

21st October 2021

Revenue up 38%, Record Receipts of A\$14.8m & Positive Operating Cashflow

- **Strong sales continue, with diversification offsetting the impact of lockdown restrictions in key domestic markets, with prices increasing across key categories**
- **Record YTD sales in FY22 of 1,066t, up 44% on FY21 and 62% ahead of FY20**
- **National retail program to be launched pre-Christmas in Australia's largest supermarket chain, Woolworths**
- **All excess frozen inventory has been cleared and the harvest of surplus Year Class 18 and Year Class 19 biomass has been completed**
- **Positive Operating Cash flows (A\$2.1 million) in the quarter for the first time since FY18 as a result of record receipts of A\$14.8 million, combined with cost savings and the benefits of optimising working capital**
- **All outstanding Convertible Notes have been redeemed, and Clean Seas has cash and unused working capital funding of A\$24.6 million, plus an additional A\$17.9 million of undrawn facilities to fund major capital works**
- **Stocking of new juvenile fish in the new full life-cycle Fitzgerald Bay (Whyalla) farm site has now commenced. Activating this location has the potential to increase Clean Seas' total production to 10,000t per annum and reflects the Company's confidence in the growth potential of Kingfish globally**

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 Q1 FY22, provided under Listing Rules 4.7b and 4.7c.

Quarterly Activities

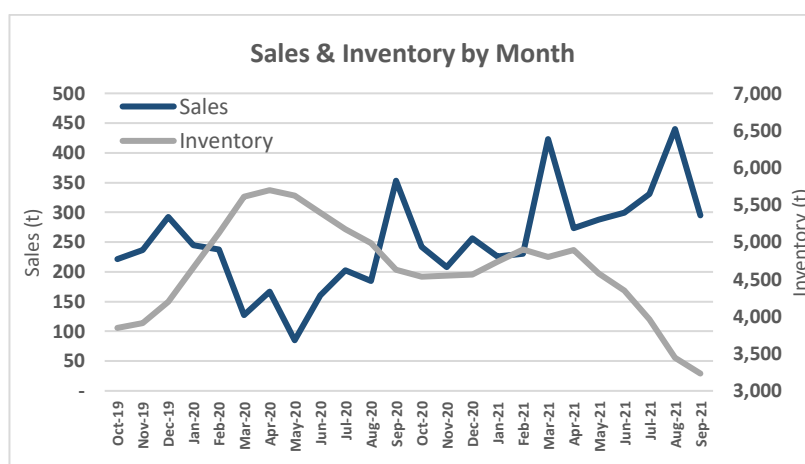
Clean Seas' strong sales growth has continued in Q1 FY22 as Europe emerged from lockdowns and new channels and markets gained traction in Australia, Europe and North America with specialty retailers, online offerings and through trial distribution with major supermarkets. European sales have been exceptionally strong with revenues up 98% on FY21 and 97% ahead of FY20.

Clean Seas' successful diversification and continued growth in awareness and appetite for Yellowtail Kingfish drove record sales volumes and revenue in Q1 FY22, despite the ongoing impacts of lockdowns in premium restaurant markets domestically – traditionally Clean Seas' largest business segment. Australian sales include support for four new frozen and hot smoked products to be launched nationally in Woolworths prior to Christmas.

Q1 Sales Volumes Performance					
Region (tonnes WWE)	Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY21	Q1 FY22
Australia	309	300	337	294	463
Europe	293	224	269	267	529
America	24	26	37	173	70
Asia	24	24	16	5	4
Total sales volumes	650	574	659	739	1,066
Group Revenue (\$'000)	10,236	9,761	11,453	10,907	15,099
Revenue \$/k.g	15.75	17.01	17.38	14.76	14.16

Total sales volume for Q1 FY22 of 1,066t was up 44% on Q1 FY21 and 62% percent on Q1 FY20, while revenue of A\$15.1 million (unaudited) exceeded Q1 FY21 and Q1 FY20 by 38% and 32% respectively. Revenue per kilogram improved on the prior year in Clean Seas' key large fresh markets in Australia and Europe, and only declined by 4% in total versus Q1 FY21 due to the impact of domestic restaurant lockdowns, and the use of discounting to enter new channels and to reduce surplus inventory back to optimal levels. Overall pricing remains strong due to high demand for Yellowtail Kingfish globally.

