New Zealand King Salmon

Annual Report FY24

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OVERVIEW

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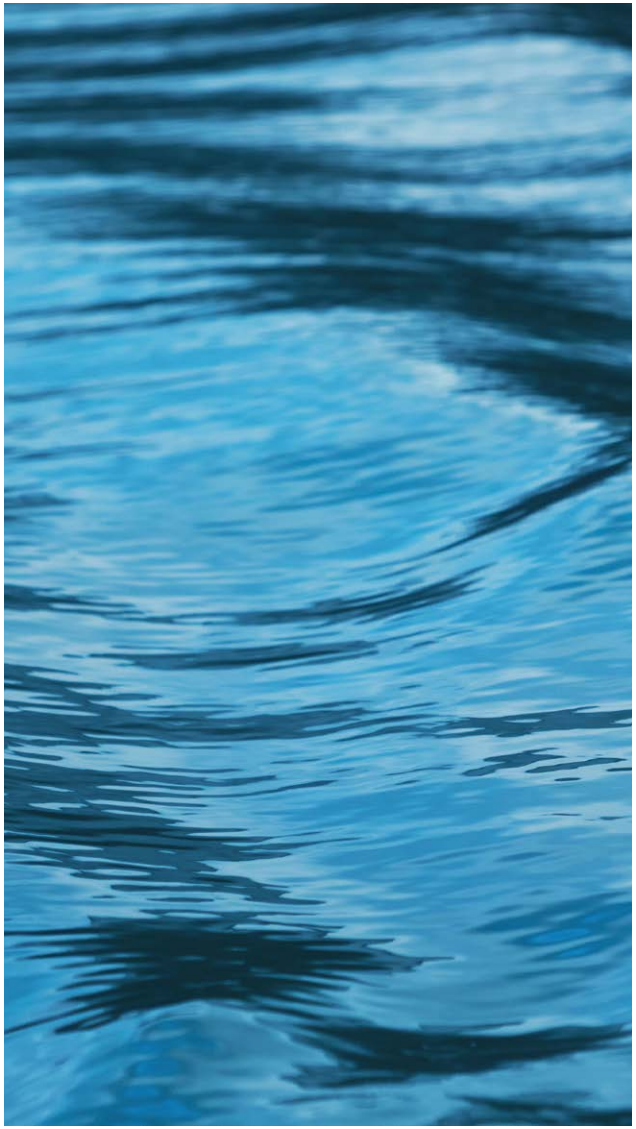

Chair and CEO Report

With a focus on resilience and a strategic reset, we have re-positioned our Company to succeed.

Carl Carrington
Chief Executive Officer

Mark Dewdney
Chair

Rising to Meet the Challenges

This has been a year of significant evolution for New Zealand King Salmon (NZKS). We have drawn a line under the mortality experienced in 2021-22 and resized and reset our Company to respond to this adversity. We are incredibly proud of the way all parts of our Company have risen to meet these challenges.

Some of the key evolutions this report will highlight are; strengthening our leadership, our adapted farming strategy and focus on fish health, our future in the open ocean, and our commitments to sustainability from an environmental, social and governance perspective.

> We are incredibly proud of the way all parts of our Company have risen to meet these challenges.

We have three strong indicators that demonstrate we are on the right trajectory - improved biological performance, cost discipline, and record sales of our King salmon.

We look forward to continuing this solid progress into our next fiscal year.

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Strengthening Our Leadership

This year we have seen significant changing of the guard in our Company. We welcomed a new Chief Executive Officer (CEO), Carl Carrington, to our team in August. The Board conducted an extensive search to ensure we had the right CEO for the Company's future. Carl Carrington, with over 20 years of experience in the food and drinks sector, and more recently six years as CEO of Moana New Zealand, has proudly taken up this mantle.

We would like to recognise the leadership of Graeme Tregidga who as acting CEO, led the Company through a challenging set of circumstances. Under Graeme's leadership, the business settled and refocused, and performance improved. The Company acknowledges the contribution that Graeme continues to make as Chief Commercial Officer.

Mark Dewdney stepped in as our new Chair in June 2023. Mark has a strong background in agribusiness, international sales and distribution, manufacturing, and supply chain industries. Having had 25 years in management roles both in New Zealand and Asia, in 2017 he decided to commit to a future path in governance. Mark is currently a Director of The Tatua Dairy Co-operative.

We would like to acknowledge John Ryder who departed as Chair after a 14-year tenure with our Company. During his time the business has come a long way, and John was instrumental in guiding it through the disruptions of the Covid-19 pandemic and the mortality event. We acknowledge the commitment and passion for the business brought by John Ryder over the years.

We would like to recognise the leadership of Graeme Tregidga who as acting CEO, led the Company through a challenging set of circumstances.

Long-serving Director, Paul Steere, will retire from the Board at the end of March this year. Paul has been part of the NZKS business for three decades. He began as the Company's inaugural Chief Executive Officer and following his stepping down in 2009, Paul joined the Board as an Independent Non-Executive Director. We would like to extend our deepest gratitude to Paul Steere for his dedicated service to the Company.

Paul Munro joined the NZKS Board as an Independent Non-Executive Director on 1 March 2024. Post Paul Steere's retirement, Paul Munro will commence as Chair of the Audit, Finance and Risk Committee. Paul Munro is an accomplished finance professional with extensive experience, including 24 years with Deloitte as a Corporate Finance Partner, in addition to holding a range of governance roles.

While this represents some significant changes, we are confident we have the right leadership composition at our Governance, Executive and Senior Leadership levels to strategically guide us into the future.

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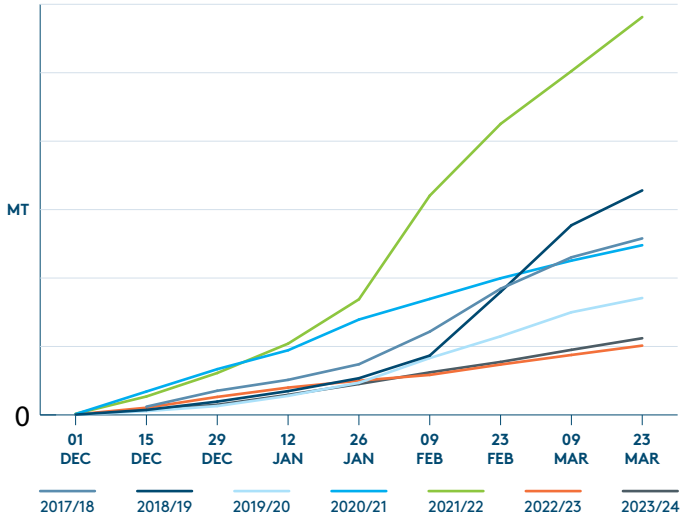
Adapted Farming Strategy and Focus on Fish Health

At the core of our adapted farming strategy is fish health and welfare, and it has been pleasing to see the early results from these changes. Our farming model was modified to minimise the exposure to warmer waters over the summer period. This has meant that in the Pelorus Sound, Waitata is the only farm to maintain operations across summer and continues to grow fish for harvest across the cooler months. The remaining three Pelorus farms; Forsyth Bay, Kopaua and Waihinau remain fallow year-round.

The first summer operating under this new approach, being the 2022-23 summer, was successful. As this report is written, we are approaching the same seasonal peak temperatures for the 2023-24 summer period, and to date the revised farming model is continuing to perform as expected.

Summer mortalities maintained an improved outcome trend as illustrated in the graph, and the mortality cost decreased from $25.9 million in FY23, to $12.6 million in FY24.

Summer mortality this year compared to last six years



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We acknowledge the efforts and vigilance of our aquaculture team, feed, and services suppliers in enabling this new model.

Complementing this approach, the business continued its seasonal harvest strategy at our Waitata farm. Fish are introduced to sea once water temperatures cool post summer, they are then harvested prior to the summer peak. These are smaller fish but nevertheless make a positive contribution to our overall harvest profile. We also utilise a tow model to transfer fish from the cooler Tory Channel to the Queen Charlotte Sound after the warmer summer months.

These may appear as simple adjustments, however there is a great deal of planning and executional skill required across our hatcheries, freshwater operations, and sea farms to successfully implement these changes. We acknowledge the efforts and vigilance of our aquaculture team, feed, and services suppliers in enabling this new model.

The business continues to invest in research, particularly around breeding for greater thermotolerance. Early trials under tightly controlled conditions at the Cawthron Institute facilities are producing encouraging results. We are now extending the trials to real conditions in a sea pen. On a cautionary note, breeding programmes take several years to flow through to commercialised outcomes, however, the journey is well underway.

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Our Future in the Open Ocean

We have now received all permissions necessary to proceed with our open ocean site named 'Blue Endeavour'. This draws a line under what has been a nine-year journey with significant costs incurred. However, the importance of this moment should not be overshadowed by the challenges overcome to attain this space. Blue Endeavour will be New Zealand's first open ocean salmon farm. This is a significant opportunity for New Zealand, as we are uniquely positioned as world leaders in King salmon farming.

We are excited about the further resilience and growth opportunities Blue Endeavour provides, however we need to walk before we can run.

The Blue Endeavour project now enters a data collection phase to establish baseline data for benthic, water column, seabird, and marine mammal parameters. Once data collection is completed, we will test infrastructure and farming operations by placing a pilot scale farm on the site and introducing fish to these two pens. This will help us understand how both the technology and fish perform in the Cook Strait conditions, enabling us to determine how best to operate in this new environment. The testing phase will continue for at least two years. This will provide confidence in our ability to progressively scale the farm towards its annual capacity of approximately 10,000 metric tonnes.

The rate at which we scale up will be influenced by the pilot farm results and our view of the market demand outlook at the time. Full scaling beyond a few thousand tonnes will require investment in new infrastructure including expanded processing capacity, vessels for fish transfer and harvest, as well as the expansion of hatchery and freshwater facilities for smolt supply. The Board and Management are continuously working through the detailed planning and business case evaluations required for operationalising Blue Endeavour.

However, we know we cannot do this alone; we will continue to engage with a range of stakeholders including research entities, Government, Iwi and other interested parties, to support the future growth of aquaculture.

