



3 March 2020

## NZCS Completes Upgraded and Expanded Production Facility

### Highlights

- NZCS has moved to the new upgraded and expanded seafood processing and production facility in Christchurch, five times larger than the existing facility.
- The facility will be used to increase production of the Company's flagship ling maw product, manufacture ready to eat products, and with a new collagen milling machine to be used to produce NZCS's powdered collagen ling maw nutraceutical product.
- The Company's new facility has the current capacity to increase dried seafood throughput by up to 100% in one full shift.
- As demand increases, additional shifts and additional machinery will be introduced thereby further improving productivity and profit margins.
- The final stages of certification are underway from the New Zealand Ministry of Primary Industries (MPI), for both export grade food products and research and development for the production of nutraceutical ingredients.
- The new facility is in line with the Company's growth strategy of increasing sales of existing products through expanded production capacity, and improving profit margins by extending the range of products.
- Coinciding with the completion of the new facility, CEO Peter Win has transitioned into the role of General Manager Business Development, with COO Andrew Peti taking the role of Interim CEO.
- The change of roles will allow NZCS to further increase sales by allowing Mr Win to focus on business development, whilst also streamlining production and operations through the application of Andrew Peti's expertise.

**New Zealand Coastal Seafoods Limited (ASX:NZS)** ("NZCS", the "Company") is pleased to announce that the Company has now moved to the new upgraded and expanded seafood processing and production facility in Christchurch, which is five times larger than the existing facility, and is strategically located in close proximity to the Christchurch airport, and the import/export air freight market, providing logistical advantages for export into Asia.

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On 1 October 2019, NZCS announced that it has signed a 6 year lease agreement on the new facility with options to extend for a further 8 years, and over the past months, NZCS has finalised the planning, construction and commissioning of equipment.

The facility will be used to increase production of the Company's flagship ling maw product, manufacture ready to eat products, and a new collagen milling machine will be used to produce NZCS's powdered collagen ling maw nutraceutical product.

The expanded and upgraded production facility is in line with the Company's growth strategy of increasing sales of existing products through expanded production capacity, and improving profit margins by extending the range of products to include ready-to-eat products such as pre-packaged soups.

**New Zealand Coastal Seafoods Interim CEO, Andrew Peti, commented on the new facility:**

"The move to the new upgraded and expanded seafood processing facility is an important milestone in executing our growth strategy, as it provides greater production capacity and importantly has the appropriate facilities and equipment to produce products for the high growth nutraceutical market."



Image 1 – New Installed Driers shot from the Plant's General Circulation Area

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Image 2 – Hygiene / Drier Entry Zone - Final Commissioning and Testing

With new and upgraded equipment and additional physical space, the facility has the ability to increase dried maw production capacity by 100%, in addition to processing other high value products. Depending on demand, additional shifts may also be introduced to maximise equipment usage.

The final stages of certification are currently underway with the New Zealand Ministry of Primary Industries (MPI), for export grade food products, and research and development for the production of nutraceutical ingredients. Following an assessment based on stringent food safety hygiene requirements, a pre-audit was undertaken in mid-February on the facility against the intended risk management plan criteria, and the plant will now undergo a final verification audit before receiving certification in the upcoming fortnight. Once this outcome is achieved, the facility will also be certified for research and development of nutraceutical ingredients, providing a clear pathway for nutraceutical product development.

The upgraded drying machinery will result in an 100% increase in the output productivity of dried products produced from raw seafood input, thereby further improving profit margins.

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Coinciding with the successful expansion and upgrade of the Company's facilities, NZCS CEO Peter Win has transitioned into a GM Business Development role, with COO Andrew Peti taking the role of Interim CEO on the terms set out at Annexure A. The Company would like to thank Mr Win for his tireless work as CEO and in building the Company.

The change of roles will allow NZCS to further increase sales by allowing Mr Win to focus on business development, whilst also streamlining production and operations through the application of Andrew Peti's management expertise.

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## About New Zealand Coastal Seafoods

New Zealand Coastal Seafoods (NZCS) is a New Zealand based, ASX listed, secondary producer of seafood products and premium marine ingredients.

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

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

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

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## Annexure A: Key Terms of CEO Remuneration

Term	Mr Peti's appointment as Interim Chief Executive Officer became effective on 3 March 2020 and will continue until it is terminated in accordance with the terms of his Employment Agreement.
Services	Mr Peti has been engaged to provide those services usually required of a Chief Executive Officer of a company of the scale and nature of New Zealand Coastal Seafoods Limited and its subsidiaries.
Remuneration	Mr Peti will be paid a base salary of NZ\$150,000 per annum ("Base Salary") plus statutory superannuation, as well as use of a company vehicle.
Bonus	Subject to any applicable regulatory or other approvals, Mr Peti may receive performance-based bonuses and the grant of an equity package over and above the Base Salary. The detail of this package are being finalised.
Termination	<p>The employment agreement between the Company and Mr Peti can be terminated as follows:</p> <ol style="list-style-type: none"> <li>1. By either party giving 2 months' notice; or</li> <li>2. Without notice for serious misconduct.</li> </ol> <p>In the event that Mr Peti's position becomes redundant, he will be entitled to receive 2 months' notice of redundancy (or payment in lieu) and 2 months' salary compensation.</p>

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