It is the Company's view that whilst the ongoing COVID-19 disruptions will remain, channel diversification will complement and enhance Clean Seas' existing global restaurant and premium food service business.

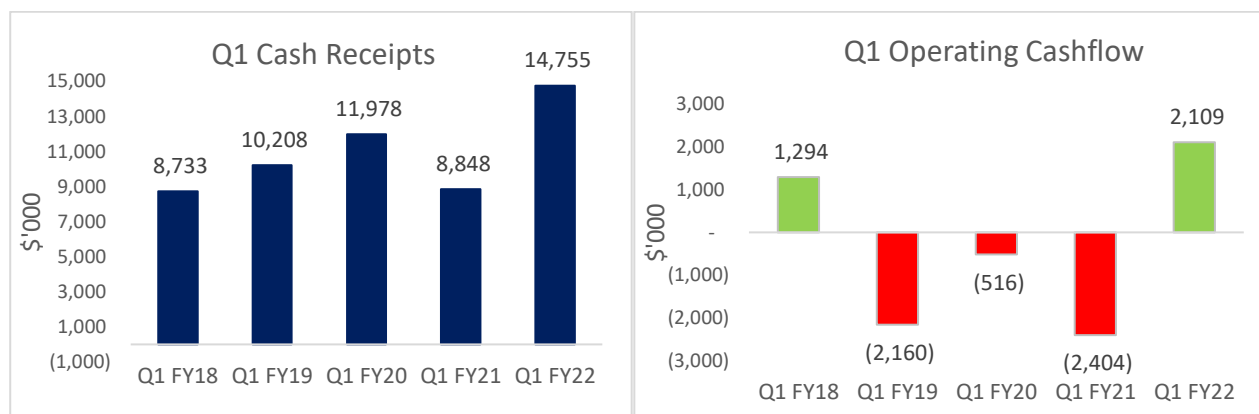


Clean Seas has successfully cleared all excess frozen inventory, and the harvest of surplus Year Class 18 and Year Class 19 biomass has been completed. At the end of Q1 FY22, Clean Seas has achieved its target of 11 months of inventory cover. This optimisation of working capital will lead to a substantial reduction in the carrying costs of inventory and the cost of production in FY22 when compared to FY21 - as a result Clean Seas is on track to return to its historical cost of production of A\$9.00/kg in FY23 and expects to see further reductions in future years as the benefits of scale, automation, and lower cost retail sized fish are harvested.

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 Q1 FY22 quarterly operating activity result reflects a very strong quarter, with record cash receipts, combined with cost savings and the benefits of optimising working capital resulting in positive operating cash flows in Q1 for the first time since FY18.



Cash flow summary (\$'000)	Q1 FY18	Q1 FY19	Q1 FY20	Q1 FY21	Q1 FY22
Receipts	8,733	10,208	11,978	8,848	14,755
Operating cash flow	1,294	(2,160)	(516)	(2,404)	2,109
Investing cash flow	(1,507)	(842)	(551)	(801)	(1,766)
Financing cash flow	(160)	(295)	5,478	531	(14,469)
Net increase / (decrease) in cash held	(374)	(3,297)	8,778	(2,674)	(14,126)

Cash receipts for Q1 FY22 reached A\$14.8 million, which exceeded Q1 FY21 by A\$5.9 million. Despite impacts from COVID-19 in the locked down domestic restaurant channel, total cash receipts were ahead of pre-pandemic levels (Q1 FY20) by A\$2.8 million, which reflects the benefits of Clean Seas' channel and market diversification and the growing awareness of Yellowtail Kingfish in markets globally.

