes		-	(6,662)
Proceeds from borrowings		2,100	4,156
Repayment of borrowings		(5,066)	(13,167)
Interest paid		(331)	(758)
<b>Net cash from financing activities</b>		<b>(3,297)</b>	(17,555)
Net change in cash and cash equivalents		<b>(6,625)</b>	(17,090)
Cash and cash equivalents at beginning of year		12,982	30,072
<b>Cash and cash equivalents at end of year</b>	11	<b>6,357</b>	12,982

Note: This statement should be read in conjunction with the notes to the financial statements.

# Notes to the 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 Yellowtail Kingfish of premium quality.

As noted in Note 1 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, in FY22 the Group impaired its remaining Tuna Broodstock and sold its SBT quota.

Refer to Note 5 for further information about the Group's operating segments.

## **2 General information and statement of compliance**

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Clean Seas Seafood Limited is a for-profit entity for the purpose of preparing the financial statements.

Clean Seas Seafood Limited is the Group's Ultimate Parent Company and is an ASX listed Public Company (ASX: CSS) incorporated and domiciled in Australia. The Group also has a secondary listing on Euronext Growth Oslo (OSE: CSS). The address of its registered office and its principal place of business is 7 Frederick Road, Royal Park, SA, Australia, 5014.

The consolidated financial statements for the year ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 29 August 2023.

## **3 Changes in accounting policies**

### **3.1 New and revised standards that are effective for these financial statements**

There have been no new or revised standards effective for the first time to annual periods beginning on or after 1 July 2022 that have had a material impact to the financial statements.

### **3.2 Accounting Standards issued but not yet effective and not being adopted early by the Group**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

The accounting standards that have not been early adopted for the year ended 30 June 2023 but will be applicable to the Group in future reporting periods have been considered to be insignificant to the Group.

## **4 Summary of accounting policies**

### **4.1 Overall considerations**

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### **4.2 Basis of consolidation**

The Group financial statements consolidate those of the Parent Company and its subsidiaries as of 30 June 2023. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### **4.3 Foreign currency translation**

#### **Functional and presentation currency**

The consolidated financial statements are presented in Australian Dollars (“\$AUD”), which is also the functional currency of the Parent Company.

#### **Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

#### **4.4 Segment reporting**

The Board has considered the requirements of *AASB 8 Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board of Directors) in allocating resources and have concluded that there are no separately identifiable segments

#### **4.5 Revenue**

The consolidated entity recognises revenue as follows:

##### **Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

##### **Sale of goods**

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

##### **Interest income**

Interest income and expenses are reported on an accrual basis using the effective interest method.

#### **4.6 Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

#### **4.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs (see Note 9).

#### **4.8 Intangible assets**

Recognition of intangible assets

##### *Acquired intangible assets*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Acquired fish quotas, water leases and licences and Icefresh™ are capitalised on the basis of costs incurred to acquire.

##### Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives once they are ready for use, where these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.11.

The following useful lives are applied:

- Primary Industries and Regions South Australia (PIRSA) water leases and licences: indefinite

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

#### **4.9 Property, plant and equipment**

##### Land and buildings

Freehold land and buildings are recognised at their cost less accumulated depreciation and impairment losses.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

##### Plant and equipment

Plant and equipment is initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Plant and equipment also includes leasehold property held under a finance lease (see Note 4.10). These assets are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and equipment. The following depreciation rates are applied:

- buildings: 2.5% - 13%
- vessels: 5% - 7.5%
- cages and nets: 10% - 33%
- motor vehicles: 12.5% - 15%
- computers: 25% - 33%
- other plant and equipment: 5% - 33%

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

#### **4.10 Leased assets**

##### **Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as Borrowings in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' note 4.9.

#### **4.11 Impairment testing of other intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

#### **4.12 Financial instruments**

##### **Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### **Classification and initial measurement of financial assets**

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

#### **Subsequent measurement of financial assets**

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

#### **Financial assets at amortised cost**

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category.

#### **Impairment of financial assets**

The Group uses a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. The Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group have assessed the impact of the impairment model and no adjustment was required in Group's financial statements.

#### **Classification and subsequent measurement of financial liabilities**

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **4.13 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

#### **4.14 Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (“ATO”) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group’s forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. The Group does not currently recognise deferred tax assets and liabilities due to uncertainty regarding the utilisation of prior year losses in future years.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Clean Seas Seafood Limited and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation from 1 July 2007. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

#### **4.15 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.16 Equity and reserves**

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Share rights reserve represents, in accordance with AASB 2 *Share-based Payment*, the allocated fair value at grant date of share rights that have been granted and remain outstanding at the reporting date. The value determined is recognised evenly over the financial years in which services are provided as specified by the performance period for each grant of share rights, subject to subsequent revision of the number of share rights expected to vest and the number that ultimately vest. The recognised value of share rights that vest and are exercised is transferred to share capital on the issue of shares.

Retained earnings / accumulated losses include all current and prior period retained profits and losses.

All transactions with owners of the Parent are recorded separately within equity.

#### **4.17 Employee benefits**

##### **Short-term employee benefits**

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and annual leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

##### **Other long-term employee benefits**

The Group's liabilities for long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

#### **Post-employment Benefit Plans**

The Group provides post-employment benefits through various defined contribution plans.

#### **Defined Contribution Plans**

The Group pays fixed contributions into independent entities in relation to various plans for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

### **4.18 Share-based employee remuneration**

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and earnings per share growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share rights reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share rights expected to vest.

Non-market vesting conditions are included in assumptions about the number of share rights that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share rights expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period.

Upon exercise of share rights, the proceeds received and the accumulated amount in the share rights reserve applicable to those share rights, net of any directly attributable transaction costs, are allocated to share capital.

