

21st April 2022

Record Sales & Positive Operating Cashflow

- **Record revenue of A\$17.6 million in Q3 FY22. YTD FY22 revenue of A\$48.8 million, up 38% on YTD FY21 and 40% ahead of YTD FY20**
- **Record YTD sales volume of 2,875t, up 25% on YTD FY21 and 43% ahead of YTD FY20**
- **Record YTD cash receipts of A\$49.2 million, up 49% on YTD FY21 and 33% ahead of YTD FY20**
- **Prices increased across key categories, with continued growth in YTD revenue per kg to A\$16.97 (A\$0.91/kg increase from Dec-21)**
- **Positive operating cash flow YTD FY22 of A\$7.2 million, an increase of A\$11.4 million on YTD FY21, and A\$13.2 million on YTD FY20 as a result of strong sales and reduced cost of production**
- **Cash and unused working capital funding of A\$25.7 million, plus an additional A\$16.8 million of undrawn facilities to fund major capital works**
- **Full Year FY22 cost of production expected range between \$12.00-\$12.75/kg**

Clean Seas Seafood Limited (ASX: CSS, OSE: CSS), 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 Q3 FY22, provided under Listing Rules 4.7b and 4.7c.

Quarterly Activities

Clean Seas' strong sales have continued in Q3 FY22. After posting record sales in Q1 and Q2 FY22, Clean Seas set a new quarterly record revenue in Q3 FY22 of A\$17.6 million on the back of strong demand for Kingfish globally and increased prices. YTD revenue per kg has increased to \$16.97 and reflects continued growth in awareness and appetite for Yellowtail Kingfish globally.

YTD Sales Volumes Performance					
Region (tonnes WWE)	YTD FY18	YTD FY19	YTD FY20	YTD FY21	YTD FY22
Australia	1,065	1,095	1,136	1,336	1,624
Europe	736	726	719	582	990
America	66	80	106	348	224
Asia	70	83	51	39	37
Total sales volumes	1,937	1,984	2,012	2,305	2,875
Group Revenue (\$'000)	30,887	33,821	34,979	35,384	48,802
Revenue A\$/kg	15.95	17.05	17.39	15.35	16.97

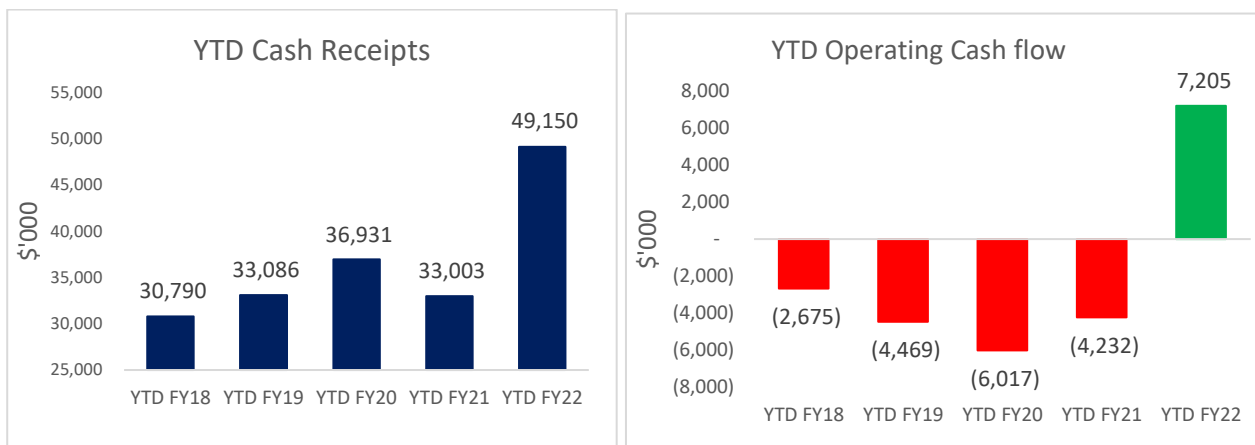
Total sales volume for YTD FY22 of 2,875t was up 25% on YTD FY21 and up 43% on YTD FY20, while revenue of A\$48.8 million (unaudited) exceeded YTD FY21 and YTD FY20 by 38% and 40% respectively. Revenue per kg increased to \$16.97, up \$1.62/kg on YTD FY21. The improvement in pricing reflects the completion of the sell through of discounted frozen inventory and the return of our premium channels.

The harvest of the final cohort of high cost, surplus Year Class 20 biomass has continued, and inventory cover has remained within expectations for this time of year. The optimisation of working capital has led to further reductions in carrying costs of inventory and we continue to observe month-on-month reductions in the cost of production. With this, Clean Seas expects Full Year FY22 cost of production to be within a range of \$A12.00-\$A12.75/kg and remains on track to achieve its target of A\$9.00-A\$9.50/kg cost of production in FY23.

