



Market Announcement

September 30, 2021

NZK - NEW ZEALAND KING SALMON ANNOUNCES 1H22 RESULT

New Zealand King Salmon Investments Ltd (NZX & ASX: NZK) reports its financial performance for the six months period ended 31 July 2021 (1H22). Key points include:

- Small fish size and compensating restrictions on harvest have negatively impacted our result
- The effects of Covid-19 disruptions have been largely overcome with the exception of freight availability and cost
- Revenue of \$80.1m, up from \$67.0m in 1H21, reflecting clearance of excess inventory and sales recovery (\$4.2m clearance).
- Sales volume of 3,629 tonnes compared with 2,745 tonnes in 1H21 (470t clearance).
- Statutory NPAT of (\$5.6m), compares with (\$5.6m) in 1H21.
- Pro Forma Operating EBITDA of \$3.3m, compared with \$7.1m in 1H21.
- The main differences between Statutory and Proforma EBITDA profit measurement being (\$13.5) FX close-out profits, \$8.1m inventory fair value adjustment, and \$0.98m FRS16 leases.

Chairman John Ryder said: “Unfortunately it’s been a challenging six months, but we have now initiated our Prescient Aquaculture Model, built on decades of farming King salmon and the experience of our own in-house team. Since the beginning of our new financial year, we have returned to demand exceeding supply”.

“Our premium brands continue to show great strength in building customer relationships and supporting margin growth, focusing on diversification across categories and markets to build resilience.”

New Zealand King Salmon CEO Grant Rosewarne acknowledged it had been a tough period. “During the first four months we made losses, more than fully offset by closing out excess foreign exchange contracts. In June we were back to break even, followed by incremental gains in July of \$1.3m (proforma EBITDA), continuing into 2H, with August at \$1.6m.

“We are forecasting harvest volumes in the second half of 2022 of over 4,000 tonnes delivering the usual premium prices. We have consistently maintained prices for the core branded portfolio, even through the Covid pandemic. Excess unbranded stock, mainly whole frozen fish, continues to be sold to international customers outside of established branded channels.

“During Covid FY21 we refocused on NZ retail (with heavy price promotions) and developed additional fresh speciality and e-commerce business in the US, which helped get us through FY21.

Now, in FY22, we have seen the return of the US foodservice sector whilst retaining the incremental fresh business to deliver improving returns.

“Continuing our innovation program for Ōra King, we launched a limited edition of our new Ōra King Keiji product, which is our interpretation of the famed Japanese Keiji, a premium sashimi or plate-size salmon enjoyed for its unique flavour and delicate texture.

“We also premiered the Ōra King Documentary to offer chefs around the world a virtual experience of our brand, despite the closure of our borders. The documentary <https://orakingsalmon.co.nz/documentary/> deepens the story of Ōra King with material filmed across our egg to plate operation.

“Internationally, we have continued to drive demand for our Regal smoked salmon products, and secured three international accolades for our Regal range, including Best New Product across all categories at the 2021 sofi awards with the Speciality Food Association of North America.

“Furthermore, our Omega Plus pet food range continues to show rapid growth with the launch into Animates stores around New Zealand. Annualised revenue is currently running at about \$4m pa” Mr Rosewarne added.

“Our aquaculture team continues to investigate and implement solutions for improved fish health outcomes at our sea farm sites. This work is underpinned by our new production model, our own fish health vet, Dr Zac Waddington, and independent science providers.

“In terms of future growth, a hearing has been set in Blenheim, the week beginning October 18 for our open ocean Blue Endeavour application, 7kms north of Cape Lambert in the Cook Strait. This project has multiple benefits - an improved environmental outcome, increase in scale, reduction in operating costs, improvements in fish health and a lift in unit values. If successful, we would expect a harvest in 2024.”

The application is aligned with the Government’s Aquaculture Strategy which was launched in late 2019 with the objective of the industry achieving \$3 billion revenue by 2030.

“It’s undoubtedly an exciting time for the industry as the future for salmon farming is in the open ocean. We will need the continued support from all levels of Government and the community to achieve this. We firmly believe that Aquaculture could become New Zealand’s most valuable industry and its greenest primary sector” Mr Rosewarne added.

New Zealand King Salmon will update market guidance over the coming months. The company has not paid a dividend since the Covid pandemic started and this will remain under review.

Ends

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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 500 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 around 400 of the 2,900 shareholders from Top of the South.

More information can be found at www.kingsalmon.co.nz

**NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND
SUBSIDIARIES**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 JULY 2021**

1H22

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NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

CORPORATE DIRECTORY

BOARD OF DIRECTORS

John William Dudley Ryder
Independent Non-Executive Chairman
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)

Nominations 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

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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 JULY 2021

		UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
	Note		
Revenue from contracts with customers	5	80,095	67,016
Cost of goods sold including fair value uplift at point of harvest		(86,621)	(68,507)
Fair value gain on biological transformation	8	30,692	16,418
Freight costs to market		(11,286)	(7,373)
Gross profit		12,880	7,554
Other income		327	3,812
Sales, marketing and advertising expenses		(6,480)	(5,792)
Distribution overheads		(2,800)	(2,130)
Corporate expenses		(4,939)	(5,072)
Other expenses		(102)	(33)
Earnings before interest, tax, depreciation and amortisation		(1,114)	(1,661)
Depreciation and amortisation expense		(5,170)	(5,062)
Finance income		16	2
Finance expenses		(1,186)	(995)
(Loss) / Profit before tax		(7,454)	(7,716)
Income tax credit / (expense)		1,858	2,091
(Loss) / Profit after tax		(5,596)	(5,625)
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(82)	(33)
Movement on cash flow hedges		(3,601)	17,754
Income tax effect of movement on cash flow hedges		1,008	(4,971)
		-	
Net other comprehensive income/ (loss)		(2,675)	12,750
Total comprehensive income / (loss)		(8,271)	7,125

		UNAUDITED 31 July 2021	UNAUDITED 31 July 2020
Earnings per share			
Basic earnings per share	6	\$ (0.04)	\$ (0.04)
Diluted earnings per share	6	\$ (0.04)	\$ (0.04)

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2021

		UNAUDITED 31 July 2021 \$000	AUDITED 31 January 2021 \$000
ASSETS			
Current assets			
Cash and cash equivalents		2,927	3,479
Trade and other receivables		15,559	16,186
Inventories	7	43,363	42,489
Biological assets	8	79,288	69,588
Derivative financial assets	11	2,969	5,413
Total current assets		144,106	137,155
Non-current assets			
Property, plant and equipment		63,072	60,716
Biological assets	8	14,265	18,600
Derivative financial assets	11	1,649	16,354
Intangible assets		9,532	9,126
Right-of-use assets	9	6,333	6,810
Goodwill		39,255	39,255
Total non-current assets		134,106	150,861
TOTAL ASSETS		278,212	288,016
LIABILITIES			
Current liabilities			
Trade and other payables		25,620	18,597
Employee benefits		3,253	2,857
Borrowings	10	1,508	3,024
Lease liabilities		1,643	1,580
Other financial liabilities	14	233	233
Derivative financial liabilities	11	1,361	1,646
Taxation payable		941	5,074
Total current liabilities		34,559	33,011
Non-current liabilities			
Employee benefits		650	696
Borrowings	10	39,250	39,250
Lease liabilities		4,848	5,389
Deferred tax liabilities		14,130	16,923
Derivative financial liabilities	11	438	204
Total non-current liabilities		59,316	62,462
TOTAL LIABILITIES		93,875	95,473
NET ASSETS		184,337	192,543
EQUITY			
Share capital	13	122,606	122,606
Reserves		15,676	18,286
Retained earnings		46,055	51,651
TOTAL EQUITY		184,337	192,543

Net tangible assets per share

Net tangible assets per share \$ 0.98 \$ 1.04

The above interim 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 29 September 2021

