

ASX & Media Release

6 April 2020

Strategic Relationship & \$5m Investment led by Hofseth Group

Clean Seas Seafood Limited (ASX: CSS, CSSG), (“Clean Seas” or “The Company”) the global leader in full cycle breeding, production and sale of Kingfish, is pleased to announce strategic relationships with the Hofseth Group and Nevera AG.

- **Strategic Relationship with leading Norwegian aquaculture producer with global distributor network**
- **Ability to fast-track new product development particularly for retail markets in North America, Europe and Asia**
- **\$5 million equity investment at a 13.5% premium to the 10 day VWAP**
- **Engagement with global capital market specialists with expertise in aquaculture**

Hofseth Group Strategic Relationship

Roger Hofseth is the Chief Executive Officer of the Hofseth Group, incorporating Hofseth International AS and Hofseth Biocare ASA, both Norwegian biomarine companies. Founded in 2001, the Hofseth Group is unique in terms of scale and reach across the aquaculture value chain, incorporating farming, processing, distribution, R&D and waste processing. Its business philosophy has always focused on producing the highest quality product and sustainability throughout the value chain and is aligned to Clean Seas own vision of producing a sustainable, high quality product with a vertically integrated supply chain and global distribution.

Located on the west coast of Norway, the Hofseth Group is one of the largest processors of Atlantic Salmon in the world, processing circa 60,000 tonnes per year with a capacity of 100,000 tonnes, distributing its products in more than 20 countries around the world. Significantly, it is the largest exporter of Atlantic Salmon out of Norway into the US where it distributes circa 20,000 tonnes of processed marine products per year into the North American wholesale and retail markets. The Hofseth Group is growing its exports into Asia and has recently opened sales offices in Singapore and Shanghai. The Hofseth Group also farms trout and salmon with a production capacity of approximately 11,000 tonnes per year.

Through this Strategic Relationship, Clean Seas will leverage the experience and network of Roger Hofseth and the Hofseth Group to fast track development and supply of new product formats for global retail markets. This alliance will also provide Clean Seas with access to one of the leading aquaculture producers and will facilitate sharing of best practice aquaculture techniques.

Hofseth Group CEO Roger Hofseth said, *“I see a fantastic opportunity to work with one of the most high-end, unique species of fish in the world, and then to leverage that supply into our experienced salesforce and broad distribution network through retailers across the US and Asia. The current global circumstances associated with coronavirus have obviously created extreme changes in consumer behaviour. There has been a massive boost to consumption of frozen fish all over the world and that is continuing. It is possible that even as the environment normalises, consumption of fresh and frozen nutritious fish at home will likely stay at significantly higher levels than pre-COVID-19. This is an opportune moment for Clean Seas to expand its distribution. It harvests a unique specie that is in tight supply and usually fills the majority of Michelin-starred restaurants all over the world. We will now be able to offer this excellent product to consumers at home. Hofseth North America will also benefit from being able to offer a wider assortment of species to customers and still ensure supply of high quality, sustainable products. We believe we can bring significant value to Clean Seas by bringing kingfish volume into our channels.”*

Investment of \$5 million at a 13.5% share price premium to the 10 day VWAP

In support of the Strategic Relationship with the Hofseth Group, Roger Hofseth and James Berger through a new investment entity, **GCI CSS (Hofseth & Nevera) LLC**, will subscribe for 10 million ordinary shares in Clean Seas at \$0.50, being a 13.5% premium to the 10 day volume weighted average (VWAP) share price as at 3/4/2020, for a total investment of \$5 million. This investment will result in **GCI CSS (Hofseth & Nevera) LLC** owning 9.7% of Clean Seas ordinary share capital.

The investment will occur in two tranches, with 4 million shares to be placed immediately under the Company’s existing placement capacity and a further 6 million shares to be placed subject to approval by Clean Seas shareholders. This approval will be sought at a General Meeting to be convened as soon as practical, with the intention that it will be held by mid May 2020.

Nevera AG Capital Markets

James Berger is the founder and Chief Executive Officer of Nevera AG, a financial consultancy boutique based in Switzerland. Nevera’s focus is on identifying deep value growth opportunities and helping listed corporates attract long term capital. Although James has invested successfully across all sectors, he brings specialist knowledge in aquaculture and consumer nutrition. Under a proposed consultancy agreement, Mr. Berger will assist Clean Seas with certain intermediary services, in establishing a wider base of international investors and helping the Company communicate with potential investors. Mr. Berger and Clean Seas believe that a wider international base will facilitate positive value development. Nevera’s unique offering is based on Mr Berger’s nineteen years of working in global fund management and banking in London, New York and Switzerland.

Nevera AG CEO James Berger said, *“ After spending time in South Australia on site visits at CSS, and having a fundamental operational understanding of the Hofseth Group, I can see significant synergies and huge top line growth opportunities for both businesses here today, for what is otherwise a difficult time for most of the global economy. Sustainable premium protein and health nutrition is a theme that will just grow from the present day, particularly following COVID-19*

Clean Seas Managing Director David Head said, *“this announcement represents important new relationships for Clean Seas as it seeks to diversify and build a multi-channel distribution business by expanding its presence in the largely untapped global retail market. This exciting new alliance, combines Hofseth’s significant expertise, relationships and global reach in the retail channel, with Clean Seas premium product and market leading position in the high-end restaurant and food service channel. James Berger’s capital markets network and proven track record will be of great assistance as we seek to share the Clean Seas investment story around the world. These relationships and the associated \$5 million investment in Clean Seas at this time of global uncertainty validates and supports Clean Seas’ “Vision 2025” strategic plan and further strengthens the Company’s balance sheet. I would like to thank Roger, James and the Board and Management of Clean Seas for their diligence and goodwill in concluding this transaction, and also Clean Seas major shareholder Bonafide for introducing Roger and James to Clean Seas.”*

Outlook

While the Company cannot give specific guidance at this time of high disruption and uncertainty as a result of government lockdowns and social distancing provisions, the Board and Management of Clean Seas remain committed to its “Vision 2025” strategic plan.

The strategic relationships with Hofseth Group and Nevera AG will provide significant support to the Company in achieving this vision, and the completion of this equity investment will further strengthen the Company’s balance sheet.

The Company has the unique advantages of an exceptional product and a supply chain able to respond to emerging opportunities and changing markets, and has the balance sheet strength to implement new strategies and bridge disruption in the short to medium term.

The Company thanks its employees, investors, partners and customers for their ongoing support.

Terry O’Brien
Chairman

David J. Head
Managing Director and CEO

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