Clean Seas has reduced operating costs, and the focus on optimising working capital has reduced operating and feed payments for the quarter to below pre-pandemic levels (Q1 FY20).

Financing cash flow reflects the repayment of the Company's working capital facility debt, and the successful redemption of Clean Seas' Convertible Notes. Of the 15,403,907 Convertible Notes issued on or before 20 January 2020, a total of 8,854,562 were converted by Noteholders to Ordinary Shares, and the remaining 6,549,345 were redeemed by the Company for approximately A\$6.6 million. The early redemption of the Convertible Notes will save the Company approximately A\$600,000 in interest in FY22.

Production Update

The stocking of juvenile fish in the new full life-cycle Fitzgerald Bay (Whyalla) farm site continues and these Year Class 22 fish are performing well. This new location, which complements Clean Seas' existing farming locations in Port Lincoln and Arno Bay, increases the Company's total potential production capacity to 10,000t per annum and is critical to the ongoing success of the Company.

Clean Seas CEO, Rob Gratton said *“Clean Seas has had a very strong quarter, and we are thrilled with the record sales result despite the ongoing lockdowns impacting our key domestic premium restaurant business. Demand for our fish has never been stronger, which is a testament to our successful diversification and also the tremendous growth in the awareness and appreciation of Yellowtail Kingfish. Equally important has been our ability to clear excess inventory and deliver a positive cash flow, which is a crucial step in proving out our financial model. I’m also very pleased that we have now commenced farming in our new full lifecycle location in Fitzgerald Bay, which gives us the potential to triple production and highlights our ambition and optimism for growing this high quality species in its natural waters”.*

Payments to related parties

Payments to related parties for the quarter included fees paid to Non-executive Directors of A\$101k, and rental payments, contract services and equipment/vessel hire of A\$415k paid to associates of Non-executive Directors.

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 (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:

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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 2021

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	14,755	14,755
1.2 Payments for		
(a) research and development	(180)	(180)
(b) product manufacturing and operating costs	(6,090)	(6,090)
(c) advertising and marketing	(65)	(65)
(d) leased assets	-	-
(e) staff costs	(2,620)	(2,620)
(f) administration and corporate costs	(750)	(750)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid (including convertible notes)	(494)	(494)
1.6 Government grants and tax incentives	-	-
1.7 Other - Feed	(2,447)	(2,447)
1.8 Other (Insurance settlement)	-	-
1.9 Net cash from / (used in) operating activities	2,109	2,109
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(987)	(987)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets – Ice fresh licence	(779)	(779)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(1,766)	(1,766)

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	(685)	(685)
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	(6,662)	(6,662)
3.6	Proceeds from borrowings	-	-
3.7	Repayment of borrowings	(7,122)	(7,122)
3.8	Transaction costs related to loans and borrowings	-	-
3.9	Dividends paid	-	-
3.10	Net cash from / (used in) financing activities	(14,469)	(14,469)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	30,072	30,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,109	2,109
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,766)	(1,766)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14,469)	(14,469)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,946	15,946

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	15,946	30,072
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)	15,946	30,072

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	516
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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 \$7k, contract services and equipment/vessel hire \$408k

7. Financing facilities <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>	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	3,311
7.2 Credit standby arrangements	-	-
7.3 Other – CBA Lease Facility	6,000	2,038
7.4 Total financing facilities	32,000	5,349

7.5 Unused financing facilities available at quarter end	26,651
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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 \$3.31 million had been drawn at the end of the quarter.

The Commonwealth Bank \$14 million Secured Market Rate loan was undrawn as at the end of quarter.

The Commonwealth Bank \$6 million Equipment Finance Facility of which \$2.04 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)	2,109
8.2 Cash and cash equivalents at quarter end (Item 4.6)	15,946
8.3 Unused finance facilities available at quarter end (Item 7.5)	8,689*
8.4 Total available funding (Item 8.2 + Item 8.3)	24,635
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	11.68

* excludes market rate loan 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: ...21/10/2021.....

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.