



New Zealand  
King Salmon

FY22 Results and Equity Raising Presentation

# PRESENTERS



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- EBITDA. We calculate EBITDA by adding back (or deducting) depreciation, amortisation, finance expense / (income), and taxation expense to net earnings / (loss) from continuing operations.
- EBIT. We calculate EBIT by adding back (or deducting) finance expense / (income), and taxation expense to net earnings / (loss) from continuing operations.
- Pro Forma Operating EBITDA refers to earnings before interest, tax, depreciation and amortisation after allowing for pro forma adjustments as described in the Appendix to this document.

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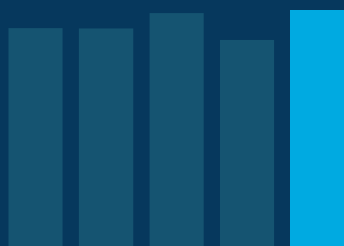
This presentation has been authorised for release to NZX and ASX by the Company's Board of Directors.

# EXECUTIVE SUMMARY

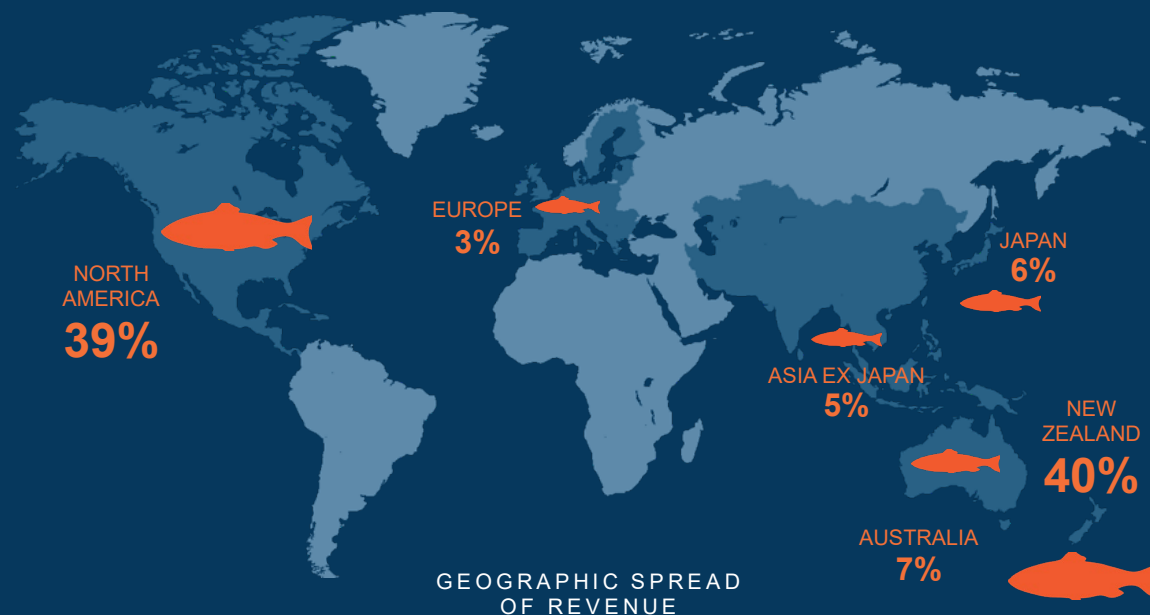
<b>FY22 results</b>	<ul style="list-style-type: none"> <li>• FY22 performance impacted by hangover of the Single Year Class model 1HFY22, mortality event 2HFY22 and write-off of goodwill and impairment of assets</li> <li>• Pro forma EBITDA of \$6.7m impacted by the transition from the Single Year class model and mortality event</li> <li>• Covid remained a significant headwind due to increased cost of freight and supply disruptions</li> <li>• Sales demand returned in FY22 with sales exceeding harvest volumes. Supply constraints, a consequence of the single-year-class model, spanned Mar to Jul 2021</li> <li>• Elevated mortality commenced in Jan 2022 – unusually early and severe</li> </ul>
<b>Update on 21/22 summer mortality</b>	<ul style="list-style-type: none"> <li>• NZ King Salmon has historically suffered from variable fish production – from a cost, size and volume perspective</li> <li>• Sustained summer temperatures above 18°C have been the dominant stressor in a multifactorial event, suppressing fish immunity and resulting in elevated mortality. Approximately half of the mortality biomass from warmer sites occurred between January and March when fish sizes are generally smaller</li> <li>• The warm water sites over the summer months (January to March) account for \$9.6 million of our total \$20.8 million mortality value (46%)</li> </ul>
<b>Reset of aquaculture farming model</b>	<ul style="list-style-type: none"> <li>• In light of FY21/FY22 mortality events, we have reviewed our operations and revised our farming strategy to avoid the summer months in our warmer water spaces. Instead of making improvements to farm through the Pelorus summer we will be avoiding the Pelorus summer (except for a trial). Focus will instead be on utilising the cooler water in the Tory Channel farms, and the nearby Queen Charlotte farms as a location to tow stock post summer</li> <li>• Furthermore, we will produce seasonal volume using large smolt and we will repeat a vaccination trial in the Pelorus</li> </ul>
<b>FY23 guidance</b>	<ul style="list-style-type: none"> <li>• Impact of FY22 mortalities will carry through to FY23 resulting in reduced harvest figures</li> <li>• Benefits from the change in aquaculture farming model is not expected to start materialising until December 2022 and January 2023, which means that FY23 will be a transition year before a full year of benefit is realised in FY24</li> <li>• Noting FY23 as a transition year, proforma EBITDA guidance is at a loss range of \$8m – \$12m, with sustainable earnings on a go forward basis expected to be in a guidance range of \$15m - \$19m</li> </ul>
<b>Equity raise</b>	<ul style="list-style-type: none"> <li>• NZ King Salmon is raising equity to repay debt and strengthen its balance sheet, providing the business with liquidity as it resets its farming model whilst navigating the remaining impacts of the Covid-19 pandemic</li> <li>• The equity raise will comprise a \$60.1 million pro rata rights offer</li> <li>• BNZ has provided covenant waivers until and excluding 30 April 2023. NZ King Salmon has restructured its banking facilities with BNZ, subject to successful completion of an equity raising, providing it with a new facility up to \$6.5 million in addition to retaining the Business Finance Guarantee Scheme loan (\$4.25m). This liquidity will be used to fund working capital and capex as earnings begin to return</li> </ul>

# FY22 OPERATIONAL HIGHLIGHTS

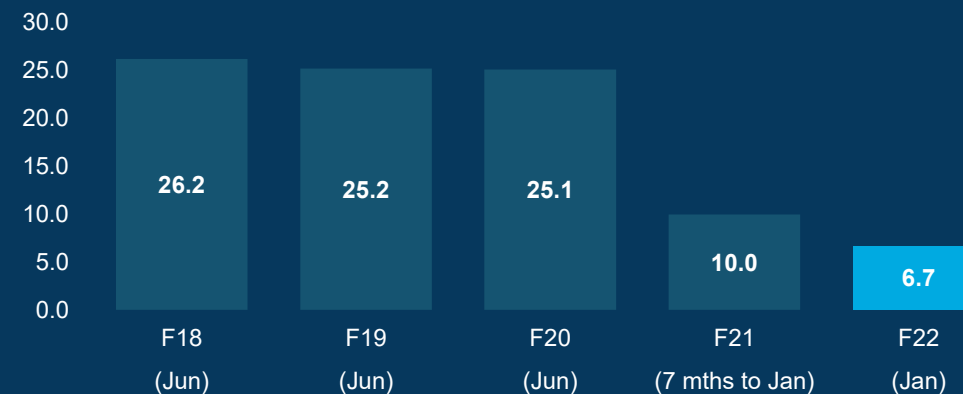
FY22 REVENUE OF  
**\$174.5**  
 MILLION



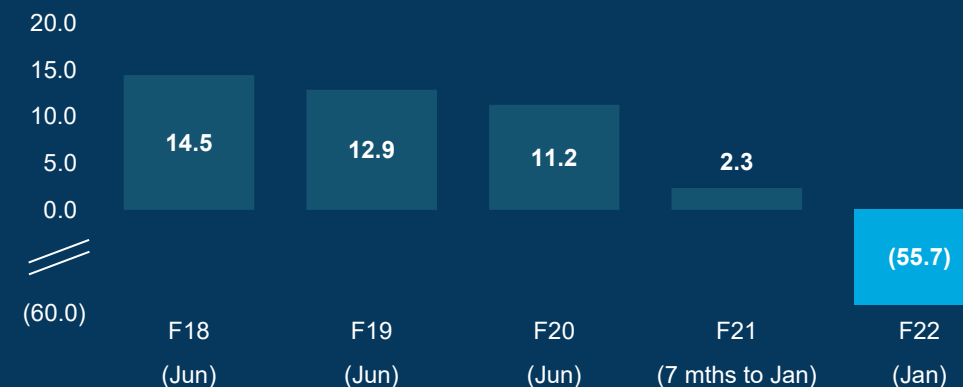
METRIC TONNES  
 HARVESTED  
 DURING FY22