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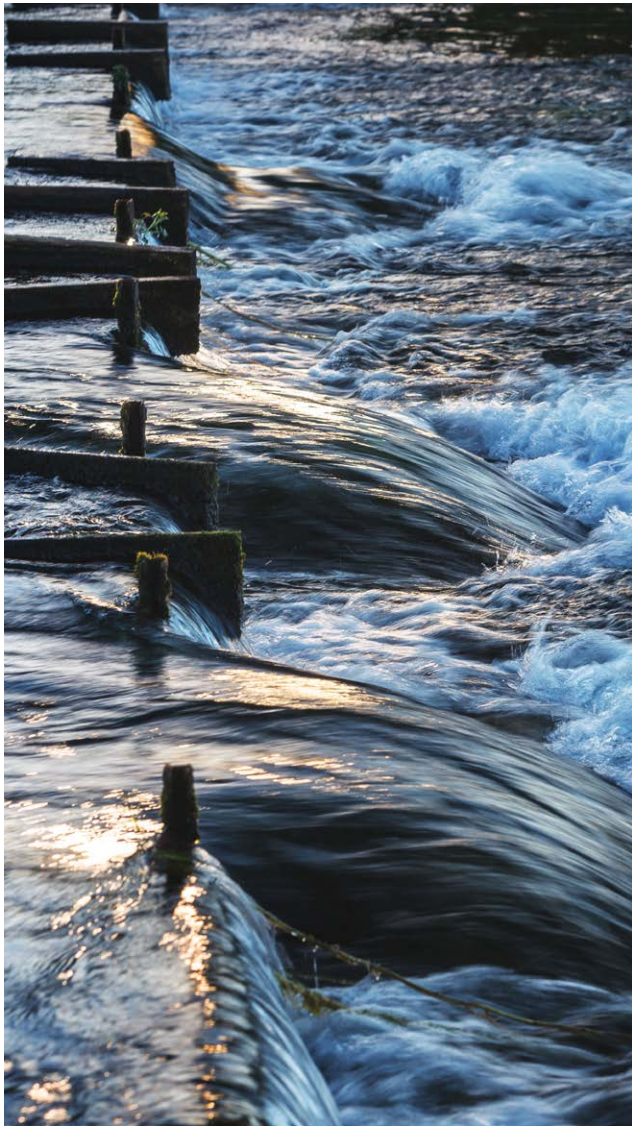

Our Sustainability Journey

There is increasing consumer awareness on sustainability, and we need to view sustainability through our carbon footprint and broader Environmental, Social and Governance (ESG) considerations. Ensuring the seafood industry is well positioned to meet these sustainability demands will be critical. This is our first year of reporting under the Aotearoa New Zealand Climate Standards. Preparing the baseline data has been a significant journey and one that provides rich insights that we will use to build plans for targeted improvements.

Positive Earnings Progress

The full year result has seen a continuation of our turnaround which started in FY23. Underpinning our FY24 net profit for the year of $28.5 million, was the success over the 2022-23 summer period of the new production model, the focus on customer/product mix, and cost discipline. The full year FY24 pro-forma EBITDA profit is $24.5 million, compared to a pro-forma EBITDA loss of $2.7 million in FY23.

Revenues increased from $167 million in FY23 to $187 million in FY24 (an increase of 12%).

Earnings guidance range of pro-forma FY25 EBITDA is set at $26 million to $32 million.

> Taking people along with us on our journey into the future, will help positively shape our Company's trajectory.

Key Lessons Learned

Aquaculture is an industry that requires both patience and caution; getting runs on the board and building confidence as we go into the next phase. Farming the sea requires five-dimensional thinking; achieving the right balance between the natural world, stakeholder expectations, economic conditions, political context, and future technological innovations. Finding that 'sweet spot' between all five axes is an ever-moving challenge, but one that makes aquaculture so fascinating and rewarding.

The first critical lesson is around resilience. Both in the sense of respect for the resilience of this Company, which has existed for over 35 years and weathered many storms, and in the sense of the importance of building operational resilience into the future.

The other lesson is around the importance of building quality and meaningful relationships. Without people, we have no business. Whether it is our own people, our communities, Iwi, customers and beyond. Taking people along with us on our journey into the future, will help positively shape our Company's trajectory.

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Outlook

We are optimistic that the economic outlook is stabilising, although inflationary pressures are lingering. Considerations for our sector include multifactorial impacts of a changing climate, a high inflation environment, the need for secure and ethical supply chains, increased awareness of provenance, increasing expectations of transparency and corporate responsibility, and preserving our social license. Ensuring we can rise to meet these challenges as a sector will be essential.

As for the wider seafood industry outlook, the change of government could stimulate further investment and changes to the regulatory environment. Anything that can provide greater certainty and build investor confidence, while simultaneously maintaining our strong reputation as a sustainable and healthy industry, will be a win for aquaculture.

Demand for our Ōra King and Regal Salmon brands remains strong with demand continuing to outstrip supply. Our target markets of New Zealand, Australia, North America, Japan, and China, have substantial growth potential. King salmon as a species is a premium niche product. New Zealand annual production is circa 14,500 metric tonnes with only a very small amount of farmed King salmon available from elsewhere globally. By comparison, annual farmed production of Atlantic salmon is circa 2.8 million tonnes. Total annual sales of salmon (all species) is estimated at USD 30.8 billion in 2023 and forecast to grow to USD 37.4 billion by 2027 (3.9% CAGR)*. Ōra King and Regal King salmon are recognised by chefs and discerning consumers the world over for their premium taste and texture. Maintaining quality and brand recognition, underpinned by provenance and sustainable practices, is vital for continuing to grow the value per kg of King salmon relative to Atlantic salmon over the coming years.

* Ref. Renub Research "Global Salmon Market Forecast 2023-27"

Summary

It has been a year of steady progress operating the adapted farming model for the second consecutive year. We recognise that although two successful years are encouraging, there is more work required to further build our resilience. We are excited to have the Blue Endeavour farm licence issued and to be moving towards pilot trials. Equally, we are excited for the improvements to resilience and fish health that Research and Development (R&D) offers. Patience, caution, and focus on doing the right things well, will underpin a promising future.

We have many to thank for our success over this year - our team of over 440 dedicated team members who are the backbone of this company, our customers for their continued loyalty to our product, Iwi, communities, and stakeholders who enable us to operate, and our shareholders who continue to invest and believe in our Company.

Together, we can overcome challenges, embrace new opportunities, and achieve even greater milestones.

The annual report is dated 26 March 2024 and signed on behalf of the Board by:

Mark Dewdney
Chair

Paul Steere
Chair of Audit, Finance and Risk Committee

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Salmon Bites

ALL PERMISSIONS GRANTED FOR
Blue Endeavour
NZ'S FIRST OPEN OCEAN SALMON FARM

~90,000km
DRIVEN ACROSS 3 ELECTRIC VEHICLES

20+
CHARITIES / LOCAL ORGANISATIONS SUPPORTED

22.8kg
THE LARGEST ŌRA KING HARVESTED TO DATE

~6,200
METRIC TONNES HARVESTED

TOTAL SALES
36%
NEW ZEALAND
64%
EXPORT

4 STAR BAP CERTIFIED

REVENUE OF
$187 million

NET PROFIT AFTER TAX OF
$28.5 million

PRO-FORMA EBITDA
$24.5 million

79%
EMPLOYEE ENGAGEMENT SCORE

271kg
OF WASTE COLLECTED OVER
49
BEACH CLEAN UPS

440
TEAM MEMBERS

18
INTERNAL PROMOTIONS

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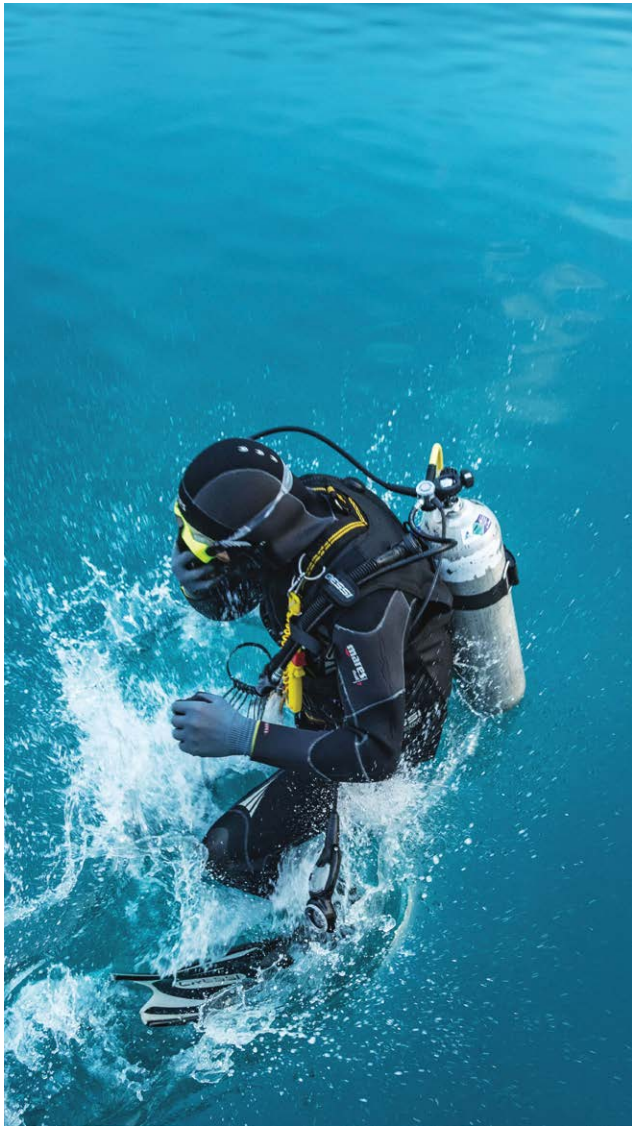

Performance Highlights

Key Drivers

- The long salmon life cycle (24 - 31 months) highlights the lag between current decisions and outcomes. This is evidenced by the changes in the farming production model now showing up in the financial results, with mortality continuing to track within management's expectations (FY24 $12.6m v FY23 $25.9m).
- Price increases, product optimisation, and market selection delivered a record $187m in revenue, which helped offset increases in key input costs including feed and labour. Sales were also adversely impacted by a temporary reduction in fish size in Q4FY24 (due to the change in the farming production model) which impacted export demand, this is not forecast to repeat in the future.
- Financial position remains strong following the recapitalisation of the business in FY23, this provides a solid platform for future growth initiatives.
- GAAP results were positively impacted by a fair value uplift in assets of $15.8m (FY23 of $6.6m) and a continued unwind of early close out of FX contracts $6.7m (FY23 $7.8m) which occurred in FY21 and FY22.