Director

29 September 2021

Director

29 September 2021

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 JULY 2021

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Share Based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
UNAUDITED						
Balance as at 1 February 2021	122,606	(1,162)	18,474	974	51,651	192,543
Profit / (loss) for the period	-	-	-	-	(5,596)	(5,596)
Other comprehensive income/(loss)	-	(82)	(2,593)	-	-	(2,675)
Total comprehensive income/(loss) for the period	-	(82)	(2,593)	-	(5,596)	(8,271)
Share based payment expense	-	-	-	65	-	65
Balance as at 31 July 2021	122,606	(1,244)	15,881	1,039	46,055	184,337
UNAUDITED						
Balance as at 1 February 2020	122,606	(564)	(3,487)	775	65,798	185,128
Profit / (loss) for the period	-	-	-	-	(5,625)	(5,625)
Other comprehensive income/(loss)	-	(33)	12,783	-	-	12,750
Total comprehensive income/(loss) for the period	-	(33)	12,783	-	(5,625)	7,125
Dividends paid - ordinary	-	-	-	-	(2,602)	(2,602)
Share based payment expense	-	-	-	102	-	102
Balance as at 31 July 2020	122,606	(597)	9,296	877	57,571	189,753

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 JULY 2021

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Operating activities		
Receipts from customers	80,385	72,141
Payments to suppliers	(59,303)	(49,944)
Payments to employees	(21,087)	(21,123)
Interest received	16	2
Interest paid	(760)	(658)
Insurance and settlement income	-	3
Government grants received	285	3,869
Proceeds from foreign currency forward contracts closed early	13,495	-
Income tax paid	(4,058)	320
Net cash flows (used in) / from operating activities	8,973	4,610
Investing activities		
Proceeds from sale of property, plant and equipment	8	9
Purchase of property, plant and equipment	(6,440)	(7,253)
Purchase of intangible assets	(747)	(346)
Net cash flow (used in) / from investing activities	(7,179)	(7,590)
Financing activities		
Proceeds from borrowings	72,000	86,084
Repayment of borrowings	(73,516)	(78,070)
Gross proceeds from share issue	-	11
Dividends paid	-	(2,602)
Payment of lease liabilities	(852)	(805)
Net cash flows (used in) / from financing activities	(2,368)	4,618
Net increase / (decrease) in cash and cash equivalents	(574)	1,638
Net foreign exchange difference	22	(33)
Cash and cash equivalents at 1 February	3,479	3,730
Cash and cash equivalents at 31 July	2,927	5,335

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

1. CORPORATE INFORMATION

The interim financial statements of New Zealand King Salmon Investments Limited (the Company) and its subsidiaries (together the Group) for the six months ended 31 July 2021 were authorised by the Directors on 29 September 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 interim consolidated financial statements are for the six months ended 31 July 2021 and have been prepared in accordance with NZ GAAP.

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

2. BASIS OF PREPARATION

a. Statement of compliance

The interim consolidated financial statements for the six months ended 31 July 2021 have been prepared in accordance with NZ IAS 34 - Interim Financial Reporting and IAS 34 Interim Financial Reporting, and should be read in conjunction with the annual financial statements as at 31 January 2021 which were prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The interim consolidated financial statements for the six months ended 31 July 2021 are unaudited. Comparative information for the interim consolidated statement of financial position is at 31 January 2021 and is audited. Comparative information for the interim consolidated statement of comprehensive income, statement of interim consolidated changes in equity and interim consolidated statement of cash flows is for the comparative six month period 31 July 2020 and is unaudited. Comparative information are not what was previously reported due to the change in balance date.

b. Basis of measurement

The accounting policies adopted in the interim financial statements are consistent with those applied in the annual financial statements as at 31 January 2021.

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

c. Significant accounting judgements, estimates and assumptions

Management have applied the same principles and used the same key sources of estimation in the preparation of the interim financial statements as those applied in the consolidated financial statements for the period ended 31 January 2021.

d. Covid-19

While the impacts of the Covid-19 pandemic have continued to manifest during the reporting period, there remains some uncertainty over the ongoing impact. This uncertainty is reflected in the Group's estimates of the net realisable value of inventory. The net realisable value estimates the obsolescence and unmarketable items at the end of the reporting period based on assumptions of future demand within a specific time horizon.

3. SEASONALITY

The Group's business is seasonal with higher sales in the summer months and higher mortality rates are typically highest in the January to April period due to higher water temperatures at that time. This does impact on month to month profitability.

4. NEW STANDARDS ADOPTED AND STANDARDS ISSUED NOT YET ADOPTED

a. New standards adopted

There have been no new standards adopted during the 6 months to 31 July 2021.

b. New standards not yet adopted

Following recent IFRIC decision on accounting for cloud computing costs, the Company is still reviewing potential impact and will have the review finalised in time for its full year end financial statements as at 31 January 2022.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

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 15 for detail of disaggregation of revenue by product, brand and geographical area.

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Revenue	80,095	67,016
Segment EBITDA	(1,114)	(1,661)
Segment EBITDA reconciles to profit / (loss) before income tax as follows:		
	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Segment EBITDA	(1,114)	(1,661)
Depreciation, amortisation and impairment	(5,170)	(5,062)
Net finance costs	(1,170)	(993)
Group profit / (loss) before tax	(7,454)	(7,716)

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all potential ordinary shares in determining the weighted average number of ordinary shares on issue.

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Earnings per share		
Profit / (loss) attributable to ordinary equity holders	(5,596)	(5,625)
	# of Shares 000	# of Shares 000
Weighted average number of ordinary shares for diluted earnings per share	138,986	138,986
Basic earnings per share	\$ (0.04)	\$ (0.04)
Diluted earnings per share	\$ (0.04)	\$ (0.04)

7. INVENTORIES

	UNAUDITED 31 July 2021 \$000	AUDITED 31 January 2021 \$000
Inventories		
Raw materials	16,563	11,853
Work in progress	1,935	2,748
Finished goods	24,865	27,888
Total inventories	43,363	42,489
Amount of inventories recognised as an expense in the statement of comprehensive income		
	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Cost of inventories recognised as an expense	87,590	68,300
Movement in net realisable value provision	(969)	207
Total cost of goods sold including fair value uplift at point of harvest	86,621	68,507

The cost of inventories recognised as an expense for the period ended 31 July 2021 includes a fair value uplift at point of harvest of \$23,348k, (31 July 2020: \$24,301k). This cost is included in cost of goods sold in the Statement of Comprehensive Income.

8. 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.

UNAUDITED Biological assets	Cost \$000	Fair value \$000	Total \$000
As at 1 February 2021	55,025	33,163	88,188
Increase due to biological transformation ¹	42,189	25,947	68,136
Decrease due to harvest ²	(33,849)	(23,280)	(57,129)
Decrease due to mortality ³	(10,387)	-	(10,387)
Changes in fair value ⁴	-	4,745	4,745
As at 31 July 2021	52,978	40,575	93,553

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

² Harvested fair value is included under cost of goods sold in the statement of comprehensive income and is calculated by multiplying the current years harvest (biomass) by the prior years expected 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.

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).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

BIOLOGICAL ASSETS (CONTINUED)

UNAUDITED Biological assets	Cost \$000	Fair value \$000	Total \$000
As at 1 February 2020	53,856	50,178	104,034
Increase due to biological transformation ¹	40,486	17,805	58,291
Decrease due to harvest ²	(30,399)	(28,678)	(59,077)
Decrease due to mortality ³	(8,274)	-	(8,274)
Changes in fair value ⁴	-	(1,387)	(1,387)
As at 31 July 2020	55,669	37,918	93,587

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

² Harvested fair value is included under cost of goods sold in the statement of comprehensive income and is calculated by multiplying the current years harvest (biomass) by the prior years expected 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.

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).

AUDITED Biological assets	Cost \$000	Fair value \$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

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Fair value gain / (loss) recognised in profit and loss		
Gain arising from growth of biological assets	25,947	17,805
Movement in fair value of biological assets	4,745	(1,387)
Total fair value gain on biological transformation	30,692	16,418

	UNAUDITED 31 July 2021 tonnes	UNAUDITED 31 July 2020 tonnes
Harvested biomass		
Total live weight harvested for the period	3,903	4,070

	UNAUDITED 31 July 2021 tonnes	AUDITED 31 January 2021 tonnes
Estimated closing biomass		
Closing fresh water stocks	138	173
Closing seawater stocks	6,335	6,691
Total estimated closing biomass live weight	6,473	6,864

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 July 2021 has increased from the prior period end (31 January 2021) estimation due to core sales volumes broadly returning to pre-Covid levels as expected. While price increases have been implemented, some costs of producing and shipping product still remain higher than normal. 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 have increased/decreased the fair value of biological assets on hand and profit before tax by \$19.5m (31 January 2021: 15% increase / decrease \$18.3m) (excludes the impact of finished goods), while a 15% increase/decrease in estimated future harvest volume would increase/decrease the fair value of biological assets on hand and profit before tax by \$5.5m (31 January 2021: 15% increase / decrease \$2.1m).

