

NEW ZEALAND  
COASTAL SEAFOODS



Annual Report **2021**



# Contents

---

3

Directors' Report

---

21

Auditor's Independence Declaration

---

23

Consolidated Statement of Profit or Loss and Other Comprehensive Income

---

24

Consolidated Statement of Financial Position

---

25

Consolidated Statement of Changes In Equity

---

27

Consolidated Statement of Cash Flows

---

28

Notes to the Consolidated Financial Statements

---

57

Directors' Declaration

---

58

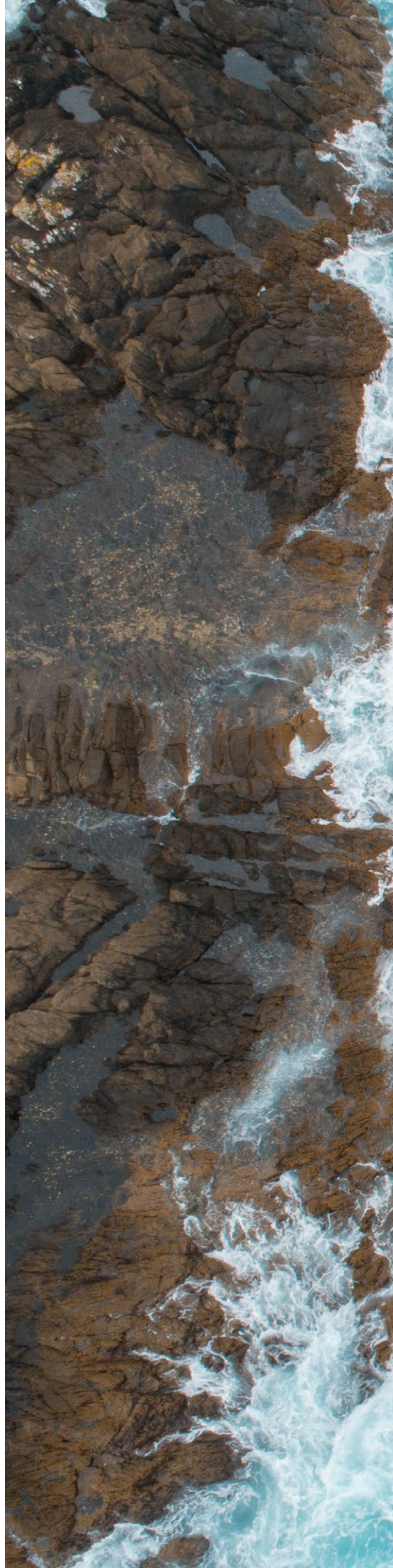
Independent Auditor's Report

---

63

ASX Additional Information

---





## Directors

Winton Willesee  
Aldo Miccio  
Erlyn Dale  
Jourdan Thompson  
Evan Hayes  
(appointed 25 January 2021)  
Nathan Maxwell-McGinn  
(appointed 5 February 2021)

## Company Secretary

Erlyn Dale

## Registered and Principal Office

Suite 5 CPC, 145 Stirling Highway  
NEDLANDS WA 6009  
Telephone: (08) 9389 3170  
Website: [www.nzcs.co](http://www.nzcs.co)  
Email: [info@nzcs.co](mailto:info@nzcs.co)

## Principal Place of Business

7 Bolt Place  
Christchurch, 8053  
New Zealand

## Auditors

**Crowe Perth**  
Level 5, 45 St Georges Terrace  
PERTH WA 6000

## Share Registry

**Automic Registry Services**  
Level 2  
267 St Georges Terrace  
PERTH WA 6000  
Telephone: 1300 992 916  
International: +61 2 9698 5414

## Home Exchange

**Australian Securities Exchange Ltd**  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000  
ASX Code: NZS and NZSOA

## Solicitors

**Steinepreis Paganin**  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000







# Directors' Report

The Directors present their report together with the financial report of New Zealand Coastal Seafoods Limited and its controlled entities (Group) for the financial year ended 30 June 2021 and the Auditor's Report thereon.

## Board of Directors

The names and details of the Directors in office during the financial period and until the date of this report are set out below.

**Winton Willesee**

**Aldo Miccio**

**Erlyn Dale**

**Jourdan Thompson**

**Evan Hayes** (appointed 25 January 2021)

**Nathan Maxwell-McGinn** (appointed 5 February 2021)

## Principal Activities

The Group is a secondary producer of nutraceutical, seafood products and premium marine ingredients. Harnessing the country's reputation for pure, pristine waters and fisheries provenance, the Group utilises 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 Group's mission is to share the sought-after flavours of sustainably sourced, nutritious, healthy and organic goodness of New Zealand's seafood with Asian and other consumers worldwide, through expanding distributor, wholesale and consumer channels.

The Group's growth strategy is focused on the development of a new nutraceutical product range to complement increasing production and sales of its flagship, collagen-rich, dried ling maw range and its developing high-value ready-to-eat FMCG products for export into new and existing markets.

## Dividends Paid or Recommended

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2021 (2020: Nil).

## Operating Results

The Group's net loss after providing for income tax for the year ended 30 June 2021 amounted to \$3,578,638 (2020: \$6,805,020).

## Financial Position

At 30 June 2021, total Group assets were \$5,625,593 (2020: \$4,944,357) and net assets were \$4,066,078 (2020: \$3,299,091). Cash at bank was \$2,660,542 (2020: \$1,814,712).

## Review of Operations

### Operational

#### Ling Maw Product

During the period, the Group continued to build its core business of Dried Ling Maw and associated dried seafood products.

In April 2021, NZCS received its largest purchase order of Dried Ling Maw to date, for a total of 1.5 tonnes from New Zealand based company, Wildfish Export Limited, with the order delivered to the customer in the same month.

#### Marine Collagen Product

The Group continued to make significant progress on the development and commercialisation of its marine collagen product containing significant levels of collagen.

On 22 July 2021, NZCS announced that the Company had entered into a Toll Processing Agreement with leading NZ biotech company, Bio-Mer Limited, with Bio-Mer to provide the extraction and processing capability required to produce the marine collagen product at scale.

The product is produced with a processing and extraction technique which uses the ling bladder containing very high levels collagen, making it significantly more potent than other marine collagen products traditionally produced from fish skin collagen.

The product is Marine Stewardship Council (MSC) certified due to the ling being sourced from New Zealand's wild caught and actively managed ling fisheries, with a sustainable harvest and environmental species management measures in place.

The Company anticipates that the product will command a premium price point in the market in both developed natural and hydrolysed powdered formats.

The marine collagen product has been under development for 12 months, with strong indicative demand received from new and existing customers, both in Australia and New Zealand.

#### Strategic Supply Agreement for European Distribution

In August 2020, the Group entered a strategic one-year Purchase Agreement with German Company, Dr. Behr, for the sale of Green Lip Mussel powders and oils, with the opportunity to expand revenues as the Company develops further products including underia (seaweed) powder, marine collagen powder, oyster powder, nootropic products and cognitive enhancers.

Under the trial Purchase Agreement, Dr. Behr has initially only sold The Group's Green Lip Mussel powders and oils into Europe, with minimum order quantity revenues solely from mussel products (excluding the UK) of NZ\$432,000 (approximately A\$400,000) for Year 1, with parties able to agree to further 1-year terms, which are expected to be on similar pricing terms, with product quantities to be negotiated.

In September 2020, the Group announced that it had received €289,200 (Approximately NZ\$515,973) in Purchase Orders from Dr. Behr for full fat and defatted mussel powder to date, with an order schedule issued that aligns with the one-year Strategic Supply Agreement for European Distribution.

Dr. Behr also increased the Year One order quantity revenues under the Strategic European Supply Agreement by NZ\$82,782 to NZ\$498,621 (AU\$476,000), which is a result of increased order volumes for defatted mussel powder.

#### **Supply Agreement with Talley's**

In March 2020, the Group announced that it had entered into a Supply Agreement with Talley's Limited for bone-in and boneless Ling Maw, Green-Lipped Mussel meat and Ling and Hoki Fish Skin products. The Group has been working with Talley's for several years and the Supply Agreement further secured the supply of raw seafood, as the Company enters the next stage of growth.

#### **Toll Processing Agreement for Pet Food**

During the June 2021 quarter, the Group entered into a Processing Agreement with Wildfish Export Limited, for a minimum of 50 tonnes per annum of dried waste stream products. Under the Processing Agreement, the Group will process seafood waste stream products provided by Wildfish into pet food, which will subsequently be sold into the Australasian market. Initially, this will entail the processing of dried rig (gummie fish) bones, with discussions continuing regarding the processing of alternate waste streams, including dried whole green shell mussels, dried fish and fish skins.

#### **International Export Approvals for US and Europe**

As the Group further expands into international markets, US Food and Drug Administration Listing Approval to export products to the

United States was announced in July 2020. The Group also received European Union Listing Approval, allowing the Company to export marine product goods to Europe.

#### **RMP Approval for Upgraded and Expanded Production and Processing Facility**

On 8 April 2020, the Group announced that the Risk Management Programme for the Company's processing and production facility, has received approval from the New Zealand Ministry of Primary Industries, a requirement under the Animal Products Act to process and manufacture animal products in New Zealand for international market export.

#### **Purpose Built Processing Line**

During the year, the installation of a purpose-built processing line was completed, which has significantly increased raw product processing capacity. Since installation, the processing line has continued to improve operational efficiencies and provides staff with a more ergonomic work environment.

This processing line was planned for over 12 months, and the equipment was ergonomically designed and built for NZCS's specific requirements with an emphasis on staff safety and wellbeing as well as improving production throughput volumes.

#### **International Sales Territories**

The Group continued to build its listings and now meets the regulatory Overseas Market Access Requirements (OMARs) to sell products in Australia, New Zealand, the European Union, United States, Canada, Japan, Korea, Saudi Arabia, Vietnam and Korea, with China pending.

#### **Good Health Update**

In May 2021, the Group advised that the Purchase order with Good Health Products Limited ("Good Health") announced in May 2020 had been terminated due to supply chain issues. Discussions with Good Health in relation to distribution opportunities for other products is continuing.





### Restructuring of SuperMilkBaba

In October 2020, the Group was advised by SupaMilkBaba (NZ) Limited ("SMB"), of changes to its processing and distribution structure.

Under the SuperMilkBaba Purchase Agreement (ASX Release dated 25 March 2020), SMB indicated that it was unlikely to reach the minimum of 100 tonnes of frozen Ling Maw over the first 12-month period. The group continues to work with SMB to explore alternative opportunities including Nutraceutical Products and other food products.

