



Annual Shareholders' Meeting

3 November 2020

NEW ZEALAND KING SALMON – 2020 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.

- 2020 New Zealand King Salmon Investments Limited Annual Shareholders' Meeting – Chair and Managing Director's Address
- 2020 New Zealand King Salmon Investments Limited Annual Shareholders' Meeting – Presentation

ENDS

Contacts

Grant Rosewarne, Managing Director and CEO, New Zealand King Salmon Investments Ltd

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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 nearly 400 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 Chairman of New Zealand King Salmon and it's my pleasure to welcome you all to our 2020 annual shareholders' meeting.

Today's meeting is being held online via the Lumi platform. This allows Shareholders, Proxies and Guests to attend the meeting virtually. All attendees can watch a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and submit votes online during this meeting.

We decided to have this year's meeting online in order to provide certainty around planning for the meeting (this was at a time when Auckland was in Level 3 lockdown), but also to enable as many shareholders as possible to participate. Many of us have become accustomed to online discussions and meetings this year! We do also hope to provide an opportunity for investors to visit one of our sites in the first half of 2021.

[SLIDE 3: 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 will address them later 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 after the meeting via email or posting responses on our website.

[SLIDE 4: VOTING]

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 will 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 is no need to hit a submit or enter button as the vote is automatically recorded.

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

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

I am pleased to confirm that we have a quorum and therefore declare the 2020 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 2nd of October.

The order of proceedings today is that I will briefly comment on the highlights of the last 12 months followed by an address by Grant Rosewarne, our CEO and Managing Director. We will then attend to the resolutions. While voting is taking place there will be an opportunity for you to ask questions. We will conclude with an opportunity for you to raise any matters of a general nature.

In terms of the formal business, we will cover each resolution in turn and invite questions specific to those items. It will then be time to vote on the resolutions. I will outline the process for the discussion and voting on the resolutions at that point in the agenda.

I would like to introduce my fellow Directors – they are:

- Grant Rosewarne, CEO and Managing Director;
- Tomakin Lai, a Non-Executive Director;
- Catriona Macleod, an Independent 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 would also like to note that members of New Zealand King Salmon's management and staff are in attendance as well as our external auditors, Ernst & Young.

[SLIDE 5: CHAIRMAN'S REVIEW]

During the FY20 financial year recently completed the company delivered a strong result considering the huge impact Covid-19 had on businesses in New Zealand and around the world.

For New Zealand King Salmon, having manoeuvred through the initial crisis, we are optimistic there is light at the end of the tunnel due to our diversified portfolio of products, brands and geographies.

Farming in optimal water space and mitigating the risk of climate change still remain our greatest challenges to achieving our vision of being the world's most premium salmon company. We have made very positive progress this year both in improving our existing production model and also in developing open ocean aquaculture with our Blue Endeavour application to farm 7kms north of Cape Lambert in the Cook Strait. As we draw closer to a hearing date, extensive work has gone into preparing the modelling and reports required to reassure the wide range of stakeholders involved.

I would like to acknowledge the efforts of the whole team at New Zealand King Salmon in continuing to deliver strong results for the company - there have been unprecedented challenges this year but the team has dealt with them capably and with enthusiasm.

In accordance with the Company's constitution I have signed the minutes of the 2019 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 will move to the formal business of the meeting. While voting is taking place you will have further opportunity to ask questions and we will respond to questions raised during this online meeting.

Address by the Managing Director: Grant Rosewarne

[SLIDE 6: MANAGING DIRECTOR'S REVIEW]

Thank you John. Good afternoon ladies & gentlemen – I am going to take you through:

- The highlights for the last financial year, FY20, and also update you on our efforts around
- Sustainability
- Our business update
- Outlook for the coming year; and
- The future of salmon farming in New Zealand.

