



22 July 2021

## Marine Collagen Product Update – Toll Processing Agreement

### Highlights

- **NZCS has 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 NZCS's marine collagen product at scale.**
- **Capital expenditure required to produce marine collagen powder and other nutraceutical products will be significantly reduced, with market entry into the collagen market expedited.**
- **The Agreement will also allow the Company to extract additional value from raw seafood products including mussel oil extraction that is EU Compliant.**
- **Under the alliance and in addition to collagen extraction, the parties will work together in co-marketing products including Bio-Mer's premium anti-inflammatory & nootropic / cognitive function enhancement product "Tripernol Plus" to the consumer market.**
- **NZCS and Bio-Mer will also undertake further R&D development of other nutraceutical product opportunities.**

**New Zealand Coastal Seafoods CEO, Andrew Peti, commented:** "We are very pleased to have entered into an Agreement with Bio-Mer for the extraction of high value nutraceutical products from marine ingredients, thereby further increasing NZCS's competitive advantage, as the Company continues to position itself as a leader in the global nutraceutical market.

Importantly, the Agreement will facilitate the commercialisation of our soon to be launched flagship ling maw marine collagen product, whilst minimising the capital expenditure cost of the Company acquiring its own extraction equipment, and thereby accelerating NZCS's entry into the high growth collagen market.

Using the Bio-Mer suite of extraction equipment, NZCS will also extract EU compliant mussel oil from green lipped mussels.

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"NZCS continues discussions with interested parties regarding the supply of marine collagen product and looks forward to the launch of the product and the anticipated first purchase orders over the coming period."

Leading secondary producer of nutraceutical, seafood products and premium marine ingredients **New Zealand Coastal Seafoods Limited (ASX:NZS and NZSOA)** ("NZCS", the "Company") is pleased to announce that the Company has entered a Toll Processing agreement with leading NZ biotech company, Bio-Mer Limited ("Bio-Mer"), with Bio-Mer to provide the extraction capability and processing required to produce NZCS's marine collagen product at scale ("Agreement").

As previously announced, the Company has been building a business case for specialised manufacturing equipment, whilst concurrently building strong demand for output products. With access to high quality extraction equipment forming a critical step in the commercialisation process, the Agreement will significantly reduce the capital expenditure required to produce marine collagen powder and other powdered nutraceutical products at scale, with market entry into the marine collagen market being expedited.

The alliance, in addition to the Agreement for collagen extraction, will allow the Company to extract additional value from other marine products, including the valuable EU compliant mussel oil.

Further under the alliance, the parties will work together in co-marketing products including Bio-Mer's premium anti-inflammatory & nootropic / cognitive function enhancement product "Tripernol Plus" to the consumer market.

Bio-Mer is a privately owned New Zealand biotechnology company, with raw ingredients used in nutritional supplements sourced from within New Zealand, or the pristine waters surrounding New Zealand. Bio-Mer works within strict manufacturing standards, with all methods of extraction and purification of nutraceutical ingredients being undertaken within guidelines set by New Zealand's Ministry of Primary Industries.

The collagen market is a high value and high growth market presenting a significant opportunity of NZCS in the collagen market, which is expected to grow at a CAGR of 6.9% to reach US \$7.5 billion by 2027, while in terms of volume, the market is expected to grow at a CAGR of 5.1% reach 683.8 KT by 2027<sup>1</sup>.

<sup>1</sup> <https://www.globenewswire.com/news-release/2020/12/04/2139933/0/en/Collagen-Market-by-Product-Source-and-Application-Global-Forecasts-to-2027.html>

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The Agreement aligns with the Company's strategy of improving profit margins by extending NZCS's range of products.

The Company continues discussions with leading global supplement and nutraceutical ingredient suppliers with the aim of entering high value purchase agreements.

The Agreement will run for a term of 2 years, with the option for NZCS to extend for a further two years. The Agreement may be terminated by either party giving six months notice and otherwise contains termination clauses common for agreements of this nature.

## Authority

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

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## 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.

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# ASX Announcement

NEW ZEALAND  
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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>2</sup>

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.

<sup>2</sup> <https://www.bccresearch.com/market-research/food-and-beverage/nutraceuticals-global-markets.html>

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