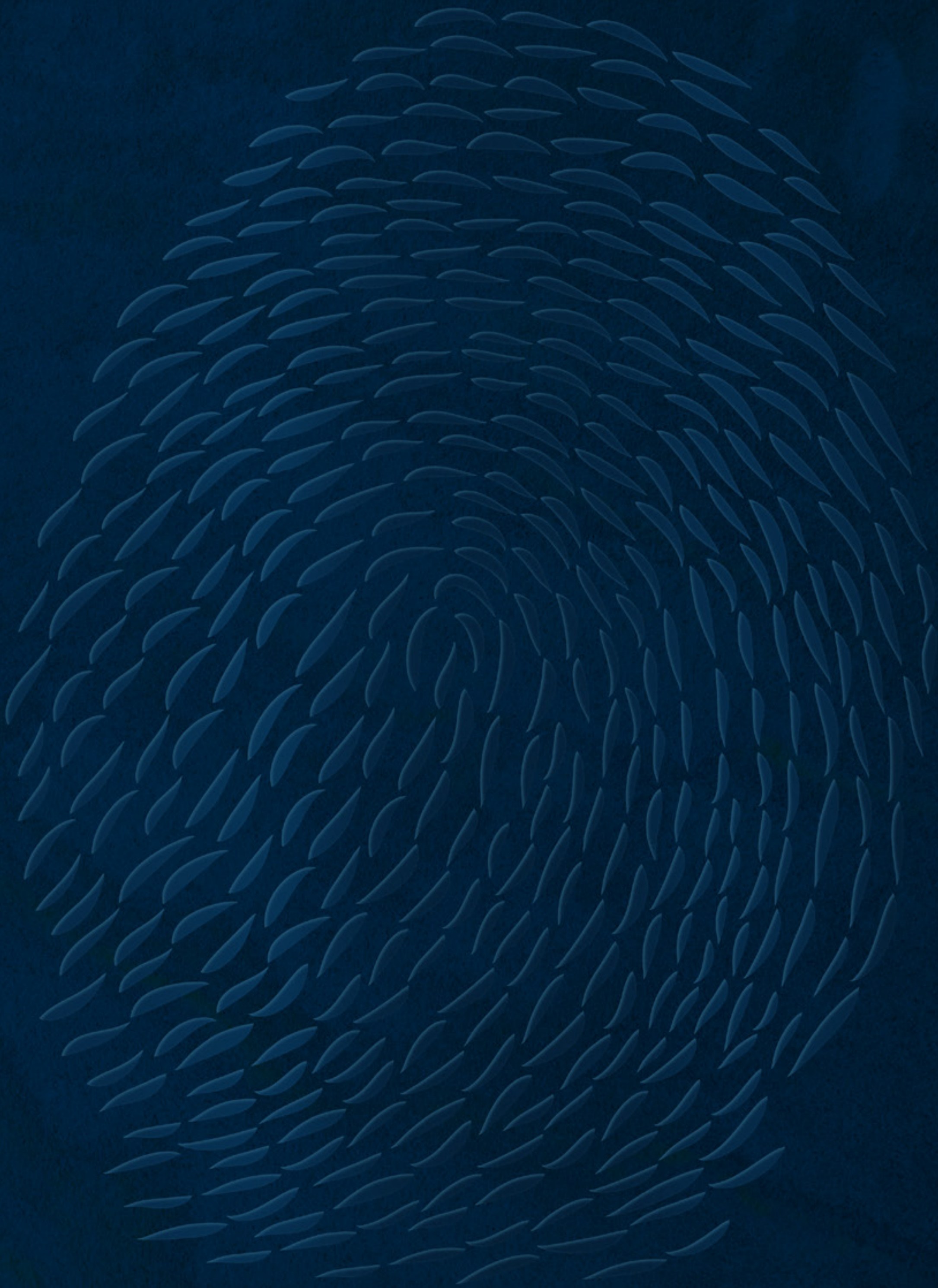
New Zealand King Salmon

Annual Report 2021



The unique pattern of a fingerprint in our front cover design represents our own distinctive identity here at New Zealand King Salmon.

The inclusion of our fish motif within the fingerprint indicates that just as a school of fish moves instinctively as one, the combined efforts of our team members, partners and stakeholders help us to move towards our common goal.

John Ryder
CHAIR

Grant Rosewarne
MANAGING DIRECTOR & CEO

Chair & CEO Report

Due to a change in balance date the results reported are for a period of 7 months. During this time the country was struggling with the Covid-19 global pandemic, but our performance was still credible.

FINANCIAL UPDATE

Our results have been impacted by a number of items, primarily related to Covid, which include provisions made against frozen whole fish inventories, additional airfreight expenses, sales of excess frozen fish at a loss and additional storage and distribution costs on excess frozen inventory. The full financial impact of excess inventory, caused by the pandemic, has been absorbed into these results with appropriate contingencies built in.

Sales volumes increased to above pre-Covid levels due to a higher number of retail promotions while the foodservice market was impacted by Covid.

We have also decided to change our financial year from June 30 to January 31 to reduce uncertainty. With a June 30 balance date, the summer result - and the potentially high mortality cost that goes with it - was not known until close to the end of the financial year. With the new balance date, summer now takes place at the beginning of the year, allowing 9 months of greater certainty. In future we will provide guidance after summer, which was previously not practical.

BUSINESS UPDATE

While we retain our focus on growing the unique King salmon species, we continue to diversify in the opportunities for premium salmon products across many categories, geographies and channels. Most recently, we listed a new Ōra King cold smoked retail pack in a high-end Italian specialty retailer and our new Ōra King whole fish variety June Hog was introduced to chefs just before Christmas. We will soon introduce Ōra King Keiji, a young, delicate salmon, to chefs around the world. Our Regal Maple range in New Zealand was launched over Christmas to capitalise on our consumers' appetite for new flavoursome varieties of smoked salmon.

We continue to plan for the impact of climate change, and this year we introduced the Prescient Aquaculture Model, which focuses on having the right sized fish in the best locations to optimise existing inshore space.

Fish performance continued to be a focus for the company with our feed conversion ratio consistent with results generally achieved during the second half of each calendar year. Mortality levels were impacted by higher levels of fish maturation with the harvest delayed through the April to June 2020 period as well as warmer water temperatures in January 2021.

To supply our future anticipated sea farms volume, we require greater capacity and efficiencies at the freshwater stage. The first stage in a 3-phase project for our Tentburn hatchery has been completed with a facility to incubate and hatch eggs.

Underpinning our work is a comprehensive commitment to sustainability and ocean health which the Government's Aquaculture strategy highlighted as crucial. As proven by Norway, aquaculture has the potential to become New Zealand's most valuable industry and greenest primary sector.

This year we have continued to work with third party certifications and partners to provide transparency and traceability in a wide range of environmental and social projects. This is our first year in publishing a Modern Slavery Statement which will contribute positively to our ongoing actions for an ethical supply chain and a commitment to our team and partners' wellbeing.

OUTLOOK

The Board expects to provide market guidance in mid to late 2021. The Board has yet to make a decision on the resumption of dividends.

We anticipate our average price will return to pre-Covid levels around June, but margins will still be affected by higher freight and distribution costs. With the freight situation unlikely to improve for the foreseeable future, we will be reviewing our pricing around the middle of the calendar year to recover some of these ongoing costs.

If granted later this year, our Blue Endeavour application to farm in the open ocean will be a first for New Zealand. When fully implemented, Blue Endeavour will create 340 green jobs and have an annual revenue of $200 million. This will take us a step closer to our vision of being the world's most premium salmon company and a significant and positive business presence in the Top of the South region.

We are seeing 2021 as a year of opportunity to achieve our future farming vision, contributing to the NZ Aquaculture Industry's goal of being New Zealand's primary industry of the future.

THE OPPORTUNITIES:

1. **Blue Endeavour open ocean farm:** Our application for a farm north of the Marlborough Sounds when consented would see the first harvest in CY24 and we are confident in utilising existing technology to do so.
2. **Farm relocation:** This is a joint proposal between NZKS and participating Marlborough iwi aquaculture organisations. It has been over 5 years awaiting a resolution and we are currently in discussions with iwi representatives and MPI officials to reinvigorate this proposal. We remain committed to achieving a successful outcome from this initiative.
3. **Beyond Blue Endeavour:** As part of our plans for open ocean aquaculture, NZKS is keen to pursue further developments off the east coast of the South Island, including current consents for monitoring equipment off Rakiura.

TOTAL SALES

44% NEW ZEALAND

56% EXPORT

SALES VOLUME OF 4,117mt (7 MONTHS)

FY21 (7 MONTHS) REVENUE OF $95.2 million

$10.0 million PRO FORMA OPERATING EBITDA (7 MONTHS)

4,880 TONNES HARVESTED

SUMMARY:

The Board would like to take this opportunity to acknowledge and thank the entire New Zealand King Salmon team for the past seven months, for demonstrating resilience and commitment following the challenges of the lockdown. There are challenges ahead but the work since the initial lockdown has been outstanding.

We would also like to thank our shareholders, customers, our community and our partners.

We look forward to an exciting year ahead, in anticipation of a successful outcome with our Blue Endeavour application.

John Ryder
CHAIR

Grant Rosewarne
MANAGING DIRECTOR & CEO

From Egg to Plate

OUR DIVISIONS

Aquaculture

This division includes nine operational sea farm sites in the Marlborough Sounds, three freshwater facilities in Golden Bay and Canterbury, and an aquaculture office in Picton.

Supply Chain

Based in Nelson, the Supply Chain division includes Production Planning, Logistics, Coldstore and Pick and Pack/Dispatch teams, Procurement, Customer Services, ICT and Program Management.

Processing

This division includes HACCP-approved processing facilities in Nelson involved in the primary and value-added processing of our salmon products. The Processing division also includes Engineering, Food Safety and Quality & Compliance.

Sales, Brands, Sustainability & New Product Development (NPD)

Our Sales, Brands, Sustainability and NPD teams are grouped by market and by channel. Our Auckland office supports our domestic sales and marketing activity, and we have various international Sales Representative arrangements. Our Brands, Sustainability and NPD teams are mainly based in Nelson.

Corporate Services

Based in our head office in Nelson, the Corporate Services division comprises our Finance and People & Culture team members.

Omega Innovations

A separate division based in Nelson creating high-value brands from remaining raw materials.

OUR OPERATIONS

Freshwater & Broodstock facilities

We operate three freshwater facilities for broodstock, smolt and as risk mitigation.

Broodstock

Broodstock are tagged and monitored throughout their lives. Each year salmon are assessed for specific performance traits which enable us to determine the best specimens of our unique breed.

Seafarms

Following transfer from freshwater hatcheries, salmon are grown for up to 18 months in one of our sea farms.

Fish Welfare

We employ an expert team to support our production team in implementing our Fish Health Management Plan, which aims to minimise disease and physical damage within our stock.

Harvest

Salmon are humanely harvested at sea and transferred back to our processing facilities in Nelson on the same day.

Processing

Salmon are weighed, gilled and gutted. Depending on final use, further processing can take place including filleting, portioning or smoking.

Branding

The highest quality whole salmon are branded Ōra King and individually numbered for traceability. A wide variety of fresh, smoked and value-added products are dispatched to retail customers under our Regal, Southern Ocean, Big Catch and Omega Plus brands.

Summary financial information

Key Drivers:

- Covid-related expenses and clearance of excess inventory at lower prices.
- Fair value adjustments on livestock due to Covid margin impact.
- Treatment of FX close-outs.

GROUP FINANCIAL PERFORMANCE

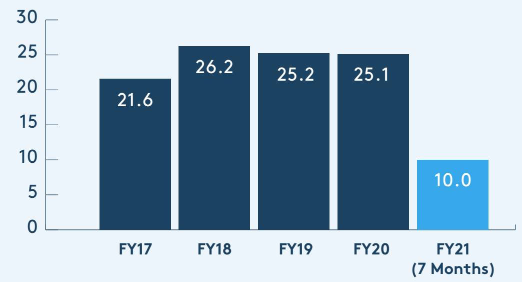
	Pro-Forma				GAAP	
NZ$000s	FY21 (7 months)	FY20 (7 months)	% chg.	FY20 (12 months)	FY21 (7 months)	FY20 (12 months)
Volume Sold (MT)	*4,117*	*4,070*	*1%*	*6,331*	*4,117*	*6,331*
Revenue	95,239	101,126	-6%	155,344	95,239	155,344
Gross Margin	20,380	35,086	-42%	47,346	14,152	58,349
Gross Margin %	21%	35%		30%	15%	38%
Other Operating Income	6,285	129	4786%	4,247	541	4,247
EBITDA	9,964	19,604	-49%	25,071	(2,008)	36,074
EBITDA %	10%	19%		16%	-2%	23%
EBIT	4,975	15,199	-67%	17,123	(7,977)	26,689
NPAT	2,348	10,388	-77%	11,240	(7,079)	18,004

FISH PERFORMANCE

Fish performance continues to be a key focus for the business.

- Harvest volumes for the 7 months of 4,880 MT.
- Feed Conversion Ratio consistent with results generally achieved during the second half of each calendar year.
- Mortality levels impacted by higher levels of fish maturation with the harvest delayed through the April to June 2020 period. January mortality elevated due to warmer temperatures, but has since declined (February ~$2.2m, March ~$1.8m (estimate)).
- Biomass in the water has now returned to normal levels.

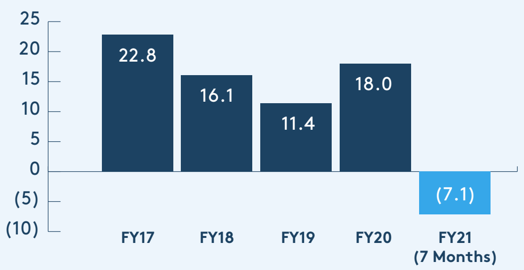
PRO-FORMA OPERATING EBITDA



BIOLOGICAL PERFORMANCE

	FY21 (7 Months)	2H21 (7 Months)	1H21 (7 Months)
Harvest Volume (MT)	4,880	730	4,150
Feed Conversion Ratio (FCR)	1.69	1.54	1.73
Mortality Value ($000s)	8,253	3,175	5,077
Closing Livestock Biomass	6,866	6,866	6,944
Feed Cost ($/kg of feed)	2.53	2.42	2.54

STATUTORY NPAT



SEAFOOD SUSTAINABILITY AWARDS 2020

Lee Fish Award for Market Innovation and Value-Added

WINNER

The inaugural Seafood Sustainability Awards were held in the Grand Hall at Parliament in August. We were delighted to win the Lee Fish Award for Market Innovation and Value-Added for world-leading waste minimisation, work on plastics and the development of an environmental certification programme.

SUSTAINABLE BUSINESS NETWORK AWARDS 2020

Going Circular Award

FINALIST

Our Omega Innovations team was named as a finalist for the Going Circular Award for their work in creating premium pet food and fishing burley, reducing our waste and maximising the potential of the whole fish, from nose to tail.

DESIGNERS INSTITUTE OF NEW ZEALAND BEST DESIGN AWARDS 2020

Value of Design Award

WINNER

Our Ōra King brand won the prestigious Value of Design award at this annual showcase of excellence in graphic, spatial, product, digital and motion design. Judges said: "Ōra King's approach and global success should serve as a new benchmark for adding value to New Zealand's exceptional food and beverage export offerings."

AVA DIGITAL AWARDS 2021

Platinum Winner Video Production

WINNER

Platinum Winner Web-based Production

Our Omega Plus team was recognised for their innovative television advertisement created during the New Zealand lockdown in 2020. These awards honour excellence in digital creativity and branding.

Awards

SEAFOOD STARS AWARDS 2020

Future Development Innovation Award

WINNER

Adrian King was recognised for developing a new feeding solution – which allows many farms to feed their fish from a single location, resulting in fewer boat movements, faster sharing of information and a more efficient and effective feeding system.

Covid-19 Response Award

WINNER

This award was given in recognition of our health and safety initiatives and commitment to our employees during the pandemic with special mention to the Senior Leadership Team, Engineering Project Supervisor Joe de Roo and Senior Health Safety and Wellness Advisor Cameron Johnston.

Looking ahead to Blue Endeavour

Open ocean farming is the way of the future for aquaculture and our Blue Endeavour application is nearing its hearing date.

The application to farm in the Cook Strait, 7kms north of Cape Lambert, is likely to go to a hearing later in the year once submitters have been fully consulted.

If successful this will drive significant economic benefits to the region, eventually delivering over 340 green jobs to the Top of the South with an associatedrevenue of $200 million. The earliest possible harvest is mid CY24.

The site will have two blocks of pens and produce 4,000t per 18-month cycle and provide better conditions to grow our fish.

We have developed a wide range of management plans relating to birds, marine mammals and sharks, fish, navigation and safety management, management of biosecurity, landscape and recreation. These have been developed ahead of a pre-hearing discussion with a range of submitters, including iwi, Department of Conservation and Environmental Defence Society.

Open ocean finfish farming is one of the key initiatives of the Government's Aquaculture Strategy which was launched in September 2019 with the target of $3 billion to be reached by 2035.

New Zealand Trade and Enterprise (NZTE) commissioned EnviroStat to create an independent business case for Open Ocean Finfish Aquaculture, published last year. The report discussed the benefits open ocean aquaculture can deliver and highlighted the high demand for King salmon.

New Zealand is not short of space in the ocean which is 21 times larger than our land mass. There is significant benefit to the economy and the environment by using just a fraction of that ocean space for aquaculture.

As climate change continues to impact our business operations, particularly in seawater farms, we are optimising our existing farms to deal with the changing conditions. We expect to achieve this by prioritising smaller fish into our cooler farm sites and moving them as they grow to ensure they are in the best site for each stage of growth.

Once Blue Endeavour is up and running, our warmer Pelorus sites may be farmed outside of summer to minimise risk.

THE OCEAN COVERS **71%** OF THE WORLD'S SURFACE

AND PRODUCES **17%** OF THE WORLD'S PROTEIN

NZ'S MARINE ENVIRONMENT IS OVER **21x** LARGER THAN OUR LAND MASS

$34.3 million PER HECTARE

REVENUE FROM EXISTING HIGH FLOW SITES

$623 million

REVENUE GENERATED BY AQUACULTURE IN NEW ZEALAND

Highlights

Our Ōra King team raised $4,000 for the Kaipupu Wildlife Sanctuary at Marlborough's Friday Night Feast event.

Our People and Culture

ENGAGEMENT

Our 2020 engagement survey showed that engagement levels have remained similar to 2019, a significant achievement considering the challenges that Covid-19 presented. Engagement initiatives have continued with our Way We Work and Positive Safety Behaviour Initiatives. During FY21 we had 132 Way We Work nominations and 8 winners, 121 Positive Safety Behaviour nominations and 10 winners. Opportunities for team members to visit other sites continued across the company.

LIFE SKILLS TRAINING

We have been working with the Tertiary Education Commission to provide life skills training to members of our processing teams. The courses provide a range of skills such as literacy, numeracy, financial awareness, KiwiSaver and communications. In FY21 we delivered over 2,500 hours of training and will then deliver 4,000 hours of training by the end of the project.

LEADERSHIP

For several years we have invested in a range of leadership development activities. During the second half of FY21 we developed a new in-house training programme targeted specifically at the needs of NZKS and how skills can be applied in the workplace.

Health, Safety and Wellness

Our safety strategy of assessing and managing critical risk through multiple layers of defence with no single points of failure has continued throughout FY21. During this time, 6 out of 12 risks were reviewed and management plans are now being implemented. As a result of these assessments, a review of our training systems has been conducted and a new structure for training is schedule to roll out in the coming months. This will ensure we have the systems and leading indicators in place to continue to improve on safety.

Our Community

The ongoing restrictions around Covid-19 led to a number of community events being postponed or cancelled, however we were thrilled to take part in Marlborough's Friday Night Feast event in early October 2020. Our Ōra King team served up cold-smoked Ōra King salmon to raise money for the Kaipupu Wildlife sanctuary. We were also at the Picton Maritime Festival in January where Seawater Manager Mark Preece gave filleting and pin-boning demonstrations and the NZKS team was on the barbecue selling fresh and hot-smoked salmon tacos to raise money for the Picton School Pasifika Group.

