SANFORD

INTERIM REPORT

2021

Revenue

$233.5m

▼ 5%
2020 $245.5M

Sales Volumes

54.9k GWT

▲ 6%
2020 51.7k GWT

Adjusted EBIT

$10.7m

▼ 54%
2020 $23.2M

EBIT / KG

19¢

▼ 27¢
2020 46¢

NPAT

$16.2m

▼ 15%
2020 $19.0M

Employee Engagement

77%

▲ 4pp
2020 73%

CHAIRMAN AND CEO REVIEW

This report on Sanford's half year results to 31 March 2021 reflects continuing market challenges from Covid-19, with its adverse effects on foodservice demand, prices, labour, and supply chains (in particular freight). However, we have been able to switch markets, processing plants and product formats to retain profitability. Our people are facing these changes with strong commitment along with a continued focus on safe operations.

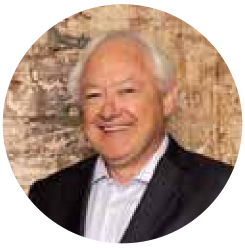
This Review has been prepared by our newly arrived CEO, Peter Reidie and our Chair, Sir Robert McLeod and supplemented by Andre Gargiulo, who was Sanford's Acting CEO through the period recorded here. CEO Peter Reidie, who joined us in April, also shares his views about Sanford's future separately in this report.

We are reporting net profit after tax (NPAT) for the first half of $16.2 million, which is 15% behind last year's result for the same period ($19.0 million).

Adjusted Earnings Before Interest and Tax (EBIT) was $10.7 million for the six months to 31 March 2021. This represents a 54% decrease on adjusted EBIT from the same period last year ($23.2 million), which largely was a Covid free period.

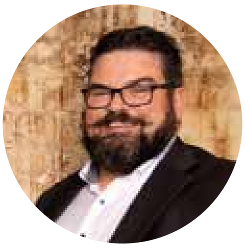
Overall sales volumes were 54.9k greenweight tonne (GWT) for the 2021 first half up 6% against the same period last year (51.7k GWT), reflecting volume growth across all our divisions except mussels.

Revenue however decreased 5% to $233.5 million (versus $245.5 million in the first half of 2020), as we experienced falling prices across the business, due to falling demand across sales channels and a less favourable mix of products.



Sir Robert McLeod
CHAIRMAN

Peter Reidie
CEO



Andre Gargiulo
CCO AND
ACTING CEO

The Directors are pleased to present the Interim Report of Sanford Limited for the six months ended 31 March 2021.

For and on behalf of the Board of Directors:

Sir Robert McLeod
CHAIRMAN
20 May 2021

Fiona Mackenzie
DIRECTOR
20 May 2021

Gross profit decreased 35% to $31.1 million (versus $47.6 million in the first half of 2020) and operating expenses decreased 19% from managing costs tightly and introducing further cost saving initiatives.

We continue to respond to the challenges and opportunities presented by Covid's impacts to ensure we are best positioned for when foodservice markets reopen.

Our salmon division saw strong revenue growth driven by higher sales volumes into retail both in New Zealand and the US. The salmon division delivered the largest profit contribution to the group in absolute terms.

Our Australian business continues to grow strongly with revenue for the half growing 39% on last year. We acknowledge the hard work of our Melbourne based team who have dealt with the disruptions and lockdowns proactively.

We concluded the sale of our Tauranga based cold storage facility in the first half of 2021. This and the sale of a property asset in Christchurch, realised $24 million in cash receipts and a gain on sale of $13.3 million. This assisted our net profit after tax performance of $16.2 million. The proceeds were utilised on integrity capital and debt reduction.

Your board has decided not to pay an interim dividend for the 2021 financial year given the ongoing uncertainty regarding market disruptions. A decision regarding the final dividend will be made once the year has concluded.

WILDCATCH – STEADY AS SHE GOES

Overall catch volumes for the first half at 31.5k GW tonne were solid, flat on the same period last year. Strong hoki catches, up 11% were in part countered by lower squid catches this season, down 25% on the same period this year. Squid is a cyclical fishery, dependent on the cephalopods arriving on ocean currents which leads to highly variable catches both within a season and across seasons.

In the 2020 prior comparable period, performance was adversely impacted by poor toothfish catch volumes in the Antarctic. By contrast, this season's toothfish catch volumes were good, even above the 2019 season. However, current prices were depressed in these market conditions, so profitability was flat year-on-year.

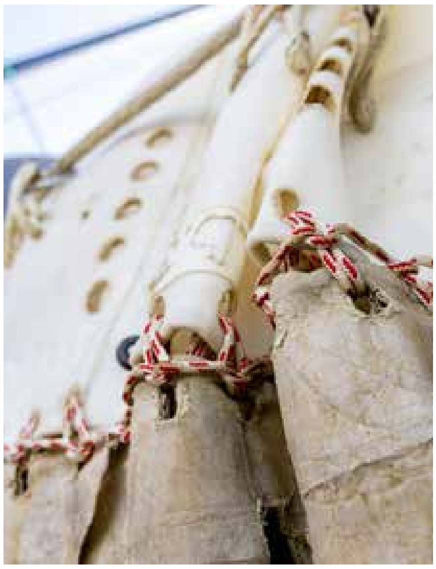
Sales volumes for the first half were up 20% to 36.7k GW tonne as a result of a focus on selling down our hoki inventory built up over the 2020 calendar year to return back to historical levels. Although our squid sales volumes are down significantly due to lower catches, squid size was good and pricing held up.