[SLIDE 8: FINANCIAL HIGHLIGHTS]

The Financial highlights for FY20 include:

- Revenue of \$155 million was down 10% on FY19 although we estimate that without COVID-19 we could have achieved \$200 million of revenue for the first time.
- Achievement of strong pricing with average selling price of \$24.54/kg, up 7% on FY19.
- Solid Pro Forma Operating EBITDA of \$25.1m, in line with FY19 and within the FY20 earnings guidance range of \$25.0m – 28.5m.
- We were a recipient of the COVID-19 wage subsidy and this helped New Zealand King Salmon to preserve all jobs.
- GAAP net profit after tax of 18 million was up 59% on FY19 due to an increase in biomass and average fish size, as well as a slower harvest due to COVID-19. In common with other biological businesses, the international accounting standards require 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 9: FACTS AND FIGURES]

In this slide you can see our harvest for the FY20 year was 7,336 tonnes. We have a good geographic spread, operating in about 20 countries but New Zealand and the USA are centrally important. The two charts on the right show our pro forma and GAAP EBITDA development, the latter, as I explained, being affected by the requirement to reflect some of the expected profit from our unsold fish still growing in our seafarms.

[SLIDE 10: FACTS AND FIGURES (continued)]

New Zealand King Salmon has three hatcheries in the South Island , 9 seafarms in the Marlborough Sounds and three factories in Nelson:

1. a primary production / value added fresh plant
2. a cold smoking plant
3. and, a hot smoking facility

We are well represented with local top of the south shareholders, our lost time injury frequency rate decreased significantly on the prior year to 13.7, we had 560 near miss accidents reported, and we consider a high number to be a good thing, because it helps prevent actual accidents.

We collected 239kg of waste in beach clean-ups (and none of this was of our own making).

We remain rated green (“best choice”) by Monterey Bay Aquarium’s Seafood Watch programme, one of the few in the world to be so, and, we have committed to ensuring 100% reusable, recyclable or compostable packaging by 2025.

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

Now turning our attention to our *Vision, Purpose, Mission and Values* - NZKS' Vision is to be the top of the South's most valued organization and the world's most inspirational salmon company!

Our purpose is about *Creating the Ultimate Salmon Experience*, and our team is passionate about delivering this every day!

Our *Mission* is that all stakeholders who come in contact with New Zealand King Salmon should be better off as a result!

Our *Values* are to maximize value for all stakeholders, New Zealand King Salmon should be Better Every Day (that's about continuous improvement), we should act with *Integrity*, we are a teamwork and team-based culture producing *High-quality* products with a high level of *Innovation*.

Strategies

We have eight strategies to help us achieve our *Vision, Purpose and Mission* and they are:

1. *Health, Safety and Food Safety* is our number one job
2. We are laser focused in Aquaculture *Only Farming One Species*: that being King Salmon
3. Want to *Dominate the Premium Salmon Market Niches Around the World*
4. We should be *100% Branded*
5. We want our people to be highly *Engaged* with their job and their company
6. NZKS to be a vital part of the *Communities* in which we operate (Top of the South)
7. Operate *Sustainably*
8. We are *Cost Efficient*

[SLIDE 13: OUR COMMUNITY]

As part of our Community and Sustainability strategies, we have a range of initiatives that we support across the Top of the South Island of New Zealand. Everything from supporting the local Marlborough Girls College with laptops, through to supporting youth sport, conservation projects such monitoring and research into the King Shag, the rebuild of the Queen Charlotte Yacht Club, sponsorship of the Kaipupu Wildlife Sanctuary and support for the Picton Maritime Festival etc.

[SLIDE 14: ACCREDITATIONS / ENDORSEMENTS]

New Zealand King Salmon has a high level of accreditations, certifications and endorsements. I mentioned Monterey Bay earlier, which runs the Seafood Watch programme, which is probably the most widely recognised of all our certifications. We have also achieved four-star Best Aquaculture Practice status with the Global Aquaculture Alliance as well as a number of other programs.

[SLIDE 15: ADDRESSING CLIMATE]

New Zealand King Salmon is acutely affected by climate change, most notably in the Pelorus Sound. Therefore, we tend to be at the forefront of things such as life cycle analysis and we have recently undertaken a life cycle analysis study and found that many of our emissions are post our farm gate. A 60/40 split, with the important drivers being airfreight and feed composition. This will guide our improvement efforts.