Group Financial Performance

	GAAP			Pro-Forma[1]		
NZ$000s	FY24	FY23	% chg.	FY24	FY23	% chg.
Volume Sold (t)	5,899	5,837	*1%*	5,899	5,837	*1%*
Revenue	187,106	167,131	*12%*	187,106	167,131	*12%*
Gross Margin	65,378	30,623	*113%*	49,591	24,035	*106%*
Gross Margin %	35%	18%		27%	14%	
EBITDA	46,990	11,698	<>	24,475	(2,665)	<>
EBITDA %	25%	7%		13%	-2%	
EBIT	39,405	3,276	<>	16,890	(11,087)	<>
NPAT	28,452	1,891	<>	12,242	(8,450)	<>

[1] comparable numbers restated as NZKS is no longer reversing the impacts of NZ IFRS 16 leases as previously communicated

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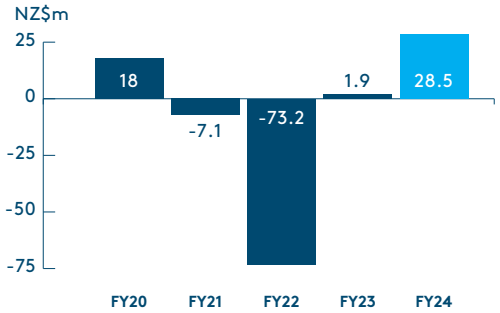
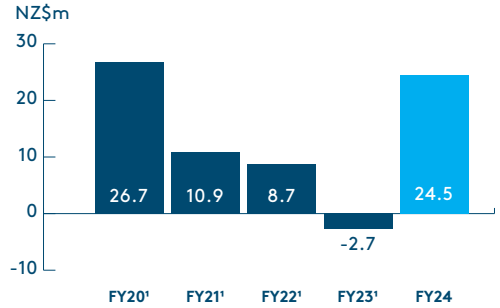
GAAP NPAT



Pro-Forma Operating EBITDA



[1] comparable numbers restated as NZKS is no longer reversing the impacts of NZ IFRS 16 leases as previously communicated

Fish Performance

- Fish performance remains the core focus for the business. FY24 saw the adapted farming strategy complete its first full financial year. This strategy of having the majority of stock in the Tory Channel over summer and avoiding the warmer water sites has proved successful to date with significantly reduced mortality compared to previous years. This improved performance has continued into FY25.
- The FY24 harvest volume was up slightly on FY23. Further increases are forecast for FY25 as the new strategy is optimised. The revised longer term harvest biomass of our farmed sites sits at ~6,800 to 7,200MT.
- Feed prices remain high and volatile due to raw material ingredients and global geo-political tensions.
- The second year of thermotolerance trials with our broodstock is complete. The next steps are for the trial to be replicated at a sea farm in FY25. As with all breeding-based initiatives, this is a long-term project.

Biological Performance

	FY24	FY23	% chg.
Harvest Volume (MT)	6,238	6,014	4%
Average Harvest Weight (Kg)	3.24	3.12	4%
Feed Conversion Ratio (FCR)	1.74	1.66	(5%)
Closing Livestock Biomass	5,379	4,620	16%
Feed Cost ($/Kg of feed)	3.38	3.06	(10%)

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AQUACULTURE

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Aquaculture

It has been a year of consolidation for our aquaculture team as we concentrated on fully implementing the adapted farming strategy and maintaining core operations.

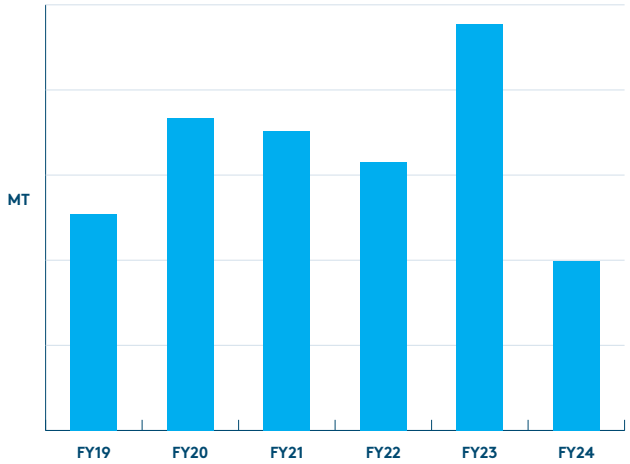
Fish health and welfare remains a priority; key areas of focus include:

- Focusing on the cooler Tory Channel water over the critical summer months
- Relocating stock from the Tory Channel to the Queen Charlotte Sound post-summer for grow out, and harvest prior to the next summer
- Seasonal harvest of smaller fish at Waitata
- Vaccination programme

The change in farming model, which avoids having fish at warmer/low flow sites over the summer months, has seen a positive reduction in mortality which is consistent with our expectations. This is despite the most recent summer being one of the warmest on record*.

*View Climate Summary >

Total Mortality Biomass



The adapted farming strategy was successfully repeated to add volume and make better use of our Waitata farm, whilst mitigating mortality.

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Vaccination

Vaccine development and deployment continued and will remain an ongoing focus with all NZKS commercial stock now vaccinated before entering sea farms. A semi-automatic vaccination machine arrived in late FY24 and has been installed and commissioned in early FY25. In addition to improvements in animal welfare through a reduction in fish handling, the machine will deliver significant labour and time efficiencies in this area.

Breeding for Thermotolerance

Complementing our adapted farming strategy is the ongoing development of our breeding programme.

We are currently in year two of a three-year project to develop and test the methodology that will allow targeted breeding of King salmon in elevated water temperatures. This collaborative project, supported by the Sustainable Food and Fibre Futures fund, administered by the Ministry for Primary Industries (MPI), is helping develop strong science for adaption and increased resilience in the face of a changing climate.

Initial trials conducted by the Cawthron Institute have delivered promising outcomes to date. Results show favourable thermotolerance heritability values with significant family differences, meaning some family groups possess the ability to handle warmer water significantly better than others. The next step will see us benchmark the trial facility work with on-farm data. Although the initial trial results are promising, breeding for change is a long-term project and we anticipate incorporating thermotolerance into our breeding programme and spawning activities from 2025 onwards.

Sustainability Action

Supporting our Native Wildlife

In response to a request from the Department of Conservation, we provided smolt as an emergency feed supply for NZ's critically-threatened bird Tara Iti, who had their fish supply wiped out in the Auckland flooding events of 2023.

New Zealand King Salmon's Selective Breeding Programme

Our classical breeding programme has been developed over 30+ years, and is the longest running, commercial King salmon breeding programme in the world. Selectively breeding our King salmon for desirable traits, allows us to improve natural genetic strains that yield better performing fish populations, in addition to delivering the critical scientific rigour to our unique breed of King salmon.

To date, the programme has encompassed 10 generations of salmon, and ~3000 families.

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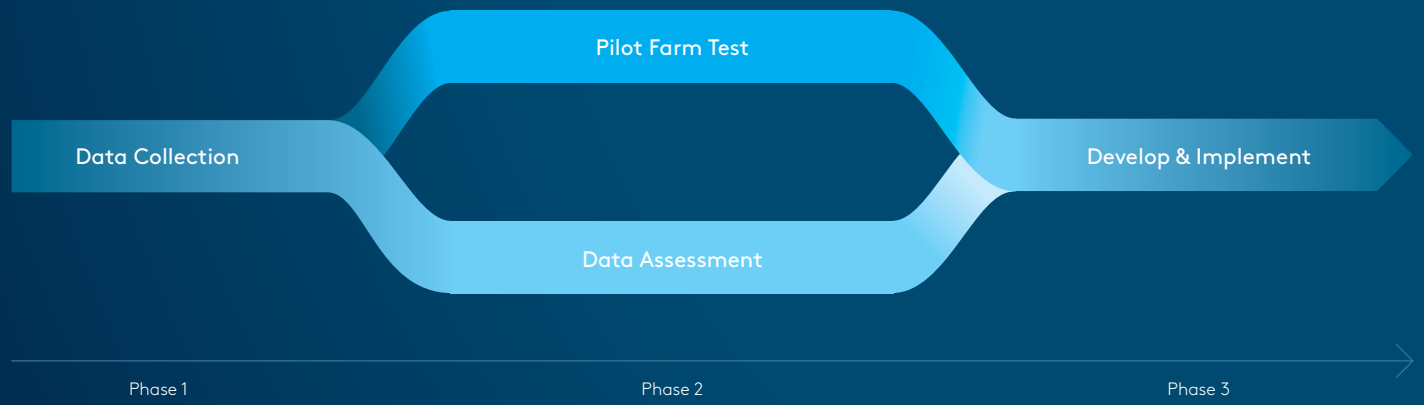
Blue Endeavour

We have spent over nine years researching and planning with industry experts to develop New Zealand's first open ocean salmon farm which we have named Blue Endeavour. With all permissions granted, we now enter a new phase of our journey and a new frontier of aquaculture in New Zealand.



Research and data collection

Work is already underway to capture baseline data for external parameters – marine mammals, seabirds, benthic and water column.

Blue Endeavour pilot scale farm

Installed to test infrastructure and farming operations over a two year period with ongoing assessment of data related to external parameters and pilot farm operations.

Development and implementation

A staged approach to the scale up of Blue Endeavour.

