

# **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 2021**

(Comparative figures being the full-year ended 30 June 2020)

	<b>Full-Year ended 30 June 2021</b>	<b>Full-Year ended 30 June 2020</b>	<b>Period Movement up/(down)</b>	<b>Period Movement up/(down)</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>%</b>
Revenue from ordinary activities	<b>48,460</b>	40,313	8,147	20
EBITDA	<b>(26,877)</b>	(9,635)	(17,242)	(179)
EBIT	<b>(30,687)</b>	(13,076)	(17,611)	(135)
(Loss) / Profit from ordinary activities before tax	<b>(32,097)</b>	(14,454)	(17,643)	(122)
Income tax credit / (expense)	<b>0</b>	0	0	0
(Loss) / Profit from ordinary activities after tax attributable to members	<b>(32,097)</b>	(14,454)	(17,643)	(122)
Net tangible asset backing per ordinary share	<b>40.8</b>	65.6	(24.7)	(37.7)

	<b>Amount per security</b>
<b>Dividends (Ordinary Shares)</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 2021 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 2021  
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 2021.

## Directors

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

- Mr Travis Dillon – Chairman (Appointed 21 October 2020);
- Ms Katelyn Adams (Appointed 1 June 2021);
- Mr Marcus Stehr;
- Mr Gilbert Vergères;
- Mr Terry O'Brien (Resigned 19 October 2020);
- Mr Nick Burrows (Resigned 19 October 2020);
- Ms Raelene Murphy (Resigned 19 October 2020); and
- Mr David Head (Managing Director & CEO) (Resigned as a Director on 14 September 2020).

## Company Secretary

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

- Eryl Baron (Appointed as Joint Company Secretary on 3 December 2020);
- Rob Gratton (Joint Company Secretary); and
- David Brown (Resigned as Joint Company Secretary 20 October 2020).

## Principal activities

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

- The propagation of Spencer Gulf Hiramasa Yellowtail Kingfish, producing fingerlings for sale and growout;
- The growout of Spencer Gulf Hiramasa Yellowtail Kingfish for harvest and sale; and
- Research and development activities for the future aquaculture production of Southern Bluefin Tuna.

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

There have been no significant changes in the nature of these activities during the year.

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 loss after tax for the year of \$32.1 million, which compares to a statutory loss after tax of \$14.5 million in FY20.

Financial Performance (\$'000)	FY21	FY20	Change
<b>Revenue (\$'000)</b>	<b>48,460</b>	<b>40,313</b>	<b>20%</b>
<b>Volume (t)</b>	<b>3,166</b>	<b>2,424</b>	<b>31%</b>
<b>Operating Results<sup>1</sup></b>			
<b>Underlying Gross Profit</b>	<b>(9,279)</b>	<b>4,087</b>	<b>-13,366</b>
<b>Underlying EBITDA</b>	<b>(20,131)</b>	<b>(6,918)</b>	<b>-13,213</b>
Revenue \$/kg	15.31	16.63	-1.32
Farmgate \$/kg	12.37	12.74	-0.37
Production costs/kg	(15.29)	(11.05)	-4.24
<b>Gross Profit/kg</b>	<b>(2.92)</b>	<b>1.69</b>	<b>-4.61</b>
Indirect costs/kg	(3.43)	(4.54)	1.11
<b>Underlying EBITDA/kg</b>	<b>(6.35)</b>	<b>(2.85)</b>	<b>-3.50</b>
<b>Production metrics</b>			
Net growth (tonnes)	2,229	3,342	-33%
Harvest volumes (tonnes)	3,416	3,068	11%
Closing Live Fish Biomass (tonnes)	3,295	4,435	-26%
<b>Statutory Results</b>			
<b>Underlying Adjustments</b>			
Impairment	(9,882)	(15,813)	
Restructuring costs	(1,381)	-	
Litigation income & expenses	-	13,982	
AASB 141 SGARA and cost allocation	4,517	(886)	
<b>Statutory EBITDA</b>	<b>(26,877)</b>	<b>(9,635)</b>	<b>-17,242</b>
<b>Statutory Loss After Tax</b>	<b>(32,097)</b>	<b>(14,454)</b>	<b>-17,643</b>
<b>Cash Flow</b>			
Receipts	44,940	42,657	5%
Operating Cash Flow	(9,833)	(26)	-9,807

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

## Financial Performance

### Sales Volumes and Revenue

Sales Performance Summary				
Region	FY21	FY20	Change	FY19
Australia	1,809	1,332	36%	1,439
Europe	904	813	11%	1,023
Americas	406	226	80%	116
Asia	47	53	-11%	120
<b>Total sales volumes</b>	<b>3,166</b>	<b>2,424</b>	<b>31%</b>	<b>2,698</b>
<b>Group Revenue (\$'000)</b>	<b>48,460</b>	<b>40,313</b>	<b>20%</b>	<b>46,149</b>
Revenue \$/kg.	15.31	16.63	-8%	17.10

Despite ongoing restrictions in certain markets throughout the year, sales volumes for the full year FY21 of 3,166 tonnes exceeded FY20 by 742 tonnes (+31%) driven by the recovery in existing restaurant business as restrictions eased in various markets around the world. Additionally, this sales result represents a substantial increase on the 2,698 tonnes sold in FY19 due to work done to develop new markets and channels.

The reduction in average revenue \$/kg. by \$1.32 to \$15.31 reflects the Company's entry into new markets and channels. To drive trials and establish long-term relationships with customers, Clean Seas has used surplus frozen inventory to accelerate channel diversification. Despite the reduction in average revenue \$/kg., Clean Seas Large Fresh product category, which represents approximately 50% of total sales volumes (1,589 tonnes), was sold at an average revenue \$/kg. of \$18.13.

Australian sales volumes increased by 36% to 1,809 tonnes in FY21 and represents 57% of total sales volumes. The result represents a significant achievement and demonstrates a growing awareness and demand for Kingfish in Australia, notwithstanding the ongoing disruptions caused by lockdowns and restrictions.

The lockdowns in Europe had a significant impact on the Fresh business, however, the development of frozen channels has helped mitigate any decline in overall volumes and helped drive an 11% increase in sales volumes to 904 tonnes in FY21.

North America sales increased by 80% to 406 tonnes. This result was largely due to the new frozen channels, which delivered 338 tonnes of sales. Approximately 282 tonnes were sold to Hofseth North America in support of retail launches in this market.

### New Channels and Markets

Clean Seas' diversification into new channels and markets gained significant momentum in FY21. The Company worked with its distribution partners in Australia and in Europe to open up new channels in mid-tier food service, retail and other home consumption channels. This resulted in new retail products being launched in supermarkets and specialty retail channels that had not previously featured Clean Seas' Kingfish. It has been particularly encouraging that as traditional high-end restaurant business has recovered, sales into these new channels have continued and been largely incremental to pre-COVID sales volumes, resulting in positive year-on-year growth versus pre-COVID levels as lockdowns have eased in specific markets.

In Clean Seas' major pre-COVID export market, Europe, the Company has successfully established a more significant customer base for its frozen products, utilising its innovative premium frozen technology, **SensoryFresh**. This has allowed Clean Seas to offset the higher airfreight charges as a result of COVID related transport disruptions. The development of these frozen channels and the use of sea freight brings the added benefit of a lower carbon footprint supply chain and further enhances Clean Seas' sustainability and environmental credentials. As lockdowns eased in H2 FY21 and the premium restaurant business recovered, the expanded customer base delivered incremental sales volumes in excess of pre-pandemic levels.

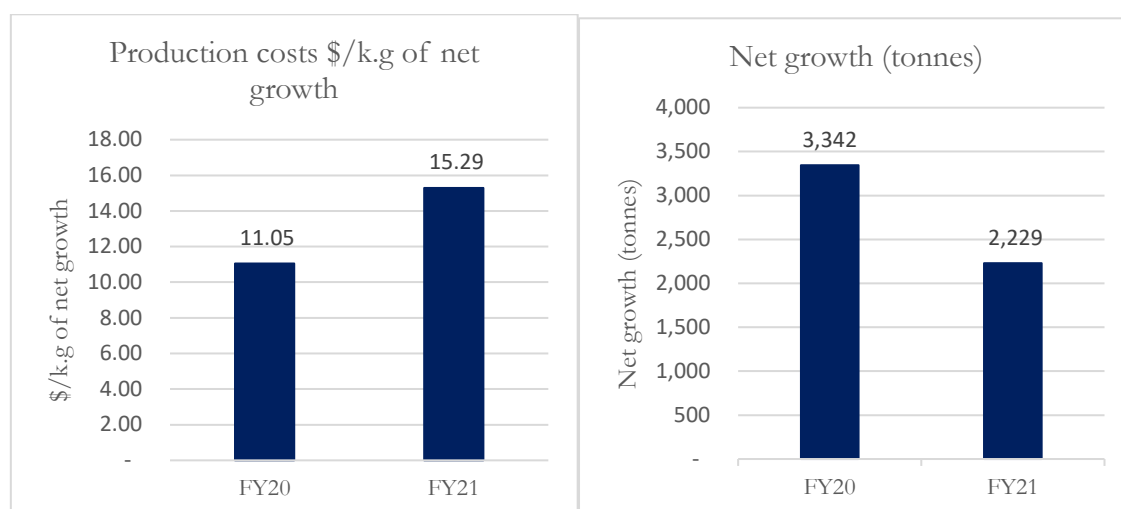
The partnership with the Hofseth Group has continued to develop throughout FY21. In support of retail and home meal kit launches, Clean Seas sold 282 tonnes (WWE) of Kingfish to Hofseth North America in FY21, in addition to the 111 tonnes (WWE) in June FY20. The expanding US sales footprint now has Clean Seas' Kingfish being sold across North America in over 250 stores, in addition to now being in 3 leading home meal kit brands, and in a foodservice partnership with a leading national restaurant chain. Clean Seas continues to work with the Hofseth Group to develop new channels in this market, and the partnership represents a significant opportunity for Clean Seas to quickly reach the scale of operation that it needs to substantially reduce cost of production through leveraging its fixed costs and production assets, while also providing technical advice in operationalising this scale.

