

24 October 2022

Clean Seas Seafood Quarterly Activities Report and Appendix 4C Continued Strong Trading & Positive Operating Cashflow

- Q1 FY23 sales revenue of A\$16.1 million is 6% ahead of Q1 FY22 while farmgate revenue of A\$12.9 million is 13% up on Q1 FY22, despite the impact of frozen inventory clearance in the corresponding prior period
- Strong demand and the absence of surplus frozen inventory continues to drive pricing higher, with Q1 FY23 at A\$21.78/kg versus A\$14.16/kg in Q1 FY22, while farmgate revenue of A\$17.49/kg is up 64% on the A\$10.68/kg achieved in Q1 FY22
- On track to increase harvest for full year FY23 by circa 30% to maintain year-on-year sales volumes and optimal frozen inventory level
- Frozen inventory remained stable at target levels in Q1 FY23 compared to sales of 565t from frozen inventory in Q1 FY22
- The final harvest of surplus live biomass in August 2022 will drive reduced production costs in FY23
- Positive Operating Cash flows in the quarter of A\$0.6 million was as a result of the strong trading performance. This has been achieved without the benefit of the sale of surplus frozen inventory
- The Company maintained cash and unused working capital funding of A\$22.3 million as at 30 September 2022, plus an additional A\$16.7 million of undrawn facilities to fund major capital works

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS) (“Clean Seas” or the “Company”), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to provide its Appendix 4C and Quarterly Activities Report for Q1 FY23, provided under Listing Rules 4.7b and 4.7c.

Quarterly Activities

Sales tonnes and revenue					
	Q1 FY19	Q1 FY20	Q1 FY21	Q1 FY22	Q1 FY23
Australia	300	337	294	463	464
Europe	224	269	267	529	194
North America	26	37	173	70	62
Asia	24	16	5	4	18
Total	574	659	739	1,066	738
Revenue (\$'000)	9,761	11,453	10,907	15,099	16,071
Revenue \$/k.g	17.01	17.38	14.76	14.16	21.78
Farmgate Revenue (\$'000)	7,227	8,773	8,606	11,382	12,909
Farmgate Revenue \$/kg	12.59	13.31	11.65	10.68	17.49

Clean Seas' achieved sales revenue of A\$16.1 million in Q1 FY23 as awareness and appetite for Yellowtail Kingfish continued to grow on a global scale. This result highlights the Company's ability to maintain its momentum from Q4 FY22 and represents an increase on sales revenue from Q1 FY22 (A\$15.1 million) despite Q1 FY22 benefiting from frozen inventory clearance activities.

The Company successfully capitalised on the significant market demand for Kingfish to achieve both sales revenue and revenue per kilogram growth during the quarter. Clean Seas sold 738t of Kingfish at an average of A\$21.78/kg during the quarter which resulted in a 13% increase in farmgate revenue to A\$12.9 million in Q1 FY23 versus A\$11.4 million in Q1 FY22.

The harvest of the final cohort of high cost, surplus Year Class 20 biomass was completed in August 2022, and inventory has been maintained targeted levels. The optimisation of working capital has led to further reductions in inventory carrying costs and we continue to observe month-on-month reductions in the cost of production despite elevated global commodity prices contributing to higher feed costs.

Operational Metrics (tonnes WWE)					
	Q1 FY19	Q1 FY20	Q1 FY21	Q1 FY22	Q1 FY23
Harvest Volumes	598	871	807	638	732
Closing Live Fish Biomass	3,059	3,308	3,638	2,619	2,817
Closing Frozen Inventory	201	612	988	614	134

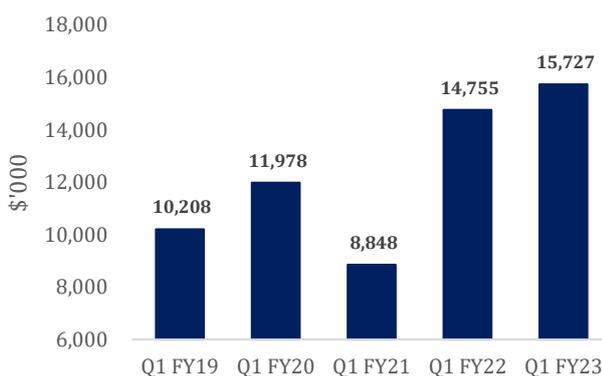
Demand for Clean Seas' premium ocean reared Yellowtail Kingfish continues to expand as awareness for the species develops around the world. Clean Seas remains committed to providing the market with the highest quality fish, a native species grown in its natural waters of the Spencer Gulf in South Australia,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

Appendix 4C Cash flows

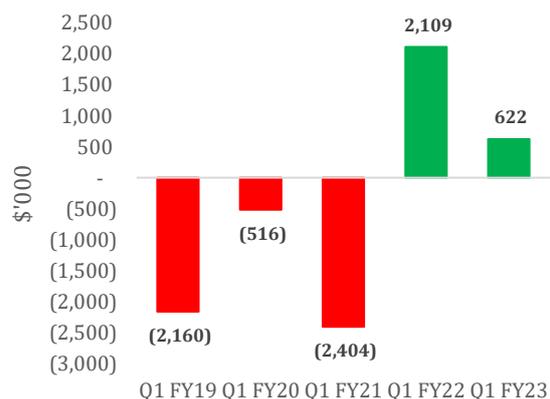
Quarterly cash receipts for Q1 FY23 reached A\$15.7 million, representing an A\$1.0 million increase on Q1 FY22. The result was driven by an increase in the average price of A\$21.78/kg in Q1 FY23, offsetting the reduction in sales volumes.