Growth potential

UP TO
10,000 tonnes
OF KING SALMON PRODUCED PER YEAR

POTENTIAL FOR
$300+ million
REVENUE PER YEAR

Employment

OPPORTUNITIES IN TE TAU IHU

Watch Blue Endeavour video

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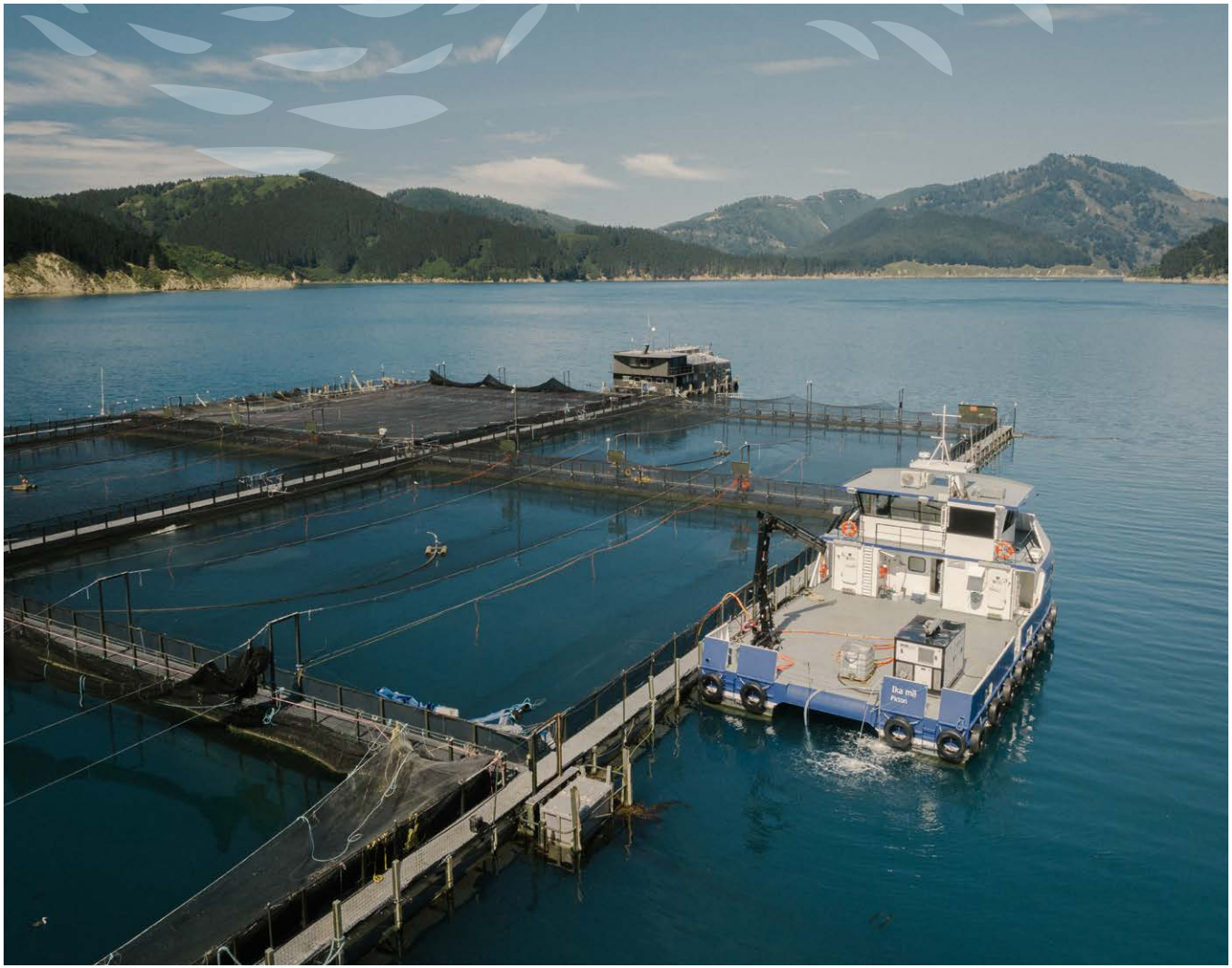

All permissions granted for

Blue Endeavour

NZ's first open ocean salmon farm

260

families of salmon assessed for thermotolerance heritability

A successful and crucial repair to Tentburn freshwater culvert, future proofing the site

TYEE

22.8kg

the largest Ōra King TYEE harvested to date

Dane Kieser, Smolt Production Manager awarded global recognition from Hatchery International in the 'Top 10 under 40' category

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Contents

SUSTAINABILITY

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Sustainability

"Fish farming holds tremendous promise in responding to surging demand for food which is taking place due to global population growth".

Ref: Food and Agriculture Organisation of the United Nations, State of World Fisheries Report

Environmental, Social and Governance

We are proud to produce a healthy, nutritious, and high-quality protein, and firmly believe that farmed salmon has a key role to play in sustainable and resilient food systems.

As a primary sector company, we are fundamentally dependent on the natural environment. NZKS is well versed in adapting our business to a changing climate, and we are also mindful of the importance of maintaining a high-level of focus on this. Our ability to adapt and look to the risks and opportunities that climate change may bring to our business is integral to our future resilience, and is something that leadership acknowledge and are focussed on. We also acknowledge our own operations, as with any activity, have an impact on the environment, and we are continually looking at how we can reduce our impact within our operational constraints. We are moving towards embracing Environmental, Social and Governance (ESG) principles and ingraining these in our corporate culture to guide decision making.

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Environmental Responsibility

At NZKS we are committed to understanding our impact on the environment and to look for ways to reduce our impact within our operational constraints. As part of this, we monitor our environmental impact annually to stringent consenting requirements. We are also committed to better understanding our carbon footprint and potential pathways to reduce our carbon impact.

Social Impact

We believe our business has a responsibility to positively impact the communities in which we operate. Whether it's through developing a healthy, nutrient-rich product for our customers, supporting local suppliers, promoting diversity and inclusion within our workforce, or engaging in community sponsorships and events, we are committed to growing healthy relationships and communities. Details of our social impact initiatives can be found in the Our People, Culture and Community chapter on page 27.

Governance Excellence

We are committed to upholding the highest standards of corporate governance, ensuring fairness, honesty, and ethical behaviour in all our interactions. Our Board and Executive Leadership set the standard in providing effective and accountable management and oversight of NZKS, ensuring ethical conduct and transparency. Read our Corporate Governance policies on page 45.

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NZKS has been able to increase our focus on our journey to a resilient, sustainable future.

Aotearoa New Zealand Climate Reporting Standards

NZKS will release our first Climate-Related Disclosures (CRD) for this financial year in May 2024. The introduction of the Aotearoa New Zealand Climate Standards, released by the New Zealand External Reporting Board (XRB) in December 2022, has created a framework to support NZKS in formalising our work towards building a sustainable future for both the environment and our business.

With the business now steadied and producing positive results, NZKS has been able to increase our focus on our journey to a resilient, sustainable future. A key project delivered as part of this sustainability journey, was building our base year of carbon emissions for Scope 1, 2 and 3 emissions. This has been a significant undertaking and we have engaged with external consultants to support us in this process; we partnered with thinkstep-anz to identify our carbon inventory streams, and EY to perform certain agreed procedures around our processes around the collation of our carbon inventory. The EY procedures were carried out in preparation for providing limited assurance over our emissions reporting in FY25. We engaged with ESP to collate our carbon inventory using BraveGen, their carbon management software. With the help of BraveGen we can measure, monitor, and track carbon emissions across our business. This software also has the ability to support us in a transition plan for emission reduction.

The NZKS Climate-Related Disclosures can be found on our website, no later than 31 May 2024.

View NZKS Climate-Related Disclosures ›

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Improvement by Design

We recognise the critical need to rethink traditional linear production models and embrace circularity as a guiding principle for sustainability and resilience. By adopting circular thinking, we aim to turn our organisational challenges into opportunities for positive change. Circular thinking in the context of our organisation involves redesigning processes, products, and systems to minimise waste, maximise resources and promote regeneration.

A strategic focus of our circular journey has been on whole fish utilisation. We have funded, and are in the process of commissioning, an ensilage plant to capture and utilise our remaining organic waste streams. Once operational, our goal for this facility is to allow us to convert salmon waste streams currently sent to landfill, into fish silage for liquid fertiliser and biogas production. This project is another important step in transitioning towards a low emissions and circular economy.

By adopting circular thinking, we aim to turn our organisational challenges into opportunities for positive change.

Sustainability Action

End-of-Life Solution for Single-Use Plastic

In collaboration with our service provider Office Max and resource recovery organisations All Heart NZ and Critical, we took part in a pilot scheme to find a diversion strategy for single-use Personal Protective Equipment (PPE) used in our processing operations. Once destined for landfill, this PPE has been transformed into several tabletops which are now installed throughout our business. Finding circular, end-of-life solutions for single-use plastic remains an ongoing focus.

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Packaging

Packaging plays a crucial role in ensuring food safety for our consumers. We focus on delivering our product in the freshest, highest quality condition, while maintaining nutrient integrity. Good packaging supports the reduction of food waste, helps us deliver our product to a broader customer base, and supports traceability.

As a signatory to the New Plastics Economy Global Commitment, NZKS has faced significant challenges in reaching our goal of *100% of plastic packaging to be reusable, recyclable, or compostable by 2025*. However, we remain committed to working on projects to improve the percentage of recyclable packaging across our organisation. Projects include replacing gel pads with water pads where possible, and transitioning from our current non-recyclable, vacuum-packed packaging material, to a recyclable soft plastic. Although in acknowledging we will not meet our previous commitments by 2025, the progress we have made to date, and our future planned work, shows our commitment to continue to reduce the footprint of our packaging.

Recognising Sustainability

To independently verify our sustainable operating practices, we are regularly audited and assessed by expert third-party organisations.

We also work closely with a range of global and local organisations to improve sustainability practices across our organisation.

Sustainability Action

Go Green Fund

This internal initiative provides an opportunity for NZKS team members to make positive changes to the way we operate and share ideas on how we can move towards a greener future. This fund, which is supported by our service provider Office Max, has contributed to the successful delivery of initiatives such as an end-of-life solution for PPE; and the installation of filtered, plumbed in, no-fill water coolers which have reduced plastic bottles from the business.

BAP CERTIFIED 4 Star Certified

moananui

A+ New Zealand Sustainable Aquaculture

BLUE ECONOMY COOPERATIVE RESEARCH CENTRE

Sustainable Business Network IMPACT INVESTOR

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4 ★★★★

STAR BAP CERTIFIED

Four-star rating awarded for the sixth consecutive year from Global Seafood Alliance, Best Aquaculture Practices (BAP) programme – the highest designation in the programme

~90,000km

driven across 3 electric vehicles

Modern Slavery training developed and delivered to 24 team members, including senior leadership and procurement teams

112kg

of fresh fruit delivered each week to team members

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Sustainability Action

A Verified Measure for Climate Impacts

Our organisation participated in a comprehensive, industry-wide Life Cycle Analysis (LCA) of New Zealand-farmed King salmon, facilitated by the Ministry for Primary Industries (MPI).

