

17th January 2022

Record Revenue, Volume, Receipts & Operating Cashflow

- **Record YTD revenue of A\$31.3 million, up 40% on H1 FY21 and 28% ahead of H1 FY20**
- **Record YTD sales volume of 1,946t, up 35% on H1 FY21 and 38% ahead of H1 FY20**
- **Record YTD cash receipts of A\$32.2 million up 59% on H1 FY21 and 31% ahead of H1 FY20**
- **Prices increasing across key categories, with continued growth in revenue per kg to A\$16.06**
- **Positive operating cash flow in H1 FY22 of A\$6.0 million, an increase of A\$8.6 million on H1 FY21, and of A\$7.7 million on H1 FY20 driven by management's focus on optimising working capital and expense reduction**
- **All outstanding Convertible Notes have been redeemed, and Clean Seas has cash and unused working capital funding of A\$26.6 million, plus an additional A\$17.9 million of undrawn facilities to fund major capital works**
- **Stocking of new juvenile fish in the new full life-cycle Fitzgerald Bay (Whyalla) farm site has been completed. Activating this location has the potential to increase Clean Seas' total production to 10,000t per annum and reflects the Company's confidence in the growth potential of Kingfish globally**

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS), global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to provide its Appendix 4C and Quarterly Activities Report for Q2 FY22, provided under Listing Rules 4.7b and 4.7c.

Quarterly Activities

Clean Seas' strong sales growth has continued in Q2 FY22. After posting record sales in Q1 FY22, partly due to the final clearance of some frozen inventory, a new quarterly record revenue was set in Q2 FY22 on the back of unprecedented and broad demand for Kingfish globally. This has been achieved despite ongoing uncertainty and disruption to markets and supply chains, and highlights the continued growth in awareness and appetite for Yellowtail Kingfish globally.

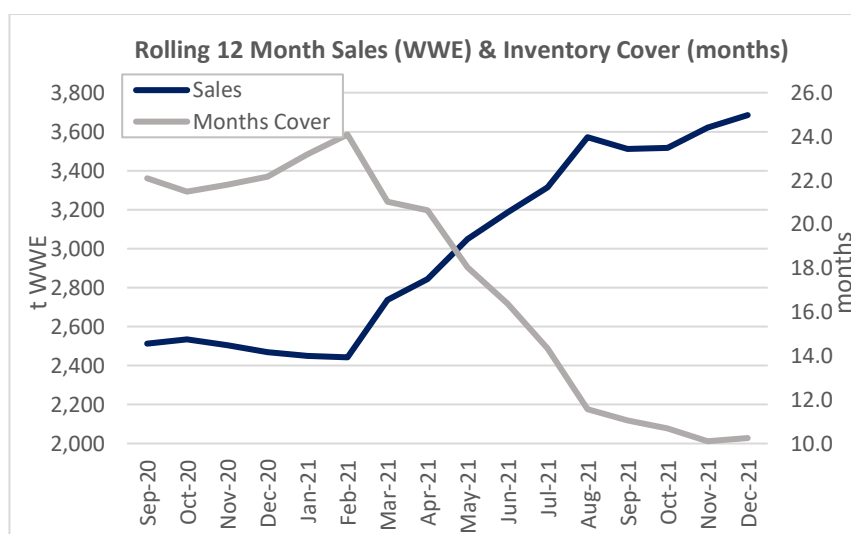
In Australia, despite restaurant density limits being enforced, revenues for H1 FY22 were up 27% on the same period last year, and in Europe sales were up 79% versus the same period. In North America, where Clean Seas is benefitting from broader acceptance of its Kingfish versus the Japanese competition in Asian restaurants, premium sales are up 47% on pre-pandemic levels. This unprecedented demand has driven strong price growth, with revenue per kg up to A\$16.06 in H1 FY22, and in Q2, with the sale of surplus inventory complete, revenue per kg was A\$18.25.

Clean Seas' Q1 FY22 sales included support for a nationwide rollout of a number of retail products with Woolworths. Feedback received to date is that our Kingfish launch into retail is tracking along positively and in line with expectations and growth plans. Promotional programs will continue to drive sales and customer awareness.

It is the Company's view that whilst the ongoing COVID-19 disruptions are likely to continue, management will retain its focus on inventory & working capital management along with its strategy of channel diversification which will complement and enhance Clean Seas' existing global restaurant and premium food service business.

H1 Sales Volumes Performance					
Region (tonnes WWE)	H1 FY18	H1 FY19	H1 FY20	H1 FY21	H1 FY22
Australia	689	701	779	781	1,009
Europe	481	474	508	441	770
America	44	51	74	199	146
Asia	54	47	45	23	21
Total sales volumes	1,268	1,273	1,406	1,444	1,946
Group Revenue (\$'000)	20,372	21,585	24,437	22,333	31,255
Revenue A\$/k.g	16.07	16.96	17.38	15.47	16.06

Total sales volume for H1 FY22 of 1,946t was up 34% on H1 FY21 and 38% percent on H1 FY20, while revenue of A\$31.3 million (unaudited) exceeded H1 FY21 and H1 FY20 by 40% and 28% respectively. For calendar year 2021, revenue was A\$57.3 million, versus A\$38.2 million for calendar year 2020.