Operating cash flows in the quarter were impacted by an increase in feed payments as Clean Seas brought forward purchases to lock in pricing ahead of future increases. Despite this, other operating costs were maintained in line with Q1 FY22, which, in conjunction with the increase in cash receipts resulted in positive operating cash flows of A\$0.6 million. Importantly, positive cash flow was achieved in Q1 FY23 without the cash flow benefit of clearing surplus frozen inventory which supported the Q1 FY22 result.

Appendix 4c Q1 Cash receipts



Appendix 4c Q1 Operating Cash flow



Capital investment of \$0.5 million was largely focused on maintenance capex such as cages and nets. Financing activities purely comprised the repayment of insurance premium funding and finance leases.

Clean Seas' CEO Rob Gratton said *"Another strong trading performance has delivered positive operating cash flows for Q1 FY23. To achieve this result having transitioned away from the need to clear excess frozen inventory, and with the future benefits of reduced production costs still to come, lends further validation to our operational strategy going forward. We are focussed on achieving profitable growth in delivering value for shareholders. Thanks to our customers for their ongoing recognition of the quality, sustainability and provenance leadership positions of our incredible product and to the Clean Seas team for delivering our high quality and sustainable Kingfish to markets globally."*

Payments to related parties

Payments to related parties for the quarter included fees paid to Non-executive Directors of A\$98k, contract services, vessel hire and related expenses of A\$29k paid to associates of Non-executive Directors.

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

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

For further information on Clean Seas Seafood, please contact:

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About Clean Seas Seafood

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

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

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

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

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

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

Appendix 4C

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

Name of entity

Clean Seas Seafood Limited

ABN

61 094 380 435

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15,727	15,727
1.2 Payments for		
(a) research and development	(48)	(48)
(b) product manufacturing and operating costs	(5,672)	(5,672)
(c) advertising and marketing	(98)	(98)
(d) leased assets	-	-
(e) staff costs	(3,224)	(3,224)
(f) administration and corporate costs	(708)	(708)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid (including convertible notes)	(48)	(48)
1.6 Government grants and tax incentives	-	-
1.7 Other - Feed	(5,313)	(5,313)
1.8 Other (Insurance settlement)	-	-
1.9 Net cash from / (used in) operating activities	622	622
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(488)	(488)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	36	36
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Grants received)	-	-
2.6	Net cash from / (used in) investing activities	(452)	(452)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Repayment of Convertible Notes	-	-
3.6	Proceeds from borrowings	-	-
3.7	Repayment of borrowings	(991)	(991)
3.8	Transaction costs related to loans and borrowings	-	-
3.9	Dividends paid	-	-
3.10	Net cash from / (used in) financing activities	(991)	(991)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,982	12,982
4.2	Net cash from / (used in) operating activities (item 1.9 above)	622	622
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(452)	(452)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(991)	(991)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	12,161	12,161

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,161	12,982
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,161	12,982

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

6.1	Aggregate amount of payments to related parties and their associates included in item 1	127
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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

Amounts paid to Non-executive Directors Fees: \$98k

Amounts paid to associates of Non-executive Directors include rental payments \$9k, contract services and equipment/vessel hire \$29k.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities – CBA Cash Advance & Trade Finance Facility	26,000	3,828
7.2 Credit standby arrangements	-	
7.3 Other – CBA Lease Facility	6,000	1,316
7.4 Total financing facilities	32,000	5,144

7.5 **Unused financing facilities available at quarter end** 26,856

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

The Commonwealth Bank \$12 million Secured Trade Finance Facility of which \$1,84 million had been drawn at the end of the quarter.

The Commonwealth Bank \$14 million Secured Cash Advance Facility of which \$1.99 million had been drawn at the end of the quarter.

The Commonwealth Bank \$6 million Equipment Finance Facility of which \$1.32 million had been drawn at the end of the quarter.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	622
8.2 Cash and cash equivalents at quarter end (Item 4.6)	12,161
8.3 Unused finance facilities available at quarter end (Item 7.5)	10,163
8.4 Total available funding (Item 8.2 + Item 8.3)	22,324
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	36

* excludes Cash Advance Facility for \$14 million which held for the acquisition of major capital assets and \$6 million asset lease facility.

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

8.6

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

Answer: Not applicable

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

Answer: Not applicable

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

Answer: Not applicable

Compliance statement

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

Date: ...24/10/2022.....

Authorised by:Board of Clean Seas Seafood Limited.....
(Name of body or officer authorising release – see note 4)

Notes

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