## FY PRO-FORMA OPERATING EBITDA



## FY PRO-FORMA NPAT



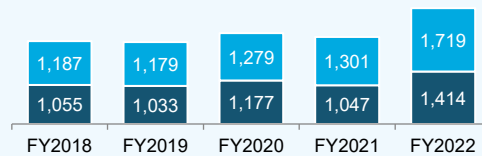
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# FY22 PERFORMANCE

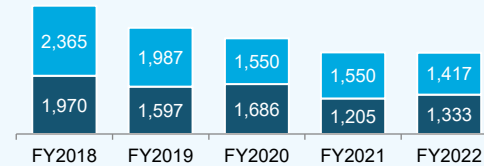
# SALES PERFORMANCE AND BRAND ACHIEVEMENTS

## Continuing to target branded premium markets

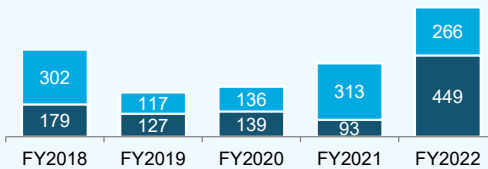
### North America (MT)



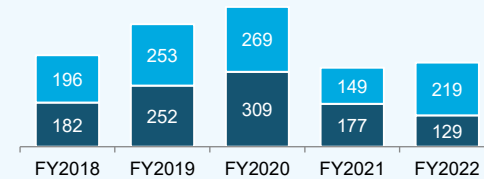
### Domestic Market (MT)



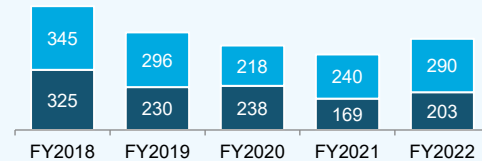
### Japan (MT)



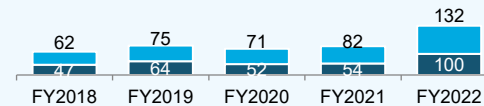
### Asia (MT) Excludes Japan



### Australia (MT)



### Europe (MT)



■ First half sales ■ Second half sales

## Sales performance

- North American market continues to be a standout performer, with Ōra King foodservice and Regal branded retail both continuing to grow
- New Zealand Foodservice market recovery is taking longer than anticipated, however retail growth remains strong for the second year running resulting in a consistent domestic market performance
- Japan market sales experienced strong growth as a result of frozen whole fish contracts and Sushi chain store promotions in 1H22. Excluding the promotional sales to the Sushi chain, fresh whole sales continued to increase throughout the financial year
- Asian markets, excluding Japan, remains in a recovery phase following Covid impacts. 2H22 saw a stronger recovery as retail sales increased and foodservice markets began its rebound
- The Australian market experienced a strong post Covid recovery
- European market volume growth of ~70% over FY21 was a result of investment in retail specialists, new listings and expansion of existing business

## Brand achievements

- Ōra King documentary launched globally
- Positive market test launch of Ōra King Keiji, our interpretation of the famed Japanese Keiji, a premium plate-size salmon enjoyed for its unique flavour and delicate texture
- Regal Double Manuka Wood Roasted King Salmon awarded the Top Honour in Specialty Food category with two wins at Sofi awards in North America



# AQUACULTURE SUMMARY

## SIGNIFICANT MORTALITY TO END FY22

### Several significant challenges for Aquaculture in FY22 bookended by issues in the Pelorus

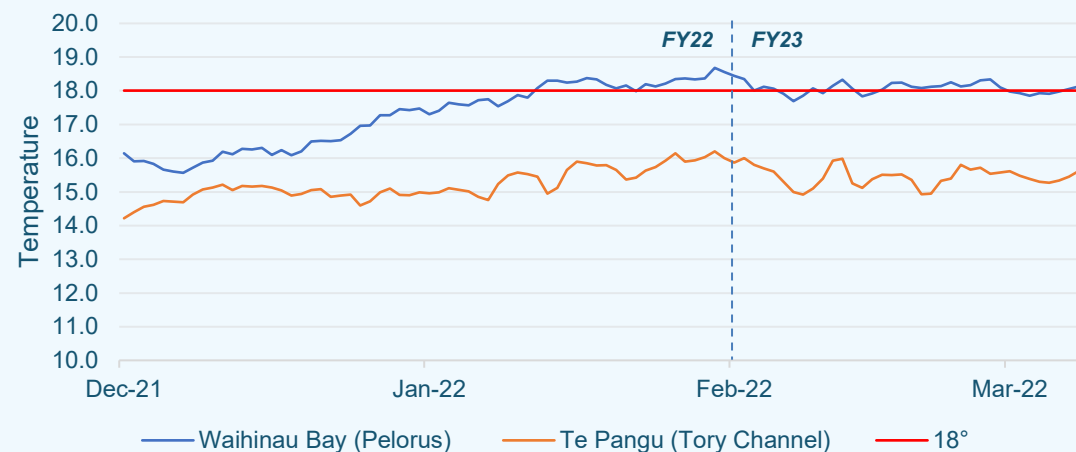
- NZ King Salmon transitioned out of the Single Year Class farming model. The Single Year Class farming model adversely impacted our fish costs through mortality and lack of growth in size for the first four months of 1H22, and an adaptation to the farming model was required to mitigate the impact of warmer summer waters
- 1H22 saw significantly reduced harvest size due to low summer growth and increased mortality in the Pelorus (Waitata / Kopaua) which involved stocks destined for harvest over this period. This also led to an increased FCR and overall cost of fish from this region
- The Queen Charlotte Sound also experienced an increase in mortality through 1Q22 with this slightly impacting 2Q22
- Farms performed well across 2H22 with good growth, low mortality rates and strong harvest results
- A significant mortality event took place at the end of FY22 impacting stocks primarily in the Pelorus, with this event continuing into FY23 and impacting FY23 harvest volumes
- Te Pangu saw elevated mortality linked to a feed quality related issue in late FY22, which will roll into 1Q23 but is not expected to continue indefinitely and was exacerbated by COVID supply challenges over the last few months. This issue also compounded the Pelorus mortalities

<sup>1</sup> Temperature data obtained from on farm loggers at 5m water depth

<sup>2</sup> Mortality Biomass calculated as mortality biomass / gross growth

<sup>3</sup> Financial years have been restated to 1 February – 31 January

### FY22 Summer Temperatures<sup>1</sup>



### Historical Mortality Biomass Percentage<sup>2</sup>

Year <sup>3</sup>	Tory Channel	Queen Charlotte	Pelorus Sound	Total
FY18	8.4%	19.9%	14.0%	12.0%
FY19	12.9%	20.2%	20.3%	16.5%
FY20	8.6%	34.0%	50.2%	22.5%
FY21	11.9%	16.9%	28.5%	20.4%
FY22	19.3%	57.0%	35.5%	28.3%

# FISH PERFORMANCE

## HEALTH INITIATIVES AND SUMMER MORTALITY

Fish performance continues to be a key focus for the business and changes to the farming model are required to ensure sustainability over the long term<sup>1</sup>

- Warm waters during the summer period continue to heavily impact mortality
- Performance outside of the key summer period continues to be strong across all farms
- Significant investments in fish health have not materially helped to prevent summer mortality issues to date. However, FY22 saw significant learnings in this area and further developments with the first rollout of a new autogenous vaccine as part of our ongoing immunisation programme

Biological Performance <sup>2</sup>					
	FY18	FY19	FY20	FY21	FY22
Harvest Volume (t)	8,374	7,582	7,599	7,805	7,382
Average G&G Harvest Weight (kg)	4.22	4.40	3.77	4.55	3.50
Feed Conversion Ratio (FCR)	1.82	1.80	1.72	1.81	1.87
Closing Livestock Biomass	6,387	7,026	7,014	6,864	6,015
Feed Cost (\$ / Kg of feed)	2.24	2.38	2.52	2.49	2.39