A 15% increase/decrease in estimated costs to sell would decrease/increase the fair value of biological assets on hand at balance date and profit before tax by \$14.5m (31 January 2021: 15% increase / decrease \$15m). 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

9. RIGHT-OF-USE ASSETS

	Land & Building 000	Motor Vehicles 000	Plant & Equipment 000	UNAUDITED 31 July 2021 \$000	AUDITED 31 January 2021 \$000
UNAUDITED					
Carrying amount at 01 February or 01 July	5,589	354	867	6,810	4,581
Additions	-	235	-	235	2,413
Remeasurement	233	7	-	240	796
Depreciation for the period	(602)	(113)	(238)	(953)	(980)
Carrying amount as at 31 July or 31 January	5,220	483	629	6,333	6,810
Cost	7,037	918	1,597	9,552	9,227
Accumulated Depreciation	(1,817)	(435)	(968)	(3,219)	(2,417)
Carrying amount as at 31 July or 31 January	5,220	483	629	6,333	6,810

10. INTEREST BEARING LOANS AND BORROWINGS

	UNAUDITED 31 July 2021 \$000	AUDITED 31 January 2021 \$000
Current interest bearing loans and borrowings	\$000	\$000
Secured bank loans	750	750
Other borrowings	758	2,274
Total current interest bearing loans and borrowings	1,508	3,024
Non-current interest bearing loans and borrowings		
Secured bank loans	39,250	39,250
Total non-current interest bearing loans and borrowings	39,250	39,250

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 31 January 2021 total: \$35m). 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.

11. 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:

	UNAUDITED 31 July 2021 \$000	AUDITED 31 January 2021 \$000
Current derivative financial assets	\$000	\$000
Forward exchange contracts	2,410	4,509
Foreign exchange options	559	904
Total Current derivative financial assets	2,969	5,413
Non-current derivative financial assets		
Forward exchange contracts	1,057	15,454
Foreign exchange options	592	900
Total Non-current derivative financial assets	1,649	16,354
Current derivative financial liabilities		
Forward exchange contracts	254	94
Foreign exchange options	40	61
Interest rate swaps	1,067	1,491
Total Current derivative financial liabilities	1,361	1,646
Non-current derivative financial liabilities		
Forward exchange contracts	226	18
Foreign exchange options	212	186
Interest rate swaps	-	-
Total non-current derivative financial liabilities	438	204

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 July 2021.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

12. COMMITMENTS AND CONTINGENCIES

UNAUDITED

Capital commitments

The Group has entered into agreements to purchase plant and equipment. As at 31 July 2021 the total commitment is \$4,202k (31 January 2021: \$1,629k).

Contingencies

The Group has a contingent liability at 31 July 2021 of \$772k in respect of a fish transport contract requiring the Group to purchase three bulk tankers (including modifications made in 2018 and 2020), should the fish transport contract be terminated early (31 January 2021: \$826k).

Guarantees

The group has three guarantee facilities at 31 July 2021 totalling \$131k (31 January 2021: \$115k).

13. CAPITAL AND RESERVES

	UNAUDITED 31 July 2021	AUDITED 31 January 2021
Share capital		
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 6 months to 31 July 2021 (6 months to 31 July 2020: fully imputed interim dividend of \$0.02 per share was paid on 20 March 2020).

	# of Shares		Share Capital	
	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	31 July 2021	31 January 2021	31 July 2021	31 January 2021
Movement in ordinary share capital	000	000	\$000	\$000
As at 1 February or 1 July	138,986	138,986	122,606	122,606
Share issue for employee share scheme	-	-	-	-
Share issue recognised on repayment of employee loans	-	-	-	-
As at 31 July or 31 January	138,986	138,986	122,606	122,606
Shares held as treasury stock	313	232	-	-
Total shares outstanding at 31 July or 31 January	138,673	138,754		

Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange difference 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.

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	31 January 2021 shares not yet vested 000	New shares issued to custodian 000	Shares allocated from treasury stock 000	Shares forfeited to treasury stock 000	Shares vested 000	31 July 2021 shares not yet vested 000
LTI 2018	27/09/2018	271	-	-	(43)	-	228
LTI 2019	5/11/2019	251	-	-	(38)	-	213
Total share scheme		522	-	-	(81)	-	441

* 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 2018	\$1.30	\$1.95	\$2.78	-
LTI 2019	\$1.41	\$2.13	-	\$2.20

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

14. RELATED PARTY DISCLOSURES

Subsidiaries

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

<i>Subsidiary</i>	<i>Country of Incorporation</i>	<i>Equity Interest</i>
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. Ltd 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% (31 January 2021: 40.02%) and China Resources Ng Fung Limited owned 9.96% (31 January 2021: 9.96%) 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:

	UNAUDITED 31 July 2021	UNAUDITED 31 July 2020
	\$000	\$000
Related party payments		
Goods and services purchased from other related parties	186	181
Total related party payments	186	181

Related party sales

Goods and services sold to related parties	-	-
Total related party sales	-	-

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

	UNAUDITED 31 July 2021	AUDITED 31 January 2021
	\$000	\$000
Amounts owing to related parties		
Current amounts owing to related parties		
Other amounts owing to related parties	(233)	(233)
Total current amounts owing to related parties	(233)	(233)

	UNAUDITED 31 July 2021	AUDITED 31 January 2021
	\$000	\$000
Amounts owing by related parties		
Amounts owing by related parties	-	3
Total amounts owing by related parties	-	3

	UNAUDITED 31 July 2021	UNAUDITED 31 July 2020
	\$000	\$000
Compensation of key management personnel of the Group		
Key management personnel compensation		
Short-term employee benefits	954	878
Share based payment expense	81	121
Post employment pension and medical benefits	78	30
Total key management personnel compensation	1,113	1,029

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

15. DISAGGREGATION OF REVENUE

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Revenue by Product Group		
Whole Fish	40,055	31,506
Fillets, Steaks & Portions	17,142	13,342
Wood Roasted	6,245	5,779
Cold Smoked	12,013	11,927
Other	4,640	4,462
Total	80,095	67,016

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Revenue by Brand		
Ōra King	26,989	24,917
New Zealand King Salmon	32,323	21,907
Regal	15,127	15,307
Southern Ocean	4,479	3,870
Omega Plus	1,177	1,015
Total	80,095	67,016

	UNAUDITED 31 July 2021 \$000	UNAUDITED 31 July 2020 \$000
Revenue by Market		
New Zealand	33,294	28,806
North America	29,778	25,880
Australia	5,076	3,930
Japan	6,032	1,926
China	366	1,204
Europe	2,543	1,547
Other	3,006	3,723
Total revenue	80,095	67,016

Sales net of settlement discounts to two major customers for the 6 months period ended 31 July 2021 totalled \$ 8.2m or 10.27% of total gross revenue, (6 months to 31 July 2020 one major customer totalled \$8.6m or 12.92% of total gross revenue).

16. EVENTS AFTER BALANCE DATE

Covid-19

Following the confirmation of community transmission of the Covid-19 delta variant on 17 August 2021, the Government announced a range of alert level lockdowns across New Zealand. Subsequent announcements were also made and at date of signing these financial statements the Auckland region is in alert level 3 with the rest of the country in alert level 2. As noted in Note 2.d. the forecast assumptions in relation to the net realisable value remains reasonable.

Open ocean consent

A hearing date has been established for the open ocean farming consent application in October 2021.

Dividend

No final dividend was declared in respect of the 6 months ended 31 July 2021 (7 month period to 31 January 2021: Nil).