### **4.19 Provisions, contingent liabilities and contingent assets**

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

#### **4.20 Biological assets**

Biological assets comprise live fish held for sale and broodstock.

Live fish held for sale are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on the number and size of fish held at the reporting date, actual selling prices achieved in the three weeks following the reporting date and other relevant factors, including allowance for future mortality, assessed as impacting fair value in accordance with *AASB141*.

Broodstock are valued at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values take into account the valuation of live fish held for sale and estimated value as broodstock.

In the Directors' opinion, insurance cover is currently not available at commercially acceptable rates for the live Yellowtail Kingfish held for sale or the broodstock. The Directors have therefore chosen to actively manage the risks as the preferred alternative and review this on an annual basis.

#### **4.21 Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

#### **4.22 Rounding of amounts**

The Parent Entity has applied the relief available to it under ASIC Class Order 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

#### **4.23 Significant management judgement in applying accounting policies**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

##### **Significant management judgement**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

##### ***Fair value of live fish held for sale and broodstock***

Management values live fish held for sale at their fair value less costs to sell in accordance with *AASB141 Agriculture*. Estimated fair values are based on the number and size of fish held at the reporting date, actual selling prices achieved in the three weeks following the reporting date and other relevant factors, including allowance for future mortality, assessed as impacting fair value in accordance with *AASB141*. These estimates may vary from net sale proceeds ultimately achieved.

##### ***Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in relevant tax jurisdictions in relation to the value of accessible carried forward losses into future years (see Note 4.14).

##### ***Estimation uncertainty***

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### ***Impairment***

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 4.11).

##### ***Useful lives of depreciable assets***

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and other forms of obsolescence.

##### ***Inventories***

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

## **5 Operating Segments**

The Board has considered the requirements of *AASB 8 Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board of Directors) in allocating resources and have concluded that there are no separately identifiable segments.

## 6 Revenue

Revenue for the reporting periods consist of the following:

	2023 \$'000	2022 \$'000
Sale of fresh fish products – at a point in time	60,097	49,059
Sale of frozen fish products – at a point in time	9,314	17,105
<b>Total</b>	<b>69,411</b>	<b>66,164</b>

Revenues from external customers in the Group's domicile, Australia, as well as its major other markets have been identified on the basis of the customer's geographical location.

The Group's revenues from external customers are divided into the following geographical areas:

	Revenue 2023 \$'000	Revenue 2022 \$'000
Australia	46,328	39,020
Europe	18,110	21,583
Other countries	4,973	5,561
<b>Total</b>	<b>69,411</b>	<b>66,164</b>

During 2023 \$5.04 million or 7% (2022: \$4.01 million or 6%) of the Group's revenues depended on a single customer in the finfish sales segment.

## 7 Other income

	2022 \$'000	2021 \$'000
Other income	611	369
<b>Total other income</b>	<b>611</b>	<b>369</b>

## 8 Fish husbandry expense

Fish husbandry expense consist of the following:

	2023 \$'000	2022 \$'000
Fish feed	30,002	21,328
Farm operating expense	9,581	9,038
Hatchery operating expense	2,140	1,749
<b>Total fish husbandry expense</b>	<b>41,723</b>	<b>32,115</b>

## 9 Finance income and finance costs

Finance income for the reporting periods consist of the following:

	2023 \$'000	2022 \$'000
Interest income from cash and cash equivalents	53	1

Finance costs for the reporting periods consist of the following:

	2023 \$'000	2022 \$'000
Interest expenses for borrowings at amortised cost:		
• Convertible note	-	560
• Leases	86	109
• Other borrowings	298	117
<b>Total</b>	<b>384</b>	<b>786</b>

## 10 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 30% (2022: 30%) and the reported tax expense in profit or loss are as follows:

	2023 \$'000	2022 \$'000
Profit/(Loss) before tax	5,996	8,676
Domestic tax rate for Clean Seas Seafood Limited	30%	30%
<b>Expected tax expense / (income)</b>	<b>1,799</b>	<b>2,603</b>
Utilisation of tax losses not previously recognised	(1,799)	(2,603)
<b>Tax expense / (income)</b>	<b>-</b>	<b>-</b>

Due to uncertainty regarding the utilisation of prior year tax losses in future years, the tax losses are not recognised as an asset. At 30 June 2023, carried forward tax losses are estimated to be \$45.8 million (2022: \$77million) and non-refundable R&D tax offsets are estimated to be \$20.7 million (2022: \$18 million).

## 11 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2023 \$'000	2022 \$'000
<b>Cash at bank</b>	<b>6,357</b>	<b>12,982</b>

## 12 Trade and other receivables

Trade and other receivables consist of the following:

	2023 \$'000	2022 \$'000
Trade receivables, gross	4,613	4,841
Allowance for credit losses	(58)	(58)
<b>Trade receivables</b>	<b>4,555</b>	<b>4,783</b>
Other receivables	668	516
<b>Total</b>	<b>5,223</b>	<b>5,299</b>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

	Expected credit loss rate		Carrying Amount		Allowance for expected losses	
	2023	2022	2023	2022	2023	2022
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	0.9%	1.0%	4,066	4,251	37	43
0 to 3 months overdue	3.2%	2.6%	542	583	17	15
3 to 6 months overdue	75%	0.0%	5	-	4	-
Over 6 months overdue	100%	0.0%	-	7	-	-
<b>Total</b>			<b>4,613</b>	<b>4,841</b>	<b>58</b>	<b>58</b>

The movement in the allowance for credit losses can be reconciled as follows:

Reconciliation of allowance for credit losses	2023 \$'000	2022 \$'000
<b>Balance at 1 July</b>	<b>58</b>	<b>76</b>
Amounts written off / (uncollectable)	(1)	(18)
Additional provision recognised	1	-
Impairment loss reversed	-	-
<b>Balance 30 June</b>	<b>58</b>	<b>58</b>

An analysis of unimpaired trade receivables that are past due is given in Note 33.3.