### Fish Health

In January 2021, Clean Seas reported that the Company had experienced an increase in fish mortalities within the Boston Bay marine leases.

The Company identified a range of contributing factors and taken multiple steps to mitigate the risk of further mortalities, including removing fish from the affected location. These measures helped return fish health to normal levels. As reported in the H1 FY 21 financial statements the Company did experience higher levels of mortalities and as a result increase in the mortality provision at December 2020.

### Production Costs





Clean Seas production costs comprise feed consumed (approximately 60%), operating and employee expenses for the Hatchery and Farms.

Production costs for FY21 increased by \$4.24/kg. to \$15.29/kg. due to several contributing factors, including:

- Surplus live fish biomass, which is contributing to an extended growout period;
- Decline in net growth tonnes (-1,113 tonnes) for FY21 due to a strategic COVID-19 driven decision to save cash by reducing Year Class 21 fingerling intake; and
- Increased mortalities due to fish health issues identified.

Due to an imbalance between sales and growth, in addition to the COVID-19 disruptions, Clean Seas had surplus live fish biomass and frozen inventory in FY21, which contributed to an extended growout period. A longer growout results in additional costs with only marginal returns. The Company has made substantial progress in reducing the imbalance during FY21, largely due to the significant increase in sales volumes in Australia, Europe, and North America, which has helped reduce total inventory cover to 16 months in FY21 from 27 months in FY20.

All of the surplus Year Class 18 cohort have now been harvested and the excess Year Class 19 cohort are on track to be harvested by the end of August 2021. With this, Clean Seas expects production costs to reduce substantially in FY22, and once the harvest of Year Class 20 fish is completed, the Company's biomass will be back in balance and expects FY23 cost of production to return to FY18 levels at circa \$9.00/kg.

### Indirect costs

After excluding one-off adjustments, indirect costs decreased by \$1.11/kg to \$3.43/kg. in FY21 due to the significant structural changes to reduce cost and promote efficiency, including the restructure of the Executive team, reducing the number of Board members and a consolidation of activities into its South Australian base.

### Underlying EBITDA

Reflecting the underlying performance of the business by excluding the impact of SGARA (\$4.5 million), Live Fish and Frozen Impairment (\$9.9 million) and restructuring adjustments (\$1.4 million), underlying EBITDA declined to a loss of (\$20.1 million). Profitability has been primarily impacted by production costs, and to a lesser extent by a reduction in revenue/kg. due to increased price support provided to customers in order to open new markets and channel diversification.

Adjustment to underlying EBITDA include:

- **Impairment:** The \$9.9 million non-cash impairment (which includes \$8.1 million recognised December 2020) reflects an increase in clearance inventory, lower expected future market prices and increased mortalities.
- **Restructuring costs:** In response to COVID-19, the Company identified a range of cost saving initiatives, which included a restructure of the executive team, which comprised a mixture of cash and non-cash items.
- **SGARA and cost allocation:** Live fish biomass and frozen inventory is accounted for in accordance with *AASB 141 'Agriculture'*.

## Cash Flow

Cash flow summary (\$'000)	FY21	FY20	Change	FY19
Underlying Operating cash flow	(9,196)	(14,033)	4,837	(8,200)
<b>Underling Adjustment</b>				
Restructuring costs	(637)	-	(637)	-
Litigation Settlement & Expense	-	14,007	(14,007)	(1,142)
<b>Statutory Operating cash flow</b>	<b>(9,833)</b>	<b>(26)</b>	<b>(9,807)</b>	<b>(9,342)</b>
Investing cash flow	(3,323)	(2,411)	(912)	(3,220)
Financing cash flow	21,059	30,877	(9,818)	757
<b>Net increase / (decrease) in cash held</b>	<b>7,903</b>	<b>28,440</b>	<b>(20,537)</b>	<b>(11,805)</b>

## Operating cash flow

Cash receipts for the full year ended 30 June 2021 reached \$44.9 million, which exceeded FY20 by \$2.3 million. Despite impacts from COVID-19 during the year, full year FY21 cash receipts were only slightly down on FY19 by \$0.8 million, which reflects the improved operating conditions in Australia and the benefits of channel and market diversification.

Due to lower Biomass growth and improved payment terms with suppliers, payments to suppliers and feed were approximately \$3.8 million less than FY20.

Adjustment to underlying operating cash flow include:

- **Restructuring costs:** In response to COVID-19, the Company identified a range of cost saving initiatives, which included a restructure of the executive team, which comprised a mixture of cash and non-cash items.
- **Litigation settlement and expenses:** In January 2020 the Company received \$15 million from the Litigation Settlement, partially offset by legal costs.

On an underlying basis, FY21 operating cash out flows improved by approximately \$4.8 million in comparison to FY20.

## Investing cash flow

Clean Seas continued to invest in capex during the FY21, which includes a split of maintenance and growth capex:

- Growth capex: \$0.6 million feed automation upgrade.
- Maintenance capex: \$2.7 million on new cages, nets, grid, vessel and processing plant improvements.

## Financing cash flow

Financing activities during FY21 largely comprised the following:

- Proceeds from \$25 million Placement;
- Proceeds of \$10.85 million and repayment of \$12.65 million of borrowings; and
- Interest payments, which includes convertible note interest (\$0.98 million).

## Funding

Current cash and undrawn facilities (\$'000)	FY21	FY20	Change	FY19
Cash at bank	30,072	22,169	7,903	1,004
Undrawn working capital facility	2,529	3,504	(975)	4,725
Undrawn senior debt facility	14,000	14,000	-	-
Undrawn asset finance facility	3,713	2,667	1,046	1,679
<b>Total cash and undrawn facilities</b>	<b>50,314</b>	<b>42,340</b>	<b>7,974</b>	<b>7,408</b>

In December 2020, Clean Seas renewed its debt facility with the Commonwealth Bank of Australia and retained existing facility limits totalling \$32.15 million. These facilities will provide sufficient headroom for working capital and will fund planned capital investment projects, including those that will deliver increased production capacity and automation.

In May 2021, Clean Seas completed a \$25 million Placement and secondary listing on Euronext Growth Oslo. The issue price under the Placement was set at \$0.57 per New Share, which represented a 10.9% discount to the last closing price of \$0.64 per share on 30 April 2021. The funds raised will be applied as working capital for Clean Seas to fully utilise existing production licences and capitalise on global growth, with excess capital to be utilised to retire existing convertible notes. Additionally, Clean Seas utilised funds to acquire an Icefresh™ exclusive licence.

## Significant changes in the state of affairs

Mr Travis Dillon and Ms Katelyn Adams were appointed as an Independent Non-Executive Director with effect from 21 October 2020 and 1 June 2021 respectively. Mr O'Brien, Mr Burrows and Ms Murphy resigned as an Independent Non-Executive Directors on the 19 October 2020. Further details are provided later in this report.

## Events arising since the end of the reporting period

Subsequent to 30 June 2021 a further 862,086 convertible notes were converted to 1,673,633 shares.

On the 28 July 2021, The Directors of Clean Seas announced that the Company has given notice to the holder of Convertible Notes (ASX: CSSG) that the Company will fully redeem all outstanding Convertible Notes on the 31 August 2021. Noteholders have the option to convert Convertible notes into Shares up to and including the 27 August 2021.

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.

## Likely developments, business strategies and prospects

The Company is continuing to implement its strategic plan, while working to diversify its markets and channels through the ongoing disruption caused by COVID-19. Key initiatives include:

- Use the sale of surplus inventory to drive trials and target long-term growth via new channels and under developed foodservice markets;
- Continue to progress the development of new retail products;
- Maximise conversion of excess frozen inventory into cash;
- Progress projects to reduce farm and processing costs of production and
- Maintain focus on tight cost controls throughout all aspects of the business.

## Information on Directors and Key Management

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

Mr Dillon was appointed to the Company 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 Terragen Holdings Limited (ASX:TGH), Non-Executive Director of S&W Seed Company Australia, Non-Executive Director of Lifeline Australia and member of the CSIRO Agriculture and Food Advisory Committee.

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

Ms Adams was appointed to the Company 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.

### Mr Marcus Stehr - Non-Executive Director

Mr Stehr was appointed to the Company Board on incorporation in September 2000. He was a member of the Remuneration and Nominations 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 Gilbert Vergères – Non-Executive Director**

Mr Vergères was appointed to the Company Board on 3 March 2020.

Mr Vergères is one of three Partners of Bonafide Wealth Management AG, who, through their Global Fish Fund 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.

### **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 20 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 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 13 years' experience in Corporate Finance and Accounting roles across 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.

### **Retired Directors**

#### **Mr Terrence (Terry) O'Brien – Independent Non-Executive Director**

Mr O'Brien resigned as a Director of the Company Board on 19 October 2020.

Mr O'Brien was, from 2001 until 2017, the Managing Director of Simplot Australia Pty Limited, the US owned, but Australian centric, food processor and marketer. Amongst Simplot's stable of brands are John West, Birdseye, Leggo's, Edgell and Lean Cuisine. He was also the Chairman of the Australian Food and Grocery Council for five years to August 2017.

An accountant by training, Mr O'Brien was active in finance and management roles in the textile industry for ten years and in the food industry for over thirty years having spent approximately nine years at Cadbury Schweppes and twenty-four years at Simplot. At Simplot he was responsible for a number of divestments and acquisitions, which alongside organic growth saw Simplot sales increase nearly threefold during his tenure as Managing Director to become approximately 25% of the global JR Simplot agribusiness company.

Mr O'Brien also holds the following positions;

- Chairman of Bundaberg Brewed Drinks Pty Ltd
- Chairman of Kookaburra Sport Pty Ltd
- Non-Executive Director of Bega Cheese Ltd (ASX: BGA)
- Non-Executive Director of Foodbank Australia
- Member of East Asia Review Commission (Advisory Board) of Societe d'Oxygene et d'Acetylene d'Extreme-Orient, a member of the Air Liquide Group

Mr O'Brien is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

**Mr Nick Burrows – Independent Non-Executive Director**

Mr Burrows resigned as a Director of the Company Board on 19 October 2020.