1H22 HALF YEAR FINANCIAL RESULTS

DISCLAIMER

The information in this presentation has been prepared by New Zealand King Salmon Investments Limited with due care and attention. However, neither New Zealand King Salmon Investments Limited nor any of its directors, employees, shareholders nor any other person shall have any liability whatsoever to any person for any loss (including, without limitation, arising from any fault or negligence) arising from this presentation or any information supplied in connection with it.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about New Zealand King Salmon Investments Limited.

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 or returns, but that they should not 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.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.

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HIGHLIGHTS

1H22 SUMMARY

1H22 Profitability impacted by transition to new farming model:

- An unintended consequence of our prior Aquaculture Model, based on best practice, was smaller fish and this became apparent in February.
- Harvest volumes were reduced to increase fish size and to rebuild biomass
- Available supply directed into most profitable markets but the important US market was immediately impacted.
- Increased Fish Costs due to poor FCR (lack of growth) and high mortality in the Pelorus Sound for first 4 months of 1H22.
- Lack of operating profitability in first 4 months mitigated through profitable closeout of longer term, surplus, foreign exchange contracts (\$13.5m profit).
- Fish size and Operating profitability restored from July. Working to reduce fish cost via Prescient Aqua Model.

Ongoing Covid19 costs also affected profitability:

- ▶ No relief from escalating freight costs (Covid related). 1H22 \$3.41/kg vs 1H21 \$2.50/kg.
- ▶ Discrete sale of frozen inventory (470t) built up during Covid peak, at significantly reduced margin. Remaining volume to be sold in 2H22 (~350t).
- ▶ Price increases implemented in North America and New Zealand by end August 21 to partially mitigate increased costs.

* A full reconciliation between GAAP and Pro Forma results is shown on pages 28 and 29 of this presentation.

** Comparative financial years have been restated to reflect the new balance date (January) unless specifically stated otherwise

1H22 SUMMARY (CONTINUED)

Results

- Sales volume of 3,629t in 1HF22 vs 2,745t 1H21 showing recovery from initial Covid impact.
- Sales of \$80.1m, 20% up on 1H21 levels of \$67.0m.
- Statutory NPAT of (\$5.6m), compared with (\$5.6m) in 1H21.
- Pro Forma Operating EBITDA of \$3.3m, compared with \$7.1m in 1H21. Proforma NPAT \$2.1m, compared with \$6.1m in 1H21.

Outlook

- Fish size has 'normalised' and we are forecasting harvest for 2H22 of 4,029t.
- Operating profitability improved from July 2021 (Jul 21 EBITDA \$1.3m/Aug 21 EBITDA \$1.6m) and forecasted to remain profitable through 2H22.
- The recent Covid lockdown in New Zealand (with extended Auckland lockdown) has had a negative impact on NZ Foodservice sales for an 8-10 week period.
- Freight cost not showing any signs of reduction. Shipping delays and schedule changes continuing to be worked around.

VISION

TO BE ONE OF THE TOP OF THE SOUTH'S MOST VALUED ORGANISATIONS
AND THE WORLD'S MOST INSPIRATIONAL SALMON COMPANY

PURPOSE

CREATING THE **ULTIMATE SALMON EXPERIENCE**

MISSION

ALL STAKEHOLDERS WITH WHOM NZKS CONNECTS SHOULD BE BETTER
OF AS A RESULT

VALUES

MAXIMISE VALUE FOR ALL STAKEHOLDERS / CONTINUOUS
IMPROVEMENT / INTEGRITY / TEAMWORK & TEAM CULTURE / QUALITY
AND INNOVATION

SUPPORTING STRATEGIES



HEALTH & SAFETY
INCLUDING FOOD
SAFETY



FARM ONE SPECIES:
KING SALMON



COST COMPETITIVE



DOMINATE PREMIUM
SALMON NICHES
WORLDWIDE



100%
BRANDED



ENGAGED
PEOPLE



COMMUNITY
ENGAGEMENT



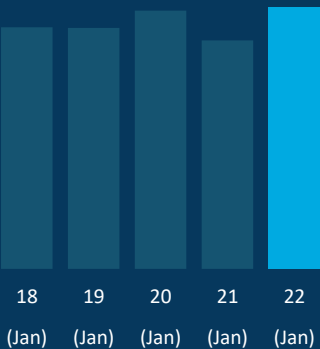
SUSTAINABILITY

FACTS AND FIGURES

1H22 REVENUE OF

\$80.1

MILLION

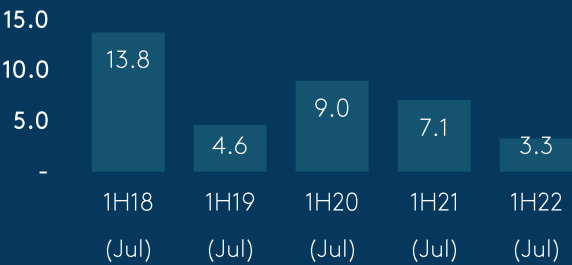


METRIC TONNES HARVESTED DURING 1H22

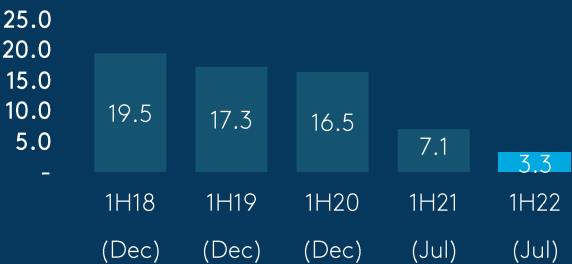


GEOGRAPHIC SPREAD OF REVENUE

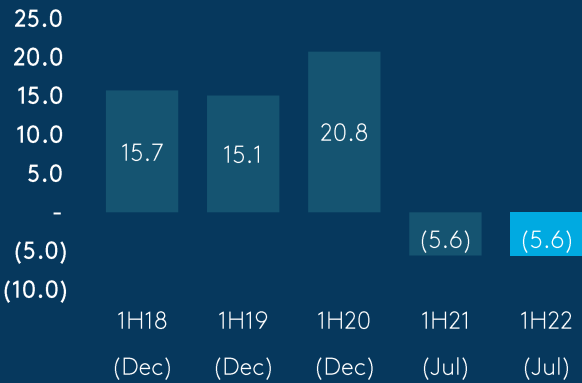
1H PRO-FORMA OPERATING EBITDA (Restated)



1H PRO-FORMA OPERATING EBITDA



1H STATUTORY NPAT



OUR SUSTAINABILITY DEVELOPMENTS

We continue to progress on our sustainability journey:

- Regained our annual Best Aquaculture Practices 4-star certification
- Top of the South community engagement to support our Blue Endeavour open ocean project
- Continued progress to 100% reusable, recyclable or compostable packaging across our business by 2025 - currently at 47%
- **Published our first Modern Slavery Statement**
- **Launched an internal Go Green fund for team involvement in sustainability**



Achievements include:

- Contributed to the development of a centralised procurement policy to support preferred supplier interactions and purchases
- Collaboration with industry to create global Product Category Rules (PCR) under leading EU legislation in order to standardise Environmental Product Declarations (EPDs) for finfish.

