



29 January 2021

## Quarterly Activity Report for the Period Ending 31 December 2020

### December 2020 Quarter Highlights

#### Operational

- Cash receipts increased by 104% from NZ\$552,633 (A\$511,395<sup>1</sup>) for the September quarter, to NZ\$1,125,052 (A\$1,056,732<sup>2</sup>) for the December 2020 Quarter.
- The cash receipts for the December 2020 quarter represent a 112% increase from the previous corresponding December 2019 quarter.
- The strong cash receipts for the Quarter can be contributed to a broad sales base across nutraceuticals and ling products into existing Asian markets and new European markets.
- Appointment of Phillip Wilson as Chief of Sales to oversee nutraceutical and seafood sales, and lead the Company's sales portfolio whilst leveraging the solid foundation build by the former Chief of Sales, Anna-Lee Fraser, who has transferred to the role of Product Development Manager.

#### After Balance Date Events

- Mr Evan Hayes appointed as a Non-Executive Director contributing broad and strategic experience across several sectors, including the health industry having held senior product development and distribution roles held at Factors, Blackmores and BioCeuticals.

#### Corporate

- The Company completed a successful Share Purchase Plan (SPP) raising \$4.07m by the issue of 97,011,710 shares at \$0.042 per share.

Leading secondary producer of nutraceutical, seafood products and premium marine ingredients  
**New Zealand Coastal Seafoods Limited (ASX:NZS and NZSOA)** ("NZCS", the "Company") is

<sup>1</sup> AUD/NZD 1.0806  
<sup>2</sup> AUD/NZD 1.0647

#### PRINCIPAL AND REGISTERED OFFICE

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145 Stirling Highway  
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pleased to provide an update on the Company's activities for the quarter ending 31 December 2020 ("Quarter", "Reporting Period").

**New Zealand Coastal Seafoods CEO, Andrew Peti, commented on the Quarter:** "Over the course of the December 2020 Quarter, the NZCS team has worked diligently to grow sales, with cash receipts for the period exceeding A\$1m, a 104% increase from the September 2020 Quarter. With strong demand demonstrated, we have continued to expand sales to both new and existing customers and look forward to continuing strong top line growth into 2021, as the Company continues to execute its strategy towards the next stage of growth.

With recent Board and management appointments, we have further bolstered the NZCS team from both a strategic and operational perspective and continue to recruit team members who can contribute strategic value to NZCS. On behalf of the Company, I would like to thank shareholders and investors for their support to date, and look forward to an exciting 2021."

## Operational Update

### Cash Receipts for the Quarter

NZCS cash receipts from customers effectively doubled this quarter, increasing by 104% from NZ\$552,633 (A\$511,395) for the September 2020 quarter, to NZ\$1,125,052 (A\$1,056,732) for the December 2020 Quarter. The cash receipts for the December Quarter, also represent a 112% increase from the previous December 2019 Quarter cash receipts of NZ\$530,884 (A\$499,924<sup>3</sup>), demonstrating that the Company is on a strong upward growth trajectory. The strong cash receipts for the Reporting Period can be attributed to a broad sales base across nutraceuticals and ling products into existing Asian markets and new European markets. With improved sales, the company managed its cost base well, taking advantage of discounted raw stock material whilst moderately increasing its processing headcount to satisfy increased demand. Some additional funding was also allocated to brand and product development spend in order to grow NZCS product awareness and expand our potential offering.

### Appointment of Chief of Sales

During the Quarter, the Company appointed Phillip Wilson as Chief of Sales to oversee nutraceutical and seafood sales, and lead the Company's sales portfolio whilst leveraging the solid foundation build by former Chief of Sales, Anna-Lee Fraser, who transferred to the role of Product Development Manager effective 1 December 2020.

<sup>3</sup> AUD/NZD 1.0620

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Mr Wilson's experience includes dairy infant product sales to China & South East Asia and through his recent role contracting to NZ's Pure Nutrition / Westland Milk Products, he worked with FMCG distributors in Singapore, Hong Kong, China, as well as Vietnam's second largest Pharma distributor. Under this role, he also developed, promoted and negotiated contracts for new brands from start up. He also holds experience in e-commerce platforms selling to China.

In his previous role as Export Sales Manager for New Zealand Gold and GMP Dairy Manufacturing, Mr Wilson was responsible for marketing and selling nutritional infant/adult dairy powder finished products primarily to China FMCG distributors. Mr Wilson also developed the Vietnam and Myanmar markets, oversaw contract negotiations, developed distribution and e-commerce strategies, whilst also managing product sales and promotions into key New Zealand stores.

## After Balance Date Events

### Appointment of Evan Hayes as Non-Executive Director

Following the end of the Quarter, NZCS announced that the Company appointed Mr Evan Hayes as a Non-Executive Director.

Mr Hayes is a highly accomplished company director, with broad and strategic experience across several sectors, including the health industry having held senior product development and distribution roles held at Factors, Blackmores and BioCeuticals.

He holds qualifications in biotechnology, biochemistry, six sigma, auditing and business management, and over 10 years' non-executive director experience across public, private and ASX organisations.

As a highly respected scientist, specialising in medicines, both natural and biotech, he has the unique capability of leveraging deep technical skills to develop real commercial outcomes. Mr Hayes is particularly specialised in the management, set up and scaling of start-up organisations, where there is a fast-moving environment balancing a need for strategy, scale, business development, overseas expansion and risk and compliance.

The appointment aligns with NZCS's growth strategy of recruiting both management and board members, who can contribute strategic value to NZCS as the Company enters its next phase of growth.