Mr Burrows is a respective Fellow of the Taxation Institute of Australia, Australian Institute of Company Directors, Chartered Accountants Australia and New Zealand, Governance Institute of Australia Ltd and the Financial Services Institute of Australasia and is a Chartered Accountant and Registered Company Auditor.

Mr Burrows was Chief Financial Officer and Company Secretary of Tassal Group Limited for 21 years from 1988 to 2009.

Mr Burrows' Directorship background encompasses a multi-sector portfolio of Chair, Non-Executive Directorship, Board Committee and Advisory Board positions spanning local and state government, not-for-profit and major private companies. He currently is:

- Non-Executive Director of Genetic Technologies Ltd (ASX:GTG & NASDAQ: GENE);
- Non-Executive Director of Tasmanian Water & Sewerage Corporation Pty Ltd;
- Non-Executive Director of Australian Seafood Industries Pty Ltd; and
- Non-Executive Director of PFG Group Pty Ltd & and MIC Pty Ltd.

He also has significant experience as an Audit and Risk Committee Chair across his multi-sector Board portfolio.

Mr Burrows has had a long involvement with Governance Institute of Australia including serving as National President and serving on the Tasmanian Branch Council.

**Ms Raelene Murphy – Independent Non-Executive Director**

Ms Murphy resigned as a Director of the Company Board on 19 October 2020.

Ms Murphy has over 35 years' experience in strategic, financial and operational leadership in both industry and professional advisory. Raelene specialised in operational and financial restructuring including merger and acquisition integration and was formerly a Managing Director at KordaMentha and a Partner in a national accounting firm. Her industry experience includes CEO of the Delta Group and senior executive roles in the Mars Group.

Ms Murphy is currently a Non-Executive Director of:

- Altium Limited (ASX: ALU)
- Bega Cheese Limited (ASX: BGA)
- Integral Diagnostics Limited (ASX: IDX); and
- Ross House Investments Pty Ltd (Stillwell Motor Group).

She was previously a Non-Executive Director of Tassal Group Limited (ASX: TGR) and Service Stream Limited (ASX: SSM).



Ms Murphy is a Fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors.

### Mr David Head – Managing Director and Chief Executive Officer

Mr Head ceased to be CEO on 27 August 2020 and resigned as a Director of the Company Board on 14 September 2020.

Mr Head has over 30 years' experience as a CEO, Non-Executive Director and Corporate Advisor in a wide range of industry sectors in Australia, New Zealand, Asia and Europe in public and privately owned companies. This includes Chief Executive roles at Pepsi, Lion Nathan, Calum Textile Group and Leigh Mardon Group.

Mr Head has extensive Board experience as both Non-Executive and Executive Director including previously as Non-Executive Director of ASX listed Snack Brands Limited. He is currently a Director of Fairtrade Australia and New Zealand Limited.

### 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	11	11	1	1	1	1
Katelyn Adams	1	1	-	-	1	1
Marcus Stehr	22	22	1	1	2	2
Gilbert Vergères	22	21	1	1	1	1
Terry O'Brien	9	9	1	1	1	1
Nick Burrows	9	9	1	1	1	1
Raelene Murphy	9	8	1	1	-	-
David Head	5	4	-	-	-	-

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 Company did not issue share rights during the financial year following the decision to suspend the Company's LTI scheme until FY22. The Company had 315,767 share rights, which remain outstanding at 30 June 2021. Further details are provided in the Remuneration Report. No share were issued post 30 June 2021 as a result of exercising share rights.

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

The Company issued 1,495,062 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:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Bonuses included in remuneration; and
- e 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.

**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 Company's Non-Executive Directors receive only fees (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses. The Board reviews its fees to ensure the Company'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 Company 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 Company 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.

Following the retirement of Terry O'Brien, Nick Burrows and Raelene Murphy as a Non-Executive Director in October 2020, the Board elected to reduce the number of Non-Executive Directors from 5 to 4. Additionally, the Directors agreed to a 20% reduction in their fees, effective from 1st August 2020 until 30 June 2021.

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 FY21 total fees paid to Non-Executive Directors was \$303,430.



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

<b>Changes in Non-Executive Directors and Committee fees</b>			
	<b>2021<sup>(1)</sup></b>	<b>2020</b>	<b>Change</b>
Chairman	\$120,000 <sup>(2)</sup>	\$150,000 <sup>(2)</sup>	-\$30,000
Non-Executive Director	\$56,000	\$70,000	-\$14,000
Audit and Risk Committee Chair	\$12,000	\$15,000	-\$3,000
Audit and Risk Committee member	\$6,000	\$7,500	-\$1,500
Remuneration & Nomination Committee Chair	\$9,600	\$12,000	-\$2,400
Remuneration & Nomination Committee member	\$4,800	\$6,000	-\$1,200

1. The above table reflects the annualised Non-Executive Director and Committee fees following the to the 20% reduction applied from 1st August 2020 to 30 June 2021.
2. Chairman's fees are inclusive of all committee fees.

### Executive Remuneration

The remuneration structure adopted by the Group for FY21 consists of the following components:

- fixed remuneration being annual salary and benefits; and
- short term incentives, being cash bonuses.

The long term incentives for FY21 for the CEO and Executives was suspended due to the impact of COVID-19.

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 FY21 are summarised as follows:

- CEO: Operating EBITDA in FY21, Workplace Health and Safety, Leadership & Culture, Funding, Stakeholder Management and Biomass Capacity; and
- CFO: Operating EBITDA in FY21, Funding, and Capital Projects.

### Long Term Incentive (LTI)

The Company 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 Company delivering increased shareholder value.

No Share Rights vested into Ordinary Shares in FY21 under the FY21 LTI plan for 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 Company's last Annual General Meeting

The resolution for adoption of the Remuneration Report for the financial year ending 30 June 2020 was passed by 79.06% of votes in a poll at the Company's 2020 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	2021	2020	2019	2018 <sup>(1)</sup>	2017	2016
Basic EPS (cents)	(27.36)	(15.57)	1.73	4.33	0.02	(0.81)
Profit / (loss) before tax (\$'000)	(32,097)	(14,454)	1,446	3,380	202	(9,928)
Profit / (loss) after tax (\$'000)	(32,097)	(14,454)	1,446	3,380	202	(8,982)
Net Assets (\$'000)	68,532	72,458	73,542	71,769	51,553	42,917
Share price at 30 June (cents) (1)	52.5	55.5	90.5	5.0	4.6	3.4

(1) Earnings per share for the period ended 30 June 2018 was restated in order for the calculation to incorporate the 20:1 share consolidation, which was completed on 3 December 2018

## 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:

Director and other Key Management Personnel remuneration (\$)										
Employee	Year	Short term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total	Performance based percentage of remuneration
		Cash salary and fees	Bonus	Non-monetary benefits	Superannuation	Long service leave	Termination payments	Share rights		
Non-Executive Directors										
Travis Dillon (1) Chairman, Independent	2021	87,500	-	-	-	-	-	-	87,500	0%
	2020	-	-	-	-	-	-	-	-	0%
Katelyn Adams (2) Independent	2021	5,567	-	-	-	-	-	-	5,567	0%
	2020	-	-	-	-	-	-	-	-	0%
Marcus Stehr	2021	56,682			5,385				62,067	0%
	2020	69,406	-	-	6,594	-	-	-	76,000	0%
Gilbert Vergeres	2021	62,000	-	-	-	-	-	-	62,000	0%
	2020	23,333	-	-	-	-	-	-	23,333	0%
Terry O'Brien (3) Independent	2021	38,555	-	-	-	-	-	-	38,555	0%
	2020	150,000	-	-	-	-	-	-	150,000	0%
Nick Burrows (3) Independent	2021	25,783	-	-	-	-	-	-	25,783	0%
	2020	91,000	-	-	-	-	-	-	91,000	0%
Helen Sawczak Independent	2021	-	-	-	-	-	-	-	-	0%
	2020	62,507	-	-	5,938	-	-	-	68,445	0%
Raelene Murphy (3) Independent	2021	21,958	-	-	-	-	-	-	21,958	0%
	2020	77,500	-	-	-	-	-	-	77,500	0%
Other Key Management Personnel										
David Head Managing Director & CEO (4)	2021	97,692	-	-	4,808	-	-	-	102,500	0%
	2020	506,171	90,938	-	25,000	19,187	-	194,151	835,447	34%
Rob Gratton - CEO (5)	2021	381,929	70,000	-	25,000	5,745	-	-	482,674	15%
	2020	326,915	31,943	-	25,000	1,710	-	-	385,568	8%
David Brown - CFO (6)	2021	217,774	39,000	-	20,689	7,325	-	28,530	313,318	22%
	2020	-	-	-	-	-	-	-	-	0%
2021 Total	2021	995,440	109,000	-	55,882	13,070	-	28,530	1,201,922	11%
2020 Total	2020	1,306,832	122,881	-	62,532	20,897	-	194,151	1,707,293	19%

(1) Appointed on 21 October 2020.

(2) Appointed on 1 June 2021.

(3) Retired as Directors on 19 October 2020.

(4) Ceased to be a KMP on the 27 August 2020.

(5) Rob Gratton commenced as CEO from 27 August 2020, he was previously CFO.

(6) Commenced as CFO in 2021.

### 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)	\$400,000	Yes	Ongoing	9 months
David Brown (CFO)	\$237,443	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	80%	20%	0%
David Brown	83%	17%	0%

#### d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel for FY21, 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 FY21.