Sound	Farm	Volume Harvested <sup>2</sup>				
		FY18	FY19	FY20	FY21	FY22
Queen Charlotte	Ruakaka	1,143	559	630	-	1,000
	Otanerau	893	817	-	911	903
Tory Channel	Clay Point	1,981	872	1,988	1,395	1,428
	Te Pangu	1,919	2,849	1,705	2,873	325
	Ngamahau	405	691	1,272	13	1,889
Pelorus Sound	Waitata	1,936	1,265	1,520	32	1,391
	Kōpaua	95	521	478	503	433
	Waihinau	-	-	-	1,058	-
	Forsyth	-	-	-	1,009	-
Freshwater		2	8	5	12	14
<b>Total</b>		<b>8,374</b>	<b>7,582</b>	<b>7,599</b>	<b>7,805</b>	<b>7,382</b>

<sup>1</sup> Further detail on fish health and changes to farming model provided in Strategy Update & Outlook section

<sup>2</sup> Financial years have been restated to 1 February – 31 January

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# FY22 RESULTS



# FY22 HEADLINE FINANCIAL PERFORMANCE

Group Financial Performance						
	FY22	Pro forma <sup>1</sup> FY21 <sup>2</sup>	% chg	FY22	GAAP FY21 <sup>2</sup>	% chg
Volume Sold (t)	7,672	4,109	87%	7,672	4,109	87%
<b>Revenue</b>	<b>174,530</b>	<b>95,239</b>	<b>83%</b>	<b>174,530</b>	<b>95,239</b>	<b>83%</b>
<b>Gross Margin</b>	<b>21,563</b>	<b>20,381</b>	<b>6%</b>	<b>12,743</b>	<b>14,153</b>	<b>(10%)</b>
Gross Margin %	12%	21%		7%	15%	
<b>EBITDA (Including the early close out of in the money FX contracts)</b>	<b>6,698</b>	<b>9,963</b>	<b>(33%)</b>	<b>(15,593)</b>	<b>(2,009)</b>	<b>676%</b>
EBITDA %	4%	10%		(9%)	(2%)	
<b>EBIT</b>	<b>(60,935)</b>	<b>4,975</b>	<b>(1,325%)</b>	<b>(84,973)</b>	<b>(7,978)</b>	<b>965%</b>
<b>NPAT</b>	<b>(55,715)</b>	<b>2,347</b>	<b>(2,474%)</b>	<b>(73,202)</b>	<b>(7,079)</b>	<b>934%</b>

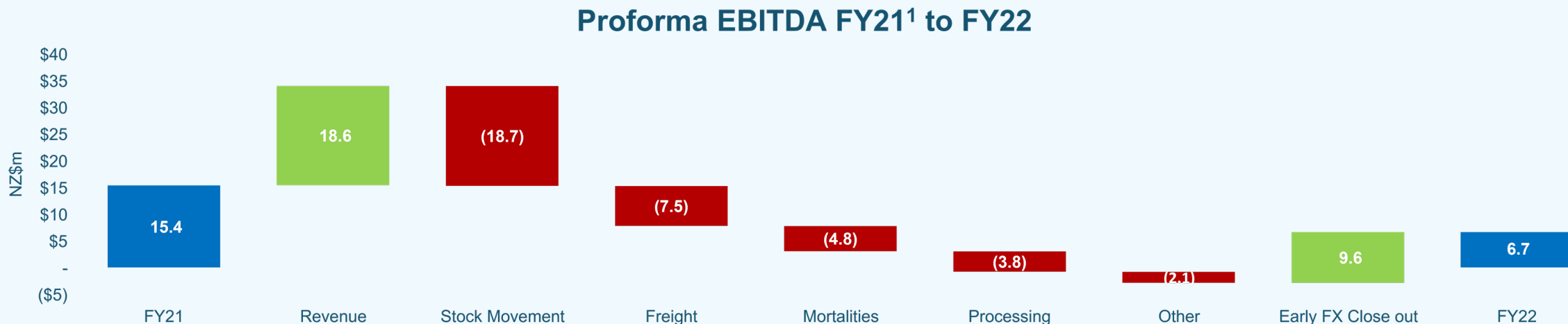
- **Gross Margin %** in FY22 impacted by movement away from Single Year Class farming model, higher sea farm mortalities and the exit of the majority of excess frozen whole fish inventory (built up during FY21 Covid disruptions) at discounted prices and continually elevated freight costs
- **Pro forma EBITDA** supported by the early close out of in the money FX contracts in 1H22
- **GAAP NPAT** similarly impacted by changes to the farming model, higher sea farm mortalities<sup>3</sup> and the impairment of goodwill of \$39.26m and impairment of P&E and intangibles of \$20m

<sup>1</sup> A full reconciliation between GAAP and Pro Forma results is shown on pages 36 and 37 of this presentation

<sup>2</sup> The FY21 result is for a 7 month period following the Groups change in balance date from June to January

<sup>3</sup> Further detail on fish health and changes to farming model provided in Strategy Update & Outlook section

# PROFORMA<sup>1</sup> EBITDA COMPARISON (FY21 RESTATED TO 12 MONTHS<sup>2</sup>)



- **Revenue** increased due to sales volume of 7,672MT, a 20% increase on sales volumes compared to prior 12 month period<sup>2</sup>
- **Stock movement** was negative due to the disposal of excess frozen whole fish built up in FY21 due to Covid disruptions across food services markets. This build up did not repeat in FY22 and the majority of frozen whole fish stock was cleared in FY22 at discounted prices
- **Freight** costs reflect increased sales volumes and increased freight cost per kg due to ongoing disruptions to the global logistics environment from Covid
- **Mortality**<sup>3</sup> impact reflects significant mortality increase in FY22
- **Processing costs** reflect cost increases across the major cost groups including salaries & wages, and raw materials
- Early close out of **in the money FX contracts** in 1H22 helped mitigate the impact of cost increases listed above

<sup>1</sup> Refer to pages 36 & 37 for full reconciliation between GAAP and Pro Forma results

<sup>2</sup> FY21 was a 7 month reporting period, as such comparable information has been restated to provide a comparable 12 months to be on a like for like basis

<sup>3</sup> Further detail on fish health and changes to farming model provided in Strategy Update & Outlook section

# BALANCE SHEET- RECAPITALISATION REQUIRED

## In light of recent trading impacts, NZ King Salmon is raising equity to repay all outstanding debt to recapitalise and strengthen its balance sheet

- NZ King Salmon's net bank debt increased to \$44.2m in FY22 (out of total debt facilities of \$64.25m)
- Post the \$60.1m equity raise, NZ King Salmon will have a pro forma net cash position of \$13.2m<sup>2</sup> as at 31 January 2022
- Inventory on Hand decreased due to the sale of excess whole frozen fish – inventory on hand
- Biological assets have decreased due to an increase in sea farm mortalities currently unfolding
- \$13.3m of capex was spent in FY22. Large categories of capex spend include:
  - Blue Endeavor resource consent – \$3.2m spent YTD (project to date spend: \$5.5m)
  - Farm equipment upgrade (Pens & Barge, net cleaner and vessel) – \$5.0m
  - Purchase of additional premises adjacent to our main processing facility – \$1.6m
- Goodwill of \$39.26m and P&E and intangibles of \$20m have been written off/impaired as a result of the group's annual impairment test
- As noted in our half year results 'Other' current and non-current assets decreased due to the early exit of in the money foreign exchange contracts in H1 FY22 (\$13.5m)

<sup>1</sup> In addition to net bank debt, net cash and debt includes financing of insurance premiums

<sup>2</sup> \$44.2m net bank debt less expected equity proceeds of \$57.4m (net of transaction fees)

Group Financial Position		
NZ\$000s	Jan-22 Audited	Jan-21 Audited
<b>Current Assets</b>		
Cash and equivalents	2,913	3,479
Receivables	19,817	16,186
Taxation receivable	294	-
Inventories	34,636	42,489
Biological Assets	65,529	69,588
Derivative financial assets	1,338	5,413
	<b>124,527</b>	<b>137,155</b>
<b>Non-current Assets</b>		
Property, plant & equipment	50,620	60,716
Biological assets	9,432	18,600
Other	12,749	71,545
	<b>72,801</b>	<b>150,861</b>
<b>Total Assets</b>	<b>197,328</b>	<b>288,016</b>
<b>Current Liabilities</b>		
Loans (external)	(49,659)	(3,024)
Lease Liabilities	(1,531)	(1,580)
Payables	(16,434)	(18,597)
Other	(6,993)	(9,810)
	<b>(74,617)</b>	<b>(33,011)</b>
<b>Non-Current Liabilities</b>		
Loans (external)	-	(39,250)
Lease Liabilities	(4,402)	(5,389)
Other	(7,080)	(17,823)
	<b>(11,482)</b>	<b>(62,462)</b>
<b>Total Liabilities</b>	<b>(86,099)</b>	<b>(95,473)</b>
<b>Net Assets</b>	<b>111,229</b>	<b>192,543</b>
Net Cash / (Debt) <sup>1</sup>	(46,746)	(38,795)