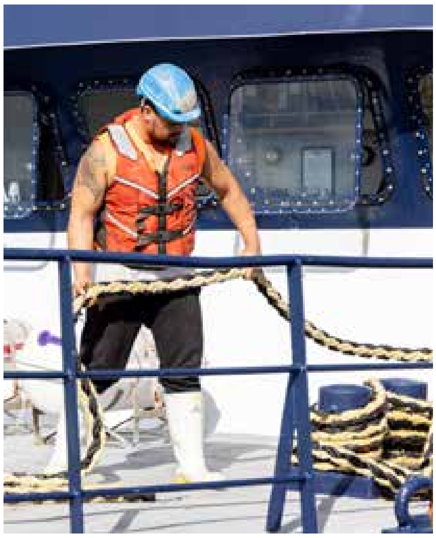
Sales revenue was $136.3 million, 6% down on the first half of 2020 ($144.3 million) reflecting the change we made in product mix from hoki fillets to block to match demand. Lower demand saw prices decline for our more valuable products, such as scampi and ling sounds.

Cost savings were realised from the closure of our Tauranga processing site in August 2020 and we have continued to exercise tight cost control overall in our fishing and processing operations.

Overall, the profit contribution of our wild-catch division of $11.9 million was comparable to the same period last year ($11.4 million).

We have entered a guilty plea to charges of fishing in a protected area by the San Waitaki vessel. We continue to operate the San Waitaki under a covenant, while the matter remains before the courts. We have installed special electronic geo-fencing technology to avoid this situation reoccurring.





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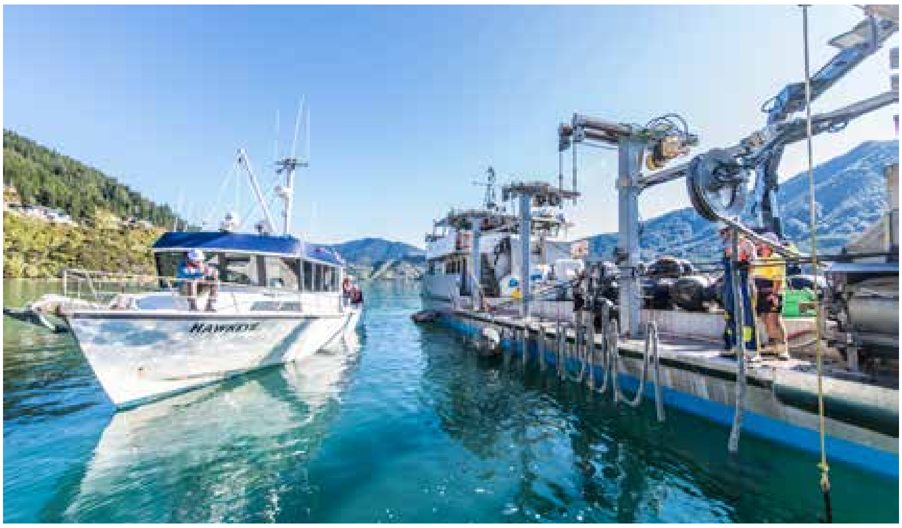

MUSSELS – A FOOD SERVICE STORY

Our Greenshell mussel division has been the hardest hit by Covid-19 in terms of out-of-home dining, with many restaurant closures around the world.

Harvest volumes were down 5.3% to 17.3k GW tonne, compared to 18.3k GW tonne in the first half of 2020 as we sought to reduce production of half shell mussels due to low demand and high inventory.

Sales volumes were down 18% to 15.6k GW tonne and sales revenue has decreased $25 million or 38%, from $65.7 million to $40.7 million, reflecting poor pricing for half-shell mussels, predominantly a food service product.

Although inventory levels of half-shell remain high, we are seeing positive lifts in demand particularly from markets such as the US and Asia, which should reduce inventory levels to historical levels in the second half of 2021. However, pricing remains challenged while international order levels are subdued.

Our mussel powder business remained stable, with our premium powder in high demand, although the overall market for mussel powder was down. Our work to consent our new marine extracts plant in Blenheim is continuing.

Mussel volumes in the water are stable, however lower pricing has also led to a reduction of the value of the mussels in water. Lower throughput has led to an under-recovery of harvest and processing costs.

The combination of these adverse impacts has produced a result just above break-even for our mussel division in the first half, with a profit contribution of $0.8 million, which compares to a pre-Covid result of $15.1m for the same period last year and an $8.2 million result for the second half of the 2020 financial year. Despite the current challenges, we are seeing a lift in demand volume for the second half of 2021.

SALMON – SALES GROWTH IN CHALLENGING TIMES

As mentioned, salmon volume performance has been a highlight for the first half of 2021, rebounding strongly from the second half of the 2020 year. This has been driven by strong retail growth including in the US where we now have our fresh product in top retailers such as Yokes and Harmon's. In Asia, we are seeing the retail market strengthen through our partnerships with the Ole supermarket chain in China. In New Zealand, we have seen a strong performance into local retail through our Foodstuffs North Island partnership.

Harvest volumes are up 28% to 2.8k GW tonne (versus 2.1k GW tonne in the first half of 2020).

SALMON PERFORMANCE

In Asia, we are seeing the retail market strengthen through our partnerships with the Ole supermarket chain in China. In New Zealand, we have seen a strong performance into local retail through our Foodstuffs North Island partnership.

SALMON HARVEST VOLUMES – INCREASE OF

28%

TO 2.8K GW TONNE
(VERSUS 2.1K GW TONNE IN THE FIRST HALF OF 2020)

Sales volumes were up 26% to 2.5k GWT and sales revenue was up 12% to $31.5 million (versus $28.2 million in the first half of 2020), which reflects lower average pricing into retail rather than foodservice. Despite the pricing pressure, our salmon historically has a strong track record of good levels of profitability, which we are seeing return, due to our ability to move out of foodservice and into high end retail.

