



Annual Shareholders' Meeting

16 June 2021

NEW ZEALAND KING SALMON – 2021 ANNUAL SHAREHOLDERS' MEETING

The attached presentation will be given at New Zealand King Salmon Investments Limited's Annual Shareholders' Meeting starting at 2:00 pm today, being hosted virtually on the Lumi platform.

- 2021 New Zealand King Salmon Investments Limited Annual Shareholders' Meeting – Chair and Managing Director's Address
- 2021 New Zealand King Salmon Investments Limited Annual Shareholders' Meeting – Presentation

ENDS

Contacts

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About New Zealand King Salmon

New Zealand King Salmon is the world's largest aquaculture producer of the premium King salmon species. We operate under our four key brands: Ōra King, Regal, Southern Ocean, and Omega Plus, as well as the New Zealand King Salmon label. We have been growing and selling salmon to consumers for more than 30 years. Today we employ around 550 people. New Zealand investors make up a significant percentage of the ownership of NZ King Salmon and the communities of Marlborough, Nelson Bays and Tasman are well represented with over 300 of the 3000 shareholders from Top of the South. More information can be found at www.kingsalmon.co.nz

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Address by the Chair: John Ryder

[SLIDE 2: AGENDA]

My name is John Ryder. I'm Chair of New Zealand King Salmon and it's my pleasure to welcome you all to our 2021 annual shareholders' meeting.

Today's meeting is being held online via the Lumi platform. As you may recall from last year, this allows shareholders, proxies and guests to attend the meeting virtually and watch a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and vote on resolutions. I'll provide further details around these processes shortly.

Our order of proceedings is as shown on slide 2. I'll briefly comment on the last seven months, and will then hand over to Grant Rosewarne, our CEO and Managing Director, for his review. We'll then attend to the formal business and resolutions, where we'll cover each resolution in turn and invite questions specific to those items. I'll repeat the process for the discussion and voting on the resolutions at that point in the agenda. We'll conclude with an opportunity for you to raise any matters of a general nature.

I'd now like to introduce my fellow Directors – they are:

- Grant Rosewarne, CEO and Managing Director;
- Catriona Macleod, an Independent Non-Executive Director,
- Po Sing Lai, a Non-Executive Director;
- Jack Porus, a Non-Executive Director;
- Paul Steere, an Independent Non-Executive Director; and
- Chiong Yong Tiong, a Non-Executive Director.

I'd also like to note that members of the New Zealand King Salmon team are in attendance as well as our external auditors, Ernst & Young.

[SLIDE 3: WELCOME]

Welcome to our annual shareholders meeting, we decided to hold this year's meeting online following our successful first virtual meeting last year.

In future years, we hope to host a hybrid meeting due to the broader participation it will afford.

This year's meeting reviews a shorter period as a result of our decision to change our balance date, and also includes details of the business' recovery from the impact of COVID-19.

[SLIDE 4: QUESTION PROCESS]

I'd now like to quickly summarise the process for asking questions.

Questions can be submitted at any time. To ask a question, press on the speech bubble icon. This will open a new screen. At the bottom of that screen there is a section for you to type your question. Once you have finished typing, please hit the arrow symbol to send.

Please note that while you can submit questions from now on, I won't address them until the relevant time in the meeting whilst we are discussing the resolutions and allowing time for shareholders to vote. Please also note that your questions may be moderated or, if we receive multiple questions on one topic, amalgamated together, but we will endeavour to answer all questions. Finally, if we run out of time to answer all your questions, we will answer them in due course via email or posting responses on our website.

[SLIDE 5: VOTING PROCESS]

Voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, I'll shortly open voting for all resolutions.

At that time, if you are eligible to vote at this meeting, a new polling icon will appear. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote simply select one of the options. There's no need to hit a submit or enter button as the vote is automatically recorded.

However, you do have the ability to change your vote, up until the time I declare voting closed.

[Pause]

I now declare voting open on all items of business. The polling icon will soon appear, please submit your votes at any time. I'll give you a warning before I move to close voting.