## Corporate

### Share Purchase Plan & Placement

The Group completed an underwritten Share Purchase Plan to eligible shareholders, with the Company receiving valid applications totalling \$4,074,500, resulting in 97,011,710 shares being issued, at an issue price of \$0.042 which was in accordance with the terms and conditions of the SPP.

The funds have been applied to product development, bolstering sales and distribution capabilities and adding additional resources to the Group's Board and management team.

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

In January 2021, the Company announced the appointment of Mr Evan Hayes as a Non-Executive Director. Mr Hayes is a highly accomplished Executive and Non-Executive Director with broad strategic experience across a portfolio of board positions, and substantial experience in the health industry including senior product development and distribution roles with Factors, Blackmores and BioCeuticals. He is currently Asia Pacific Managing Director of Factors Group, Canada's largest natural health company with annual sales in surplus of \$1B, and a Director of MGC Pharma, an ASX listed biotech & cannabis company. 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.

### Appointment of Nathan Maxwell-McGinn as Non-Executive Director

In February 2021, the Company announced the appointment of Nathan Maxwell-McGinn as a Non-Executive Director. Mr Maxwell-McGinn is a co-founder, shareholder and marketing manager of JSJ Seafood Pty Ltd, a company which exports over \$50 million annually of Australian and International seafood to Asia, under the "Three Capes" brand. JSJ Seafood was formed in 2016 and is currently the largest exporter of rock lobster from Tasmania, with an established trading and marketing division "Three Capes", which utilises an extensive customer network to market, promote and drive sales for selected clients globally.

### Appointment of Andrew Peti as CEO

In July 2020, Interim CEO, Andrew Peti, was appointed as CEO of the Company. Mr Peti was appointed as Chief Operating Officer in September 2019, before being appointed Interim CEO on 3 March 2020. During his prior role as Chief Operating Officer, he assisted with management, operations and business development, before being appointed Interim CEO, where he has played an instrumental role in securing high value purchase agreements. He has also assisted in NZCS's expansion into the high growth nutraceutical market, which was an estimated at US \$230.9 billion in 2018.

### Appointment of Operations and Production Manager

In September 2020, NZCS announced the appointment of Mr Peter Fletcher as Operations Manager to oversee production, quality control and sample testing to meet the client requirements from country to country. Mr Fletcher holds extensive experience in the seafood industry and has held previous roles including the General Manager of Operations at Bidfood, a leading New Zealand wholesale food distributor providing the foodservice and hospitality industry with a complete range of food and non-food products, distributing over 20,000 products to more 15,000 customers. He has also held the role of New Zealand Key Account Sales at Talley's Group, an international company founded in 1936 providing sales and distribution services for seafood and other food products.







“In response to COVID-19, NZCS implemented a strategic response plan to ensure continuity in product delivery and sales.”

## AGM

The Company anticipates that it will hold its next Annual General Meeting ('AGM') on or before 25 November 2021.

In accordance with ASX Listing Rule 3.13.1, the closing date for the receipt of nominations from persons wishing to be considered for election as a director of the Company is 7 October 2021.

Any nominations must be received in writing no later than 5.00pm (WST) on 7 October 2021 at the Company's registered office.

## Significant Changes in State of Affairs

Significant changes in the state of affairs of the Group during the financial year are as set out in the Review of Operations.

## Impact of COVID-19 Global Pandemic

As a primary food producer, under COVID-19 restrictions, NZCS was deemed an 'Essential Service' by the New Zealand Government, with operations continuing during the lockdown period. Although NZCS's supply chain and ability to fulfil customer orders remained unaffected, it should be noted that global uncertainty and market conditions impacted upon demand for NZCS's products during the reporting period.

In response to COVID-19, NZCS implemented a strategic response plan to ensure continuity in product delivery and sales, including drying, pre-processing and packing sufficient stock to maintain staff safety, whilst allowing for ease of dispatch to customers during the temporary COVID-19 disruptions.

The situation is ongoing and is dependent on measures imposed by the New Zealand Government and by other countries, such as maintaining social distancing requirements, quarantine procedures, travel restrictions and any economic stimulus that may be provided, and accordingly it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

## Matters Subsequent to the End of The Financial Year

On 22 July 2021, the Group entered into a Toll Processing Agreement with leading NZ biotech company, Bio-Mer Limited, with Bio-Mer to provide the extraction and processing capability to produce marine collagen product at scale.

On 30 July 2021, the Group issued 2,000,000 Class C Performance Rights to the CEO Mr Andrew Peti and 5,000,000 Options to the Group's new Chief of Sales Mr Peter Fletcher under the Employee Incentive Plan. The Performance Rights have an expiry date of 31 December 2022. 1,650,000 of the Options are exercisable at \$0.02 and 3,350,000 Options are exercisable at \$0.04, all with an expiry date of 30 June 2024.

Other than as noted above, no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

## Likely Developments and Expected Results of Operations

The Company has no plans to alter its business model.

## Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

## Environmental Regulation

The Group is not subject to any significant environmental regulation under Australian or New Zealand Laws.

## Corporate Governance

The Board is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making.

The Group's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available at the Group's website at:

<https://nzcs.co/investors/#gov>





## Information On Directors

### Winton Willesee – Non-Executive Chairman

#### Experience and Expertise

Mr Willesee is an experienced company director and secretary with over 20 years experience in various roles within the Australian capital markets.

Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.

He has a core expertise in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.

Mr Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.

#### Other Current Directorships

Non-Executive Director of Neurotech International Limited (ASX: NTI)

Chairman of UUV Aquabotix Ltd (ASX:UUV)

Non-Executive Director of MMJ Group Holdings Limited (ASX:MMJ)

Non-Executive Director of Nanollose Limited (ASX:NC6)

#### Former Public Company Directorships in last 3 years

Non-Executive Director of eSense Lab Ltd (ASX:ESE) (Delisted from ASX on 10 August 2021)

#### Special Responsibilities

Chairman of the Board

#### Interests in Shares and Options

2,500,000 ordinary shares

100,384 options exercisable at \$0.0275 expiring 25 July 2022

6,750,000 Class A Performance Rights

6,750,000 Class B Performance Rights



**Aldo Miccio – Executive Director**

**Experience and Expertise** Prior to co-founding New Zealand Coastal Seafoods, Aldo was the mayor of Nelson, New Zealand, and prior to that served as a Councillor of Nelson, beginning in 2007.

In 2010, Mr Miccio successfully sold Bissi Ltd, an apparel company he had started in 1998. He is also former Managing Director of KELA and is the current chairman of Medical Kiwi Ltd.

**Other Current Directorships** None

**Former Public Company Directorships in last 3 years** None

**Special Responsibilities** Executive Director

**Interests in Shares and Options** 52,918,240 ordinary shares  
13,566,000 options exercisable at \$0.06 expiring 5 February 2023  
4,500,000 Class A Performance Rights  
4,500,000 Class B Performance Rights

**Erlyn Dale – Non-Executive Director**

**Experience and Expertise** Miss Dale is an experienced corporate professional with a broad range of corporate governance and capital markets experience, having been involved with several public company listings, merger and acquisition transactions and capital raisings for ASX-listed companies across a diverse range of industries.

Miss Dale began her career in corporate recovery and restructuring at Ferrier Hodgson and is now the Managing Director of corporate services firm, Azalea Consulting, which provides outsourced company secretarial, accounting and administration services to a portfolio of ASX-listed companies.

Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance. She is a member of the Governance Institute of Australia/Chartered Secretary.

**Other Current Directorships** Non-Executive Director of UUV Aquabotix Ltd (ASX:UUV)

**Former Public Company Directorships in last 3 years** None

**Special Responsibilities** Company Secretary

**Interests in Shares and Options** 8,000,000 options exercisable at \$0.06 expiring 5 February 2023  
4,500,000 Class A Performance Rights  
4,500,000 Class B Performance Rights

**Jourdan Thompson – Non-Executive Director**

**Experience and Expertise** Mr Thompson is currently the Chief Financial Executive of Keytone Dairy Corporation Limited (ASX: KTD) and is an experienced FMCG executive. In addition, Jourdan has over 15 years' industry experience in investment banking, finance and restructuring both in Australia and Europe. Jourdan has spent the last 10 years in investment banking, working most recently for Greenhill & Co. as a director.

**Other Current Directorships** None

**Former Public Company Directorships in last 3 years** None

**Special Responsibilities** None

**Interests in Shares and Options** 8,000,000 options exercisable at \$0.06 expiring 5 February 2023





## Evan Hayes – Non-Executive Director

### Experience and Expertise

Mr Hayes is a highly accomplished Executive and Non-Executive Director with broad strategic experience across a portfolio of board positions, and substantial experience in the health industry including senior product development and operations roles with Factors, Blackmores and BioCeuticals.

He is currently Asia Pacific Managing Director of Factors Group, Canada's largest natural health company and a Director of MGC Pharma, an ASX listed biotech & cannabis company.

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, risk and compliance.

Mr Hayes holds over 20 years' experience in leading organisations in Australia and overseas, and has worked in Europe, the USA and in Australia. He has a practical understanding of both the FDA and the TGA with a detailed knowledge of strategic, financial, human resource and compliance issues.

He also holds senior executive experience in the natural medicine sector, as well as extensive consulting experience across portfolios including procurement, product development and health economics for leading Australian organisations through his consulting organisations, Relae and FIT Milestones.

Evan is passionate about natural products, experimental and clinical research, has initiated and published research in diverse areas such as immunoassay development, probiotic functionality, and Vitamin D insufficiency and is an author of multiple patents including one world patent.

### Other Current Directorships

Non-Executive Director of MGC Pharmaceuticals Ltd (ASX:MXC)

### Former Public Company Directorships in last 3 years

None

### Special Responsibilities

None

### Interests in Shares and Options

Nil





## Nathan Maxwell-McGinn – Non-Executive Director

### Experience and Expertise

Mr Maxwell-McGinn is a co-founder, shareholder and marketing manager of JSJ Seafood Pty Ltd (“JSJ Seafood”), a company which exports over \$50 million annually of Australian and International seafood to Asia, under the “Three Capes” brand. JSJ Seafood was formed in 2016 and is currently the largest exporter of rock lobster from Tasmania, with an established trading and marketing division “Three Capes”, which utilises an extensive customer network to market, promote and drive sales for selected clients globally.

JSJ Seafood has experienced continued high growth since launching in 2016, demonstrating Mr Maxwell-McGinn’s ability to achieve financial growth and strategic milestones, driven by his significant marketing experience and international contacts within the seafood sector.

He holds significant experience in international trade, marketing, business and brand development, and has assisted companies in Europe, South America and Africa develop new markets in Asia.