Salmon are amongst the lowest emissions for animal protein production due to being cold blooded and not having to support themselves against gravity.

[SLIDE 16: FISH HEALTH AND WELFARE]

To give a fish the best chance to reach their potential, New Zealand King Salmon follows two key management plans – a biosecurity management plan and our fish health management plan for control of pest and disease and to allow a rapid response.

[SLIDE 17: CONSENTING - VIDEO]

We have had some Resource Consent issues with the Marlborough District Council recently. This has mainly arisen because:

1. A bacteria mat was reported at two sites. Our science provider Cawthron has repeatedly explained that is not a good indicator of benthic health.
2. Forsyth Bay was deemed significantly non-compliant and once we knew the result we took immediate remedial action. Further testing has been done and we believe all our farms are now compliant.

The evidence of this is in this video - look at the health condition of our Te Pangu seafloor – one of the farms that was deemed not compliant. The floor is covered in Brittle Stars and there is even a seahorse, one of the most delicate animals in the Sound, swimming under the farm. Working with council and Cawthron we are making an application to change some consent conditions to simplify the consent process and ensure we are compliant in the future. I would like to emphasise we take our environmental responsibilities very seriously.

[SLIDE 19: SENIOR LEADERSHIP TEAM]

We are delighted to have appointed a General Manager of Aquaculture who really has developed through our business as well as spending time elsewhere and returning to NZKS. Mr. Grant Lovell has 20 years plus experience farming our species and we hope to soon appoint a new General Manager of Processing.

[SLIDE 20: AQUACULTURE MODEL EVOLVING]

Grant Lovell is continuing to evolve our aquaculture model utilising upwelling, improving net cleaning cycles, reducing handling of stock and mitigating the exposure of large fish to high summer water temperatures. We believe these initiatives give our fish the best chance of surviving summer conditions. By the way, survival rates in the wild are around 2% to 3%. In our farming situation we often achieve about 80% and we hope to lift this closer to 95% over time.

[SLIDE 21: COVID-19 OUR RESPONSE]

We are particularly pleased with the way that our team responded to the COVID-19 situation. We were identified as an essential business, being a food supplier and a farmer. Our strong brands and diversified markets have really assisted us as has our solid balance sheet. During the initial weeks of COVID-19 we certainly saw a rapid decline in sales, decreasing by about 60% during the worst week. We've now climbed up to being about 15% less than we would have currently hoped to be without COVID-19. Our production team has shown amazing resilience and our sales team excellent teamwork, together with many customers showing fantastic dynamism in pivoting business towards new opportunities

[SLIDE 22: THE IMPACT OF COVID-19]

The following chart shows our monthly results and in light blue shows the impact on sales compared to our forecast. We were tracking well prior to COVID-19; since then our North American and Australian markets have been particularly strong with Asia and New Zealand taking a little longer to recover - the latter being affected by the second Auckland lock down.

[SLIDE 23: STRONG BRANDS AND PARTNERSHIPS]

The strength of our brands has certainly helped us, and resilience in the face of COVID-19 as I mentioned, we continue to enjoy support from chefs around the world – for example here chef Massimo Bottura who has won awards for some of the leading restaurants in the world. He had some conversations with our Prime Minister on social media about NZ produce. We have switched some of our sales to online and we did this with a number of partners – Wulf's Fish being an example.

[SLIDE 24: ŌRA KING]

Our Ōra King brand is positioned on being a unique breed for culinary excellence. We have grown our Instagram following by an impressive 30% this year. During the COVID-19 crisis we donated salmon to out-of-work food-service workers and also to healthcare workers and others in need. In the USA due to extensive restaurant closures we pivoted our business towards take away and home delivery, and through fresh fishmongers. In fact, our US business has now recovered to a similar level to pre-COVID-19 albeit with a different composition.

[SLIDE 25: DIVERSIFICATION BUILDS RESILIENCE]

One of our strategies is to build resilience through market diversification and our Omega Plus brand is growing quickly in China and to lesser extent, New Zealand. We will soon launch into the USA.

Atlantic salmon is now becoming established under our Regal Epicurean brand.