Supply Chain during Covid-19

Our supply chain continued to be affected by the Covid-19 situation during FY21. Thanks to the Government's subsidised air cargo scheme we have been able to secure volumes to our primary markets such as the United States and South-East Asia. Supplying our secondary markets has been more challenging, however they represent smaller volumes. The Government's subsidy has been extended to October 31.

In contrast to air cargo, the last quarter has been a challenge in regards to sea freight with a reduction in the availability of chilled containers in Port Nelson and shipment delays.

We expect it will be some time before we see a return to normal. We have almost tripled our freezer capacity as we had high harvest volumes in the last six months but depressed demand due to the pandemic. The Frozen inventory is being cleared following major contracts in the US and Japan.

In the last quarter we secured a 1,600 sqm building across from our processing plant in Bullen St which will be converted to a controlled temperature load out and specialist processing area. We are hoping to have this operational by mid 2021 which will allow us to modernise the current load-out area and expand our processing operations.

Recognising Sustainability

To independently verify our sustainable practices in aquaculture and our supply chain, we are regularly audited or assessed by expert third-party organisations.

BAP CERTIFIED 4 Star Certified

FARMED RESPONSIBLY asc CERTIFIED ASC-AQUA.ORG

UN GLOBAL COMPACT WE SUPPORT

NEW ZEALAND Sustainable AQUACULTURE

gsi

Monterey Bay Aquarium Seafood Watch

SUSTAINABILITY ACTIONS

Recycling electronic waste

We have teamed up with a laptop supplier who works directly with the Nelson Environmental Centre, a local business who recycle electronic waste, keeping it out of landfill. Where possible they will extend the life of a product by repairing and upgrading it for resale, which helps cover the costs of the programme.

Non-reusable items are either dismantled and recycled locally or are sent to E-Cycle in Christchurch, a company that strips electronics apart and split the recyclable from the non-recyclable materials.

Managing our waste in this way reduces the time and effort required internally to prepare the hardware for disposal.

Ongoing Innovation

Despite the delays caused by lockdown, this year we developed and launched three smoked Regal Maple products into the New Zealand retail market. Development began on the Double Maple Wood Roasted product at the end of May, while the cold smoked product development began in June. Sensory work, trials and shelf-life validation was completed in September with the launch taking place in October.

We have been investigating using larger fish in different products, processes and packaging including, trialing bigger packaging to fit frozen whole fish and widening specifications to include larger fish in some portion and fillet SKUs.

A substantial amount of technical effort was spent on the refresh of Regal and Southern Ocean packaging with multiple products undergoing label reviews and branding updates.

936kg OF PLASTIC SAVED FROM LANDFILL

SUSTAINABILITY ACTIONS

Packaging Sustainability Group

As a partner in the New Zealand Plastics Packaging Declaration, we have committed to reaching the goal of using 100% reusable, recyclable or compostable packaging across our business by 2025.

During FY21 our Packaging Sustainability Group worked on several projects. A recent initiative to remove plastic from a factory process was completed saving approximately $7,400 worth of material and 936kg of plastic going to landfill.

Another step forward was the removal of a material which is unrecyclable and soon to be banned in New Zealand. Although we only used a small amount of this material to contain our Regal stir-fry salmon, the result is that we will send 63kg less petroleum-based plastic to landfill every year. The material that we are now using is 30% plant-based and the remainder is able to be recycled.

Our Brands

ŌRA KING

Ambassador Programme

In late 2020 we launched our official Ambassador Programme, formally recognising those chefs we work closely with and who are essential in telling the Ora King story. The first event was held in Auckland with almost all of our New Zealand-based Ambassador chefs in attendance. The event was incredibly well-received and the recognition was much appreciated in what has been a challenging year for the foodservice industry. We are now working towards rolling out these events globally, as Covid-19 allows, starting with Australia, then a number of events across North America, Japan and Europe.

June Hog

In November we launched a new brand of Ōra King salmon called June Hog. These larger Ōra King fish were available on a short-term trial basis to a limited number of customers. Based on the legend around large 'June Hog' King salmon found wild in North American rivers, we developed a brand, logo, brand story, packaging, collateral and a video. The trial will continue while supply remains available and, if successful, may lead to a larger product launch.

Southern Ocean is our value brand, predominantly sold as smoked salmon products into New Zealand domestic channels. Southern Ocean is the second most recognised brand (after Regal) with 60% awareness*. We are relaunching the brand with new look packaging, a revamped website and social media channels.

*Nielsen Brand Health Tracker March 2020

REGAL

MARLBOROUGH KING SALMON

Our biggest launch of 2020 was the Regal Maple Smoked Salmon range: two cold smoked products and a Double Maple Wood Roasted product. The launch was supported with a television ad featuring Al Brown and Reg the seal following on from the success of for the Manuka launch in 2017. Sales results for the Maple range have been very strong with the launch taking place in October to tie in with the Christmas peak.

In the US, the brand continues to grow with the launch of the Regal Wood-Roasted range. We have secured several key upscale retail accounts and seen an increase in the number of stores where Regal is found. We continue to focus on e-commerce in the US and are selling Regal from our Amazon store.

Domestically we finished the year with a market share of 39.9% and a brand awareness of 86% amongst smoked salmon shoppers in New Zealand.* Total Regal branded sales for the fiscal year are $19.7m with $3.7m coming from overseas markets.

OMEGA PLUS+
THE SALMON SUPERFOOD

The pet industry has shown resilience through difficult times and demand for New Zealand-made pet products continues to grow. Our ability to supply significant volumes of remaining raw materials is providing the industry with confidence to include salmon in more pet food products and we plan to grow our customer base in this space.

We continue to develop the domestic market and have employed new team members to accelerate our rate of growth. Our online business is performing well and we have been targeting bricks and mortar speciality retail channels. We are also looking to further grow our range, distribution and rate of sales across supermarket retailers. Our export business is performing well with sales into China running ahead of our forecasts.

A new distribution centre

Work is underway to build a new processing pack room and distribution centre for pet-specific products in Nelson. We will ship export orders from this site and dispatch orders to customers in the South Island and lower North Island, giving us greater flexibility and control over our supply chain and inventory. We expect to be operating from this site later in 2021.

Market Dynamics

Rebuilding demand after New Zealand's main lockdown period was the main priority in the second half of the 2020 calendar year.

We continued to rebalance our global sales towards an increased retail presence and the prioritisation of premium customer opportunities. Clearing excess inventory with retail price promotions and selective foodservice sales impacted margins but improved cashflow.

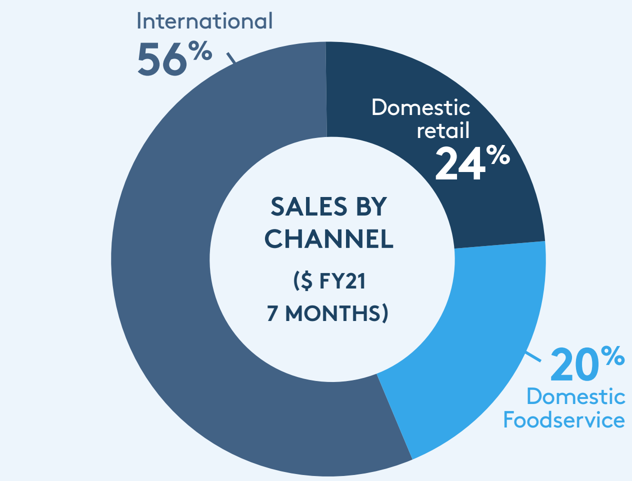
Despite the challenging year, including ongoing restrictions on foodservice and higher air freight costs, sales volumes in the seven month period were almost identical to the previous year.

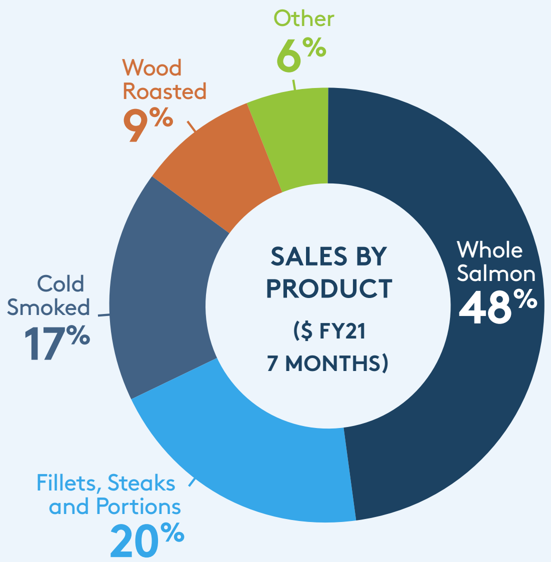
As we complete our financial year, there are now pleasing indications of positive growth. Customers around the world are still eager for our King salmon products which fit well into the growing global demand for healthy and safe food. We have paved the way for incremental demand by keeping our premium brands prominent in the mind of the chef and the consumer.

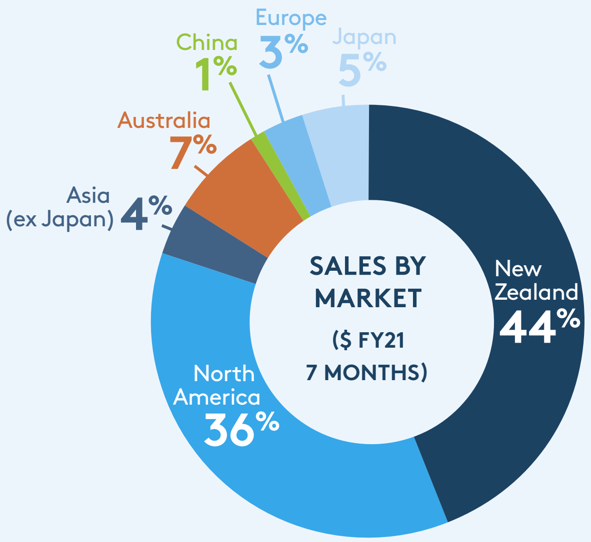
In the US, it's excellent to see our Ōra King salmon now being sold via new channels, including speciality seafood online, and an increased retail presence for our Regal smoked salmon. With larger fish sizes available, we were also able to launch the Ōra King 'June Hog' just before Christmas.

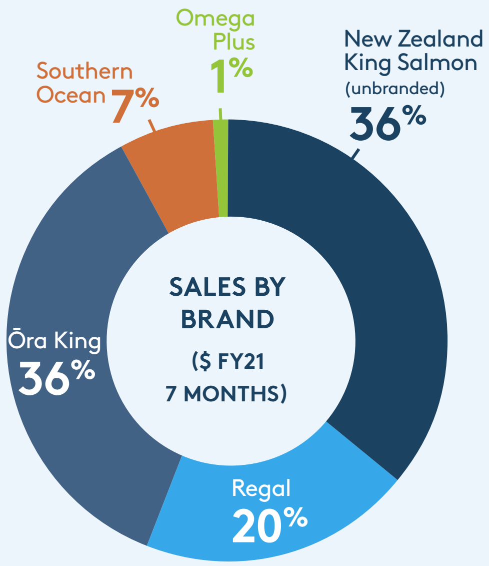
We have also begun to establish sales in specialty retail channels in Europe for Ōra King, with plans for Regal underway.

New Zealand retail and foodservice have been key to maintaining and growing volume over the year, while sales and value remained relatively strong for Australian and Asian markets.









Board of Directors

Our Board brings many years of experience in salmon farming, processing and marketing alongside broader business experience in New Zealand and internationally.

JOHN RYDER

Independent Chairman

MCom (Hons), FCA, CMA

John is a chartered accountant and an active investor and company director. His current roles include Executive Chairman of Qestral Corporation Limited and Independent Chairman of Direct Capital VI Management Limited. John was inducted into the New Zealand Business Hall of Fame in 2021.

JACK PORUS

Non-Executive Director

BCom, LLB

Jack is joint Managing Partner of law firm Glaister Ennor which he joined in 1972. He is currently the chairman of Pinnacle Life Limited and a director of Neil Corporation Limited and Norfolk Financial Management Limited. Jack is a nominated appointee for major New Zealand King Salmon shareholder Oregon Group.

CATRIONA MACLEOD

Independent Non-Executive Director

GIBio, MSc, PhD, GAICD

Associate Professor Catriona Macleod is a senior scientist with more than 20 years' experience in marine resource, water and aquaculture management. She has provided recommendations to inform regulatory policy and the development of sustainable aquaculture in Australia and internationally.

GRANT ROSEWARNE

Managing Director and CEO

MBA (Executive), BAppSc

Grant was appointed CEO of New Zealand King Salmon in 2009. During his time as CEO, Grant has focused on elevating New Zealand King Salmon's unique products from a premium commodity to a worldwide branded food delicacy.

PAUL STEERE

Independent Non-Executive Director

Paul was the founding CEO of New Zealand King Salmon from its formation to 2009 and has been a director of New Zealand King Salmon since 2009. Paul is currently Chairman of ASX listed Cleanseas Tuna Limited, Chairman of Nelson Airport Limited, a Councillor of Nelson Marlborough Institute of Technology and a director of other substantial private businesses.

CHIONG YONG TIONG

Non-Executive Director

MCom, BCom

Yong Tiong is Managing Director of Timbergrow Limited and Maraetai Land Development Limited. He is also a director of property development company Neil Corporation Limited and is on the board of Saint Kentigern School in Auckland.

LAI PO SING, TOMAKIN

Non-Executive Director

MBA, BBA, FCPA, FCA, FCCA, FCG, FCS, CIA, CRMA, CISA

Mr Lai is a Director of China Resources Ng Fung Limited and the Vice President, Chief Financial Officer and Company Secretary of China Resources Enterprise Limited. He is the Executive Director, the Chief Financial Officer and the Company Secretary of China Resources Beer (Holdings) Company Limited, which is listed on the Hong Kong stock exchange.

Senior Leadership Team

GRANT ROSEWARNE
Managing Director and CEO

See previous page.

ANDREW CLARK
Chief Financial Officer

Andrew joined New Zealand King Salmon in 2011. Prior to joining NZKS he spent 17 years in the dairy industry where he occupied a number of senior finance roles in New Zealand, the United States, Venezuela and Uruguay.

JEMMA MCCOWAN
General Manager, Brands & Sustainability

Jemma joined New Zealand King Salmon in 2012 and has overall responsibility for delivering the branding and sustainability programmes. She has 20 years' experience in marketing management and international business. In June 2019, Jemma was appointed as a Future Director by Scales Corporation under the IOD programme and completed her 18 months tenure with Scales in December 2020.

GRAEME TREGIDGA
General Manager, Sales

Graeme joined New Zealand King Salmon in 2004. Prior to joining NZKS he spent 16 years in the horticulture industry with various roles in processing, international and domestic sales and management.

SHAUN YOUNG
General Manager, Supply Chain

Shaun has been with New Zealand King Salmon since 2008. He was based in Auckland as General Manager Retail Sales & Marketing before moving to Nelson in early 2015 to take up the role of General Manager Supply Chain. Previously he worked with Goodman Fielder and Cadbury in sales management and analytical roles.

RICHARD SMITH
General Manager, Processing

Richard brings a wealth of experience from previous roles at Whittaker's Chocolate, Moy Park Chicken and Sealord. Previously Projects and Engineering Manager for NZKS, Richard has a full understanding of our processing facilities having worked alongside the team for several years.

GRANT LOVELL
General Manager, Aquaculture

Grant first joined New Zealand King Salmon in 1997 as hatchery technician at our Tentburn freshwater facility. He has more than 20 years' experience in the aquaculture industry in Australia and New Zealand and has held senior positions across both freshwater and seawater operations including management of breeding programmes, fish health and harvest as well as feed and production planning.

FIONA COUCHMAN
General Manager, People and Culture

Fiona joined NZKS after 15 years as Training and Development Manager with Masterpet based in Wellington. She has a passion for helping people achieve their full potential and creating a highly engaged workforce with a focus on developing high performance teams.

Below left to right: Graeme Tregidga, Jemma McCowan, Andrew Clark, Grant Rosewarne, Grant Lovell, Fiona Couchman, Richard Smith. Not pictured: Shaun Young.

Financial Statements

1 JULY 2020 – 31 JANUARY 2021

Contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SEVEN MONTH PERIOD ENDED 31 JANUARY 2021

	Note	2021 7 Months to 31 January $000	2020 12 Months to 30 June $000
Revenue from contracts with customers	32	95,239	155,344
Cost of goods sold including fair value uplift at point of harvest	14	(98,820)	(145,768)
Fair value gain on biological transformation	15	29,350	64,124
Freight costs to market		(11,616)	(15,351)
Gross profit		**14,153**	**58,349**
Other income	6	541	4,247
Sales, marketing and advertising expenses		(7,702)	(12,473)
Distribution overheads		(3,132)	(4,131)
Corporate expenses	7	(4,979)	(9,012)
Other expenses	7	(889)	(906)
Earnings/(loss) before interest, tax, depreciation and amortisation		**(2,009)**	**36,074**
Depreciation and amortisation expense	16,17,18	(5,969)	(9,385)
Finance income	8	5	12
Finance expenses	8	(1,353)	(1,748)
(Loss)/profit before tax		**(9,326)**	**24,953**
Income tax credit/(expense)	9	2,247	(6,949)
Net (loss)/profit after tax		**(7,079)**	**18,004**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	10	(677)	154
Movement on cash flow hedges	10	22,065	5,522
Income tax effect of movement on cash flow hedges	10	(6,178)	(1,546)
Net other comprehensive income		**15,210**	**4,130**
Total comprehensive income		**8,131**	**22,134**
Earnings per share			
Basic earnings per share	11	($0.05)	$0.13
Diluted earnings per share	11	($0.05)	$0.13

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2021

ASSETS	Note	2021 31 January $000	2020 30 June $000
Current assets			
Cash and cash equivalents	12	3,479	7,115
Trade and other receivables	13	16,186	12,777
Inventories	14	42,489	35,612
Biological assets	15	69,588	81,784
Derivative financial assets	25	5,413	907
Total current assets		**137,155**	**138,195**
Non-current assets			
Property, plant and equipment	16	60,716	60,481
Biological assets	15	18,600	10,594
Derivative financial assets	25	16,354	9,120
Intangible assets	17	9,126	8,655
Right-of use assets	18	6,810	4,581
Goodwill	17	39,255	39,255
Total non-current assets		**150,861**	**132,686**
TOTAL ASSETS		**288,016**	**270,881**
LIABILITIES			
Current liabilities			
Trade and other payables	21	18,597	14,847
Employee benefits	22	2,857	2,884
Borrowings	20	3,024	1,132
Lease liabilities	19	1,580	1,347
Other financial liabilities	29	233	149
Derivative financial liabilities	25	1,646	3,868
Taxation payable		5,074	3,866
Total current liabilities		**33,011**	**28,093**
Non-current liabilities			
Employee benefits	22	696	558
Borrowings	20	39,250	37,000
Lease liabilities	19	5,389	3,258
Deferred tax liabilities	9	16,923	15,133
Derivative financial liabilities	25	204	2,525
Total non-current liabilities		**62,462**	**58,474**
TOTAL LIABILITIES		**95,473**	**86,567**
NET ASSETS		**192,543**	**184,314**
EQUITY			
Share capital	27	122,606	122,606
Reserves		18,286	2,978
Retained earnings		51,651	58,730
TOTAL EQUITY		**192,543**	**184,314**
Net tangible assets per share			
Net tangible assets per share		$1.04	$0.98

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.
For and on behalf of the Board, who authorised the issue of these financial statements on 30 March 2021.