KEEPING OUR BRANDS PROMINENT



- **Recognition received through awards:**

- ▶ Three international wins for Regal recently
 - Regal Wood Roasted wins coveted New Product of the Year award at the 2021 Speciality Food Association sofi awards in North America
 - ITQI Superior Taste award
 - *Prevention* publication health award
- ▶ MPI 2021 Significant Contribution to Food Safety Award

Innovation in Customer Connection

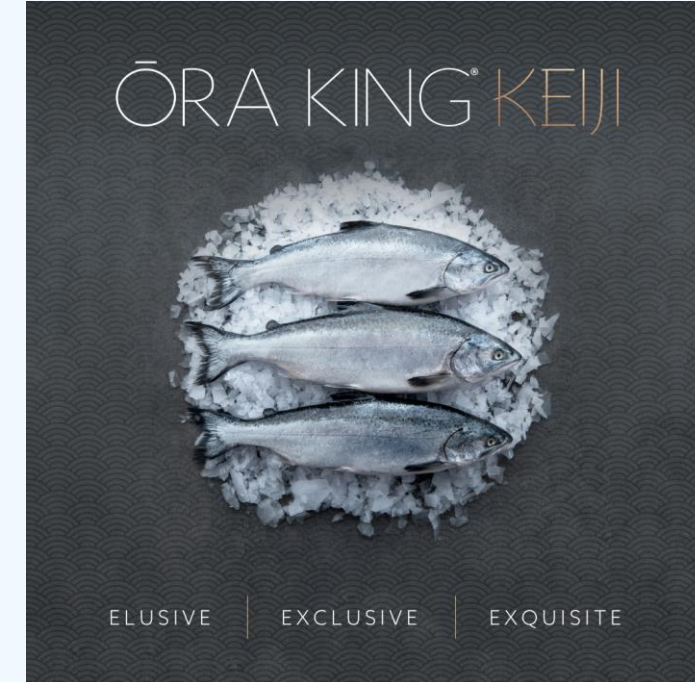
- Connecting with our end-users through the Ōra King Documentary to maintain/deepen the brand story: <https://orakingsalmon.co.nz/documentary/>



DIVERSIFYING OUR BRANDS

Continued geographical, category and channel diversification:

- Sale of Regal Fresh in the US through a multi-store premium retailer
- Global market test of Ōra King Keiji - our interpretation of the famed Japanese Keiji, a premium sashimi or plate-size salmon enjoyed for its unique flavour and delicate texture
- NZ Launch of Omega Plus in Animates speciality pet (1H21 \$1.1m/1H22 \$1.1m)
- Imminent US launch of Omega Plus petfood treats
- Imminent NZ launch of Regal dips range



FINANCIAL OVERVIEW



SUMMARY FINANCIAL INFORMATION

- Change in farming model, single year class, had unexpected negative impacts on growth (size) in Pelorus Sound, resulting in lower average harvest weight and higher fish costs. Profitability impacted 1H22 but offset by closeout of surplus foreign exchange contracts (\$13.5m profit impact pro-forma)
- GAAP results are impacted by fair value gains. The estimated unrealised fair value gain from cost as at 31 July 2021 has increased from the prior period end (31 January 2021) estimation due to core sales volumes broadly returning to pre-Covid levels as expected. While price increases have been implemented some costs of producing and shipping product remain higher than normal.

Group Financial Performance						
NZ\$000s	Pro-Forma*			GAAP		
	1H22	1H21	% chg.	1H22	1H21	% chg.
Volume Sold (t)	3,629	2,745	32%	3,629	2,745	32%
Revenue	80,095	67,016	20%	80,095	67,016	20%
Gross Margin	3,790	16,288	-77%	12,880	7,554	71%
Gross Margin %	5%	24%		16%	11%	
EBITDA	3,291	7,073	-53%	(1,114)	(1,661)	-33%
EBITDA %	4%	11%		-1%	-2%	
EBIT	(1,029)	2,831	-136%	(6,284)	(6,723)	-7%
NPAT	2,059	6,101	-66%	(5,596)	(5,625)	-1%

* A full reconciliation between GAAP and Pro Forma results is shown on pages 28 and 29 of this presentation.

HARVEST BY FARM

Total harvest for 1H22 was 3,435t. The smaller fish size impact was mitigated by reducing harvest to allow size growth.

Farm		Volume Harvested*		
		1H20	1H21	1H22
Queen Charlotte	Ruakaka	151	-	364
	Otanerau	-	-	-
Tory Channel	Clay Point	1,282	1,395	-
	Te Pangu	1,295	1,940	7
	Ngamahau	258	13	1,530
Pelorus Sound	Waitata	352	-	1,391
	Kōpaua	478	-	131
	Waihinau	-	-	-
	Forsyth	-	186	-
		3,816	3,534	3,423

*Volume in t. Volume is based on harvests from sea farms. Note that minor additional volumes are harvested from our hatcheries (total of 12t in 1H22 and 9t in 1H21).

BALANCE SHEET

New Zealand King Salmon maintains its strong financial position.

Our balance sheet remains strong however, debt increasing due to higher inventories:

- Net debt of \$37.8m (out of total debt facilities of \$65.0m):
 - ▶ We remain confident we have the funding facilities and bank support in place to support the business.
 - ▶ Remaining excess frozen inventories expected to be converted to cash prior to financial year end.
 - ▶ Customer collections remain strong.
 - ▶ Given the uncertain macroeconomic climate, the Board does not expect to declare a dividend for the FY22 year.
- Capex budget at a reduced \$11.6m level. Total capex 1H22 half year is \$7.4m.
- 'Other' current and non-current assets decreased by \$16.7m due to FX close outs (\$13.5m) to mitigate operating result and fluctuation in spot rates.

Group Financial Position		
	Jul-21	Jul-20
NZ\$000s	Unaudited	Unaudited
Current Assets		
Cash and equivalents	2,927	3,479
Receivables	15,559	16,186
Inventories	43,363	42,489
Biological Assets	79,288	69,588
Derivative financial assets	2,969	5,413
	144,106	137,155
Non-current Assets		
Property, plant & equipment	63,072	60,716
Right of use assets	6,333	-
Biological assets	14,265	18,600
Other	50,436	64,735
	134,106	144,051
Total Assets	278,212	281,206
Current Liabilities		
Loans (external)	(1,508)	(3,024)
Lease Liabilities	(1,643)	-
Payables	(25,620)	(18,597)
Other	(5,788)	(9,810)
	(34,559)	(31,431)
Non-Current Liabilities		
Loans (external)	(39,250)	(39,250)
Lease Liabilities	(4,848)	-
Other	(15,219)	(17,823)
	(59,317)	(57,073)
Total Liabilities	(93,876)	(88,504)
Net Assets	184,336	192,702
Net Cash / (Debt)	(37,831)	(38,795)

OPERATIONAL UPDATE

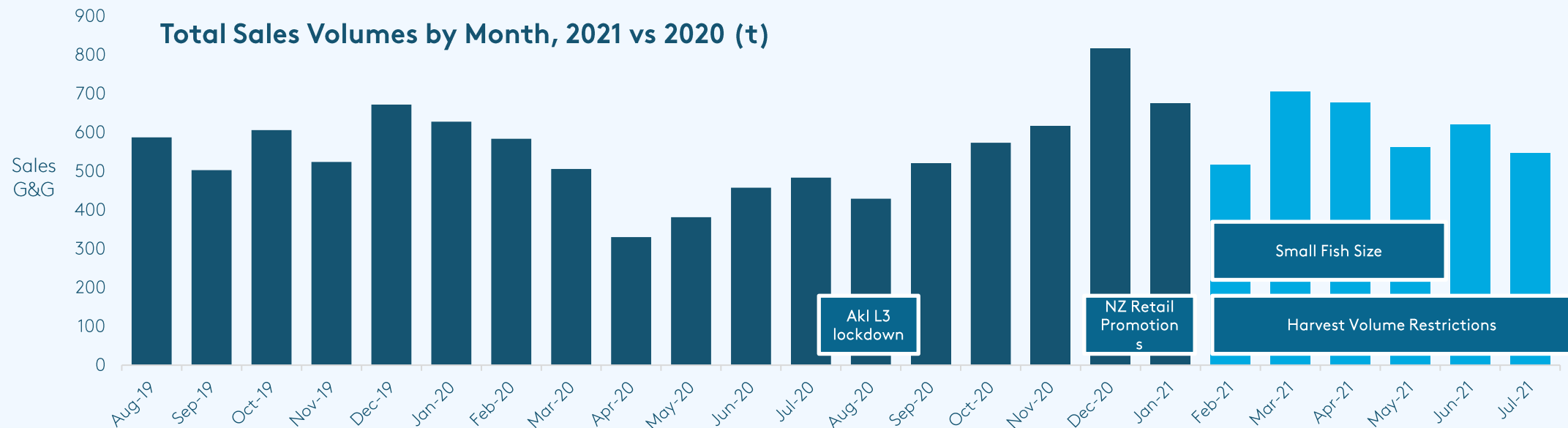


SALES PERFORMANCE

Trend in volumes show a strong recovery in sales, but opportunities missed due to fish availability (volume and size)

Sale volumes have been rebuilt following Covid recovery. Excess frozen inventory has been partially released.