### 13 Financial assets and liabilities

#### 13.1 Categories of financial assets and liabilities

Note 4.12 provides a description of each category of financial assets and financial liabilities and the related accounting policies.

Financial assets at amortised cost	Notes	2023 \$'000	2022 \$'000
Cash and cash equivalents	11	6,357	12,982
Trade and other receivables	12	5,223	5,299
<b>Totals</b>		<b>11,580</b>	<b>18,281</b>

Other liabilities at amortised cost	Notes	2023 \$'000	2022 \$'000
Borrowings	21	6,598	7,625
Trade and other payables	20	13,681	9,456
<b>Totals</b>		<b>20,279</b>	<b>17,081</b>

No financial assets or liabilities are recognised at Fair Value through Other Comprehensive Income or Fair Value through Profit or loss.

A description of the Group's financial instrument risks, including risk management objectives and policies is given in Note 33.

### 13.2 Other financial assets and liabilities

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- cash and cash equivalents;
- trade and other receivables;
- trade and other payables; and
- borrowings.

### 14 Inventories

Inventories consist of the following:

	2023 \$'000	2022 \$'000
Frozen fish products	7,849	2,148
Fish feed (at cost)	2,497	4,555
Other (at cost)	845	990
<b>Total</b>	<b>11,191</b>	<b>7,693</b>

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. There was no impairment recognised for the period ending 30 June 2023 (2022: Nil).

### 15 Biological assets - current

	2023 \$'000	2022 \$'000
<b>Live Yellowtail Kingfish – Held for Sale</b>		
<b>Carrying amount at beginning of period</b>	<b>49,591</b>	<b>32,505</b>
Adjusted for:		
Gain from physical changes at fair value less costs to sell	68,534	56,091
Decrease due to harvest for sale as fresh	(45,144)	(36,055)
Net gain recognised in profit and loss	23,390	20,036
Decrease due to harvest for processing to frozen inventory	(10,731)	(2,950)
<b>Carrying amount at end of period</b>	<b>62,250</b>	<b>49,591</b>

Live Yellowtail Kingfish Biomass (tonnes)	Year Class 19	Year Class 20	Year Class 21	Year Class 22	Year Class 23	Total
<b>Balance at 1 July 2021</b>	444	2,265	566	-	-	3,275
Net gain from physical changes	(44)	437	1,479	1,280	-	3,152
Decrease due to harvest	(400)	(2,434)	(85)	-	-	(2,919)
<b>Balance at 30 June 2022</b>	-	268	1,960	1,280	-	3,508
Net gain from physical changes	-	10	17	2,285	1,525	3,837
Decrease due to harvest	-	(278)	(1,977)	(1,099)	-	(3,354)
<b>Balance at 30 June 2023</b>	-	-	-	2,466	1,525	3,991

Live Fish average weight (k.g)	Year Class 19	Year Class 20	Year Class 21	Year Class 22	Year Class 23	Total
Average weight at 30 June 2022	-	5.98	3.32	1.32	-	2.19
Average weight at 30 June 2023	-	-	-	3.67	1.40	2.27

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.

## 16 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>Gross carrying amount</b>			
Balance 1 July 2022	4,437	47,515	51,952
Additions	130	4,823	4,953
Disposals	-	(4,694)	(4,694)
Balance 30 June 2023	4,567	47,644	52,211
<b>Depreciation and impairment</b>			
Balance 1 July 2022	(1,930)	(32,479)	(34,409)
Disposals	-	4,694	4,694
Depreciation	(108)	(3,459)	(3,567)
Balance 30 June 2023	(2,038)	(31,244)	(33,282)
<b>Carrying amount 30 June 2023</b>	<b>2,529</b>	<b>16,400</b>	<b>18,929</b>

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>Gross carrying amount</b>			
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
<b>Depreciation and impairment</b>			
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)
<b>Carrying amount 30 June 2022</b>	<b>2,507</b>	<b>15,036</b>	<b>17,543</b>

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The Property, Plant and Equipment has been pledged as security for the Group's bank borrowings (see Note 21).

## 17 Biological assets - non-current

	2023 \$'000	2022 \$'000
<b>Finfish Broodstock</b>		
<b>Carrying amount at beginning of period</b>	<b>117</b>	244
Fair value gain from revaluation of YTK Broodstock	-	84
Impairment of SBT Broodstock	-	(211)
<b>Carrying amount at end of period</b>	<b>117</b>	117

## 18 Intangible assets

Details of the Group's intangible assets and their carrying amounts are as follows:

	Ice Fresh Licence \$'000	PIRSA Leases and Licences \$'000	Southern Bluefin Tuna Quota \$'000	Total \$'000
<b>Net carrying amount</b>				
Balance at 1 July 2022	727	2,827	-	3,554
Addition	-	-	-	-
Amortisation	(52)	-	-	(52)
Impairment	(675)	-	-	(675)
Disposal	-	-	-	-
<b>Net carrying amount 30 June 2023</b>	<b>-</b>	<b>2,827</b>	<b>-</b>	<b>2,827</b>
Balance at 1 July 2021	779	2,827	130	3,736
Addition	-	-	-	-
Amortisation	(52)	-	-	(52)
Disposal	-	-	(130)	(130)
<b>Net carrying amount 30 June 2022</b>	<b>727</b>	<b>2,827</b>	<b>-</b>	<b>3,554</b>

At each reporting date, the Directors review intangible assets for impairment.

Clean Seas entered into an agreement with IceFresh in June 2021 to obtain a non-transferable, non-sublicensable, worldwide license to the *IceFresh* Technology solely for use in connection with the distribution of retail products of Kingfish. The current strategic plan does not include a retail fish category and is not a current focus for the Group and thus the carrying value has been written down to nil.