Former roles include Business Development Manager of Kailis Bros / Legend Group Holdings, with Mr Maxwell-McGinn joining the company after the takeover of Kailis Bros by Legend Group Holdings (Hong Kong). Under this role, he managed the export team and developed key relationships with partners globally, launched the Kailis Brother export brand in Asia, and established retail presence in HK.

He is the chair of the Seafood Trade Advisory Group, a group that has developed key Government relationships in Canberra to provide advice on Free Trade Agreements and Trade and Market access issues.

Mr Maxwell-McGinn also holds an MBA, has completed executive education at Harvard University, and until recently, been an active board member for the Fremantle Chamber of Commerce advocating for Export businesses in Western Australia.

### Other Current Directorships

None

### Former Public Company Directorships in last 3 years

None

### Special Responsibilities

None

### Interests in Shares and Options

Nil



## Remuneration Report (Audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the *Corporations Regulations 2001*.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group.

### Key Management Personnel disclosed in the Report

Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

#### **Directors:**

Winton Willesee, Aldo Miccio, Erlyn Dale, Jourdan Thompson, Evan Hayes, Nathan Maxwell-McGinn

#### **Management:**

Peter Win, Andrew Peti, Robert Wells and Alexander Zu Ming Li

### Remuneration Governance

The full Board filling the role of the Nomination and Remuneration Committee is responsible for the following:

- (a) remuneration policies and practices;
- (b) remuneration of the Executive Officer and Executive Directors;
- (c) composition of the Board; and
- (d) performance Management of the Board and of the Executive Officer.

### Executive Remuneration Policy and Framework

The full Board reviews and make recommendations regarding the following:

- (a) strategies in relation to Executive remuneration policies;
- (b) compensation arrangements for the Chairman, Non-Executive Directors, CEO, and other Senior Executives as appropriate;
- (c) performance related incentive policies;
- (d) the Group's recruitment, retention and termination policies;
- (e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;
- (f) the appointment of Board members;
- (g) the evaluation of the performance of the CEO;
- (h) consideration of potential candidates to act as Directors; and
- (i) succession planning for Board members.



## Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including the particular experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to materially change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group.

The Group's executive Key Management Personnel and details of their remuneration and contractual employment arrangements are set out below.

## Key Management Personnel Remuneration

The remuneration of the Group's Key Management Personnel is disclosed below:

2021	Salary (\$)	Post Retirement benefits (\$)	Other benefits (\$)	Equity Based Payments (\$)	Total (\$)	Performance related
<b>DIRECTORS</b>						
Winton Willesee	60,000	-	-	40,170	<b>100,170</b>	40%
Aldo Miccio	95,000	-	-	26,780	<b>121,780</b>	22%
Erlyn Dale	46,662	-	-	26,780	<b>73,442</b>	36%
Jourdan Thompson	46,667	-	-	-	<b>46,667</b>	-
Evan Hayes	18,375	-	-	-	<b>18,375</b>	-
Nathan Maxwell-McGinn	15,150	-	-	-	<b>15,150</b>	-
<b>MANAGEMENT</b>						
Peter Win	154,048	-	-	-	<b>154,048</b>	-
Andrew Peti <sup>1</sup>	172,114	5,800	13,210	208,870	<b>399,994</b>	52%
Robert Wells	123,953	4,832	-	104,435	<b>233,220</b>	45%
Alexander Zu Ming Li	92,364	-	-	-	<b>92,364</b>	-
<b>TOTAL</b>	<b>824,333</b>	<b>10,632</b>	<b>13,210</b>	<b>407,035</b>	<b>1,255,210</b>	

Details of the Equity Based Payments comprising Performance Rights and Employee Options are set out in Note 28.

2020	Salary (\$)	Post Retirement benefits (\$)	Other benefits (\$)	Equity Based Payments (\$)	Total (\$)	Performance related
<b>DIRECTORS</b>						
Winton Willesee	59,000	-	-	-	<b>59,000</b>	-
Aldo Miccio	87,083	-	-	-	<b>87,083</b>	-
Erlyn Dale	48,326	-	-	-	<b>48,326</b>	-
Jourdan Thompson	45,699	-	-	-	<b>45,699</b>	-
Harry Hill *	1,833	-	-	-	<b>1,833</b>	-
<b>MANAGEMENT</b>						
Peter Win	140,263	-	-	-	<b>140,263</b>	-
Andrew Peti	103,233	4,129	8,934	-	<b>116,296</b>	-
Robert Wells	78,637	3,145	-	-	<b>81,782</b>	-
Alexander Zu Ming Li	62,870	-	-	-	<b>62,870</b>	-
<b>TOTAL</b>	<b>626,944</b>	<b>7,274</b>	<b>8,934</b>	<b>-</b>	<b>643,152</b>	-

<sup>1</sup> Andrew Peti was appointed CEO on 13 July 2020

\* Harry Hill resigned as a director on 25 July 2019

NB: in addition, members of the Board of NZCS Operations Ltd are paid NZ\$10,000 for their role as director of that subsidiary company.





## Key Management Personnel Compensation

*Contractual employment arrangements of the Group's Executive Key Management Personnel are as follows:*

### Peter Win (General Manager Business Development)

**Term of agreement:** Ongoing with a notice period of two months

**Details:** Contract for Service for the year ending 30 June 2021 of NZD\$140,000 payable monthly plus vehicle allowance NZ\$17,248, to be reviewed annually by the Nomination and Remuneration Committee.

### Andrew Peti (Chief Executive Officer)

**Term of agreement:** Ongoing with a notice period of two months

**Details:** Mr Peti was appointed CEO on 13 July 2020 and his current contract is base salary of \$150,000 plus superannuation and the provision of a company vehicle paid fortnightly and a one off performance bonus of \$10,000. On the 29 July 2020 options were issued as part of an Incentive Option Plan as approved by shareholders on 13 June 2019. Contract is to be reviewed annually by the Nomination and Remuneration Committee. On 30 July 2021 the Group issued 2,000,000 Class C Performance Rights to Mr Andrew Peti.

### Robert Wells (Chief Financial Officer)

**Term of agreement:** Ongoing with a notice period of two months

**Details:** Base salary of NZD\$130,000 per annum plus superannuation reviewable annually by the Nomination and Remuneration Committee. On the 29 July 2020 options were issued as part of an Incentive Option Plan as approved by shareholders on 13 June 2019.

### Alexander Zu Ming Li (Director of NZCS Operations Limited)

**Term of agreement:** Ongoing with a notice period of two months

**Details:** Base salary of NZD\$100,000 per annum plus GST if applicable for an average of 40 hours per week of services.



### Equity Instruments Disclosure Relating to Key Management Personnel

#### Shares:

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other	Balance at the end of the year
<b>DIRECTORS</b>					
Winton Willesee	1,210,000	1,290,000	-	-	2,500,000
Aldo Miccio	52,841,935	76,305	-	-	52,918,240
Erlyn Dale	-	-	-	-	-
Jourdan Thompson	-	-	-	-	-
Evan Hayes	-	-	-	-	-
Nathan Maxwell-McGinn	-	-	-	-	-
<b>MANAGEMENT</b>					
Peter Win	52,786,730	1,718,350	-	-	54,505,080
Andrew Peti	-	-	-	-	-
Robert Wells	-	-	-	-	-
Alexander Zu Ming Li	52,786,730	-	-	-	52,786,730
<b>TOTAL</b>	<b>159,625,395</b>	<b>3,084,655</b>	<b>-</b>	<b>-</b>	<b>162,710,050</b>



**Options:**

Number of options held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other	Balance at the end of the year
<b>DIRECTORS</b>					
Winton Willesee	100,834	-	-	-	100,834
Aldo Miccio	13,566,000	-	-	-	13,566,000
Erlyn Dale	8,000,000	-	-	-	8,000,000
Jourdan Thompson	8,000,000	-	-	-	8,000,000
Evan Hayes	-	-	-	-	-
Nathan Maxwell-McGinn	-	-	-	-	-
<b>MANAGEMENT</b>					
Peter Win	13,566,000	-	-	-	13,566,000
Andrew Peti <sup>1</sup>	-	10,000,000	-	-	10,000,000
Robert Wells <sup>1</sup>	-	5,000,000	-	-	5,000,000
Alexander Zu Ming Li	13,566,000	-	-	-	13,566,000
<b>TOTAL</b>	<b>56,798,834</b>	<b>15,000,000</b>	<b>-</b>	<b>-</b>	<b>71,798,834</b>

<sup>1</sup> Options issued as part of an Incentive Option Plan as approved by shareholders on 13 June 2019

**Performance Rights:**

Number of Performance Rights held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other	Balance at the end of the year
<b>DIRECTORS</b>					
Winton Willesee	-	13,500,000	-	-	13,500,000
Aldo Miccio	-	9,000,000	-	-	9,000,000
Erlyn Dale	-	9,000,000	-	-	9,000,000
Jourdan Thompson	-	-	-	-	-
Evan Hayes	-	-	-	-	-
Nathan Maxwell-McGinn	-	-	-	-	-
<b>MANAGEMENT</b>					
Peter Win	-	-	-	-	-
Andrew Peti	-	-	-	-	-
Robert Wells	-	-	-	-	-
Alexander Zu Ming Li	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>31,500,000</b>	<b>-</b>	<b>-</b>	<b>31,500,000</b>



### Voting and comments made at the Group's 2020 Annual General Meeting

The Group received a 67.58% "yes" votes on its remuneration report for the 2020 financial year (2019: 96.4% yes). The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties for the year ended 30 June 2021.

The aggregate amount recognised during the year relating to Directors, Key Management Personnel and their related parties were as follows:

Director	Transaction	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
		2021 (\$)	2020 (\$)	2021 (\$)	2020 (\$)
Winton Willesee & Erlyn Dale (Directors and Shareholders of Azalea Consulting Pty Ltd)	Corporate administration services	75,350	134,500	6,850	6,850
Winton Willesee & Erlyn Dale (Directors and Shareholders of Valle Corporate Pty Ltd)	Bookkeeping and accounting services	7,967	7,607	805	945
<b>Total</b>		<b>83,317</b>	<b>142,107</b>	<b>7,655</b>	<b>7,795</b>

*This is the end of the Audited Remuneration Report.*









## Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Number Eligible to Attend	Number Attended
Winton Willesee	7	7
Aldo Miccio	7	7
Erlyn Dale	7	7
Jourdan Thompson	7	7
Evan Hayes	3	3
Nathan Maxwell-McGinn	3	3

## Indemnification of Directors and Officers

### (a) Indemnification

The Group has agreed to indemnify the current Directors and Group Secretary of the Group against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as Directors and Group Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Agreement stipulates that the Group will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

### (b) Insurance Premiums

During the year ended 30 June 2021, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Non-Audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*.

The Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- (a) all non-audit services were subject to the Corporate Governance procedures adopted by the Group; and
- (b) the non-audit services provided do not undermine the general principles relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants including Independence Standards, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

During the financial year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30 June 2021 (\$)	30 June 2020 (\$)
<b>Other Services</b>		
Crowe Perth – accounting services	-	8,300
<b>Total remuneration for other services</b>	<b>-</b>	<b>8,300</b>

## Indemnity and Insurance of Auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

## Shares

As at the date of this report there are 827,005,031 ordinary shares on issue.

## Options

All options granted confer a right of one ordinary share for every option held. The Group has the following unlisted options on issue at 30 June 2021:

Grant Date	Type	Expiry Date	Exercise Price	Balance at end of the year	Vested and exercisable
			(\$)	Number	Number
26/07/2019	Class A	05/02/2023	0.06	100,000,002	100,000,002
26/07/2019	Class B	25/07/2022	0.0275	30,000,000	30,000,000
30/06/2020	NZSOA	25/07/2022	0.0275	58,941,655	58,941,655
29/07/2020	Class D	30/06/2023	0.0200	5,833,333	3,888,889
29/07/2020	Class E	30/06/2023	0.0400	11,666,667	7,777,778
14/08/2020	NZSOA	25/07/2022	0.0275	70,643,771	70,643,771
04/12/2020	NZOAESC	25/07/2022	0.0275	5,000,000	-
<b>Total</b>				<b>282,085,428</b>	<b>271,252,095</b>

## Performance Rights

All Performance Rights granted confer a right of one ordinary share for every option held. The Group has the following Performance Rights on issue at 30 June 2021:

Grant Date	Type	Expiry Date	Exercise Price	Balance at end of the year	Vested and exercisable
			(\$)	Number	Number
04/12/2020	Class A			15,750,000	0
04/12/2020	Class B			15,750,000	0
<b>Total</b>				<b>31,500,000</b>	<b>0</b>



## Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found on page 22.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed on behalf of the Board of Directors.



**Winton Willesee**

Non-Executive Chairman

Perth, Western Australia

31st August 2021

## AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of New Zealand Coastal Seafoods Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



**Crowe Perth**



**Sean McGurk**  
Partner

Signed at Perth, 31 August 2021



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

		Consolidated	
	Notes	30 June 2021 (\$)	30 June 2020 (\$)
<b>Continuing operations</b>			
Revenue	4	2,423,840	1,513,665
Other income	5	11,280	13,900
Cost of sales		(2,201,562)	(1,358,285)
Corporate and administration expenses		(377,348)	(373,025)
Depreciation and amortisation expenses		(302,831)	(152,007)
Finance expenses		(77,237)	(49,252)
Employee benefits expense		(1,469,292)	(854,008)
Impairment of goodwill		(125,314)	-
Listing expense	2	-	(4,381,689)
Promotion and communication		(111,929)	-
Share based payments expense		(459,252)	(247,744)
Foreign exchange losses		(35)	(2,094)
Other operating expenses		(888,958)	(914,481)
<b>(Loss) before income tax</b>		<b>(3,578,638)</b>	<b>(6,805,020)</b>
Income tax benefit	6	-	-
<b>(Loss) after income tax</b>		<b>(3,578,638)</b>	<b>(6,805,020)</b>
Other comprehensive income/(loss)		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translation of foreign operations		22,344	(53,912)
<b>Total comprehensive (loss) for the period</b>		<b>(3,556,294)</b>	<b>(6,858,932)</b>
<b>Basic loss per share (cents per share)</b>			
	25	<b>(0.45)</b>	<b>(1.37)</b>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 30 June 2021

Consolidated			
	Notes	30 June 2021 (\$)	30 June 2020 (\$)
<b>Current assets</b>			
Cash and cash equivalents	9	2,660,542	1,841,712
Trade and other receivables	10	230,809	212,503
Inventories	11	516,873	473,734
<b>Total current assets</b>		<b>3,408,224</b>	<b>2,527,949</b>
<b>Non-current assets</b>			
Term deposit	9	88,297	88,643
Property, plant and equipment	12	911,053	900,764
Intangible assets	13	-	125,119
Right of use asset	14	1,218,019	1,301,882
<b>Total non-current assets</b>		<b>2,217,369</b>	<b>2,416,408</b>
<b>Total assets</b>		<b>5,625,593</b>	<b>4,944,357</b>
<b>Current liabilities</b>			
Trade and other payables	15	260,804	289,730
Lease liability	16	127,670	97,508
<b>Total current liabilities</b>		<b>388,474</b>	<b>387,238</b>
Lease liability	16	1,171,041	1,258,028
<b>Total non-current liabilities</b>		<b>1,171,041</b>	<b>1,258,028</b>
<b>Total liabilities</b>		<b>1,559,515</b>	<b>1,645,266</b>
<b>Net assets/(liabilities)</b>		<b>4,066,078</b>	<b>3,299,091</b>
<b>Equity</b>			
Contributed Equity	17	13,307,868	9,942,240
Reserves	18	1,298,085	318,088
Accumulated Losses	19	(10,539,875)	(6,961,237)
<b>Total equity</b>		<b>4,066,078</b>	<b>3,299,091</b>

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.



# Consolidated Statement Of Changes In Equity

For The Year Ended 30 June 2021

	Contributed Equity (\$)	Accumulated Losses (\$)	Share Based Payments Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>Balance at 1 July 2020</b>	<b>9,942,240</b>	<b>(6,961,237)</b>	<b>372,000</b>	<b>(53,912)</b>	<b>3,299,091</b>
(Loss) for the year	-	(3,578,638)	-	-	<b>(3,578,638)</b>
Exchange Difference	-	-	-	22,344	<b>22,344</b>
<b>Total comprehensive (loss)</b>	<b>-</b>	<b>(3,578,638)</b>	<b>-</b>	<b>22,344</b>	<b>(3,556,294)</b>
Transactions with equity holders in their capacity as equity holders					
Shares Issued pursuant to Offer	4,074,500	-	-	-	<b>4,074,500</b>
Options issued to Lead Manager	-	-	317,624	-	<b>317,624</b>
Options issued to Underwriter	-	-	180,777	-	<b>180,777</b>
Shares issued to Advisors	14,708	-	-	-	<b>14,708</b>
Exercise of NZSOA options	46,813	-	-	-	<b>46,813</b>
Employee option expense	-	-	459,252	-	<b>459,252</b>
Share issue costs	(770,393)	-	-	-	<b>(770,393)</b>
<b>Balance at 30 June 2021</b>	<b>13,307,868</b>	<b>(10,539,875)</b>	<b>1,329,653</b>	<b>(31,568)</b>	<b>4,066,078</b>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For The Year Ended 30 June 2020

	Contributed Equity (\$)	Accumulated Losses (\$)	Share Based Payments Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>Balance at 1 July 2019</b>	-	(156,217)	-	-	<b>(156,217)</b>
(Loss) for the year	-	(6,805,020)	-	-	<b>(6,805,020)</b>
Exchange Difference	-	-	-	(53,912)	<b>(53,912)</b>
<b>Total comprehensive (loss)</b>	-	<b>(6,805,020)</b>	-	<b>(53,912)</b>	<b>(6,858,932)</b>
Transactions with equity holders in their capacity as equity holders					
Recognition of shares in New Zealand Coastal Seafoods Ltd in accordance with the requirements of reverse acquisition accounting	3,829,733	-	-	-	<b>3,829,733</b>
Option reserve recorded as part of the reverse acquisition	-	-	372,000	-	<b>372,000</b>
Shares issued to Advisors	247,744	-	-	-	<b>247,744</b>
Shares Issued pursuant to Offer	5,000,000	-	-	-	<b>5,000,000</b>
Shares issued pursuant to Rights Issue	1,819,313	-	-	-	<b>1,819,313</b>
Shares issued to acquire Kiwi Dreams International Limited	160,000	-	-	-	<b>160,000</b>
Share issue costs	(1,114,550)	-	-	-	<b>(1,114,550)</b>
<b>Balance at 30 June 2020</b>	<b>9,942,240</b>	<b>(6,961,237)</b>	<b>372,000</b>	<b>(53,912)</b>	<b>3,299,091</b>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.



# Consolidated Statement of Cash Flows

For The Year Ended 30 June 2021

		Consolidated	
	Notes	30 June 2021 (\$)	30 June 2020 (\$)
<b>Cash flows from operating activities</b>			
Receipts from customers		2,766,364	1,409,851
Other receipts		-	2,531
Payments to suppliers and employees		(5,425,854)	(4,380,854)
Tax paid		-	(31,689)
Interest paid		(16,125)	(10,095)
Interest received		12,313	11,369
<b>Net cash used in operating activities</b>	20	<b>(2,665,428)</b>	<b>(2,998,887)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(167,791)	(943,724)
Payments for security deposit		-	(88,643)
<b>Net cash used in investing activities</b>		<b>(167,791)</b>	<b>(1,032,367)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		4,121,313	6,819,313
Share issue costs		(271,992)	(742,550)
Lease principal repayments		(197,272)	(95,110)
Repayment of borrowings		-	(119,423)
<b>Net cash provided by financing activities</b>		<b>3,652,049</b>	<b>5,862,230</b>
Net increase/(decrease) in cash held		818,830	1,830,976
Cash and cash equivalents at beginning of financial year		1,841,712	1,056
Cash acquired on acquisition		-	9,680
<b>Cash and cash equivalents at end of financial year</b>	9	<b>2,660,542</b>	<b>1,841,712</b>

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The primary accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### (a) General Information

New Zealand Coastal Seafoods Limited (Company) or (Entity) is a public Company limited by shares, incorporated in Australia with operations in New Zealand. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

### (b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for the purpose of preparing the Financial Statements.

#### (i) Compliance with IFRS

The Financial Statements of the Group also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Financial Statements were approved by the Board of Directors on 31st August 2021.

#### (ii) Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

All amounts are presented in Australian dollars, unless otherwise noted.

#### (iii) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The acquisition of NZCS Operations Ltd during the previous period has been accounted for using the principles of AASB 2 Share-based Payment for reverse acquisitions and as such the comparative figures reflect the previous financial position of NZCS Operations Ltd. Refer to Note 2 for further details.

### (c) Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

COVID-19 and the related measures imposed by Governments to slow the spread of the virus have had a significant impact on the New Zealand and global economies, supply chains and financial markets, and has resulted in increased levels of volatility and uncertainty. The ultimate extent of the economic impacts worldwide and on the Group's business activities are unknown.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021, the impacts of COVID-19 on business operations have resulted in the Group incurring an operating cash outflow of \$2,665,428 (2020: \$2,998,887) and a loss after income tax for year ended 30 June 2021 was \$3,578,638 (2020: \$6,805,020).

