



1 October 2019

NZS Secures Premises for its New Production Facility

- NZS has entered into a commercial lease agreement for the premises of its new, upgraded seafood processing and production facility in Christchurch.
- Production capacity of the Company's flagship ling maw product is set to increase upon completion of the new facility in December 2019.
- Operations ramping up, with NZS securing largest raw seafood inventory order to date.
- Recruitment and training of new production staff to service the new facility is underway, with a 50% increase in NZS's workforce since listing in August.

New Zealand Coastal Seafoods Limited (ASX: NZS) (the 'Company' or 'NZS') is pleased to announce that it has signed a 6 year lease agreement with options to extend for a further 8 years, on a new, upgraded seafood processing and production facility in Christchurch. Once commissioned, the new facility will increase the production capacity of the Company's flagship ling maw product and will provide opportunities for the Company to expand its product lines to include other high-value FMCG goods.

The 1066m² manufacturing site in Christchurch's seafood hub is five times bigger than the Company's existing facility (200 m²), 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.

The site requires relatively low capital investment with a number of pre-existing features including food grade cladding and export standard infrastructure already in place. The building also includes a large freezer space that can hold over 50 tonne of raw product, a key attribute which will significantly increase the Company's capacity of product held on site, creating efficiencies for production and a marked reduction in supply chain risk.

"This expenditure represents a long-term investment in the output capability of the business, with new premises being able to accommodate the Company's planned growth for the foreseeable future" – states Peter Win, CEO.

Newly appointed COO, Andrew Peti, will oversee the move, managing all regulatory and compliance requirements, risk management and operational set up.

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Construction, fit out and licensing of the new facility is expected to be completed by the end of December 2019. In the meantime, production will continue at the existing Christchurch factory.



The signing of the lease agreement represents a significant milestone for the Company as it executes on its expansion strategy. The Company's plans to scale the business were impeded by:

1. Limited access to working capital to fund raw seafood supply for processing; and
2. Capacity limits at the existing facility due its size.

Having successfully raised \$5 million, the Company is well funded to resolve these bottlenecks, with NZS recently securing the supply of 35 tonne of raw ling maw on favourable terms - the Company's largest inventory order to date.

The lease of a new, larger production facility will see the Company resolve the capacity limitations of its existing facility, unlocking significant opportunities for growth.

NZS Strengthens its Workforce

In recent weeks, the Company has increased production staff at the existing Christchurch manufacturing site by 50%, with training in progress. To support the Company's ability to maintain high-quality outputs, detailed training of the Company's recovery and processing methods will be conducted by COO Andrew Peti and Factory Manager, Matt Young.

CEO, Peter Win commented "Our ability to train and retain quality staff is incredibly important as we seek to expand our distribution channels and deliver strong sales returns on our new product lines. Maintaining high-quality outputs that preserve the integrity of the raw materials allows us to command higher margins and provides a competitive advantage as we penetrate new markets."

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ASX Announcement

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About New Zealand Coastal Seafoods

NZS is an ASX listed, secondary producer of seafood products and premium marine ingredients, operating from Christchurch, New Zealand.

Harnessing the country's reputation for pure, pristine waters and fisheries provenance, NZS 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.

Our 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.

NZS'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.

Please visit nzcs.co for further information.

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