I'm pleased to confirm that we have a quorum and therefore declare the 2021 Annual Shareholders' Meeting of New Zealand King Salmon Investments Limited open.

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting which was sent to shareholders on the 14th of May.

[SLIDE 6: CHAIR'S OVERVIEW]

As I mentioned earlier, we made the decision last year to change our balance date to 31 January. This now means that the summer period falls in the first quarter of our financial year, resulting in certainty of the summer result and corresponding mortality levels. Accordingly, the 2021 financial period was for 7 months.

The FY21 result was impacted by COVID-19, as was the case for many businesses. This included, amongst other things, provisions made against frozen whole fish inventories and the sale of excess fish at a loss.

Trading in the first half of FY22 (Feb to July 21) has been problematic, with smaller fish size and reduced biomass progressively becoming more apparent (in the Pelorus).

However, fish size is expected to recover by July, with biomass improving by October 2021.

COVID continues to impact our business, and Grant will go into this in further detail in his address.

Despite the challenges presented to us by COVID during FY21, the business did not stop. Thanks to our strong financial position, we were able to weather the storm, and believe that we will be able to grasp the opportunities afforded to us in the current financial year to achieve our future farming vision.

Of course, New Zealand King Salmon would not be the company it is without the hard work and dedication of all of our team members, and I'd like to acknowledge everyone at New Zealand King Salmon for their efforts.

[Pause]

In accordance with the Company's constitution, I have signed the minutes of the 2020 Annual Shareholders' Meeting, and these are available on request.

I'll now invite Grant Rosewarne to address you. At the conclusion of Grant's presentation, we'll move to the formal business of the meeting. While voting is taking place, you'll have further opportunity to ask questions and we'll respond to questions raised during this online meeting.

Address by the Managing Director: Grant Rosewarne

[SLIDE 7: MANAGING DIRECTOR'S REVIEW]

Thank you, John, and good afternoon ladies and gentlemen.

The current slide summarises the areas that I'll cover in my presentation today. These are:

- The highlights for the 2021 financial period;
- An update on sustainability;
- A business update;
- Commentary on the current year; and
- A short summary on our future farming efforts.

[SLIDE 8: FY21 HIGHLIGHTS]

[Cover slide]

[SLIDE 9: FINANCIAL SUMMARY]

Starting with a summary of the 2021 financial period:

- Our revenue of \$95 million for the 7 month period to 31 January 2021 was down 6% on the equivalent 7 months period to 31 January 2020, although our sales volumes were 1% up for the period.

- The decrease in revenue due to COVID-related lost sales and the discrete clearance of excess inventory at lower prices and retail price promotions within New Zealand.
- We generated a Pro Forma Operating EBITDA of \$10.0 million, compared to \$19.6 million in the comparative period. This was due to a number of factors including lower margins and additional COVID-related expenses.
- These factors were partially mitigated by an increase in the valuation of our foreign exchange contracts.
- Our GAAP net loss after tax was \$7.1 million compared to a net profit of \$18.0 million in the 7 months to January 2020. This result was impacted by lost sales, fair value adjustments on our livestock and took account of a compression of margins, especially in offshore markets, due to COVID. This adjustment is required by international accounting standards and requires us to book a proportion of the expected profit for fish still growing in seawater as if they have been sold (which, of course, they have not).

[SLIDE 10: FACTS AND FIGURES]

This slide summarises some of our key figures for the FY21 period.

We continue to have a good geographic spread of sales, with New Zealand and the US providing a strong foundation. Our harvest for the 7 months to January 2021 was 4,880 metric tonnes.

The charts on the right show our pro forma EBITDA and our GAAP Net Profit over the last 5 periods, including the impact of COVID and, in the case of our reported Net Profit, fair value adjustments on our most recent reporting period.

[SLIDE 11: VISION, PURPOSE, MISSION AND VALUES]

This next slide shows our *Vision, Purpose, Mission and Values*, together with their supporting strategies.

