



New Zealand
King Salmon

ANNUAL SHAREHOLDERS MEETING
27 JUNE 2022

WELCOME



Grant Rosewarne
CEO



Paul Steere
Independent Non-Executive Director

AGENDA

- Chair update
- CEO address
- Ordinary business and resolutions
- Voting and questions

CHAIR UPDATE

- FY22 results overview
- Strategic response to warmer summers and loss of biomass
- Company downsizing
- Avoid warmer water sites during summer
- Only critical capex to be promoted, excess assets to be considered
- Take advantage of global price trends with value gain
- External review of costs and returns
- Board committee reviewing aquaculture strategies and health issues

CHAIR UPDATE

- Successful completion of the \$60.1m rights offer
- Strong shareholder support with applications totalling \$50.3m (approximately 83.6% of entitlements taken up); an additional \$3.5m allocated to retail oversubscriptions with the balance being taken up by the underwriter, or its sub-underwriters.
- Equity raise has been used to deleverage NZ King Salmon's balance sheet and provide liquidity and funding for medium term operating requirements.
- Thank you for your continued support
- Setting a strong foundation for the future

CEO'S ADDRESS

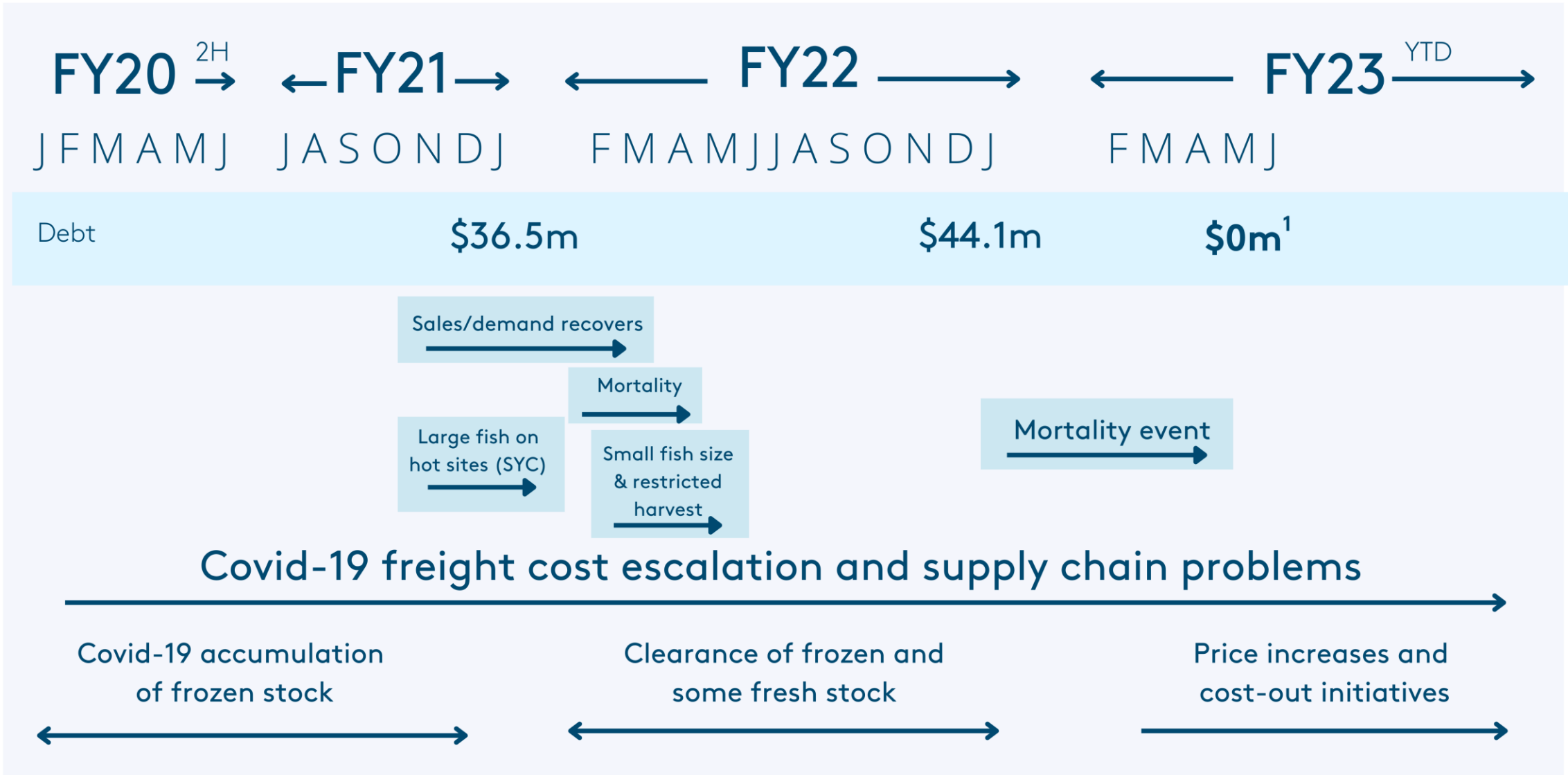
- FY22 Overview
- Sustainability
- Business update
- Outlook
- Future Farming