	Included in remuneration (\$)	Percentage vested during the year	Percentage forfeited during the year
<i>Other Key Management Personnel</i>			
Rob Gratton	70,000	62%	38%
David Brown	39,000	60%	40%

#### e Other information

##### Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2021 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2021 – Ordinary Shares					
Personnel	Balance at start of year	Granted as remuneration	Received on exercise	Other changes <sup>(1)</sup>	Held at the end of reporting period
T Dillon <sup>(2)</sup>	-	-	-	70,176	70,176
K Adams <sup>(3)</sup>	-	-	-	-	-
M Stehr	64,794	-	18,091	35,045	117,930
G Vergeres	250,000	-	-	70,176	320,176
T O'Brien <sup>(4)</sup>	230,781	-	-	(230,781)	-
N Burrows <sup>(4)</sup>	48,358	-	14,277	(62,635)	-
R Murphy <sup>(4)</sup>	25,000	-	-	(25,000)	-
D Head <sup>(5)</sup>	1,189,497	-	-	(1,189,497)	-
R Gratton	110,247	58,079	217,145	70,176	455,647
D Brown <sup>(6)</sup>	-	36,497	-	(36,497)	-
<b>Totals</b>	<b>1,918,677</b>	<b>94,576</b>	<b>249,513</b>	<b>(1,298,837)</b>	<b>963,929</b>

(1) Changes are on market purchases and disposals, purchases via Placement and personnel ceasing to be a KMP.

(2) Appointed on 21 October 2020.

(3) Appointed on 1 June 2021.

(4) Retired as Directors on 19 October 2020

(5) Ceased to be a KMP on the 27 August 2020.

(6) Commenced as CFO in 2021.

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

#### Convertible notes held by Key Management Personnel

The number of convertible notes in the Company during the 2021 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Year ended 30 June 2021 – Convertible notes					
Personnel	Balance at start of year	Issue of convertible notes	Converted to equity	Other changes	Held at the end of reporting period
T Dillon	-	-	-	-	-
K Adams	-	-	-	-	-
M Stehr	10,213	-	(10,213)	-	-
G Vergeres	-	-	-	-	-
T O'Brien	-	-	-	-	-
N Burrows	8,060	-	(8,060)	-	-
R Murphy	4,167	-	-	(4,167)	-
D Head	136,574	-	-	(136,574)	-
R Gratton	100,000	-	(100,000)	-	-
D Brown	-	-	-	-	-
<b>Totals</b>	<b>259,014</b>	<b>-</b>	<b>(118,273)</b>	<b>(140,741)</b>	<b>-</b>

#### Share Rights held by Key Management Personnel

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

Year ended 30 June 2021 – Share Rights						
Personnel	Balance at start of year	Other changes	Granted as remuneration	Exercised	Lapsed	Held at the end of reporting period
D Head (1)	1,640,933	(1,640,933)	-	-	-	-
R Gratton	138,877	-	-	-	-	138,877
D Brown	-	106,829	-	-	-	106,829
<b>Totals</b>	<b>1,779,810</b>	<b>(1,534,104)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,706</b>

(1) Ceased to be a KMP on the 27 August 2020.

The share rights will vest if specified performance targets are achieved and the Executive remains employed by the Company 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 major shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 4.68% of issued shares at 30 June 2020 (2020: 6.15%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd. These transactions were as follows:

	2021 \$'000	2020 \$'000
Australian Tuna Fisheries Pty Ltd:		
• Receipts for ice, expenses, SBT quota lease and contract labour	3	33
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	536	389
Stehr Group Pty Ltd		
• Payments for office rent	45	35
• Other payments	-	-

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

	2021 \$'000	2020 \$'000
Current payables		
• Australian Tuna Fisheries Pty Ltd	59	61
• Stehr Group Pty Ltd	-	2
Current receivables		
• Australian Tuna Fisheries Pty Ltd	-	-

## End of audited Remuneration Report.

## Workplace Health and Safety

Year Ended 30 <sup>th</sup> June	2021	2020
Lost Time Injury Frequency Rate based on a lost shift	7.8	9.9

Clean Seas Lost Time Injury Frequency Rate (LTIFR) decreased by 21% to 7.8 in FY21 compared to 9.9 in FY20 (per million hours worked.) A total of 14 days was lost in FY21 due to two medically treated injuries. The Group has again placed significant focus in the areas of compliance with best practice standards for plant and chemical management; and strengthen our 'Safety First' Culture. In FY21, Clean Seas introduced our "Working Together" framework to promote the values and behaviours that will 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.

## Stakeholder Engagement

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

Clean Seas has continued its engagement with the Barngarla people, the traditional landowners of the areas in which Clean Seas farm. During FY21, Clean Seas hosted a welcome to country and farm tour for the Barngarla Board of our Port Lincoln operations. The Group is currently in discussions with the Barngarla Board to understand what opportunities are available for providing pathways for Aboriginal students to work in Aquaculture and providing diversity and cultural awareness training to Clean Seas employees.

Clean Seas is an active supporter of local community and environmental initiatives and in FY21 Clean Seas sponsored the Mortlock Shield and Clean Up Australia Day.

### Third Party Accreditations

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 Friend 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.

### Sustainability

Clean Seas is taking proactive steps in managing our impact on climate change. During FY21, the Company commenced several projects which are focused on reducing the Group's future impact on climate change.

#### Seaweed Cultivation Project

Clean Seas entered into a research partnership with CH4 Global to investigate the use of cultivated seaweed to help offset the accrual of nitrogen and carbon in the environment as a result of its farming practices. The cultivation and harvest of species of seaweed that are native to the waters of the Spencer Gulf are highly complementary to the production of Yellowtail Kingfish which are also native to these waters.

#### Whyalla Solar Power Farm Head of Agreement

Clean Seas has signed a Heads of Agreement with Climate Capital to support the building of a new solar electricity farm. The construction of this facility will provide additional renewable energy which is the equivalent of Clean Seas forecast electricity usage on the Eyre Peninsula.

#### Acquired exclusive access to patented sustainable Icefresh™ supply chain technology

During FY21, Clean Seas acquired an exclusive 15-year licence agreement to utilise Icefresh™ rapid defrosting technology, which reduces thawing time from 6 hours to 30 minutes and enhances product quality once thawed as a “refreshed” product sold in retail outlets globally.

The investment in Icefresh™ demonstrates Clean Seas commitment to investing in R&D projects that are focused on minimising the Group's future impact on climate change. On the successful commercialisation of the project, the Group will be able to substantially reduce its supply chain carbon emissions by transitioning from air to sea freight.

### 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 and Port Augusta Hatcheries are licensed to operate under an Aquaculture Land based Category C 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 Company's Constitution, each of the Company'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 Company from disclosing the level of premium paid.

Each Director, Company Secretary, CFO and CEO has entered into a Deed of Indemnity and Access which indemnifies 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 Company. The Deed requires the Company 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 Company'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 Company 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 Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 28 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 26 of this financial report and forms part of this Directors' Report.

### Proceedings of behalf of the Company

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

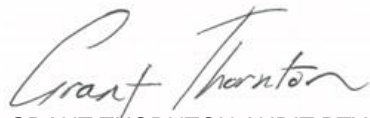
27 August 2021

## Auditor's Independence Declaration

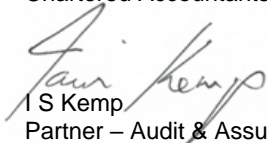
### To the Directors of Clean Seas Seafood Limited

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 2021, 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, 27 August 2021

# Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Clean Seas Seafood Limited and its Controlled Entity ('the Group') have adopted the fourth edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 February 2019 and became effective for financial years beginning on or after 1 January 2020.

The Group's Corporate Governance Statement for the financial year ending 30 June 2021 is dated as at 30 June 2021 and was approved by the Board on 26 August 2021. The Corporate Governance Statement is available on Clean Seas' website at <http://www.cleanseas.com.au/investors/corporate-governance/>

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue	6	48,460	40,313
Other income	7	1,454	16,375
Net gain arising from changes in fair value of biological assets	15	1,444	18,511
Fish husbandry expense	8	(29,549)	(31,708)
Employee benefits expense	24.1	(13,784)	(12,370)
Fish processing and selling expense		(10,982)	(10,197)
Cost of goods sold – frozen inventory		(10,618)	(10,598)
Impairment – frozen inventory and biological assets	14/15	(9,882)	(15,813)
Depreciation and amortisation expense	16/19	(3,810)	(3,441)
Other expenses		(3,420)	(4,148)
<b>Loss before finance items and tax</b>		<b>(30,687)</b>	<b>(13,076)</b>
Finance costs	9	(1,415)	(1,389)
Finance income	9	5	11
<b>Loss before tax</b>		<b>(32,097)</b>	<b>(14,454)</b>
Income tax benefit / (expense)	10	-	-
<b>Loss for the year after tax</b>		<b>(32,097)</b>	<b>(14,454)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(32,097)</b>	<b>(14,454)</b>
<b>Earnings per share from continuing operations:</b>			
Basic earnings per share (cents per share)	26.1	(27.36)	(15.57)
Diluted earnings per share (cents per share)	26.1	(27.36)	(15.57)

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

# Consolidated Statement of Financial Position

## As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
<b>Assets</b>			
<i>Current</i>			
Cash and cash equivalents	11	30,072	22,169
Trade and other receivables	12	6,383	2,973
Inventories	14	11,252	10,891
Prepayments		1,565	1,072
Biological assets	15	32,505	49,783
<b>Current assets</b>		<b>81,777</b>	<b>86,888</b>
<i>Non-current</i>			
Property, plant and equipment	16	15,955	16,092
Right-of-use assets	19	288	539
Biological assets	17	244	244
Intangible assets	18	3,736	2,957
<b>Non-current assets</b>		<b>20,223</b>	<b>19,832</b>
<b>TOTAL ASSETS</b>		<b>102,000</b>	<b>106,720</b>
<b>Liabilities</b>			
<i>Current</i>			
Trade and other payables	20	8,900	6,423
Borrowings	21	12,030	10,925
Provisions	23	1,253	1,175
<b>Current liabilities</b>		<b>22,183</b>	<b>18,523</b>
<i>Non-current</i>			
Convertible notes	22	9,551	13,075
Borrowings	21	1,434	2,340
Provisions	23	300	324
<b>Non-current liabilities</b>		<b>11,285</b>	<b>15,739</b>
<b>TOTAL LIABILITIES</b>		<b>33,468</b>	<b>34,262</b>
<b>NET ASSETS</b>		<b>68,532</b>	<b>72,458</b>
<b>Equity</b>			
Equity attributable to owners of the Parent:			
• share capital	25.1	224,772	195,937
• share rights reserve	25.2	102	766
• accumulated losses		(156,342)	(124,245)
<b>TOTAL EQUITY</b>		<b>68,532</b>	<b>72,458</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 2021