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

The YTD FY22 operating activity result reflects another very strong quarter. Record cash receipts, combined with reduced production costs has delivered positive operating cash flows of A\$7.2 million, an increase of A\$11.4 million on YTD FY21, and of A\$13.2 million on YTD FY20 (normalised for litigation settlement).



Cash receipts for YTD FY22 reached A\$49.2 million, which exceeded YTD FY21 by A\$16.2 million. Total cash receipts were ahead of pre-pandemic levels (YTD FY20) by A\$12.2 million, which reflects the growing awareness of and demand for Yellowtail Kingfish globally.

Despite an increase in sales volumes by 38%, Clean Seas did not experience a similar increase in operating cash costs, due in part to the improvement in working capital which has reduced the cost of production. Payments for feed are expected to increase in Q4 FY22 in line with the Company's peak growing season from October to May.

Capital investment was largely focused on scaling up production capacity on the Company's new farm at Whyalla, and the acquisition of a large vessel to support its growth ambitions (total investment of \$1.5 million), which was funded by Clean Seas' long term debt facility (cash advance facility) with CBA.

Financing cash flow reflects the repayment of the Company's working capital facility debt and the successful redemption of Clean Seas' Convertible Notes. The Company has cash and unused working capital funding of A\$25.7 million, plus an additional A\$16.8 million of undrawn facilities to fund major capital works.

Clean Seas' CEO Rob Gratton said "*Clean Seas has continued to benefit from the growing awareness and acceptance of Yellowtail Kingfish globally, reporting record sales volumes and revenues. With further progress optimising working capital we continue to see a reduction in our cost of production, delivering on our goal of becoming the lowest cost producer of Kingfish in the world, whilst retaining our quality, sustainability and provenance leadership positions.*"

Payments to related parties

Payments to related parties for the quarter included fees paid to Non-executive Directors of A\$101k, contract services, vessel hire and related expenses of A\$249k 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).

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.

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

For further information on Clean Seas Seafood, please contact:

Rob Gratton	Andrew Angus
CEO	Investor Relations
rob.gratton@cleanseas.com.au	andrewangus@overlandadvisers.com.au
+61 434 148 979	+61 402 823 757

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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17,018	49,150
1.2 Payments for		
(a) research and development	(185)	(560)
(b) product manufacturing and operating costs	(4,674)	(17,429)
(c) advertising and marketing	(145)	(297)
(d) leased assets	-	-
(e) staff costs	(3,070)	(8,648)
(f) administration and corporate costs	(721)	(2,059)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid (including convertible notes)	(129)	(690)
1.6 Government grants and tax incentives	-	-
1.7 Other - Feed	(6,893)	(12,262)
1.8 Other (Insurance settlement)	-	-
1.9 Net cash from / (used in) operating activities	1,201	7,205
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2,278)	(4,656)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets – Ice fresh licence	-	(779)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	41
(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)	96	96
2.6 Net cash from / (used in) investing activities	(2,182)	(5,298)

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	(336)	(1,124)
3.5 Repayment of Convertible Notes	-	(6,662)
3.6 Proceeds from borrowings	1,425	1,703
3.7 Repayment of borrowings	(987)	(12,211)
3.8 Transaction costs related to loans and borrowings	-	-
3.9 Dividends paid	-	-
3.10 Net cash from / (used in) financing activities	102	(18,294)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	14,564	30,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,201	7,205
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,182)	(5,298)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	102	(18,294)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13,685	13,685

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	13,685	14,564
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)	13,685	14,564

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	350
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: \$101k

Amounts paid to associates of Non-executive Directors include rental payments \$9k, contract services and equipment/vessel hire \$240k.

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

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities – CBA Trade Finance & Market Rate Loan	26,000	1,425
7.2 Credit standby arrangements	-	-
7.3 Other – CBA Lease Facility	6,000	1,788
7.4 Total financing facilities	32,000	3,213

7.5 **Unused financing facilities available at quarter end** 28,787

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 was undrawn as at the end of quarter.

The Commonwealth Bank \$14 million Secured Cash Advance Facility of which \$1.45 million had been drawn at the end of the quarter.

The Commonwealth Bank \$6 million Equipment Finance Facility of which \$1.79 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)	1,201
8.2 Cash and cash equivalents at quarter end (Item 4.6)	13,685
8.3 Unused finance facilities available at quarter end (Item 7.5)	12,000*
8.4 Total available funding (Item 8.2 + Item 8.3)	25,685
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	Not applicable as positive net cash from operating activities

** 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: ...21/4/2022.....

Authorised by:Robert Gratton.....
(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.