There is a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, and therefore whether the Group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amount or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

The Directors have prepared forecast cash flow information for the twelve months from the date of approval of these financial statements taking into account an estimation of the continued business impacts of COVID-19. The Forecasts are based on limited trading history and include material revenue items relating to new products and markets. In the Directors' opinion, the inclusion of these material revenue items is based on events that they reasonably expect to take place and actions that they reasonably expect to occur. Key to the forecasts are relevant assumptions regarding the business, business model, growth strategy and any legal or regulatory restrictions.

The forecasts and projections indicate that, taking account of reasonably possible downsides that the Group will continue to operate with headroom within available cash levels.

Should the timing of operating cash flows be significantly different to those forecast, the Group may need to seek alternative financing to enable it to settle its liabilities as they fall due.

The Directors have historically been successful in obtaining financing through equity raises and are confident that should the need arise, further funding can be raised through either debt or equity.

Based on these forecasts, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

### **(d) Impact of the adoption of new Accounting Standards**

#### ***(i) New or amended Accounting Standards and Interpretations adopted***

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The following Accounting Standards and Interpretations are most relevant to the Group:

#### ***(ii) Conceptual Framework for Financial Reporting (Conceptual Framework)***

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the Group's financial statements.

#### ***(iii) Amendments to IAS 1 and IAS 8 Definition of material***

The Group has adopted the amendments to AASB 101 and AASB 108 for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

underlying concept of materiality in the Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the AASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

### (e) **New Accounting Standards and interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

#### ***Amendments to AASB 101 – Classification of Liabilities as Current or Non-current***

The amendments to AASB 101 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

### (f) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are outlined below:

#### ***(i) Share based payments***

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model, inputs used in valuing share-based payments, including options, are estimates.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *(ii) Depreciation methods and useful life of Property, Plant and Equipment*

The depreciation method used, and the useful life of the Group's Property, Plant and Equipment inherently results in the amount of depreciation of such assets being an estimate. Refer to Note 1(r) for disclosure of the depreciation methods employed and the useful lives of the assets.

### *(iii) Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impact that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

As a primary food producer, under COVID-19 restrictions, NZCS was deemed an 'Essential Service' by the New Zealand Government, with operations continuing during the lockdown period. Although NZCS's supply chain and ability to fulfil customer orders remained unaffected, it should be noted that global uncertainty and market conditions impacted upon demand for NZCS's products during the reporting period.

In response to COVID-19, NZCS implemented a strategic response plan to ensure continuity in product delivery and sales, including drying, pre-processing and packing sufficient stock to maintain staff safety, whilst allowing for ease of dispatch to customers during the temporary COVID-19 disruptions.

The situation is ongoing and is dependent on measures imposed by the New Zealand Government and by other countries, such as maintaining social distancing requirements, quarantine procedures, travel restrictions and any economic stimulus that may be provided, and accordingly it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

### *(iv) Revenue with contracts with customers involving sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

### *(v) Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

### *(vi) Goodwill and other indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### *(vii) Lease Term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### *(viii) Incremental Borrowing Rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### **(g) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Zealand Coastal Seafoods Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. New Zealand Coastal Seafoods Limited and its subsidiaries together are referred to in these financial statements as the Group.

### *Subsidiaries*

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

### **(h) Business Combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

### (i) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### (j) Foreign Currency translation

#### *Functional and presentation currency*

Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the Entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Australian dollars (A\$), which is the Group's functional and presentation currency.

The functional currency of the subsidiaries of the parent entity that are incorporated in New Zealand is the New Zealand Dollar (NZD\$).

#### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### *Translation of Foreign Operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rate at the reporting date.

The Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### (k) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenue from the sale of goods is recognised at the point in time when the customer accepts liability and obtains control of the goods, which is dependent on the specific contractual terms of sale with the customer.

### (l) Other income

#### *Interest Income*

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### *Government Grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### (m) Income Tax Expenses or Benefit

The income tax expense for the year comprises current and deferred tax. Income tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (n) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

### (o) Inventories

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost comprises all the costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

### **(p) Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Other receivables are recognised at amortised cost, less any provision for impairment.

### **(q) Property, Plant and Equipment**

Items of property, plant and equipment are initially recorded at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life.

The annual rates used for this purpose, which are consistent with those used in previous years, are as follows:

Improvements to premises	10%
Plant and equipment	10-40%
Furniture and fittings	50%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

### **(r) Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received prior to the end of the period, whether or not billed to the Group before reporting date. Trade accounts payable are normally settled within 60 days.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial liabilities are initially measured at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

### (s) Employee Benefits

#### *Short term Employee Benefit Obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

#### *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognised termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the Entity recognised costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### (t) Share-based payments

Share-based payments which have been granted to employees comprise of shares, share rights and share options.

#### *Shares*

The value of shares granted and issued to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share capital). The value of shares granted and vested to key management personnel in one year, which will be issued in a future year are recognised as an employee benefit expense with a corresponding increase in equity (share capital reserve). Upon issuing of the shares, the value in the share capital reserve will be transferred to share capital.

The value of shares granted and in the process of vesting to key management personnel are recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve). Upon



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

vesting and subsequent issue of the shares, the value in the share-based payments reserve will be transferred to share capital.

The basis for the value recognised for each share is the price at the time when the terms of the grant are agreed between the Group and the counter party.

### *Share rights*

The value of share rights granted to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve).

In the year in which the share rights become vested, the value of share rights which have vested will be recognised in share capital reserve.

Upon issue of the related shares, the value in the share capital reserve is transferred to share capital.

The basis for the value recognised for each share right is the price at the time when the terms of the grant are agreed between the Group and the counter party.

### *Share options*

The fair value of options granted to employees (including Key Management Personnel) is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### **(u) Share-based Payment Transactions for the acquisition of goods and services**

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (v) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

### (w) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Group.

### (x) Fair Value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current receivables and current payables are assumed to approximate their fair value.

### (y) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

### (z) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (aa) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### (bb) Right of use asset and corresponding lease liability

#### *Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### *Lease Liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset is fully written down.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. REVERSE ACQUISITION AND LISTING EXPENSE

On 25 July 2019, the Group acquired 100% of the issued capital of NZCS Operations Ltd. The acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the acquisition, the former shareholders of NZCS Operations Ltd (the legal subsidiary) obtained accounting control of New Zealand Coastal Seafoods Ltd (the legal parent). However, the transaction did not meet the definition of a business combination under AASB 3 Business Combinations as the accounting acquiree, New Zealand Coastal Seafoods Ltd was deemed not to be a business for accounting purposes. Instead, the acquisition has been accounted for as a share-based payment transaction using the principles in AASB 2 Share-based Payment.

Accordingly, the 30 June 2020 consolidated financial statements of New Zealand Coastal Seafoods Ltd have been prepared as a continuation of the financial statements of NZCS Operations Limited.

NZCS Operations Ltd is deemed to make a share-based payment to acquire the existing shareholders' interest in the net assets of New Zealand Coastal Seafoods Pty Limited. The value of the NZCS Operations Ltd shares cannot be reliably determined as no active market exists at the time of acquisition. Therefore, the value of the NZCS Operations Ltd shares deemed to be issued, has been determined by reference to the fair value of the New Zealand Coastal Seafoods Limited assets acquired.

As the shares of New Zealand Coastal Seafoods Limited were not being traded at the time of the acquisition (the shares were suspended pending the outcome of the transaction) there was no active market for those shares. Accordingly, the fair value of the shares was determined as \$0.025 per share, this being the price at which the New Zealand Coastal Seafoods Limited shares had been issued pursuant to the Prospectus, which was the last transaction for the New Zealand Coastal Seafoods Limited shares immediately prior to the acquisition.

Listing expense is calculated as the difference between the fair value of consideration transferred less the identified fair value of the net assets of the legal parent, being New Zealand Coastal Seafoods Limited. Details of the transaction are as follows:

	FAIR VALUE \$
<b>Fair value of consideration transferred</b>	<b>3,829,733</b>
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	9,680
Prepayments	51,869
Trade payables	(564,225)
Borrowings	(49,280)
<b>Identifiable assets and liabilities assumed</b>	<b>(551,956)</b>
<b>Listing expense</b>	<b>4,381,689</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 – Operating segments. Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group’s chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

One segment is identified, being the processing, distribution and export of premium seafood products in New Zealand.

The operation of the parent company New Zealand Coastal Seafoods Limited is considered to be part of the segment as its sole purpose is to provide financial, operational and strategic support to subsidiary entities.

### 4. REVENUE

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
<b>Sales of products</b>		
Ling Maw	1,844,446	1,307,442
Nutraceuticals	550,307	127,903
Other	29,087	78,320
	<b>2,423,840</b>	<b>1,513,665</b>
<b>Location of customers</b>		
New Zealand	1,229,849	888,407
Rest of the world	1,193,991	625,258
	<b>2,423,840</b>	<b>1,513,665</b>

### 5. OTHER INCOME

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Interest income	11,280	11,369
Other income	-	2,531
	<b>11,280</b>	<b>13,900</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. INCOME TAX

	CONSOLIDATED	
	30 June 2021(\$)	30 June 2020 (\$)
<b>The reconciliation between tax expense and the prima facie tax on the Group's accounting loss before income tax is as follows:</b>		
Accounting (loss) before income tax	(3,578,638)	(6,805,020)
Pre-acquisition losses	-	(132,975)
<b>Accounting (loss) for the purposes of tax</b>	<b>(3,578,638)</b>	<b>(6,937,995)</b>
Income tax benefit calculated at the Group's statutory income tax rate of 30% (2020: 30%)	1,073,591	2,081,399
Tax effect of non-deductible share based payments	(137,776)	-
Tax effect of non-deductible listing expenses	-	(1,436,648)
Tax effect of deductible amounts recognised in equity	-	91,064
Tax losses not brought to account	(935,815)	(735,815)
Income tax benefit	-	-

The total tax benefit of tax losses not brought to account is estimated at \$1,671,630 (2020: \$735,815). This includes the tax benefit of tax losses from foreign domiciled subsidiaries of \$1,146,118 (2020: \$449,282).

The benefit for tax losses will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by Law; and
- no changes in tax legislation adversely affect the ability of the Group to realise these benefits.

### 7. FINANCIAL RISK MANAGEMENT

#### i. Overview

The financial risks arising from the Group's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business, and the Group manages its exposure to them in accordance with the Group's portfolio risk management strategy.

The objective of the strategy is to support the delivery of the Group's financial targets while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk and the management of capital.