We're highly cognisant of these in our day-to-day operations and strive to incorporate them in everything that we do. We believe that if we adhere to these guiding principles, it will not only help us contribute towards *our* goals, but those of the New Zealand Aquaculture industry as well as local and global sustainability objectives.

[SLIDE 12: SUSTAINABILITY]

[Cover slide].

[SLIDE 13: INDEPENDENT COMMITMENTS TO SUSTAINABILITY]

We are committed to using resources responsibly and reducing our impacts wherever possible. This slide summarises the range of organisations who independently verify our sustainable practices across all our operations and activities. These independent verifications are important to our customers as they provide us with the credibility they demand.

The commitments range from local accreditations, to Australasian and, in the case of Monterey Bay Seafood Watch and Ocean Wise, global endorsements. We're proud of our achievements in this area, including being the first in Australasia to achieve four-star Best Aquaculture Practice status with the Global Aquaculture Alliance.

We also continue with our reporting commitments to the Global Salmon Initiative and have an ongoing commitment to align our business practices to our chosen United Nations Sustainable Development Goals.

[SLIDE 14: OUR SUSTAINABILITY DEVELOPMENTS]

Despite the disruption and distraction of COVID-19, we made considerable progress in our sustainability journey. Some of our 'firsts' this year included:

- Completing a gap analysis for future climate reporting;
- Publishing our first modern slavery statement; and
- Launching an internal 'Go Green' fund, allowing our team to easily put forward suggestions, big or small, to help us achieve our sustainability goals.

We also continued to contribute to various community stakeholder groups and the National Environment Plan, and engaged in community consultations whilst taking the lead in our major water space projects.

In addition, we have made progress in our commitment to have 100% reusable, recyclable or compostable packaging across our business by 2025. Currently 47% of packaging is recyclable / reusable and new developments include:

- Our hotsmoke trays using recycled and plant based material;
- A commitment to no longer use PVC material;
- Embossing of polypropylene boards from this month onwards; and
- The use of Australasian Recycling Label logos on our packaging, informing consumers how to treat our packaging.

Operating sustainably is an integral part of our business, and we look forward to continuing our journey over the next 12 months and beyond.

[SLIDE 15: BUSINESS UPDATE]

[Cover slide].

[SLIDE 16: THE IMPACT OF COVID-19]

As John mentioned, COVID continued to impact New Zealand King Salmon throughout 2020 as it did other businesses. As an essential business, we operated throughout all lockdowns and level changes, and we were proud to be presented with a Seafood New Zealand award in recognition of our health and safety initiatives and commitment to the safety of our team members during the pandemic.

However, whilst we benefited from our strategy of diversification in terms of products, geographical markets and distribution channels, our operations and results were impacted in a number of ways. These included provisions made against fish inventories, the need to clear excess inventory at lower prices, increased mortality rates due to increased time at sea as well as other COVID-related expenses such as additional storage and distribution costs.

Supply chain disruptions also provided us with difficulties, with a reduced availability of chilled sea freight containers resulting in a significant increase in freezer requirements. These issues were partly mitigated by the subsidised air cargo scheme put in place by the New Zealand government. However, supply chain disruptions continue to present us with challenges, and we anticipate these will continue for the foreseeable future.

[SLIDE 17: THE LONG TAIL OF COVID-19]

Unfortunately, the ongoing uncertainty and ripple-effects of COVID will continue to impact our operations during this current financial year.

We continue to structure our sales resources to ensure that we are supplying the most appropriate markets at the appropriate time. Whilst foodservice sales are recovering, we continue to focus attention on global retail opportunities in smoked salmon and petfood.

We anticipate that sales of our excess frozen inventory will be complete during the first half of 2021 and that demand will exceed supply towards the end of the calendar year. This will then provide us with the opportunity to increase prices and recover lost margins, although this is likely to be offset by increased freight and distribution costs, in addition to an increase in general overheads.

[SLIDE 18: FISH HEALTH AND WELFARE]

Space constraints and access to cooler waters are the biggest influences on fish health and welfare.

We aim to minimise disease and physical damage within our fish stock, and we continue to follow our two main management plans around biosecurity and fish health.