DIRECTOR - JOHN RYDER
30 March 2021

DIRECTOR - PAUL STEERE
30 March 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SEVEN MONTH PERIOD ENDED 31 JANUARY 2021

	Note	Share Capital $000	Foreign Currency Translation Reserve $000	Hedge Reserve $000	Share Based Payment Reserve $000	Retained Earnings $000	Total Equity $000
Balance as at 1 July 2020		122,606	(485)	2,587	876	58,730	**184,314**
Loss for the period		-	-	-	-	(7,079)	**(7,079)**
Other comprehensive income/(loss)	10	-	(677)	15,887	-	-	**15,210**
Total comprehensive income/(loss) for the period		**-**	**(677)**	**15,887**	**-**	**(7,079)**	**8,131**
Share based payment expense		-	-	-	98	-	**98**
Balance as at 31 January 2021		**122,606**	**(1,162)**	**18,474**	**974**	**51,651**	**192,543**
Balance as at 1 July 2019		122,595	(639)	(1,391)	575	47,612	**168,752**
Profit for the period		-	-	-	-	18,004	**18,004**
Other comprehensive income/(loss)	10	-	154	3,978	-	-	**4,132**
Total comprehensive income/(loss) for the period		**-**	**154**	**3,978**	**-**	**18,004**	**22,136**
Shares issued	27	11	-	-	-	-	**11**
Share based payment expense		-	-	-	301	-	**301**
Dividends paid - ordinary	27	-	-	-	-	(6,886)	**(6,886)**
- supplementary		-	-	-	-	(211)	**(211)**
- foreign investor tax credit		-	-	-	-	211	**211**
Balance as at 30 June 2020		**122,606**	**(485)**	**2,587**	**876**	**58,730**	**184,314**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SEVEN MONTH PERIOD ENDED 31 JANUARY 2021

	Note	2021 7 Months to 31 January $000	2020 12 Months to 30 June $000
Operating activities			
Receipts from customers		92,449	157,924
Payments to suppliers		(73,283)	(109,849)
Payments to employees		(24,512)	(42,212)
Interest received		5	12
Interest paid		(836)	(1,210)
Insurance and settlement income		-	311
Government grants received		490	3,869
Proceeds from foreign currency forward contracts closed early		5,744	-
Income tax paid		(938)	(4,777)
Net cash flows from/(used in) operating activities	31	**(881)**	**4,068**
Investing activities			
Proceeds from sale of property, plant and equipment		-	24
Purchase of property, plant and equipment		(4,837)	(16,148)
Purchase of intangible assets		(859)	(1,643)
Net cash flow (used in)/from investing activities		**(5,696)**	**(17,767)**
Financing activities			
Proceeds from borrowings		62,983	163,489
Repayment of borrowings		(58,841)	(140,773)
Gross proceeds from share issue		-	11
Dividends paid		-	(6,886)
Payment of lease liabilities		(845)	(1,414)
Net cash flows (used in)/from financing activities		**3,297**	**14,427**
Net increase/(decrease) in cash and cash equivalents		**(3,280)**	**728**
Net foreign exchange difference		(356)	156
Cash and cash equivalents at 1 July	12	7,115	6,231
Cash and cash equivalents at period end	12	**3,479**	**7,115**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

FOR THE SEVEN MONTH PERIOD ENDED 31 JANUARY 2021

1. CORPORATE INFORMATION

The consolidated financial statements of New Zealand King Salmon Investments Limited (the Company) and its subsidiaries (together the Group) for the period ended 31 January 2021 were authorised by the directors on 30 March 2021.

New Zealand King Salmon Investments Limited is a profit-orientated company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and listed on the NZX Main Board ("NZX") and the Australian Securities Exchange ("ASX"). The Company is an FMC reporting entity under the Financial Markets Conduct Act 2013.

The Group is principally engaged in the farming, processing and sale of premium salmon products.

The Group has changed its balance date to 31 January following a Board resolution on 2 November 2020.

2. BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

The consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and also with International Financial Reporting Standards (IFRS). The financial statements are prepared under NZ GAAP and FMC Act 2013.

B. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in hedging instruments, otherwise carried at amortised cost, are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

The consolidated financial statements for 7 months to 31 January 2021 provide comparative information in respect of the previous period, 12 months to 30 June 2020.

C. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported outcomes of revenues, expenses, assets, liabilities and the accompanying disclosures. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Uncertainties about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets or liabilities in future periods.

Specific areas requiring significant estimates and judgements include:

Valuation of biological assets

The Group recognises stocks of live fish at fair value less costs to sell according to the principles of NZ IAS 41 Agriculture. The fair value is measured using a valuation model that relies on various assumptions and information available at balance date. Inputs include anticipated market prices, quality mix, current weights of livestock relative to expected harvest weight, mortality rates, growth rates and production costs. The income or loss that is ultimately recognised at time of sale may be significantly different from that implied by the fair value adjustment at the end of a reporting period. The fair value uplift from accumulated costs to date has no cash impact in the reporting period. Further details of the valuation and sensitivity to change in key inputs are given in note 15.

Inventory (Finished goods and work in progress) obsolescence

Inventories are stated at the lower of cost or net realisable value, and the Group uses judgment and estimates to determine the net realisable value of inventory at the end of each reporting period.

Due to Covid-19 impacting significantly on finished stock holdings, the Group estimates the net realisable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realisable value. The net realisable value of the inventory is determined based on assumptions of future demand and pricing and estimates over the remaining shelf life of the inventory.

Impairment testing of intangibles

The Group reviews the carrying value of goodwill on an annual basis and assesses whether it is impaired according to the principles of NZ IAS 36 Impairment of Assets. This requires the goodwill to be allocated to cash generating units with which it would naturally be associated and the value in use of the cash generating units to be estimated. The value in use is estimated using a discounted cashflow model that relies on various assumptions and information available at balance date. Inputs include estimations of the growth rate of the Group, future market conditions, prices, and discount rates. Further details of the value in use assessment are given in note 17.

Valuation of financial derivatives

The Group recognises financial derivatives at fair value according to the principles of NZ IFRS 13 Fair Value Measurement. The value is calculated by a third party expert using an industry standard model. Inputs to the model are obtained externally by the service provider. Further details of the valuation are included in note 24.

Useful lives of assets

The Group estimates the useful lives of property, plant and equipment and intangible assets based on historical performance and currently consented future asset uses.

Revenue from contracts with customers

The Group reviews individual transactions to determine the amount and timing of revenue from contracts with customers.

D. FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Group's consolidated financial statements are presented in New Zealand dollars, which is also the parent company's functional currency. The Australian subsidiary's functional currency is Australian dollars which is translated into the presentation currency in these financial statements. The USA subsidiary's functional currency is United States dollars which is translated into the presentation currency in these financial statements.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency and then translated by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The financial statements comprise the financial statements of New Zealand King Salmon Investments Limited and its subsidiaries (per note 29). Subsidiaries are all those entities over which the Company has control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

B. FINANCIAL INSTRUMENTS

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Subsequently the Group applies the following accounting policies for financial instruments:

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts.

Trade and other receivables

Short term trade and other receivables are not discounted and are initially stated at cost. Gains and losses are recognised in the profit or loss when the receivables are written off or impaired.

For trade receivables and contract assets, the Group applies a simplified approach in calculating an allowance for expected credit loss (ECL). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Loans and amounts owing from related companies are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans are derecognised or impaired.

Trade and other payables

Trade and other payables are carried at cost due to their short term nature and are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-90 days of recognition.

Interest bearing borrowings

After initial recognition interest bearing borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on establishment of loan facilities that are yield related are included as part of the carrying amount. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. Borrowing costs are generally recognised as an expense when incurred, with the exception of borrowing costs associated with a qualifying asset which are capitalised as part of the cost of that asset.

Financial guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributed to the issuance of the guarantee. Subsequently the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at balance date and the amount recognised less cumulative amortisation.

Derivative financial instruments and hedging

The Group uses derivative financial instruments including forward currency contracts, options and interest rate swaps to hedge risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

The Group designates its derivative financial instruments as hedges of a particular risk associated with a recognised asset or liability or a highly probable commitment that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the statement of profit or loss.

Amounts accumulated in equity are transferred to profit or loss when the hedged item affects profit or loss.

C. INVENTORIES

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – the cost of fish is measured at fair value at harvest date. The cost of other raw materials is based on the purchase price including import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of the goods and materials. Costs are determined on a weighted average basis.

Manufactured finished goods and work in progress – cost of direct materials, labour and a proportion of manufacturing overheads appropriate to the stage of manufacture. Costs are assigned on the basis of weighted average costs. The cost of items transferred from biological assets is their fair value less costs to sell at the date of harvest.

Net realisable value – the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

D. BIOLOGICAL ASSETS

Biological assets include fish livestock measured at fair value less estimated costs to sell. The net gain or loss resulting from the fair value measurement is recognised in profit or loss.

The fair value of fish livestock is derived from the amount expected to be received from the sale of the asset in an active market. The target live weight of the harvestable fish is defined as a fish with a live weight of 4kg or greater. Many fish are harvested with a live weight above or below this weight.

For brood stock and fish where little biological transformation has taken place since initial cost was incurred, cost less impairment is used as an approximation of fair value. This value is used up to the point at which fish are transferred to sea water. Fish stock is transferred to inventory at the time of harvest. The transfer is recorded at its fair value which is deemed to be cost for the purposes of inventory valuation.

E. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

Freehold land ....not depreciated
Freehold buildings ....twenty to fifty years
Building fit out ....three to twenty five years
Leasehold improvements ....five to ten years
Plant, furniture and fittings ....three to twenty years
Motor vehicles......................................five to ten years
Sea vessels...ten to twenty years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

F. LEASES

At the inception of a contract, the group is required to assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group's lease portfolio

Property leases

The Group's real estate includes office buildings and storage facilities. The group classified these office spaces as operating leases under NZIAS 17, and has recognised some storage contracts that meet the identifiable criteria as a Right of use asset and corresponding liability portfolio under NZIFRS 16.

Vehicle leases

The Group lease vehicles are predominantly used by sales staff and the transportation of personnel between operating locations. These vehicles were classified as operating leases under NZIAS 17 and are generally held for a term of 3 years. During the Covid-19 pandemic Level 4 restrictions several lease contracts were due to expire and were renewed for an additional period of one year as replacement negotiations were not accessible during this time.

Plant and Equipment Leases

The Group sometimes leases machinery used for the production or processing of salmon. The current leases relate to equipment being utilised for the upwelling on sea farms and various forklifts operated throughout the company. The Group has elected to apply the recognition exemption for short-term leases for all other machinery employed for less than 12 months duration and for leases where the underlying asset is of low value.

Contracts not recognised as leases

The Group has transport contracts that have not been recognised as leases on balance sheet but can be identified as an asset to which the contract relates. These leases have been assessed as variable lease payments linked to future performance. These contracts have an operating expense value of $2.2m in the 7 months to 31 January 2021 (Year to 30 June 2020: $1.7m).

The Group applies short term lease recognition exemption to its short term leases of equipment. It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

G. INTANGIBLES

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Goodwill and trade marks

Useful lives:..Indefinite
Internally generated or acquired:...........Acquired

Intellectual property, marine farm and hatchery licences and marina berth

Useful lives:..Finite
Amortisation method used: ....Straight line, five to thirty five years
Internally generated or acquired:...........Acquired

Computer Software

Useful lives:..Finite
Amortisation method used: ....Straight line, four to seven years
Internally generated or acquired:...........Acquired

H. RESEARCH AND DEVELOPMENT COSTS

Research costs are generally expensed as incurred. Development expenditures are capitalised as intangible assets when the Group can demonstrate:

- Costs can be reliably measured.
- Completion of the project is technically feasible.
- Resources are available to complete the project.
- There is an intention to use the resulting asset and it will generate future economic benefits.

During the period of development the asset is tested for impairment annually.

I. EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution plans

Contributions made to a defined contribution plan are expensed as incurred.

J. CONTRIBUTED EQUITY

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds. Other capital raising costs are expensed as incurred.

K. REVENUE AND INCOME RECOGNITION

Revenue from contracts with customers

The Group is in the business of growing, processing and selling King Salmon to customers in New Zealand and overseas. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

NZ IFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Insurance proceeds

Insurance proceeds are recognised in the financial statements when receipt is virtually certain and can be measured reliably.

L. TAXES

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except when:

» The GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

» Receivables and payables, which are stated with the amount of GST included.

» The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet.

» Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

» The Group recognises uncertain tax positions as a liability where it is probable that an outflow of resources will be required.

M. SHARE-BASED PAYMENTS

Certain employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 27.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

N. COMPARATIVES

Certain prior year comparatives have been reclassified to align with the current period's presentation. The areas impacted are the netting of deferred tax liability against deferred tax asset on the Statement of Financial Position and the disclosure of the impact of foreign exchange on cash balances in the Statement of Cash Flows.

4. NEW STANDARDS ADOPTED AND STANDARDS ISSUED NOT YET ADOPTED

A. NEW STANDARDS ADOPTED

There have been no new standards adopted during the 7 months to 31 January 2021

B. NEW STANDARDS NOT YET ADOPTED

Standards issued but not yet effective are not expected to have a material impact on the financial statements when they become effective.

5. SEGMENT INFORMATION

Segment results

The Group's strategy is to maximise longer term sales and overall margins by focusing on branded, premium priced and differentiated sales across its range of markets, channels and customers. The operating results of the whole business are monitored for the purpose of making decisions about resource allocating and performance. Accordingly, the Group is considered to consist of one operating segment.

Segment performance - Refer also Note 32 for detail of disaggregation of revenue by product, brand and geographical area.

	2021 7 Months $000	2020 12 Months $000
Revenue	**95,239**	**155,344**
Segment EBITDA	**(2,009)**	**36,074**

Segment profit reconciles to profit/(loss) before income tax as follows:

	2021 7 Months $000	2020 12 Months $000
Segment EBITDA	**(2,009)**	**36,074**
Depreciation, amortisation and impairment	(5,969)	(9,385)
Net finance costs	(1,349)	(1,736)
Group (loss)/profit before tax	**(9,326)**	**24,953**

6. OTHER INCOME

Other income	2021 7 Months $000	2020 12 Months $000
Grants received	490	3,869
Insurance settlements	-	311
Profit on sale of property, plant and equipment	-	26
Other income	51	41
Total other income	**541**	**4,247**

7. EXPENSES

Corporate and other expenses include:	2021 7 Months $000	2020 12 Months $000
Trade receivables written off	-	18
Impairment of trade receivables	8	76
Research cost	599	278
Loss on sale of assets	2	51
Lease rentals	375	357
Directors' fees	271	465
Other directors' expenses	1	4
Donations	8	14

Employee benefits expense	2021 7 Months $000	2020 12 Months $000
Wages and salaries	20,236	36,017
Defined contribution plan expenses	514	872
Restructuring costs	10	-
Other employee benefits expenses	3,495	5,301
Outsourced labour	440	593
Total employee benefits expense	**24,695**	**42,783**

8. FINANCE INCOME AND COSTS

Finance income	2021 7 Months $000	2020 12 Months $000
Interest income	5	12
Total finance income	**5**	**12**

Finance costs	2021 7 Months $000	2020 12 Months $000
Bank facility fees	418	586
Interest on bank loans and overdrafts	795	993
Interest on leases	140	169
Total finance costs	**1,353**	**1,748**

9. INCOME TAX

Recognised in the consolidated statement of comprehensive income	2021 7 Months $000	2020 12 Months $000
Current income tax expense	427	4,437
Deferred tax relating to origination and reversal of temporary differences	(2,674)	2,512
Total income tax expense/(credit) in the statement of comprehensive income	**(2,247)**	**6,949**
Tax amounts posted directly to other comprehensive income	**6,178**	**1,546**
Reconciliation of tax expense to statutory income tax rate		
Profit/(loss) before tax	(9,326)	24,953
Income tax using the company tax rate 28%	(2,611)	6,987
Non deductible/non assessable items	23	49
Under provision - previous year	-	(196)
Prior period adjustment	306	(51)
Adjustment for varying tax rates	35	16
Other differences	-	144
Total tax expense/(credit)	**(2,247)**	**6,949**

Statement of financial position deferred tax assets and liabilities	2021 31 January $000	2020 30 June $000
Deferred tax liabilities		
Accelerated depreciation for tax purposes	(3,109)	(3,114)
Fair value adjustment to biological assets	(9,286)	(10,829)
Unrealised gains on foreign currency hedges	(6,095)	(2,807)
Increase accounting cost for finished goods	(564)	(1,607)
Other provisions	-	(79)
Total deferred tax liabilities	**(19,054)**	**(18,436)**
Deferred tax assets		
Provision for doubtful trade debtors	29	45
Provision for employee benefits	765	787
Share based payments	263	167
Unrealised losses on foreign currency hedges	518	1,791
Other provisions	556	513
Total deferred tax assets	**2,131**	**3,303**
Net deferred tax liabilities	**(16,923)**	**(15,133)**

Statement of comprehensive income deferred tax assets and liabilities	2021 7 Months $000	2020 12 Months $000
Deferred tax liabilities		
Accelerated depreciation for tax purposes	(5)	105
Fair value adjustment to biological assets	(1,543)	1,348
Increase accounting cost for finished goods	(1,043)	914
Other provisions	(79)	79
	(2,670)	**2,446**
Deferred tax assets		
Provision for doubtful trade debtors	17	(26)
Provision for employee benefits	22	(47)
Other provisions	(43)	(139)
	(4)	**66**
Deferred tax expense/(credit)	**(2,674)**	**2,512**

Imputation credit account

The imputation credit account balance in the New Zealand King Salmon Company Group as at 31 January 2021 is $5,450k (30 June 2020: $4,023k).

10. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Movement in reserves	2021 7 Months $000	2020 12 Months $000
Forward currency contracts		
Reclassification during the year to profit or loss	38	(45)
Income tax effect	(11)	13
Realised/unrealised net gain/(loss) during the period	21,769	5,796
Income tax effect	(6,095)	(1,623)
Interest rate swaps		
Realised/unrealised net gain/(loss) during the period	258	(229)
Income tax effect	(72)	64
Currency translation differences		
Translation of foreign operations	(677)	154
Net movement in other comprehensive income	**15,210**	**4,130**

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the period. Diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share	2021 7 Months $000	2020 12 Months $000
Profit/ (loss) attributable to ordinary equity holders	(7,079)	18,004

	# of Shares 000	# of Shares 000
Weighted average number of ordinary shares for basic and diluted earnings per share	138,986	138,986
Basic earnings per share	($0.05)	$0.13
Diluted earnings per share	($0.05)	$0.13

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2021 31 January $000	2020 30 June $000
Cash at bank and on hand	2,571	6,387
Short-term deposits	908	728
Total cash and cash equivalents	**3,479**	**7,115**

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables	2021 31 January $000	2020 30 June $000
Trade receivables	12,968	9,921
Allowance for expected credit losses	(97)	(90)
Prepayments	2,696	1,604
Other receivables	619	1,342
Total trade and other receivables	**16,186**	**12,777**

Trade receivables generally have 20-30 day terms and are recognised at their realisable value.

Ageing analysis of trade receivables	2021 31 January $000	2020 30 June $000
> 90 days overdue	4	41
61 - 90 days overdue	7	33
31 - 60 days overdue	114	20
< 30 days overdue	2,629	1,226
Not yet due	10,214	8,601
Total receivables	**12,968**	**9,921**

Receivables impairment movement	2021 7 Months $000	2020 12 Months $000
As at 1 July	90	146
Additional provisions for impairment	97	54
Receivables written off during the period	-	18
Reversal of unused amounts	(90)	(128)
As at period end	**97**	**90**

14. INVENTORIES

Inventories	2021 31 January $000	2020 30 June $000
Raw materials	11,853	9,184
Work in progress	2,748	1,192
Finished goods	27,888	25,236
Total inventories	**42,489**	**35,612**

The carrying value of finished goods as at 31 January 2021 includes a fair value uplift at point of harvest of $12,939k (30 June 2020: $7,939k) and an impairment provision of $10,931k (30 June 2020: $2,201k).

