

ASX & Media Release

29 August 2023

Clean Seas FY23 Results

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to announce its full year FY23 results.

Financial Performance	FY22	FY23	Change (Fav/Unfav)
Operating Results¹ (A\$'000)			
Revenue	66,164	69,411	▲ 3,247
Post farmgate costs	(12,815)	(14,870)	▼ (2,055)
Net farmgate revenue	53,349	54,541	▲ 1,192
Production costs	(46,514)	(39,804)	▲ 6,710
Gross profit	6,835	14,737	▲ 7,902
Indirect & R&D Costs	(11,659)	(11,044)	▲ 615
Operating EBITDA	(4,824)	3,693	▲ 8,517
Underlying Adjustments (A\$'000)			
Impairment	(211)	(675)	n/a
AASB 141 SGARA and cost allocation	18,328	7,149	n/a
Statutory NPAT	8,676	5,996	▼ (2,680)
Operating Results¹ (A\$/kg)			
Revenue	17.61	22.73	▲ 5.12
Post farmgate costs	(3.41)	(4.87)	▼ (1.46)
Farmgate	14.20	17.86	▲ 3.66
Production costs	(12.38)	(13.03)	▼ (0.65)
Gross profit	1.82	4.83	▲ 3.01
Indirect & R&D Costs	(3.10)	(3.62)	▼ (0.52)
Operating EBITDA	(1.28)	1.21	▲ 2.49
Production Metrics (WWE tonnes)			
Sales Volume	3,757	3,054	▼ -19%
Net Growth	3,152	3,837	▲ 22%
Harvest Volume	2,919	3,354	▲ 15%
Closing Live Fish Biomass	3,508	3,991	▲ 14%
Frozen Inventory	164	376	▲ 129%

Highlights:

- **FY23 Record Operating EBITDA of A\$3.7 million (A\$1.21/kg) driven by price increases and operational cost efficiencies**
- **Strong pricing up 29% with converging Fresh and Frozen prices driven by the transition away from legacy fish biomass and frozen inventory**
- **Production costs increased by 5.3% due to higher feed prices partly offset by efficiencies on farm**
- **15% increase in harvest volumes in FY23 versus FY22 with sales volumes reflecting previous period sell-through of all clearance frozen inventory**
- **Positive operating cash flows of A\$1.5 million in FY23, with funding headroom for working capital and planned capital investment projects**

Clean Seas' financial result for FY23 demonstrates an improved trading performance, leveraging the growth in awareness and acceptance of Yellowtail Kingfish globally, and the outstanding premium quality, culinary flexibility and Spencer Gulf provenance of Clean Seas' ocean reared Kingfish. The result also highlights the significant progress made against the Company's strategic objectives, including building channel and market awareness, growing sales revenues, reducing costs and strengthening its balance sheet.

Clean Seas achieved revenue of A\$69.4m in FY23, representing a 5% increase on FY22. In FY22 the Company cleared 892 tonnes of surplus frozen inventory, and so the FY23 revenue growth has been achieved without the benefit of this clearance activity. While the elimination of surplus frozen inventory has resulted in a reduction in sales volumes versus the prior year, the transition to full price sales has driven price to A\$22.73/kg in FY23, versus A\$17.61/kg in FY22, a 29% increase.

Production costs increased by A\$0.65/kg, driven by a 22% increase in feed prices but partly offset by the realisation of cost efficiencies on farm. Clean Seas has made substantial progress over the last two years to rectify inventory levels, and the optimisation of live fish biomass has resulted in an improvement in the economic feed conversion ratio (eFCR) and reduced farming costs per kg (excluding feed) as fish growth rates exceeded cost increases. eFCR reduced to 2.43 in FY23 versus 2.57 in FY22 to reduce the impact of higher feed prices, and when coupled with the reduced growout time in water to harvest, helped Clean Seas achieve a reduction in farming costs per kg (excluding feed).

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. Delivery of the feed barge is expected in early 2024.

FY23 harvest volumes increased 15% from FY22 whilst improved farming efficiencies and capacity delivered a 22% increase in live fish net growth and a 14% increase in live fish biomass in FY23 versus FY22. This will underpin sales volumes in FY24.

Clean Seas' has a strategic ambition to establish a reputation for its sustainable practices, and has identified three key priorities including (1) the establishment of an ESG reporting framework, (2) selecting a platform that can assist in preparing the ESG report and gathering the necessary information for its compilation, and (3) engaging with a reputable partner who will aid Clean Seas in calculating its greenhouse gas emissions, ensuring accuracy and compliance.

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.

As a result of the strong trading performance and the ongoing focus on inventory optimisation, Clean Seas has delivered positive operating cash flow of A\$1.5m and facilitated the transition to profitability despite global inflationary pressures and the elimination of surplus frozen inventory sales.

Operating EBITDA of A\$3.7m in FY23 compares to a loss of A\$4.8m in FY22.

Clean Seas' CEO Rob Gratton said *"Three years ago we set ourselves the target to transition Clean Seas to profitability and positive cash flows, and so I'm extremely proud of the work our team has done to make this a reality in FY23. This year we were able to continue to build the appreciation of the quality and Spencer Gulf provenance of our Yellowtail Kingfish, and the transition away from surplus frozen clearance sales drove strong pricing. On our farm we eliminated surplus live fish biomass and as a result achieved our lowest feed conversion ratio for 5 years which helped offset increased feed prices, and the reduced time in water from growout to harvest helped us deliver reduced production costs per kg excluding feed. With our new automated feed barge currently being built and on track for delivery early next year we can be optimistic in both the market opportunity for our Kingfish and our ability to supply this market more efficiently."*

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

Webcast

The Company will conduct a webcast of its FY23 Results Briefing at **2.30pm AEST on Tuesday 29 August 2023.**

You can participate in the webcast by using the following link:

[Click here to join the meeting](#)

Meeting ID: 497 766 942 482

You are advised to log on at least 15 minutes before the webcast is scheduled to begin.

The webcast will be recorded and be available for viewing on the Clean Seas website.

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

About Clean Seas Seafood

Clean Seas Seafood is a fully integrated Australian Aquaculture business listed on the Australian Securities Exchange (ASX) and with a secondary listing on Euronext Growth Oslo (OSE) – the leading exchange for high growth seafood companies.

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

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

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

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

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

For further information on Clean Seas Seafood, please contact:

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