The Group's Risk Management Framework is supported by the Board. The whole Board is responsible for approving and reviewing the Group's Risk Management Strategy and Policy. Management is responsible for monitoring appropriate processes for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group holds the following financial instruments:

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
<b>Financial assets</b>		
Cash and cash equivalents	2,660,542	1,841,712
Trade and other receivables	230,809	212,503
	<b>2,891,351</b>	<b>2,054,215</b>
<b>Financial Liabilities</b>		
Trade and other payables	260,805	289,730
Borrowings	-	-
	<b>260,805</b>	<b>289,730</b>

### ii. Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

### iii. Credit Risk

Credit risk is the risk of the financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations and the risk arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions, and receivables.

Cash at bank is placed with reliable financial institutions. For banks and financial institutions, the Group banks only with financial institution with high quality standing or rating.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
<b>Trade receivables</b>		
Existing customers with no defaults in the past, within terms	97,034	113,389
<i>Counterparties without external credit rating, past due and impaired</i>		
Gross Value	-	-
Doubtful Debt Provision	-	-
<b>Net Value</b>	-	-
	<b>97,034</b>	<b>113,389</b>
<b>Cash at bank and on deposit</b>		
Cash at bank and on hand	386,463	100,855
Cash on deposit at call	2,274,079	1,740,857
	<b>2,660,542</b>	<b>1,841,712</b>

### iv. Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of the discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months (\$)	6 – 12 months (\$)	More than 12 months (\$)	Total (\$)	Carrying Amount (\$)
<b>Group - at 30 June 2021</b>					
Trade payables	228,123			228,123	228,123
Borrowings	-	-	-	-	-
<b>Total</b>	<b>228,123</b>			<b>228,123</b>	<b>228,123</b>
<b>Group - at 30 June 2020</b>					
Trade payables	254,503			254,503	254,503
Borrowings	-	-	-	-	-
<b>Total</b>	<b>254,503</b>			<b>254,503</b>	<b>254,503</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### v. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates may affect the Group's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

### vi. Foreign Exchange Risk

The Group is exposed to currency risk on financial assets or liabilities that are denominated in a currency other than the respective functional currencies of the Group's, the Australian Dollar (AUD) for Parent Entity and the New Zealand Dollar (NZD) for the subsidiaries of Consolidated Entity.

The Parent Entity which has a functional currency of Australian Dollars has no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2020: nil). The subsidiaries of the Parent Entity, which have a functional currency of the New Zealand Dollar (NZD) have no exposure to foreign exchange risk as there are no external financial assets or liabilities denominated in a foreign currency (30 June 2020: nil).

The Group maintains the majority of cash balances in Australian Dollars (AUD), but the New Zealand bank accounts denominated in New Zealand dollars (NZD) are subject to foreign currency translation gains or losses in the preparation of the consolidated financial statements.

The Group does not hedge its AUD / NZD exchange rate exposure as the foreign currency risk is considered immaterial.

### vii. Interest Rate Risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents.

Whilst the Group has interest-bearing cash balances of \$2,660,542, its income and operating cash flows are substantially independent of changes in market interest rates. The Group has no interest-bearing liabilities and as such does not actively manage exposure to interest rate risk.

### Profile

At the reporting date, the interest rate profile of the Group's and the Entity's interest-bearing financial instruments are:

### Variable Rate Instruments

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Cash and deposits	2,660,542	1,841,712
Borrowings	-	-
	<b>2,660,542</b>	<b>1,841,712</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021, the Group had cash balances of \$2,660,542 as follows:

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Cash at bank and on hand	386,463	100,855
Cash on deposit at call	2,274,079	1,740,857
	<b>2,660,542</b>	<b>1,841,712</b>

### 30 June 2021

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	1%	2,660,542	-	2,660,542
Borrowings	-	-	-	-

### 30 June 2020

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	1%	1,841,712	-	1,841,712
Borrowings	-	-	-	-

Up to the end of the reporting period, the Group did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors since these assets are of a short-term nature. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably probable at the end of the reporting period to be immaterial.

### Cash Flow Sensitivity Analysis for Variable Rate Instruments

The Board's assessment of a reasonably possible change in interest rates relating to the Company's Cash and Cash equivalents and borrowings is disclosed in the table below

	Number of basis points
Cash and cash equivalents	25
Borrowings	100

Management considers the potential impact on profit or loss of a reasonably possible change in interest rates at the end of the reporting period to be immaterial based on the current amounts of cash and cash equivalents and applicable interest rates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. CAPITAL MANAGEMENT

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing Management may issue new shares, sell assets to reduce debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels whilst this position has not changed.

The Group has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity. This position has not changed from the previous year.

### 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following Consolidated Statement of Financial Position amounts:

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Cash at Bank and on hand	386,463	100,855
Cash deposits	2,274,079	1,740,857
	<b>2,660,542</b>	<b>1,841,712</b>

Refer to Note 7 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

At 30 June 2021, the Group has a security deposit of \$88,297 (2020: \$88,643) relating to the Company's lease with Christchurch International Airport (CIAL) which requires a Bank Guarantee. BNZ has issued this for CIAL, securing with the Term Deposit.

### 10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Trade receivables	97,034	113,389
Allowance for expected credit losses	-	-
<b>Net Trade receivables</b>	<b>97,034</b>	<b>113,389</b>
Other debtors	-	37,045
GST Receivable	33,738	47,982
Prepayments	100,037	14,087
	<b>230,809</b>	<b>212,503</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. INVENTORIES

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Raw Materials	59,056	214,651
Work in progress	34,705	11,285
Finished goods	423,112	247,798
	<b>516,873</b>	<b>473,734</b>

### 12. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Improvements to premises – at cost	702,037	682,561
Accumulated depreciation	(84,409)	(17,001)
	<b>617,628</b>	<b>665,560</b>
Plant and equipment – at cost	347,924	214,548
Accumulated depreciation	(81,431)	(21,184)
	<b>266,493</b>	<b>193,364</b>
Furniture and equipment	59,560	50,502
Accumulated depreciation	(32,628)	(8,662)
	<b>26,932</b>	<b>41,840</b>
	<b>911,053</b>	<b>900,764</b>

	Improvements to premises	Plant and equipment	Furniture and equipment	Total
<b>Year ended 30 June 2021</b>				
<b>Balance at 1 July 2020, net of accumulated depreciation</b>	<b>665,560</b>	<b>193,364</b>	<b>41,840</b>	<b>900,764</b>
Additions	22,150	136,383	9,258	167,791
Disposals/Write off	-	(1,033)	-	(1,033)
Depreciation expense	(67,492)	(61,445)	(24,008)	(152,945)
Foreign currency translation	(2,590)	(776)	(158)	(3,524)
<b>Balance at 30 June 2021, net of accumulated depreciation</b>	<b>617,628</b>	<b>266,493</b>	<b>26,932</b>	<b>911,053</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Improvements to premises	Plant and equipment	Furniture and equipment	Total
<b>Year ended 30 June 2020</b>				
<b>Balance at 1 July 2019, net of accumulated depreciation</b>	<b>15,694</b>	<b>27,487</b>	<b>4,292</b>	<b>47,473</b>
Additions	692,132	196,022	45,890	934,044
Disposals/Write off	(14,320)	(10,986)	-	(25,306)
Depreciation expense	(18,435)	(16,259)	(7,706)	(42,400)
Foreign currency translation	(9,511)	(2,900)	(636)	(13,047)
<b>Balance at 30 June 2020, net of accumulated depreciation</b>	<b>665,560</b>	<b>193,364</b>	<b>41,840</b>	<b>900,764</b>

### 13. INTANGIBLE ASSETS

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Goodwill on consolidation	125,119	125,119
Accumulated impairment	(125,119)	-
	-	<b>125,119</b>

The Group acquired Kiwi Dreams on 6 April 2020 and the acquisition price incorporated goodwill on consolidation which has been fully impaired as at 30 June 2021.

	FAIR VALUE \$
<b>Fair value of consideration paid</b>	<b>153,333</b>
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	23,761
Trade and other receivables	141,315
Inventories	38,132
Trade payables	(174,994)
<b>Identifiable assets and liabilities assumed</b>	<b>28,214</b>
<b>Goodwill on consolidation</b>	<b>125,119</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. RIGHT OF USE ASSETS

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Leased premises	1,352,945	1,358,254
Accumulated depreciation	(202,916)	(94,323)
	<b>1,150,029</b>	<b>1,263,931</b>
Motor vehicles	118,804	51,721
Accumulated depreciation	(50,814)	(13,770)
	<b>67,990</b>	<b>37,951</b>
	<b>1,218,019</b>	<b>1,301,882</b>

The Group signed a lease for a new factory commencing in September 2019 for a period of 6 years with a 6 year right of renewal. The lease had an initial rent-free period until January 2020. The Group also has two vehicle leases covering a period of 36 months. Refer Note 16 Lease Liabilities.

### 15. PAYABLES

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Trade payables	228,122	254,503
Accrued expenses	32,682	35,227
	<b>260,804</b>	<b>289,730</b>

### 16. LEASE LIABILITIES

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Lease liabilities - current	127,670	97,508
Lease liabilities – non-current	1,171,041	1,258,028
	<b>1,298,711</b>	<b>1,355,536</b>

The Group signed a lease for a new factory commencing in September 2019 for a period of 6 years with a 6 year right of renewal. The lease had an initial rent-free period until January 2020. The Group also has three vehicle leases and one forklift covering a period of 36 months. Refer Note 14 Right of Use Assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2021 (Shares)	2020 (Shares)	2021 (\$)	2020 (\$)
Ordinary Shares	827,005,031	727,725,336	13,307,868	9,942,240
<b>Total Share Capital</b>	<b>827,005,031</b>	<b>727,725,336</b>	<b>13,307,868</b>	<b>9,942,240</b>

#### (a) Movements of share capital during the period

Date	Details	No of shares	Issue price (\$)	\$
<b>Opening Balance as at 1 July 2020</b>		<b>727,725,336</b>		<b>9,942,240</b>
	Shares issued to service providers	565,706	0.026	14,708
	Exercise of NZOA Options	33,334	0.0275	917
	Exercise of NZOA Options	1,544,499	0.0275	42,474
	Shares issued pursuant to Share Placement	97,011,710	0.042	4,074,500
	Exercise of NZOA Options	100,000	0.0275	2,750
	Exercise of NZOA Options	24,446	0.0275	672
	Cost of Share Issue			(770,393)
<b>Balance as at 30 June 2021</b>		<b>827,005,031</b>		<b>13,307,868</b>

#### Ordinary Shares

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value and the Group does not have a limited amount of authorised capital.