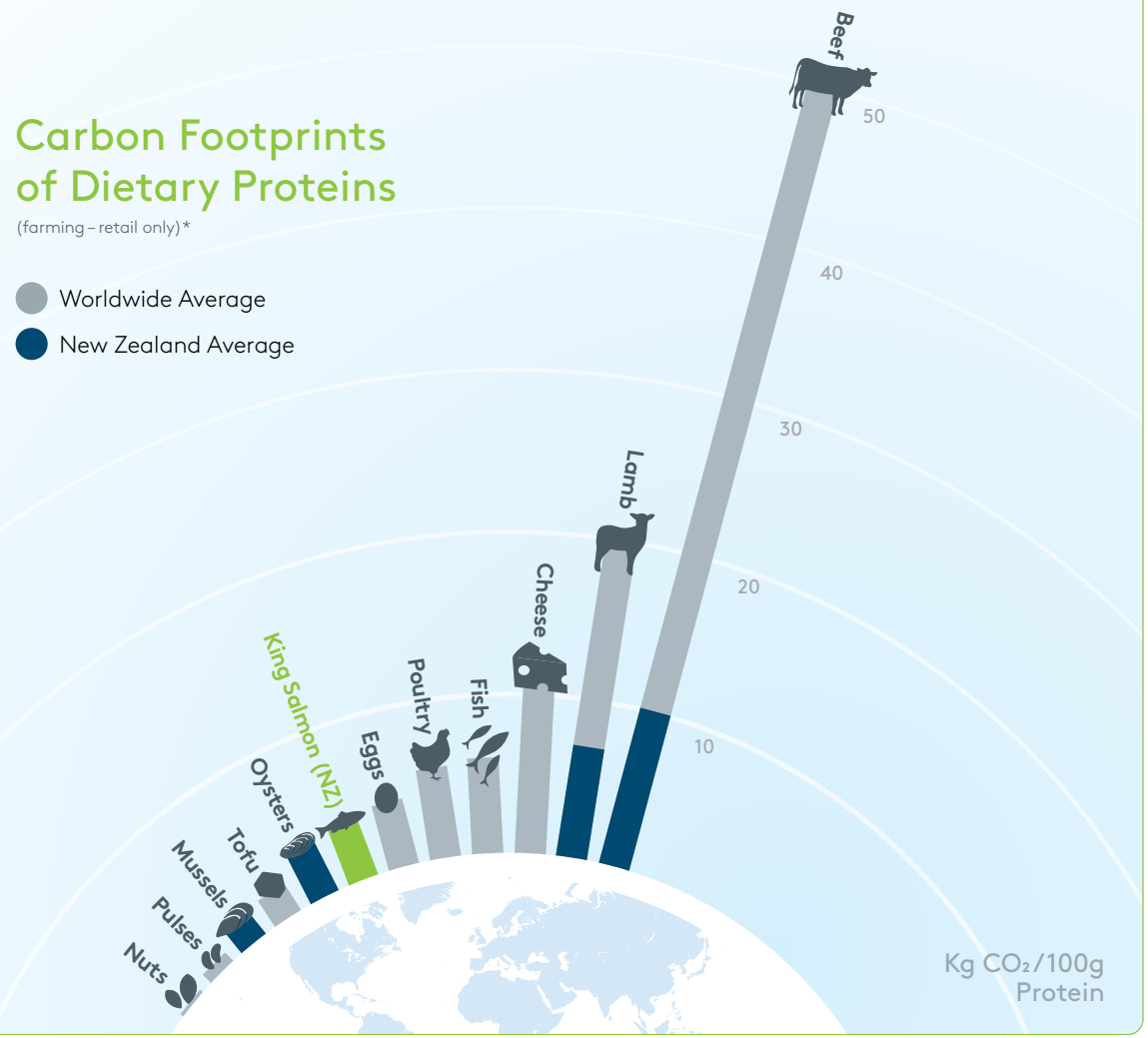
LCA is a method to measure and evaluate the environmental impacts associated with a product, system or activity, by assessing the energy and materials used and released to the environment over the life cycle.

Results from the industry-wide study show that New Zealand-farmed King salmon has a lower carbon footprint compared to the global average of other animal proteins. It also found that New Zealand farmed King salmon sold domestically, has a similar carbon footprint to eggs, poultry and other farmed fish.

This LCA provides us with key insights into the benefits and trade-offs associated with King salmon production, in addition to identifying hotspots which will support and inform decision making and transition opportunities for lowering carbon emissions.

Read the full LCA report >

*Ref: Data from Figure 0-3: Carbon footprints of different dietary proteins on the global market – production to retail only. LCA Report – King salmon from New Zealand. V1.6, May 2023



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OUR PEOPLE, CULTURE & COMMUNITY

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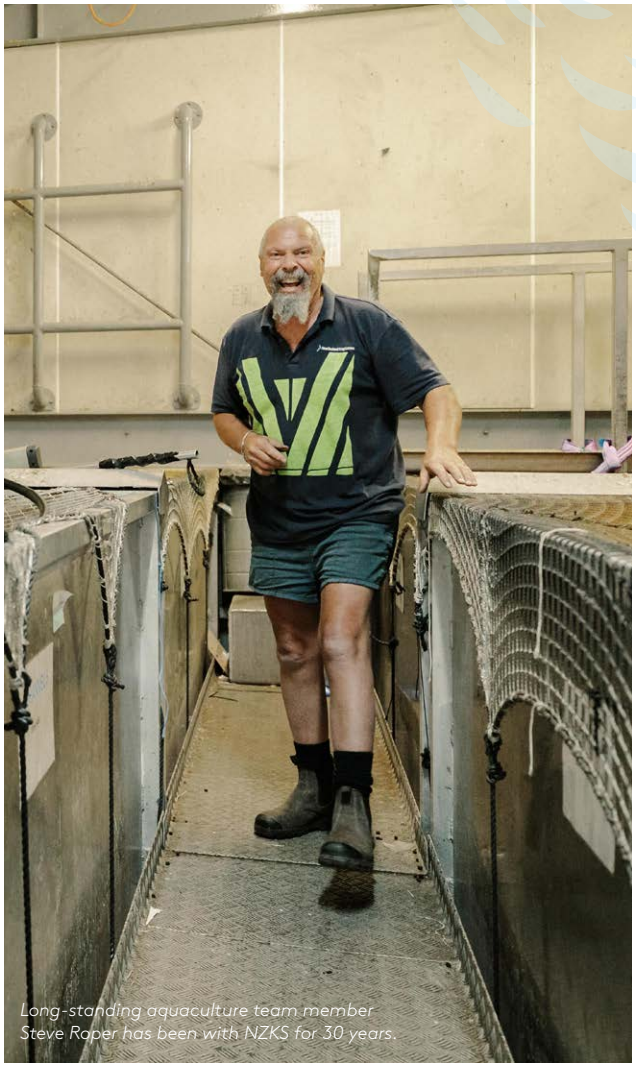

Long-standing aquaculture team member Steve Roper has been with NZKS for 30 years.

Our People and Culture

Our team of over 440 dedicated individuals are the key to our Company's success; we recognise the need to not only attract new talent, but also retain existing talent, and continuously support them in their professional and personal development.

Creating a stable environment for our people was paramount throughout FY24 as we focussed on rebuilding team member confidence and engagement levels, and fostering a positive, forward-thinking culture, whilst also working to ensure our employer brand is aligned with our goal of attracting the right people with strong skills into our business to move us into the future.

Capability Development and Training

Although challenging during FY23, investment in the development of our people recovered in FY24. Our online learning platform Go1 experienced high levels of usage with over 480 courses completed. Training specified by our Resource Management Plan (RMP) was successfully delivered during the year with 360 processing team members taking part in nine courses specified by the RMP, such as food safety, allergens, and health & safety, equating to over 3600 hours of learning completed.

Leadership training continued with 45 team members completing a two-day interactive video-based presentation and personal impact course. In addition, sessions on high performing teams, conflict resolution, effective collaboration, and developing a leadership presence, were also delivered to managers across the Company.

With a new CEO on board, we engaged an external facilitator for leadership training with the Senior Leadership team focusing on collective leadership and one-on-one sessions, these will continue throughout FY25.

Mental wellbeing and wellness were also topics of focus, and at the end of the financial year we had trained over 350 people in our bullying and harassment policies, ensuring our team members are better protected from inappropriate treatment and the risk of bullying. This will remain an ongoing focus as we work to implement a revised wellbeing strategy in FY25.

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Nurturing Talent and Recognising Excellence

In addition to training and development, we promoted 18 team members into leadership positions or roles with significant influence throughout FY24, part of our commitment to nurturing and developing existing talent. This will continue throughout FY25 with the reintroduction of a range of programmes including leadership capability, succession planning, remuneration strategy, and working on any gender pay gap actions.

Our commitment to recognising everyday excellence continues with 173 individual Way We Work nominations, 59 team Way We Work nominations, and 53 Positive Safety Behaviour nominations received through our peer recognition scheme. Resulting in over $12,000 worth of prizes awarded to individuals and teams throughout the business.

> We believe that an engaged team is the driving force behind our achievements.

Team Member Engagement

We believe that an engaged team is the driving force behind our achievements; engaged team members result in enhanced productivity, improved retention, increased innovation and creativity, and greater customer satisfaction. Therefore, we work hard to maintain a high level of engagement and emotional commitment to our business.

Engagement initiatives aim to ensure our team members feel connected to their colleagues, their work, and our business goals and values. This is achieved through celebrating success and ensuring we clearly communicate organisational strategies. With diversity and inclusion at the heart of our culture, we recognise national days and weeks such as Māori Language Week and Mental Health Awareness Week. In FY24 we took part in several fundraising events such as pink ribbon breakfasts and pink shirt day, in addition to hosting a number of company-wide barbecues and CEO lunches with team members across the business.

Employee engagement is assessed through a confidential annual engagement survey. With an 83% response rate, we are pleased to have sustained a high score of 79% through one of the Company's most challenging times; highlighting the commitment and dedication to our people and culture.

Team members at 2023 Christmas function

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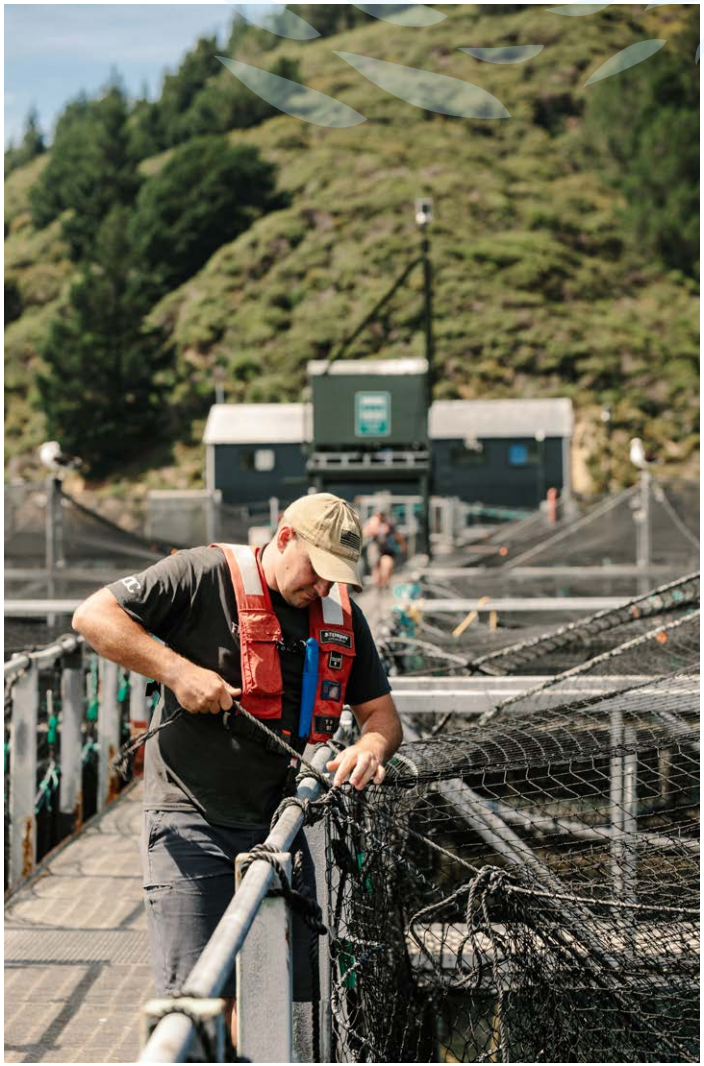

Our safety strategy has evolved to create a culture where we truly look after each other

Health, Safety & Wellness

This was a year of 'refresh and refocus' in the health, safety and wellbeing space. Our focus on critical risk management and control continues, and our safety strategy has evolved to create a culture where we truly look after each other, along with attention to actual work completed against perceived work completed. This aim of ensuring alignment between expectation and actualisation is being underpinned by a change in our health, safety and wellbeing resources.