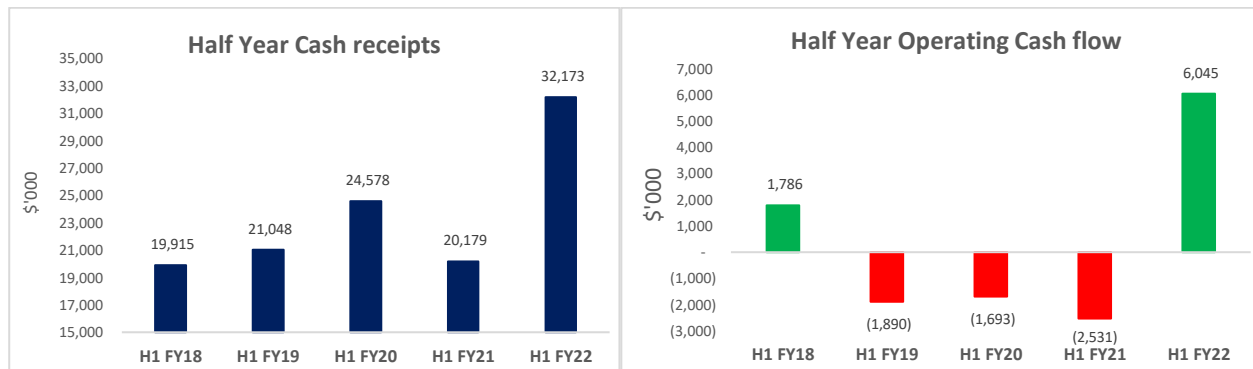


Clean Seas has successfully cleared all excess frozen inventory, and the harvest of high cost, surplus Year Class 18 and Year Class 19 biomass has been completed. At the end of H1 FY22, Clean Seas has maintained its target of 11 months of inventory cover. This optimisation of working capital will lead to reductions in carrying costs of inventory and the cost of production.

Demand for Clean Seas' premium ocean reared Yellowtail Kingfish continues to expand as awareness for the species develops around the world. Clean Seas remains committed to providing the market with the highest quality fish, a native species grown in its natural waters of the Spencer Gulf in South Australia, while also aiming to be the lowest cost and most sustainable producer of Yellowtail Kingfish globally.

Appendix 4C Cash flows

The H1 FY22 operating activity result reflects another very strong quarter. Record cash receipts, combined with cost savings and the benefits of optimising working capital delivered record positive operating cash flows in H1 FY22 of A\$6.0 million, an increase of A\$8.6 million on H1 FY21, and of A\$7.7 million on H1 FY20.



Cash flow summary (\$'000)	H1 FY18	H1 FY19	H1 FY20	H1 FY21	H1 FY22
Receipts	19,915	21,048	24,578	20,179	32,173
Operating cash flow	1,786	(1,890)	(1,693)	(2,531)	6,045
Investing cash flow	(2,515)	(1,894)	(868)	(1,635)	(3,157)
Financing cash flow	16,063	(473)	(137)	(125)	(18,396)
Net increase / (decrease) in cash held	15,334	(4,256)	(2,698)	(4,291)	(15,508)

Cash receipts for H1 FY22 reached A\$32.2 million, which exceeded H1 FY21 by A\$12.0 million. Total cash receipts were ahead of pre-pandemic levels (H1 FY20) by A\$7.6 million, which reflects the growing awareness of and demand for Yellowtail Kingfish globally.

Despite an increase in sales volumes by 34%, Clean Seas did not experience a similar increase in operating cash costs, due in part to the improvement in working capital, which has removed excess biomass and frozen inventory. Feed costs are expected to increase in Q3 and Q4 FY22 in line with the Company's peak growing season from October to May.

Capital investment was largely focused on scaling up the Whyalla Farm production capacity, and the first progress payment for the acquisition of a heavy vessel to support its growth ambitions (total investment \$1.6 million). Once delivered to the Spencer Gulf in the coming months, this vessel will be capable of delivering up to 80t of feed in a single operation and support Clean Seas growth ambitions in the coming years.

Financing cash flow reflects the repayment of the Company's working capital facility debt, and the successful redemption of Clean Seas' Convertible Notes. Of the 15,403,907 Convertible Notes issued on or before 20 January 2020, a total of 8,854,562 were converted by Noteholders to Ordinary Shares, and the remaining 6,549,345 were redeemed by the Company for approximately A\$6.6 million. The early redemption of the Convertible Notes will save the Company approximately A\$600,000 in interest in FY22.

