



1 February 2022

## **New Zealand King Salmon – Trading Update**

The Board of New Zealand King Salmon advise that we are currently experiencing higher than expected sea farm mortality. Particularly warm seawater temperatures, most notably in the Pelorus Sound, are contributing to elevated mortality. The situation continues to unfold, and we are deploying best practice measures to counter the heat of summer and other contributing stressors. This outcome is particularly disappointing for our dedicated teams who closely monitor and care for our fish because our improved farming model was showing good results.

Climate change and warming sea temperatures have been identified as key Environmental, Social and Governance risks for the business and NZKS has put measures in place to mitigate these risks, including the adjustments to our farming model, and our application for our Blue Endeavour open ocean farm this year has proven to be particularly challenging.

It is not uncommon to see an increase in mortality over summer particularly on our westerly Pelorus farms and this is one of the main reasons we have applied for Blue Endeavour in the cooler, deeper and faster current conditions of the Cook Strait. The resource consent hearing was completed in December and a decision is expected in the next few months.

This unforeseen increase in mortalities will seriously impact our FY22 full year result and FY23 because our harvest will be reduced. To minimise this impact, we are evaluating options to accelerate our existing harvest schedule starting this week. Our most recent earnings guidance was proforma EBITDA of \$10.5m to \$12.5m. Although we are still working to quantify the impacts of the increase in mortalities, our latest estimate is a reduction in our FY22 EBITDA by \$4.0 - \$5.0m to a revised range of \$6.5 – \$7.5m (previously \$10.5m – \$12.5m).

ENDS

Contacts

Grant Rosewarne, Managing Director and CEO  
Ben Rodgers, CFO, New Zealand King Salmon