We estimate in the year coming, the revenue from sources other than King Salmon will be in the range of 5%.

[SLIDE 26: CAPITAL EXPENDITURE – KEY PROJECTS FY20]

We have curtailed our capital expenditure by about half as a result of the COVID-19 crisis, however we have completed some major initiatives being a new barge (the Thomas Song) moored at our Waitata Farm and we are most of the way through completing a Tentburn Hatchery incubation and first feeding facility.

[SLIDE 28: OUTLOOK]

Looking ahead, a number of aspects of our business are tracking along as previously advised. We expect our harvest for FY21 and FY22 to be around 8,500 tonnes, and we intend to use frozen carryover stock to bolster our FY22 result using Smoked products to provide sales and value growth. We expect capital expenditure in FY21 to be around \$10m, largely in line with depreciation, and as previously advised we will review the payment of dividends next year.

COVID-19 is still likely to provide further uncertainty and challenges, however we are positively surprised by the recovery of our core premium priced, branded products which are now selling at around pre COVID-19 levels.

In slowing our harvest and with the lost sales during lockdown, we have much higher levels of frozen inventory and fish in the water. Sale of surplus product is taking longer to initiate than we'd hoped but we can afford to be patient in this regard, as we have the funding facilities in place to cover this.

We are very pleased with the start to this financial year, however due to COVID-19 and the usual uncertainty around the upcoming summer we are not in a position to provide profit guidance other than to repeat our earlier view that we think it may be challenging for this year's pro forma EBITDA to exceed FY20 – we have additional storage and air freight costs as a result of COVID-19. In FY22 and beyond, we remain very positive about our prospects – our King Salmon species remains scarce and aspirational, and our branding initiatives continue to be effective in the current environment.

Finally, regarding waterspace, we remain hopeful of progress on both the Blue Endeavour open ocean resource consent, as well as the relocation process which currently sits with the Minister for Primary Industries.

[SLIDE 29: BALANCE DATE CHANGE]

Those of you who follow our results announcements would have noted that summer is a challenging time for fish performance and survival, particularly on our lower flow inshore sea farm sites.

To provide greater certainty of earnings, our Board has resolved to change our balance date to 31 January, so that the peak summer fish performance period is at the start of each new financial year, with guidance then able to be more easily provided once that period is completed.

We will make this change this coming January 2021, with our half year results to 31 December 2020 being followed by full period results for the 7 months to 31 January 2021.

[SLIDE 31: FUTURE FARMING - RELOCATION]

For 5 years we have had an initiative, the so-called Farm Relocation, to move our low flow farms to high flow sites for improved environmental, social, fish health and economic outcomes. Based on the disappointing outcome of the 2017 hearing, we would not achieve any material increase in production capacity, however, it could result in a modest fish performance improvement.

A revised proposal from Iwi and NZKS was provided to MPI in June 2019, including the development of the proposed site at Mid-Waitata. Any potential production benefit from the Relocation would be achieved in FY24 or beyond due to the protracted approval process and production cycles.

[SLIDE 32: FUTURE FARMING]

Many of you would have heard of our Blue Endeavour application which is New Zealand's first open-ocean salmon farm application. This application is completely in line with the Government's Aquaculture Strategy launched in September 2019 intended to grow the revenue of Aquaculture from \$620m to \$3b by 2035. Blue Endeavour is by far our most strategic and important initiative at New Zealand King Salmon.

[SLIDE 33: WHAT ARE WE DOING]

You can see in this slide Blue Endeavour is in the open waters of Cook Strait. Compared to our sheltered farms it has a long fetch to the North but is protected from the south, west and east. Water space initiatives remain key to our volume, fish health and survival rates and increasing our sales unit value through further differentiation.

[SLIDE 34: FUTURE FARMING – OPEN OCEAN]

We are hopeful of a decision for our Blue Endeavour open ocean resource consent application within FY21. Blue Endeavour is in two phases, each capable of producing 5,000 tonnes per annum. The earliest possible open ocean harvest would be the fourth quarter of the 2023 calendar year. As previously

advised, the capital cost for infrastructure at Blue Endeavour would be about \$35 million with a similar amount required for working capital.