### Impairment assessment

The Group operates one cash generating unit comprising fin-fish operations.

The recoverable amount of the consolidated entity's non-current assets has been determined by value-in-use cash flow projections from financial budgets for FY24 as reviewed by the Board. In establishing the cash flow projections, due consideration was given to the economic impacts associated with macroeconomic trends. The discounted cash flow model is based on a 3-year projection period and extrapolated for a further 2 years, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive. The following key assumptions were used in the discounted cash flow model for the finfish operation:

- 12.9% post tax discount rate; and
- 2.5% long term revenue and operating cost growth rate.

The discount rate of 12.9% reflects management’s estimate of the time value of money and the consolidated entity’s weighted average cost of capital adjusted for the finfish operation, the risk free rate and the volatility of the share price relative to market movements. Sensitivity analysis indicates that headroom continues to be present if the discount rate is increased to 18.7%.

Management believes the projected 2.5% revenue growth rate is prudent and justified, based on the general market conditions. Sensitivity analysis on the long-term growth rate indicates that headroom continues to be present if growth rate is reduced to 0.6%.

Apart from the impairment identified for *IceFresh*, the Group has concluded that no further impairment is required based on current market and economic conditions and expected future performance.

## 19 Right-of-use assets

The following table shows the movements in right-of-use assets

	2023 \$'000	2022 \$'000
Opening carrying amount	736	288
Remeasure lease	-	644
Additions	251	-
Amortisation	(221)	(196)
<b>Closing carrying amount</b>	<b>766</b>	<b>736</b>

The main leased site is the Royal Park processing plant in Adelaide, South Australia. The lease has a minimum term of 3 years to March 2026 with subsequent renewal options of 3 years and includes a right of first refusal to purchase.

## 20 Trade and other payables

Trade and other payables consist of the following:

	2023 \$'000	2022 \$'000
Current:		
• trade payables	11,923	6,690
• related party payables	14	-
• other payables	1,744	2,766
<b>Total trade and other payables</b>	<b>13,681</b>	<b>9,456</b>

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

## 21 Borrowings

Borrowings consist of the following:

	2023 \$'000	2022 \$'000
<b>Current:</b>		
• Trade Finance Facility	-	1,837
• Lease liabilities – bank (note 32.1)	273	1,054
• Lease liabilities – other (note 32.2)	239	181
• Insurance premium funding	1,173	1,460
<b>Total borrowings – current</b>	<b>1,685</b>	<b>4,532</b>
<b>Non-current:</b>		
• Cash Advance Facility	4,091	1,991
• Lease liabilities – bank (note 32.1)	254	528
• Lease liabilities – other (note 32.2)	568	574
<b>Total borrowings – non-current</b>	<b>4,913</b>	<b>3,093</b>

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 Cash Advance 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 EBITDA interest coverage ratio, tangible net worth divided by total tangible assets, quarterly operating cash flows which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2023.

## 22 Provisions

The carrying amounts and movements in the provisions account are as follows:

	Annual Leave \$'000	Long Service Leave \$'000	Total \$'000
<b>Carrying amount 1 July 2022</b>	969	666	1,635
Additional provisions	787	159	946
Amount utilised	(665)	(88)	(753)
<b>Carrying amount 30 June 2023</b>	<b>1,091</b>	<b>737</b>	<b>1,828</b>
<b>Current employee benefit provision</b>	<b>1,091</b>	<b>303</b>	<b>1,394</b>
<b>Non-current employee benefit provision</b>	<b>-</b>	<b>434</b>	<b>434</b>

## 23 Employee remuneration

### 23.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2023 \$'000	2022 \$'000
Salaries and wages	11,144	9,525
Superannuation – Defined contribution plans	1,068	905
Leave entitlement accrual adjustment	1,205	1,151
Short term incentive	476	486
Long term incentive – Share rights	315	422
Other on-costs	1,123	878
<b>Total</b>	<b>15,331</b>	<b>13,367</b>

### 23.2 Share-based employee remuneration

The Group granted a total of 2,187,564 FY23 LTI Share Rights to senior executives during the year (FY22 2,959,302 Share Rights were granted to Executives). The share rights will vest if specified performance targets are achieved and the executive remains employed by the Group for three years including the year for which the share rights were granted, or in other circumstances agreed with the executive or at the discretion of the Board. Each share right on exercise converts to one ordinary share, subject to adjustment in specified circumstances. No amount is payable on vesting or exercise. During FY23 136,829 fully paid ordinary shares (FY22 18,483) were issued on the exercise of vested Share Rights and 178,938 Share Rights lapsed (FY22 nil).

One-third of the grant date fair value is expensed in the first year. Two-thirds of the valuation in the second year, less the amount expensed in the first year, is expensed in the second year. The final valuation at the end of the third year, less amounts expensed in the previous two years, is expensed or written back in the third year. Each year is subject to further review of the number of Share Rights expected to vest, in accordance with AASB 2 *Share Based Payment*.

The FY23 LTI Share Rights were granted on 6 June 2023. The valuation considers Clean Seas share price on 6 June 2023 being \$0.495 and achievement of Operating EBITDA targets.

The Share Rights valuation for FY21 and FY22 was prepared by an Independent Valuation expert. The valuation was based on the fair value at grant date of the equity instruments granted. The valuation includes Clean Seas share price on 21 January 2022 being \$0.625 with adjustments for future dividends, volatility and achievement of EPS and share price targets.