### 18. RESERVES

	CONSOLIDATED		
	Share Based Payments Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>Balance at 30 June 2020</b>	<b>372,000</b>	<b>(53,912)</b>	<b>318,088</b>
Options issued to Lead Manager	317,624	-	317,624
Options issued to Underwriter	180,777	-	180,777
Employee option expense	459,252	-	459,252
Foreign exchange movement	-	22,344	22,344
<b>Balance at 30 June 2021</b>	<b>1,329,653</b>	<b>(31,568)</b>	<b>1,298,085</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Share-based payments Reserve

The share-based payments reserve represents the value of the 70,643,771 options issued to the Lead Manager on 14 August 2020 and the 5,000,000 options issued to the Underwriter on 4 December 2020. For details of the Employee option expenses refer to Note 28 related party transactions.

### (b) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of financial information of the Group's New Zealand subsidiaries which have a functional currency of the New Zealand Dollar.

## 19. ACCUMULATED PROFIT/(LOSS)

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Accumulated (loss) at the beginning of the year	(6,961,237)	(156,217)
(Loss) after income tax	(3,578,638)	(6,805,020)
<b>Accumulated (loss) at the end of the year</b>	<b>(10,539,875)</b>	<b>(6,961,237)</b>

## 20. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
<b>Non-cash flows in profit from ordinary activities</b>		
Net (Loss) after Income Tax	(3,578,638)	(6,805,020)
Non-cash listing expenses	-	4,077,477
Employee options expense	459,252	-
Non-cash share issue costs	14,708	-
Depreciation & amortisation	302,831	152,007
Lease interest expense	74,424	
Loss on disposal of plant and equipment	1,033	
Impairment of goodwill	125,119	-
<b>Changes in assets &amp; liabilities</b>		
(Increase)/Decrease in trade and other receivables	(18,306)	(206,957)
(Increase)/Decrease in inventories	(43,139)	(417,825)
Increase/(Decrease) in trade and other payables	(28,926)	142,954
Increase/(Decrease) arising from exchange rate movements	26,214	58,477
<b>Cash flow used in Operating Activities</b>	<b>(2,665,428)</b>	<b>(2,998,887)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of business/country of incorporation	Ownership Interest held by the Group		
		2021	2020	Principal Activities
NZCS Operations Limited	New Zealand	100%	100%	The processing, distribution and export of premium seafood products in New Zealand.
Kiwi Dreams International Limited	New Zealand	100%	100%	Developer of innovative nutraceutical products and services

### 22. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 22 July 2021 the Group entered into a Toll Processing Agreement with leading NZ biotech company, Bio-Mer Limited, with Bio-Mer to provide the extraction and processing capability to produce marine collagen product at scale.

On 30 July 2021 the Group issued 2,000,000 Class C Performance Rights to the CEO Mr Andrew Peti and 5,000,000 Options to the Group's new Chief of Sales Mr Peter Fletcher under the Employee Incentive Plan. The Performance Rights have an expiry date of 31 December 2022. 1,650,000 of the Options are exercisable at \$0.02 and 3,350,000 Options are exercisable at \$0.04 all with an expiry date of 30 June 2024.

Other than as noted above, no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### 23. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

	CONSOLIDATED	
	30 June 2021 (\$)	30 June 2020 (\$)
<b>Audit and Other Assurance Services</b>		
Crowe Australasia (affiliate of Findex)	47,432	57,200
<b>Total remuneration for Audit and Other Assurance Services</b>	<b>47,432</b>	<b>57,200</b>
<b>Other Service</b>		
Non auditing service - Crowe Australasia (affiliate of Findex)	-	8,300
<b>Total remuneration for Other Service</b>	<b>-</b>	<b>8,300</b>

### 24. COMMITMENTS

The Group has a Lease Agreement in respect of premises in Christchurch, New Zealand. The Group has 2 motor vehicle non-cancellable operating leases. Refer to Note 16 for details of the lease liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 25. LOSS PER SHARE

	30 June 2021 (\$)	30 June 2020 (\$)
Basic loss per share (cents per share)	(0.45)	(1.37)
<b>(Loss) used in the calculation of Earnings (Loss) Per Share</b>	<b>(3,578,638)</b>	<b>(6,805,020)</b>
Weighted average number of ordinary shares	801,659,604	496,005,562

Effect of dilutive securities: Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

### 26. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any other material contingent liabilities outstanding at 30 June 2021.

### 27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2021 and 30 June 2020, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amounts.

### 28. RELATED PARTY DISCLOSURES

#### *Parent Entity*

The legal Parent Entity of the Group is New Zealand Coastal Seafoods Limited, which owns 100% of the issued ordinary shares of NZCS Operations Limited (directly) and Kiwi Dreams International Limited which is a subsidiary of NZCS Operations Limited. All subsidiaries are incorporated in New Zealand. Refer to Note 21.

#### *Wholly-owned Group transactions*

Loans made by New Zealand Coastal Seafoods Limited to wholly owned subsidiary companies are contributed to meet required expenditure and are payable on demand and are not interest bearing.

#### *Key Management Personnel*

	30 June 2021 (\$)	30 June 2020 (\$)
Short-term employee benefits	824,333	626,944
Post-employment benefits	10,632	7,274
Equity based payments	407,035	-
Other benefits	13,210	8,934
	<b>1,255,210</b>	<b>643,152</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2021 are provided in the Remuneration Report on pages 12 to 17.

### Equity Based Payments

The component of equity-based payments included in the remuneration of Directors and Executives for the year to 30 June 2021 is detailed as follows:

	Issue Date	Number Issued	Total (\$)
<b>PERFORMANCE RIGHTS</b>			
Winton Willesee	04/12/2020	13,500,000	40,170
Aldo Miccio	04/12/2020	9,000,000	26,780
Erlyn Dale	04/12/2020	9,000,000	26,780
<b>Total Performance Rights</b>		<b>31,500,000</b>	<b>93,730</b>
<b>EMPLOYEE OPTIONS</b>			
Andrew Peti	29/07/2020	10,000,000	208,870
Robert Wells	29/07/2020	5,000,000	104,435
<b>Total Employee Options</b>		<b>15,000,000</b>	<b>313,305</b>
<b>TOTAL</b>			<b>407,035</b>

The Performance Rights were issued following shareholder approval and have an expiry date of 30 November 2025. The face value on the date of issue based on the share price of \$0.026 was \$819,000 and the expense recognised in the financial year is pro-rata based on the number of days from the issue date to the expiry date.

For the employee options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Option Class	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate
Class D	29/07/2020	30/06/2023	\$0.033	\$0.02	169%	0%	0.29%
Class E	29/07/2020	30/06/2023	\$0.033	\$0.04	169%	0%	0.29%

The options vest in 3 equal components on 29 July 2020, 30 June 2021 and 30 June 2022. As at 30 June 2021, 10,000,000 of these options had vested.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transaction occurred with related parties for the year ended 30 June 2021.

Director	Transaction	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
		2021 (\$)	2020 (\$)	2021 (\$)	2020 (\$)
Winton Willesee & Erlyn Dale (Directors and Shareholders of Azalea Consulting Pty Ltd)	Corporate administration services	75,350	134,500	6,850	6,850
Winton Willesee & Erlyn Dale (Directors and Shareholders of Valle Corporate Pty Ltd)	Bookkeeping and accounting services	7,967	7,607	805	945
<b>Total</b>		<b>83,317</b>	<b>142,107</b>	<b>7,655</b>	<b>7,795</b>

### 29. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, New Zealand Coastal Seafoods Limited, as at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2021 (\$)	30 June 2020 (\$)
Current assets	2,401,499	1,846,704
<b>Total Assets</b>	<b>2,401,499</b>	<b>1,846,704</b>
Current liabilities	105,495	136,946
<b>Total Liabilities</b>	<b>105,495</b>	<b>136,946</b>
<b>Net Assets</b>	<b>2,296,004</b>	<b>1,709,758</b>
Profit/(loss) for the year	(1,255,852)	(925,728)
Other comprehensive profit/(loss) for the year	-	-
<b>Total Comprehensive profit/(loss) for the Year</b>	<b>(1,255,852)</b>	<b>(925,728)</b>



## DIRECTORS' DECLARATION

In the opinion of the Directors of New Zealand Coastal Seafoods Ltd (Group):

- (a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 28 to 56, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, for the financial period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial period ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



**Winton Willesee**

Non-Executive Chairman

Perth, Western Australia

31st August 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW ZEALAND COASTAL  
SEAFOODS LTD  
REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Report on the financial report**

**Opinion**

We have audited the financial report of New Zealand Coastal Seafoods Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Directors' Declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Group's financial position at 30 June 2021 and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 (c) in the financial report which indicates that Group incurred a net loss of \$3,578,638 and had net operating cash outflows of \$2,665,428 for the year ended 30 June 2021. These conditions, along with other matters set forth in Note 1 (c), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern, and whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees. © 2021 Findex (Aust) Pty Ltd

Key Audit Matter	How we addressed the Key Audit Matter
<p><b>Improper revenue recognition</b></p> <p>As at 30 June 2021 the Group's Statement of Profit or Loss and Other Comprehensive Income includes revenue from contracts with customers of \$2.4 million.</p> <p>We consider the recognition of revenue transactions as a key audit matter based on the following:</p> <ul style="list-style-type: none"> <li>• Improper revenue recognition is the most common method used to report fraudulent financial statement information;</li> <li>• The Group has launched an e-commerce portal and new products during the year;</li> <li>• There have been changes to significant agreements throughout the current year which could lead to errors in the occurrence, timing and accuracy of revenue recognition.</li> </ul> <p>The related accounting policies, critical accounting estimates and judgements and disclosures are set out in notes 1 and 4, respectively to the financial statements</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Updating our understanding of the controls over the processing of revenue transactions and assessing the appropriateness of the design and the effective implementation of the identified controls;</li> <li>• Performing procedures to test whether revenue was recognised in accordance with the Group's financial reporting framework, including whether revenue was recognised in the correct period;</li> <li>• Substantively testing individual revenue transactions by tracing selected samples to relevant and reliable supporting documentation;</li> <li>• Performing substantive analytical review over revenue; and</li> <li>• Considering the appropriateness of the disclosures in note 4 to the financial statements in accordance with the relevant requirements of Australian Accounting Standards.</li> </ul>
<p><b>Decentralised operations</b></p> <p>We consider the decentralised nature of the Group's operations as a key audit matter based on the following</p> <ul style="list-style-type: none"> <li>• NZS holds 100% of the share capital of NZCS Operations Ltd and Kiwi Dreams International Ltd. The trading operations are located in New Zealand while the parent entity is located in Australia.</li> <li>• The decentralised nature of the operations requires significant oversight by the Group to monitor the activities, review component financial reporting and undertake the Group consolidation process.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing the design and operating effectiveness of relevant controls over the Group's decentralised structure, including centralised monitoring controls at the Group, segment and component level.</li> <li>• Planning, scoping and performing audit procedures on significant entities or significant balances focussing on areas requiring estimation and judgement.</li> <li>• Assessing the appropriateness of the impairment of goodwill in Kiwi Dreams International Ltd (100% subsidiary).</li> </ul>

Key Audit Matter	How we addressed the Key Audit Matter
	<ul style="list-style-type: none"> <li>Undertaking analytical review procedures on financial information of all components, including those not considered individually significant.</li> <li>Evaluation of the adequacy of the Group's disclosures in the financial report.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of the Director's for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of New Zealand Coastal Seafoods Ltd for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**Crowe Perth**



**Sean McGurk**

Partner

Signed at Perth, 31 August 2021

## ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 16 August 2021.

### 1. Quotation

Listed securities in New Zealand Coastal Seafoods Limited are quoted on the Australian Securities Exchange under ASX code NZS (Fully Paid Ordinary Shares) and the Company's listed options are quoted under the ASX code NZSOA (Listed options).

