



2024 AgFood Conference

ASX:CSS & OSE:CSS

29<sup>th</sup> May 2024

***To be a global leader in aquaculture, inspiring culinary experiences around the world through our sustainable, premium seafood***

- Founded in 2000 as a research and development company to close the lifecycle of Southern Bluefin Tuna, Kingfish, Mulloway and Snapper
- Focused on the production of Yellowtail Kingfish – *Seriola lalandi* – a native fish farmed in its natural waters of Spencer Gulf, South Australia
- Largest Kingfish producer outside of Japan
- Listed in Australia (ASX:CSS) with a secondary listing in Norway (OSE:CSS)
- Core sustainability values reflected in founding principles, farming practices, supply chain, commercial positioning and R&D focus



# COMPANY HIGHLIGHTS



## LONG STANDING FARMING EXPERIENCE

- 20+ years of experience and know-how
- Industry leading 13th generation of brood stock, optimizing the biology over time
- Largest producer of Kingfish outside of Japan



## UNIQUE PRODUCT, GLOBAL RECOGNITION

- Multiple global awards for product quality
- Included in more than 200 Michelin star restaurants across 17 countries
- Firmness of flesh is an essential quality component for a successful product and we believe this is ONLY achievable through a natural growout in colder water



## NATURAL PROVENANCE

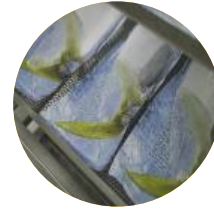
- Clean Seas gets its name from the Clean Seas of Southern Australia – a vast expanse of clean oceanic water
- One the most arid locations in the world limits agricultural run-off keeping the water clean and pure
- Fish grown in its natural provenance where its biology is best placed



## SUSTAINABILITY AWARDS

- Sustainable and environmentally friendly farming practices
- Aquaculture Stewardship Council certified

# VERTICALLY INTEGRATED SUPPLY CHAIN, FROM EGG TO PLATE



Broodstock

Breeding

Fingerlings

Farming

Harvest

Processing

Branding

Distribution

- R&D, breeding and early lifecycle growout at dedicated land-based recirculating facility
- Growout to harvest in Yellowtail Kingfish's native waters of Spencer Gulf, South Australia
- In-house processing, packaging and best practice freezing technology
- Unique branding and product positioning – unrivalled quality with international recognition and Michelin Star presence
- Global sales team driving activation, awareness, and in-depth communication with our customers on quality and provenance

# YELLOWTAIL KINGFISH – SERIOLA LALANDI

## Clean Seas focuses its efforts on the sustainable, full life-cycle production and sale of Yellowtail Kingfish

- A high-quality firm white-fleshed pelagic species
- Gained prominence in global high-end restaurants as a raw starter/entrée (sashimi, ceviche)
- Growing appreciation as a cooked offering, excellent performance as a frozen product
- Highly flexible applications as it holds firmness, texture and taste – can be grilled or baked
- Quality, culinary flexibility and sustainable provenance drives price premium versus commoditised aquaculture species