Address by the Chair: John Ryder

[SLIDE 35: ORDINARY AND SPECIAL RESOLUTIONS]

Thank you Grant.

We will now move to the business of the meeting and the procedure for this part of the meeting. We have a number of ordinary resolutions to be considered at this meeting. The resolutions are required to be passed by a simple majority of votes.

The resolutions that we will 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 Catriona Macleod as a Director.
- Resolution 3: Re-election of Jack Porus as a Director.
- Resolution 4: Re-election of Paul Steere 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 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.

Voting will take place electronically so I will invite you to vote at any time now.

I and my co-directors hold undirected proxies:

- With respect to Resolution 1, authorisation for the Directors to fix the auditor's remuneration for the coming year: 170,877 shares.
- With respect to Resolution 2, election of Catriona Macleod as Director: 160,627 shares.
- With respect to Resolution 3, election of Jack Porus as Director: 160,627 shares.
- With respect to Resolution 4, re-election of Paul Steere as Director: 160,627 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 at any time, and we will address questions specific to each resolution at the time.

[SLIDE 36: RESOLUTION 1]

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.

I now invite questions on the resolution.

[Discussion]

There appears to be no [further] discussion.

We will now move to the next resolution.

[SLIDE 37: RESOLUTION 2]

Resolution 2 relates to the election of Directors, as required by the company's constitution and NZX Listing Rules. Directors appointed by the Board since the last Annual Shareholders' Meeting and are therefore required to stand for election at this meeting.

Resolution 2 relates to the election of Catriona Macleod.

The Board recommends Catriona Macleod to you as a Director and unanimously supports her election.

I now invite Catriona to briefly address the meeting on her proposed election.

[Address from Catriona]

Thank you Catriona.

I now move, as an ordinary resolution, that having been appointed during the year by the Board and holding office only until the Annual Meeting, Catriona Macleod be elected as a director. Are there any questions on this resolution?

[Discussion]

There appears to be no [further] discussion.

We will now move to the next resolution

[SLIDE 38: RESOLUTION 3]

Two directors are required to retire at this meeting. The Directors to retire are those who have been longest in office since their last election, being Jack Porus and Paul Steere.

Resolution 3 relates to the re-election of Jack Porus as a director.

The Board recommends Jack Porus to you as a Director and unanimously supports his re-election.

I now invite Jack to briefly address the meeting on his proposed re-election.

[Address from Jack Porus]

Thank you Jack.

I now move, as an ordinary resolution, that having retired in accordance with NZX Listing Rule 2.7.1, Jack Porus be re-elected as a director. Are there any questions on this resolution?

[Discussion]

There appears to be no [further] discussion.

I will move now to the final resolution.

[SLIDE 39: RESOLUTION 4]

Resolution 4 relates to the re-election of Paul Steere as a director.

The Board recommends Paul Steere to you as a Director and unanimously supports his re-election.

I now invite Paul to briefly address the meeting on his proposed re-election.

[Address from Paul Steere]

Thank you Paul.

I now move, as an ordinary resolution, that having retired in accordance with NZX Listing Rule 2.7.1, Paul Steere be re-elected as a director. Are there any questions on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 40: VOTING AND QUESTIONS]

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

If you have not already voted, please do so now. Whilst I allow time for you to complete voting, I will respond to questions that have been raised by shareholders.

[Response to questions raised by shareholders. When no further questions, John to continue:]

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

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

[Lumi to show voting results on screen]

Questions

I will now ask for any final questions from shareholders. *[questions]*

Are there any items of general business to be discussed?

There appears to be no further business for discussion.

[SLIDE 43: FINAL]

I would like to close by taking this opportunity to thank my fellow Directors, the Senior Leadership Team and the whole New Zealand King Salmon team for their continued contribution to your company, and in working through what has been a very challenging year globally.

Ladies and gentlemen, that brings us to the end of formal business for New Zealand King Salmon's 2020 Annual Shareholders' Meeting. Thank you for taking the time to participate today.

[ENDS]