### 2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands, every person present, who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options or Performance Rights on issue.

### 3. Distribution of Shareholders

#### i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	812	174,514	0.02
1,001 – 5,000	387	940,701	0.11
5,001 – 10,000	206	1,680,329	0.20
10,001 – 100,000	1,256	54,998,050	6.65
100,001 and above	805	769,211,437	93.01
<b>Total</b>	<b>3,466</b>	<b>827,005,031</b>	<b>100.00%</b>

On 16 August 2021, there were 2,007 holders of unmarketable parcels of less than 35,714 Shares (based on the closing share price of \$0.014).

#### ii) Listed Options exercisable at \$0.0275 on or before 25 July 2022

Shares Range	Holders	Units	%
1 – 1,000	55	13,173	0.01
1,001 – 5,000	27	86,264	0.06
5,001 – 10,000	29	225,159	0.17
10,001 – 100,000	133	4,908,504	3.65
100,001 and above	118	129,352,326	96.11
<b>Total</b>	<b>362</b>	<b>134,585,426</b>	<b>100.00%</b>

iii) **Unlisted Options exercisable at \$0.0275 on or before 25 July 2022**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	30,000,000 <sup>1</sup>	100.00
<b>Total</b>	<b>1</b>	<b>30,000,000</b>	<b>100.00%</b>

<sup>1</sup>Held by Melshare Nominees Pty Ltd

iv) **Unlisted Options exercisable at \$0.06 on or before 5 February 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	9	100,000,002 <sup>1</sup>	100.00
<b>Total</b>	<b>9</b>	<b>100,000,002</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:  
White Oak Ridge Capita LLC – 30,870,000 options

v) **Unlisted Options exercisable at \$0.02 on or before 30 June 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	5,833,333 <sup>1</sup>	100.00
<b>Total</b>	<b>3</b>	<b>5,833,333</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:  
Mr Andrew Peti – 3,333,333 options  
Mr Robert Wells – 1,666,667 options



vi) **Unlisted Options exercisable at \$0.04 on or before 30 June 2023**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	11,666,667 <sup>1</sup>	100.00
<b>Total</b>	<b>3</b>	<b>11,666,667</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:

Mr Andrew Peti – 6,666,667 options

Mr Robert Wells – 3,333,333 options

vii) **Unlisted Options exercisable at \$0.02 on or before 30 June 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	1,650,000 <sup>1</sup>	100.00
<b>Total</b>	<b>1</b>	<b>1,650,000</b>	<b>100.00%</b>

<sup>1</sup>Held by Mr Peter Fletcher

viii) **Unlisted Options exercisable at \$0.04 on or before 30 June 2024**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	3,350,000 <sup>1</sup>	100.00
<b>Total</b>	<b>1</b>	<b>3,350,000</b>	<b>100.00%</b>

<sup>1</sup>Held by Mr Peter Fletcher

ix) **Class A Performance Rights**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	15,750,000 <sup>1</sup>	100.00%
<b>Total</b>	<b>3</b>	<b>15,750,000</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:

Chincherinchee Nominees Pty Ltd as nominee for an entity related to Winton Willesee – 6,750,000 performance rights

Cataldo Miccio – 4,500,000 performance rights

Chincherinchee Nominees Pty Ltd as nominee for an entity related to Erlyn Dale – 4,500,000 performance rights

x) **Class B Performance Rights**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	3	15,750,000 <sup>1</sup>	100.00%
<b>Total</b>	<b>3</b>	<b>15,750,000</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:

Chincherinchee Nominees Pty Ltd as nominee for an entity related to Winton Willesee – 6,750,000 performance rights

Cataldo Miccio – 4,500,000 performance rights

Chincherinchee Nominees Pty Ltd as nominee for an entity related to Erlyn Dale – 4,500,000 performance rights

xi) **Class C Performance Rights**

Shares Range	Holders	Units	%
1 – 1,000	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 and above	1	2,000,000 <sup>1</sup>	100.00
<b>Total</b>	<b>1</b>	<b>2,000,000</b>	<b>100.00%</b>

<sup>1</sup>Held by Mr Andrew Peti

#### **4. Substantial Shareholders**

The names of the substantial shareholders listed on the Company's register as at 16 August 2021:

Name: Alexander Trading Corporation Limited

Holder of: 52,786,730 fully paid ordinary shares, representing 6.38% as at 28 July 2021

Notice Received: 28 July 2021

Name: Cataldo Miccio

Holder of: 52,786,730 fully paid ordinary shares, representing 6.38% as at 28 July 2021

Notice Received: 28 July 2021

Name: Peter James Win

Holder of: 54,505,080 fully paid ordinary shares, representing 6.59% as at 12 July 2021

Notice Received: 12 July 2021

Name: Bergen Global Opportunity Fund, LP, together with Bergen Asset Management, LLC and Eugene Tablis

Holder of: 49,500,000 fully paid ordinary shares, representing 6.8% as at 15 July 2020

Notice Received: 15 July 2020

Name: Cyan Investment Management

Holder of: 36,581,806 fully paid ordinary shares, representing 5.03% as at 4 August 2020

Notice Received: 4 August 2020

#### **5. Restricted Securities**

There are no restricted securities listed on the Company's register as at 16 August 2021.

#### **6. On market buy-back**

There is currently no on market buy back in place.

#### **7. Application of funds**

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

## 8. Twenty Largest Shareholders

The twenty largest shareholders of the Company's NZS Fully Paid Ordinary Shares as at 16 August 2021 are as follows:

	Name	No. of Shares	%
1	MR CATALDO MICCIO	52,918,240	6.40
2	ALEXANDER TRADING CORPORATION LIMITED	52,786,730	6.38
2	MR PETER JAMES WIN	52,786,730	6.38
3	BERGEN GLOBAL OPPORTUNITY FUND LP	49,500,000	5.99
4	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	36,581,806	4.42
5	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	21,583,560	2.61
6	MR WALDEMAR WAWRZYNIUK & MS LIA WAWRZYNIUK <L & W SUPER FUND A/C>	15,000,000	1.81
7	CITICORP NOMINEES PTY LIMITED	13,928,250	1.68
8	MR HIEN QUANG TRINH <TRIVEST CAPITAL A/C>	11,886,218	1.44
9	AC YOUNG PTY LTD <AC YOUNG A/C>	10,000,000	1.21
10	MR RICHARD FRYERS	8,409,747	1.02
11	MR CHANG YUAN CHEN	8,334,747	1.01
12	PROLL INVESTMENTS PTY LTD <PROLL FAMILY A/C>	7,000,000	0.85
12	DR WILLIAM GLADSTONE BURN	7,000,000	0.85
13	SURF COAST CAPITAL PTY LTD <MINNIE P/F A/C>	5,500,000	0.67
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,315,510	0.64
15	MR SIMON JAMES COSTELLO	5,016,801	0.61
16	MR SACHIN GOYAL	5,000,000	0.60
16	MR MICHAEL JOHN BEREZA	5,000,000	0.60
17	MR ANDREW JOHN SNEDDON & MRS JUDITH ANNE SNEDDON <A J SNEDDON FAMILY A/C>	4,500,000	0.54
18	MR PETER BUCHANAN STEVENSON	4,185,057	0.51
19	EST MR ROBERT STEEL RENTON	4,062,001	0.49
20	MR CHRISTOPHER LAWRENCE WILSON	4,000,000	0.48
20	MR MICHAEL JAMES LOWE & MRS MARIA-LUISA LOWE	4,000,000	0.48
	<b>Total</b>	<b>394,295,397</b>	<b>47.68%</b>



## 9. Twenty Largest Listed Option Holders – NZSOA (\$0.0275, 25/07/2022) as at 16 August 2021

The twenty largest option holders of the Company's Listed Options as at 16 August 2021 are as follows:

	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1	CG NOMINEES (AUSTRALIA) PTY LTD	9,110,790	6.77
2	MR GREGORY MILTS	8,970,745	6.67
3	MR ADONIS DIAB	7,773,148	5.78
4	MR GRAEME ANDREW BEARDSLEY & OAKLEY MORAN TRUSTEE CPY LTD <THE CHINA BIRD A/C>	6,062,652	4.50
5	H B K MANAGEMENT PTY LTD	5,500,000	4.09
6	CG NOMINEES (AUSTRALIA) PTY LTD	5,000,000	3.72
7	CYAN INVESTMENT MANAGEMENT PTY LTD <CYAN C3G FUND A/C>	4,000,000	2.97
7	BOSTON FIRST CAPITAL PTY LTD	4,000,000	2.97
7	JP EQUITY PARTNERS PTY LTD	4,000,000	2.97
8	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	3,587,959	2.67
9	MR SIMON GILBERT ESLER <ESLER FAMILY A/C>	3,500,000	2.60
10	MRS SHWETA SINGH	3,214,815	2.39
11	MS SIGRID-EVA MUNZEL & MR DIETER ERNST PAUSSA <REEFPAC S/F A/C>	3,030,000	2.25
12	MR MARK ANDREW TKOCZ	3,000,000	2.23
13	MR PHANAT IENG	2,600,000	1.93
14	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	2,527,269	1.88
15	AC YOUNG PTY LTD <AC YOUNG A/C>	2,500,000	1.86
16	MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY <KEVIN & HELEN LEARY S/F A/C>	2,000,000	1.49
17	MRS SANGEETA DHANORKAR	1,900,034	1.41
18	MR MICHAEL HILTON HOLBROOK	1,800,000	1.34

This page is intentionally left blank.