**SOUTH AUSTRALIAN YELLOWTAIL**

**SPENCER GULF KINGFISH**  
FROM SOUTH AUSTRALIA

# UNMATCHED QUALITY AND CULINARY FLEXIBILITY



Indonesian Kingfish Curry



Smoky Kingfish Tacos



Kingfish Carpaccio



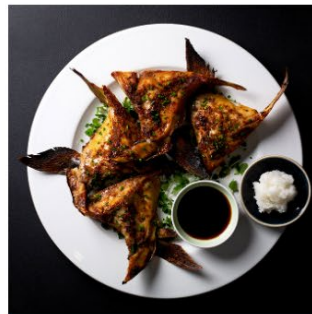
Kingfish Tartar



Kingfish Sashimi



Kingfish Ceviche



Grilled Kingfish Collars

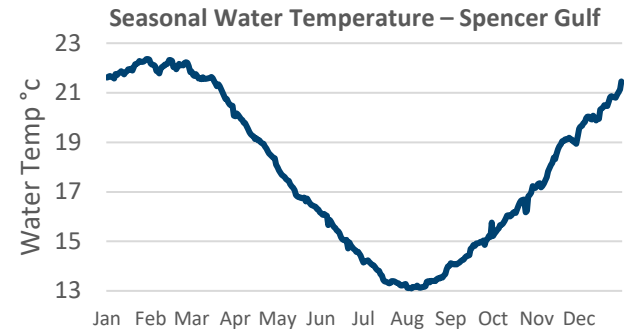
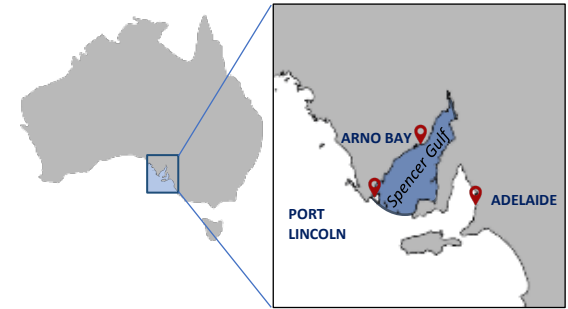


Crispy Skin Kingfish

# WHY WE FARM IN THE SPENCER GULF

## The Spencer Gulf provides the perfect farming conditions for Kingfish

- The vast Spencer Gulf, at over 22,000km<sup>2</sup> provides Clean Seas with the ability to grow Kingfish in its natural waters and with relatively low stocking densities
- This unique provenance ensures greater quality and improved sustainability of farming operations
- Seasonal water temperatures ranging between 22°C in the summer and 13°C in the winter provides the desired combination of growth and quality
- Economies of scale and operational leverage through consolidation in a single geographic location
- Positive community engagement
- Existence of native seaweed and algae species such as asparagopsis allows research and feasibility of nutrient capture processes



# OPERATIONAL REVIEW

## Background:

- In November 2023 Clean Seas launched an Operational Review focusing on driving efficiencies and improvements
- Workstreams related to investment, biomass and growth ambitions were considered
- Focused process to develop an updated strategy to achieve profitability and cash flow aims in short and medium term

## Objectives:

1. Reduce funding required for infrastructure and working capital
2. Reduce operating costs and improve margins
3. Offset operational risk and reduce complexity
4. Leverage existing infrastructure and derive the full benefit of automation
5. Leverage Clean Seas strength in premium markets to maintain strong pricing

**These initiatives created a more efficient, stable and resilient business – and a faster path to positive cash flow**



# OPERATIONAL REVIEW STATUS UPDATE

Action	Objective	Progress	Status
<b>Reduce biomass levels</b>	<ul style="list-style-type: none"> <li>- Support sales volumes of ~3,000 tonnes in the most efficient manner</li> <li>- Allow for the consolidation of farming activities</li> <li>- Save approximately A\$10.0M of feed costs/working capital per annum</li> </ul>	<ul style="list-style-type: none"> <li>- Targeted pens were identified and immediately placed on a maintenance diet to reduce cost and growth, saving ~A\$2M in feed costs across November 2023, December 2023 and January 2024</li> <li>- ~560 tonnes was then harvested, processed and sold into the global fish protein market in December and January 2024</li> </ul>	<b>COMPLETE</b>
<b>Renew bank facilities and complete Placement</b>	<ul style="list-style-type: none"> <li>- Provide funding headroom to support working capital and costs related to the Operational Review</li> </ul>	<ul style="list-style-type: none"> <li>- Placement for A\$9.5M completed in January 2024 with strong support from new and existing investors</li> <li>- Renewal of A\$32.2M Funding Agreement with the Commonwealth Bank of Australia completed in December 2023</li> </ul>	<b>COMPLETE</b>
<b>Consolidate farming activities and reduce operational footprint</b>	<ul style="list-style-type: none"> <li>- Reduce business complexity and support functions</li> <li>- Reduce capital spend by approximately A\$8.0M per annum versus what would be required to support the growout of these fish over the next 2 years across multiple sites</li> <li>- Allow for a lower cost of production than is possible with an underutilised larger footprint</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction in biomass reduces the farming footprint</li> <li>- Final run Year Class 24 juveniles stocked in Port Lincoln in February 2024</li> <li>- Arno Bay sea cages relocated to Port Lincoln, farm site closed in May 2024</li> </ul>	<b>COMPLETE</b>
<b>Right-sizing business to align sales and production at ~3,000 tonnes per annum</b>	<ul style="list-style-type: none"> <li>- Facilitates faster transition to positive operating profits and free cash flows</li> <li>- Allows a reduction in fixed and variable operating costs of up to A\$5.0M per annum across contractors, labour and other input costs</li> </ul>	<ul style="list-style-type: none"> <li>- Remaining biomass post-reduction aligns with an annual harvest of ~3,000 tonnes per annum</li> <li>- Organisational restructure complete</li> <li>- Redundant roles exited in February, March and April 2024</li> <li>- Go-forward employee and contractor costs expected to be ~25% below FY23</li> </ul>	<b>COMPLETE</b>
<b>Commission new feed barge and automate farming operations</b>	<ul style="list-style-type: none"> <li>- Once deployed on the consolidated footprint will increase automation and reduce production costs</li> <li>- Improved feed conversion ratios, reduction in fuel and labour costs</li> <li>- Along with the vessels acquired by the Company in the last two years, the Company has the infrastructure in place, without any additional capital spend on growth assets, to effectively farm ~3,000 tonnes</li> </ul>	<ul style="list-style-type: none"> <li>- New Automated feed barge delivery - June 2024</li> <li>- Existing barge at Louth Farm - to be upgraded and relocated to Port Lincoln Bickers Farm - July 2024</li> <li>- These two automated growout sites have biomass capacity of circa 3,650 tonnes and will allow for ~90% of Clean Seas biomass to be fed remotely</li> </ul>	<b>ON TRACK</b> July 2024

