

ASX & Media Release

23rd September 2020

New Channel Openings and Retail Diversification Commences

- **Strategic relationship with Hofseth set to deliver significant new channels to diversify the business and grow volumes**
- **Major retail and home meal kit customers in North America confirmed for launch with Clean Seas Kingfish**
- **Distribution Agreement signed with Hofseth Asia to open China market**
- **Continued resilience in current trading in Australian and European markets despite ongoing COVID-19 disruptions**

Clean Seas Seafood Limited (ASX: CSS), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to update the market on progress made towards its strategic objectives.

North America market penetration update

Clean Seas' strategic relationship with the Hofseth Group is set to deliver multiple new channel launches with some of the most significant retail and home meal kit customers in North America. A targeted launch program has been agreed with a major big box retail chain, a national supermarket, and with leading home meal kit customers. Clean Seas has received an order from Hofseth North America for 150 tonnes Whole Weight Equivalent (WWE) of Clean Seas Kingfish to be sold in September. Expectations are that these launches will deliver up to circa 250 tonnes (WWE) sales via Hofseth North America from now until the end of December 2020, and are the beginning of what is expected to be a wider rollout through 2021 and beyond.

Clean Seas will use the sale of surplus inventory caused by restaurant closures globally due to COVID-19, to drive trials and target long-term growth in North America, a significant market where Clean Seas has historically had a limited presence in retail. Establishing this access to the largest and most successful retailers in the United States has now commenced.

Matt Mixter, Managing Director of Hofseth North America said *"we are very excited to be launching Clean Seas premium quality and sustainably sourced Kingfish into these major markets, and see this announcement as a significant step towards a wider opportunity in the North American market. Our current business supplies over 20,000t of product weight equivalent seafood across over 10 different fish species annually throughout North America, and this high end fish is very complimentary to the existing Hofseth portfolio offering. We expect our partners to be as enthusiastic as we are with these breakthroughs"*

Asia market penetration update

Additionally, Clean Seas is pleased to announce a sales, marketing, and distribution Agreement with Hofseth Asia. This Agreement covers Mainland China, Hong Kong, and Macau, where Hofseth Asia will be the exclusive in-market partner within these regions. The Agreement will leverage the Shanghai based Hofseth Asia team's specialist seafood industry experience across Asia to drive sales, however it is not initially volume or price specific.

This represents a significant milestone in Clean Seas Seafood's long-term strategic push into the Chinese market, where the focus will be across the full range of fresh, frozen and **SensoryFresh** formats. It will also serve to further support our current and ongoing sales efforts into the important Asian region.

Joel Bourke, General Manager and Director of Hofseth Asia said *"the Hofseth Asia team look forward to bringing Clean Seas' award winning, high quality, Australian Yellowtail Kingfish onto the plates of Chinese consumers."*

Clean Seas is also encouraged by the ongoing resilience of its existing channels despite the ongoing lockdowns in its key Australian and European markets. Sales volumes in June 2020 were 77% of the prior year and increased to 95% of the prior year in July. Encouragingly, August sales volumes remained at 85% of the prior year despite a significant reduction in Victoria as a result of the increased lockdown measures. Europe was tracking ahead of the prior year by +16% in July and by +4% in August.

It is the Company's view that whilst the ongoing COVID-19 disruptions will continue over the coming months, the planned entry into retail product distribution is expected to deliver long-term growth from channel diversification that will complement Clean Seas' existing restaurant and premium food service business.

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

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