01

FY22 OVERVIEW



EVENT AND BANK DEBT TIMELINE



¹ net debt

FINANCIAL SUMMARY

Proforma¹ EBITDA FY21 to FY22



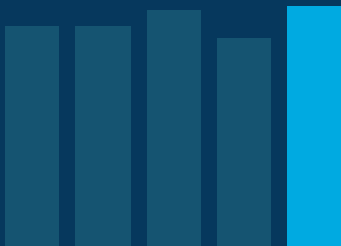
- **Revenue** increased due to sales volume of 7,672MT, a 20% increase on sales volumes compared to prior 12-month period²
- **Stock movement** was negative due to the disposal of excess frozen whole fish built up in FY21 as a result of Covid disruptions across food services markets. This build up did not repeat in FY22, and the majority of frozen whole fish stock was cleared in FY22 at discounted prices
- **Freight** costs reflect increased sales volumes and increased freight cost per kg due to ongoing disruptions to the global logistics environment from Covid
- **Mortality** impact reflects significant mortality increase in FY22
- **Processing costs** reflect cost increases across the major cost groups including salaries & wages, and raw materials
- Early close out of **in the money FX contracts** in 1H22 helped mitigate the impact of cost increases listed above

¹ Refer to the index for full reconciliation between GAAP and Pro Forma results

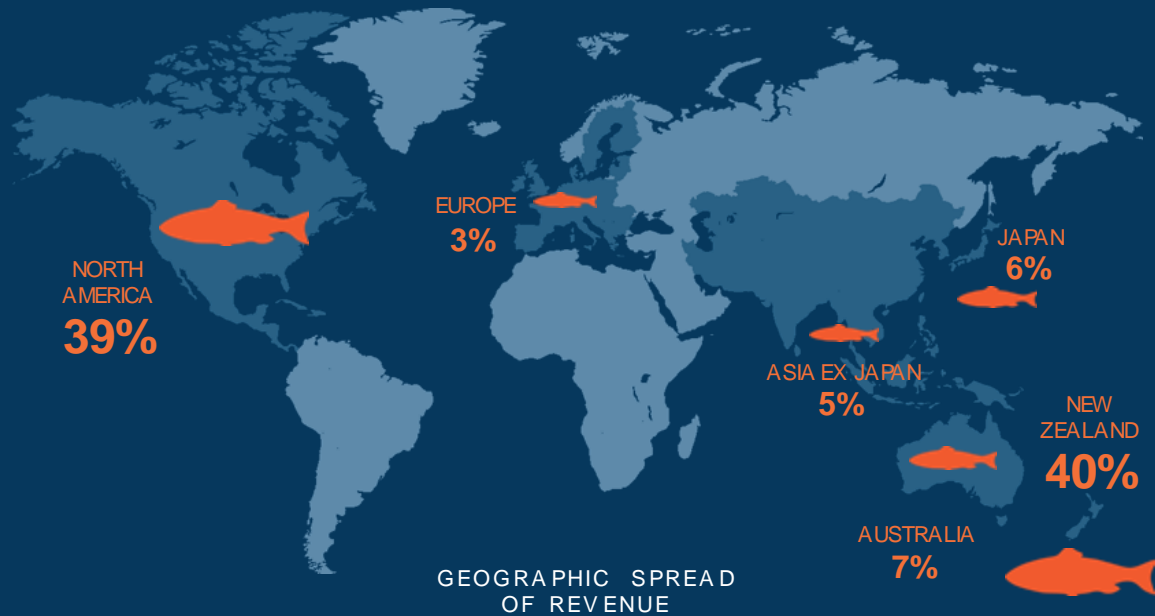
² FY21 was a 7-month reporting period, as such comparable information has been restated to provide a comparable 12 months to be on a like for like basis