The appointment in FY24 of two specialist health, safety and wellbeing advisors, one with knowledge and background in processing operations, and one with knowledge and background in aquaculture operations, has resulted in a more comprehensive understanding of what happens at an operational level. Several operational safety projects targeted at some of our most critical risk areas were successfully delivered in FY24, including: lockout, tag out; confined spaces; winches; working from heights; contractor management; mobile plant; and electrical safety.

Sustainability Action

Modern Slavery Statement

We submitted our third Modern Slavery Statement, reporting under Australia's Modern Slavery Act 2018. This statement sets out the steps we have taken, and continue to take, to prevent modern-day slavery in our operations and across our supply chain. Modern slavery remains a challenging area for our industry, we will continue to monitor and assess our high-risk suppliers, whilst also ensuring our team is equipped with the knowledge and tools required to recognise and tackle it.

Read our Modern Slavery Statement >

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Team members at 2023 Christmas function.

Governance

Changes in how our Board engages with health, safety and wellbeing through changes to our Health & Safety and Food Safety Board Sub Committee, as well as the updates to our risk register, resulted in a more targeted oversight of health, safety and wellbeing from our Directors in FY24. This, combined with greater Board member visibility, has allowed for improvement in Board due diligence in the health, safety and wellbeing arena.

Long-Term Injury Frequency Rate (LTIFR)

Our LTIFR, which looks at the number of lost time injuries as a factor of hours worked, continues to be an area of focus. We finished the year with a LTIFR of 28.5. Leadership are focusing on better management of workplace absence by the usage of early intervention and the possibility of alternative duties. It is well understood that working with medical professionals and the injured person to return them back into the workplace promptly on restricted or alternative duties, is a key part of a more effective and quicker rehabilitation and return to normal work.

4000+ interactions with team members and our community through a variety of engagement initiatives

79% employee engagement score achieved

285 nominations through our peer recognition schemes

3600+ hours of RMP-specified training completed

5.8% increase of the lowest wage, in recognition of increases to the cost-of-living

18 internal promotions

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Our Communities

We are proud to call Te Tauihu o Te Waka-a-Māui (Top of the South) home, and we're committed to having a positive presence within our communities.

Although our business has a global reach, we will always remain proudly local. We know that what truly makes our King salmon unique is where it comes from - from the natural environment, to the communities that work for, with, and around us.

Our Commitment to the Community

- Contribute to regional economic development and support local sectors and suppliers
- Be a good neighbour and community partner
- Participate in flagship local food and wine events
- Support youth development to improve life in the community
- Build meaningful and enduring relationships with mana whenua
- Produce the world's finest salmon and make our community proud

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Sponsorships and Donations

Fiscal responsibility during our business recovery period has meant a reduction in our sponsorship budget in FY24. However, we maintained a supportive presence in our communities, including sponsorship of key environmental and social initiatives and participation in local events.

Here is a snapshot of what we have supported this year:

Environment

— Kaipupu Wildlife Sanctuary

Safety & Wellbeing

— Nelson Tasman Rescue helicopter

Community Food & Cultural Events

— Havelock Mussel and Seafood Festival
— Picton Maritime Festival
— Marlborough Wine & Food Festival
— Seafood Saturday
— Multicultural Nelson Tasman festival

Youth Support & Community Initiatives

— Big Brothers Big Sisters
— Graeme Dingle Foundation
— Special Olympics Nelson

Education & Training Initiatives

— NMIT aquaculture scholarships
Supporting local schools

Supporting Regional & Economic Development Initiatives

— Marlborough Chamber of Commerce
— Nelson Tasman Chamber of Commerce
— Moananui - Blue Economy cluster
— Blue Economy CRC

We have donated our product to a range of events:

— Te Mana Kuratahi Kapa haka festival
— Charity Christmas dinner
— Zomi Harvest Festival
— Charity golf events

Clockwise from top right: Signing of Moananui Partnership; Omega Plus fundraiser for local charity Marlborough Four Paws; Showcasing our Regal products at the Havelock Mussel and Seafood Festival; Team members fundraising for Daffodil Day; Delivering Christmas hampers to local charity Kai Rescue; Pink ribbon breakfast fundraiser

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Team members at Picton Maritime Festival

Looking to the Future – Developing a Relationship Ecosystem for Success

Building confidence amongst our communities is key to increasing our Company's resilience. This requires investing in our relationships; nurturing the range of existing relationships established over 35+ years of operation in the Top of the South, as well as identifying and developing new partnerships. This is particularly important for growing our future in the open ocean — a future that requires lateral and collaborative thinking, as we enter a new frontier of aquaculture in New Zealand.

Communications – Telling our Story

We at NZKS are proud of the Company we have developed over 35+ years. Ensuring that we share who we are, what we stand for, and where we are going, will be critical for the year ahead. We will be initiating strong communications throughout our social media, proactive media releases, and our website throughout the year.

Sustainability Action

Reducing Plastic and Supporting Local Suppliers

Partnering with a local milk supplier, our Nelson site received 7,400 glass milk bottles in FY24, eliminating what would have been 3,700 plastic milk containers. This local programme showcases circular thinking in action – with their glass milk bottles repeatedly refilled and reused. At the end of life, glass can then be recycled endlessly without loss in quality or purity.

Sustainability Action

Supporting Local Schools and Education Initiatives

We provided King salmon eggs to Queen Charlotte College and Marlborough Boys' College for hatching and growing as part of their aquaculture studies.

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Michael McEntee recently transitioned from an aquaculture team leader into a specialist health, safety and wellbeing advisor role

20+
charities/local organisations supported

271.5kg
waste collected
over 49 beach cleanups during the 2023 calendar year

Participated in 4 flagship food events, raising more than **$12k for local charities**

Joined Moananui – New Zealand's first Blue Economy cluster

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STRONG BRANDS

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Ōra King Documentary screening in Los Angeles

Strong Brands

We continue to focus on reaffirming our premium positioning through creative storytelling across foodservice, retail and petfood categories. FY25 will see us amplify our brands through strategic partnerships and ambassadors.

Our consumer brands continue to perform well locally and internationally amidst supply constraints.

These constraints were evidenced through a smaller than average fish size during September – December which impacted size-sensitive export markets. This was a result of the final stages of transition to the new farming model and will not be repeated in future years (aside from seasonal harvest fish).

We continue to focus on reaffirming our premium positioning through creative storytelling across foodservice, retail and petfood categories

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ŌRA KING®

Growing our global digital footprint, with unprompted engagement from high profile chefs and celebrities using our premium King salmon, continues to be a focus.

Traceability enhancements continue with updated gill tags incorporating QR codes, making it even easier for customers to trace their individual Ōra King salmon back to the source. The Ōra King documentary, produced in 2021 is still relevant today, and throughout FY24 we held screenings in Melbourne, New York and Los Angeles. Ōra King TYEE continues to take the world by storm; the 1000th TYEE was harvested in FY24 and served at a celebratory event in New York with our North American Ambassadors. FY25 will see us deepen engagement with our Global Ambassador network as advocates of our premium foodservice brand.

Watch the Ōra King Documentary

Ambassador Chef Liwei Liao aka 'Dry Aged Fish Guy', preparing TYEE 1000 in NYC

Cured Ōra King salmon dish prepared by Ambassador Chef Gideon Landman of Tantalus Estate, Waiheke

A number of our New Zealand and Australian Ambassador Chefs at Peter Gordon's Homeland

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REGAL™

Regal is our premium retail brand, and with over thirty years of leadership in the salmon category in New Zealand, it is ranked as the number one smoked salmon brand across Awareness, Consideration, Usage and Preference.*

Increasing our digital footprint and engagement has been, and will continue to be, a focus for the Regal brand, utilising our brand ambassadors to extend reach across social and online communities. Rebuilding relevance and dialling up our premium position will be executed across our global markets in FY25 through creative point of sale and brand building with our retailers.

*Ref: Panel Survey Data via 'Tracksuit' 31 Jan 2024

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OMEGA PLUS
THE SALMON SUPERFOOD

With a shift in strategy, the Omega Plus wet and dry pet food ranges transitioned out of traditional grocery stores and into pet specialty retail stores in FY24.

As a result, we have invested in educating pet speciality store team members, to ensure they can effectively and confidently communicate the Omega Plus product features, health benefits, and usage to their customers. Work is now underway to expand this education direct to the customer by amplifying all touch points. In addition to strengthening relationships with existing export markets, we will explore opportunities in the Australian pet speciality stores. Innovation and new product development continues with exciting new formats in the pipeline to support the requirements of pet specialty store customers and export markets.

'Look As Good As You Feel' Campaign

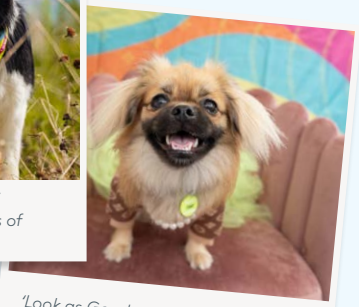
Our Look As Good As You Feel Campaign, launched in FY24, is a series of pop-up events around the country aimed at encouraging customers to try out and switch to Omega Plus. We share our unique brand story, give out samples and even have a photo-booth for dogs to make it an interactive event. This campaign, along with our online competitions, has achieved high levels of engagement.