We are very focused on ensuring the quality of our salmon continues to be exceptional, through animal welfare, high-quality feed and environment. We grow our salmon in cool southern waters, surrounded by a national park free from most of the pests and problems that occur in other parts of the world. Our salmon do not require antibiotics or vaccinations. We recently renewed our BAP (Best Aquaculture Practices) certification.

Our farming upgrades mean our salmon have more space to grow and our new harvest barge means our people also have more space and a modern work environment in the remote and pristine waters of Stewart Island.

In the 2020 comparable period, there was a significant uplift in the fair value of the salmon in water driven by salmon growth and market pricing. During this reporting period, lower pricing resulted in a lower uplift in the fair value for this period. This led to a dip in the profit contribution of our salmon division versus the prior comparable period to $12.1 million, which compares to a $15.6m result for the same period last year and a $2.2 million result for the second half of the 2020 financial year.

SUPPLY CHAIN CHALLENGES

Global supply chain disruption continues to create significant challenges, which is affecting many New Zealand export and import businesses. Container shortages and shipping disruptions have seen space constrained and freight prices rise significantly. Our supply chain costs have risen overall by 12% on a cost per tonne basis, mainly due to airfreight costs and also by holding higher inventories in third party cold stores. Unfortunately, we do not anticipate any short-term relief in global freight congestion.

BALANCE SHEET AND CASH FLOW

Our balance sheet remains strong with a gearing ratio (debt as a proportion of debt plus equity) at 24% and our net debt of $181m is $3 million lower than our closing position on September 30, 2020.

We continue to have good support from our lenders and substantial debt headroom.

Our inventory levels remain higher than pre-Covid levels, however they have stabilised over recent months. We have no aged inventory concerns with improved levels of contracted inventory for the second half of the financial year.

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Our operating cashflow for the reporting period was a cash inflow of $7.9 million which is $4.7 million lower than for the same period last year.

We are focussed on protecting Sanford's cash position.

OUR PEOPLE

Despite the difficulties of this half year, our people engagement scores remain high with a recent staff survey showing our engagement score sitting at 77% (measured in March 2021, up from 73% in February 2020). Highly engaged staff are more motivated, therefore safer and more productive.

There is much extra pressure and strain caused by Covid and the measures implemented to manage its impacts. We acknowledge and thank our people for their response to these challenges. We see great examples every day of our values in action around the business as our people operate with care, passion and integrity to ensure they are achieving together.

We continue our focus on the safety and wellbeing of our people and we are on track towards our target of lowering our recordable injuries year-on-year. We recorded 428 in the first half of 2021 (versus 602 for the same period last year). Our voluntary reporting has increased, with 411 observed potential safety issues (versus 312 for the same period in 2020), reflecting a growing safety awareness.

IN CONCLUSION

We are working through our second year of Covid-19 impacts and continue to respond to the challenges presented and the opportunities we have to improve our business performance.

Although Covid's impact is significant, it is abating. We remain confident in Sanford's long-term prospects.

Sir Robert McLeod
Chairman

Peter Reidie
Chief Executive Officer

Andre Gargiulo
Chief Customer Officer and
Acting Chief Executive Officer

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PETER REIDIE: A PERSPECTIVE ON SANFORD TWO MONTHS IN

The opportunity to join a New Zealand company with as distinguished a heritage as Sanford, was one too good to turn down and I am very proud to be leading Sanford into the next chapter in its history.

My tenure as CEO started in April, after the first half reporting period for 2021 was complete. We were very ably helmed through that period by Andre Gargiulo as Acting CEO and I thank him not just for his great work in that role, but also the comprehensive handover he has given me and continues to give, as I immerse myself in the company and the sector.

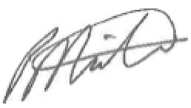
My early observations are that Sanford's incredible heritage, diverse assets and dedicated people are a platform for strong growth. Focus and prioritisation will be key, as we chart our course towards a post-Covid world.

A key message for our stakeholders at this early juncture is there are some things at Sanford which will not change. One of those is our commitment to sustainability. We know this is important to our investors and it is important to us. It is the basis for any successful seafood business – we must not take out more than nature can put in and we must treat our environment with respect. We can and should run a sustainable business that is profitable. An unprofitable business cannot be a market leader that can fund the initiatives and innovations which will, in turn, drive greater sustainability. We seek to be recognised by customers, consumers, communities and shareholders for our very real commitment to sustainability. When these stakeholders choose us, they need to know they are supporting a company with a commitment to core values and the desire to grow in the right way. This is something that is very important to Sanford and to me personally.

It is early for me to comment on the strategic direction of Sanford under my leadership but on the question of commodity or value add I would state my view is, it is the genius of the "and." Commodities are a large part of our operations and we need to be focused on producing, supplying and, ideally, differentiating them at least as efficiently and effectively as our competition. At the same time the future growth of a business with a limited resource such as ours is through growing value, hence adding value also needs to be a focus. The genius of the "and" - commodity and value add.

People are the head and heart of any business and I am impressed by the team at Sanford. They have managed the company through an incredibly difficult period and I will be looking to minimise any negative personal impacts of Covid-19 on our people, who have been working so hard to meet the challenges the pandemic has brought.