FACTS & FIGURES

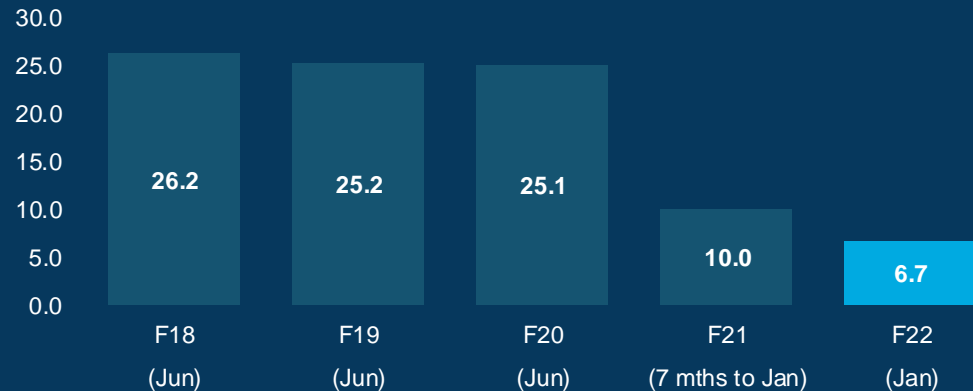
FY22 REVENUE OF
\$174.5
 MILLION



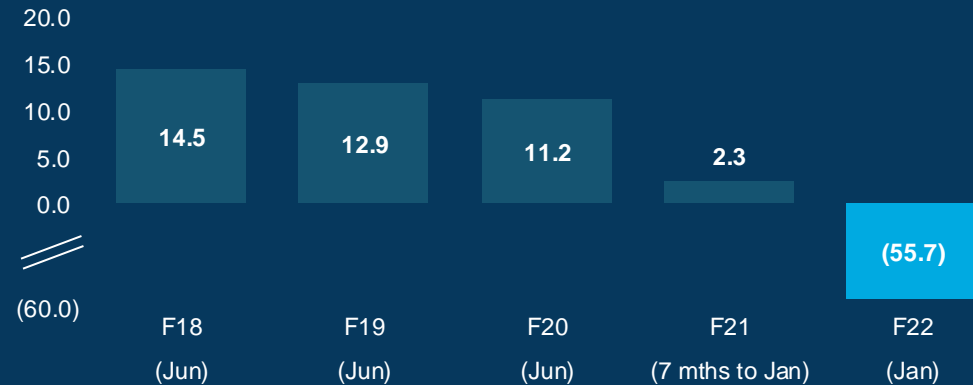
METRIC TONNES
 HARVESTED
 DURING FY22



FY PRO-FORMA OPERATING EBITDA



FY PRO-FORMA NPAT



Vision: What could NZKS be?

One of the Top of the South's most valued organisations & the world's most inspirational salmon company.

Purpose: The role of NZKS

Create the ultimate salmon experience!

Mission: Why do we do what we do?

Everybody & everything that connects with NZKS should be better off as a result!

How will NZKS achieve its Purpose, Vision and Mission? Five Strategies:

Farm
One
Species:
King Salmon

Cost Control

Brand
Leadership
in Premium
Salmon
Niches

Highly
Engaged
People

Strong
Community
Engagement

Foundation 3: Food Safety

Foundation 2: Health & Safety

Foundation 1: Sustainability

SUSTAINABILITY



ACCREDITATION - INDEPENDENT COMMITMENTS TO SUSTAINABILITY

To independently verify our operations and activities, we continue to participate in leading accreditation programmes for the aquaculture industry and continue with our reporting commitments to the Global Salmon Initiative (GSI)



★★★★
First in Australasia to achieve 4-star Best Aquaculture Practices (BAP) certification

OUR SUSTAINABILITY DEVELOPMENTS

We continue to progress our sustainability journey:

- Launched our first Environmental Product Declaration (EPD), the first King Salmon EPD and the first food EPD in Australasia.
- Community consultations and engagement for our Blue Endeavour open ocean project.
- Committed to 100% reusable, recyclable or compostable packaging across our business by 2025 - currently at 55%
- High Climate Change Risks
- Benchmarking for Task Force on Climate-related Financial Disclosures (TCFD)
 1. Quantify our baseline carbon footprint
 2. Apply scenario analysis
 3. Identify opportunities
 4. Set targets
 5. Engage and report

* Task Force on Climate-related Financial Disclosures.