Share Right tranche	Grant date	Valuation price	Exercise price	Targets	Number of rights	Vesting dates
FY21 Tranche 1	21-Jan-22	0.52	nil	Share Price \$1.0	426,067	30-Jun-23
FY21 Tranche 2	21-Jan-22	0.415	nil	Share Price \$1.5	426,066	30-Jun-23
FY21 Tranche 3	21-Jan-22	0.344	nil	Share Price \$2.0	426,066	30-Jun-23
FY22 Tranche 1	21-Jan-22	0.625	nil	EPS growth 17%	560,368	30-Jun-24
FY22 Tranche 2	21-Jan-22	0.625	nil	EPS growth 4%	560,368	30-Jun-24
FY22 Tranche 3	21-Jan-22	0.625	nil	EPS growth 4%	560,368	30-Jun-24
FY23 Tranche 1	9-Jun-23	0.495	nil	Cumulative operating EBITDA over 3 years \$15 million	729,188	30-Jun-25
FY23 Tranche 2	9-Jun-23	0.495	nil	Cumulative operating EBITDA over 3 years \$20 million	729,188	30-Jun-25
FY23 Tranche 3	9-Jun-23	0.495	nil	Cumulative operating EBITDA over 3 years \$21.5 million	729,188	30-Jun-25

## 24 Equity

### 24.1 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.

	2023 Shares	2022 Shares	2023 \$'000	2022 \$'000
Shares issued and fully paid:				
• at beginning of the year	165,352,683	158,648,059	227,901	224,772
• share placement costs (i)	-	-	-	(345)
• convertible notes	-	6,686,141	-	3,457
• share rights	136,829	18,483	118	17
<b>Total contributed equity at 30 June</b>	<b>165,489,512</b>	<b>165,352,683</b>	<b>228,019</b>	<b>227,901</b>

Notes:

- (i) Clean Seas Seafood completed an institutional placement to raise \$25 million (\$23 million net of costs). In FY22 the group recognised costs of \$345k which related to services rendered in relation to the institutional placement.

### 24.2 Share rights reserve

The Group has granted share rights to certain executives as part of their remuneration arrangements as a Long Term Incentive (LTI). Share rights outstanding are as follows:

	2023 Share rights	2022 Share rights	2023 \$'000	2022 \$'000
Share rights outstanding:				
• at beginning of the year	3,275,069	334,250	507	102
• granted during the year / changes to share rights already granted	2,187,564	2,959,302	315	422
• exercised during the year	(136,829)	(18,483)	(118)	(17)
• lapsed during the year	(178,938)	-	-	-
<b>Total share rights at 30 June</b>	<b>5,146,866</b>	<b>3,275,069</b>	<b>704</b>	<b>507</b>

Details of these Share Rights are provided at note 23.2.

## 25 Earnings per share and dividends

### 25.1 Earnings per share

Basic earnings per share have been calculated using the profit/(loss) attributable to shareholders of Clean Seas Seafood Limited as the numerator (i.e. no adjustments to profit were necessary in 2023 or 2022).

Diluted earnings per share have been calculated using the profit/(loss) attributable to shareholders of Clean Seas Seafood Limited.

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

	2023 '000	2022 '000
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	165,482	165,091
• shares deemed to be issued for no consideration in respect of share-based payments and convertible notes	3,014	2,033
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>168,496</b>	<b>167,124</b>

## 25.2 Dividends

Dividends Paid and Proposed

	2023 \$'000	2022 \$'000
<b>Dividends declared during the year</b>	-	-

## 25.3 Franking credits

	Parent	
	2023 \$'000	2022 \$'000
The amount of the franking credits available for subsequent reporting periods are:		
• balance at the end of the reporting period	-	-
• franking credits that will arise from the payment of the amount of provision for income tax	-	-
• franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period	-	-
• franking credits that will arise from the receipt of dividends recognised as receivables at the end of reporting period	-	-
<b>Total franking credits available</b>	<b>-</b>	<b>-</b>

## 26 Reconciliation of cash flows from operating activities

	2023 \$'000	2022 \$'000
<b>Profit/(Loss) for the year</b>	<b>5,996</b>	<b>8,676</b>
Adjustments for:		
• Depreciation and amortisation	4,515	3,832
• LTI share rights expense	315	422
• net interest expense included in investing and financing	331	785
• non-cash insurance expense	2,141	1,986
• Net gain from the sale of non-current assets	106	59
Net changes in working capital:		
• change in inventories	(3,498)	3,559
• change in trade and other receivables	76	1,084
• change in prepayments	4	(378)
• change in biological assets	(12,659)	(17,086)
• change in trade and other payables	4,225	2,498
• change in other employee obligations	193	82
• changes offset in investing	(235)	699
<b>Net cash provided by operating activities</b>	<b>1,510</b>	<b>6,218</b>

## 27 Auditor remuneration

	2023 \$	2022 \$
<b>Audit and review of financial statements</b>	<b>124,386</b>	118,032
<b>Other services</b>		
• taxation compliance	11,330	14,650
• other tax services	-	3,100
<b>Total other service remuneration</b>	<b>11,330</b>	17,750
<b>Total auditor's remuneration</b>	<b>135,716</b>	135,782

## 28 Related party transactions and key management personnel disclosures

The Group's related parties comprise its key management and entities associated with key management. The Remuneration Report in the Directors' Report sets out the remuneration of directors and specified executives.

A substantial shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF) (Marcus Stehr is a Director). ATF and its associated entities controlled 3.8% of issued shares at 30 June 2023 (2022: 3.77%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund, Sanchez Tuna Pty Ltd and Marcus Stehr Australia Pty Ltd. These transactions were as follows:

	2023 \$'000	2022 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	12	4
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	(291)	(1,545)
Stehr Group Pty Ltd		
• Payments for office rent	(47)	(36)
Marcus Stehr Australia Pty Ltd		
• Receipt from the sale of SBT Quota	-	175

The following balances are outstanding as at the reporting date in relation to transactions with related parties:

	2023 \$'000	2022 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	9	-
• Stehr Group Pty Ltd	5	-

The totals of remuneration paid or payable to the key management personnel of the Group during the year are as follows:

	2023 \$	2022 \$
Short-term employee benefits	1,333,744	1,272,974
Post-employment benefits	62,398	62,045
Long-term benefits	203,912	283,321
<b>Total Remuneration</b>	<b>1,600,054</b>	1,618,340

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2023.