Sustainability Action

Omega Plus Range

We have already experienced the benefits of circular-thinking and elevating the value of our remaining raw materials through the successful development and commercialisation of the premium Omega Plus range. These remaining raw materials are now the number one ingredient in our much-loved, nutritious pet food brand.

Our 'Look as Good as you feel' campaign achieved high levels of engagement online.



'Look as Good as you feel' event in Wellington

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Regal brand health – number 1 smoked salmon in NZ across Awareness, Consideration, Usage and Preference

1000th Ōra King TYEE harvested

4 new Regal products launched

29,553 votes and 261 competition entries to Omega's 'Look As Good As You Feel' campaign

$10k worth of Omega Plus pet food donated to those affected by Cyclone Gabrielle and other animal shelters throughout the year

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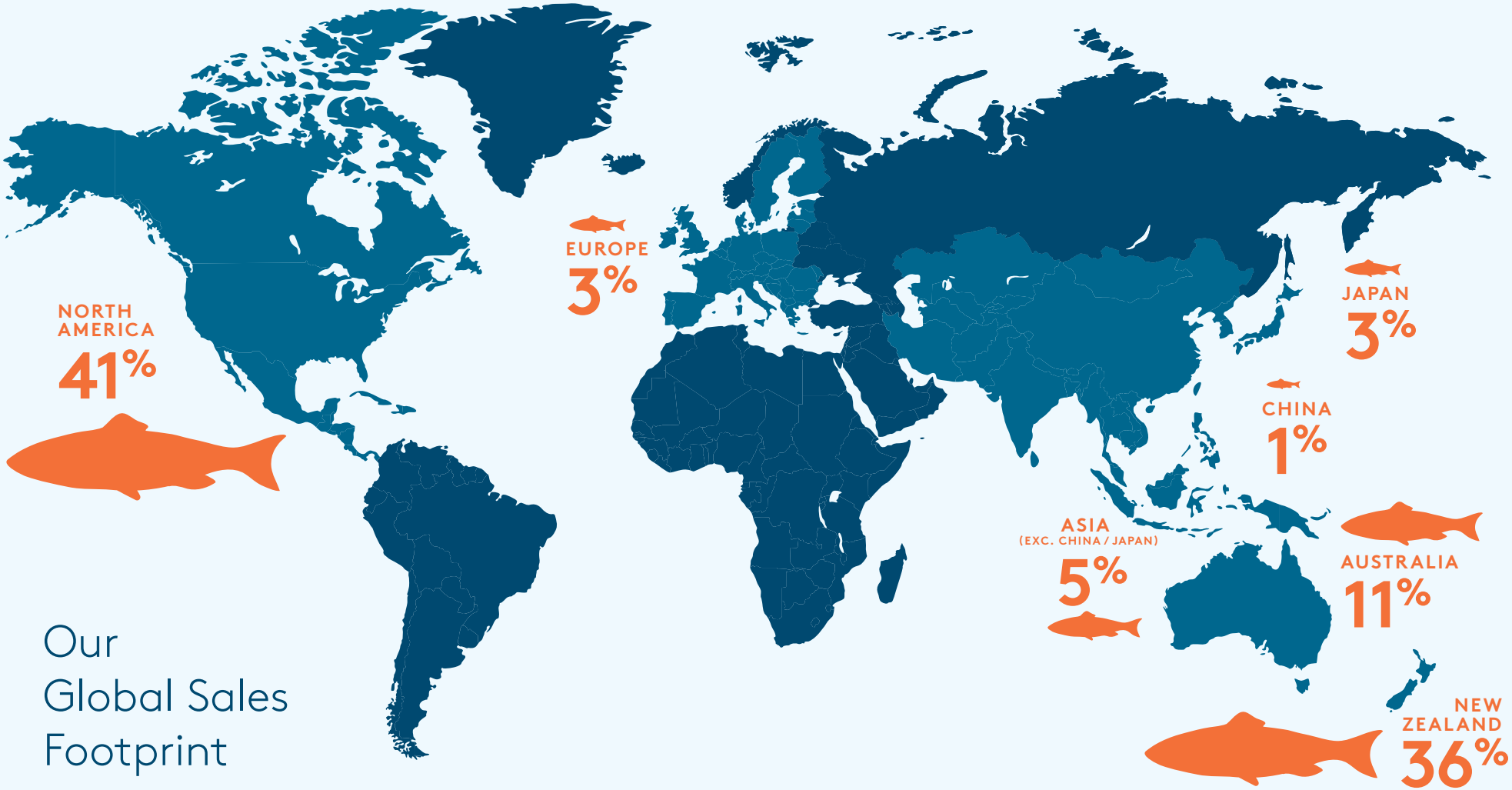
Our Global Sales Footprint



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Market Dynamics

We have carefully managed our markets and categories throughout FY24 to ensure price and product optimisation.

Share of Total Revenue by Market

New Zealand – 36% (FY23 41%)

Regal retail revenue across the domestic market increased compared to the previous year, this was due to the introduction of smaller pack sizes, which at a lower price point, stimulated shopper purchases as shoppers adapted to the increased cost-of-living. Demand for fresh salmon remains steady and continues to exceed supply in the domestic foodservice category, with fresh fillets in particular demand.

Australia – 11% (FY23 10%)

Retail sales for Regal saw the benefit of increased distribution that mitigated the impact of price increases across this market. Ōra King demand remains strong and continues to grow. Strong demand for fresh fillets and whole fish continues in the foodservice category with some customers and end users switching to fillets as staffing levels have been slow to recover.

North America – 41% (FY23 37%)

Demand for Regal King salmon branded product continues to grow, and increased distribution in late FY24 helped the year to finish strongly for the retail category. Ōra King demand remains strong in the foodservice category, although growth here is constrained by limited supply.

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Europe – 3% (FY23 4%)

Constrained supply limited our growth in Europe with greater demand than our ability to supply in the first half of the year. Demand in the second half softened as many European markets struggled with increased costs of living.

Japan – 3% (FY23 3%)

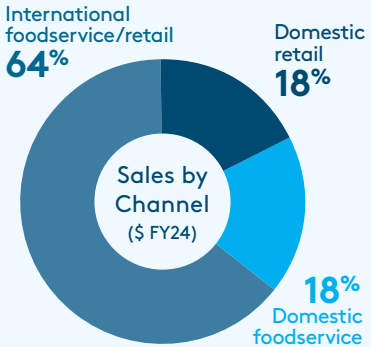
Despite significant price increases in this market, demand has remained steady. Supply to the Japanese foodservice category reduced year-on-year due to supply constraints.

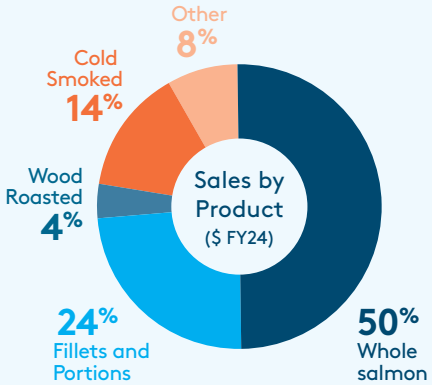
China – 1% (FY23 NA)

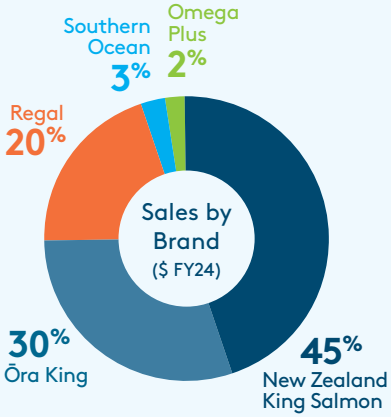
FY24 saw us re-enter into the foodservice category in China where we are building a good partnership programme.

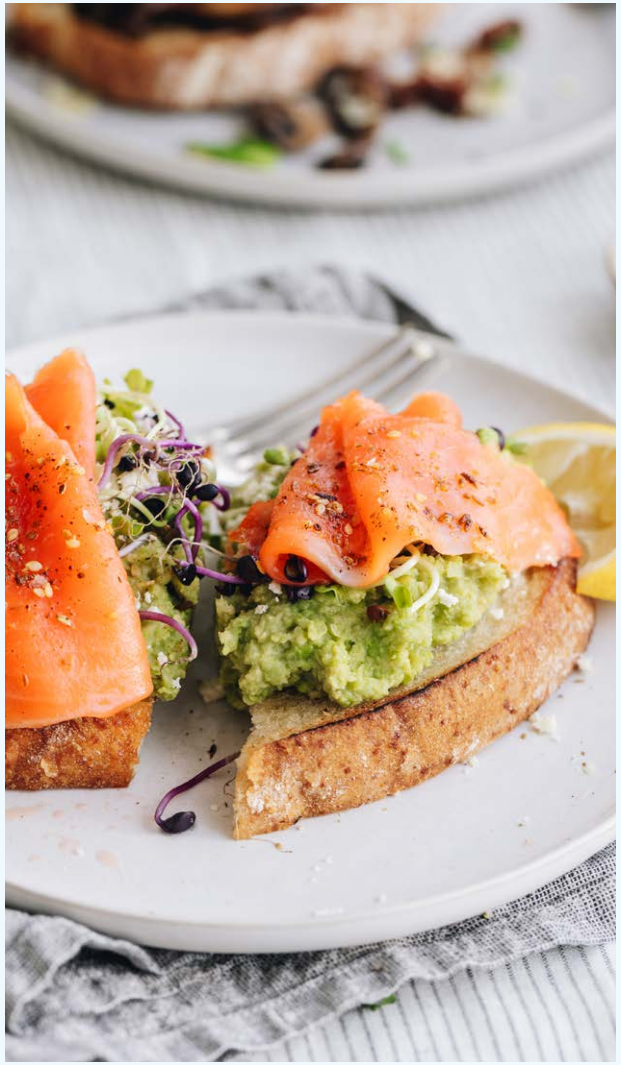
Asia (exc. China & Japan) – 5% (FY23 5%)

Similar to other markets, demand remains greater than our ability to supply. However, support for our brands remains strong despite higher pricing.









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Contents

LEADERSHIP & CORPORATE GOVERNANCE

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Leadership & Corporate Governance

Board of Directors

With overall responsibility for setting the Company's strategic direction and enhancing shareholder value, our Board is committed to ensuring the Company meets best practice governance principles and maintains the highest ethical standards.

