



30 March 2020

## COVID-19 and Business Update

### Highlights

- As a primary food producer, under current COVID-19 restrictions, NZCS is deemed an 'Essential Service' by the New Zealand Government, with operations approved to continue during the lockdown period.
- NZCS has 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 first 1000kg order for SuperMilkBaba (NZ) Limited ("SMB") has been successfully dispatched and processed, with NZCS able to fulfil further orders for SMB and other customers during the lockdown period.
- The Company anticipates a longer term increase in demand for packaged and other food products produced in 'clean' jurisdictions such as New Zealand, as the impact from COVID-19 focusses consumer behaviour and shopping habits.

**New Zealand Coastal Seafoods Limited ("NZCS", the "Company") (ASX:NZS)** today provides an update on the Company's operations and business in the context of the evolving COVID-19 situation.

NZCS management is actively monitoring developments as they unfold across the globe and ensuring full compliance with the latest guidelines issued by health authorities and governments in the jurisdictions in which the Company operates.

### NZCS Continues Operations as Provider of Essential Services

On 25 March 2020, in response to the COVID-19 pandemic, the New Zealand government implemented a nation-wide lockdown.

As a food producer, however, NZCS is deemed an 'Essential Service' by the New Zealand Government, and as a result, NZCS will continue to operate during the lockdown period, albeit with a reduced on-site factory presence.

NZCS has implemented a strategic response plan to maintain continuity in product delivery and sales, whilst ensuring staff health and safety during the temporary COVID-19 related disruptions.

#### PRINCIPAL AND REGISTERED OFFICE

Suite 5 CPC  
145 Stirling Highway  
Nedlands, WA  
Australia, 6009

ABN: 16 124 251 396

#### OPERATIONS

7 Bolt Place  
Christchurch Airport  
Christchurch 8053  
New Zealand

#### CONTACT

E [info@nzcs.co](mailto:info@nzcs.co)  
P +61 8 9389 3170

ASX CODE: NZS

[www.nzcs.co](http://www.nzcs.co)



In anticipation of a lockdown period, NZCS has dried, processed and pre-packed sufficient stock, allowing for ease of dispatch to customers and ensuring compliance with government advice.

The Company also welcomes the wage support subsidy it has received from the New Zealand government to support its ongoing operations.

Despite current conditions, NZCS is starting to see improved demand for its seafood products abroad, with the Company anticipating a longer term increase in demand for food products that are produced in 'clean' jurisdictions such as New Zealand, as the impact from COVID-19 focusses consumer behaviour and shopping habits.

The Company's diversification across edible and nutraceutical seafood products may further mitigate against the overall economic risk of COVID-19, with NZCS's global customer base and flexible supply chain reducing exposure to restrictions in certain geographic regions. NZCS is also continuing the development of Nutraceutical products, as the Company continues to enter this high growth market.

## **SuperMilkBaba NZ\$4.4m Purchase Agreement**

The Company is pleased to confirm that despite restrictions being imposed in New Zealand, the first 1000kg frozen ling maw order for Supermilkbaba ("SMB"), has successfully been dispatched and processed through New Zealand Border authorities following approval from the Ministry of Primary Industries (MPI). The Company confirms that notwithstanding restrictions for self-isolation currently in place in New Zealand, NZCS continues to be able to continue fulfil and dispatch orders for the high value SMB contract, with select staff able to access the newly upgraded and expanded production and processing facility as required.

While the full impact of COVID-19 on the economy and business is still unclear, NZCS's diverse product line, global customers, flexible supply chain and adaptability, position the business well to meet operational challenges as they evolve and benefit from the increased focus on the clean products NZCS produces.

## **Authority:**

This announcement has been approved by the Board of New Zealand Coastal Seafoods Limited.

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## Further information:

Aldo Miccio  
Executive Director, New Zealand Coastal Seafoods Limited.  
Email: [investors@nzcs.co](mailto:investors@nzcs.co)  
Tel. +61 421 497 138

Jane Morgan  
Investor Relations Advisor, Jane Morgan Management  
Email: [jm@janemorganmanagement.com.au](mailto:jm@janemorganmanagement.com.au)  
Tel. +61 405 555 618

## About New Zealand Coastal Seafoods

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

Through the development of Nutraceutical projects, NZCS has recognised significant opportunities in this high growth market, with the global Nutraceutical market estimated at US \$230.9 billion in 2018.<sup>1</sup>

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

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

NZCS's growth strategy is focused on the development of a new nutraceutical product range and 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.

<sup>1</sup> <https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html>

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