Amount of inventories recognised as an expense in the statement of comprehensive income	2021 7 Months $000	2020 12 Months $000
Cost of inventories recognised as an expense	90,092	144,828
Movement in net realisable value provision (increase)/decrease of inventory	8,728	940
Total cost of goods sold including fair value uplift at point of harvest	**98,820**	**145,768**

The cost of inventories recognised as an expense for the period ended 31 January 2021 includes a fair value uplift at point of harvest of $29,857k (2020: $54,802k).This cost is included in cost of goods sold in the Statement of Comprehensive Income.

The cost of inventory includes fish harvested measured at their fair value less costs to sell at harvest date, based on management's expected future sales pricing and mix of salmon products ("deemed cost"). At 31 January 2021, around 7% of forecast FY22 sales volumes are expected to be sold at returns materially below deemed cost plus further manufacturing costs. As a result, the overall deemed cost of inventory on hand takes this into account and is therefore reduced to carrying value by the impact of the lower expected FY22 sales prices.

The estimated unrealised fair value gain from cost at 31 January 2021 is decreased from the prior year end estimation due to expected increased costs of working and selling due to Covid-19 and a change in product mix to incorporate a proportion of lower value frozen product sales. Core product sales volumes are expected to return to pre Covid-19 levels later in calendar year 2021.

15. BIOLOGICAL ASSETS

The Group has three hatcheries in the South Island and nine operational marine salmon farms in the Marlborough Sounds. The fish livestock typically grow for up to 31 months before harvest.

Biological assets	Cost $000	Fair Value Gain $000	Total $000
As at 1 July 2020	53,704	38,674	92,379
Increase due to biological transformation [1]	51,807	33,726	85,533
Decrease due to harvest [2]	(42,233)	(34,860)	(77,093)
Decrease due to mortality [3]	(8,253)	-	(8,253)
Changes in fair value [4]	-	(4,377)	(4,377)
As at 31 January 2021	**55,025**	**33,163**	**88,188**

[1] Biological transformation fair value is impacted by volume increases and fish weight at reporting date relative to the target fish harvest weight of 4 kgs (proportional recognition).

[2] Harvested fair value is included in cost of goods sold in the statement of comprehensive income and is calculated by multiplying the current period's harvest (biomass) by the prior period's estimated gross margin per kg (recognised at 100%).

[3] Mortality cost is expensed directly to the statement of comprehensive income in the period which it occurs and is not subject to a fair value uplift.

[4] Changes in fair value are impacted by movements in margin primarily being changes in sales price and costs to sell (fish cost, harvest, processing and freight to market).

Biological assets	$000	$000	$000
As at 1 July 2019	44,370	33,862	78,232
Increase due to biological transformation	84,126	67,399	151,526
Decrease due to harvest	(63,144)	(59,312)	(122,456)
Decrease due to mortality	(11,648)	-	(11,648)
Changes in fair value	-	(3,275)	(3,275)
As at 30 June 2020	**53,704**	**38,674**	**92,379**

Fair value gain/(loss) recognised in profit and loss	2021 7 Months $000	2020 12 Months $000
Gain arising from growth of biological assets	33,726	67,399
Movement in fair value of biological assets	(4,377)	(3,275)
Total fair value gain on biological transformation	**29,349**	**64,124**

Harvested biomass	2021 7 Months tonnes	2020 12 Months tonnes
Total live weight harvested for the period	**5,545**	**8,336**

Estimated closing biomass	2021 31 January tonnes	2020 30 June tonnes
Closing fresh water stocks	173	158
Closing sea water stocks	6,691	6,136
Total estimated closing biomass live weight as at period end	**6,864**	**6,294**

Fair value measurement

Measurement of fair value is performed using a fair value model. The method of valuation therefore falls into level 3 of the fair value hierarchy as the inputs are unobservable inputs.

The valuation of biological assets is carried out separately for each site at a brood and strategy level. Estimated actual cost up to the date of harvest per site is used to measure the expected margin at the time the fish is defined as ready for harvest, being 4.0kg live weight. Selling price is estimated at balance date based on the most relevant future market price at expected harvest date. The expected gross margin is recognised proportionately based on average biomass at reporting date. Fair value measurement commences at the date of transfer to sea water as this is considered the point at which the fish commence their grow out cycle.

Fair value risk and sensitivity

The Group is exposed to financial risks relating to the production of salmon stock including increasing climate change volatility, climatic events, disease and contamination of water space.

The Group seeks to produce and market the highest quality salmon products. Extensive monitoring and benchmarking is carried out to provide optimum conditions and diets to maximise fish performance during the grow out cycle. Sales are maintained in a range of brands, products and markets to maximise returns from the quality mix of fish harvested. The Group has insurance to cover some of the risks relating to the livestock.

The estimated unrealised fair value gain from cost at 31 January 2021 is decreased from the prior year end estimation due to expected increased costs of working and selling due to Covid-19 and a change in product mix to incorporate a proportion of lower value frozen product sales. Core product sales volumes are expected to return to pre Covid-19 levels later in calendar year 2021. Changes in these assumptions will impact the fair value calculation. The realised profit which is achieved on the sale of inventory will differ from the calculations of fair value of biological assets because of changes in key factors such as the final market destinations and product mix of inventory sold, changes in price, foreign exchange rates, harvest weight, growth rates, mortality, cost levels and differences in harvested fish quality.

Leaving all other variables constant a 15% increase/decrease in average future sales prices would increase/decrease the fair value of biological assets on hand and profit before tax by $18.3m (30 June 2020: $19.4m) (excludes the impact of finished goods), while a 15% increase/decrease in future harvest volume would increase/decrease the fair value of biological assets on hand and profit before tax by $2.1m (30 June 2020: $5.8m).

A 15% increase/decrease in costs to sell would increase/decrease the fair value of biological assets on hand and profit before tax by $15m (30 June 2020: $13.6m). Changes in fish health and environmental factors may affect the quality of harvested fish, which may be reflected in realised profit via both achieved sales price and production costs.

16. PROPERTY, PLANT AND EQUIPMENT

Cost	Freehold land and buildings $000	Plant, equipment and fittings $000	Vehicles and sea vessels $000	Construction in progress $000	Total $000
As at 1 July 2019	10,856	71,092	3,406	5,873	91,227
Additions	-	-	-	16,148	16,148
Disposals	-	(727)	(79)	-	(806)
Transfers from WIP	515	16,488	235	(17,238)	-
As at 30 June 2020	**11,371**	**86,853**	**3,562**	**4,783**	**106,569**
Additions	-	-	-	4,837	4,837
Disposals	-	(210)	-	-	(210)
Transfers from WIP	399	2,961	166	(3,526)	-
As at 31 January 2021	**11,770**	**89,604**	**3,728**	**6,094**	**111,196**
Depreciation and impairment					
As at 1 July 2019	2,303	35,556	1,521	-	39,380
Depreciation	405	6,757	279	-	7,441
Disposals	-	(681)	(52)	-	(733)
As at 30 June 2020	**2,708**	**41,632**	**1,748**	**-**	**46,088**
Depreciation	257	4,207	137	-	4,601
Disposals	-	(209)	-	-	(209)
As at 31 January 2021	**2,965**	**45,630**	**1,885**	**-**	**50,480**
Net Book Value					
As at 30 June 2020	**8,663**	**45,221**	**1,814**	**4,783**	**60,481**
As at 31 January 2021	**8,805**	**43,974**	**1,843**	**6,094**	**60,716**

Property, Plant and Equipment is stated at historical cost less depreciation and any impairment adjustments. Historical cost includes expenditure that is directly attributable to the acquisition of Property, Plant and Equipment. Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance day or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group has considered the effects Covid-19 may have on the carrying value of its specialised assets, and has concluded there is no evidence of technical or functional obsolescence which would impact the carrying value of its assets in use.

Borrowing costs

There were no borrowing costs capitalised in period ending 31 January 2021 (Year to 30 June 2020: $nil).

17. INTANGIBLES

Cost	Development in progress $000	Trademarks $000	Farm and hatchery licenses $000	Software $000	Goodwill $000	Total $000
As at 1 July 2019	3,493	242	4,584	2,443	39,255	50,017
Additions	1,643	-	-	-	-	1,643
Disposals	-	-	(289)	-	-	(289)
Transfers from WIP	(2,394)	-	-	2,394	-	-
As at 30 June 2020	**2,742**	**242**	**4,295**	**4,837**	**39,255**	**51,371**
Additions	859	-	-	-	-	859
Disposals	-	-	-	-	-	-
Transfers from WIP	(741)	-	-	741	-	-
As at 31 January 2021	**2,860**	**242**	**4,295**	**5,578**	**39,255**	**52,230**
Depreciation and impairment						
As at 1 July 2019	-	200	998	2,042	-	3,240
Amortisation	-	-	168	341	-	509
Disposals	-	-	(287)	-	-	(287)
As at 30 June 2020	-	**200**	**879**	**2,383**	**-**	**3,462**
Amortisation	-	-	97	290	-	387
Disposals	-	-	-	-	-	-
As at 31 January 2021	**-**	**200**	**976**	**2,673**	**-**	**3,849**
Net Book Value						
As at 30 June 2020	**2,742**	**42**	**3,416**	**2,454**	**39,255**	**47,909**
As at 31 January 2021	**2,860**	**42**	**3,319**	**2,905**	**39,255**	**48,381**

Goodwill

Goodwill resulted from the acquisition of The New Zealand King Salmon Co Limited and is subject to annual impairment testing. The Group considers the relationship between its market capitalisation and its book value, among other indicators, when reviewing for indicators of impairment.

The goodwill is allocated to the New Zealand King Salmon Company's one cash generating unit. The recoverable amount of the cash generating unit has been determined based on a value in use calculation using future estimated cash flows, capital expenditure and changes in working capital over a four year period, plus an estimated terminal value. The terminal value calculation assumes sea farm consents expiring in 2024 will be renewed on reasonable commercial terms to enable water space to continue to be utilised. The forecasts were based on actual results and expected future use of water space licences currently held, before fair value adjustments to biological assets. The growth rate used to estimate the cash flows of the unit beyond the four-year period is 0.21% p.a at 31 January 2021 (30 June 2020: 0.83% p.a.). A discount rate of 5.14% p.a at 31 January 2021 (30 June 2020: 6.01% p.a.) has been applied to discount future estimated cash flows to their present value. The net present value of these future estimated cash flows exceeds the carrying amount of the CGU, therefore the Group has concluded that there is no impairment to the goodwill.

The calculation of value in use is most sensitive to changes in sales prices, exchange rates, sales volumes and fish performance. Reasonably probable changes in the assumptions used would not cause the carrying value of cash generating unit to exceed the recoverable amount for the cash generating unit.

Trademarks

Trademarks are externally acquired and are carried at cost less impairment. They have indefinite useful lives and are assessed annually for impairment. No impairment has been recognised during the period ending 31 January 2021 (Year to 30 June 2020: Nil).

18. RIGHT-OF-USE ASSETS

Cost	Land and Buildings $000	Motor Vehicles $000	Plant and Equipment $000	Total $000
Asset recognition on transition at 01 July 2019	3,617	380	449	4,446
Additions	-	199	1,105	1,304
Remeasurement	268	-	-	268
As at 30 June 2020	**3,885**	**579**	**1,554**	**6,018**
Additions	2,231	139	43	2,413
Remeasurement	790	6	-	796
As at 31 January 2021	**6,906**	**724**	**1,597**	**9,227**
Depreciation				
As at 1 July 2019	**-**	**-**	**-**	**-**
Depreciation	752	225	460	1,437
As at 30 June 2020	**752**	**225**	**460**	**1,437**
Depreciation	565	145	270	980
As at 31 January 2021	**1,317**	**370**	**730**	**2,417**
Net Book Value				
As at 30 June 2020	**3,133**	**354**	**1,094**	**4,581**
As at 31 January 2021	**5,589**	**354**	**867**	**6,810**

19. LEASE LIABILITIES

	Land and Buildings $000	Motor Vehicles $000	Plant and Equipment $000	Total $000
Liability recognition on transition at 01 July 2019	3,617	380	449	4,446
Additions	-	199	1,105	1,304
Remeasurement	268	-	-	268
Interest for the period	127	13	30	170
Lease payments made	(698)	(213)	(502)	(1,413)
Lease liabilities as at 30 June 2020	**3,187**	**366**	**1,052**	**4,605**
Additions	2,231	139	43	2,413
Remeasurement	790	6	-	796
Interest for the period	119	7	14	140
Lease payments made	(512)	(146)	(187)	(845)
As at 31 January 2021	**5,696**	**365**	**908**	**6,969**

Short term leases

The Group recognised $375k of payments for short term lease equipment in the 7 months to 31 January 2021 (30 June 2020: $357k).

Low value leases

The Group does hold lease commitments for equipment that meets the definition under NZ IFRS 16 – Low value leases.

	2021 31 January $000	2020 30 June $000
Current	1,580	1,347
Non-current	5,389	3,258
Total lease liabilities	**6,969**	**4,605**

20. INTEREST BEARING LOANS AND BORROWINGS

	2021 31 January $000	2020 30 June $000
Current interest bearing loans and borrowings		
Secured bank loans	750	97
Other borrowings	2,274	1,035
Total current interest bearing loans and borrowings	**3,024**	**1,132**
Non-current interest bearing loans and borrowings		
Secured bank loans	39,250	37,000
Total non-current interest bearing loans and borrowings	**39,250**	**37,000**

The Company has facilities with BNZ for $60m, secured by a general security deed over the assets of the Group. The expiry date of facility A of $20m is 18 October 2022, facility B of $20m expires on 18 October 2023, and facility C of $20m expires on 18 October 2024. At balance date $20m of facility A was drawn, $15m of facility B was drawn and facility C was undrawn (as at 30 June 2020 total: $37m). During the period, the financial covenants relating to interest coverage and leverage ratios have been amended and are in place until 30 June 2021. The Company also secured a Business Finance Scheme Loan via BNZ for $5m (expiry October 2025) that arose from the Government providing financial assistance following the pandemic virus Covid-19. At balance date the Business Finance Scheme loan was fully drawn at $5m.

21. TRADE AND OTHER PAYABLES

	2021 31 January $000	2020 30 June $000
Trade payables	15,282	12,969
Other payables	3,315	1,878
Total trade and other payables	**18,597**	**14,847**

22. EMPLOYEE BENEFITS

	2021 31 January $000	2020 30 June $000
Current employee benefits		
Bonuses	257	171
Employee annual and sick leave benefits	2,350	2,453
Long service leave	250	260
Total current employee benefits	**2,857**	**2,884**
Non-current employee benefits		
Long service leave	696	558
Total non-current employee benefits	**696**	**558**

Long service leave

Long service leave provisions are calculated based on the expected future payments to employees, discounted to their net present value.

23. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group has entered into agreements to purchase plant and equipment. As at 31 January 2021 the total commitment is $1,629k (30 June 2020: $2,598k).

Contingencies

The Group has a contingent liability of $826k in respect of a fish transport contract requiring the Group to purchase three bulk tankers (including modifications made in 2018), should the fish transport contract be terminated early (30 June 2020: $784k).

Guarantees

The group has three guarantee facilities totalling $115k (30 June 2020: $115k).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is the responsibility of the Chief Financial Officer in accordance with the Treasury Policy approved by the Board of Directors. In addition, the Group has a Treasury Committee, a sub-committee of the Board's Audit and Finance Committee that oversees financial risk management.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises of two key types of risks; currency and interest rate risk.

Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currency, arising primarily from normal trading activities, but also from the net investment in the foreign subsidiary.

The Group manages its foreign currency risk by hedging its future exposure in respect of its import purchases and its export sales, over a maximum of five years, when exposures are considered highly probable. The Group hedges this exposure with the use of forward foreign exchange contracts and options. The Group has a policy of hedging foreign exchange exposures within a range of hedging limits broadly summarised as follows: Up to two years – 15% to 100%, two to five years – 0% to 50%. The notional contract amounts of forward foreign exchange contracts and options outstanding at balance date were $95.7m on the import side (as at 30 June 2020: $87.5m) and $213.4m on the export side (as at 30 June 2020: $ 283m), for delivery over the next five financial years, in line with anticipated payment dates.

The Group imports feed from Chile and Australia, purchases of which are in United States and Australian dollars respectively. The Group exports salmon to many countries, the major ones being Australia, Japan and the United States. Sales are denominated in Australian dollars (AUD), Japanese yen (JPY) and United States dollars (USD) respectively. In order to protect against exchange rate movements and to manage the inventory costing process, the Group has entered into forward exchange contracts and options to hedge the net exposure to AUD, JPY and USD respectively.

The cash flows are expected to occur up to 60 months from 1 February 2021. Realised gains/losses on exercise of foreign exchange contracts and options is recognised within revenue when the hedged transactions occur.

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of highly probable forecast sales in USD, AUD and JPY and forecast purchases in USD, and AUD. The Group has typically hedged 50-55% of the net exposure of these forecast transactions. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

» Differences in the timing of the cash flows of the hedged items and the hedging instruments
» Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
» The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
» Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The NZ dollar equivalent of unhedged currency risk on assets at balance date, 31 January 2021 is $491k (30 June 2020: $474k) whilst the NZ dollar equivalent of unhedged currency risk on liabilities at balance date, 31 January 2021 is $316k (30 June 2020: $133k).

Currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in AUD, USD and JPY exchange rates. The impact on the Group's pre-tax profit is the result of a change in fair value of monetary assets and liabilities. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts and options designated as cash flow hedges.

	Change in AUD rate	Equity $000	Profit $000
31 January 2021	+10%	(6,722)	(625)
	-10%	10,755	764
30 June 2020	+5%	(2,652)	(257)
	-5%	6,251	284

	Change in USD rate	Equity $000	Profit $000
31 January 2021	+10%	29,465	556
	-10%	1,723	(679)
30 June 2020	+5%	13,245	328
	-5%	(7,031)	(362)

	Change in JPY rate	Equity $000	Profit $000
31 January 2021	+10%	5,692	152
	-10%	787	(185)
30 June 2020	+5%	2,775	14
	-5%	(262)	(15)

Interest rate risk

The Group has exposure to interest rate risk that arises mainly due to the Group's long term debt obligations with floating interest rates. Interest earned on call deposits are based on the current interest rate. Interest rate swaps are used to manage interest rate risk, current swaps in place cover out to 2024. The amount of company borrowing covered using swaps at balance date 31 January 2021 was $10m (30 June 2020: $10m).

The Group has a policy of fixing interest rates within a range of 50% to 100% of the exposure. The fixed interest rates for the existing swaps range between 4.3% and 5.01% (30 June 2020: 4.3% and 5.01%) and the floating rate of 0.27% is aligned to the floating quarterly bank bill rate. The loss on interest rate swaps at balance date 31 January 2021 was $1,491k (30 June 2020: $1,847k), which has been taken to reserves.

Interest rate sensitivity

The following table demonstrates the sensitivity of the fair value of the interest rate swaps to a reasonably possible change in interest rates:

	2021 31 January $000	2020 30 June $000
Impact of an increase of 50 basis points	193	224
Impact of a decrease of 50 basis points	(198)	(230)

Credit risk

Credit risk is the risk of financial loss that arises if a counterparty to a financial instrument does not meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, trade receivables, derivative financial instruments and financial guarantees.

Customer credit risk is managed centrally subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive external credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by trade credit insurance.

An impairment analysis is performed at each reporting date using the accounts receivable aging report to measure expected credit losses. The impairment analysis is based on days past due for all customers with coverage by trade credit insurance. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Financial instruments are only entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with the Group.

Maximum exposures to credit risk as at balance date are:

	2021 31 January $000	2020 30 June $000
Cash and short term deposits	3,479	7,115
Trade and other receivables	16,186	12,777
Derivative financial assets/(liabilities)	19,874	3,603

The above maximum exposures are net of any recognised provision for losses. No collateral is held on the above amounts.