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# STRATEGY UPDATE & OUTLOOK



# FISH HEALTH

## Effective management of fish health remains an ongoing challenge, and we continue to build our understanding in this area

Adverse health outcomes are rarely straightforward. They generally involve a number of factors such as stress, disease, environmental conditions and husbandry acting in combination. In recent years we have undertaken research and trials, and made management changes, to address a number of complex fish health issues. Whilst we have been able to exclude several potential risk factors, significant issues remain to be resolved

- **Water temperatures** have the strongest correlation with mortality, with significant adverse effects for fish when temperatures consistently exceed 18°C. This is a key focus for NZKS
- **Single Year Class (SYC) production** has been shown to be a very effective biosecurity measure elsewhere, especially in relation to viral diseases. However, it is difficult to implement at NZKS farms. When applied in the Pelorus, SYC resulted in adverse environmental and fish health outcomes, with larger fish (which are more susceptible to thermal stress) being exposed to warmer water and therefore increased health risk, requiring physical remediation measures to be employed (managed upwelling). Consequently, SYC did not reduce mortality
- **Stinging organisms** associated with net fouling have been shown elsewhere to induce lesions and increase fish stress and susceptibility to disease. However, replicated trials have eliminated this as a primary cause of mortality for NZKS. We are aware that these organisms may still increase fish stress when present at elevated levels and therefore net hygiene remains a clear objective for NZKS. However, perversely, these trials also identified that frequent net cleaning in and of itself may contribute to stress and overall mortality, and so can be a confounding factor in other health issues
- **Pathogenic microorganisms** clearly play a part in our multifactorial mortality events. We have improved our sampling and diagnostic techniques over the last year which, in conjunction with recent clinical trials, has dramatically increased our knowledge of both potential threats and treatment options. Our ongoing immunisation programme is a key focus in this area to assist in mitigation
- **Nutrition and the physical properties of fish feed** play a major role in fish health, supporting optimal performance but also with the potential for adverse impacts. Consequently, we need to have a clear understanding of both feed quality and how feed performs in our production environment



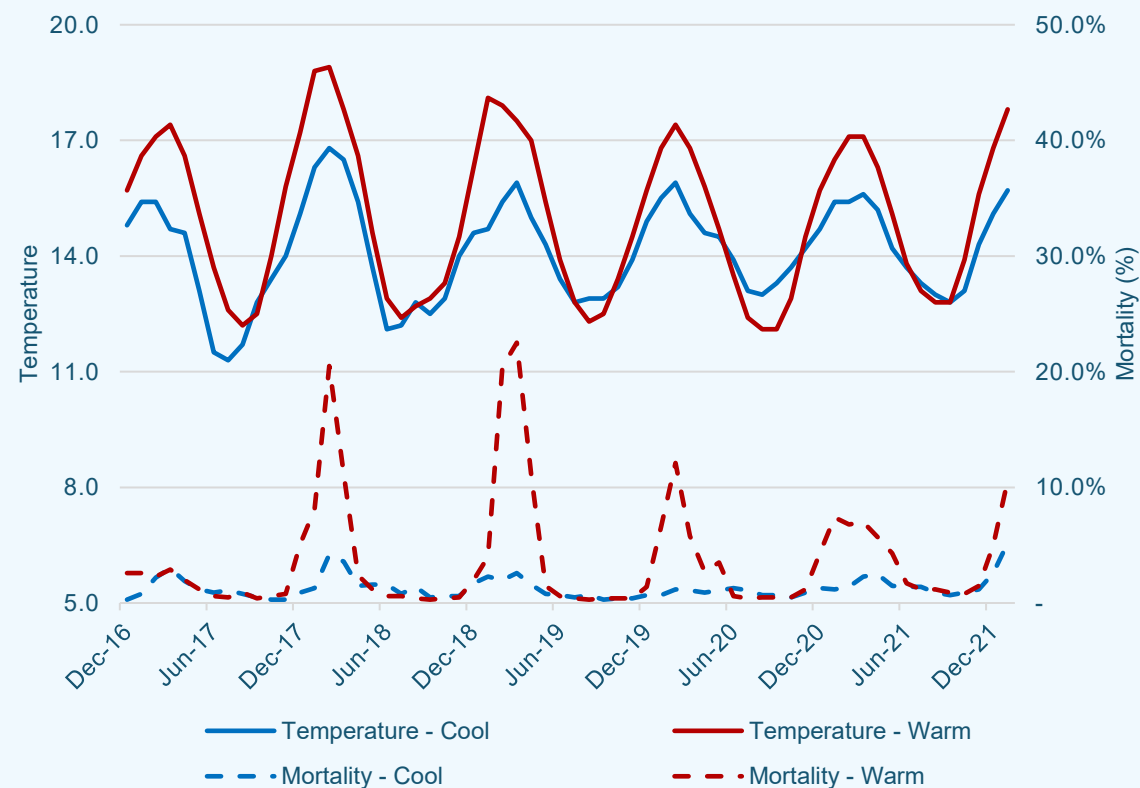
# MORTALITY RISK MITIGATION

## Mortality remains the key risk to any farming model and managing this risk is key

Although almost always multifactorial in nature, mortality at NZKS is heavily linked to **warmer water temperatures during the summer period**. Whilst it is impossible to remove all risk, mitigations can be incorporated into current production planning, with a clear focus on:

- Changing our aquaculture model to avoid farming over summer at warmer water sites and instead target production in the cooler waters of the Tory Channel (see page 18 for more detail on these changes)
- Vaccine deployment for known diseases and vaccine development for evolving disease risks
- Optimising feed quality, including testing pre-feeding and collaborating with feed companies to support diet improvement and development
- Our ongoing breeding programme with a focus on survival and thermal tolerance
- Ensuring appropriate resources, facilities and access to scientific expertise are provided to the fish health team. NZKS employs a fully qualified and specialist fish vet with specialist experience in the King Salmon species

Temperature and mortality at warm water<sup>1</sup> and cool water<sup>2</sup> farms