FISH HEALTH & WELFARE

Adverse health outcomes are rarely straightforward. They generally involve a number of factors such as stress, disease, environmental conditions and husbandry acting in combination. Water temperatures have the strongest correlation with mortality, with significant adverse effects for fish when temperatures consistently exceed 18°C. This is a key focus for NZKS

Actions being undertaken

- Avoid the summer
- Immunisation programme to protect stock from known pathogens
- Strong internal fish health team (including specialist Aquatic Vet) and close relationships with external fish health experts
- Optimisation of production plan

CHANGES TO OUR FARMING MODEL



- Avoid farming in warm water sites through the summer months
- Reduced volume
- More reliable consistent production
- Increased certainty on financial outcomes



FUTURE FARMING PLANS IN THE PELORUS

WAIHINAU – fallowed

FORSYTH – fallowed

KOPAUA – fallowed

WAITATA – used for seasonal volume and commercial summer vaccine trials

CRAIL BAY – now being utilised for *Asparagopsis* (seaweed) trial



BUSINESS UPDATE



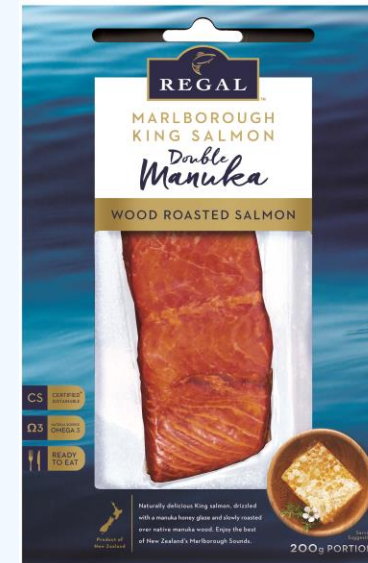
RESILIENT BRANDS

Maintain brand equity; focus on high-value opportunities.

- Connecting with key chef advocates through the Ōra King Global Ambassador Programme and Ōra King Documentary
- Social and digital media to engage with the Regal consumer

Product innovation and accolades:

- ▶ Ōra King Keiji - positive market test for our interpretation of the famed Japanese Keiji, a premium sashimi or plate-size salmon enjoyed for its unique flavour and delicate texture
- ▶ Regal Double Manuka Wood Roasted King Salmon awarded the Top Honour in Specialty Food category with two wins at Sofi awards in North America
- ▶ Omega Plus range extension and packaging refresh



OPERATIONAL UPDATES

- ▶ The First Feeding Facility at our Tentburn freshwater facility is completed and operational.
- ▶ A new incubation room was also completed and commissioned earlier this year as part of the project.
- ▶ Our new 320mT barge called Kai Hāmana for our Clay Point farm will arrive in July/ August.
- ▶ The new net cleaning vessel Ika Mā will be launched later this month arriving NZ July / August
- ▶ New locally built pens installed at our Otago farm



OUTLOOK



OUTLOOK

- Focus on restoring value growth to NZKS
- Manage our fish health and welfare issues
- Positive increase price/kg in FY23 with full year impact in FY24
- Freight and Supply Chain Challenges continue.
- Forecast FY23 harvest volumes of ~5,750MT
- Forecast FY23 Pro forma EBITDA loss of \$8m to \$12
- Forecast FY24 harvest volumes of ~6,500MT
- Capex reduced and consistent with lower volume
- Blue Endeavour is our growth strategy

BLUE ENDEAVOUR UPDATE

- Blue Endeavour hearings ended in April, but further information has been requested by commissioners
- Consent outcome is due in September
- Blue Endeavour remains an important medium-term project to deliver growth to NZ King Salmon
- Blue Endeavour will allow the utilisation of Pelorus licenses as nursery sites and harvest locations
- Work continues on refining the production plan
- Blue Endeavour has the potential to add 10,000MT of harvest volume in conjunction with our nursery sites
- FY27 is the earliest possible Blue Endeavour harvest





ORDINARY BUSINESS AND RESOLUTIONS



RESOLUTION 1

That the Board is authorised to fix the auditor's remuneration for the coming year.

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

RESOLUTION 2

Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Carol Chen be elected as a Director.

The Board unanimously recommends that shareholders vote in favour of Resolution 2.



RESOLUTION 3

Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Victoria Taylor be elected as a Director.

The Board unanimously recommends that shareholders vote in favour of Resolution 3.



RESOLUTION 4

Having retired in accordance with NZX Listing Rule 2.7.1, that Chiong Yong Tiong be elected as a Director.

The Board unanimously recommends that shareholders vote in favour of Resolution 4.



VOTING AND QUESTIONS

APPENDICES AND DISCLAIMER



APPENDIX – FY22 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

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

APPENDIX – FY21 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

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

UNDERSTANDING OUR GAAP RESULTS

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

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

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

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

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

NZ IFRS-16 Leases

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

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

APPENDIX – GLOSSARY OF TERMS

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

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Our results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this presentation include:

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

We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position and returns. They should not however be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

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New Zealand King Salmon

FY22 ANNUAL SHAREHOLDERS MEETING