Concentrations of credit risk

Bank balances are maintained with several banks but mainly with Bank of New Zealand. There is a wide spread of debtors, in terms of size and geographical location within New Zealand and overseas. Concentration of credit risk in trade receivables is not considered significant as the Group's customers operate in different market channels and geographic areas.

Liquidity risk

The Group performs cash flow forecasting activities on a daily basis to ensure it has sufficient cash to meet operational needs and monitors performance against bank covenants on a monthly basis. Surplus cash is invested in short-term or money market deposits.

Undrawn committed facilities and/or liquid assets are maintained at all times at an amount sufficient to cover the forecast cash payments to employees, suppliers, tax authorities and banking institutions as they fall due.

The following table analyses the contractual and expected cash flows for all financial liabilities:

As at 31 January 2021	Less than one year $000	Between one and two years $000	Between two and five years $000
Bank loans	750	750	38,500
Credit card facilities	350	-	-
Lease liabilities	1,580	1,302	2,311
Trade and other payables	18,597	-	-
Financial guarantee contracts	115	-	-
Total non-derivative liabilities	**21,392**	**2,052**	**40,811**
Forward foreign currency exchange contracts	91,903	84,825	75,467
Forward foreign currency options	27,998	13,539	5,402
Interest swaps	429	428	756
Total derivative liabilities	**120,330**	**98,792**	**81,625**
As at 30 June 2020			
Bank loans	834	36,263	-
Lease liabilities	350	-	-
Credit card facilities	1,347	1,385	1,873
Trade and other payables	14,847	-	-
Financial guarantee contracts	115	-	-
Total non-derivative liabilities	**17,493**	**37,648**	**1,873**
Forward foreign currency exchange contracts	83,311	81,869	135,606
Forward foreign currency options	36,576	20,219	13,037
Interest swaps	224	253	495
Total derivative liabilities	**120,111**	**102,341**	**149,138**

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and short term deposits, trade receivables, trade payables and other current liabilities is considered a reasonable approximation to their fair value due to the short term maturities of these instruments.

The carrying value of the BNZ loan drawing of $40m is considered a reasonable approximation of its fair value due to the short term maturities of the drawings. The Group has the discretion to roll these short term drawings out within facility A ($20m) to 18 Oct 2022 , and within facility B ($20m) to 18 Oct 2023.

The following financial instruments of the Group are carried at fair value:

	2021 31 January	2020 30 June
Current derivative financial assets	**$000**	**$000**
Forward exchange contracts	4,509	599
Foreign exchange options	904	309
Total Current derivative financial assets	**5,413**	**907**
Non-current derivative financial assets		
Forward exchange contracts	15,454	8,361
Foreign exchange options	900	759
Total Non-current derivative financial assets	**16,354**	**9,120**
Current derivative financial liabilities		
Forward exchange contracts	94	1,684
Foreign exchange options	61	435
Interest rate swaps	1,491	1,749
Total Current derivative financial liabilities	**1,646**	**3,868**
Non-current derivative financial liabilities		
Forward exchange contracts	18	1,642
Foreign exchange options	186	883
Interest rate swaps	-	-
Total non-current derivative financial liabilities	**204**	**2,525**

Valuation methods

Financial instruments have been categorised into the following hierarchy and valued according to the following definitions, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

All derivative financial instruments for which a fair value is recognised have been categorised within level 2 of the fair value hierarchy. Industry experts have provided the fair values for all derivatives based on an industry standard model. There were no transfers between Level 1 and Level 2 during the period ended 31 January 2021.

26. CAPITAL MANAGEMENT

Group capital

The capital of the Group consists of share capital, reserves and retained earnings. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In addition to this the Group aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

In order to maintain or adjust the capital structure the Group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

27. CAPITAL AND RESERVES

Share capital

	2021 31 January	2020 30 June
Issued shares	**000**	**000**
Ordinary shares	138,986	138,986
Total issued shares	**138,986**	**138,986**

Ordinary shares are fully paid with no par value. Each ordinary share has an equal right to vote, to participate in dividends and to share in any surplus on winding up of the Company. No dividend was declared nor paid during the 7 months to 31 January 2021 (Year to 30 June 2020: $0.03 paid on 20 Sep 2019, and $0.02 paid on 20 March 2020).

	# of Shares		Share Capital	
	2021	2020	2021	2020
Movement in ordinary share capital	**000**	**000**	**$000**	**$000**
As at 1 July	138,986	138,571	122,606	122,595
Share issue for employee LTI share scheme	-	415	-	-
Share issue recognised on repayment of employee loans	-	-	-	11
Total share capital as at period end	**138,986**	**138,986**	**122,606**	**122,606**
Shares held as treasury stock	232	4		
Total shares outstanding at period end	**138,754**	**138,982**		

Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

Hedge reserve

The hedge reserve represents the unrealised gains and losses on interest rate swaps and foreign currency forward contracts that the Group has taken out in order to mitigate interest rate and foreign currency risks, net of deferred tax. Also included are the realised gains on early closed foreign currency forward contracts where the hedged future cash flows are still expected to occur (net of tax).

	2021 7 Months	2020 12 Months
	000	**000**
Unrealised gain/(loss)	11,751	3,978
Realised gain/(loss)	4,136	-
Total gain/ (loss) on hedge reserves	**15,887**	**3,978**

Retained earnings

Retained earnings represents the profits retained in the business.

Share-based payment reserve

The share based payment reserve relates to one long term incentive (LTI) scheme and two employee share ownership schemes. All of these schemes involve the Company making interest-free limited recourse loans to selected personnel to acquire shares in the Company. The employees must remain in employment for the duration of the vesting or escrow periods before the employees receive the full benefit of share ownership subsequent to repayment of the loan balance remaining at time of vesting.

Share scheme	Grant date	30 June 2020 shares not yet vested	New shares issued to custodian	Shares allocated from treasury stock	Shares forfeited to treasury stock	Shares vested	31 January 2021 shares not yet vested
		000	**000**	**000**	**000**	**000**	**000**
LTI 2017	29/09/17*	295	-	-	(3)	(292)	-
LTI 2018	27/09/18	300	-	-	(29)	-	271
LTI 2019	5/11/19	451	-	-	(200)	-	251
Total share scheme		**1,046**	**-**	**-**	**(232)**	**(292)**	**522**

*Fully vested in current year

The estimated value of share options was determined using the Black-Scholes pricing calculator and is being amortised over the restrictive periods. The option cost is treated as an employee expense with the corresponding credit included in the share based payment reserve. The inputs into the option pricing valuation model are the share price of the Group at time of allocation and the compounded risk free interest rate.

Share allocation price for share schemes

Share scheme	Employee Group 1	Employee Group 2	Employee Group 3	Employee Group 4
LTI 2017	$1.22	$1.77	-	-
LTI 2018	$1.30	$1.95	$2.78	-
LTI 2019	$1.41	$2.13	-	$2.20

28. EVENTS AFTER BALANCE DATE

Covid-19

On 27th February 2021, the Government announced a fourth wave of Covid-19 outbreak in New Zealand and as a result, the Auckland region moved up to alert Level 3 lockdown restrictions whilst the rest of New Zealand moved up to alert Level 2 lockdown restrictions. At the date of signing the financial statements New Zealand is at alert level 1. We do not consider it practical to provide a quantitative or qualitative estimate of the potential impacts of any future outbreaks on the Group at this time. The Group continues its farming and processing operations under Levels 1 to 4 and continues to pursue its strategy of marketing its branded products across the range of customers, and markets and products. In the event of a Level 4 lockdown the Group anticipates being able to continue to operate as an essential industry.

No final dividend was declared in respect of the period ended 31 January 2021 (Year to 30 June 2020: Nil).

29. RELATED PARTY DISCLOSURES

Subsidiaries

New Zealand King Salmon Investments Limited has the following trading subsidiaries.

Subsidiary	*Country of Incorporation*	*Equity Interest*
The New Zealand King Salmon Co Limited	New Zealand	100%
New Zealand King Salmon Exports Limited	New Zealand	100%
The New Zealand King Salmon Pty Limited	Australia	100%
New Zealand King Salmon USA Incorporated	United States of America	100%

The principal activity of The New Zealand King Salmon Co Limited is the farming and processing of salmon. The activity of New Zealand King Salmon Exports Limited, The New Zealand King Salmon Pty Limited, and New Zealand King Salmon USA Incorporated is the distribution of salmon.

At balance date Oregon Group Limited owned 40.02% (30 June 2020: 40.02%) and China Resources Ng Fung Limited owned 9.96% (30 June 2020: 9.93%) of the shares in New Zealand King Salmon Investments Limited.

Transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

	2021 7 Months $000	2020 12 Months $000
Related party payments		
Good and services purchased from other related parties	300	238
Total related party payments	**300**	**238**
Related party sales		
Goods and services sold to related parties	28	3,078
Total related party sales	**28**	**3,078**

Sales to and purchases from related parties are made in arm's length transactions, both at normal market prices and on normal commercial terms.

Amounts owing to related parties	2021 31 January $000	2020 30 June $000
Current amounts owing to related parties		
Other amounts owing to related parties	233	149
Total current amounts owing to related parties	**233**	**149**

Amounts owing by related parties	2021 31 January $000	2020 30 June $000
Amounts owing by related parties	3	7
Total amounts owing by related parties	**3**	**7**

Compensation of key management personnel of the Group	2021 7 Months $000	2020 12 Months $000
Short-term employee benefits	1,224	1,770
Share based payment expense	-	49
Post employment pension and medical benefits	53	61
Total compensation of key management personnel of the Group	**1,277**	**1,880**

30. AUDITOR'S REMUNERATION

	2021 7 Months $000	2020 12 Months $000
Audit fees	189	191
Other assurance	10	40
Tax advisory and compliance	-	4
Total auditors remuneration	**199**	**235**

Other assurance services include performance of agreed upon procedures on sustainability information of the Group.

31. RECONCILIATION OF NET OPERATING CASH FLOW TO PROFIT/(LOSS)

Reconciliation of the profit/(loss) for the period with the net cash from operating activities	2021 7 Months $000	2020 12 Months $000
Profit/(loss) before tax	(9,326)	24,953
Adjusted for		
Depreciation and amortisation	5,969	9,385
(Gain)/loss on sale of assets	1	51
Share-based payments	98	301
Net foreign exchange differences	5,428	(50)
Net loss/(profit) on derivative instruments at fair value through profit or loss	38	(30)
(Increase)/decrease in trade and other receivables and prepayments	(3,409)	725
(Increase)/decrease in inventories and biological assets	(2,687)	(28,928)
Increase/(decrease) in trade and other payables	3,945	2,438
Income tax paid	(938)	(4,777)
Net cash flow (to)/from operating activities	**(881)**	**4,068**

32. REVENUE FROM CONTRACTS WITH CUSTOMERS

A. SALE OF GOODS WITH VARIABLE CONSIDERATION

Some contracts for the sale of goods provide customers with volume rebates. Under NZ IFRS 15, volume rebates give rise to variable consideration.

Volume rebates

The Group provides retrospective volume rebates to certain customers on the quantity of product purchased during the period. The rebate is charged at time of settlement. Therefore the Group does not see the need to recognise a refund liability due to timeliness of the transaction.

B. CONTRACT BALANCES: CONTRACT LIABILITIES

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or when the payment is due (whichever is earlier). Contract liabilities are revenue when the Group performs under the contract.

The Group recognises revenue from the following major sources:

» Ōra King
» Regal
» Southern Ocean
» Omega Plus
» New Zealand King Salmon

C. PERFORMANCE OBLIGATIONS

Information about the Group's performance obligations is summarised below:

Delivery to customer

The performance obligation is satisfied upon delivery of salmon products to the customer, and payment terms generally range between cash on delivery and 20th of the month following invoice date.

On collection

The performance obligation is satisfied upon collection of salmon products by the customer and payment terms are generally on collection.

Receipt into store

The performance obligation is satisfied upon delivery of salmon products when receipted into the customer's store and payment terms are generally on the 20th of the month following invoice date.

CIF, into hold

The performance obligation is satisfied upon delivery of shipping documents including either the bill of lading or way bill dependent on transportation mode. Payment terms generally range between 7 days from invoice date and 20th of the month following invoice date.

Revenue by Product group	2021 7 Months $000	2020 12 Months $000
Whole fish	46,057	76,501
Fillets, Steaks & Portions	18,606	32,082
Wood Roasted	8,555	12,075
Cold Smoked	16,504	26,605
Other	5,517	8,082
Total revenue by product group	**95,239**	**155,344**

Revenue by Brand	2021 7 Months $000	2020 12 Months $000
Ōra King	34,326	61,323
Regal	19,502	30,182
Southern Ocean	6,203	10,433
Omega Plus	1,408	1,549
New Zealand King Salmon	33,800	51,857
Total revenue by brand	**95,239**	**155,344**

Revenue by geographical location of customers	2021 7 Months $000	2020 12 Months $000
New Zealand	41,786	66,003
North America	34,671	58,432
Australia	6,385	9,280
Japan	5,023	5,275
China	1,021	3,746
Europe	2,793	3,625
Other	3,560	8,981
Total revenue by geographical location of customers	**95,239**	**155,344**

Sales net of settlement discounts to one major customer for the period 1 July 2020 to 31 January 2021 totalled $10.7m or 11.24% of total gross revenue (Year to 30 June 2020 one major customer totalled $15.63m or 10.06% of total gross revenue).

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND KING SALMON INVESTMENTS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the group") on pages 19 to 46, which comprise the consolidated statement of financial position of the group as at 31 January 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended of the group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 19 to 46 present fairly, in all material respects, the consolidated financial position of the group as at 31 January 2021 and its consolidated financial performance and cash flows for the period then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young performs agreed upon procedures in relation to sustainability information of the group. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group . We have no other relationship with, or interest in, the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below , our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements . The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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VALUATION AND EXISTENCE OF BIOLOGICAL ASSETS

Why significant	How our audit addressed the key audit matter
At 31 January 2021, the consolidated statement of financial position includes biological assets (live salmon) of $88.2 million with an estimated biomass of 6,864 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of $33.2 million . This is a key audit matter because the group's estimation of the fair value of biological assets involves estimation of year end biomass, and a valuation model that relies on significant estimation including: » future biomass growth to harvest; » future fish mortalities; » forecast sales prices; » forecast costs to harvest date and sale; » forecast sales product mix; and » a weight-based method, to recognise the estimated fair value gain at balance date. Disclosures in relation to biological assets are included in Note 15 to the group financial statements.	In considering the valuation of live salmon we: » evaluated the appropriateness of key estimations and assumptions and their impact on discounted future cash flows; » agreed key estimation inputs used by the group in their model to source data and to board approved forecast; » involved our valuation specialists in the evaluation and testing of the mathematical integrity of the calculations in the valuation model; » challenged the accuracy of model inputs compared to historical actual values and considered the accuracy of previous input forecasts; and » challenged the appropriateness of model assumptions that may be materially impacted by the ongoing Covid-19 pandemic (sales price and quantity and freight costs to sell). In considering live salmon existence we: » tested controls over fish count recording of transfers from a fresh water farm to sea farms; » considered the key inputs used by the group in estimating growth and biomass; » tested controls over fish quantity and biomass adjustments to the livestock recording system; » agreed significant quantity and biomass adjustments made by the group in the livestock recording system to source data; » performed analytical procedures over feed conversion to biomass; and » considered the accuracy of historical forecasts of average fish weight and quantity recorded in the livestock recording system to actual fish harvest data. We also considered the appropriateness and sufficiency of biological assets disclosures included in the group financial statements.

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GOODWILL IMPAIRMENT ASSESSMENT

Why significant	How our audit addressed the key audit matter

At 31 January 2021, the consolidated statement of financial position includes goodwill arising in business combinations of $39.3 million, assigned to the single cash generating unit (CGU) assessed by management. An impairment test of the carrying value of goodwill is required annually.
 	
The recoverable amount of a CGU is the higher of fair value less costs to sell (FVLCS) and value in use (VIU).
 	
This is a key audit matter because the group's period end assessment of recoverable amount, which has been assumed to be the assessed VIU involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions. These are key inputs into the group's discounted cashflow ("DCF") model used to assess the VIU of the CGU.
 	
FVLCS has been calculated with reference to market capitalisation at the balance sheet date.
 	
Disclosures in relation to goodwill are included in Note 17 to the group financial statements.
	In obtaining sufficient, appropriate audit evidence we:
	» evaluated the appropriateness of the group's single CGU determination;
	» considered the group's value in use assessment. This included the following steps:
	  » agreed relevant DCF inputs to board approved forecasts and compared these with historical actual results. We also considered the accuracy of previous internal forecasts;
	  » tested the mathematical accuracy of future cash flow forecasts;
	  » involved our valuation specialists in assessing the discount rate and terminal growth rate applied;
	  » tested the mathematical accuracy of discounting applied.
	» evaluated the calculation of the carrying value of the CGU;
	» involved our valuation specialists in performing our comparison of FVLCS (based on market capitalisation adjusted for a minority interest discount) to the carrying value of the CGU;
	» considered the appropriateness and sufficiency of goodwill disclosures included in the group financial statements.

FINISHED GOODS AND WORK IN PROGRESS INVENTORY NET REALISABLE VALUE PROVISION

Why significant	How our audit addressed the key audit matter
At 31 January 2021, the consolidated statement of financial position includes finished goods and work in progress inventory totalling $30.6 million (2020: $26.4m), net of a net realisable value provision of $10.4 million (2020: $2.2m). This is a key audit matter because of the significant increase in the volume and age of finished goods due to the current year demand patterns. Therefore, the level of judgement involved in management's assessment of the net realisable value provision is significant. Disclosures in relation to inventories are included in Note 14 to the group financial statements.	In obtaining sufficient, appropriate audit evidence we: » obtained an understanding of management's inventory provisioning process; » compared the assessed net realisable value of aged inventory items and items with high value and quantity to subsequent selling values and the FY22 board approved forecast. In doing so, we considered the greater price and volume uncertainty as a result of the ongoing COVID-19 pandemic; » tested that where finished goods and work in progress have been assumed to have extended shelf lives, the food safety and quality manager has approved the extension; » tested the mathematical accuracy of the provision calculation; and » considered the appropriateness and sufficiency of inventory disclosures included in the group financial statements.

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Information other than the financial statements and auditor's report

The directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exist s. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Bruce Loader.

Ernst & Young

Chartered Accountants
Christchurch
30 March 2021

A member firm of Ernst & Young Global Limited

Corporate Governance

CORPORATE GOVERNANCE STATEMENT

The Board of New Zealand King Salmon Investments Limited (the Company) is committed to ensuring that the Company meets best practice governance principles and maintains the highest ethical standards. This Corporate Governance Statement provides an overview of the Company's governance framework. It is structured to follow the NZX Corporate Governance Code (NZX Code) and disclose practises relating to the NZX Code's recommendations.

The Board's view is that during the reporting period the Group has complied with the corporate governance principles and recommendations set out in the NZX Code apart from specific areas noted in this report. The Board believes our governance structures and in particular our remuneration approach meets our strategic objectives. In forming our conclusions, we have sought external feedback from shareholders and advisors to challenge our thinking and validate our findings, which we have appreciated.

The corporate governance principles and standards of the Company also comply with the:

- Financial Markets Authority's Corporate Governance in New Zealand Principles and Guidelines.
- ASX Corporate Governance Principles and Recommendations.
- NZX and ASX Listing Rules (corporate governance requirements).

The Company's key corporate governance documents referred to in this statement, including charters and policies, can be found on the Company's website, www.kingsalmon.co.nz.

The Company's Corporate Governance Code was reviewed and updated during March 2021 as part of its annual review. The extent to which the Company has followed the recommendations in the NZX Code for the financial seven month period to 31 January 2021 is detailed in this Corporate Governance Statement. The Company's Corporate Governance Code was approved by the Board on 30 March 2021. This Corporate Governance Statement, along with the corperate Governance code was approved by the Board on 30 March 2021.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

RECOMMENDATION 1.1

The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a Code of Ethics).