# INFRASTRUCTURE & AUTOMATION

Infrastructure and automation will support target production levels without the need for additional growth capex.

- **Larger vessels, investment in marine infrastructure** and a new automated feed barge promote operational stability and **unlock productive efficiencies**.
- When operationalised in June 2024, the **new automated feed barge** will allow feed to be dispensed remotely regardless of the weather, promoting operational stability, improving feed efficiency and on farm performance.
- Capacity to store **650 tonnes of feed**, received directly on board via ocean transshipment from the feed mill, rather than by road, **reducing the cost of freight** and eliminating double handling and further reducing cost of production.
- New **automated feed barge** will be deployed on the consolidated footprint - 90% of Clean Seas' **biomass to be fed remotely**.
- **Biomass estimator cameras** to be rolled out with the new feed barge, allowing more accurate assessment and less invasive assessment of fish weights. These cameras provide multiple benefits including **feeding efficiency, maintenance support** and **fish health monitoring**



# PRE-REVIEW DISPERSED FARMING FOOTPRINT

## Fitzgerald Bay (Whyalla)



- Stocking location for Year Class 22
- 300km by road from Port Lincoln
- No wharf or mooring facilities
- Manual feeding and frequent interruptions to operations due to weather, staffing

## Arno Bay



- Stocking location for Year Class 23
- 115km by road from Port Lincoln
- Manual feeding and frequent interruptions to operations due to weather, staffing

## Port Lincoln



- Multiple sites for juveniles, growout and harvest
- Central shore based infrastructure, marina, mooring and loading wharf
- Automated feeding on one site

270km



# POST-REVIEW - CONSOLIDATED FARMING FOOTPRINT



## Louth Bay



- Primary growout site for large fish
- Up to 2,000 tonnes biomass capacity
- Location for new automated feed barge "Eyre Spirit"
- 25km from Port Lincoln Marina

## Boston Bay



- All weather harvest site
- Up to 1,200 tonnes biomass capacity, but to be used for 2-3 harvest cages only
- Sole manual feed location
- 4km from Port Lincoln Marina

