



27 April 2023

Quarterly Activities Report for the period ended 31 March 2023

Operational Highlights:

- **Completion of the transformational acquisition of the Nine Ocean Group** – a profitable and sustainable high-end seafood product wholesaler/exporter based in Cairns, Queensland
- **Key board appointments**, with current Executive Director and NZCS co-founder Mr Aldo Miccio assuming the role of Chairman, and Nine Ocean Group executive Mr Peter Chai joining the Company as Managing Director
- **Receipt of credit-reviewed, indicative term sheet from a big four Australian bank** with respect to the potential \$2m secured debt facility
- **Growth through M&A to execute on stated strategy to build a trans-Tasman footprint and establish NZCS as a leading supplier of high-end seafood to major Asian markets**

New Zealand Coastal Seafoods Limited (ASX:NZS and NZSOA) (“NZCS”, the “Company”) is pleased to provide the following update on the Company’s activities for the three-month period ended 31 March 2023 (the “Quarter” or the “Reporting Period”).

Management commentary:

New Zealand Coastal Seafoods Managing Director, Peter Chai, said: *“The March quarter marked a period of structural change for NZCS, highlighted by the strategic acquisition of the Nine Ocean Group – a transaction which sets the business up for long-term growth in the Asia-Pacific region. The combined group establishes NZCS as a leading player in the growth industry for premium seafood products that are sourced ethically and sustainably. The transaction also resulted in my appointment to the Board as Managing Director, and I am excited by the opportunity to spearhead the business in its next phase of growth.*

“With the addition of Nine Ocean, NZCS now has two manufacturing and production hubs on both sides of the Tasman, and is positioned as an integrated business with the opportunity to serve major new growth markets both in Australia and high-population consumer centres in Asia. In order to meet its growth targets, the Company will stay committed to its inherent strengths built on premium products and sustainable fishing practices – both areas in which the addition of Nine Ocean has the capacity to add significant value. The combined business is leveraging the benefits of an expanded manufacturing footprint, an enviable suite of fishing licences and in-house expertise, which are already converting into new sales contracts for key target markets. I look

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forward to providing more updates in the months ahead as NZCS executes on its near-term growth strategy.

Operational Activities:

Completion of earnings accretive acquisition of Nine Ocean Group

During the quarter, NZCS completed the acquisition of 100% of the issued capital of the Nine Ocean Group – a profit-generating, ESG-focused seafood fishing and high-end seafood product wholesaler/exporter based in Cairns, Queensland.

The acquisition provides NZCS with an established presence in the Australian market to complement its New Zealand operations. As well as a growing revenue pipeline, the integration of Nine Ocean Group provides a diversified high-end seafood supplier with additional warehouse capacity, optimised supply chains and increased distribution logistics for key target markets in the Asia-Pacific.

Nine Ocean holds valuable Australian fishing licences under Australian Fisheries Management Authority guidelines. It expects to develop its fishing licences in order to increase its value and expand its product offerings to potential customers in Australia and overseas.

Board and management appointments

During the quarter, Mr Aldo Miccio has assumed the role of Chairman, and Nine Ocean Group executive Mr Peter Chai was appointed as Managing Director of the combined group.

Mr Miccio is a co-founder of New Zealand Coastal Seafood, and played a central role in the recent acquisition of Nine Ocean Group.

Mr Chai has been involved with Nine Ocean Group since its inception, and has over 30 years of experience in senior corporate roles for various listed entities across Australia, South-East Asia and Hong Kong.

Both Mr Miccio and Mr Chai bring strong knowledge of the combined entities' operations along with a depth of industry experience and are well-placed to guide the business forward on both an operational and strategic level.

The Company also welcomed Mr Brett Crowley as Company Secretary, following the resignation of Ms Eryn Dawson. Mr Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. Mr Crowley is an experienced chairman, finance director and company secretary of ASX-listed companies, and is a former Senior Legal Member of the NSW Civil and Administrative Tribunal. He is currently a director of ASX-listed Uscom Limited and company secretary of five ASX-listed companies.

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Indicative Term Sheet and finance offer to provide working capital

As previously announced to the ASX, NZCS is in the process of establishing a \$2 million facility comprising \$1m leasing facility and a \$1m working capital debt facility with a big four Australian bank. The credit-reviewed indicative term sheet was issued on 27 February 2023 and NZCS expects to be able to implement the facility by mid-May 2023.