Code of Ethics

The Board sets a framework of ethical standards for the Group via its Code of Ethics, which is contained in the Company's Corporate Governance Code. These standards are expected of all Directors and employees of the Group.

The Code of Ethics covers a wide range of areas including requiring Directors, employees, contractors and advisers to:

- Act honestly and with personal integrity in all actions.
- Declare conflicts of interest and proactively advise of any potential conflicts.
- Undertake proper receipt and use of corporate information, assets and property.
- In the case of Directors, give proper attention to the matters before them.
- Act honestly and in the best interests of the Company, as required by law, and take account of interests of shareholders and other stakeholders.
- Adhere to any procedures around giving and receiving gifts.
- Adhere to any procedures about whistle blowing.
- Manage breaches of the Code of Ethics.

No breaches of the Code of Ethics were reported during the year to 31 January 2021.

CORPORATE GOVERNANCE

Every new Director, employee and contractor is provided with a copy of the Code of Ethics and must confirm that they have read and understand the Code of Ethics. The Code of Ethics is available on the Company's website.

The Code of Ethics is subject to annual review by the Board.

The Company maintains an interests register, on which Directors and executives disclose any interests such as other directorships, shareholdings or ownership, which may potentially lead to conflicts or perceived conflicts of interest.

RECOMMENDATION 1.2

An issuer should have a financial product dealing policy which applies to employees and Directors.

Share trading by Company Directors and Employees

The Board of the Company has implemented a formal procedure to handle trading in the Company's quoted financial products. All Directors, officers, employees, contractors and advisers of the Group must comply with the procedures set out in the Financial Products Trading Policy and Guidelines as detailed in the Company's Corporate Governance Code.

All trading by Directors and senior managers (as defined by the Financial Markets Conduct Act 2013) is required to be reported to NZX and recorded in the Company's securities trading register. A blackout period is imposed for all Directors and employees between the end of the half year and full year and the release to NZX of the result for that period. The policy provides that shares may not be traded at any time by any individual holding material information. The full procedures are outlined in the Financial Products Trading Policy and Guidelines, which is contained in the Company's Corporate Governance Code, available on the Company's website.

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

RECOMMENDATION 2.1

The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.

Responsibilities of the Board

The Board is the ultimate decision-making body of the Company and appoints the Chief Executive Officer and Managing Director (CEO) to whom it delegates the responsibility of managing day to day operations.

The Board is responsible for setting the strategic direction of the Company, directing the Company and enhancing shareholder value in accordance with good corporate governance principles.

In addition to the duties and obligations of the Board under the Companies Act 1993 (the Act) and the NZX Listing Rules, the functions of the Board include:

- Appointing the Chair and the CEO.
- Providing counsel to, and reviewing the performance of, the CEO and CFO.
- Reviewing and approving the strategic, business and financial plans prepared by management.
- Monitoring performance against the strategic, business and financial plans.
- Approving major investments and divestments.
- Ensuring ethical behaviour by the Company, Board, management and employees.
- Assessing its own effectiveness in carrying out its functions.

The Board monitors these matters by receiving reports and plans from management and appropriate experts, and by maintaining an active programme of Company site visits.

The Board uses committees to address certain issues that require detailed consideration by members of the Board who have specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

The Board has a statutory obligation to maintain responsibility for certain matters. It also deals directly with issues relating to the Company's mission, appointments to the Board, strategy, business and financial plans.

Details of the Board's role, composition, responsibilities, operation, policies and committees are provided in the Company's Corporate Governance Code.

RECOMMENDATION 2.2

Every issuer should have a procedure for the nomination and appointment of Directors to the Board.

Director nomination and appointment

The Board is responsible for appointing Directors. The Nominations and Remuneration Committee manages the appointment process for new Directors and the re-election of existing Directors in order to make a recommendation to the Board. The nomination and appointment procedure is set out in the Committee's charter, which is included in the Company's Corporate Governance Code.

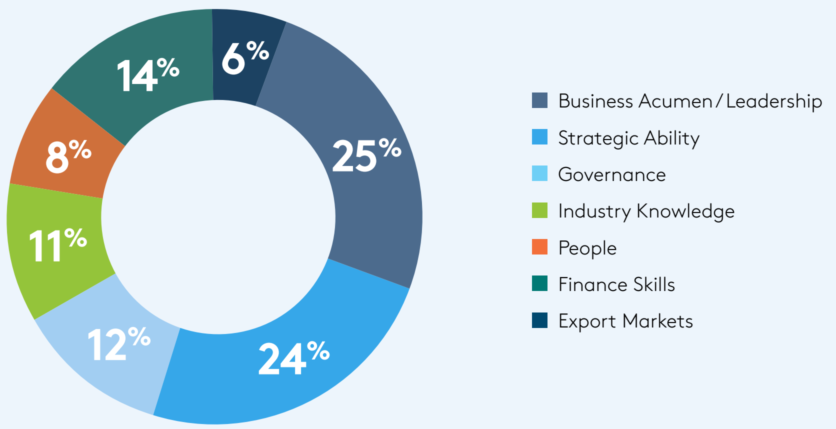
When considering an appointment, the Committee will undertake a thorough check of the candidate and background. Where the Board determines a person is an appropriate candidate, shareholders are notified of that and are provided with all material information that is relevant to the decision on whether to elect or re-elect a Director.

The Nominations and Remuneration Committee also has responsibility for reviewing the composition of the Board to ensure that the Company has access to the most appropriate balance of skills, qualifications, experience, perspectives and background to effectively govern the Company.

The Board has developed a skills matrix setting out the key skills they believe are necessary for governance of the Company. The Board has determined that to operate effectively and to meet its responsibilities it requires competencies in key disciplines covering business acumen, strategic ability, governance, industry knowledge, people, finance skills and export markets.

As detailed in the chart below, the size of each section represents a combination of the skills available and the perceived importance of each of these skills.

Weighted Skills Charts as at June 2020



The skills matrix is used to evaluate whether the collective skills and experience of the Directors meet the Company's requirements both currently and into the future.

The composition of the Board is reviewed to ensure that the Company has access to the most appropriate balance of skills, qualifications, experience, perspectives and background to effectively govern the Company.

A number of areas will be supplemented by on-going director training. The Board noted the range of qualifications, experience, perspectives and background were appropriate at this time. The average tenure of the current directors is 6.6 years.

RECOMMENDATION 2.3

An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.

Letter of appointment

All new Directors enter into a written agreement with the Company setting out the terms of their appointment.

RECOMMENDATION 2.4 AND 2.8

Every issuer should disclose information about each Director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and Director attendance at Board meetings.

A majority of the Board should be independent Directors.

Board of Directors

A profile of each of the Directors is on page 15 of this report. The profiles include information on the year of appointment, skills, experience and background of each Director.

The roles of the Board Chair, Audit and Finance Committee Chair, and CEO are not held by the same person.

Ownership of the Company's shares by Directors is encouraged rather than being a requirement. Directors' ownership interests are disclosed at page 71.

The Board does not have a tenure policy; however, it recognises that a regular refreshment programme leads to the introduction of new perspectives, skills, attributes and experience.

Director period of appointment	0-3 years	3-9 years	9 years +
Number of Directors	3	1	3

Interests Register

The Board maintains an Interests Register. Any Director with an interest in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest. A Director who is interested in a transaction may attend and participate at a Board meeting at which the transaction is discussed but may not be counted in the quorum for that meeting or vote in respect of the transaction, unless it is one in respect of which Directors are expressly required by the Companies Act 1993 to sign a certificate.

Particulars of entries made in the Interests Register for the seven month period to 31 January 2021 are included in the Director Disclosures section on pages 71.

Director Independence

The Board determines annually on a case-by-case basis on the advice of the Nominations and Remuneration Committee who, in its view, are Independent Directors. The guidelines set out in the NZX Code are used for this purpose. The Board will review any determination it makes on a Director's independence on becoming aware of any new information that may affect that Director's independence. For this purpose, Directors are required to ensure they immediately advise the Board of any new or changed relationship that may affect their independence or result in a conflict of interest.

As a result of the formal BetterBoards evaluation undertaken in 2018, the Board confirms the designation of John Ryder, Paul Steere and Catriona MacLeod as independent directors, noting Paul Steere resigned as CEO of the Company in 2009. The Board has determined that these Directors, including the Chair of the Board, remained independent during the reporting period.

The Board currently has seven Directors, three of which are considered independent. Therefore, the Board does not currently have a majority of independent directors as recommended by the NZX Code Recommendation 2.8, but it does comply with Listing Rule 2.1.1(c) by having three independent directors. The Company has decided that the current composition of the Board best serves the Company, but it is intended, in the medium term, to have a majority of independent directors. The Board will continue to assess the appropriate options and opportunities to achieving this goal.

RECOMMENDATION 2.5

An issuer should have a written diversity policy which includes requirements for the Board or a relevant Committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

The Company recognises the value in diversity and seeks to ensure that the Board and workforce of the Group is as diverse as the community in which we operate. A formal diversity policy was adopted by the Board on 29 June 2018 and can be found in the Company's Corporate Governance Code at https://www.kingsalmon.co.nz/investors/corporate-governance/.

The Company does recruit, promote and compensate on the basis of merit, regardless of gender, ethnicity, religion, age, nationality or union membership. The Company does require that people in the workplace are treated with respect in accordance with the Company's Human Resource Policy and Way We Work document.

The Board is committed to increasing the level of diversity at Board and executive level wherever possible, however no measurable objectives were set for the year ended 30 June 2019. The board is currently reviewing the most appropriate measurable objectives for the seven month period to 31 January 2021 and will report against its progress in meeting any specific diversity objectives in its 2020 Annual Report.

Responsibility for workplace diversity and the setting of measurable objectives is held by the Nominations and Remuneration Committee.

The gender composition of the Company's Board and senior leadership team (SLT) is as follows:

	As at 31 January 2021		As at 30 June 2020	
Position	Female	Male	Female	Male
Board	1 (14%)	6 (86%)	1 (14%)	6 (86%)
Senior Leadership Team	2 (29%)	5 (71%)	1 (17%)	5 (83%)

The Company has a long-term target of equal male and female representation at board and SLT level however this target has not yet been achieved.

RECOMMENDATION 2.6

Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.

Director Training

The Board does ensure that there is appropriate training available to all Directors to enable them to remain current on how best to discharge their responsibilities and keep up to date on changes and trends in areas relevant to their work. Directors are provided with industry information and receive copies of appropriate company documents to enable them to perform their role. The Board has allocated funding of $1,000 per annum for each Director to provide resources to help develop and maintain skills and knowledge.

Directors are expected to maintain their knowledge of latest governance and business practices in order to perform their duties.

The Board also ensures that new Directors are appropriately introduced to Management and the businesses.

RECOMMENDATION 2.7

The Board should have a procedure to regularly assess Director, Board and Committee performance.

Board Performance Evaluation

The Board annually assesses its effectiveness in carrying out its functions and responsibilities. The Chair of the Board leads the review and evaluation of the Board as a whole, and of the Board Committees, against their charters. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.

In 2018 the Board undertook the Institute of Directors' BetterBoard evaluation. This provided the opportunity for a formal review of Board operations to ensure best practise was being followed. Several of the conclusions of the BetterBoard evaluation are noted in this report and have been implemented, particularly in relation to the structure of Board committees and nominated participates.

RECOMMENDATION 2.9

An issuer should have an independent Chair of the Board. If the chair is not independent, the chair and the CEO should be different people.

Chair assessment

The Chair of the board and the CEO are separated to ensure that a conflict of interest does not arise. The Chair of the Board is responsible for leading the Board, facilitating the effective contributions of all Directors and promoting constructive and respectful relations between Directors and between the Board and management. The Chair is also responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

Issuers should have an independent chair, which can contribute to a culture of openness and constructive challenge that allows for a diversity of views to be considered by the Board. Good governance demands an appropriate separation between those charged with managing a listed entity and those responsible for overseeing its managers.

PRINCIPLE 3 – BOARD COMMITTEES

The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Board Committees

The Board formally constituted three committees in June 2018: the existing Nominations and Remuneration Committee, the reformed Audit and Finance Committee and the new Health, Safety and Risk Committee. Each committee focuses on specific areas of governance and together they strengthen the Board's oversight of the Company. Committee membership is reviewed annually.

Each Committee has a written charter that is approved by the Board and sets out its mandate. The charters are reviewed annually with any proposed changes recommended to the Board for approval. The charters can be found within the Company's Corporate Governance Code.

Annually each Committee agrees a programme of matters to be addressed over the following twelve-month period. The Committees each annually review their performance against the Committee charter and objectives for the year and report their findings to the Board.

Attendance at Meetings

The table below sets out Director attendance at Board and Committee meetings during the seven month period to 31 January 2021.

Director	Board	Audit & Finance Committee	Nominations and Remuneration Committee	Health, Safety and Risk Committee
John Ryder *(Chair)*	7/7	2/2	-	-
Paul Steere *(Chair Audit and Finance Committee and Chair Nominations and Remuneration Committee)*	5/7	1/2	2/2	3/3
Jack Porus	7/7	2/2	2/2	-
Catriona Macleod *(Chair Health, Safety and Risk Committee)*	6/7	-	-	-
Lai Po Sing	7/7	-	-	-
Chiong Yong Tiong	7/7	-	-	3/3
Grant Rosewarne *(Executive Director)*	7/7	2/2	2/2	3/3

RECOMMENDATION 3.1

An issuer's Audit and Finance Committee should operate under a written charter. Membership on the Audit and Finance Committee should be a majority of independent Directors and comprise solely of non-executive Directors of the issuer. The Chair of the Audit and Finance Committee should not also be the Chair of the Board.

Audit and Finance Committee

The primary function of the Audit and Finance Committee is to assist the Board in fulfilling its oversight responsibilities relating to the Company:

» To oversee the financial reporting and continuous disclosure processes to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control and disclosure maintains integrity, transparency and adequacy.

» To provide the Board with an independent assessment of the Company's financial position and accounting affairs.

» To oversee the Company's capital and treasury management.

The members of the Committee are all independent non-executive directors, all with accounting and financial background. The members are Paul Steere (Chair), John Ryder and Jack Porus (appointed 26 August 2020). The Chair of the Audit and Finance Committee and the Board Chair are different people. The Audit and Finance Committee held three meetings during the seven month period to 31 January 2021. The agenda items for each meeting generally relate to financial governance, external financial reporting, external audit, internal controls and processes, and compliance.

CORPORATE GOVERNANCE

RECOMMENDATION 3.2

Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.

Meeting Attendance

The CEO and Chief Financial Officer (CFO) are regularly invited to attend Audit and Finance Committee meetings. The committee also regularly holds private sessions of the committee and external auditors with management excluded.

RECOMMENDATION 3.3 AND 3.4

An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the Remuneration Committee should be independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee. An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee's role is to assist the board by:

» Establishment of a clear framework for oversight and management of the Company's remuneration structure, policies, procedures and practices to ensure the Company remuneration is fair and reasonable.

» Defining the roles and responsibilities of the Board and senior management.

» Reviewing and making recommendations on Board composition and succession.

In particular, the Nominations and Remuneration Committee's role is to ensure that the Board is balanced in terms of skills and knowledge and to ensure that the method of nomination and appointment of Directors is transparent.

Under the Nominations and Remuneration Committee Charter, the Committee shall comprise of, wherever possible, a majority of independent Directors.

The current members of the Committee are Paul Steere (Chair) (independent, non-executive) and Jack Porus (nominated as a Director by Oregon Group Limited and thus not independent). Therefore the Nominations and Remuneration Committee does not currently have a majority of independent directors as recommended by the NZX Code Recommendations 3.3 and 3.4. The Company has decided that the current composition of the Nominations and Remuneration Committee best serves the Company.

The Committee held two meetings during the seven month period to 31 January 2021.

RECOMMENDATION 3.5

An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Health, Safety and Risk Committee

The Company has since 2015 operated a management Health & Safety Steering Group, generally meeting quarterly and with attendance by a Board Director.

The Board's commitment to ensuring a safe and healthy workplace for team members, contractors and visitors led to it establishing a Health, Safety and Risk Committee in June 2018, which operates under a written charter.

The primary functions of the Health, Safety and Risk Committee are:

» To assist the Board to provide leadership and policy for health and safety.

» To assist the Board to fulfil its responsibilities and to ensure compliance with all legislative and regulatory requirements in relation to the health and safety practices of the Company as those activities affect employees and contractors.

» To support the ongoing improvement of health and safety in the workplace.

» Ensure and overview the identification of risk to the Company's operations, both financial and non-financial, the mitigation measures in place and such further measures to be enacted so risk is managed to as satisfactory a level as practical.

The members of the Committee are Catriona Macleod (Chair) and Chiong Yong Tiong.

RECOMMENDATION 3.6

The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The Board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

Takeover Protocols

The Board has documented and adopted a series of protocols to be followed in the event of a takeover offer being made, including communication between insiders and any bidder.

It is proposed that the Audit and Finance Committee will oversee the protocols and act as the takeover committee, assuming there are no conflicted members of the Committee. The Committee would have responsibility for managing the takeover in accordance with the Board protocols and the New Zealand Takeovers Code.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

RECOMMENDATION 4.1

An issuer's board should have a written continuous disclosure policy.

Shareholder Communications and Market Disclosure

The Company's Board is committed to the principle that high standards of reporting and disclosure are essential for proper accountability between the Company and its investors, employees and stakeholders.

The Company achieves these commitments, and the promotion of investor confidence, by ensuring that trading in its shares takes place in an efficient, competitive and informed market. The Company has in place a written Shareholder Communications and Market Disclosure Policy designed to ensure this occurs. The policy includes procedures intended to ensure that disclosure is made in a timely and balanced manner and in compliance with the NZX Listing Rules, such that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way.

The Company is committed to the promotion of investor confidence by ensuring that the trading of Company shares takes place in an efficient, competitive and informed market. The CFO is responsible for the Company's compliance with NZX and ASX continuous disclosure requirements and the Board is advised of, and considers, continuous disclosure issues at each Board meeting or whenever else required.

Significant market announcements, including the preliminary announcement of the half year and full year results, the financial statements for those periods, and any advice of a change in earnings forecast are approved by the Board.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

RECOMMENDATION 4.2

An issuer should make its Code of Ethics, Board and Committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Governance Policies and Charters

The Company's key corporate governance documents, including charters and policies, can be found at https://www.kingsalmon.co.nz/investors/governance/.

RECOMMENDATION 4.3

Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practises. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.

Financial and Non-Financial Reporting

The Board is responsible for ensuring the integrity and timeliness of its financial reporting. As noted above under 'Board Committees', the Audit and Finance Committee monitors financial reporting risks in relation to the preparation of the financial statements.

The Audit and Finance Committee, with the assistance of management, works to ensure that the financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Audit and Finance Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews half-year and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with financial reporting standards, stock exchange and legal requirements, and the results of the external audit. All matters required to be addressed and for which the Committee has responsibility were addressed during the period under review.

All interim and full-year financial statements are prepared in accordance with relevant financial standards.

Both financial and non-financial disclosures are made at least annually, including reporting of material exposure to environmental, economic and social sustainability risks and other key risks. The Company has a strategic target to develop best-in-class sustainability reporting and to measure and report on key sustainability aspects affecting its businesses.

The Company's Sustainability Report for 2021 is included in this report at pages 10-11 and provides details of the Company's initiatives in this area. The Company-wide report draws on 5 of the United Nations Sustainable Development Goals focusing on the food sector and aquaculture industry both nationally and globally. The five Goals being focused on are: decent work and economic growth, climate action, good health and well-being, responsible consumption and production, and life below water.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and senior management should be transparent, fair and reasonable.

RECOMMENDATION 5.1

An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's annual report.

RECOMMENDATION 5.2

An issuer should have a remuneration policy for remuneration of Directors and senior management, which outlines the relative weightings of remuneration components and relevant performance criteria.

RECOMMENDATION 5.3

An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.

Remuneration Report Introduction

This Remuneration Report outlines the Company's overall reward strategy for the seven month period to 31 January 2021 and provides detailed information on the remuneration arrangements in this period for the Directors of the Company, including the CEO, and other nominated executives.