## Corporate Update

### Share Purchase Plan & Placement

During the Quarter, NZCS completed a Share Purchase Plan raising \$4,074,500 through the issue of 97,011,710 shares at 4.2 cents per share. The funds raised have bolstered the

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Company's cash balance, and will be used to advance sales and distribution efforts to accelerate NZCS's growth strategy, for additional factory upgrades and for working capital.

## Appendix 4C – Listing Rule 4.7C Disclosure

Further to the Appendix 4C Cash Flow Statement which is attached to this announcement, the Company is pleased to provide the following supplementary information pursuant to Listing Rule 4.7C.

### Use of Funds

The following table sets out the Company's actual cash expenditure for the period from 5 August 2019 (being the date of re-admission) to 31 December 2020, against the proposed use of funds as set out in the Prospectus dated 24 May 2019.

Description of use of funds	Funds allocated under prospectus	Actual funds expended from re-admission to 31 December 2020
Sales staff and marketing expenditure	1,000	964
Operational costs (including staff and raw material inputs)	975	3,941
Manufacturing facilities and capital expenditure	1,100	2,087
Listing, compliance and corporate costs	635	2,051
Expenses of the offer (s)	786	1,356
Other working capital	504	64
	<b>5,000</b>	<b>10,463</b>

#### Notes:

<sup>1</sup> The above table shows cash outflows only and does not contemplate the impact of cash inflows from sales and other income. Cash inflows over the period have been \$3,205,000 in receipts from customers and \$120,000 in government grants. Cash inflow also includes funds from capital raisings throughout the period of a total of \$5,893,500 before costs.

### Variations to Use of Funds in Prospectus

- The actual cash spent on operational costs, capex, and ongoing corporate and compliance costs include costs that are funded from cash raised in the RTO as well as cash inflows from sales and other capital raisings. The latter of which is not contemplated in the Use of Funds disclosures in the Prospectus.

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- The actual expenditure on expenses to the offers include the costs of all the capital raising offers completed since re-admission, whereas the Prospectus contemplated only the offer being made un that prospectus alone.

Operational payments made during the Reporting Period;

1. Product manufacturing and operational costs (\$1,268,000)
2. Advertising and marketing (\$182,000)
3. Lease payments and interest (\$9,000)
4. Staff costs (\$323,000)
5. Admin and corporate costs (\$289,000)

Other payments made during the Reporting Period;

1. Property plant and equipment (\$70,000)
2. Capital raising costs (\$251,000)

Payments to related parties and their associates as detailed in Section 6 of the Appendix 4C are Payments for;

1. Executive director fees (\$26,125);
2. Other executive fees (\$90,269);
3. Non-executive director fees (\$42,748); and
4. Corporate services, accounting and company secretarial fees (\$27,448).

## Authority

This announcement has been authorised for release by the Board of New Zealand Coastal Seafoods Limited.

## Further information:

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## About New Zealand Coastal Seafoods

New Zealand Coastal Seafoods (NZCS) is a New Zealand based, ASX listed, secondary producer of nutraceutical, seafood products and premium marine ingredients. The Company recently acquired Kiwi Dreams International Limited (KDI), a leading developer of innovative nutraceutical products and services including ingredient supply, quality and validation, as well as formulation and development.

Through the development of Nutraceutical projects, NZCS has recognised significant opportunities in this high growth market, with the global Nutraceutical market estimated at US \$230.9 billion in 2018.<sup>4</sup>

Harnessing the countries reputation for pure, pristine waters and fisheries provenance, NZCS utilise raw ingredients sourced from New Zealand's finest deep sea fishing companies, employing a nose-to-tail philosophy to create a range of high-value products.

The Company's mission is to share the sought-after flavours of sustainably-sourced, nutritious, healthy and organic goodness of New Zealand's seafood with Asian consumers, through expanding distributor, wholesale and consumer channels.

<sup>4</sup> <https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html>

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## Appendix 4C

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

**Name of entity**

New Zealand Coastal Seafoods Limited

**ABN**

16 124 251 396

**Quarter ended ("current quarter")**

31 December 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,057	1,569
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(1,268)	(2,036)
(c) advertising and marketing	(182)	(253)
(d) leased assets	(8)	(15)
(e) staff costs	(323)	(558)
(f) administration and corporate costs	(289)	(627)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	0	(3)
1.7 Government grants and tax incentives	25	25
1.8 Other	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(988)</b>	<b>(1,897)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	0	0
(b) businesses	0	0
(c) property, plant and equipment	(70)	(90)
(d) investments	0	0
(e) intellectual property	0	0
(f) other non-current assets	0	0

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(70)</b>	<b>(90)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,075	4,075
3.2	Proceeds from issue of convertible debt securities	0	0
3.3	Proceeds from exercise of options	3	46
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(251)	(294)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,827</b>	<b>3,827</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,001	1,930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(988)	(1,897)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(90)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,827	3,827
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,764</b>	<b>3,764</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,764	1,001
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,764</b>	<b>1,001</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	186
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Payments at section 6. relate to executive director fees (\$26,000), other executive fees (\$90,000), non-executive director fees (\$42,000) and corporate services, accounting and company secretarial fees (\$27,448).

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities	0	0
7.2 Credit standby arrangements	0	0
7.3 Other (please specify)	0	0
7.4 <b>Total financing facilities</b>	0	0
7.5 <b>Unused financing facilities available at quarter end</b>		0
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(988)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,764
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	3,764
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	3.81
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 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:	
8.6.2 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:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## 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: 29 January 2021  
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Authorised by: The Board of Directors  
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(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.