We also employ an expert team and we're excited to announce the appointment of Zac Waddington, a New Zealand and Canadian licenced Doctor of Veterinary Medicine, to the group. Originally from British Columbia in Canada, Zac is currently New Zealand's only licenced, dedicated clinical aquaculture

veterinarian. He was previously Lead Veterinarian for Fisheries and Oceans, Canada, so brings a wealth of knowledge and experience to the team.

[SLIDE 19: EVOLVING OUR AQUACULTURE MODEL]

Over the last 2 years, we have focused on protecting fish health and increasing survival rates through a variety of practices including upwelling systems, additional net cleaning, fish management, reduced handling of stock and feed management.

These practices continue, but last year we also introduced our Prescient Aquaculture Model, which focuses on having the right sized fish in the optimal locations. To the maximum extent permitted by space, we enter smaller fish into cooler sites and moving them as they grow, to ensure they're in the best sites for each stage of growth and have access to upwelling of colder water when at harvest-size.

Unfortunately, we encountered elevated mortality levels last year due to the delay caused by COVID in harvesting our fish, together with warmer water temperatures. And, as recently advised to the market, we've encountered problems in the Pelorus Sound, resulting in mortality of \$6.8 million for 3 months to April 2021 compared to \$5.8 million for the corresponding period last year as smaller fish and less biomass. However, we believe this is temporary and have taken steps to rectify the matter by using a grading panel and restricting the harvest to build biomass.

Fish size has been restored and we anticipate that biomass should return to a satisfactory position by October this year.

[SLIDE 20: KEEPING OUR BRANDS PROMINENT]

It has been important for us to continue to identify innovative strategies for market penetration, particularly within the retail channel but also to ensure that we remain top of mind with our foodservice customers. As a result, in late 2020 we launched our official Ōra King Ambassador Programme, formalising our relationships with chefs that we work closely with and who are important in telling the Ōra King story. We also undertook consumer research in respect of our Regal brand, a brand that accounts for approximately 20% of our sales.

New product development included our new Regal Maple Smoked Salmon range, which was launched at the end of 2020 to capitalise on consumers' appetite for a new flavour of smoked salmon. The range currently incorporates two cold smoked products and a Double Maple Wood Roasted product, and the launch was supported by a TV ad featuring Al Brown and Reg the seal.

Other new products included a larger Ōra King fish, the June Hog, based on the legend of large 'June Hog' King salmon that are found wild in North American rivers. And we will soon introduce the Ōra King Keiji, a young, delicate salmon, to chefs around the world.

Pleasingly, we were also recognised for our efforts by receiving awards for our Ōra King brand and our Omega Plus TV advert. Notably, Regal has recently won three international awards. The Double Manuka Wood Roasted product was amongst 1500 entrants to be voted new product of the year in the 2021 sofi awards presented by the Speciality Food Association in the US.

[SLIDE 21: DIVERSIFYING OUR BRANDS]

As mentioned earlier, we believe that part of our success this year was due to our geographical, category and channel diversification strategies. Progress in this area included:

- Commencement of the sale of Regal Fresh in a premium US retailer;
- Launch of the Ōra King specialty range in high-end European retailers; and
- The continued development and growth of our e-commerce sales channels. This included the sale at a record price of an Ōra King TYEE salmon on US e-commerce site Goldbelly.com.

Product and channel diversification continues to be a key focus with, for example, the launch of our Omega Plus petfood treats into the US this year.

[SLIDE 22 & 23: ŌRA KING DOCUMENTARY]

I'd now like to introduce a short video on Ōra King with Chef Geoff Scott.

[Video to be played]

[SLIDE 24: CAPITAL EXPENDITURE]

Moving on to capital expenditure.

Given the impact of COVID, we made the decision to prioritise our capital expenditure projects during FY21. Our main expenditure related to the hatchery facilities at our new Tentburn facility together with a resource consent application for our Blue Endeavour project.

We're pleased to note that the incubation and office facilities at Tentburn are now finished, and that completion of the tank room is expected towards the end of this calendar year.