<sup>1</sup> Queen Charlotte and Pelorus Sound

<sup>2</sup> Tory Channel

# CHANGE TO AQUACULTURE MODEL TO REDUCE MORTALITY RISK

## NZ King Salmon continuously seeks improvement in its production model to minimise summer mortality

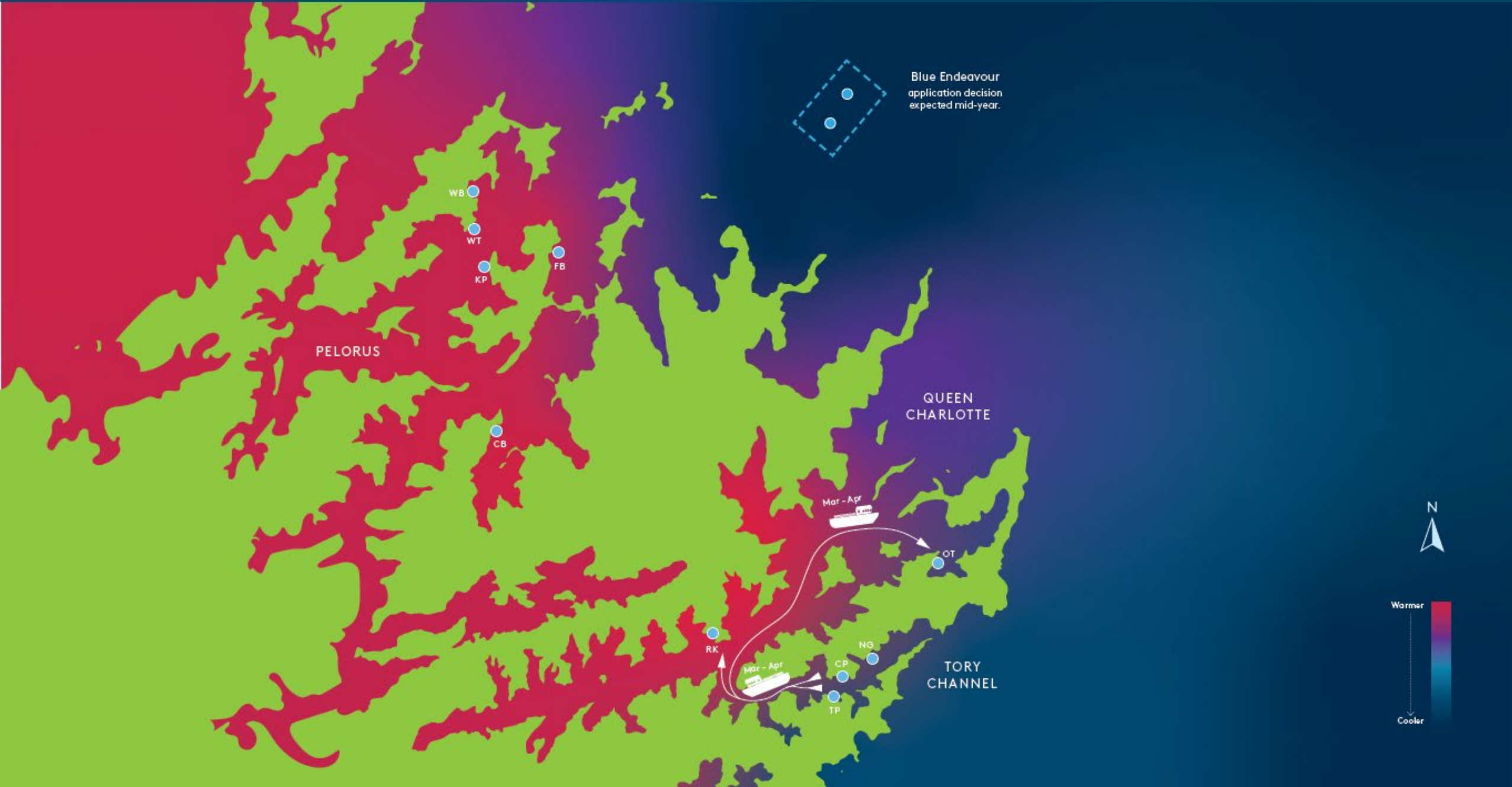
- In response to the FY22 and early FY23 mortality event, NZKS will transition its core strategy from improving our practices and farming through the summer to **avoiding the summer in problem areas such as the Pelorus and Queen Charlotte Sound**. This will involve:
  - Increasing our production focus in the cooler Tory Channel during the summer period
  - Towing fish to Ruakaka and Otanerau in March / April for grow-out and harvest pre summer
  - Fallowing some sites in the Pelorus until Blue Endeavour is active, when and they will be utilised as nursery or harvest sites for the BE project
- We estimate the changes to our aquaculture model will reduce mortality by ~50% (volume) and believe that we can limit the reduction in harvest volume to only ~15%, maintaining production volume at an expected ~6,500MT
- Our revised production volume includes 500MT of seasonal harvest volume associated with the transfer of very large smolt in March for harvest pre-Christmas at between 2 – 2.5kg. It also includes harvest gains from the immunisation programme over summer in the Pelorus (Waitata), which we anticipate will provide a harvest opportunity for 3 – 3.5kg fish pre-Christmas

Historical Mortality Biomass Percentage <sup>1</sup>				
Year	Tory Channel	Warm water (Towed)	Warm water (No Tow)	Total
FY18	8.4%	10.1%	17.1%	12.0%
FY19	12.9%	6.8%	22.2%	16.5%
FY20	8.6%	N/A	45.7%	22.5%
FY21	11.9%	N/A	25.5%	20.4%
FY22	19.3%	37.2%	43.1%	28.3%
<b>Average</b>	<b>12.2%</b>	<b>18.6%</b>	<b>29.4%</b>	<b>19.8%</b>

<sup>1</sup> Mortality Biomass calculated as mortality biomass / gross growth

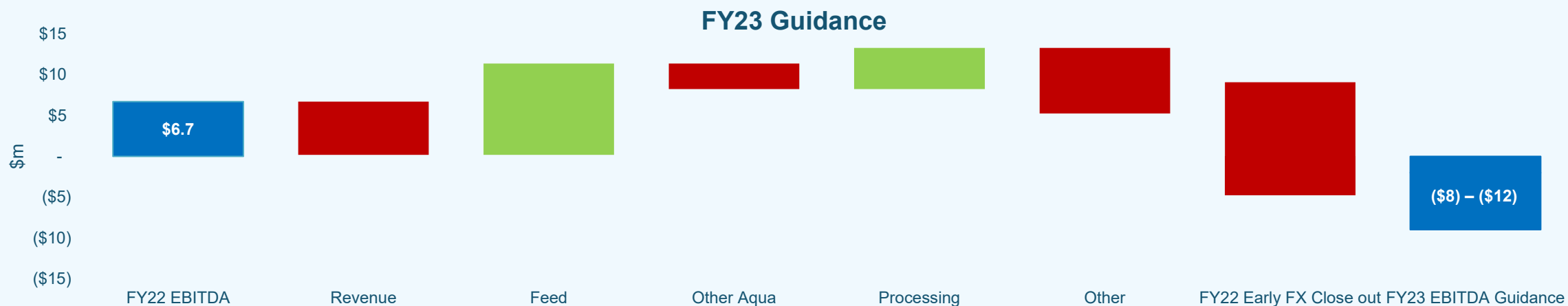
<sup>2</sup> No towing operations undertaken in Queen Charlotte in FY21 due to SYC

# FARMING MODEL INFOGRAPHIC



# FY23 OUTLOOK (EBITDA GUIDANCE)

## A TRANSITORY YEAR TO THE REVISED FARMING MODEL



- Revenue<sup>1</sup> impacted by the reduced harvest from the recent mortality event
- Feed is a variable expense and reduces in line with reduced harvest for FY23
- Other aqua costs have increased due to the livestock movement (difference between our fish production costs and the costs of harvest) recognised within COGS. Due to the mortality event we have a decrease in harvest volume and the proportion of costs being capitalised to the balance sheet
- Processing costs decrease due to a reduction in raw materials, labour and overheads as a result of the reduced harvest
- The gain recognised from the early close out of in the money FX contracts in FY22 is not expected to repeat. NZ King Salmon will look to adjust its FX cover to align with the reduced harvest
- Given the current mortality event, there is no year-on-year benefit from reduced mortality associated with a change to the aquaculture model (avoiding farming the warmer sites over summer) until FY24. Therefore, FY23 represents a transitional year to the new farming model
- Earnings guidance in the form of pro forma EBITDA for FY23 is given in a range of a loss of \$8m to \$12m
- NZKS board is considering the pause of non-essential capital expenditure until further review is performed

<sup>1</sup> Revenue presented net of Omega and Atlantic COGS

# TRANSITIONING TO A MORE PREDICTABLE BUSINESS

## SUSTAINABLE PRO FORMA EBITDA RANGE \$15M – \$19M



**FY23 will be a transitional year to a new aquaculture farming model.** The analysis above provides an understanding of how this new model supports NZ King Salmon's view of sustainable earnings. The key movements between the FY22 and a view of sustainable earnings are highlighted below:

- Revenue (margin) offsets the decline in harvest as NZ King Salmon optimises both product and customer mix
- An expected reduction in mortalities from not farming our warmer sites over summer
- Feed will decrease due to a reduction in harvest
- Freight remains challenging due to a number of external factors. The reduction in harvest (sales) will result in a slightly reduced total freight cost. Cost per kg is conservatively assumed to reduce slightly (but remain elevated compared to historical levels) in the medium term as more capacity is introduced post Covid disruptions. NZ King Salmon also notes the Government has extended critical support to the aviation sector through the Maintaining International Air Connectivity (MIAC) Scheme through to March 2023
- Outside of the variable costs associated with freight and feed, NZ King Salmon has identified a number of cost saving initiatives across overheads and people to align with a reduction in harvest volumes
- NZKS notes the sustainable earnings assume the reconsenting of existing farms – refer to slide 35 for a list of existing sea farm resource consents and expiry

# BLUE ENDEAVOUR UPDATE

- Blue Endeavour hearings recommence for 2 days on 26 and 27 of April 2022
- Consent outcome is due mid-year
- Blue Endeavour remains an important medium-term project to deliver growth to NZ King Salmon
- Blue Endeavour will allow the utilisation of Pelorus licenses as nursery sites and harvest locations
- Work continues on refining the production plan
- Blue Endeavour has the potential to add 10,000MT of harvest volume in conjunction with our nursery sites
- FY27 is the earliest possible Blue Endeavour harvest
- Full capacity of existing sites plus Blue Endeavour is ~16,500MT



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# EQUITY RAISING



# STRENGTHENING BALANCE SHEET AND MITIGATING ONGOING CHALLENGES

## Overview of actions being taken

- NZ King Salmon is taking pre-emptive action to ensure it remains well capitalised during the current period of uncertainty with sufficient liquidity to maintain flexibility as earnings return:
  - NZ King Salmon is today announcing an underwritten NZ\$60.1 million equity raise
  - Banking facility provider, BNZ, has provided covenant waivers until and excluding 30 April 2023, subject to successful completion of the equity raise