My starting point at Sanford has been that the heritage of this company is something to be very proud of. We began well over a hundred years ago as a provider of beautiful New Zealand seafood and we remain a seafood company. No other company in New Zealand has this history, heritage and consistency of tenure in the one industry. We produce amazing products, products New Zealand can be proud of and which the world is going to want more of, and we are well placed to make the most of that demand. In short, I believe in what Sanford has to offer and I look forward to being part of a vibrant, profitable and sustainable future for this great New Zealand business.



Peter Reidie
Chief Executive Officer

My early observations are that Sanford's incredible heritage, diverse assets and dedicated people are a platform for strong growth. Focus and prioritisation will be key, as we chart our course towards a post-Covid world.

GAAP TO NON-GAAP RECONCILIATION

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford have used non-GAAP measures when discussing financial performance in this document. The Directors and management believe that these measures provide useful information as they are used internally to evaluate divisional and total Group performance and to establish operating and capital budgets. Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand Equivalents to International Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures included in this report are not comparable with those used by other companies. They should not be viewed in isolation or as a substitute for GAAP profit measures as reported by Sanford in accordance with NZ IFRS.

DEFINITIONS

Adjusted EBITDA: Earnings before interest, taxation, non-trading currency exchange losses, depreciation, amortisation, restructuring, adjusting items, impairment and gain (loss) on sale of investments, intangible and long-term assets.

Reported EBIT: Earnings before interest, taxation, non-trading currency exchange losses and gain (loss) on sale of investments, intangible and long-term assets.

Adjusted EBIT: Reported EBIT adjusted for impairment, restructuring and other one-off items.

GAAP TO NON-GAAP RECONCILIATION

	Unaudited 6 Months ended 31 March 2021 $000	Unaudited 6 Months ended 31 March 2020 $000	Audited 12 Months ended 30 September 2020 $000
Reported net profit for the period (GAAP)	**16,202**	**19,019**	**22,433**
Add back:			
Income tax expense	2,585	5,064	8,324
Net interest expense	4,656	4,412	8,995
Non-trading currency exchange losses	–	–	–
Net gain on sale of investments, property, plant and equipment and intangibles	(13,221)	(4,047)	(4,037)
Reported EBIT	**10,222**	**24,448**	**35,715**
Adjustments:			
Impairment of assets	–	527	1,193
Restructuring costs	233	29	3,452
Other one-off items	219	(1,771)	(2,082)
Adjusted EBIT	**10,674**	**23,233**	**38,278**
Add back:			
Depreciation and amortisation	15,140	13,438	28,016
Adjusted EBITDA	**25,814**	**36,671**	**66,294**

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

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CONSOLIDATED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 MARCH 2021	Note	**Unaudited 6 months ended 31 March 2021 $000**	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
Revenue	4	233,506	245,512	468,849
Cost of sales		(202,416)	(197,863)	(386,367)
Gross profit		**31,090**	**47,649**	**82,482**
Other income	8	15,898	10,051	15,191
Distribution expenses		(4,893)	(5,049)	(9,688)
Administrative expenses		(12,328)	(16,247)	(30,120)
Other expenses	9	(6,265)	(7,864)	(18,199)
Operating profit		**23,502**	**28,540**	**39,666**
Finance income		135	192	331
Finance expense		(4,791)	(4,598)	(9,315)
Net finance expense		**(4,656)**	**(4,406)**	**(8,984)**
Share of (loss) profit of equity accounted investees		(59)	(51)	75
Profit before income tax		**18,787**	**24,083**	**30,757**
Income tax expense		(2,585)	(5,064)	(8,324)
Profit for the period		**16,202**	**19,019**	**22,433**
Profit attributable to:				
Equity holders of the Company		16,195	19,018	22,444
Non controlling interest		7	1	(11)
		16,202	**19,019**	**22,433**
Earnings per share attributable to equity holders of the Company during the period (expressed in cents per share)				
Basic and diluted earnings per share (cents)		17.3	20.3	24.0

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 MARCH 2021	**Unaudited 6 months ended 31 March 2021 $000**	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
Profit for the period (after tax)	**16,202**	**19,019**	**22,433**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign currency translation differences	267	(452)	161
Change in fair value of cash flow hedges recognised in other comprehensive income	19,382	(11,318)	25,248
Deferred tax on cash flow hedges	(5,427)	3,169	(7,069)
Cost of hedging gains (losses) recognised in other comprehensive income	(455)	(880)	1,165
Deferred tax on cost of hedging	127	246	(326)
Items that may not be reclassified to the income statement:			
Amount of treasury share cost expensed in relation to share-based payment	–	(150)	(401)
Other comprehensive income (loss) for the period	**13,894**	**(9,385)**	**18,778**
Total comprehensive income for the period	**30,096**	**9,634**	**41,211**
Total comprehensive income for the period is attributable to:			
Equity holders of the Company	30,087	9,644	41,221
Non controlling interest	9	(10)	(10)
Total comprehensive income for the period	**30,096**	**9,634**	**41,211**