- A strong recovery in sales volumes 1H22 but with excess fish costs impacting profit. Maximum sales opportunities missed due to lack of fish volume and size following change in farming model.
- Strong recovery in US sales as Foodservice customers returned post Covid.
- Our sales model continues to be resilient with broad market and channel mix. Sales continue to recover as fish availability improves.

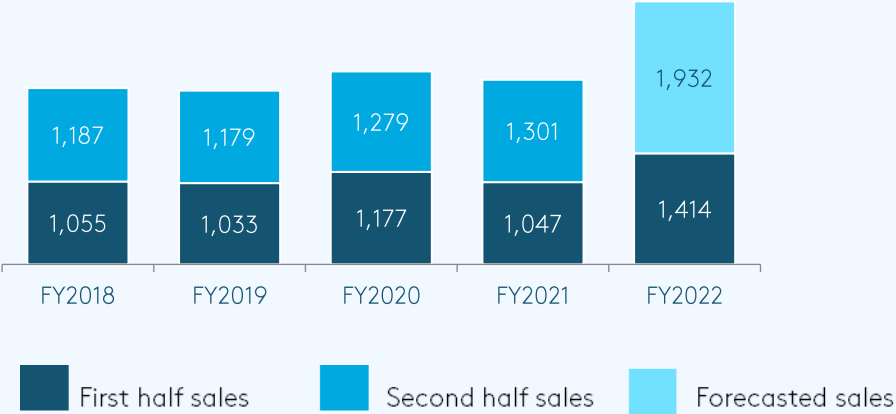


SALES BY MARKET

Sales to North America have recovered as alternative channels to market have been developed

- Record 1H volume of product sold to North America whilst increasing prices in a challenging environment (except for targeted disposal sales at a lower price).
- Channel diversification and brand depth continues to grow in North America -
 - In-market brand events restart with Ōra King documentary screenings and Ambassador events
 - First sales of Ōra King Keiji to high end restaurant customers
 - Imminent US launch of Omega Plus treats in speciality pet retail

North America (t)



* All sales volumes have been restated to relevant half years ended 31 July and full years ended 31 January

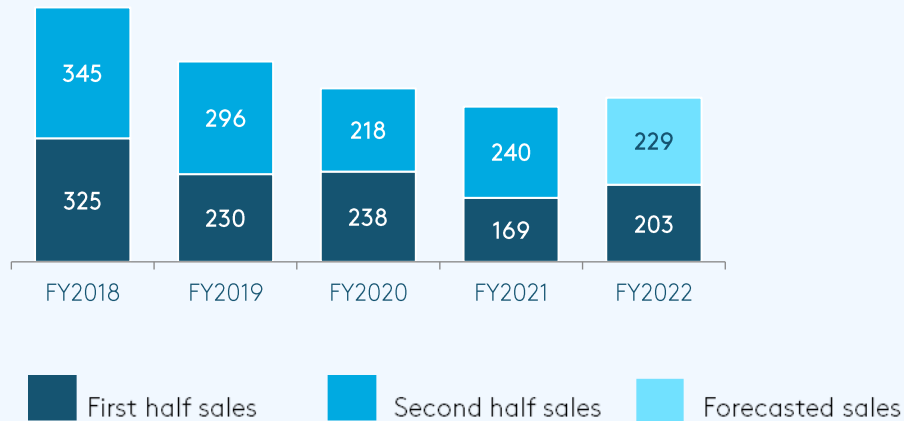


SALES BY MARKET

Sales to Australia have performed well given continued challenges of Australian Covid lockdown.

- Good sales volumes in line with pre Covid 2020.
- In-market brand events restart with Ōra King documentary screenings and Noosa Eats & Drinks.
- Imminent launch of Regal smoked products in 800 Coles October 2021.

Australia (t)

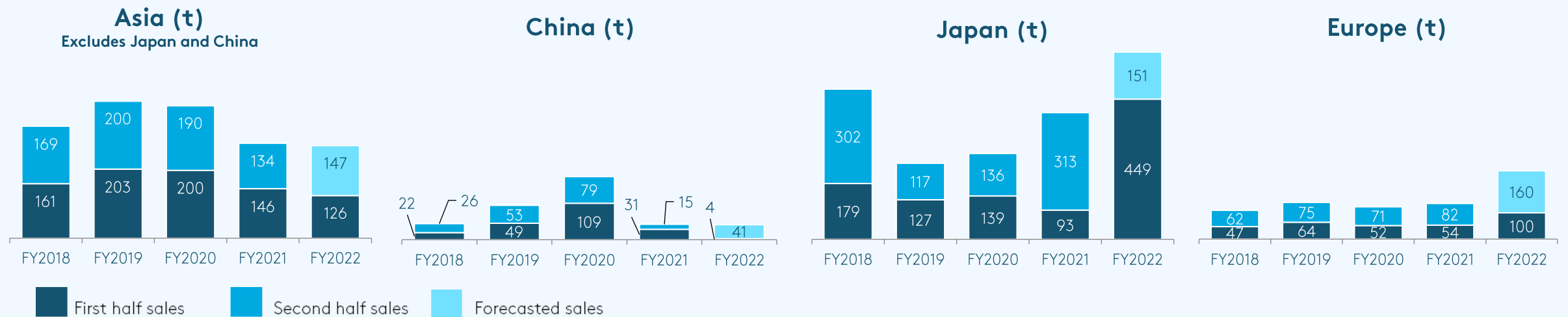


SALES BY MARKET

Strong performance in other export markets

Most markets saw an increase in volumes, premium branded product maintained solid price performance

- Asia (excl. Japan and China) – this market continues to track steadily but growth is impacted by fluctuations in demand from foodservice due to Covid.
- China – some volatility in market demand and ease of entry has restricted growth.
- Japan – excess frozen volumes cleared through Japan together with fresh whole sushi promotion resulting in increased volumes to this market but with margins temporarily impacted.
- Europe – pleasing growth in sales to Europe due to increased focus on retail and foodservice business development.

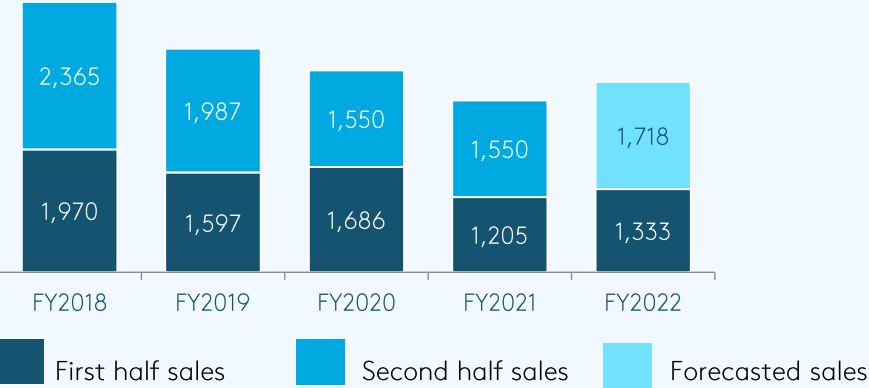


SALES BY MARKET

Growth in retail volumes as emphasis placed on smoked products

- Disruption to export and foodservice markets has required increased emphasis on reviving domestic retail interest and building brand awareness.
- Sales remain strong, with reduction in promotional activity during 1H22 boosting returns.
- NZKS has targeted growth in branded smoked products in domestic retail.
- Foodservice growth minimal due to Covid lockdown impacts.
- Expanded domestic reach for Omega Plus with the recent launch into Animates speciality retail.

New Zealand (t)



AVERAGE SALE PRICES

Branding underpins customer loyalty and value to our business

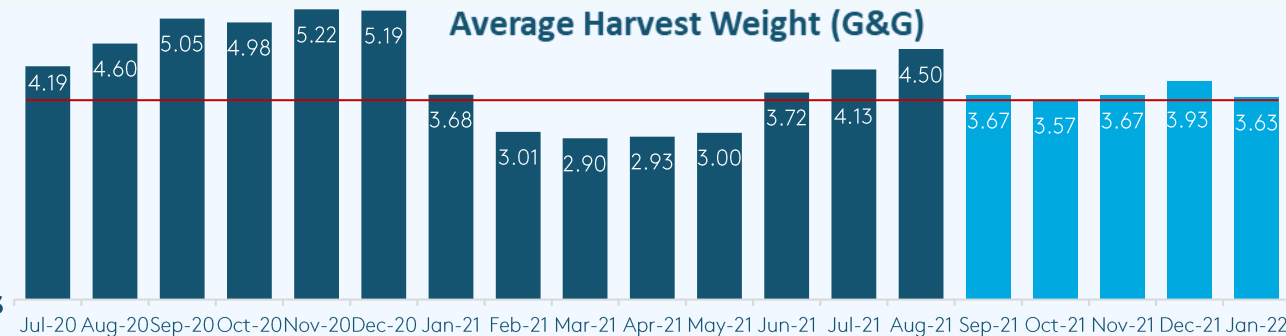
New Zealand King Salmon's core branded and differentiated business continues to attract premium pricing. Pricing for these products has remained firm.