## 29 Contingent assets and liabilities

At 30 June 2023, the Group has bank guarantees of \$59,350 (2022: \$55,000).

There are no other material contingent assets or liabilities.

## 30 Capital commitments

	2023 \$'000	2022 \$'000
Property, plant and equipment	3,328	611

Capital commitments relate to items of plant and equipment and site works where funds have been committed but the assets not yet received. The amounts are expected to be paid to suppliers in FY24.

Approximately \$2.6 million of capital commitment relate to the purchase of the new automated feed barge from Southern Ocean Solutions. Forward contracts were entered into to hedge foreign currency movements upon settlement.

## 31 Interests in subsidiaries

Set out below are details of the subsidiary held directly by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests	
			30 June 2023	30 June 2022
Clean Seas Aquaculture Growout Pty Ltd	Australia	Growout and sale of Yellowtail Kingfish	100%	100%
Clean Seas Seafood International Pty Ltd	Australia	Dormant company	0%(i)	100%

Notes:

- (i) During FY23 Clean Seas closed down Clean Seas Seafood International. The Company was dormant and was not an operating entity.

## 32 Leases

### 32.1 Lease liabilities – Bank

The Group holds a number of motor vehicles and plant & equipment under lease arrangements with the Commonwealth Bank of Australia. The net carrying amount of these assets is \$1.7 million (2022: \$2.2 million).

The Group's lease liabilities, which are secured by the related assets held under leases, are classified as follows:

Lease liabilities - Bank	2023 \$'000	2022 \$'000
Current:		
• Lease liabilities - bank	273	1,054
Non-current:		
• Lease liabilities - bank	254	528

Future minimum lease payments at the end of each reporting period under review were as follows:

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
<b>30 June 2023</b>				
Lease payments	291	265	-	556
Finance charges	(18)	(11)	-	(29)
<b>Net present values</b>	<b>273</b>	<b>254</b>	<b>-</b>	<b>527</b>
<b>30 June 2022</b>				
Lease payments	1,106	556	-	1,662
Finance charges	(52)	(28)	-	(80)
<b>Net present values</b>	<b>1,054</b>	<b>528</b>	<b>-</b>	<b>1,582</b>

### 32.2 Lease liabilities – Other

	2023 \$'000	2022 \$'000
<b>Current:</b>		
• Lease liabilities	239	181
<b>Non-current:</b>		
• Lease liabilities	568	574

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
<b>30 June 2023</b>				
Lease payments	273	607	-	880
Finance charges	(34)	(39)	-	(73)
<b>Net present values</b>	<b>239</b>	<b>568</b>	<b>-</b>	<b>807</b>
<b>30 June 2022</b>				
Lease payments	208	608	-	816
Finance charges	(27)	(34)	-	(61)
<b>Net present values</b>	<b>181</b>	<b>574</b>	<b>-</b>	<b>755</b>

## 33 Financial instrument risk

### 33.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 13.1. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively managing those risks to secure the Group's short to medium-term cash flows.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

### 33.2 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

#### Foreign currency sensitivity

Most of the Group's transactions are carried out in Australian dollars (AUD). Exposures to currency exchange rates mainly arise from the Group's overseas sales, which are currently primarily denominated in Euro (EUR).

To mitigate the Group's exposure to foreign currency risk, non-AUD cash flows are monitored, customer payments are credited to foreign currency bank accounts and converted to AUD on a managed basis and forward exchange contracts may be entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	Short term exposure			Long term exposure		
	EUR A\$'000	USD A\$'000	Other A\$'000	EUR A\$'000	USD A\$'000	Other A\$'000
<b>30 June 2023</b>						
• financial assets	2,746	1,659	8	-	-	-
• financial liabilities	(177)	(1)	(28)	-	-	-
<b>Total exposure</b>	<b>2,569</b>	<b>1,658</b>	<b>(20)</b>	-	-	-
<b>30 June 2022</b>						
• financial assets	2,742	942	18	-	-	-
• financial liabilities	(257)	(201)	(19)	-	-	-
<b>Total exposure</b>	<b>2,485</b>	<b>741</b>	<b>(1)</b>	-	-	-

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the AUD / EUR exchange rate 'all other things being equal'. It assumes a +/- 5% change in this exchange rate for the year ended at 30 June 2023 (2022 +/- 5%). The sensitivity analysis is based on the impact on the Group's valuation of live fish held for sale.

Profit and Equity Increase / (Decrease)	Increase 5% A\$'000	Decrease 5% A\$'000
30 June 2023	(1,276)	1,411
30 June 2022	(1,241)	1,372

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

#### Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

### 33.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting trade credit to customers and investing surplus funds. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2023 \$'000	2022 \$'000
<b>Classes of financial assets</b>		
Carrying amounts:		
• cash and cash equivalents	6,357	12,982
• trade and other receivables	5,223	5,299
<b>Total</b>	<b>11,580</b>	<b>18,281</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

At 30 June, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June analysed by the length of time past due, are:

	2023 \$'000	2022 \$'000
Not more three (3) months	542	583
More than three (3) months but not more than six (6) months	5	7
More than six (6) months but not more than one (1) year	-	-
More than one (1) year	-	-
<b>Total</b>	<b>547</b>	<b>590</b>

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2023 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

On the above basis the expected credit loss for trade receivables as at 30 June 2023 and recognised a provision for \$58k.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### 33.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling monthly projection. Net cash requirements are compared to available cash and borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