The Company's Remuneration Policy, which may be amended from time to time, is reviewed at least once a year. The Company has also established a number of additional policies to support a strong governance framework and uphold ethical behaviour and responsible decision making.

Remuneration Policy

The Nominations and Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages for Directors, the CEO and nominated executives. The primary objectives of the Remuneration Policy are to provide a competitive and flexible structure that reflects market practice but is tailored to the specific circumstances of the Company and which reflects each person's duties and responsibilities, in order to attract, motivate and retain people of the appropriate quality. This includes the Company responsibility to monitor diversity and ensure pay equity.

The Nominations and Remuneration Committee reviews market data on remuneration structure and quantum. The remuneration packages of the CEO and nominated executives are structured to include a Short-Term Incentive Scheme (STI Scheme) that is directly linked to the overall financial and operational performance of the Company. The CEO and nominated executives may also be invited to participate in the Company's Long-Term Incentive Scheme (LTI Scheme). The long-term benefits of the LTI Scheme are currently solely conditional upon the Company share price meeting certain performance criteria, details of which are outlined below.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director remuneration is separate and distinct from the remuneration of the CEO and other executives.

Components of Compensation - Non-Executive Directors

a) Remuneration

The Board seeks to set aggregate remuneration for non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

No remuneration is payable to non-executive Directors unless it is approved by the Company's shareholders. The NZX Listing Rules specify that shareholders can approve a per Director remuneration amount or an aggregate Directors' fee pool. Shareholders approved an aggregate fee pool of $520,000 at the November 2019 Annual General Meeting and no adjustment will be sought at the 2021 Annual Meeting.

The aggregate remuneration paid to non-executive Directors and the manner in which it is apportioned amongst Directors is reviewed annually, with any proposed increase in the aggregate pool put to shareholders for approval at the Company's next Annual Shareholders Meeting. The Board reviews its fees to ensure the Company's non-executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to fulfil the role and to enable the Company to attract and retain talented non-executive Directors. The process involves benchmarking against a group of peer companies. In addition, the Board reviews the Committee structure and appropriate level of resourcing required to make an on-going contribution to long term value creation. At the end of 2018, the Board made changes to the committee structure including the formation of the Health, Safety and Risk Committee, bringing an additional focus to an area considered to be a key driver for the Company.

Non-executive Directors have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. This policy reflects the differences in the role of the non-executive Directors, which is to provide oversight and guide strategy, and the role of management, which is to operate the business and execute the Company's strategy. Non-executive Directors are encouraged to be shareholders but are not required to hold shares in the Company.

Each non-executive Director receives a fee for services as a Director of the Company. An additional fee is also paid for being a member of the Board's Nominations and Remuneration Committee, Audit and Finance Committee, and Health, Safety & Risk Committee. The payment of an additional fee recognises the additional time commitment required by Directors who serve on those committees. Directors are also entitled to be reimbursed for costs associated with carrying out their duties.

Fees paid to the non-executive Directors of the Company for the seven month period to 31 January 2021 were as follows:

			Fees for Serving on Committees			Total
Director	Base Fee (12 months)	Base Fee (7 months)	Audit & Finance Committee	Nominations & Remuneration Committee	Health, Safety & Risk	Fees Paid/ Payable
John Ryder *(Chair)*	$138,000	$80,500	$0	$0	$0	$80,500
Jack Porus	$60,000	$35,000	$2,250	$2,625	$0	$39,875
Paul Steere *(Chair Nominations & Remuneration Committee and Chair Audit & Finance Committee)*	$60,000	$35,000	$2,625	$2,625	$0	$40,250
Catriona Macleod *(Chair Health, Safety & Risk Committee)*	$60,000	$35,000	$0	$0	$2,625	$37,625
Lai Po Sing	$60,000	$35,000	$0	$0	$0	$35,000
Chiong Yong Tiong	$60,000	$35,000	$0	$0	$2,625	$37,625

Remuneration of CEO and Executives

The number of employees of the Group (including former employees), not being Directors, who received remuneration and other benefits in excess of $100,000 in the period 1 July 2020 to 31 January 2021 is set out in the remuneration bands detailed below:

	Number of employees	
Remuneration	FY21 (7 Months)	FY20 (12 Months)
$100,000 to $109,999	3	7
$110,000 to $119,999	1	9
$120,000 to $129,999	0	5
$130,000 to $139,999	3	3
$140,000 to $149,999	1	4
$150,000 to $159,999	0	6
$160,000 to $169,999	0	3
$170,000 to $179,999	0	1
$180,000 to $189,999	1	1
$210,000 to $219,999	0	1
$220,000 to $229,999	0	1
$230,000 to $239,999	0	1
$290,000 to $299,999	0	1
$330,000 to $339,999	0	1
$410,000 to $419,999	0	1

** Above excludes CEO but includes redundancy payments. Includes other prescribed fringe benefits and the option value of LTI Scheme shares*

As set out in further detail below, the total remuneration and value of other benefits paid to the CEO (including under the STI Scheme and LTI Scheme detailed below) for the seven month period to 31 January 2021 was $314,951 (Year to 30 June 2020: $512,219).

Year	Base Salary	Vehicle allowance	Fixed remuneration	Pay for performance	Total remuneration
2021	296,284	18,667	314,951	-	314,951
2020	480,219	32,000	512,219	-	512,219

** Based on the year the amount was paid*
*** Base salary includes Super contributions, SX, Life IP and any leave cashed in.*

Components of Compensation – CEO and Other Nominated Executives

a) Structure

The Company aims to reward the CEO and nominated executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, so as to:

» Reward them for Company performance against targets set by reference to appropriate benchmarks and key performance indicators.

» Align their interests with those of shareholders.

» Ensure total remuneration is competitive by market standards.

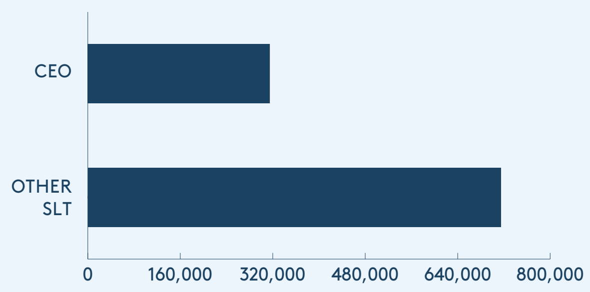
Remuneration consists of both fixed and variable remuneration components. The variable remuneration component comprises the STI Scheme and the LTI Scheme.

The proportion of fixed remuneration and variable remuneration is established for the CEO and for each nominated executive by the Board, following recommendations from the Nominations and Remuneration Committee and the CEO (in the case of the nominated executives only).

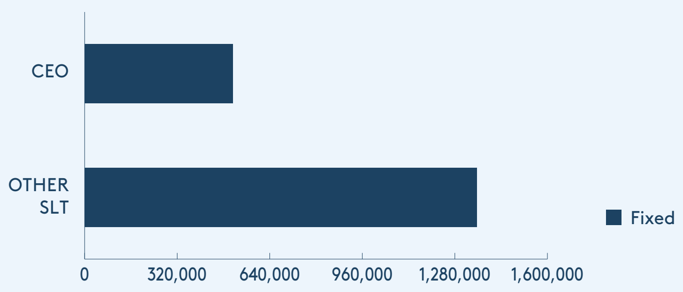
The remuneration packages for the CEO and nominated executives are all subject to Board approval. There were no material changes to the remuneration structures or targets for the 2021 year.

The mix of fixed versus variable 'at risk' remuneration payable in respect of the period 1 July 2020 to 31 January 2021 versus the year to 30 June 2020 was as follows:

Fixed vs At Risk Remuneration FY 2021 (7 months)



Fixed vs At Risk Remuneration FY 2020 (12 months)



1. **Fixed annual remuneration**

Remuneration levels are reviewed annually to ensure that they are appropriate for the responsibility, experience and performance of the CEO and each nominated executive and are competitive with the market. In addition, the overall mix of variable compensation and their terms are also considered when setting and/or reviewing fixed remuneration.

The CEO and nominated executives receive their fixed annual remuneration in cash and a limited range of prescribed fringe benefits such as superannuation, motor vehicle and health insurance. The total employment cost of any remuneration package, including fringe benefit tax, is considered in determining an employee's fixed annual remuneration.

For the period 1 July 2020 to 31 January 2021, the CEO received $314,951 (Year to 30 June 2020: $512,219) in fixed annual remuneration.

2. **Variable remuneration – STI Scheme**

The objective of the STI Scheme is to link the achievement of the annual financial and operational targets with the remuneration received by the executives charged with meeting those targets. The total potential remuneration under the STI Scheme is set at a level so as to provide sufficient incentive to the executive to achieve the targets such that the cost to the Company is flexible and in line with the trading outcome for the year.

Actual STI Scheme payments granted to the CEO and each nominated executive depend on the extent to which specific targets set at the beginning of the year are met. The target for 2021 is directly related to achieving budgeted pro-forma operating EBITDA result and Return on Capital Employed.

In future the targets may include a weighted combination of:

» At least 60% for meeting budget or target pro-forma operating EBITDA for the Group.

» Up to 30% for meeting budget or target asset efficiency measures such as Return on Capital Employed for the Group.

Any balance for strategic objectives and other contributions.

The Nominations and Remuneration Committee considers the performance against the targets and determines the amount, if any, to be allocated to the CEO and nominated executives. STI Scheme payments are delivered as a taxable cash bonus and are payable on completion of the annual audited financial statements.

It should be noted that the level of remuneration detailed in this report for the CEO includes the STI bonus actually paid in 2021 relating to performance in the 2020 financial year. The total cost for the CEO and other nominated executives of the STI Scheme for 2021 was $nil (30 June 2020: $nil) and the total accrual for 2021 is $nil (30 June 2020: $nil).

The CEO received $nil in STI Scheme payments in 2021 relating to performance in the 2020 financial year (30 June 2020: $nil in STI payments in 2020 relating to the 2019 year) and the total accrual for 2021 is $nil.

STI Scheme payment values are set as a percentage of base cash remuneration, being 30% for the CEO and 25% for the other nominated executives for the financial seven month period to 31 January 2021. For the financial seven month period to 31 January 2021 there were six executives in the STI Scheme, (30 June 2020: six executives).

In addition to the STI Scheme the Board reserves the ability to pay ad hoc bonus payments to any employee, again either directly related to the trading outcome or a specific performance target. For the financial seven month period to 31 January 2021, there were no ad hoc bonus payments to the CEO or other nominated executives (Year to 30 June 2020, $nil).

3. **Variable remuneration – LTI Scheme**

The LTI Scheme has been designed to link reward with key performance indicators that drive sustainable growth in shareholder value over the long term. The objectives of the LTI Scheme are to:

» Align the CEO and nominated executives' interests with those of shareholders.

» Help provide a long-term focus.

» Retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of the Company mindset, encouraging executives to think and act like owners.

The hurdle rate used for the LTI scheme is an absolute share price growth hurdle, which is more challenging over time than a relative TSR approach. This approach only rewards executives if the shareholders also do well.

Under the LTI Scheme, the CEO and nominated executives are offered an interest free loan which is to be applied to acquire shares in the Company. Shares acquired under the LTI Scheme are held by a custodian and will only vest to the employee if he or she is still employed by the Company after three years from the date of issue. All dividends paid during this period are offset against the loan balance. Once the shares vest, the employee remains obligated to repay the outstanding balance of the loan. If an employee leaves employment before the expiry of the three-year period, the custodian may exercise a call option to have the employee's beneficial interest in the shares transferred to it in consideration of the custodian taking the balance of the loan. Any shares so transferred can be used for future grants or alternatively the custodian is authorised to sell that employee's shares with the proceeds applied to repay the balance of the loan, with any deficit covered by the Company and any surplus retained by the Company.

Although performance rights are the most prevalent LTI instrument in Australasia the company believes the issue of shares and loans is more relevant for NZKS. The structure is well understood by executives and more closely aligns to the security held by shareholders. In addition, the economic return achieved by executives is more challenging under the current terms.

Each employee's loan amount (which determines how many shares will be acquired) is set as a percentage of their base salary and selected employees will be offered a loan for this amount if the criteria set by the Board are met. For the first three years of the LTI Scheme from 2016, the criterion has been the achievement of a compounding gross Total Shareholder Return of 12.5% (including all distributions) over the reference share price of $1.12, for those executives who joined the scheme at the initial issue at the time of the IPO in October 2016, $1.77 for those who joined the scheme in September 2017, and $2.78 for those who joined the scheme in September 2018. There were no new joiners in shares issued in November 2019 due to the reference share price being higher than market price. The reference share price for any new participants will be set at the time of joining the scheme.

An offer may be made under the LTI Scheme to the CEO and nominated executives each financial year and is based on individual performance as assessed by the annual appraisal process. If an executive does not sustain a consistent level of high performance, they will not be nominated for participation in the LTI Scheme. The Nominations and Remuneration Committee reviews all nominated executives, with participation in the LTI Scheme subject to final Board approval. The Board has retained the discretion to vary the applicable criteria for each offer under the LTI Scheme. Once the Board has fixed the criteria for a specific offer under the LTI Scheme, those performance hurdles cannot be varied in respect of that offer.

A total of 993,671 shares were allocated in establishing the LTI Scheme at the time of IPO in October 2016, with matching interest free loans of $1,112,911, being an issue price of $1.12 per share. Of this total the CEO received 308,880 shares, with a matching interest free loan of $345,946.

A further 317,515 shares were allocated in September 2017, being 270,274 at an issue price of $1.22 per share (being a 12.5% Total Shareholder Return over the initial $1.12 IPO share price, and of which the CEO received 94,833 shares) along with matching interest free loans of $329,734 (of which the CEO's loan is $115,697), and 47,241 shares at an issue price of $1.77 per share to new nominated executives, along with matching interest free loans of $83,617.

A further 311,527 shares were allocated in September 2018, being 260,321 shares at an issue price of $1.30 per share (being a 12.5% Total Shareholder Return over the initial 1.12 IPO share price, and of which the CEO received 90,510 shares) along with matching interest free loans of $220,754 (of which the CEO's loan is $117,664), and 33,858 shares at an issue price of $1.95 per share to the 2017 nominated executives, along with matching interest free loans of $66,023, and 17,348 shares at an issue price of $2.78 per share to new nominated executives, along with matching interest free loans of $48,227.

A further 414,488 shares were issued on 05 November 2019 with vesting dates of 172,727 shares being 7 February 2020 and 241,761 shares being 1 September 2022, and of which the CEO received 83,449 shares, along with the matching interest free limited recourse loans of $795,894 (of which the CEO's loan is $117,663). The price to be paid for each share is the issue price at grant date, reduced by any dividends that are applied to the interest free limited recourse loan. No shares vested or expired during the year however 4,475 shares were forfeited during the year

During the year, a number of employees left the Company, resulting in the forfeiture of 231,709 shares (30 June 2020: 4,475) shares, the consequent exercise of call options and redemption of gross loans of $nil (30 June 2020: $nil).

LTI Scheme loan amounts are set as a percentage of base cash remuneration, being 30% for the CEO and between 5% and 20% for other nominated executives in respect of the financial year ended 30 June 2020. As at 31 January 2021, there were 38 nominated executives in the LTI Scheme, (30 June 2020: 42 nominated executives).

The total cost of the LTI Scheme:

Cost LTI Scheme	SLT LTI Shares	LTI Shares	LTI 2017	LTI 2018	LTI 2019
Total shares issued	3,062,164	993,671	317,515	311,527	414,488
Shares issued to CEO	1,937,170	308,880	94,833	90,510	83,449
Allocation cost to P&L	$321,309	$128,447	$236,283	$356,723	$252,725
Allocation cost to CEO	$195,925	$39,927	$70,571	$103,641	$50,881

On 1 September 2020, LTI shares issued on 29 September 2017 will vest in those team members who are employed by the Company at the time.

Once the LTI shares vest, employees remain obligated to repay outstanding loans in the event of sale of the shares or if leaving the Company. Employees may also choose to sell the vested LTI shares on-market (subject to usual employee share trading procedures) and would then be obligated to repay the loans.

Senior Executive Share Ownership Scheme

The CEO and certain other executives were participants in an executive share ownership scheme prior to the IPO, in which participants have been provided with an interest free loan of up to 200% of the amount which the senior executive invests in the Company. As at 31 January 2021, 3,062,164 shares were held by executives via the Ownership Scheme, partly funded by interest free loans of $1,240,625. Of this, the CEO holds 1,937,170 shares under the Ownership Scheme, supported by a loan of $700,000.

These shares, which have been subject to sale restrictions since the IPO, were released from escrow on announcement of the 2018 financial results. During the period to 31 January 2021 year there were no changes to the shareholding under this scheme.

Shares held by the CEO and nominated executives

The total numbers of shares allocated under the Senior Executive Share Ownership Scheme and LTI Schemes as at 31 January 2021 are as follows:

				Number of Shares				
Scheme	Allocation Date	Vesting Date	Weighted average share price	Balance at start of year	Granted during the year	Vested during the year	Lapsed or transferred during the year	Balance at the end of the year
Senior Executive Share Ownership Scheme	Various 2011-2016	29 August 2018	Pre IPO	3,062,164	-	-	-	3,062,164
LTI 2017 Scheme	29 September 2017	1 September 2020	$1.29	299,995	-	-	3,107	296,888
LTI 2018 scheme	27 September 2018	1 September 2021	$1.42	310,046	-	-	28,690	281,356
LTI 2019 scheme - senior executive	5 November 2019	7 February 2022	$2.20	172,727	-	-	172,727	-
LTI 2019 scheme	5 November 2019	1 September 2022	$1.49	278,215	-	-	27,185	251,030
Totals				**4,123,147**	**-**	**-**	**231,709**	**3,891,438**

CEO				Number of Shares				
Scheme	Allocation Date	Vesting Date	Weighted average share price	Balance at start of year	Granted during the year	Vested during the year	Lapsed or transferred during the year	Balance at the end of the year
Senior Executive Share Ownership Scheme	Various 2011-2016	29 August 2018	Pre IPO	1,937,170	-	-	-	1,937,170
LTI 2017 Scheme	29 September 2017	1 September 2020	$1.22	94,833	-	94,833	-	-
LTI 2018 scheme	27 September 2018	1 September 2021	$1.30	90,510	-	-	-	90,510
LTI 2019 scheme	5 November 2019	1 September 2022	$1.41	83,449		-	-	83,449
Totals				**2,205,962**	**-**	**94,833**	**-**	**2,111,129**

It should be noted under the relevant accounting standards the loans granted to participants in both the Executive Share Ownership Scheme and LTI Schemes participants are not recorded on the company balance sheet.

CEO Long term incentive and loan outstanding	LTI IPO	LTI 2017	LTI 2018	LTI 2019	TOTAL LTI SHARES
Issue date	18-Oct-16	29-Sep-17	27-Sep-18	5-Nov-19	
Vesting date	18-Oct-19	1-Sep-20	1-Sep-21	1-Sep-22	
	$1.12	$1.22	$1.30	$1.41	
Shares	308,880	94,833	90,510	83,449	577,672
Loans	345,946	115,696	117,663	117,663	696,968
Less dividend received after tax paid	(48,863)	(10,590)	(5,896)	(1,553)	(66,902)
Net loan	297,083	105,107	111,767	116,110	630,066

Under accounting standard IFRS 2 Share Based Payments, as the LTI shares are classified as options, the total cost of each annual allocation is spread across the three years of the vesting period from the date of issue.

The total annual cost of the LTI scheme relating to shares issued from 2016 to 2019 is detailed below. In addition, the annual allocation spread across the three years of the vesting period is as follows:

Financial Year	LTI Year	Allocation Cost at Grant Date	P&L Amortisation
2017	IPO - Oct 2016	$1,112,911	$142,206
2018	2017	$413,351	$262,783
2019	2018	$429,049	$192,067
2020	2019	$801,301	$243,356
2021	2020		$96,592
2022	2020		$95,952
2023	2020		$15,656

It should be noted the table above records the accounting cost to the company. It does not relate to the economic benefit received by the executive, which is directly linked to the share price movement over the vesting period.