Excess inventory of frozen whole fish contracted for sale in FY21 continues to be reflected in sales to Japan and the US at lower pricing.

Sales Prices* and Exchange Rates		1H18	1H19	1H20	1H21	1H22
Average Sales price per kg						
Domestic Sales	NZD	19.32	21.96	22.71	25.07	24.07
Export Sales						
Export Sales (All Markets)	NZD	20.86	22.97	24.24	24.75	19.65
Export Sales (All Markets) [Excl. Frozen WholeFish]	NZD	20.88	23.00	24.32	24.90	23.64
Foreign Exchange Rates						
NZD:AUD		0.93	0.93	0.93	0.95	0.94
NZD:USD		0.69	0.69	0.67	0.67	0.67
NZD:JPY		76.82	73.87	70.67	66.58	70.37

* Volume weighted average sales price for all exported salmon based on foreign exchange rates achieved as outlined on the table above.

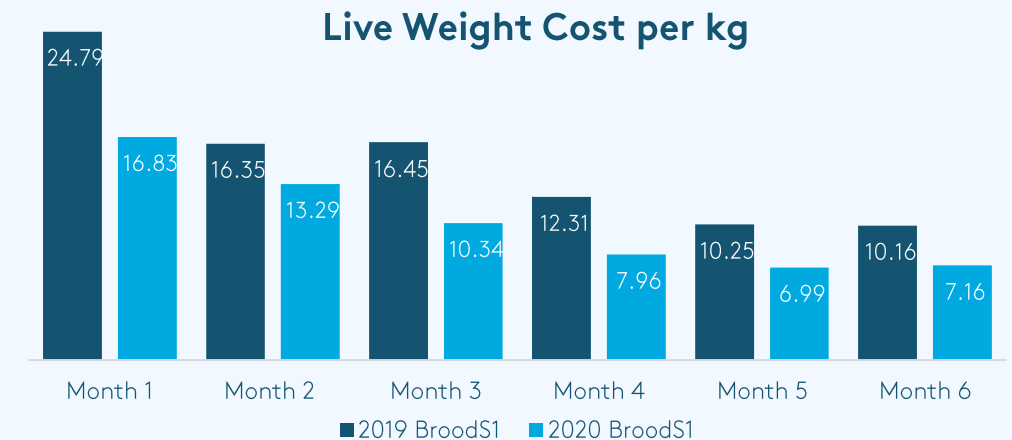
FISH PERFORMANCE



Fish performance continues to be a key focus for the business

- Single year class farming model adversely impacted our fish costs through mortality and lack of growth in size for the first 4 months of 1H22. Poor size growth and fish cost results in Pelorus Sound were due to fish being exposed to two summer periods.
- We continue to adapt our farming model to mitigate the impact of warmer summer waters. Upwelling is continuing to be used this coming summer to circulate cooler deeper water to our fish especially at low flow sites.
- New Aquaculture General Manager, Grant Lovell (20 years King Salmon experience), is combining the best of prior production models.
- Harvest volume 3,435t 1H22 slightly down on 1H21 3,543t. Harvest rates intentionally slowed in 1H22 to assist with fish size recovery and to rebuild available harvest biomass.

Biological Performance					
	1H22	1H21	% chg.	1H20	% chg.
Harvest Volume (t)	3,435	3,543	-3%	3,821	-10%
Average Harvest Weight (Kg)	3.19	4.35	-27%	3.78	-16%
Feed Conversion Ratio (FCR)	1.98	1.95	1%	1.79	11%
Closing Livestock Biomass	6,473	6,512	-1%	5,452	19%
Feed Cost (\$ / Kg of feed)	2.39	2.42	-1%	2.58	-7%



FUTURE FARMING





Blue Endeavour

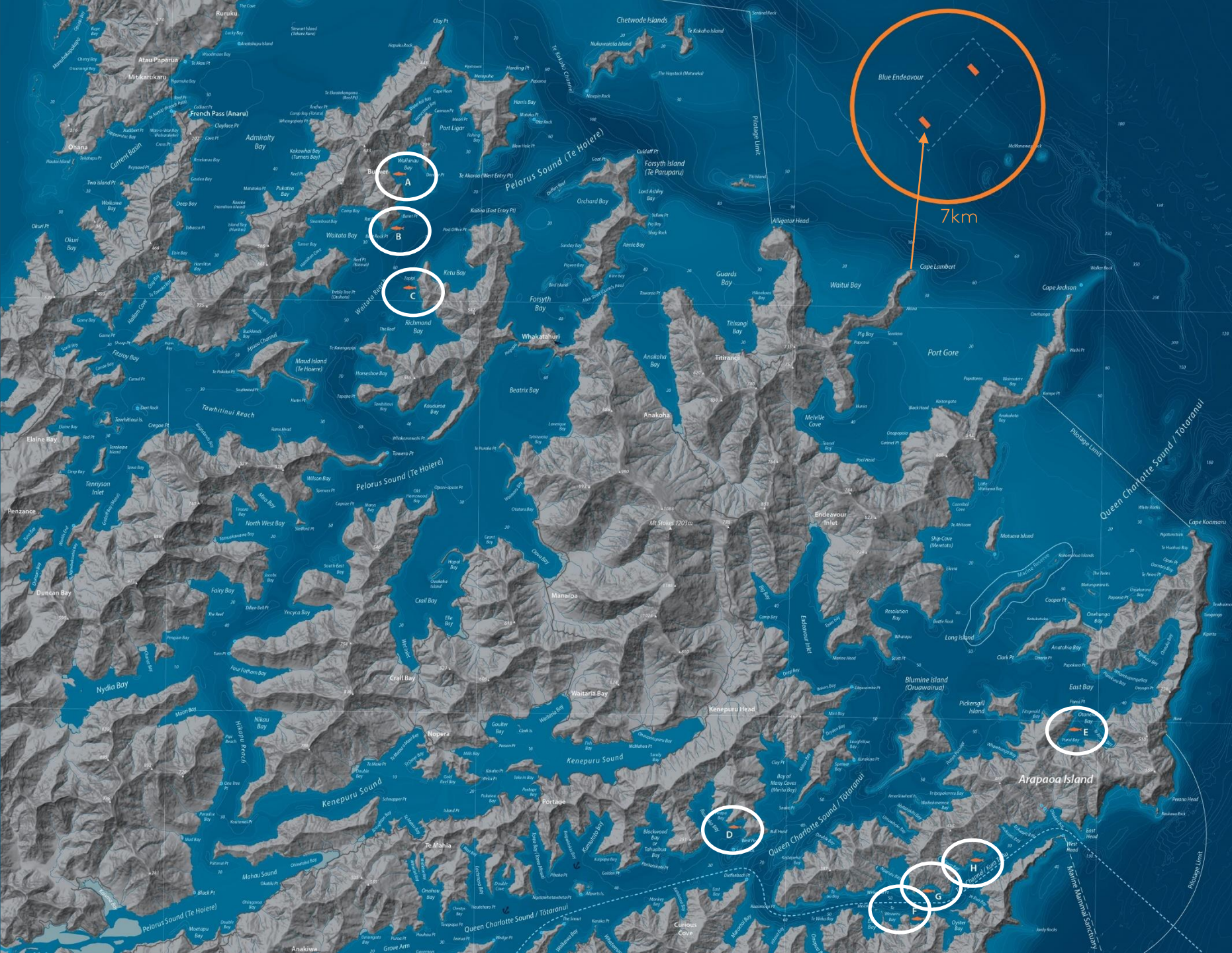
NEW ZEALAND KING SALMON SEAFARMS



Active Sites (as at 30 June 2021)