## Strengthening balance sheet and mitigating ongoing challenges

- NZ King Salmon is today launching an equity raising comprising an underwritten NZ\$60.1 million pro-rata rights offer
- The proceeds of the equity raising will be used to deleverage the balance sheet and provide liquidity and funding for medium term operating requirements. Refer to the following page for details on planned uses of funding and the NZ King Salmon's pro forma capitalisation
- Post the equity raising, NZ King Salmon will be in a net cash position and have total liquidity of NZ\$13.2 million, providing NZ King Salmon with significant flexibility as it transitions its farming model to provide for a more predictable earnings profile



# SOURCES & USES AND PRO FORMA GEARING

## Sources and uses of funds

Sources of funds	(NZ\$m)
Rights offer	\$60.1m
<b>Total</b>	<b>\$60.1m</b>

Uses of funds	(NZ\$m)
Repayment of debt (31 January 2022)	\$42.8m
Transaction costs	\$2.7m
Excess cash / liquidity	\$14.6m
<b>Total</b>	<b>\$60.1m</b>

## Pro forma gearing

### Current as at 31 January 2022

Pro forma capitalisation (NZ\$m)	Limit	Drawn	Covenant <sup>1</sup>
BNZ Facility A	\$20m	\$20m	4.0x
BNZ Facility B	\$20m	\$20m	4.0x
BNZ Facility C	\$20m	\$2.8m	4.0x
BNZ – Business Finance Guarantee Scheme	\$4.3m	\$4.3m	4.0x
BNZ New Facility	-	-	
Less: Cash on balance sheet	-	(\$2.9m)	
<b>Net debt / (cash)</b>	<b>\$64.3m</b>	<b>\$44.2m</b>	

### Pro forma as at 31 January 2022

Limit	Drawn	Covenant (x EBITDA)
Nil	Nil	n/a
Nil	Nil	n/a
Nil	Nil	n/a
\$4.3m	\$4.3m	2.5x
\$6.5m	\$0.0m	2.5x
-	(\$17.5m)	
<b>\$10.75m</b>	<b>(\$13.2m)</b>	

Following the paydown of existing debt tranches, BNZ have agreed to provide NZKS with a 2-year \$6.5m revolving facility for the purposes of funding general corporate expenditures. All financial covenants (leverage ratio and interest cover ratio) are waived for one year, and thereafter a Net Debt / EBITDA covenant of 2.5x (previously 3.0x), and an EBITDA / Net Interest Expense covenant of 3.0x (previously EBIT interest cover ratio of 2.5x), will apply from and including 30 April 2023

# EQUITY RAISE DETAILS

<b>Offer size and structure</b>	<ul style="list-style-type: none"> <li>NZ\$60.1 million equity raising (<b>Equity Raising</b>) in the form of a 2.85 for 1 rights offer (<b>Rights Offer</b>)</li> <li>Approximately 401 million new ordinary shares (<b>New Shares</b>) will be issued under the Equity Raising</li> <li>Under the Offer, Eligible Shareholders may apply for 2.85 New Shares for every 1 share held on the record date at the NZ\$ price or A\$ price (the <b>Rights</b>)</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>New Shares will be issued at the fixed price of NZ\$0.15 per new share representing:             <ul style="list-style-type: none"> <li>– 55.1% discount to TERP of NZ\$0.33</li> <li>– 82.6% discount to last closing price of NZ\$0.86 as at 12 April 2022</li> </ul> </li> <li>The Australian dollar offer for eligible Australian shareholders will be set using the prevailing AUD/NZD exchange rate on 26 April 2022</li> </ul>
<b>Rights Offer</b>	<ul style="list-style-type: none"> <li>Eligible Shareholders in Australia, New Zealand and institutional investors in select other jurisdictions will be invited to take up their rights in a Rights Offer and can access the offer materials at <a href="http://www.shareoffer.co.nz/nzks">www.shareoffer.co.nz/nzks</a></li> <li>Eligible Retail Shareholders who take up their rights in full have the opportunity to apply for additional New Shares which are attributable to any Unexercised Rights, allowing them to subscribe for additional New Shares up to a maximum of 100% of their Rights</li> <li>The rights will not be quoted on NZX or ASX and there will be no shortfall bookbuild for those rights not taken up by eligible shareholders or the rights of ineligible shareholders – eligible shareholders may be able to renounce their rights by transferring them off-market</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>All New Shares issued under the Equity Raising will rank equally with existing ordinary shares on issue</li> </ul>
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>Oregon Group has pre-committed to take up \$23.8m of its rights (representing 100% of its entitlement), and the directors of NZ King Salmon have pre-committed to subscribe for a further \$2.5m of shares, with the balance of the Rights Offer fully underwritten by Jarden Partners Limited on customary terms for an offer of this nature</li> </ul>
<b>Board and shareholder support</b>	<ul style="list-style-type: none"> <li>As noted above, Oregon Group and the directors of NZ King Salmon have pre-committed to subscribe for \$26.3m shares in aggregate and the board of NZ King Salmon unanimously supports the Equity Raising</li> </ul>

# TIMETABLE

## Offer timetable

Announcement of Equity Raising

Wednesday, 13 April 2022

**Record date for the Rights Offer**

**7.00pm NZST Tuesday, 26 April 2022**

**Rights Offer opens**

**Wednesday, 27 April 2022**

Offer Document despatched to Eligible Shareholders

Wednesday, 27 April 2022

**Rights Offer closes**

**5.00pm NZST Friday, 6 May 2022**

Announce results of Rights Offer

Wednesday, 11 May 2022

Settlement, allotment and commencement of trading of new shares on NZX

Thursday, 12 May 2022

Commencement of trading of new shares on ASX

Friday, 13 May 2022

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# KEY RISKS

# KEY RISKS

This section outlines the key risks that NZKS has identified which are relevant to investors in the equity raise. These risks may affect the future operating and financial performance of NZKS and the NZKS share price. Like any investment, there are risks associated with an investment in NZKS's shares. Please note that this section does not (and does not purport to) set out all of the risks related to an investment in NZKS shares, the future operating or financial performance of NZKS, the equity raise or general market or industry risks. Some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material.

In light of the Covid pandemic and heightened geopolitical tensions, extra caution should also be taken when assessing the risks associated with investment. These ever-evolving situations continue to pose challenges for global financial markets and the economy as a whole. Capital markets continue to see equity securities suffer from spikes in volatility and significant price decline.

Before deciding whether to invest in NZKS shares, you must make your own assessment of the risks associated with an investment in NZKS and consider whether such an investment is suitable for you, having regard to publicly available information (including this presentation), your personal circumstances and following consultation with a financial advisor or other professional advisor.

# RISKS

## Fish mortality

- Fish mortality, as evidenced historically and forecast into FY23, has a significant impact on the profitability and financial stability of NZKS as only the fish that survive to the point of harvest are able to be sold. Every year, a number of fish will die prior to harvest due to a range of factors. NZKS is forecasting a Mortality Biomass Percentage of approximately 38.8%<sup>1</sup> in FY23. If mortality is worse than forecast in FY23, it could have a material adverse impact on NZKS's profitability and financial position. The cause of fish mortality is multi-factorial with the dominant correlation currently being with prolonged elevated water temperature. Other factors include opportunistic microorganism/diseases, feed related issues, predators, reduced oxygen levels, biofouling and other stressors, individually or in combination. Whilst the interconnectivity of these factors are difficult to predict with any certainty, rising water temperatures are increasingly becoming a major concern given the impact of climate change.
- While the impact of climate change is near impossible to control, NZKS currently manages the risk of fish mortality by stocking warmer sites at low density, actively monitoring fish health and maintaining appropriate net cleaning regimes. Immunisation of young salmon against specific pathogens at the freshwater stage has also been in place for 3 years to build resilience prior to seawater entry. In order to further mitigate the ongoing temperature risk, NZKS is planning to fallow some of its warmer, low flow farms (Forsyth Bay and Waihinau Bay), and only use Ruakaka and Otanerau outside of the summer months. Whilst this will reduce the volume of fish that NZKS is able to harvest and sell, it is expected that it will also reduce fish mortality and volatility in harvest volumes.
- NZKS's ability to manage salmon mortality risk is impeded because, unlike Atlantic salmon, King salmon are not extensively farmed globally - NZKS is the world's largest producer and therefore the basic health management knowledge base is less than it is for other species. As a result, NZKS is often required to develop and implement its own solutions and strategies without the benefit of leveraging existing experiences, as may be the case with Atlantic salmon.