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021	Note	**Unaudited 6 months ended 31 March 2021 $000**	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
Current assets				
Cash on hand and at bank		19,011	8,070	2,957
Trade receivables		69,504	76,634	51,813
Derivative financial instruments		11,601	665	1,682
Other receivables and prepayments		12,041	13,811	11,456
Biological assets		27,913	46,584	28,127
Inventories		85,101	56,446	85,468
Assets held for sale	11	–	8,000	8,172
Taxation receivable		2,633	2,534	4,002
Total current assets		**227,804**	**212,744**	**193,677**
Non-current assets				
Property, plant and equipment		168,190	150,910	163,048
Right-of-use assets		34,912	43,184	40,381
Investments		3,991	1,780	4,050
Derivative financial instruments		14,846	468	10,306
Biological assets		28,260	14,061	25,806
Intangible assets		494,285	494,779	494,633
Total non-current assets		**744,484**	**705,182**	**738,224**
Total assets		**972,288**	**917,926**	**931,901**
Current liabilities				
Bank overdraft and borrowings (secured)	5	55,000	56,892	57,210
Derivative financial instruments		3,428	26,597	5,597
Trade and other payables		53,573	62,739	46,818
Lease obligations		4,501	10,476	11,183
Total current liabilities		**116,502**	**156,704**	**120,808**
Non-current liabilities				
Bank loans (secured)	5	145,000	109,000	130,000
Contributions received in advance		2,795	3,139	2,951
Employee entitlements		1,251	1,356	1,410
Derivative financial instruments		5,470	20,580	9,396
Deferred taxation		32,160	13,520	26,434
Lease obligations		27,317	28,902	29,275
Total non-current liabilities		**213,993**	**176,497**	**199,466**
Total liabilities		**330,495**	**333,201**	**320,274**
Equity				
Paid in capital		94,690	94,690	94,690
Retained earnings		534,005	519,059	517,810
Other reserves		12,356	(29,689)	(1,538)
Shareholder funds		**641,051**	**584,060**	**610,962**
Non controlling interest		742	665	665
Total equity		**641,793**	**584,725**	**611,627**
Total equity and liabilities		**972,288**	**917,926**	**931,901**

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 MARCH 2021	Note	**Unaudited 6 months ended 31 March 2021 $000**	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
Cash flows from operating activities				
Receipts from customers		222,604	240,814	494,636
Interest received		135	186	320
Dividends received		–	6	11
Payments to suppliers and employees		(209,221)	(216,550)	(456,656)
Income tax paid		(771)	(7,135)	(10,131)
Interest paid		(4,805)	(4,652)	(9,393)
Net cash flows from operating activities		**7,942**	**12,669**	**18,787**
Cash flows from investing activities				
Sale of property, plant and equipment		24,011	37	148
Sale of intangible assets		–	5,501	5,501
Dividends received from associates		–	208	208
Purchase of property, plant and equipment and intangible assets		(19,726)	(21,890)	(43,200)
Purchase of business		–	(1,936)	(1,936)
Purchase of investments		–	–	(4,454)
Net cash flows from investing activities		**4,285**	**(18,080)**	**(43,733)**
Cash flows from financing activities				
Proceeds from borrowings	5	20,000	45,000	66,000
Repayment of term loans	5	(5,000)	(20,000)	(20,000)
Lease payments		(9,130)	(8,602)	(10,940)
Dividends paid to Company shareholders	6	–	(13,091)	(17,766)
Dividends paid to non controlling shareholders in subsidiaries		(27)	–	–
Net cash flows from financing activities		**5,843**	**3,307**	**17,294**
Net (decrease) increase in cash and cash equivalents		**18,070**	**(2,104)**	**(7,652)**
Effect of exchange rate fluctuations on cash held		194	(40)	77
Cash and cash equivalents at beginning of the period		(54,253)	(46,678)	(46,678)
Cash and cash equivalents at end of the period		**(35,989)**	**(48,822)**	**(54,253)**
Represented by:				
Bank overdraft and borrowings (secured)		(55,000)	(56,892)	(57,210)
Cash on hand and at bank		19,011	8,070	2,957
		(35,989)	**(48,822)**	**(54,253)**

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

RECONCILIATION OF PROFIT FOR THE PERIOD WITH NET CASH FLOW FROM OPERATING ACTIVITIES

FOR THE SIX MONTHS ENDED 31 MARCH 2021	Note	**Unaudited 6 months ended 31 March 2021 $000**	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
Profit for the period (after tax)		**16,202**	**19,019**	**22,433**
Adjustments for non-cash items				
Depreciation and amortisation		15,140	13,438	28,016
Depreciation - ACE		3,444	3,444	6,888
Impairment of assets	9, 11	2	527	1,193
Share-based payment expense		–	(150)	(401)
Change in fair value of biological assets		(2,239)	(11,119)	(4,172)
Change in fair value of forward exchange contracts and foreign currency options		(1,616)	1,878	(2,551)
(Decrease) increase in deferred tax		423	1,540	3,274
Unrealised foreign exchange (gains) losses		481	(638)	(2,079)
Other		(41)	51	(561)
		15,594	**8,971**	**29,607**
Movement in working capital				
(Increase)/decrease in trade and other receivables and prepayments		(18,777)	(21,850)	7,066
Decrease/(increase) in inventories		379	(7,893)	(36,880)
Increase in trade and other payables and other liabilities		6,530	22,247	6,034
(Decrease) in contributions received in advance		(156)	(167)	(354)
Increase/(decrease) in taxation payable		1,391	(3,611)	(5,079)
		(10,633)	**(11,274)**	**(29,213)**
Items classified as investing activities				
Loss (gain) loss on sale of property, plant and equipment		(13,221)	1,341	1,348
(Gain) on disposal of intangible assets		–	(5,388)	(5,388)
		(13,221)	**(4,047)**	**(4,040)**
Net cash flows from operating activities		**7,942**	**12,669**	**18,787**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Share Capital	Share Based Payment Reserve	Translation Reserve	Cash Flow Hedge Reserve	Cost of Hedging Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
Balance at 1 October 2020 (audited)	**94,690**	**–**	**570**	**(2,943)**	**835**	**517,810**	**610,962**	**665**	**611,627**
Profit for the period (after tax)	–	–	–	–	–	16,195	16,195	7	16,202
Other comprehensive income									
Foreign currency translation differences	–	–	267	–	–	–	267	2	269
Hedging gains/(losses) recognised in other comprehensive income	–	–	–	19,382	(455)	–	18,927	–	18,927
Deferred tax on change in reserves	–	–	–	(5,427)	127	–	(5,300)	–	(5,300)
Total comprehensive income	**–**	**–**	**267**	**13,955**	**(328)**	**16,195**	**30,089**	**9**	**30,098**
Shares issued to non-controlling shareholders in subsidiaries	–	–	–	–	–	–	–	95	95
Distributions to shareholders	–	–	–	–	–	–	–	(27)	(27)
Balance at 31 March 2021 (unaudited)	**94,690**	**–**	**837**	**11,012**	**507**	**534,005**	**641,051**	**742**	**641,793**
Balance at 1 October 2019 (audited)	**94,690**	**401**	**410**	**(21,122)**	**(4)**	**513,132**	**587,507**	**675**	**588,182**
Profit for the period (after tax)	–	–	–	–	–	22,444	22,444	(11)	22,433
Other comprehensive income									
Foreign currency translation differences	–	–	160	–	–	–	160	1	161
Hedging gains/(losses) recognised in other comprehensive income	–	–	–	25,248	1,165	–	26,413	–	26,413
Deferred tax on change in reserves	–	–	–	(7,069)	(326)	–	(7,395)	–	(7,395)
Amount of treasury share cost expensed in relation to share-based payment.	–	(401)	–	–	–	–	(401)	–	(401)
Total comprehensive income	**–**	**(401)**	**160**	**18,179**	**839**	**22,444**	**41,221**	**(10)**	**41,211**
Distributions to shareholders	–	–	–	–	–	(17,766)	(17,766)	–	(17,766)
Balance at 30 September 2020 (audited)	**94,690**	**–**	**570**	**(2,943)**	**835**	**517,810**	**610,962**	**665**	**611,627**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 31 MARCH 2021