	Notes	Share capital \$'000	Share rights reserve \$'000	Accumulated Losses \$'000	Total equity \$'000
<b>Balance at 1 July 2019</b>		182,436	897	(109,791)	73,542
Loss for the year		-	-	(14,454)	(14,454)
Share placement	25.1	11,393	-	-	11,393
Convertible note conversions	25.1	1,633	-	-	1,633
Share rights reserve movement	25.2	475	(131)	-	344
<b>Balance at 30 June 2020</b>		195,937	766	(124,245)	72,458
Loss for the year				(32,097)	(32,097)
Share placement	25.1	<b>23,359</b>	-	-	<b>23,359</b>
Convertible note conversions	25.1	<b>3,763</b>	-	-	<b>3,763</b>
STI paid via shares	25.1	<b>203</b>	-	-	<b>203</b>
Share rights reserve movement	25.2	<b>1,510</b>	(664)	-	<b>846</b>
<b>Balance at 30 June 2021</b>		<b>224,772</b>	<b>102</b>	<b>(156,342)</b>	<b>68,532</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 2021

	Notes	2021 \$'000	2020 \$'000
<b>Operating activities</b>			
Receipts from customers		44,940	42,657
Payments to suppliers excluding feed		(25,225)	(24,972)
Payments for feed		(19,767)	(23,803)
Payments to employees		(11,405)	(10,126)
Litigation and insurance proceeds		370	15,618
Government grants received		1,254	600
<b>Net cash used in operating activities</b>	27	<b>(9,833)</b>	<b>(26)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(3,328)	(2,422)
Interest received		5	11
<b>Net cash used in investing activities</b>		<b>(3,323)</b>	<b>(2,411)</b>
<b>Financing activities</b>			
Gross proceeds from issue of shares		24,973	11,600
Share issue expenses		(890)	(194)
Gross proceeds from issue of convertible notes		-	15,403
Convertible note issue expenses		-	(840)
Proceeds from borrowings		10,849	8,489
Repayment of borrowings		(12,647)	(2,969)
Interest paid		(1,226)	(612)
<b>Net cash from financing activities</b>		<b>21,059</b>	<b>30,877</b>
Net change in cash and cash equivalents		<b>7,903</b>	<b>28,440</b>
Cash and cash equivalents at beginning of year		<b>22,169</b>	<b>(6,271)</b>
<b>Cash and cash equivalents at end of year</b>	11	<b>30,072</b>	<b>22,169</b>

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 sales and tuna operations. These activities comprise the following:

- **Finfish sales** – The propagation, growout and sale of Yellowtail Kingfish; and
- **Tuna operations** – Research and development activities relating to Southern Bluefin Tuna.

## 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 2021 were approved and authorised for issue by the Board of Directors on 27 August 2021.

## 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 became effective for the first time to annual periods beginning on or after 1 July 2020.

### 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 2021 but will be applicable to the Group in future reporting periods have been reviewed and they 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 2021. 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 Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group’s two operating segments are:

- **Finfish Sales:** All finfish grow out and sales other than propagated Southern Bluefin Tuna (“SBT”). Currently the segment includes Yellowtail Kingfish of various sizes. All fish produced are aggregated as one reportable segment as the fish are similar in nature, they are grown and distributed to similar types of customers and they are subject to a similar regulatory environment.

- **Tuna Operations:** Propagated Southern Bluefin Tuna operations are treated as a separate segment. All costs associated with the breeding, grow out and sales of SBT are aggregated into one reportable segment. This segment is currently scaled back apart from some strategic research projects.

Each of these operating segments is managed separately as they require different technologies, resources and capabilities and are at a different stage of development.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

#### **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. Amounts received that are subject to the constraining principle are recognised as a refund liability.

##### **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.

#### Government Grants

The Group applies *AASB 120 Accounting for Government Grants and Disclosure of Government Assistance* in accounting for the Jobkeeper wage subsidy, whereby a credit is recognised in other income over the period necessary to match the benefit of the credit with the costs for which they are intended to compensate.

#### 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 and water leases and licences 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
- Southern Bluefin Tuna quota: 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. The change in classification has not impacted the carrying value of the Group's financial assets.

#### **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. No adjustment is made to any expense recognised in prior periods if share rights ultimately exercised are different to that estimated on vesting.

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. As the tuna research program is currently scaled back, the Board has adopted a conservative approach by valuing southern bluefin tuna broodstock at estimated market value.

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.

##### **Coronavirus COVID-19 Pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in the Director's Report, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which

may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

***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.

Broodstock has been held at the same value as the prior year as Directors believe it is representative of its fair value as at the reporting date.

***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

Management currently identifies the Group's two segments as finfish sales and tuna operations as detailed in Note 1. These operating segments are monitored by the Group's Chief Executive Officer and strategic decisions are made on the basis of adjusted segment operating results.

Segment information for the reporting period is as follows:

	Finfish Sales 2021 \$'000	Tuna Operations 2021 \$'000	Unallocated 2021 \$'000	Total 2021 \$'000
<b>Revenue</b>				
From external customers	48,460	-	-	48,460
<b>Segment revenues</b>	<b>48,460</b>	<b>-</b>		<b>48,460</b>
Other income	1,454	-	-	1,454
Net gain from changes in value of fish	1,444	-	-	1,444
Fish husbandry expense	(29,549)	-	-	(29,549)
Employee benefits expense	(13,784)	-	-	(13,784)
Fish processing and selling expense	(10,982)	-	-	(10,982)
Frozen Inventory COGS	(10,618)	-	-	(10,618)
Impairment – frozen inventory and biological assets	(9,882)	-	-	(9,882)
Depreciation and amortisation	(3,789)	(21)	-	(3,810)
Other expenses	(3,131)	(289)	-	(3,420)
Finance costs and income	-	-	(1,410)	(1,410)
<b>Segment operating loss before tax</b>	<b>(30,377)</b>	<b>(310)</b>	<b>(1,410)</b>	<b>(32,097)</b>
<b>Segment assets 2021</b>	<b>71,494</b>	<b>434</b>	<b>30,072</b>	<b>102,000</b>

	Finfish Sales 2020 \$'000	Tuna Operations 2020 \$'000	Unallocated 2020 \$'000	Total 2020 \$'000
<b>Revenue</b>				
From external customers	40,313	-	-	40,313
<b>Segment revenues</b>	<b>40,313</b>	<b>-</b>		<b>40,313</b>
Other income	16,375	-	-	16,375
Net gain from changes in value of fish	18,511	-	-	18,511
Fish husbandry expense	(31,708)	-	-	(31,708)
Employee benefits expense	(12,370)	-	-	(12,370)
Fish processing and selling expense	(10,197)	-	-	(10,197)
Frozen Inventory COGS	(10,598)	-	-	(10,598)
Impairment – frozen inventory and biological assets	(15,813)	-	-	(15,813)
Depreciation and amortisation	(3,417)	(24)	-	(3,441)
Other expenses	(3,874)	(274)	-	(4,148)
Finance costs and income	-	-	(1,378)	(1,378)
<b>Segment operating profit / (loss) before tax</b>	<b>(12,778)</b>	<b>(298)</b>	<b>(1,378)</b>	<b>(14,454)</b>
<b>Segment assets 2020</b>	<b>84,096</b>	<b>455</b>	<b>22,169</b>	<b>106,720</b>

No segment liabilities are disclosed because there is no measure of segment liabilities regularly reported to the Group's Chief Executive Officer. Unallocated operating income and expense consists of net interest and unallocated assets consist of cash and cash equivalents.

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. Non-current assets are allocated based on their physical location.

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue 2021 \$'000	Non-current assets 2021 \$'000	Revenue 2020 \$'000	Non-current assets 2020 \$'000
Australia	30,378	20,223	22,438	19,832
Europe	13,507	-	14,680	-
Other countries	4,575	-	3,195	-
<b>Total</b>	<b>48,460</b>	<b>20,223</b>	<b>40,313</b>	<b>19,832</b>

During 2021 \$2.9 million or 6% (2020: \$3.9 million or 10%) of the Group's revenues depended on a single customer in the finfish sales segment.

## 6 Revenue

Revenue for the reporting periods consist of the following:

	2021 \$'000	2020 \$'000
Sale of fresh fish products	36,323	31,807
Sale of frozen fish products	12,137	8,506
<b>Total</b>	<b>48,460</b>	<b>40,313</b>

## 7 Other income

	2021 \$'000	2020 \$'000
Litigation settlement	-	15,000
Government Stimulus (Jobkeeper)	978	843
Other income	476	532
<b>Total other income</b>	<b>1,454</b>	<b>16,375</b>

On the 23 December 2019, the Group's legal action against Gibson's Ltd in respect of what the Company alleged, and Gibson's Ltd denied, were defective feed supplied to the Company and fed to the Company's Yellowtail Kingfish between December 2008 and July 2012 was settled for a payment to the Company for \$15 million inclusive of costs. The payment was received in full on 16 January 2020.

From April 2020, the Group qualified for Jobkeeper for certain qualifying employees. At 30 June 2021 the Group had recognised other income of \$0.98 million (FY20 \$0.84 million).