## Access to waterspace

- Changes to local and central government policy surrounding aquaculture present a material concern for NZKS, with the possibility that policy changes, however well intentioned, may present an additional compliance burden and increase NZKS's costs. Any substantial changes could also have a significant impact on NZKS's future growth initiatives, including Blue Endeavour. This is currently considered a low risk by NZKS given the New Zealand Government's recent issue of positive statements around the growth of the aquaculture industry in New Zealand.
- The resource consents for four of NZKS's operational farms (Ruakaka, Otanerau, Waihinau Bay and Forsyth Bay) will expire and require renewal in FY24. While NZKS is planning to fallow its farms at Waihinau Bay and Forsyth Bay (temporarily – these would be utilised under the Blue Endeavour project), if the consents are not renewed for Ruakaka and Otanerau, NZKS's annual harvest volume will reduce by approximately 750 - 1000 tonnes, which would have an adverse impact on NZKS's profitability. Refer to the appendix for a list of existing sea farm resource consents and expiry dates.
- The Marlborough District Council re-interpreted a consent relevant to a number of NZKS's farms in 2019 and this has resulted in a series of non-compliance notices, small fines and warnings in respect of those farms. NZKS is currently seeking a determination by the Environment Court relating to these non-compliances, but if the outcome is not in NZKS's favour this could result in the Ngamahau, Kopaua, and Waitata farms being intermittently non-compliant. Should this occur the maximum feed discharge at Waitata will likely need to be reduced, however, NZKS does not expect this to have a material impact on forecast harvests.

<sup>1</sup> Mortality Biomass calculated as mortality biomass / gross growth

# RISKS

<b>Market access</b>	<ul style="list-style-type: none"><li>• NZKS products are sold to a number of export markets and there is a risk that regulatory change in specific markets will impair NZKS's access to these markets, significantly impacting sales levels and profitability. This may be a closure of the market, or introduction of new rules that impact NZKS products, and may affect the time spent at entry ports for clearance. NZKS's international customers expect continuity of supply, which requires consistent access to key markets in a timely manner without extensive compliance obligations. Additionally, as NZKS products are highly perishable, they also require swift clearance at the port, and extensive or changing compliance requirements may hinder clearance timeframes.</li><li>• NZKS's food safety team works closely with relevant government departments to ensure compliance prior to its products leaving New Zealand, which is expected to limit the likelihood of access to relevant markets being restricted. The food safety team also works with industry bodies and government departments to forward plan for any longer-term compliance issues that may arise in advance of activity in-market.</li><li>• In the past, NZKS has moved products between markets in response to changes in pricing demand. Similarly, given the global demand for King salmon, NZKS expects that if one market is closed or subject to more onerous restrictions, NZKS will be able to find alternative channels to sell its products, however the margins may be lower in the short term.</li></ul>
<b>Feed costs and quality</b>	<ul style="list-style-type: none"><li>• Feed is one of NZKS's biggest costs, equivalent to approximately one quarter of its revenue. Sourcing good quality feed is crucial for NZKS as it is one of the key factors in fish performance and fish health. Therefore, an increase in the cost of feed or a decrease in the quality of feed will have a significant impact on NZKS's operations and profitability. Further, given the rarity of King salmon globally, research and development to design feed specifically for King salmon is not extensively undertaken by global feed companies and this can create risks when changing dietary components, including the risk of increased fish mortality. In addition, the mix of feed inputs and the annual feed conversion ratio are the two main components that impact NZKS's carbon footprint, and ingredient choices also affect consumer and retailer perceptions.</li><li>• Whilst NZKS considers it unlikely that feed costs will increase beyond a level it can pass on to customers, NZKS endeavours to reduce this risk by sourcing feed from multiple suppliers, reducing its dependence on any one supplier. To further understand what feed generates the best results, NZKS benchmarks to measure fish performance and the cost of various diets to allow it to better respond to feed cost and quality opportunities and issues. The supply of feed has been disrupted by Covid as the feed cannot be sourced from New Zealand. This current situation heightens the risk that NZKS incurs additional costs to secure the necessary feed. Currently NZKS has a commercial supply agreement with Skretting Australia, this is not for a minimum volume rather a minimum percentage of NZKS supply and therefore ensures that NZKS is not at risk of breaching this contract with a reduced feed volume.</li></ul>

# RISKS

<b>Food safety</b>	<ul style="list-style-type: none"><li>• NZKS produces ready-to-eat products which are consumed in a raw state, such as cold smoked salmon, sushi and sashimi. There is a risk NZKS products could contain harmful bacteria or other organisms, such as listeria, which is unique in that it is a food borne pathogen which can grow below 4°C. If NZKS's products contain harmful bacteria or other organisms, consumption could result in illness, or, if detected, could result in a product recall. New laws could also be passed which impose further food safety requirements on NZKS, which may require significant capital expenditure to comply with, reducing NZKS's operational performance.</li><li>• NZKS considers the likelihood of a food safety issue to be low, given the rigorous steps NZKS takes to minimise the risk of contamination and the regular testing of its fish for any food safety issues. Food safety incidents could result in reputational damage or regulatory consequences (including fines, penalties, loss of licences or temporary shutdowns of facilities). The potential magnitude of any food safety incident could be severe, which is why NZKS takes food hygiene very seriously.</li></ul>
<b>New initiatives</b>	<ul style="list-style-type: none"><li>• NZKS is currently undertaking a number of transformational cost reduction initiatives as outlined on slide 20. To the extent that these cost savings are not fully achieved, there may be a material adverse effect on the FY23 guidance and FY24 scenario presented.</li><li>• NZKS is proposing to undertake a number of new aquaculture initiatives to return to profitability and position it for operational longevity in light of rising water temperatures. While NZKS believes it has appropriate expertise and resources in place to enable it to successfully complete these initiatives, there remain unforeseen risks and other market risks, common to any shift in strategic direction. This could mean that the anticipated benefits of the new business plan are delayed or not realised. If NZKS is less successful in achieving these initiatives than anticipated, it may have a material adverse effect on its financial performance and position.</li></ul>
<b>Capital sufficiency and banking support</b>	<ul style="list-style-type: none"><li>• NZKS has undertaken a capital sufficiency modelling exercise to assist in determining the optimal equity raise size. Based on its modelling, NZKS expects to have sufficient liquidity to meet capital requirements under what NZKS considers to be realistic scenarios. The model is based on what NZKS considers to be a conservative set of assumptions. However, there remains a risk that fish mortality is difficult to forecast and if it is worse than anticipated, negative impacts of the Covid pandemic far exceed NZKS's downside scenarios, or cost out assumptions cannot be met. In the event of this scenario materialising, NZKS may have insufficient liquidity to meet capital and operational requirements. NZKS would reassess balance sheet strength and may seek to access additional equity or debt funding which could have adverse effects on NZKS's operating performance and earnings.</li><li>• NZKS is working with its existing bank, BNZ, and has agreed relaxation of certain covenants until, and excluding, 30 April 2023. If the equity raise is not successfully completed by 31 May 2022, for example because the underwriting agreement is terminated prior to the allotment under the offer, an event of default would occur. If there is an event of default, NZKS would be unlikely to retain the support of its bank unless it was able to repay or refinance its debt through implementing an alternative option, such as the sale of assets, or securing alternative equity or debt funding, each of which would be expected to be materially less favourable to NZKS, if available at all. Any such alternative options would therefore likely have a material adverse effect on NZKS's financial position and performance.</li></ul>



# RISKS

<b>Social license</b>	<ul style="list-style-type: none"><li>• In addition to its shareholders, NZKS has a number of external stakeholders, including iwi, as its business operates in public water space. It is crucial that NZKS maintains positive relationships with its external stakeholders to support positive outcomes for future consent applications to continue to operate its farms. Failure to renew some or all of these consents will have a material impact on NZKS's operations, resulting in a decline in harvest and therefore cash flow.</li><li>• To minimise this risk, NZKS engages in a range of stakeholder engagement initiatives. These include, but are not limited to, environmental management and active stakeholder management (i.e. with Aquaculture New Zealand, the local council, Iwi), a social and digital communications strategy across all stakeholder groups, government relations, community sponsorship and event programmes, sustainability programmes with team members and community.</li><li>• The Best Aquaculture Practices (BAP) certification is the main third-party accreditation selected to demonstrate independent assessment of the business's operational practices based on third party standards. NZKS ensures its compliance with BAP by engaging in regular external audits across operations, people &amp; culture and key suppliers to achieve four stars, the highest rating. NZKS is also a member of the Global Salmon Initiative (GSI), contributing to the members' annual Sustainability Report.</li><li>• NZKS has recently published an Environmental Product Declaration (EPD) to externally verify the carbon footprint measurement and other environmental criteria related to the company's egg to plate production of King salmon.</li></ul>
<b>Inflationary pressures</b>	<ul style="list-style-type: none"><li>• NZKS expects risks associated with the macro-inflationary impacts in New Zealand will result in increasing costs for raw materials and labour costs, amongst other things. Inflationary pressures will also result in the price of NZKS products increasing, however, it is unclear the overall impact this will have on NZKS's profit margins and whether NZKS will be able to fully pass on the increased raw material and labour costs to consumers.</li></ul>