	Share Capital	Share Based Payment Reserve	Translation Reserve	Cash Flow Hedge Reserve	Cost of Hedging Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
Balance at 1 October 2019 (audited)	**94,690**	**401**	**410**	**(21,122)**	**(4)**	**513,132**	**587,507**	**675**	**588,182**
Profit for the period (after tax)	–	–	–	–	–	19,018	19,018	1	19,019
Other comprehensive income									
Foreign currency translation differences	–	–	(441)	–	–	–	(441)	(11)	(452)
Hedging gains/(losses) recognised in other comprehensive income	–	–	–	(11,318)	(880)	–	(12,198)	–	(12,198)
Deferred tax on change in reserves	–	–	–	3,169	246	–	3,415	–	3,415
Amount of treasury share cost expensed in relation to share-based payment.	–	(150)	–	–	–	–	(150)	–	(150)
Total comprehensive income	**–**	**(150)**	**(441)**	**(8,149)**	**(634)**	**19,018**	**9,644**	**(10)**	**9,634**
Distributions to shareholders	–	–	–	–	–	(13,091)	(13,091)	–	(13,091)
Balance at 31 March 2020 (unaudited)	**94,690**	**251**	**(31)**	**(29,271)**	**(638)**	**519,059**	**584,060**	**665**	**584,725**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

NOTE 1 – GENERAL INFORMATION

Sanford Limited ('the parent' or 'the Company') is a profit-oriented company that is domiciled and incorporated in New Zealand. The Company is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX). The Company is an FMC entity for the purposes of Part 7 of the Financial Markets Conduct Act 2013.

The interim financial statements presented are for Sanford Limited ('Sanford' or 'the Group') as at and for the six months ended 31 March 2021.

The Group comprises the Company, its subsidiaries and its investments in joint arrangements and associates.

The interim financial statements are prepared in accordance with NZ IAS 34: *Interim Financial Reporting*. The interim financial statements and the comparative information for the six months ended 31 March 2020, are unaudited. The comparative information for the year ended 30 September 2020 is audited.

The Group is a large and long-established fishing and aquaculture farming business devoted entirely to the farming, harvesting, processing, storage and marketing of quality seafood products and investments in related activities.

NOTE 2 – ACCOUNTING POLICIES

The Group's accounting policies have been applied consistently to all periods presented in these interim financial statements, and have been applied consistently by Group entities.

There have been no changes in accounting policies or methods of computation. The interim financial statements should be read in conjunction with the financial statements for the year ended 30 September 2020.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

NOTE 3 – COVID-19

The Group continues to experience market challenges caused by the impacts of Covid-19 in global food services markets. The Group has taken action to reduce inventory levels and to preserve cash and cash equivalents during the first half of the 2021 financial year.

An assessment of the impact of Covid-19 on the Group's 31 March 2021 statement of financial position is set out below:

Balance Sheet item	Covid-19 Assessment
Trade and other receivables	Due to the negative impact on the global foodservice channel, sales prices continue to be constrained however sales volumes have increased since the prior half year. This in turn has led to an increase of trade receivables since September 2020, but with no noted issues in respect of credit risk at this time.
Biological Assets	Salmon and mussel farming has been impacted by Covid-19 through lower selling prices over the half year. In order to maintain the health of both species they are harvested at maturity, which has resulted in increased frozen inventory for mussels as sales have lagged relative to the timing of harvest. The Group has focused on the reduction of inventory levels of frozen Salmon as customers switch from frozen to fresh salmon.
Inventories	Inventory levels of frozen product has fallen by 4% in terms of value relative to September 2020. Lower wild catch inventory levels have been countered by increasing mussel and to a lesser extent salmon over this half-year period. The key area of inventory build is in respect of frozen mussels, which a fall in harvest quantities did not stall due to an 18% drop in sales volume relative to the comparative half-year performance. The inventory balance reflects the inclusion of a $2.7 million provision in order to appropriately value inventory to its net realisable value. The provision increased over the last six months due to lower selling prices. The Group does not have ageing issues in respect of its inventory.
Borrowings	The Group has continued to focus on initiatives to preserve cash, with the net debt of $181m being $3.2m improved over that at September 2020. This position was aided by the sale of a storage facility in Mount Maunganui as well as the Christchurch site for a total of $24.3m.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