The Company has received a written notice from the lead manager of the last capital raise undertaken by NZCS stating that if equity funding were required, it would be supportive at the current prices and market capitalisation.

The Board considers that cash flow generated from operations together with the expected inflow of funds from the bank facility and its ability to undertake an equity placement through the above lead manager will provide the group with sufficient funds to carry out its business objectives.

Activities post quarter-end

Post-completion of the March quarter, NZCS announced it has secured a 12-month extension to existing supply contract with Aquadev Pty Ltd (**Aquadev**), a leading Victorian distributor of meat and seafood products with a large distribution footprint across Australia through its company-owned label, Fisher Direct.

The favourable terms of the renewed contract stipulate that NZCS will supply Aquadev with up to NZ\$1.7m in dried ling maw over 12 months – a significant increase from the previous contract value of NZ\$800,000.

The contract extension broadens distribution scope with Aquadev to New Zealand, and reflects the ongoing momentum that NZCS is generating with both existing customers and new addressable markets.

Financial overview:

During the period, the Company generated A\$486,000 in receipts from customers, which were underpinned by sales of the Company's premium marine products, including dried ling maw, into both branded and bulk purchase formats.

The Company anticipates that sales will increase significantly during the current period, predominately through ongoing sales of its sought-after marine products and through revenue attributable to Nine Ocean Group.

Payments at section 6.1 of Appendix 4C relate to director fees (\$56,002) and payments for accounting, registered office, and company secretarial fees (\$22,000).

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

Further information:

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About New Zealand Coastal Seafoods

New Zealand Coastal Seafoods is a producer of premium seafood products and nutraceutical marine ingredients. Through its New Zealand-based operations, NZCS is unlocking significant opportunities in the global nutraceutical market, estimated to be valued at US\$396.29Bn in 2021 and anticipated to grow at a CAGR of 5.2% between 2022 and 2030.

The NZ-based operations harness the country's pristine waters and utilise raw ingredients sourced from sustainably managed fisheries, employing a nose-to-tail philosophy, to create high-value products.

NZCS' Australian operations, Nine Ocean, is a premium seafood provider focused on responsible sourcing of seafood products from the Torres Strait and the Coral Sea, operating a purpose-built export standard processing facility in Cairns. Via sustainable management practices, the group processes, sells and distributes high-end seafood products.

Products are wild caught, traceable and caught under a series of unique fishing licenses. Its fishery has been assessed and verified for sustainability, ensuring minimal impact on the wild fish population and the broader ecosystem. Nine Ocean is also a direct supplier of premium and frozen seafood products to a wide customer base across the Asia Pacific region.

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Appendix 4C

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

Name of entity

New Zealand Coastal Seafoods Limited

ABN

16 124 251 396

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	486	2,564
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(262)	(1,864)
(c) advertising and marketing	(14)	(92)
(d) leased assets	(14)	(82)
(e) staff costs	(270)	(894)
(f) administration and corporate costs	(407)	(1,031)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(2)	(21)
1.6 Income taxes paid	0	
1.7 Government grants and tax incentives	0	449

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(482)	(968)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	(73)
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(g) entities	0	0
	(h) businesses	0	0
	(i) property, plant and equipment	0	0
	(j) investments	0	0
	(k) intellectual property	0	0
	(l) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	0	(73)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		500
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(57)
3.5	Proceeds from borrowings	9	9
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	9	452

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	665	781
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(482)	(968)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	(73)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9	452

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	16	16
4.6	Cash and cash equivalents at end of period	208	208

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	208	665
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	208	665

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	76
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	0	0
7.2	Credit standby arrangements	0	0
7.3	Other (please specify)	0	0
7.4	Total financing facilities (m)	0	0
7.5	(n) Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(492)
8.2	Cash and cash equivalents at quarter end (item 4.6)	208
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	208
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.42
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Yes, see commentary in the quarterly activity report above under the heading: Indicative Term Sheet and finance offer to provide working capital	

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8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes, see commentary in the quarterly activity report above under the heading:
Indicative Term Sheet and finance offer to provide working capital

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes, see commentary in the quarterly activity report above under the heading:
Indicative Term Sheet and finance offer to provide working capital

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2023.

Authorised by: ...The Board of Directors
(Name of body or officer authorising release – see note 4)

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