Employee Share Ownership Scheme

At the time of the Company's initial public offering, it established an employee share ownership scheme to facilitate an increase in the level of participation by employees as shareholders, which improves the alignment of interests between employees and shareholders. Under the scheme, each eligible employee was offered an interest free loan up to $5,000 to fund 50% of the subscription price for the shares which employee wished to acquire in the Company. Employees are obliged to repay their loans when the shares are sold or when they leave the Company.

A total of 187,076 shares were issued at the time, supported by loans of $104,762 from the Company. During the period, no employees holding have left the Company (Year to 30 June 2020: nil), and no shares have been sold by current employees (Year to 30 June 2020: nil shares resulting in repayment of $nil loans). As at 31 January 2021, the following shares were held by employees under the Employee Share Ownership Plan:

	Allocation Date	Vesting Date	Number of Shares		
Scheme			Balance at start of year	Sold during the year	Balance at the end of the year
Employee Share Ownership Plan	19 October 2016	19 October 2016	140,650	-	140,650

PRINCIPLE 6 - RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

RECOMMENDATION 6.1

An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Risk Management Framework

The Board is responsible for ensuring that key business and financial risks are identified, and that appropriate controls and procedures are in place to effectively manage those risks.

The Health, Safety and Risk Committee has overall responsibility for ensuring that Company's risk management framework is appropriate and that it appropriately identifies, considers and manages risks.

Risk management is an integral part of the Company's business. A risk management framework incorporating a risk register is used to identify those situations and circumstances in which the Company may be materially at risk and for which risk mitigation activities are appropriate. This approach is intended to provide a comprehensive, company-wide awareness of risk in senior management, supported by a consistent method of identifying, assessing, controlling, monitoring and reporting existing and potential risks to the Company's business.

The Company has designed and implemented a risk framework for the oversight and management of financial and non-financial business risks, as well as related internal compliance systems that are designed to:

- Ensure team members and contractors work in a safe and healthy working environment.
- Optimise the return to stakeholders whilst also protecting their interests.
- Safeguard the Company's assets, biological assets and the environment.
- Maintain food quality standards and product quality.
- Fulfil the Company's strategic objectives.
- Manage the financial and non- financial risks associated with the business.

The Board has delegated responsibility to the Health, Safety & Risk Committee to establish and regularly review the Company's risk management framework. As part of this framework the Committee is tasked with identifying situations and circumstances in which the Company may be materially at risk and initiating appropriate action through the Board or CEO. A risk management policy is overseen by the CEO and supports a comprehensive approach to the management of those risks identified as material to the Company's operations. Risk management is a standing item on the agenda for Health, Safety & Risk Committee meetings, with detailed reports provided by senior management.

The CEO and CFO have provided the Board, through the Audit and Finance Committee, with assurances that in their opinion financial records have been properly maintained, that the financial statements comply with those accounting standards under which the Company must report and that the statements give a true and fair view of the Company's financial position and performance. These representations are given on the basis that a sound system of internal controls and risk management is operating effectively in all material respects in relation to financial reporting.

In managing the Company's business risks, the Board approves and monitors policy and procedures in areas such as treasury management, financial performance, taxation and delegated authorities.

Insurance

The Company has insurance policies in place covering most areas where risk to its assets and business can be insured at a reasonable cost.

RECOMMENDATION 6.2

An issuer should disclose how it manages its health and safety risks and should report on their health and safety risks, performance and management.

Health and Safety

The Board and management are committed to promoting a safe and healthy working environment for everyone working in, or interacting with, the Company. The Company strives for continuous improvement that takes us beyond compliance in health, safety and wellness. This includes the reviewing of our health and safety policy statement as well as the systems and processes that support our safety objectives.

The Company's Health, Safety & Risk Committee Charter creates a shared responsibility for all our team members and contractors to so far as reasonably practicable take all steps in providing a working environment that promotes health and wellbeing. Effective controls based on industry knowledge and best practice guidelines inform and support our risk management across in all areas of the business.

The Company uses a risk-based approach, having identified a number of critical risk areas, being:

- Maritime operations
- Fire, electricity and natural events
- Heights and lifting
- Confined spaces
- Mobile plant and equipment
- Construction activity

Each of these critical risk areas has initiatives designed to eliminate, isolate or minimise risk.

The Company uses a combination of leading and lagging performance measures in health and safety.

Further information is included in the Sustainability Report at pages 10-11.

PRINCIPLE 7 – AUDITORS

The Board should ensure the quality and independence of the external audit process.

RECOMMENDATION 7.1

The Board should establish framework for the issuer's relationship with its external auditors. This should include procedures:

a) for sustaining communication with the issuer's external auditors;

b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;

c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and

d) to provide for the monitoring and approval by the issuer's Audit and Finance Committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

RECOMMENDATION 7.2

The external auditor should attend the issuer's Annual Shareholders Meeting to answer questions from shareholders in relation to the audit.

External Auditor

The Company's Audit and Finance Committee is responsible for oversight of the Company's external audit arrangements to safeguard the integrity of financial reporting. The Company maintains an External Auditor Independence Policy to ensure that audit independence is maintained, both in fact and appearance.

The policy covers the following areas:

- Appointment of the external auditor.
- Provision of other assurance services by the external auditor.
- Pre-approval process for the provision of other assurance services.
- External auditor lead and engagement partner rotation.
- Hiring of staff from the external auditor.
- Relationships between the external auditor and the Company.
- Reporting on fees and non-audit work.

The role of the external auditor is to audit the financial statements of the Company in accordance with applicable auditing standards in New Zealand and to report on its findings to the Board and shareholders of the Company.

The External Auditor Independence Policy is available in the Corporate Governance Code which is available on the Company's website at https://www.kingsalmon.co.nz/investors/corporate-governance.

Ernst & Young is the Company's current external auditor. Bruce Loader is the current audit engagement partner, in his fifth year following a partner rotation after the 2016 audit and will be replaced by Brendan Summerfield for the 2022 year end audit. Fees paid to Ernst & Young are included in note 30 of the notes to the financial statements.

CORPORATE GOVERNANCE

Both the Company's Audit and Finance Committee Charter and the External Auditor Independence Policy require the external auditor to be independent, recognising the importance of facilitating frank dialogue between the Audit and Finance Committee, the auditor and management. The External Auditor Independence Policy requires that the audit partner be rotated after a maximum of five years.

The Audit and Finance Committee Charter requires the Committee to facilitate the continuing independence of the external auditor by assessing the external auditor's independence, qualifications, overseeing and monitoring their performance. This involves monitoring all aspects of the external audit, including the appointment of the auditor, the nature and scope of its audit and reviewing the auditor's service delivery plan.

The auditor has been invited to attend the Annual Shareholders' Meeting and will be available to answer questions about the audit process and the independence of the auditor.

RECOMMENDATION 7.3

Internal audit functions should be disclosed.

Internal Audit

The Company does not have an internal audit function. However, the Company does have a quality and compliance team dedicated to food hygiene in relation to the processing of harvested fish through to finished goods that are dispatched to the end customer. The objective of the quality and compliance team is to enhance and protect the organisational value of the Company by providing risk-based and objective assurance. The management Health and Safety Steering Group has overseen internal safety audits throughout the farming and manufacturing process. The Health, Safety and Risk Committee now oversees this function.

Where necessary, external expertise is obtained for specific audit activities.

Independent Professional Advice

With the approval of the Audit and Finance Committee, Directors are entitled to seek independent professional advice on any issue related to the fulfilment of his or her duties, at the Company's expense.

PRINCIPLE 8 – SHAREHOLDER RELATIONS

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

RECOMMENDATION 8.1

An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Shareholder Relations

The Company is committed to maintaining a full and open dialogue with its shareholders and other stakeholders. Annual reports, NZX releases, governance policies and charters and a variety of corporate information are posted on the Company's website.

The Company's preference is for electronic communications in the interests of sustainability and efficiency; however, each shareholder is entitled to receive a paper copy of each annual report.

The Company has an Annual Meeting page in the Investors section on its website. Documents relating to meetings are available.

Shareholder meetings will be held at a time and location to encourage participation by shareholders. Annual meetings are currently held in the Nelson/Marlborough region, reflecting the head office and production locations for the Company.

The Company's website includes a range of information relevant to shareholders and others concerning the operation of the Company, including information about the sites we operate, Aquaculture Best Management Practices (BMP), certifications, our brands and the corporate governance policies of the Company.

RECOMMENDATION 8.2

An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Electronic Communications

Shareholders have the option of receiving their communications electronically. This is the companies preferred method of communication.

Contact details for the Company's head office are available on the website.

RECOMMENDATION 8.3

Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested in.

Major Decisions

Directors' commitment to timely and balanced disclosure is set out in its Shareholder Communications and Market Disclosure Policy and includes advising shareholders on any major decisions. Where voting on a matter is required the Board encourages investors to attend the meeting or to send in a proxy vote. Shareholders may raise matters for discussion at the Annual Shareholders' Meeting either in person or by emailing the Company with a question to be asked.

RECOMMENDATION 8.4

If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rate basis, and on no less favourable terms, before further equity securities are offered to other investors.

Equity raise

The Board is responsible for considering the interests of all existing equity holders when assessing their capital raising options.

RECOMMENDATION 8.5

The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.

Notice of Meeting

The Company's Notice of Meeting will be available at least 20 working days prior to the meeting on the Shareholder Meetings page in the Investors section of the website.

Director Disclosures

The following persons were Directors of New Zealand King Salmon Investments Limited and its subsidiaries during the seven month period to 31 January 2021:

	John Ryder	Jack Porus	Chiong Yong Tiong	Paul Steere	Grant Rosewarne	James V. Kilmer	Justin Reynolds	Catriona Macleod	Lai Po Sing
New Zealand King Salmon Investments Limited	✓	✓	✓	✓	✓			✓	✓
New Zealand King Salmon Co. Limited	✓	✓		✓	✓			✓	
New Zealand King Salmon Exports Limited				✓	✓				
New Zealand King Salmon USA Incorporated				✓	✓	✓			
New Zealand King Salmon Pty Limited				✓	✓		✓		
NZKS Custodian Limited	✓	✓		✓					
King Salmon Limited				✓	✓				
MacCure Seafoods Limited				✓	✓				
Omega Innovations Limited				✓	✓				
Ōra King Limited				✓	✓				
Regal Salmon Limited				✓	✓				
Southern Ocean Salmon Limited				✓	✓				
Southern Ocean Seafoods Limited				✓	✓				

INTERESTS REGISTER

The following entries were made in the interests register of the Company during the seven months ended 31 January 2021:

Share Dealings by Directors

Dealings by Directors and key senior managers during the seven months ended 31 January 2021 as entered in the Interest Register of the Company are as follows:

Name of Director / Senior Executive	No. of Shares	Nature of Interest	Acquisition / Disposal	Consideration	Date
Grant Rosewarne	94,833	Beneficial Owner	Transfer legal title per long term incentive scheme	$0.00 per share	31 December 2020
Andrew Clark	44,090	Beneficial Owner	Transfer legal title per long term incentive scheme	$0.00 per share	31 December 2020

Disclosure of interest in the Interests Register

Details of Directors disclosures entered in the interests register for the Company as at 31 January 2021 were as follows:

Director	Name of Interest	Nature of Interest
John Ryder *(Chair)*	Aged Care Education (NZ) Limited	Director & Shareholder
	Alpine View Care Centre Limited	Director
	Alpine View Lifestyle Village Limited	Director
	Ashbury Heights Limited	Director
	Banbury Park Limited	Director
	Broadwater Village Limited	Director
	Brycharl Corporation Limited	Director & Shareholder
	Burlington Village Limited	Director
	Castle Recruitments Limited	Director & Shareholder
	Coastal View Limited	Director
	Direct Capital VI Management Limited	Director
	Kindly Limited	Director
	Qestral Corporation Limited	Director & Shareholder
	Questral Corporation Limited	Director
	Spyglass Trading Limited	Director & Shareholder
	Sweat Equity Limited	Director & Shareholder
	Tuatara Tours NZ Limited	Director & Shareholder
Jack Porus	Glaister Ennor	Partner
Paul Steere	Nelson Airport Limited	Chairman
	Allan Scott Wines & Estates Limited	Chairman
	Aquaculture Advisory Panel, South Pacific Community	Chairman
Tomakin Lai	China Resources Ng Fung Limited	Director
	China Resources Ng Fung International Distribution Company Limited	Director
	Scales Corporation Limited	Director
Chiong Tiong	Aotea Dairy Limited	Director
	Forestland Investment Limited	Director
	Aotea Housing Limited	Director
	Maraetai Land Development Limited	Director
	The Lumberbank New Zealand Limited	Director
	Waimarino Forests Limited	Director
	CEP Auckland Limited	Director
	Nugent Fitness Limited	Director
	Neil Corporation Limited	Director
	Winstone Pulp International Limited	Director
	Oregon Group Limited	Director
	Ernslaw One Limited	Director
	The Neil Group Limited	Director
	Neil Construction Limited	Director
	Timbergrow Limited	Director
Grant Rosewarne	Aquaculture New Zealand	Director
	Seafood New Zealand	Director

Relevant Interests

The table below records the ordinary shares in which Directors had a relevant interest as at 31 January 2021.

Name of Director	Number of ordinary shares Beneficial	Number of ordinary shares Non-Beneficial
John Ryder *(Chair)*	2,167,644	-
Jack Porus	372,457	-
Paul Steere	785,325	-
Grant Rosewarne	2,724,058	-

Neither Catriona MacLeod, Chiong Yong Tiong nor Lai Po Sing held any relevant interests (beneficial or non-beneficial) as at 31 January 2021.

Use of Company Information by Directors

No notices were received from Directors pursuant to section 145 of the Companies Act 1993 to use Company information, received in their capacity as Directors, which would otherwise not have been available to them.

Directors' Liability

As permitted by the Company's Constitution and in accordance with Section 162 of the Companies Act 1993, the Company has indemnified all Directors and arranged Directors' and Officers' Liability Insurance which ensures that, to the extent permitted by law, Directors will incur no monetary loss as a result of actions undertaken as Directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

Shareholder Information

As at 31 January 2021 there were 138,985,635 ordinary shares on issue in the Company, each conferring on the registered holder the right to vote on any resolution at a meeting of shareholders, held as follows:

Size of Holding	Number of Shareholders	Number of Shares held	%
1 - 4,999	1,678	3,309,159	2.39
5,000 - 9,999	551	3,688,236	2.66
10,000 - 49,999	610	11,535,713	8.33
50,000 - 99,999	48	3,161,451	2.28
100,000 - 499,999	50	10,178,296	7.35
Over 500,000	18	106,660,428	76.99

20 Largest Shareholders

Set out below are details of the 20 largest shareholders of the Company as at 31 January 2021:

Shareholder	Number of Shares	% of shares
Oregon Group Limited	55,622,358	40.15
China Resources Ng Fung Limited	13,798,944	9.96
HSBC Nominees A/c NZ Superannuation Fund Nominees Limited	8,684,285	6.27
FNZ Custodians Limited	4,042,882	2.92
ANZ Wholesale Australasian Share Fund - NZCSD	3,785,954	2.73
Hobson Wealth Custodians Limited	3,194,715	2.31
Grantley Bruce Rosewarne & Julie Ann Rosewarne*	2,173,641	1.57
John William Dudley Ryder	1,989,644	1.44
Accident Compensation Corporation - NZCSD	1,795,727	1.30
HSBC Nominees (New Zealand) Limited	1,348,395	0.97
FNZ Custodians Limited	1,317,706	0.95
MA Investments Two Limited	920,734	0.66
Kevin Douglas & Michelle Douglas*	914,029	0.66
Forsyth Barr Custodians Limited	747,882	0.54
New Zealand Depository Nominee Limited	724,079	0.52
Richard Pelham Garland & Susan Jane Garland*	697,322	0.50
Custodial Services Limited (A/c 4)	674,560	0.49
Citibank Nominees (New Zealand) Limited - NZCSD	635,831	0.46
BNP Paribas Nominees (NZ) Limited - NZCSD	623,351	0.45
Andrew Christopher Clark & Christine Elizabeth Clark*	620,259	0.45

**Co-joint shareholding entity.*

Substantial Product Holders

Set out below are details of the substantial product holders of the Company as advised by notice to the Company as at 31 January 2021. The number of shares shown below is as advised in the most recent substantial product holder notices given to the Company and may not be their holding as at 31 January 2021.

Shareholder	Number of Shares	Class of Share
Oregon Group Limited	55,622,358	Ordinary
China Resources Ng Fung Limited	13,798,944	Ordinary
HSBC Nominees A/c NZ Superannuation Fund Nominees Limited	8,684,285	Ordinary

Annual Shareholders Meeting

Due to Covid-19 restrictions, the Company's 2021 Annual Shareholders' Meeting will be held online (from Nelson) on 16th June 2021. Shareholders will be given an opportunity at the meeting to ask questions and comment on relevant matters. Notice of Meeting will be sent to shareholders in advance of the meeting.

Exercise of NZX Disciplinary Powers

NZX Limited did not exercise any of its powers under Listing Rule 5.4.2 in relation to the Company during the seven month period to 31 January 2021.

Donations

Donations made by the Group during the period 1 July 2020 to 31 January 2021 totalled $8,250 (Year to 30 June 2020: $13,802).

Corporate Directory

BOARD OF DIRECTORS

John William Dudley Ryder
Independent Non-Executive Chair

Grantley Bruce Rosewarne
Chief Executive Officer and Managing Director

Jack Lee Porus
Non-Executive Director

Paul James Steere
Independent Non-Executive Director

Lai Po Sing
Non-Executive Director

Chiong Yong Tiong
Non-Executive Director

Catriona Macleod
Independent Non-Executive Director

Audit and Finance Committee
Paul Steere (Chair)
John Ryder
Jack Porus (Appointed 26 August 2020)

Nomination and Remuneration Committee
Paul Steere (Chair)
Jack Porus

Health, Safety and Risk Committee
Catriona Macleod (Chair)
Chiong Yong Tiong

BANKERS

The Bank of New Zealand
Deloitte Centre
Level 6, 80 Queen Street
Auckland
New Zealand

AUDITOR

Ernst & Young (EY)
Level 4, 93 Cambridge Terrace
Christchurch
New Zealand

LAWYERS

Chapman Tripp
Level 34, PwC Tower
15 Customs Street
Auckland
New Zealand

Gascoigne Wicks
79 High Street
Blenheim
New Zealand

Duncan Cotterill
197 Bridge Street
Nelson
New Zealand

NEW ZEALAND KING SALMON INVESTMENTS LIMITED

Ticker: NZK
Listed on the NZX Main Board and as a Foreign Exempt Listing on the ASX
NZ company number: 2161790

Registered Office
93 Beatty Street
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Investor Relations
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SHARE REGISTRY

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Australia

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Glossary

ASX
Australian Securities Exchange

CEO
Chief Executive Officer

EBIT
Earnings Before Interest and Tax

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation

FCR
Feed Conversion Ratio

FMCG
Fast moving consumer goods

FOB
Free on Board, a term which means that the price for goods includes delivery at the seller's expense on to a vessel at a named port and no further. The buyer bears all costs thereafter (including costs of sea freight)

FY
Financial Year

G&G
Gilled and gutted weight

GAAP
New Zealand Generally Accepted Accounting Practice

Group
New Zealand King Salmon Investments Limited and its subsidiaries

IPO
Initial Public Offering

LTI Scheme
Long term incentive scheme

MT
Metric Tonnes

New Zealand King Salmon
New Zealand King Salmon Investments Limited

NPAT
Net Profit after Tax

NZ IFRS
New Zealand equivalents to International Financial Reporting Standards

NZX
New Zealand Stock Exchange

NEW ZEALAND KING SALMON INVESTMENTS LIMITED

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