## 8 Fish husbandry expense

Fish husbandry expense consist of the following:

	2021 \$'000	2020 \$'000
Fish feed	20,069	22,919
Farm operating expense	7,788	7,316
Hatchery operating expense	1,692	1,473
<b>Total fish husbandry expense</b>	<b>29,549</b>	<b>31,708</b>

## 9 Finance income and finance costs

Finance income for the reporting periods consist of the following:

	2021 \$'000	2020 \$'000
Interest income from cash and cash equivalents	5	11
<b>Total</b>	<b>5</b>	<b>11</b>

Finance costs for the reporting periods consist of the following:

	2021 \$'000	2020 \$'000
Interest expenses for borrowings at amortised cost:		
• Convertible note	1,153	878
• Leases	162	208
• Other borrowings	100	303
<b>Total</b>	<b>1,415</b>	<b>1,389</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 26% (2020: 27.5%) and the reported tax expense in profit or loss are as follows:

	2021 \$'000	2020 \$'000
Loss before tax	(32,097)	(14,454)
Domestic tax rate for Clean Seas Seafood Limited	26%	27.5%
<b>Expected tax expense / (income)</b>	<b>(8,345)</b>	<b>(3,975)</b>
Adjustment for R&D tax incentive refund – 26% corporate tax rate component	-	-
Current year tax expense added to / (offset against) prior year tax losses	-	-
Adjustment for derecognition of tax losses	8,345	3,975
Adjustment for tax-exempt income	-	-
<b>Actual tax expense / (income)</b>	<b>-</b>	<b>-</b>
Tax expense comprises:		
• R&D tax incentive refund – 26% corporate tax rate component	-	-
• Deferred tax expense	-	-
<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 2021, carried forward tax losses are estimated to be \$94 million (2021: \$73 million) and non-refundable R&D tax offsets are estimated to be \$14.3 million (2021: \$10.5 million).

## 11 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2021 \$'000	2020 \$'000
Cash at bank	30,072	22,169
<b>Total</b>	<b>30,072</b>	<b>22,169</b>

## 12 Trade and other receivables

Trade and other receivables consist of the following:

	2021 \$'000	2020 \$'000
Trade receivables, gross	6,151	2,803
Allowance for credit losses	(76)	(76)
<b>Trade receivables</b>	<b>6,075</b>	<b>2,727</b>
Other receivables	308	246
<b>Total</b>	<b>6,383</b>	<b>2,973</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	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not overdue	0.6%	1%	4,430	1,815	26	20
0 to 3 months overdue	2.9%	6%	1,719	960	50	53
3 to 6 months overdue	0.0%	10%	2	28	-	3
Over 6 months overdue	0.0%	0%	-	-	-	-
<b>Total</b>			<b>6,151</b>	<b>2,803</b>	<b>76</b>	<b>76</b>

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

Reconciliation of allowance for credit losses	2021 \$'000	2020 \$'000
<b>Balance at 1 July</b>	<b>76</b>	<b>50</b>
Amounts written off / (uncollectable)	-	(138)
Additional provision recognised	-	164
Impairment loss reversed	-	-
<b>Balance 30 June</b>	<b>76</b>	<b>76</b>

An analysis of unimpaired trade receivables that are past due is given in Note 34.3.

## 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	2021 \$'000	2020 \$'000
Cash and cash equivalents	11	30,072	22,169
Trade and other receivables	12	6,383	2,973
<b>Totals</b>		<b>36,455</b>	<b>25,142</b>

Other liabilities	Notes	2021 \$'000	2020 \$'000
Convertible note	22	9,551	13,075
Borrowings	21	13,464	13,265
Trade and other payables	20	8,900	6,423
<b>Totals</b>		<b>31,915</b>	<b>32,763</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 34.

### 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:

	2021 \$'000	2020 \$'000
Frozen fish products	11,411	15,352
(Less) impairment	(2,176)	(6,713)
<b>Frozen fish products (at NRV)</b>	<b>9,235</b>	<b>8,639</b>
Fish feed (at cost)	1,355	1,665
Other (at cost)	662	587
<b>Total</b>	<b>11,252</b>	<b>10,891</b>

At 30 June 2021, the Group recognised an impairment of \$2.2 million to ensure that inventory is stated at the lower of cost and net realisable value (NRV). Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

## 15 Biological assets - current

	2021 \$'000	2020 \$'000
<b>Live Yellowtail Kingfish – Held for Sale</b>		
<b>Carrying amount at beginning of period</b>	<b>49,783</b>	56,585
Adjusted for:		
Gain from physical changes at fair value less costs to sell	<b>29,677</b>	44,312
Decrease due to harvest for sale as fresh	<b>(28,233)</b>	(25,801)
Net gain recognised in profit and loss	<b>1,444</b>	18,511
Decrease due to impairment	<b>(7,706)</b>	(9,100)
Decrease due to harvest for processing to frozen inventory	<b>(11,016)</b>	(16,213)
<b>Carrying amount at end of period</b>	<b>32,505</b>	49,783

The closing biomass comprised 3,295 tonnes at an average weight of 2.46kg. This comprised 463 tonnes of 2019 year class (YC19) at an average weight of 5.9kg, 2,265 tonnes of YC20 at an average weight of 4.15 kg and 567 tonnes YC21 at an average weight of 0.8 kg (2020: 4,435 tonnes at an average weight of 2.43kg comprising 321 tonnes of 2018 year class (YC18) at an average weight of 4.9kg, 2,963 tonnes of YC19 at an average weight of 3.7 kg and 1,151 tonnes YC20 at an average weight of 1.2 kg). During FY21 harvests totalled 3,416 tonnes (FY20: 3,068 tonnes).

During FY21, the Group recognised an impairment of \$7.7 million in December 2020 (FY20: \$9.1 million) to ensure that Live fish inventory is stated at fair value in accordance with *AASB 141 Agriculture*. There has been no further impairments recognised in the period subsequent to December 2020.

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 2020	4,244	39,152	43,396
Additions	122	3,300	3,422
Disposals	-	-	-
Balance 30 June 2021	4,366	42,452	46,818
<b>Depreciation and impairment</b>			
Balance 1 July 2020	(1,667)	(25,637)	(27,304)
Disposals	-	-	-
Depreciation	(159)	(3,400)	(3,559)
Balance 30 June 2021	(1,826)	(29,037)	(30,863)
<b>Carrying amount 30 June 2021</b>	<b>2,540</b>	<b>13,415</b>	<b>15,955</b>

	Land & Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>Gross carrying amount</b>			
Balance 1 July 2019	4,186	36,836	41,022
Additions	58	2,316	2,374
Disposals	-	-	-
Balance 30 June 2020	4,244	39,152	43,396
<b>Depreciation and impairment</b>			
Balance 1 July 2019	(1,504)	(22,649)	(24,153)
Disposals	-	-	-
Depreciation	(163)	(2,988)	(3,151)
Balance 30 June 2020	(1,667)	(25,637)	(27,304)
<b>Carrying amount 30 June 2020</b>	<b>2,577</b>	<b>13,515</b>	<b>16,092</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

	2021 \$'000	2020 \$'000
<b>Finfish Broodstock</b>		
<b>Carrying amount at beginning of period</b>	<b>244</b>	<b>244</b>
Purchases	-	-
Sales	-	-
<b>Carrying amount at end of period</b>	<b>244</b>	<b>244</b>

## 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 2020	-	2,827	130	2,957
Addition	779	-	-	779
Amortisation and impairment	-	-	-	-
<b>Net carrying amount 30 June 2021</b>	<b>779</b>	<b>2,827</b>	<b>130</b>	<b>3,736</b>
Balance at 1 July 2019	-	2,827	130	2,957
Amortisation and impairment	-	-	-	-
Net carrying amount 30 June 2020	-	2,827	130	2,957

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

## Impairment assessment

The Group operates two cash generating units comprising fin-fish and tuna 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 FY22 as reviewed by the Board. In establishing the cash flow projections, due consideration was given to the economic impacts associated with COVID-19. 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 units is most sensitive. The following key assumptions were used in the discounted cash flow model for the finfish operation:

- 12.5% discount rate; and
- 2.5% long term revenue and operating cost growth rate.

The discount rate of 12.5% 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 14.3%.

Management believes the projected 2.5% revenue growth rate is prudent and justified, based on the general slowing in the market. Sensitivity analysis on the long-term growth rate indicates that headroom continues to be present if growth rate is reduced to 0.5%.

Accordingly, the Group has concluded that no 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

	Total \$'000
<b>Gross carrying amount</b>	
Balance at 1 July 2020	829
Additions	-
Remeasure lease	-
Disposals	-
<b>Balance at 30 June 2021</b>	<b>829</b>
<b>Amortisation and impairment</b>	
Balance at 1 July 2020	(290)
Disposals	-
Amortisation	(251)
<b>Balance at 30 June 2021</b>	<b>(541)</b>
<b>Carrying amount 30 June 2021</b>	<b>288</b>

The main leased site is the Royal Park processing plant in Adelaide, South Australia. The lease has a minimum term of 2 years to March 2023 with subsequent renewal options of 3 years and 3 years and includes a right of first refusal to purchase.

## 20 Trade and other payables

Trade and other payables consist of the following:

	2021 \$'000	2020 \$'000
Current:		
• trade payables	5,167	4,196
• related party payables	59	63
• other payables	3,674	2,164
<b>Total trade and other payables</b>	<b>8,900</b>	<b>6,423</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:

	2021 \$'000	2020 \$'000
Current:		
• Trade Finance Facility	9,471	8,496
• Lease liabilities – bank (note 33.1)	977	1,304
• Lease liabilities – other (note 33.2)	187	249
• Insurance premium funding	1,395	876
<b>Total borrowings – current</b>	<b>12,030</b>	<b>10,925</b>
Non-current:		
• Lease liabilities – bank (note 33.1)	1,310	2,029
• Lease liabilities – other (note 33.2)	124	311
<b>Total borrowings – non-current</b>	<b>1,434</b>	<b>2,340</b>

In December 2020, the Group renewed its Finance Facility with Commonwealth Bank of Australia, with a facility limit to \$32.15 million. The Finance Facility comprises \$12 million Trade Finance Facility, \$14 million Market Rate Loan Facility, \$6 million Equipment Finance Facility and \$150,000 Corporate Card Facility. This is an ongoing facility subject to annual review and is secured against all Group assets.