- A Waihinu Bay
- B Waitata
- C Kopāua
- D Ruakaka
- E Otanerau
- F Te Pangu
- G Clay Point
- H Naamahau

The Blue Endeavour farm location is 7km from Cape Lambert in northern Marlborough



FUTURE FARMING & HARVEST VOLUMES

BLUE ENDEAVOUR – OUR OPEN OCEAN PROPOSAL

- Hearing date confirmed with Marlborough District Council: 18-22 October 2021
- Potential to grow 10,000 tonnes of salmon at full capacity
- If approved, first harvest would be 2024 (FY25)
- Pre-hearing meetings have been completed with DOC, MPI, Environmental Defence Society, iwi and other submitters to address concerns prior to the hearing
- The application fits in with the Government's Aquaculture strategy which targets the industry to achieve \$3 billion by 2030. Currently worth over \$650 million per year



FORECAST VOLUMES FY22 - FY28

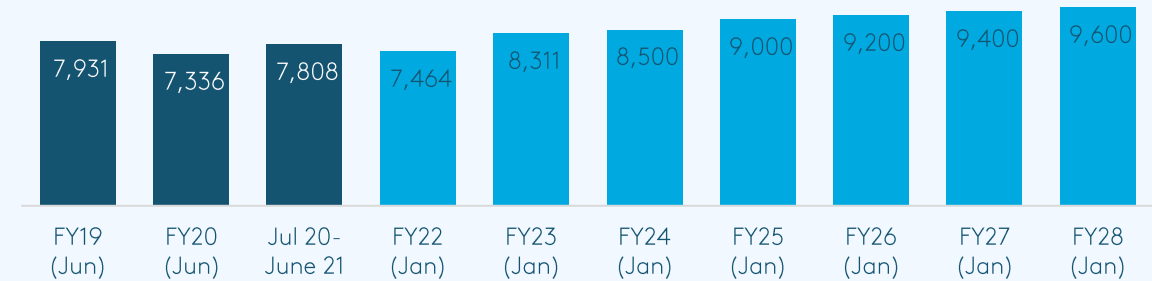
Future harvest volumes dependent on consent approvals and successful Blue Endeavour application

FY22 harvest volumes lower than previous guidance due to:

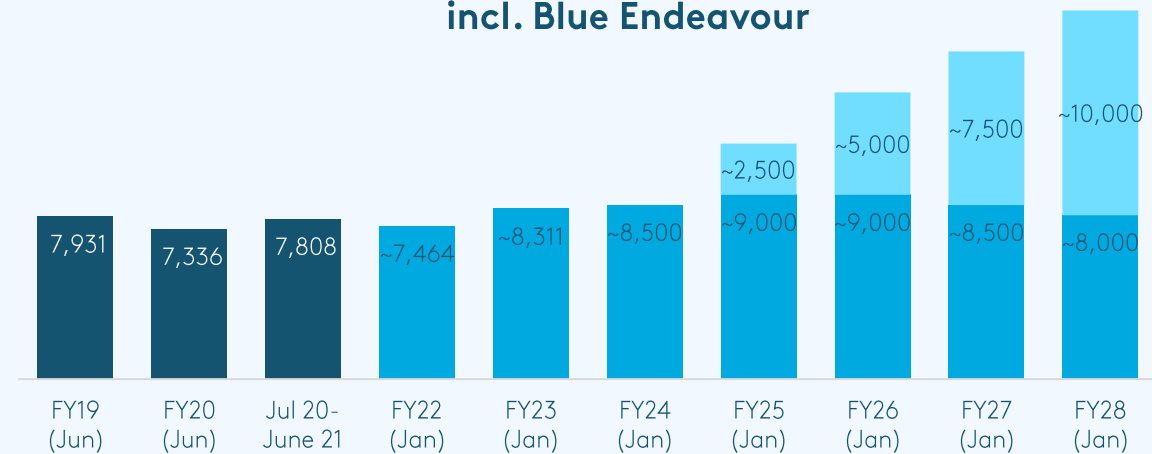
- Impact of single year class farming model.
- Harvest slowed to improve average fish size and available biomass for harvest

FY23 and future years includes the introduction of a hybrid farming model to minimise the use of warmer low-flow farms during peak summer months and the introduction of nursery farms to support Blue Endeavour growth

Harvest Volumes (tonnes) *



Harvest Volumes (tonnes) incl. Blue Endeavour



* Harvest volumes have been forecast based on utilisation of existing resource consents, historic performance and our new aquaculture model. They do not include any impact of farm relocation.

APPENDICES



APPENDIX – 1H22 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

1H22	Statutory Financial Statements	Fair Value Adjustments	IFRS 16 Lease Adjustments	FX Close-outs	Pro Forma Operating Financial Information
NZD 000s					
Revenue	80,095				80,095
Cost of goods sold	(86,621)	22,582	(980)		(65,019)
Fair value gain / (loss) on biological transformation	30,692	(30,692)			-
Freight costs to market	(11,286)				(11,286)
Gross Profit	12,880	(8,110)	(980)		3,790
Other operating income	327			13,495	13,822
Overheads					
Sales, marketing and advertising	(6,480)				(6,480)
Distribution overheads	(2,800)				(2,800)
Corporate expenses	(4,939)				(4,939)
Other expenses	(102)				(102)
EBITDA	(1,114)	(8,110)	(980)	13,495	3,291
Depreciation and amortisation	(5,170)		850		(4,319)
EBIT	(6,284)	(8,110)	(129)	13,495	(1,029)
Finance income	16				16
Finance costs	(1,186)		128		(1,058)
Net finance costs	(1,170)	-	128		(1,042)
Profit / (loss) before Tax	(7,454)	(8,110)	(1)	13,495	(2,070)
Income tax (expense) / credit	1,858	2,271	0		4,129
Net Profit / (loss) for the Year	(5,596)	(5,839)	(1)	13,495	2,059

APPENDIX – 1H21 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

1H21	Statutory Financial Statements	Fair Value Adjustments	IFRS 16 Lease Adjustments	FX Close-outs	Pro Forma Operating Financial Information
NZD 000s					
Revenue	67,016				67,016
Cost of goods sold	(68,507)	26,013	(861)		(43,355)
Fair value gain / (loss) on biological transformation	16,418	(16,418)			-
Freight costs to market	(7,373)				(7,373)
Gross Profit	7,554	9,595	(861)		16,288
Other operating income	3,812				3,812
Overheads					
Sales, marketing and advertising	(5,792)				(5,792)
Distribution overheads	(2,130)				(2,130)
Corporate expenses	(5,072)				(5,072)
Other expenses	(33)				(33)
EBITDA	(1,661)	9,595	(861)		7,073
Depreciation and amortisation	(5,062)		820		(4,242)
EBIT	(6,723)	9,595	(41)		2,831
Finance income	2				2
Finance costs	(995)		78		(917)
Net finance costs	(993)	-	78		(915)
Profit / (loss) before Tax	(7,716)	9,595	37		1,916
Income tax (expense) / credit	2,091	2,095			4,185
Net Profit / (loss) for the Year	(5,625)	11,690	37		6,101

UNDERSTANDING OUR GAAP RESULTS

The impact of *NZ IAS-41 Agriculture*, *NZ IAS-2 Inventory*, *NZ IFRS-16 Leases* and *NZ IFRS-9 Financial Instruments*

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 1H22 seeing an increase in fair value as the value of biomass in the sea was revalued upwards reflecting margin recovery after COVID driven margin compression especially in offshore sales. 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 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.

NZ IFRS-9 Financial Instruments

IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. We closed out a number of foreign exchange contracts early that resulted in \$13.5m being disclosed in the flow hedge reserve.

APPENDIX – GLOSSARY OF TERMS

1H22	Financial results for the 6 months from 1 February 2021 to 31 July 2021
1H21	Financial results for the 6 months from 1 February 2020 to 31 July 2020
CAGR	Compounding annual growth rate
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
t	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.



New Zealand King Salmon

1H22 HALF YEAR FINANCIAL RESULTS