As at 30 June 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
<b>30 June 2023</b>				
Trade and other payables	13,681	-	-	-
Cash Advance Facility	-	-	4,091	-
Insurance premium funding	1,005	168	-	-
Finance lease obligations	139	134	254	-
Lease obligations	119	120	568	-
<b>Total</b>	<b>14,944</b>	<b>422</b>	<b>4,913</b>	<b>-</b>

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

	Current		Non-current	
	Within 6 months \$'000	6 - 12 months \$'000	1 - 5 years \$'000	5+ years \$'000
<b>30 June 2022</b>				
Trade and other payables	9,456	-	-	-
Cash Advance Facility	-	-	1,991	-
Trade Finance Facility	1,837	-	-	-
Insurance premium funding	1,294	166	-	-
Finance lease obligations	528	526	528	-
Lease obligations	91	90	574	-
<b>Total</b>	<b>13,206</b>	<b>782</b>	<b>3,093</b>	<b>-</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

### 34 Fair value measurement

#### 34.1 Fair value measurement of non-financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, 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 or indirectly
- **Level 3:** unobservable inputs for the asset or liability

The following table shows the various Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 30 June 2023:

30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	-	62,250	62,250
Biological assets – non-current	-	-	117	117
Southern bluefin tuna quota	-	-	-	-
Total	-	-	62,367	62,367

30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	-	49,591	49,591
Biological assets – non-current	-	-	117	117
Southern bluefin tuna quota	-	-	-	-
Total	-	-	49,708	49,708

The fair values of the biological assets are determined in accordance with Note 4.20.

#### Valuation processes

The biological assets of the Group are considered Level 3 and are valued internally by the Group as there is no observable market for them. The value is based on the estimated exit price per kilogram and the value changes for the average weight of each fish as it progresses through the growth and transformation cycle. The average weight of the fish is sample measured periodically and the value is determined by applying the average weight to the estimated weight.

The average lifecycle of Large Kingfish is approximately 2 years to minimum initial harvest size (harvest weight 4.5 k.g), while for Small Kingfish (harvest weight 1.5 k.g) it is approximately 1 year. The value per fish is based on this weight estimate adjusted for future mortalities and multiplied by the expected market price at the relevant point of transformation. Significant changes in any of the significant unobservable inputs in isolation would result in significant changes in fair value measurement.

The net increment/(decrement) in the fair value of Kingfish is recognised as income/(expense) in the reporting period.

The current fair value per kg. for Large Kingfish is \$18.02/k.g (FY22: \$15.75/k.g) and for Small Kingfish \$16.78/kg. (FY22:\$12.75). Kingfish which are less than 250 grams are valued at \$3.00 per fish.

### 35 Capital management policies and procedures

The Group’s capital management objectives are:

- to ensure the Group’s ability to continue as a going concern; and
- to provide an adequate return to shareholders

Management assesses the Group’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group considers the issue of new shares, dividends, return of capital to shareholders and sale of assets to reduce debt.

The Group has satisfied its covenant obligations for the Finance Facility Commonwealth Bank of Australia at 30 June 2023.

### 36 Parent entity information

Information relating to Clean Seas Seafood Limited (‘the Parent Entity’):

	2023 \$'000	2022 \$'000
<b>Statement of financial position</b>		
Current assets	5,074	10,969
Total assets	82,842	90,262
Current liabilities	3,011	6,110
Total liabilities	7,513	8,723
Net assets	75,329	81,539
Issued capital	228,020	227,902
Share rights reserve	704	507
Accumulated losses	(153,395)	(146,870)
Total equity	75,329	81,539
<b>Statement of profit or loss and other comprehensive income</b>		
Profit/(Loss) for the year	(6,525)	(7,429)
Other comprehensive income	-	-
Total comprehensive income	(6,525)	(7,429)

The Parent Entity has \$53,537 capital commitments to purchase plant and equipment (2022: \$65,840). Refer Note 30 for further details of the commitment.

The Parent Entity has not entered into a Deed of Cross Guarantee. Refer Note 29 in relation to contingent assets and liabilities.

### 37 Post-reporting date events

Subsequent to 30 June 2023, the Board approved the issue of 2,164,329 Share Rights which represents the FY24 annual Long-Term Incentive program.

There are no other matters or circumstances that have arisen since the end of the year 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

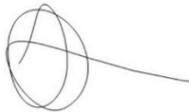
In the opinion of the Directors of Clean Seas Seafood Limited:

- The consolidated financial statements and notes of Clean Seas Seafood Limited are in accordance with the *Corporations Act 2001*, including:
  - Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
  - Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- There are reasonable grounds to believe that Clean Seas Seafood Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, consisting of a stylized, overlapping circular shape followed by a horizontal line extending to the right.

Travis Dillon  
Chairman

Dated the 29 day of August 2023

## Independent Auditor's Report

### To the Members of Clean Seas Seafood Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Clean Seas Seafood Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards, which complies with the International Financial Reporting Standards as issued by the International Accounting Standards Board, and the *Corporations Regulations 2001*.

## Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of intangible assets</b> <b>Note 18</b> As at 30 June 2023, the Group's intangible assets of \$2,827,000 comprise of Primary Industries and Regions South Australia (PIRSA) Water Leases and Licences.  The Group is required to perform an annual impairment test of intangible assets with an indefinite useful life and those not ready for use in accordance with AASB 136 <i>Impairment of Assets</i> .  Management have tested the intangibles for impairment by comparing the carrying amount with the recoverable amount. The recoverable amount was determined on a value-in-use basis.  The Group's computations require several estimates and assumptions. Therefore, an inherent risk is involved in determining these material assets' value.  We have determined this is a key audit matter due to the judgements and estimates required in calculating the recoverable amount on a value-in-use basis.	Our procedures included, amongst others: <ul style="list-style-type: none"><li>enquiring with management to obtain and document an understanding of management's process and controls related to the assessment of impairment, including management's calculation of the recoverable amount;</li><li>assessing management's identification of the appropriate cash-generating unit;</li><li>evaluating management's value-in-use calculations to assess for reasonableness of:<ul style="list-style-type: none"><li>mathematical accuracy of the calculations;</li><li>management's ability to forecast accurately;</li><li>forecasted cash flows to be derived by the intangible assets;</li><li>other inputs applied to the value-in-use calculations, including discount rates, expected terminal value, and cash flow adjustments;</li><li>the sensitivity of the significant inputs and assumptions made by management in preparing its calculation;</li></ul></li><li>evaluating the model against the requirements of AASB 136;</li><li>assessing the accuracy of the impairment expense recorded and the completeness of related disclosures; and</li><li>assessing the adequacy of the Group's disclosures within the financial statements regarding the judgements and estimates used by management to assess the recoverable value of the intangible assets.</li></ul>

## Key audit matter

## How our audit addressed the key audit matter

### Valuation of biological assets -

#### Note 15 & 17

The Group holds biological assets, including Kingfish measured at \$62,367,000 as at 30 June 2023. AASB 141 *Agriculture* requires these assets to be measured at fair value less costs of disposal.

Estimating the fair value is a complex process involving several judgements and estimates. Due to the nature of the asset, the valuation technique includes a model that uses a number of inputs from internal sources.

This area is a key audit matter due to the complex nature of the estimate and judgements applied.

Our procedures included, amongst others:

- enquiring with management to obtain and document an understanding of management's process and controls related to the valuation methodology applied to biological assets;
- assessing the inputs used in the valuation model including comparing to actual performance subsequent to reporting date and the historical performance of the Group;
- reviewing the historical accuracy of the Group's assessment of the fair value of Kingfish by comparing it to actual outcomes; and
- assessing the adequacy of the Group's disclosures within the financial statements regarding the judgements and estimates used by management in their valuation of biological assets.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

## Report on the remuneration report

### Opinion on the remuneration report

We have audited the Remuneration Report Included in the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Clean Seas Seafood Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner – Audit & Assurance

Adelaide, 29 August 2023

## ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 21 July 2023.

### Ordinary share capital (quoted)

165,358,179 fully paid ordinary shares are held by 3,759 shareholders.

### Substantial shareholders

The number of shares held by substantial shareholders and their associates, as stated on their most recent Substantial Shareholder notice, are set out below:

Shareholder	Number of Shares
Bonafide Wealth Management AG (1)	30,585,594
GCI CSS (Hofseth & Nevera) LLC (2)	10,100,000

(1) Notice released to ASX on 17 January 2023.

(2) Notice released to ASX on 7 July 2021.

### Voting Rights

Ordinary Shares: On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each fully paid share shall have one vote.

Distribution of equity security holders – Ordinary shares		
Holding	Number of holders	Total Units
1 - 1,000	759	449,250
1,001 - 5,000	1,560	3,905,747
5,001 - 10,000	535	4,073,277
10,001 - 100,000	790	24,854,287
100,001+	115	132,206,951
<b>Total</b>	<b>3,759</b>	<b>165,489,512</b>

There were 770 holders of less than a marketable parcel of ordinary shares (less than \$500).

Twenty (20) largest shareholders	Ordinary shares	
	Number of shares held	Percentage of issued shares
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	34,678,163	20.95%
CITICORP NOMINEES PTY LIMITED	31,093,443	18.79%
BNP PARIBAS NOMS PTY LTD <DRP>	7,791,482	4.71%
UBS NOMINEES PTY LTD	5,653,956	3.42%
AUSTRALIAN TUNA FISHERIES PTY LTD	5,162,837	3.12%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,864,287	2.94%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	4,273,697	2.58%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,119,150	2.49%
BOND STREET CUSTODIANS LIMITED <SASA - D87318 A/C>	3,500,000	2.11%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,414,895	0.85%
DHC INTERNATIONAL PTY LIMITED <DONVALE SUPER A/C>	1,379,980	0.83%
CROFTON PARK DEVELOPMENTS PTY LTD <THE BROUGHAM SUPERFUND A/C>	1,255,921	0.76%
MR HAGEN HEINZ STEHR & MRS ANNA STEHR <H & A STEHR SUPER FUND A/C>	1,249,991	0.76%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,245,112	0.75%
FERNBOW PTY LTD <THE HOLLAND SUPER ACCOUNT>	1,158,000	0.70%
MR MURRAY JOHN GILBERT & MR MARTIN PETER GILBERT <GILBERT FAMILY SUPER #2 A/C>	926,852	0.56%
DHC CAPITAL PTY LTD <HEAD FAMILY A/C>	752,565	0.45%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	725,944	0.44%
DMSF PTY LTD <DINO MAZZOCATO SUPER A/C>	656,642	0.40%
MS KYLIE LYNETTE NUSKE & MR MATTHEW JAMES COOK <VISION SPLENDID SUPER A/C>	608,592	0.37%
<b>Total Securities of Top 20 Holdings</b>	<b>112,511,509</b>	<b>67.99%</b>

### Securities Exchange

The Group is listed on the Australian Securities Exchange . The Group’s securities have a secondary listing on the Euronext Growth Oslo / Norway (“OSE”).

### On Market Buy Back

There is no current on market buy back.

### Registered office

The address and telephone number of the Group’s registered office are:

7 Frederick Road, Royal Park SA 5014

Telephone: +61 1800 870 073

**Share registry**

The address and telephone number of the Company's share registry, Boardroom Pty Limited, are:

Boardroom Pty Limited

Level 8, 210 George Street, Sydney New South Wales 2000

Telephone: (02) 9290 9600