NOTE 4 – SEGMENT REPORTING

The Group's key operating divisions are:

- wildcatch – responsible for catching and processing inshore and deepwater fish species; and
- aquaculture – responsible for farming, harvesting and processing mussels and salmon.

Executive management of the Group monitors the operating results of the wildcatch and aquaculture divisions. Divisional performance is evaluated based on operating profit or loss. Capital expenditure consists of additions of property, plant and equipment and intangible assets.

The Group has determined that the divisions above should be aggregated to form one reportable segment to reflect the farming, harvesting, processing and selling of seafood products, due to the aggregated manner in which performance is monitored. Further information on segment reporting is included in the financial statements for the year ended 30 September 2020.

Revenue by geographical location of customers

	Unaudited 6 months ended 31 March 2021 $000	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
New Zealand	97,047	106,739	205,725
Australia	35,870	25,689	47,456
North America	31,023	23,330	50,845
Europe	26,862	43,051	65,957
China	22,212	24,276	54,815
Other Asia	8,342	8,460	14,704
Japan	5,635	4,639	10,676
South Korea	2,206	5,279	10,081
Hong Kong	1,830	1,061	3,587
Middle East	1,774	1,906	2,594
Africa	384	43	930
Pacific	246	632	1,072
Other	75	407	407
Revenue	**233,506**	**245,512**	**468,849**

The revenue information above is based on the delivery destination of sales.

The Group has no customers accounting for more than 10% of total sales for the current period, prior half year and September 2020 year.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

NOTE 5 – BANK LOANS (SECURED)

	Carrying and face value		
	Unaudited 31 March 2021 $000	Unaudited 31 March 2020 $000	Audited 30 September 2020 $000
Balance at beginning of period	**187,210**	**139,000**	**139,000**
Bank loans			
Proceeds	20,000	45,000	66,000
Repaid	(5,000)	(20,000)	(20,000)
Bank overdraft and short term borrowings			
Movement	(2,210)	1,892	2,210
Balance at end of period	**200,000**	**165,892**	**187,210**
Interest rates applicable	0.95% - 1.46%	1.38% - 2.32%	0.95% - 1.43%

Bank loans are secured by a general security interest over property and a mortgage over quota shares.

All borrowings are subject to covenant arrangements. The Group has complied with all covenants during the period (March and September 2020: all covenants were complied with).

The repayment dates of secured term loans outstanding at 31 March 2021 are - 30 April 2021: $55m, 30 April 2022: $20m, 30 April 2023: $35m, 1 October 2024: $50m and 30 November 2024: $40m. On 16 April 2021, the secured term loans expiring on 30 April 2021 were extended to 30 April 2022.

Interest rates for all loans are floating based on the bank bill rate plus a margin. The Group's policy for term loans is to hedge between 25% and 75% of floating rate debt by using interest rate swaps.

NOTE 6 – DIVIDENDS

The following dividends were declared and paid by the Company:

	Unaudited 6 months ended 31 March 2021 $000	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
The following dividends were declared and paid by the Company:			
– Final dividend in respect of the 2020 year was nil. (2019 year of $0.14 per share)	–	13,091	13,091
– Interim dividend in respect of the 2021 half year - nil (2020 half year: $0.05 per share)	–	–	4,675
	–	**13,091**	**17,766**

On 20 May 2021 the Directors determined that no interim dividend will be paid in respect of the half-year ended 31 March 2021 (2020: $0.05 cents per share).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

NOTE 7 – CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	Unaudited 31 March 2021 $000	Unaudited 31 March 2020 $000	Audited 30 September 2020 $000
Guarantees	801	1,029	772

The Group has guarantees with its commercial banking partners. In this respect the Group treats the guarantee contracts as contingent liabilities until such times as it becomes probable that the Group will be required to make payments under the guarantees.

(b) Commitments

The estimated capital expenditure for property, plant and equipment contracted for at reporting date but not provided is $8.0m (31 March 2020: $17.7m, 30 September 2020: $20.8m).

NOTE 8 – OTHER INCOME

31 March 2021- Sale of Mt Maunganui cold store

On 17 December 2020, the Group disposed of it's Mt Maunganui cold store for a total consideration of $16.1m. The gain of $13.3m on this disposal has been recognised within other income at 31 March 2021.

31 March and 30 September 2020 - Sale of Australian fishing quota

On 20 March 2020, the Group disposed of certain of it's statutory fishing rights granted under the Australian Fisheries Management Act 1991 for a total consideration of $5.5m. This included rights to fish blue grenadier and orange roughy. The gain of $5.4m on this disposal was recognised within other income at 31 March 2020 and 30 September 2020.

Relocation compensation

In November 2019, the Group received compensation of $2.0m from the Victorian Major Transport Infrastructure Authority ("the Authority") for interruption to its business in Melbourne, Australia as a result of the acquisition of it's leased premises at 1/29 Youell Street by the Authority. This compensation was recognised within other income at 31 March 2020. The Group's Australian operations was relocated to new premises in December 2019.