[SLIDE 25: OUTLOOK]

[Cover slide]

[SLIDE 26: OUTLOOK]

Looking ahead, we anticipate harvest volumes of around 7,500 metric tonnes this year. This is slightly lower than previously expected because of unforeseen impacts of the prior production model in the Pelorus. We continue to experience some disruptions in markets and shipping due to the continuing

effects of COVID and, whilst we anticipate an increase in average prices to pre-COVID levels this year, we expect margins to be affected by increased operational costs. As previously mentioned, we anticipate that clearance of excess frozen inventory will be complete mid-year.

We're hopeful of a decision on our Blue Endeavour Open Ocean resource consent application this year, which will be a first for New Zealand, and we remain committed to achieving a successful outcome for the MPI farm relocation initiative this year. I'll provide further details on these projects shortly.

We expect capital expenditure this year to be under \$12 million.

And our dividend policy remains under review.

[SLIDE 27: FUTURE FARMING]

[Cover slide]

Moving on to our future farming initiatives.

[SLIDE 28: NZ AQUACULTURE STRATEGY]

As I noted last year, the Government's Aquaculture Strategy was launched in September 2019, with the intention of growing the revenue of the aquaculture industry to \$3 billion by 2035.

However, COVID changed the landscape for New Zealand's primary sectors and in July 2020 the Ministry for Primary Industries responded by issuing a *Fit for a Better World* plan, explaining how the primary sector could contribute to New Zealand's economic recovery.

This roadmap identified that aquaculture offers huge potential for sustainable growth, and that early action will deliver this growth sooner. This includes improving regulatory settings and investment certainty, investing in critical wharf and hatchery infrastructure and unlocking open ocean aquaculture opportunities. This report noted that, as a result, achievement of the Aquaculture industry's \$3 billion goal could be reached as soon as 2030.

Our future farming initiatives align with this national Strategy.

[SLIDE 29: FUTURE FARMING – BLUE ENDEAVOUR]

We see this current year as one of opportunity.

Blue Endeavour, our open-ocean salmon farm application, is a key strategic initiative at New Zealand King Salmon. Open ocean farming is globally recognised as best practice to achieve better environmental, social and economic outcomes and is a step towards long term industry sustainability. Our application comprises two blocks of pens in the Cook Strait.

This is subject to RMA consent, and we are hopeful of a hearing later this year. Assuming consent is agreed, the first possible harvest would be during 2024. Whilst capital costs for the project are estimated

at around \$30 million for infrastructure and then around \$25 million for associated 'services', we believe it will generate a production volume of circa 4,000 metric tonnes and provide an annual revenue of approximately \$200 million.

[SLIDE 30: LOCATION OF BLUE ENDEAVOUR]

The map illustrates the location of the Blue Endeavour site.

[SLIDE 31: FUTURE FARMING – FARM RELOCATION]

Our second initiative is what we have named our Farm Relocation process, a proposal with participating Marlborough iwi aquaculture organisations to move our low flow farms to high flow sites for improved environmental, social, fish health and economic outcomes. This project has been in progress for over five years, and we remain committed to a successful outcome.

[Pause]

And that concludes my presentation.

We'll answer questions following the resolutions but, in the meantime, I'll pass back to John to cover the formal part of today's meeting.

Address by the Chair: John Ryder

[SLIDE 32: ORDINARY BUSINESS AND RESOLUTIONS]

[Cover slide]

Thank you, Grant.

We'll now move to the business of the meeting and the procedure for this part of the meeting. We have two ordinary resolutions to be considered at this meeting, which are required to be passed by a simple majority of votes.

The resolutions that we'll be voting on today are as follows:

- Resolution 1: Authorisation for the Directors to fix the auditor's remuneration for the coming year.
- Resolution 2: Election of myself, John Ryder, as a Director.

Current best practice for Shareholder voting is by way of poll. Accordingly, in my capacity as Chair, I require that a poll be held for each of the resolutions.

