

ASX & Media Release

1 November 2024

Business Update

Clean Seas Seafood Limited ("Clean Seas" or "the Company") (ASX: CSS, OSE: CSS), the global leader in full cycle breeding, production and sale of Yellowtail Kingfish, provides the following business update.

Highlights:

- **Q1 FY25 Sales Volume of 605t and Sales Revenue of A\$13.4M compared to 778t and A\$16.3M in Q4 FY24 reflects the restructured business post Operational Review**
- **Pricing increased to A\$22.21/kg in Q1 FY25 versus A\$21.00/kg in Q4 FY24 as the Company prioritised premium, higher margin channels and completed the sell-through of surplus frozen inventory**
- **Frozen inventory reduced to 162t at 30 September 2024 as the Company continued to clear excess stock and right size the business**
- **Positive Operating Cash Flow of A\$0.8M in Q1 FY25 compares to negative A\$1.5M in Q1 FY24 (on a like for like basis) due to the benefits of the consolidated farming footprint, lower requirement for feed and the reduced cost base implemented in FY24**
- **Feed prices continue to decline from the March 2024 peak of A\$3.80/kg, with current orders being placed at circa A\$3.30/kg**
- **An adjustment to biomass has been identified via recent counts undertaken while splitting and grading pens. The adjustment relates to the previously reported farming issues experienced last year, and accordingly the Company expects sales volumes to be at the lower end of its previous guidance**
- **The Company is targeting sales volumes for FY25 to be in the range of 2,550 – 2,650t and FY25 Operating EBITDA is expected to be breakeven to a modest loss as a result**

In Q1 FY25, total sales volume of 605 tonnes was below the 778 tonnes sold in Q4 FY24 as the Company completed the sell-through of surplus frozen inventory and limited the sale of fresh Kingfish to meet its commercial and operational targets. As a result, sales revenue for the period was A\$13.4M compared to A\$16.3M in Q4 FY24.

With the sell through of surplus frozen inventory completed and with demand for the Company's Kingfish remaining strong in both local and international markets, average sales pricing increased to A\$22.21/kg in Q1 FY25 compared to A\$21.00/kg in Q4 FY24.

Operations

In Q1 FY25 Clean Seas appointed a new Executive, Craig Hughes as GM Operations, to oversee the Company's breeding, farming and harvest activities on the Eyre Peninsula. Craig brings more than 25 years of senior aquaculture experience to Clean Seas and is focussed on implementing best practices and delivering efficiencies across Clean Seas' aquaculture operations.

As previously mentioned, Clean Seas has undertaken a concerted campaign to clear surplus frozen inventory. These actions delivered a reduction in frozen inventory from a peak of 547 tonnes in October 2023 to circa 261 tonnes at the end of June 2024, and frozen inventory has reduced further to 162 tonnes at 30 September 2024.

In FY24 Clean Seas completed a restructure of the business, including a consolidation of farming activities, and the implementation of cost saving initiatives across the business. These actions have contributed to a positive Operating

Cash Flow of A\$0.8m in Q1 FY25 compared to negative A\$1.5m in Q1 FY24. Importantly this represents the third consecutive quarter of positive Operating Cash flows on a like for like basis since the restructure was completed.

Further benefits are expected in November following the commissioning of the Company's new automated feed barge, the "Eyre Spirit", and from the redeployment of its existing barge, the "Kingfish 5". Circa 90% of Clean Seas Kingfish will be fed remotely from the Company's office in Port Lincoln, driving cost savings, improving feed conversion ratios and efficiency and reducing waste.

Feed Prices

Clean Seas has observed feed prices easing from record highs of A\$3.80/kg in March 2024, with current feed orders placed at circa A\$3.30/kg. The spike in feed prices in FY23 and FY24 reflected the volatile market for fish meal and oil, however this volatility is subsiding, supporting the Company's current expectation for pricing to decline in FY25.

Outlook

On 4 July 2024, Clean Seas provided sales volume guidance of 2,600 – 2,800 tonnes for FY25. Clean Seas has assessed the expected performance of currently stocked year classes of Kingfish and notes the ongoing impact of previously reported operational challenges that drove lower than expected fish growth rates and higher mortalities in FY24.

The splitting, grading and counting of early life-cycle Year Class 2024 pens was delayed due to resource constraints associated with the Operational Review last year. Sufficient pens have now been counted to confirm higher than expected losses due to predation and mortalities. The Company has adjusted down live fish biomass by circa 250 tonnes to reflect this, and in order to optimise FY25 and FY26 harvest volumes, Clean Seas has increased the stocking levels of the following Year Class 2025. Year Class 2025 activities are well under way with fingerling growth and stocking plans on track to take advantage of the warming water temperatures. The overall impact, however, has resulted in a revised FY25 outlook for sales volumes of 2,550 – 2,650 tonnes, with resulting Operating EBITDA for FY25 at breakeven to a modest loss versus the loss of A\$5.1M reported in FY24.

The sales volume outlook is driven by the available supply of the Company's Kingfish, and as a result Clean Seas is expecting pricing to continue to grow modestly in FY25 with continued demand at or above the planned harvest of 2,550 – 2,650 tonnes, and through the transition to full price frozen sales from Q2 FY25 onwards.

Additionally, the Company expects that reductions in feed prices throughout the remainder of FY25, efficiencies and cost savings derived from the Operational Review, and an improved fish performance resulting from the consolidated farming footprint will positively contribute to the Company's financial performance.

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

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

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

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