NOTE 9 – IMPAIRMENT OF NON-CURRENT ASSETS

31 March 2021 and 31 March 2020 and 30 September 2020

No material impairment losses have been recognised during the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021

NOTE 10 – FINANCIAL INSTRUMENTS

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at reporting date.

	Unaudited 6 months ended 31 March 2021 $000	Unaudited 6 months ended 31 March 2020 $000	Audited 12 months ended 30 September 2020 $000
Non-derivative financial assets not measured at fair value (i)			
Trade receivables	69,504	76,634	51,813
Cash and cash equivalents	19,011	8,070	2,957
Other receivables - advances to associates	622	291	378
Non-derivative financial assets measured at fair value (ii)			
Shares in other companies (Level 3)	97	97	97
Non-derivative financial liabilities not measured at fair value (ii)			
Bank overdraft and short term borrowings (secured)	(55,000)	(56,892)	(57,210)
Trade and other payables	(45,576)	(54,328)	(38,148)
Bank loans (secured)	(145,000)	(109,000)	(130,000)
Total non-derivative financial assets (liabilities)	**(156,342)**	**(135,128)**	**(170,113)**
Derivative financial assets (liabilities) measured at fair value (ii)			
Forward exchange contracts (Level 2)	17,781	(25,191)	7,661
Foreign currency options (Level 2)	5,282	(5,271)	2,611
Interest rate swaps (Level 2)	(7,529)	(11,800)	(12,389)
Fuel swaps (Level 2)	2,015	(3,782)	(888)
Total derivative financial (liabilities) assets	**17,549**	**(46,044)**	**(3,005)**

(i) Presented at carrying value which is equivalent to fair value.

(ii) Presented at fair value.

Other payables that are not financial liabilities are excluded above (provisions and employee entitlements: March 2021 $8.0m, March 2020 $8.4m, September 2020 $8.7m).

NOTE 11 – ASSETS CLASSIFIED AS HELD FOR SALE

Property, plant and equipment classified as held for sale in 2020 reflected the Christchurch mussel processing facility, which was closed during the 2015 financial year and was sold in October 2020 for $8.2m. As the property was measured at its fair value less cost to sell, per level 3 of the fair value hierarchy, there was no gain nor loss on sale recorded.

NOTE 12 – SUBSEQUENT EVENTS

No events have been identified between the end of the reporting period and date of issue of the interim financial statements that require disclosure except for the renewal of the term loans detailed in Note 5.

Board of Directors
Sir Robert McLeod, Chairman
Peter Cullinane
Abigail (Abby) Foote
Peter Goodfellow
Peter Kean
Fiona Mackenzie

Executive Management
Peter Reidie, Chief Executive Officer
Clement Chia, Chief Operating Officer
Karen Duffy, Chief People Officer
Andre Gargiulo, Chief Customer Officer
Katherine Turner, Chief Financial Officer

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Telephone +64 9 379 4720
Email info@sanford.co.nz
Website www.sanford.co.nz

Principal Bankers
ANZ Bank New Zealand Limited
Bank of New Zealand
Rabobank New Zealand Limited

Solicitors
Chapman Tripp
Russell McVeagh

Group Auditors
KPMG, Auckland

Stock Exchange
The Company's shares trade on the New Zealand Stock Exchange (NZX).

NZX Trading Code: SAN.

The minimum marketable parcel on the Exchange is 100 shares (price $2 to $5 per share) or 50 shares (price $5 to $10 per share).

Share Registrar
Computershare Investor Services Limited
Private Bag 92 119
Auckland 1142
New Zealand

159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

Managing your Shareholding Online
To change your address, update your payment instructions and to view your investment portfolio including transactions please visit:

www.investorcentre.com/nz

General Enquiries
General enquiries can be directed to:
enquiry@computershare.co.nz
Private Bag 92 119
Auckland 1142
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Telephone +64 9 488 8777

Please assist our registrar by quoting your CSN or shareholder number.

Other queries should be directed to the General Manager Corporate Affairs at the Registered Office.

insightcreative.co.nz SAN116

SEAFOOD AND CHORIZO PAELLA

(SERVES 6)

INGREDIENTS

- 2 tablespoons olive oil
- 200 grams cured chorizo, sliced
- 1 onion, thinly sliced
- 1 red capsicum, thinly sliced
- sea salt and ground pepper
- 4 vine tomatoes, quartered
- 3 cloves garlic, crushed
- 2 teaspoons smoked paprika
- 1 teaspoon chilli flakes
- 1½ cups paella rice (we used Calasparra)
- 5 cups good-quality fish stock
- 1½ teaspoons sea salt
- 12 raw banana prawns
- 12 mussels, cleaned and debearded
- 400 grams firm white fish fillets, cut into large bite-sized pieces

TO SERVE

- 2 tablespoons finely chopped parsley
- purchased garlic aioli and lemon wedges

EQUIPMENT

- 34cm paella pan or sauté pan

METHOD

1. Heat the oil in the pan and add the chorizo, onion and capsicum. Season and cook over a medium heat for 10 minutes.
2. Add the tomatoes, garlic, paprika and chilli and cook for 2 minutes.
3. Add the rice, stock and salt and stir to combine. Simmer for 15 minutes without stirring, until the rice at the top still has a little bite.
4. Poke the prawns and mussels into the rice and once the mussels have started opening, add the fish and cook for a further 5 minutes. Discard any mussels that don't open.
5. Take off the heat, cover with foil and leave for 5 minutes.
6. Dollop over some of the aioli and scatter over the parsley. Serve with lemon wedges.