As a result of the positive operating cash flows, Clean Seas was able to increase total net cash by A\$3.7 million in H1 FY22.

Net Cash	Jun-21	Dec-21	Change
Cash at bank	30,072	14,564	(15,508)
Working capital facility	(9,471)	-	9,471
Senior debt facility	-	-	-
Asset finance facility	(2,287)	(2,041)	246
Convertible note debt	(9,551)	-	9,551
Total net cash	8,763	12,523	3,760

The Company has cash and unused working capital funding of A\$26.6 million, plus an additional A\$17.9 million of undrawn facilities to fund major capital works.

Production Update

The stocking of juvenile fish in the new full life-cycle Fitzgerald Bay (Whyalla) farm site has been completed and these Year Class 22 fish are performing well. This new location, which complements Clean Seas' existing farming locations in Port Lincoln and Arno Bay, increases the Company's total potential production capacity to 10,000t per annum.

Twelve months ago the Company experienced an increase in fish mortalities within the Boston Bay marine leases. Clean Seas identified a range of contributing factors and undertook multiple steps to mitigate the risk of further mortalities. Due to measures taken in early 2021 the Company was able to return fish health to normal levels and this trend has continued in H1 FY22 with mortalities trending below historical levels.

Clean Seas CEO, Rob Gratton said *"Clean Seas Seafood has had another very strong quarter, and we are thrilled to once again report a record sales result. Demand and appreciation for our premium quality fish continues to expand globally, which is a testament to our successful diversification and our team's ability to highlight the quality, flexibility and provenance only achievable by growing a native species in its natural waters. Our ability to clear excess inventory and deliver a record positive cash flow has again supported the proving out of our financial model. Farming in our new full lifecycle location in Fitzgerald Bay and acquiring our new vessel highlights our ambition and optimism for the future of our fish"*.

Payments to related parties

Payments to related parties for the quarter included fees paid to Non-executive Directors of A\$95k, contract services of A\$72k and vessel hire and related expenses of A\$556k paid to associates of Non-executive Directors. Vessel hire costs are expected to reduce upon delivery of the new heavy vessel noted above.

The Board notes that notwithstanding this result, the inherent operational risks in aquaculture may impact future results.

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

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.

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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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Clean Seas Seafood Limited

ABN

61 094 380 435

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17,418	32,173
1.2 Payments for		
(a) research and development	(195)	(375)
(b) product manufacturing and operating costs	(6,665)	(12,755)
(c) advertising and marketing	(87)	(152)
(d) leased assets	-	-
(e) staff costs	(2,958)	(5,578)
(f) administration and corporate costs	(588)	(1,338)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid (including convertible notes)	(67)	(561)
1.6 Government grants and tax incentives	-	-
1.7 Other - Feed	(2,922)	(5,369)
1.8 Other (Insurance settlement)	-	-
1.9 Net cash from / (used in) operating activities	3,936	6,045
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,391)	(2,378)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets – Ice fresh licence	-	(779)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,391)	(3,157)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	(103)	(788)
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Repayment of Convertible Notes	-	(6,662)
3.6	Proceeds from borrowings	278	278
3.7	Repayment of borrowings	(4,102)	(11,224)
3.8	Transaction costs related to loans and borrowings	-	-
3.9	Dividends paid	-	-
3.10	Net cash from / (used in) financing activities	(3,927)	(18,396)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,946	30,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,936	6,045
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,391)	(3,157)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,927)	(18,396)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,564	14,564

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,564	15,946
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,564	15,946

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

731

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts paid to Non-executive Directors Fees: \$95k

Amounts paid to associates of Non-executive Directors include rental payments \$9k, contract services and equipment/vessel hire \$627k, of which \$541k related to vessel hire for establishment of Whyalla and temporary Harvest vessel hire.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities – CBA Trade Finance & Market Rate Loan	26,000	-
7.2 Credit standby arrangements	-	-
7.3 Other – CBA Lease Facility	6,000	2,041
7.4 Total financing facilities	32,000	2,041

7.5 Unused financing facilities available at quarter end	29,959
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Commonwealth Bank \$12 million Secured Trade Finance Facility was undrawn as at the end of quarter.

The Commonwealth Bank \$14 million Secured Market Rate loan was undrawn as at the end of quarter.

The Commonwealth Bank \$6 million Equipment Finance Facility of which \$2.04 million had been drawn at the end of the quarter.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	3,936
8.2 Cash and cash equivalents at quarter end (Item 4.6)	14,564
8.3 Unused finance facilities available at quarter end (Item 7.5)	12,000*
8.4 Total available funding (Item 8.2 + Item 8.3)	26,564
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	Not applicable as positive net cash from operating activities

** excludes market rate loan for \$14 million which held for the acquisition of major capital assets and \$6 million asset lease facility.*

If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...17/1/2022.....

Authorised by:Robert Gratton., Chief Executive Officer.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.