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# APPENDICES



# EXISTING SEA FARM RESOURCE CONSENTS AND EXPIRY

Farms	Region	Expiry date
Ruakaka	Queen Charlotte	2024
Otanerau	Queen Charlotte	2024
Forsyth Bay	Pelorus	2024
Waihinau	Pelorus	2024
Crail Bay x 2	Pelorus	2024
Clay Point	Tory Channel	2036
Te Pangu	Tory Channel	2036
Waitata	Pelorus	2049
Ngamahau	Tory Channel	2049
Kopaua	Pelorus	2049

- Five licenses are due for expiry or renewal at the end of 2024, all of which represent warmer, low flow licenses at lower producing sites
- Crail Bay has not been farmed for around 10 years and is currently being transitioned for a seaweed trial
- Forsyth and Waihinau are scheduled to be fallowed for the next few years but would form part of the Blue Endeavour model as nursery or harvest locations
- Ruakaka and Otanerau form part of the updated production plan, receiving fish post summer via tow operations from the Tory Channel farms
- By 2024 there will be new planning provisions in place (at least in draft form)
  - The panel hearing submissions on current proposals has signalled that it is open to inviting iwi, the Government and the wider community to work on new provisions to enable alignment with the NZ Aquaculture Strategy. NZ King Salmon is involved in these discussions
- Renewing the 2024 farms will require applications to be lodged, however it is logical to make progress on the planning provisions before lodging these applications
- Applications would therefore be lodged in 2024 with preparatory work, including consultation with iwi, being undertaken beforehand
- Opportunities may arise for consenting via alternative processes in meantime
- Farms will be able to operate on their current consents until all applications and appeals have been resolved

# APPENDIX – FY22 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

FY22 NZD 000s	Statutory Financial Statements	Fair Value Adjustments	IFRS 16 Lease Adjustments	FX Close-outs	Pro Forma Operating Financial Information
<b>Revenue</b>	<b>174,530</b>				<b>174,530</b>
Cost of goods sold	(177,774)	52,050	(1,968)		(127,692)
Fair value gain / (loss) on biological transformation	41,261	(41,261)			-
Freight costs to market	(25,275)				(25,275)
<b>Gross Profit</b>	<b>12,743</b>	<b>10,788</b>	<b>(1,968)</b>		<b>21,563</b>
Other operating income	402			13,471	13,873
<b>Overheads</b>					
Sales, marketing and advertising	(13,471)				(13,471)
Distribution overheads	(5,204)				(5,204)
Corporate expenses	(8,649)				(8,649)
Other expenses	(1,414)				(1,414)
<b>EBITDA</b>	<b>(15,593)</b>	<b>10,788</b>	<b>(221)</b>	<b>13,471</b>	<b>6,698</b>
Depreciation and amortisation	(10,125)		1,747		(8,378)
Impairment	(59,255)				(59,255)
<b>EBIT</b>	<b>(84,973)</b>	<b>(5)</b>	<b>(221)</b>	<b>13,471</b>	<b>(60,935)</b>
Finance income	17				17
Finance costs	(2,636)		249		(2,387)
Net finance costs	(2,619)	-	249		(2,370)
<b>Profit / (loss) before Tax</b>	<b>(87,593)</b>	<b>10,788</b>	<b>29</b>	<b>13,471</b>	<b>(63,305)</b>
Income tax (expense) / credit	14,390	(3,021)	(8)	(3,772)	7,590
<b>Net Profit / (loss) for the Year</b>	<b>(73,202)</b>	<b>7,768</b>	<b>21</b>	<b>9,699</b>	<b>(55,715)</b>

# APPENDIX – FY21 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

FY21 (7 months) NZD 000s	Statutory Financial Statements	Fair Value Adjustments	IFRS 16 Lease Adjustments	FX Close-outs	Pro Forma Operating Financial Information
<b>Revenue</b>	<b>95,239</b>				<b>95,239</b>
Cost of goods sold	(98,820)	36,562	(984)		<b>(63,243)</b>
Fair value gain / (loss) on biological transformation	29,350	(29,350)			-
Freight costs to market	(11,616)				<b>(11,616)</b>
<b>Gross Profit</b>	<b>14,153</b>	<b>7,212</b>	<b>(984)</b>		<b>20,381</b>
Other operating income	541			5,744	6,285
<b>Overheads</b>					
Sales, marketing and advertising	(7,702)				(7,702)
Distribution overheads	(3,132)				(3,132)
Corporate expenses	(4,979)				(4,979)
Other expenses	(889)				(889)
<b>EBITDA</b>	<b>(2,009)</b>	<b>7,212</b>	<b>(984)</b>	<b>5,744</b>	<b>9,963</b>
Depreciation and amortisation	(5,969)		981		(4,988)
<b>EBIT</b>	<b>(7,978)</b>	<b>7,212</b>	<b>(3)</b>	<b>5,744</b>	<b>4,975</b>
Finance income	5				5
Finance costs	(1,353)		140		(1,213)
Net finance costs	(1,349)	-	140		(1,208)
<b>Profit / (loss) before Tax</b>	<b>(9,326)</b>	<b>7,212</b>	<b>137</b>	<b>5,744</b>	<b>3,766</b>
Income tax (expense) / credit	2,247	(2,019)	(38)	(1,608)	(1,419)
<b>Net Profit / (loss) for the Year</b>	<b>(7,079)</b>	<b>5,193</b>	<b>98</b>	<b>4,136</b>	<b>2,347</b>

# UNDERSTANDING OUR GAAP RESULTS

## **The impact of NZ IAS-41 Agriculture, NZ IAS-2 Inventory and NZ IFRS-16 Leases**

Our GAAP results are impacted by Fair Value gains or losses arising from the application of *NZ IAS-41 Agriculture*, *NZ IAS-2 Inventory* and the classification of leases under *NZ IFRS-16*. The impact of these standards are explained below:

### *Fair Value under NZ IAS-41 Agriculture and NZ IAS-2 Inventory*

**When we record a change in biomass at sea, or where the expected future profit we realise on fish that we sell changes, these standards require us to quantify and recognise the gain or loss in the current period. This applies to both biomass at sea and inventories of finished products.**

Our Statement of Financial Position shows biological assets at their fair value, with FY22 seeing a reduction in fair value due to reduction in margin from cost increases and mortality. Pro Forma Operating Financial Performance removes gains / losses associated with the application of these standards. The company will present Pro Forma results for future reporting periods on this basis.

### *NZ IFRS-16 Leases*

**Under NZ IFRS-16 a lessee will no longer make a distinction between finance leases and operating leases; all (material) leases will be treated as finance leases.**

In the statement of financial position we are therefore required to recognize the asset (or right to use the asset) and the liability for the lease, while in the statement of profit and loss we recognize the interest cost and the depreciation of the leased asset instead of the operating lease expenses. The application of this standard increases EBITDA, assets and liabilities, however this impact is reversed in our Pro Forma results.

# APPENDIX – GLOSSARY OF TERMS

1H22	Financial results for the 6 months from 1 February 2021 to 31 July 2021
2H22	Financial results for the 6 months from 1 August 2021 to 31 January 2022
FY22	Financial results for the 12 months from 1 February 2021 to 31 January 2022
FY21	Financial results for the 7 months from 1 July 2020 to 31 January 2021
EBITDA	Earnings before interest, tax, depreciation and amortisation
FCR	Feed Conversion Ratio – the amount of feed (in kilograms) required to grow 1 kilogram of fish weight
G&G	Gilled and gutted. Note that all volumetric information presented is on a gilled and gutted basis unless otherwise stated
GAAP	Generally Accepted Accounting Practice
Mortality / Mortality Rate	The percentage mortality of salmon in seawater, calculated as the biomass of salmon mortalities in kg divided by the growth of salmon in kg
MT	Metric tonnes
NPAT	Net profit after tax, also reported as net profit for the period in our published financial results
NZKS	New Zealand King Salmon
Pro Forma Operating EBITDA	Pro Forma Operating EBITDA refers to earnings before interest, tax, depreciation, amortisation after allowing for pro forma adjustments as described in the Appendix to this document. Pro Forma Operating EBITDA is a non-GAAP profit measure
Upwelling System	A system that allows dense cooler water to be moved towards the ocean surface, displacing the warmer water and increasing water flow.

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