Shareholders who are entitled to vote and proxies who have discretion as to how they vote will have received a Voting / Proxy Form when they registered. If you completed a postal or online vote prior to the meeting, you do not need to complete another Voting / Proxy form.

Otherwise, voting will take place electronically so I will invite you to vote at any time now.

I and my co-directors hold the following undirected proxies:

- With respect to Resolution 1, authorisation for the Directors to fix the auditor's remuneration for the coming year: 81,225 shares.
- With respect to Resolution 2, election of myself, John Ryder, as an Independent Non-Executive Director: 57,155 shares.

Your Board supports these resolutions and we intend to vote all of these shares in favour of these resolutions.

As I mentioned earlier, you may ask questions through the Lumi platform at any time, and we will address questions specific to each resolution at the appropriate time.

[SLIDE 33: RESOLUTION 1]

I'll now move onto each of the resolutions.

Resolution 1 relates to the remuneration of auditors. The proposed ordinary resolution is to authorise the Directors to fix the auditor's remuneration for the coming year. In accordance with the Companies Act, Ernst & Young have been automatically reappointed as the company's auditors. As is usual with audit fees, due to the complexity and changing nature of the company's affairs, it is not possible to fix the remuneration at the beginning of the year.

I now move, as an ordinary resolution, that the Board is authorised to fix the auditor's remuneration for the coming year.

Are there any questions on this resolution?

[Q&A discussion on resolution 1, if any]

Thank you. We'll now move to the second and final resolution, which I'll ask Grant to introduce.

Address by the Managing Director: Grant Rosewarne

[SLIDE 34: RESOLUTION 2]

Thanks John.

Resolution 2 relates to the election of John Ryder.

NZX Listing Rules state that Directors must not hold office (without re-election) past the third annual meeting following the Director's appointment, or 3 years, whichever is longer. John Ryder was re-elected to the Board on 6 November 2018 and, accordingly, is now required to retire at this meeting.

John was first appointed to the Board in 2009 and a brief biography for him was included in the Notice of Meeting.

Being eligible, John Ryder offers himself for re-election.

After considering the factors outlined in the NZX Corporate Governance Code that may impact director independence, the Board considers that John Ryder will be an Independent Non-Executive Director.

The Board recommends John Ryder to you as an Independent Non-Executive Director and unanimously supports his election.

I now invite John to briefly address the meeting on his proposed election.

[Address from John]

Thank you, John.

I now move, as an ordinary resolution, that having retired by rotation, John Ryder be re-elected as an Independent Non-Executive Director.

Are there any questions on this resolution?

[Q&A discussion on resolution 2, if any]

Thank you. I'll now pass you back to John.

Address by the Chair: John Ryder

Thank you, [Grant].

[SLIDE 35: VOTING AND QUESTIONS]

[Cover slide]

We will now move to general questions and to complete the voting.

[SLIDE 36: VOTING AND QUESTIONS]

If you have not already voted, please do so now following the instructions on the screen.

Whilst I allow time for you to complete voting, I'll respond to questions that have been raised by shareholders.

[Q&A if any]

[After the Q&A process]

Ladies and gentlemen that concludes our discussion on the items of business, and questions from shareholders.

In a couple of minutes, I'll close the voting system. Please ensure that you have cast your vote on all resolutions. I'll now pause to allow you time to finalise your votes.

[Wait for 90 seconds]

Voting is now closed.

Now that all votes have been cast, they will be counted by the Company's share registrar, Computershare, and scrutinised by the Company's auditor. The results of today's meeting will be shown on screen shortly as a draft, and then released to NZX on the completion of verification of voting.

[John to pause and Lumi to show voting results on screen]

[SLIDE 37: FINAL]

I'd like to finish by thanking my fellow Directors, the New Zealand King Salmon Leadership Team and the wider team for their continued contribution. This has been another challenging period, and we are grateful for the personal commitment of each and every one of our team.

Ladies and gentlemen, that brings us to the end of formal business for New Zealand King Salmon's 2021 Annual Shareholders' Meeting. Thank you for taking the time to participate today. I now declare the meeting closed.

[ENDS]