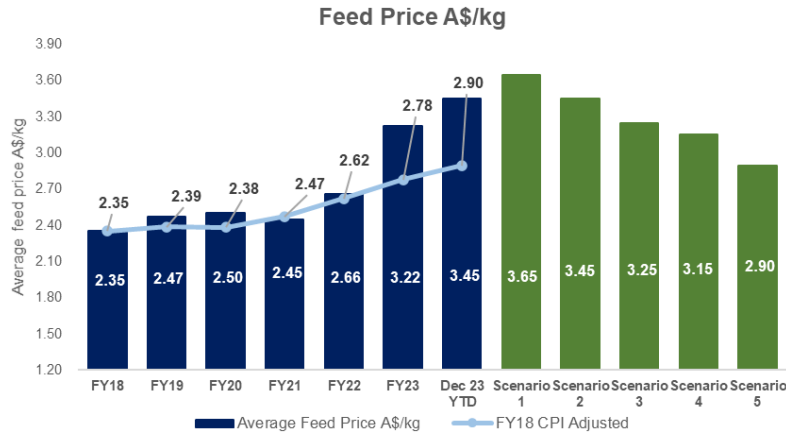
## Bicker Isles



- Nursery site for juvenile fish and secondary growout site
- Up to 1,650 tonnes biomass capacity
- Location for existing automated feed barge "Kingfish 5"
- 7km from Port Lincoln Marina

# FINANCIAL METRICS – SCENARIO ANALYSIS

Illustrative Operating and Financial Metrics - 3,000 tonne single site farm					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Feed price (A\$/kg)	\$3.65	\$3.45	\$3.25	\$3.15	\$2.90
Sales volume (Tonnes)	3,000	3,000	3,000	3,000	3,000
Gross profit (A\$/kg)	\$4.72	\$5.19	\$5.65	\$5.89	\$6.47
Operating EBITDA (A\$/kg)	\$1.43	\$1.90	\$2.37	\$2.60	\$3.19
<b>Operating EBITDA (A\$'000)</b>	<b>4,294</b>	<b>5,698</b>	<b>7,102</b>	<b>7,804</b>	<b>9,559</b>



- The adjacent scenarios present an illustrative view of the financial and operating metrics on a 3,000-tonne farming footprint at varying feed prices and an eFCR of 2.34
- Current feed prices have risen faster than the FY18 CPI-adjusted feed price of A\$2.90/kg. The unusually high spike in feed prices in FY23 and 1H FY24 reflects the volatile market for fish meal and oil. However, this volatility appears to have peaked, and evidence in Q3 FY24 supports our current expectation for pricing to decline
- The Operational Review initiatives reposition Clean Seas as a stable, more resilient business for the current market environment
- Reduced operating costs, infrastructure & working capital requirements will drive stronger free cash flows
- **By eliminating the need for funding future growth, EBITDA to operating cash flow conversion is expected to improve**

- **FY24 sales volumes** – 3,100 to 3,150 tonnes
- **FY24 Average pricing** – A\$21.90/kg
  - **FY24 Fresh pricing** – consistent with FY23 at around A\$22.80/kg
  - **FY24 Frozen pricing** – reduced from FY23 due to elevated competition and challenging trading conditions in Europe and North America
- **Feed prices** – easing from record highs of A\$3.80/kg in March 2024, with current feed orders placed at A\$3.63/kg to A\$3.72/kg
- **FY24 Production Costs** – elevated due to farm performance (biomass reduction / restructure / footprint consolidation)
- **Operational Review** – significant reduction in funding requirements (infrastructure / working capital), reduced operational / financial risk, faster path to profit and cash flow
- **Right-sized business** – maintains premium pricing - leverages premium quality and positioning, culinary flexibility and unique provenance of Clean Seas' ocean farmed Yellowtail Kingfish
- **Automated feed barge** – will be delivered and implemented June 2024 to provide capability and help offset cost pressures - ~90% of Clean Seas' biomass will be fed remotely



CLEANSEAS

SUSTAINABLE SEAFOOD

### DISCLAIMER:

Certain statements contained in this presentation, including information as to the future financial or operating performance of Clean Seas Seafood Limited ("CSS"), are forward looking statements.

Such forward looking statements may include, among other things, statements regarding targets, estimates and assumptions in respect of CSS' operations, production and prices, operating costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions; are necessarily based upon a number of estimates and assumptions that, while considered reasonable by CSS, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements.

CSS disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise. The words "believe", "expect", "anticipate", "indicate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements.

All forward looking statements made in this presentation are qualified by the foregoing cautionary statements. Investors are cautioned that forward looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward looking statements due to the inherent uncertainty therein.

All volumes are in Whole Weight Equivalents (WWE).

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