The Group is subject to financial covenants, including operating cash flows and current ratio, which are reviewed quarterly. The Group was compliant with all its covenants as at 30 June 2021.

## 22 Convertible notes

	2021 \$'000	2020 \$'000
Convertible notes:		
at beginning of year	13,770	15,403
conversions to shares during year	(3,763)	(1,633)
<b>Total convertible notes at end of year</b>	<b>10,007</b>	<b>13,770</b>
Transaction costs capitalised:		
at beginning of period / year	(695)	-
transaction costs capitalised during year	(60)	(854)
transaction costs amortised during year	299	159
<b>Total transaction costs at end of year</b>	<b>(456)</b>	<b>(695)</b>
<b>Total convertible notes (net of transaction costs) at end of year</b>	<b>9,551</b>	<b>13,075</b>

The Company issued 15,403,097 convertible notes with a face value of \$1.00 each. The interest rate payable to Noteholders is 8% per annum payable half yearly in arrears. The convertible notes are due to mature on 22 November 2022. Noteholders have the right to convert some or all of their Notes to Shares on a quarterly basis before the maturity date. Notes are issued in accordance with the prospectus dated 15 October 2019. The Notes are unsecured, but rank ahead of shares in a wind up. During FY21 3.7 million (FY20:1.6 million) notes were converted into shares. The costs associated with the notes are amortised to the profit and loss over the term of the notes.

## 23 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 2020</b>	<b>885</b>	<b>614</b>	<b>1,499</b>
Additional provisions	606	93	699
Amount utilised	(610)	(35)	(645)
<b>Carrying amount 30 June 2021</b>	<b>881</b>	<b>672</b>	<b>1,553</b>
<b>Current employee benefit provision</b>	<b>881</b>	<b>372</b>	<b>1,253</b>
<b>Non-current employee benefit provision</b>	<b>-</b>	<b>300</b>	<b>300</b>

## 24 Employee remuneration

### 24.1 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2021 \$'000	2020 \$'000
Salaries and wages	9,145	9,333
Termination payments	1,329	-
Superannuation – Defined contribution plans	828	833
Leave entitlement accrual adjustment	946	879
Short term incentive	589	261
Long term incentive – Share rights	49	344
Other on-costs	898	720
<b>Total</b>	<b>13,784</b>	<b>12,370</b>

On 27th August 2020, the Company announced that the Managing Director & CEO Mr David Head would retire from his role with the Company in October 2020. Along with Mr Head, the Company announced other changes to its Executive team. In total, termination payments for FY21 was \$1.3 million, which comprised approximately \$0.8 million in Share Rights granted.

### 24.2 Share-based employee remuneration

Due to the ongoing uncertainty due to COVID-19, the Company suspended the LTI scheme in FY21 (FY20 1,037,521 FY20 LTI Share Rights granted to Executives). The share rights will vest if specified performance targets are achieved and the executive remains employed by the Company 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. On exercise of share rights, a dividend equivalent issue of additional shares replicates the benefit of any dividends paid on ordinary shares during the performance period. No amount is payable on vesting or exercise. During FY21 1,495,062 fully paid ordinary shares (FY20 678,899) were issued on the exercise of vested Share Rights and 840,159 Share Rights lapsed (FY20 132,695).

The valuation of Share Rights has remained consistent with prior issues. One-third of the valuation at the end of the first year 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 Share Rights valuation is based on the fair value at grant date of the equity instruments granted, however, no Share Rights were granted in FY21.



## 25 Equity

### 25.1 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.

	2021 Shares	2020 Shares	2021 \$'000	2020 \$'000
Shares issued and fully paid:				
• at beginning of the year	105,977,370	83,498,060	195,937	182,436
• share placements (i)	43,859,650	18,241,506	23,359	11,393
• convertible notes	6,946,328	3,558,905	3,763	1,633
• share rights	1,495,062	678,899	1,510	475
• STI paid via equity	369,649	-	203	-
<b>Total contributed equity at 30 June</b>	<b>158,648,059</b>	<b>105,977,370</b>	<b>224,772</b>	<b>195,937</b>

Notes:

- (i) Clean Seas Seafood completed an institutional placement to raise \$25 million (\$23 million net of costs).

### 25.2 Share rights reserve

The Company 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:

	2021 Share rights	2020 Share rights	2021 \$'000	2020 \$'000
Share rights outstanding:				
• at beginning of the year	2,650,988	2,425,061	766	897
• granted during the year / changes to share rights already granted	-	1,037,521	846	344
• exercised during the year	(1,495,062)	(678,899)	(1,510)	(475)
• lapsed during the year	(840,159)	(132,695)	-	-
<b>Total share rights at 30 June</b>	<b>315,767</b>	<b>2,650,988</b>	<b>102</b>	<b>766</b>

Details of these Share Rights are provided at note 24.2.

## 26 Earnings per share and dividends

### 26.1 Earnings per share

Both the basic and diluted 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 2021 or 2020).

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:

	2021 '000	2020 '000
Amounts in thousand shares:		
• weighted average number of shares used in basic earnings per share	117,319	92,838
• shares deemed to be issued for no consideration in respect of share based payments and convertible notes	-	-
<b>Weighted average number of shares used in diluted earnings per share</b>	<b>117,319</b>	<b>92,838</b>

The potential exercise of share rights and convertible notes has been excluded from the diluted earnings per share calculation for the period ending 30 June 2021 due to being antidilutive, in accordance with *AASB 133 Earnings Per Share*, paragraph 43.

## 26.2 Dividends

Dividends Paid and Proposed

	2021 \$'000	2020 \$'000
Dividends declared during the year	-	-

## 26.3 Franking credits

	Parent	
	2021 \$'000	2020 \$'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>

## 27 Reconciliation of cash flows from operating activities

	2021 \$'000	2020 \$'000
<b>Loss for the year</b>	<b>(32,097)</b>	<b>(14,454)</b>
Adjustments for:		
• Depreciation and amortisation	3,810	3,441
• LTI share rights expense	846	344
• STI paid via equity	203	-
• net interest expense included in investing and financing	1,410	1,378
• non-cash insurance expense	1,480	1,392
Net changes in working capital:		
• change in inventories	(361)	(1,426)
• change in trade and other receivables	(3,410)	2,791
• change in prepayments	(493)	(25)
• change in biological assets	17,278	6,802
• change in trade and other payables	952	(559)
• change in other employee obligations	54	304
• changes offset in investing	495	(14)
<b>Net cash used in operating activities</b>	<b>(9,833)</b>	<b>(26)</b>

## 28 Auditor remuneration

	2021 \$	2020 \$
<b>Audit and review of financial statements</b>	<b>104,471</b>	89,571
<b>Other services</b>		
• taxation compliance	11,950	12,000
• other tax services	36,250	8,000
<b>Total other service remuneration</b>	<b>48,200</b>	20,000
<b>Total auditor's remuneration</b>	<b>152,671</b>	109,571

## 29 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 major shareholder in Clean Seas Seafood Limited is Australian Tuna Fisheries Pty Ltd (ATF). ATF and its associated entities controlled 4.68% of issued shares at 30 June 2021 (2020: 6.15%) and it is associated with Stehr Group Pty Ltd, H & A Stehr Superannuation Fund and Sanchez Tuna Pty Ltd. These transactions were as follows:

	2021 \$'000	2020 \$'000
<b>Australian Tuna Fisheries Pty Ltd:</b>		
• Receipts for ice, expenses, SBT quota lease and contract labour	3	33
• Payments for towing, contract labour, fish feed, marina and net shed rent and electricity	536	389
<b>Stehr Group Pty Ltd</b>		
• Payments for office rent	45	35
• Other payments	-	-

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

	2021 \$'000	2020 \$'000
<b>Current payables</b>		
• Australian Tuna Fisheries Pty Ltd	59	61
• Stehr Group Pty Ltd	-	2

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

	2021 \$	2020 \$
Short-term employee benefits	1,104,440	1,429,713
Post-employment benefits	55,882	62,532
Long-term benefits	41,600	215,048
<b>Total Remuneration</b>	<b>1,201,922</b>	1,707,293

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 2021.

### 30 Contingent assets and liabilities

The Group has unrecognised carry forward tax losses. This contingent asset is discussed in Note 10.

At 30 June 2021, the Group has bank guarantees of \$68,229 (2020: \$112,229).

There are no other material contingent assets or liabilities.

### 31 Capital commitments

	2021 \$'000	2020 \$'000
Property, plant and equipment	1,005	797

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 FY22.

### 32 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 2021	30 June 2020
Clean Seas Aquaculture Growout Pty Ltd	Australia	Growout and sale of Yellowtail Kingfish	100%	100%
Clean Seas Seafood International Pty Ltd	Australia	Sale of Yellowtail Kingfish	100%	100%

### 33 Leases

#### 33.1 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 \$2.4 million (2020: \$3.4 million).

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

Lease liabilities - Bank	2021 \$'000	2020 \$'000
Current:		
• Lease liabilities - bank	977	1,304
Non-current:		
• Lease liabilities - bank	1,310	2,029

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 2021</b>				
Lease payments	1,068	1,358	-	2,426
Finance charges	(91)	(48)	-	(139)
<b>Net present values</b>	<b>977</b>	<b>1,310</b>	<b>-</b>	<b>2,287</b>
<b>30 June 2020</b>				
Lease payments	1,446	2,143	-	3,589
Finance charges	(142)	(114)	-	(256)
<b>Net present values</b>	<b>1,304</b>	<b>2,029</b>	<b>-</b>	<b>3,333</b>

### 33.2 Lease liabilities – Other

	2021 \$'000	2020 \$'000
<b>Current:</b>		
• Lease liabilities	187	249
<b>Non-current:</b>		
• Lease liabilities	124	311

	Minimum lease payments due			
	Within 1 year \$'000	1-5 years \$'000	After 5 years \$'000	Total \$'000
<b>30 June 2021</b>				
Lease payments	198	126	-	324
Finance charges	(11)	(2)	-	(13)
<b>Net present values</b>	<b>187</b>	<b>124</b>	<b>-</b>	<b>311</b>
<b>30 June 2020</b>				
Lease payments	270	324	-	594
Finance charges	(21)	(13)	-	(34)
<b>Net present values</b>	<b>249</b>	<b>311</b>	<b>-</b>	<b>560</b>

## 34 Financial instrument risk

### 34.1 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.

### 34.2 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 2021</b>						
• financial assets	3,411	1,907	25			
• financial liabilities	(625)	(30)	(817)			
<b>Total exposure</b>	<b>2,786</b>	<b>1,877</b>	<b>(792)</b>			
<b>30 June 2020</b>						
• financial assets	1,108	582	22	-	-	-
• financial liabilities	(882)	(28)	-	-	-	-
<b>Total exposure</b>	<b>226</b>	<b>554</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</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 2021 (2020 +/- 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%	Decrease 5%
	A\$'000	A\$'000
30 June 2021	(886)	980
30 June 2020	(1,092)	1,207

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.

