

## ASX & Media Release

21 February 2024

### Clean Seas 1H FY24 Results

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, is pleased to announce its 1H FY24 results.

Financial Performance	1H FY23	1H FY24	Change (Fav/Unfav)
<b>Production Metric (WWE Tonnes)</b>			
Tonnes sold	1,526	1,513	(1%)
Net Growth	886	826	(7%)
Harvest volumes	1,588	2,107	33%
Closing Live Fish Biomass	2,806	2,710	(3%)
Frozen inventory	190	531	179%
<b>Operating Results<sup>1</sup> (A\$/kg)</b>			
Revenue	22.43	22.53	0.10
Post farmgate costs	(4.78)	(5.28)	(0.50)
<b>Farmgate</b>	<b>17.65</b>	<b>17.25</b>	(0.40)
Production costs	(13.22)	(13.54)	(0.32)
<b>Gross profit</b>	<b>4.43</b>	<b>3.71</b>	(0.72)
Indirect & R&D Costs	(3.39)	(3.60)	(0.21)
<b>Operating EBITDA</b>	<b>1.04</b>	<b>0.11</b>	(0.93)
<b>Operating Results<sup>1</sup> A\$'000</b>			
Revenue	34,231	34,081	(150)
Post farmgate costs	(7,295)	(7,987)	(692)
<b>Net farmgate revenue</b>	<b>26,936</b>	<b>26,094</b>	(842)
Production costs	(20,168)	(20,481)	(313)
<b>Gross profit</b>	<b>6,768</b>	<b>5,613</b>	(1,155)
Indirect & R&D Costs	(5,178)	(5,447)	(269)
<b>Operating EBITDA</b>	<b>1,590</b>	<b>166</b>	(1,424)
<b>Underlying Adjustments<sup>1</sup> A\$'000</b>			
Impairment	-	(12,170)	
AASB 141 SGARA and cost allocation	(2,951)	(11,413)	
Non-recurring items	-	(313)	
Statutory NPAT	(3,467)	(25,946)	(22,479)

<sup>1</sup> Operating Results 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.

#### Highlights:

- **Operational Review on track to deliver “right-sized” business, with sales and production at circa 3,000 tonnes per annum**
- **Maintained pricing at A\$22.53/kg for 1H FY24 versus A\$22.43/kg for 1H FY23 and A\$23.02/kg for 2H FY23 in a highly competitive trading environment**
- **Operating profit remained positive despite higher feed costs, but declined from A\$1.04/kg in 1H FY23 to A\$0.11/kg in 1H FY24**
- **Completed Placement of A\$9.5M and renewed A\$32.2M bank facility to support working capital and the Operational Review**
- **Biomass reduction complete saving A\$11.0M in feed costs over the next 14 months versus growing these fish to harvest size and resulting in an A\$12.2M impairment to biomass & frozen inventory and a statutory loss of A\$25.9M after tax**
- **Targeted reduction in fixed and variable operating costs of up to A\$5.0M per annum underway and on track**
- **Feed prices easing from record highs, with price reductions in 2H FY24**

In 1H FY24 Clean Seas Seafood undertook an in-depth review of the operational structure of the business in order to drive efficiencies and improvements to offset input cost pressures (Operational Review). The initiation of the Operational Review commenced in November 2023 and is on track to deliver a “right-sized” business, with sales and production in equilibrium at circa 3,000 tonnes per annum. This balance between sales and production is expected to deliver significant savings in working capital, operating costs and infrastructure requirements against a strategy that previously focused on sales volume growth.

One of the key strategic outcomes of the Operational Review was the reduction of biomass through an accelerated harvest and sale of 560 tonnes. The sale was directed towards the fish protein market. This initiative has enabled the Company to realise cost savings in feed expenses, estimated to be around A\$2 million between November 2023 and January 2024. As a result of the accelerated harvest, an impairment of approximately A\$10.1 million relating to biological assets was recognised in the 1H FY24 financial statements.

In 1H FY24, total sales volume of 1,513 tonnes was flat when compared to the corresponding period reflecting challenging market conditions prevailing throughout the period. Revenue was A\$34.1 million in 1H FY24, marking a 0.4% decrease from 1H FY23.

Sales pricing remained robust at A\$22.53/kg, compared to A\$22.43/kg in 1H FY23. Farmgate revenue, which stood at A\$17.25/kg, decreased as a result of elevated air-freight costs. Clean Seas continues to experience sustained demand for fresh volumes in both local and international markets. Clean Seas' fresh products continue to be highly regarded and sought after in premium food service channels.

Following the decision to implement the biomass reduction program, Clean Seas reduced monthly frozen production from a peak of 110 tonnes in August 2023 to 20 tonnes in December 2023. This has allowed frozen inventory to remain relatively stable at circa 500 tonnes since September 2023. It is anticipated that frozen production will continue to be constrained as the Company manages its frozen inventory levels. An impairment of A\$2.1 million was recognised to write down the value of frozen inventory, reflecting a reduction in pricing.

Production costs increased to A\$13.54/kg compared to 1H FY23, reflecting the sustained increase in feed prices. Despite this, Clean Seas delivered a gross profit of A\$3.71/kg and an underlying operating EBITDA of A\$0.11/kg. Changes in key variable costs, such as freight, fuel, and feed, have been observed, showing a downward trend between December 2023 and January 2024, with further improvements expected in 2H FY24.

The adjusted biomass levels now support sales volumes of approximately 3,000 tonnes in the most efficient manner, facilitating the consolidation of all farming activities to Port Lincoln. The deployment of a new automated feed barge to the consolidated farm is a crucial step, contributing significantly to increased efficiency within the consolidated structure and aiding in the reduction of production costs.

Clean Seas Seafood CEO Rob Gratton said *“The changes to our business as a result of the Operational Review have been difficult and far reaching but having acted decisively to restructure Clean Seas in this way, it is greatly encouraging to see the positive benefits emerging. The consolidation of our farming footprint will give rise to efficiencies and a lower risk profile in a much shorter timeframe than would have otherwise been the case, which sets us on a faster path to a stable financial footprint.”*

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

**Webcast**

The Company will conduct a webcast of its 1H FY24 Results Briefing at **11.00am AEDT on Wednesday 21 February 2024**.

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

[Click here to join the meeting](#)

Meeting ID: 468 171 972 633

Passcode: jAG9Rd

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

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

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

**About Clean Seas Seafood**

Clean Seas Seafood is a fully integrated Australian Aquaculture business listed on the Australian Securities Exchange (ASX) and with a secondary listing on Euronext Growth Oslo (OSE).

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.

For more information, visit [www.cleanseas.com.au](http://www.cleanseas.com.au)

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

**For further information on Clean Seas Seafood, please contact:**

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