### 34.3 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:

	2021 \$'000	2020 \$'000
<b>Classes of financial assets</b>		
Carrying amounts:		
• cash and cash equivalents	30,072	22,169
• trade and other receivables	6,383	2,973
<b>Total</b>	<b>36,455</b>	<b>25,142</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:

	2021 \$'000	2020 \$'000
Not more three (3) months	1,719	960
More than three (3) months but not more than six (6) months	3	28
More than six (6) months but not more than one (1) year	-	-
More than one (1) year	-	-
<b>Total</b>	<b>1,722</b>	<b>988</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 2021 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 2021 and recognised a provision for \$76k.

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

#### 34.4 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 2021, 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 2021</b>				
Convertible notes	-	-	9,551	-
Trade Finance Facility	9,471	-	-	-
Trade and other payables	8,900	-	-	-
Finance lease obligations	477	500	1,310	-
Lease obligations	101	86	124	-
Other borrowings	1,008	387	-	-
<b>Total</b>	<b>19,957</b>	<b>973</b>	<b>10,985</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 2020</b>				
Convertible notes	-	-	13,075	-
Trade Finance Facility	8,496	-	-	-
Trade and other payables	6,423	-	-	-
Finance lease obligations	526	778	2,029	-
Lease obligations	131	118	311	-
Other borrowings	750	126	-	-
<b>Total</b>	<b>16,326</b>	<b>1,022</b>	<b>15,415</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.



### 35 Fair value measurement

#### 35.1 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 2021:

30 June 2021	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	-	32,505	32,505
Biological assets – non-current	-	-	244	244
Southern bluefin tuna quota	-	-	130	130
<b>Total</b>	-	-	<b>32,879</b>	<b>32,879</b>

30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Biological assets - current	-	49,783	-	49,783
Biological assets – non-current	-	244	-	244
Southern bluefin tuna quota	-	130	-	130
<b>Total</b>	-	<b>50,157</b>	-	<b>50,157</b>

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

#### Valuation processes

In 2021, the Group transferred biological assets from Level 2 into Level 3 as it was considered to be more representative of the inputs being used in the fair value estimation.

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 \$12.79/kg (FY20: \$13.34/kg) and for Small Kingfish \$10.00/kg. (FY20:10.30). Kingfish which are less than 250 grams are valued at \$3.00 per fish.

Included in the valuation for Biomass is a provision for frozen clearance and additional airfreight costs due to CVOID-19 for \$3.4 million (FY20: \$6.3 million).

### 36 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 2021.

### 37 Parent entity information

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

	2021 \$'000	2020 \$'000
<b>Statement of financial position</b>		
Current assets	28,736	883
Total assets	111,743	93,535
Current liabilities	15,165	12,443
Total liabilities	26,309	28,037
Net assets	85,434	65,498
Issued capital	224,773	195,939
Share rights reserve	102	766
Accumulated losses	(139,441)	(131,207)
Total equity	85,434	65,498
<b>Statement of profit or loss and other comprehensive income</b>		
Profit/(Loss) for the year	(8,234)	8,001
Other comprehensive income	-	-
Total comprehensive income	(8,234)	8,001

The Parent Entity has no capital commitments to purchase plant and equipment (2020: Nil). Refer Note 31 for further details of the commitment.

The Parent Entity has not entered into a Deed of Cross Guarantee. Refer Note 30 in relation to contingent assets and liabilities.

### **38 Post-reporting date events**

Subsequent to 30 June 2021 a further 862,086 convertible notes were converted to 1,673,633 shares.

On the 28 July 2021, The Directors of Clean Seas announced that the Company has given notice to the holder of Convertible Notes (ASX: CSSG) that the Company will fully redeem all outstanding Convertible Notes on the 31 August 2021. Noteholders have the option to convert Convertible notes into Shares up to and including the 27 August 2021.

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

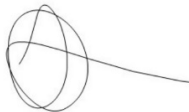
In the opinion of the Directors of Clean Seas Seafood Limited:

- 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 2021 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 2021.

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 'T' and 'D' followed by a horizontal line.

Travis Dillon  
Chairman

Dated the 27 day of August 2021

# 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 2021, 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 2021 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

### Key audit matter

### How our audit addressed the key audit matter

#### Impairment of intangible assets

##### Note 18

As at 30 June 2021, the Group's intangible assets of \$3,736,000 comprise of Primary Industries and Regions South Australia (PIRSA) Water Leases and Licences, Southern Bluefin Tuna quota and the Ice Fresh Licence.

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 Impairment of Assets.

Management has 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 a number of estimates and assumptions and therefore there is an inherent risk involved in the determination of the value of these material assets.

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:

- 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;
- evaluating management's value-in-use calculations to assess for reasonableness of:
  - mathematical accuracy of the calculations;
  - management's ability to perform accurate estimates;
  - forecast cash inflows and outflows to be derived by the intangible assets;
  - other inputs applied to the value-in-use calculations, including discount rates, expected terminal value, and cash flow adjustments;
  - the sensitivity of the significant inputs and assumptions made by management in preparing its calculation;
- evaluating the model against the requirements of AASB 136;
- engaging Grant Thornton's valuation specialists team to assess the valuation methodology applied and critical assumptions for appropriateness; and
- assessing the adequacy of the Group's disclosures within the financial statements regarding the judgements and estimates used by management in their assessment of recoverable value of the intangible assets.

#### Valuation of Biological assets

##### Note 15 and 17

The Group holds biological assets which includes Kingfish measured at \$32,749,000 as at 30 June 2021. 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 a number of 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;
- critically assessing the inputs used in the valuation model by comparing to actual performance subsequent to reporting date and comparing with historical performance of the Group;
- reviewing the historical accuracy of the Group's assessment of the fair value of Kingfish by comparing 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 2021, 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: [https://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

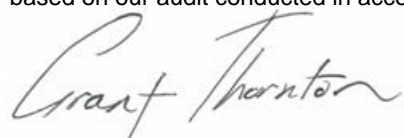
#### Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2021.

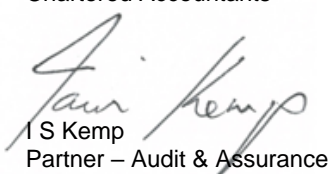
In our opinion, the Remuneration Report of Clean Seas Seafood Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

### 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, 27 August 2021

## 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 17 August 2021.

### Ordinary share capital (quoted)

160,340,175 fully paid ordinary shares are held by 5,081 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)	27,665,274
Regal Funds Management Pty Ltd (RFM)(2)	10,569,768
GCI CSS (Hofseth & Nevera) LLC (3)	10,100,000

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

(2) Notice released to ASX on 1 July 2021.

(3) 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
1 - 1,000	1,844
1,001 - 5,000	1,732
5,001 - 10,000	568
10,001 - 100,000	833
100,001+	104
<b>Total</b>	<b>5,081</b>

There were 1,494 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
Citicorp Nominees Pty Limited	58,476,516	36.470%
CS Third Nominees Pty Limited <HSBC Cust Nom AU LTD 13 A/C>	10,571,993	6.593%
Australian Tuna Fisheries Pty Ltd	5,162,837	3.220%
BNP Paribas Nominees Pty Ltd ACF Clearstream	5,058,017	3.155%
BNP Paribas Nominees Pty Ltd SIX SIS LTD <DRP A/C>	5,048,496	3.149%
UBS Nominees Pty Ltd	3,713,766	2.316%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	2,699,047	1.683%
Morgan Stanley Australia Securities (Nominee) Pty Ltd <No 1 Account>	2,591,931	1.617%
DHC Capital Pty Ltd <Head Family A/C>	1,652,565	1.031%
HSBC Custody Nominees (Australia) Limited - A/C 2	1,633,639	1.019%
3rd Wave investors Pty Ltd	1,500,000	0.936%
HSBC Custody Nominees (Australia) Limited	1,476,541	0.921%
J P Morgan Nominees Australia Pty Limited	1,347,453	0.840%
Neweconomy Com AU Nominees Pty Limited <900 Account>	1,155,525	0.721%
Fernbow Pty Ltd <The Holland Super Account>	1,080,000	0.674%
Mr Hagen Heinz Stehr & Mrs Anna Stehr <H & A Stehr Super Fund A/C>	863,853	0.539%
BNP Paribas Noms Pty Ltd <DRP>	805,251	0.502%
BNP Paribas Nominees Pty Ltd	801,193	0.500%
Mr Murray John Gilbert & Mr Martin Peter Gilbert <Gilbert Family Super #2 A/C>	784,324	0.489%
Mr Jimmy Thomas & Ms Ivy Ruth Ponniah <Thomas Super Fund A/C>	711,587	0.444%
<b>Total Securities of Top 20 Holdings</b>	<b>107,134,534</b>	<b>66.817</b>

### Securities Exchange

The Company is listed on the Australian Securities Exchange.

### On Market Buy Back

There is no current on market buy back.