Mark Dewdney
Independent Non-Executive Chair, BMS

Chiong Yong Tiong
Non-Executive Director MCom, BCom

Carol Chen
Non-Executive Director BBA

Victoria Taylor
Independent Non-Executive Director, BCom

Jack Porus
Non-Executive Director BCom, LLB

Paul Steere
Independent Non-Executive Director

Catriona Macleod
Independent Non-Executive Director, GIBio, MSc, PhD, GAICD, BSc

Paul Munro
Independent Non-Executive Director, BCom, FCA, CFInstD (Joined 1 March 2024)

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Carl Carrington
Chief Executive Officer

Ben Rodgers
Chief Financial Officer

Graeme Tregidga
Chief Commercial Officer

Grant Lovell
General Manager, Aquaculture

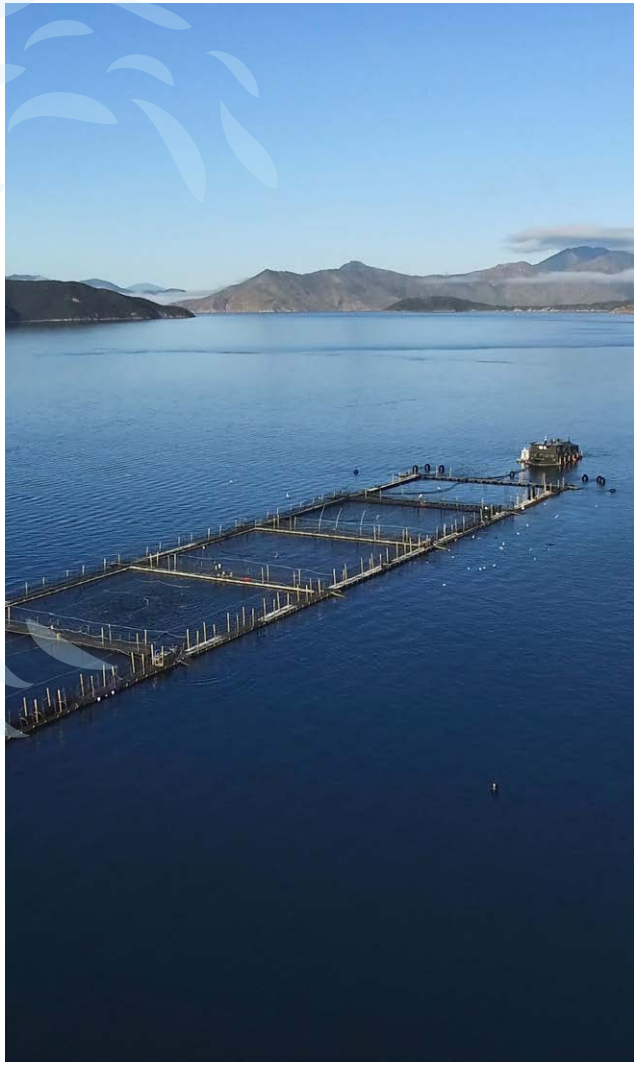
Richard Smith
General Manager, Processing

Executive

The Executive is focused on ensuring the Company is managed at the highest strategic level and they work to realise the Company's long-term corporate objectives.

Read our Board and Executive Team Biographies ›

In addition to the Executive, the Senior Leadership team includes: Nikki Rackley (GM People & Culture), David Wright (GM ICT), Denver McGregor (GM Food Safety & Quality), Cindy Steele (GM Omega Innovations), and Monique Hatfull (Head of Relationships & Communication).



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Corporate Governance

Corporate Governance Statement

The Board of New Zealand King Salmon Investments Limited (the Company) together with its subsidiaries (the Group) is committed to ensuring that the Company meets best practice governance principles and maintains the highest ethical standards. This Corporate Governance Statement provides an overview of the Company's governance framework. It is structured to follow the revised NZX Corporate Governance Code (NZX Code) effective 1 April 2023 and disclose practices relating to the NZX Code's recommendations.

The Board's view is that during the reporting period, the Group has complied with the corporate governance principles and recommendations set out in the revised NZX Code apart from specific areas noted in this report. The Board believes our governance structures and in particular, our remuneration approach meets the Company's strategic objectives. In forming our conclusions, we have sought external feedback from advisors to challenge our thinking and validate our findings, which we have appreciated.

The Company's key corporate governance documents referred to in this statement, including charters and policies, can be found on the Company's website: **www.kingsalmon.co.nz/governance.**

The Company's Corporate Governance Code was reviewed, updated and approved by the Board in September 2023. The extent to which the Company has followed the recommendations in the NZX Code for the financial period to 31 January 2024 is detailed in this Corporate Governance Statement, which is dated and was approved by the Board, on 26 March 2024.

1. Principle 1 – Ethical Standards

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Recommendation 1.1

The Board should document minimum standards of ethical behaviour to which the issuer's Directors and employees are expected to adhere (a Code of Ethics).

The Code of Ethics and where to find it should be communicated to the issuer's employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.

The Code of Ethics should outline internal reporting procedures for any breach of ethics, and describe the issuer's expectations about behaviour, namely that every Director and employee:

a. Acts honestly and with personal integrity in all actions;

b. Declares conflicts of interest and proactively advises of any potential conflicts;

c. Undertakes proper receipt and use of corporate information, assets and property;

d. In the case of Directors, gives proper attention to the matters before them;

e. Acts honestly and in the best interests of the issuer, as required by law, and takes account of interests of shareholders and other stakeholders;

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f. Adheres to any procedures around giving and receiving gifts (for example, where gifts are given that are of value in order to influence employees and Directors, such gifts should not be accepted);

g. Adheres to any procedures about whistle-blowing (for example, where actions of a whistle-blower have complied with the issuer's procedures, an issuer should protect and support them, whether or not action is taken); and

h. Manages breaches of the code.

Code of Ethics

The Board sets a framework of ethical standards for the Group via its Code of Ethics, which is contained in the Company's Corporate Governance Code. These standards are expected of all Directors and employees of the Group.

Every new Director, employee and contractor is provided with a copy of the Code of Ethics and must confirm that they have read and understand the Code of Ethics. The Code of Ethics is available on the Company's website.

Training on the Code of Ethics to existing employees is required at least once every three years or in the year after the Code of Ethics is materially amended. In FY24 there were no material amendments, and the Company has confirmed a training schedule for existing employees in FY25.

The Code of Ethics is subject to regular review by the Board.

The Company maintains an interests register, on which Directors and executives disclose any interests such as other Directorships, shareholdings, or ownership, which may potentially lead to conflicts or perceived conflicts of interest.

The Company has a formal whistle-blowing policy that is reviewed and circulated to all staff every two years. The policy is due for review in FY25. Any reported breaches of the code of ethics are investigated by the People & Culture team. For any substantiated claims, this is reported through to the Board.

Any reported breaches of the code of ethics are investigated by the People & Culture team. For any substantiated claims this is reported through to the Board.

Recommendation 1.2

An issuer should have a financial product dealing policy which applies to employees and Directors.

Share Trading by Company Directors and Employees

The Board of the Company has implemented a formal procedure to handle trading in the Company's quoted financial products. All Directors, officers, employees, contractors and advisers of the Group must comply with the procedures set out in the Financial Products Trading Policy and Guidelines as detailed in the Company's Corporate Governance Code, available on the Company's website.

All trading by Directors and senior managers (as defined by the Financial Markets Conduct Act 2013) is required to be reported to NZX and recorded in the Company's securities trading register. A blackout period is imposed for all Directors and employees between the end of the half year and full year and the release to NZX of the result for that period. The policy provides that shares may not be traded at any time by any individual holding material information. The full procedures are outlined in the Financial Products Trading Policy and Guidelines, which is contained in the Company's Corporate Governance Code, available on the Company's website.

2. Principle 2 – Board Composition and Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Recommendation 2.1

The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.

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Responsibilities of the Board

The Board is the ultimate decision-making body of the Company and appoints the Chief Executive Officer (CEO) to whom it delegates the responsibility of managing day-to-day operations.

The Board is responsible for setting the strategic direction of the Company, directing the Company and enhancing shareholder value in accordance with good corporate governance principles.

In addition to the duties and obligations of the Board under the Companies Act 1993 (the Act) and the NZX Listing Rules, the functions of the Board include:

- Appointing the Chair and the CEO.
- Providing counsel to, and reviewing the performance of, the CEO and Chief Financial Officer (CFO).
- Reviewing and approving the strategic, business and financial plans prepared by management.
- Monitoring performance against the strategic, business and financial plans.
- Approving major investments and divestments.
- Ensuring ethical behaviour by the Company, Board, management and employees.
- Assessing its own effectiveness in carrying out its functions.

The Board monitors these matters by receiving reports and plans from management and appropriate experts, and by maintaining an active programme of Company site visits.

The Board uses committees to address certain issues that require detailed consideration by members of the Board who have specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

The Board has a statutory obligation to maintain responsibility for certain matters. It also deals directly with issues relating to the Company's mission, appointments to the Board, strategy, business and financial plans.

Details of the Board's role, composition, responsibilities, operation, policies and committees are provided in the Company's Corporate Governance Code, available on the company's website.

Recommendation 2.2

Every issuer should have a procedure for the nomination and appointment of Directors to the Board.

Director Nomination and Appointment

The Board is responsible for appointing Directors. The People and Performance Committee manages the appointment process for new Directors and the re-election of existing Directors in order to make a recommendation to the Board. The nomination and appointment procedure is set out in the Committee's charter, which is included in the Company's Corporate Governance Code.

When considering an appointment, the Committee will undertake a thorough check of the candidate and their background. Where the Board determines a person is an appropriate candidate, shareholders are notified of that and are provided with all material information that is relevant to the decision on whether to elect or re-elect a Director.

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The People and Performance Committee also has responsibility for reviewing the composition of the Board to ensure that the Company has access to the most appropriate balance of skills, qualifications, experience, perspectives and background to effectively govern the Company. The Board intends to undertake an independent skill review in FY25.

The average tenure of the current Directors is 6.3 years.

Recommendation 2.3

An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.

Letter of Appointment

All new Directors enter into a written agreement with the Company setting out the terms of their appointment.

Recommendation 2.4 and 2.8

Every issuer should disclose information about each Director in its annual report or on its website, including:

a. a profile of experience, length of service, independence, and ownership interests.

b. the Director's attendance at Board meetings; and

c. the Board's assessment of the Director's independence, including a description as to why the Board has determined the Director to be independent if one of the factors listed in table 2.4 applies to the Director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.

A majority of the Board should be Independent Directors.

Board of Directors

The Directors are listed on page 46 of this report. A more detailed profile is available on the Company's website, **www.kingsalmon.co.nz/governance**, including information on the year of appointment, skills, experience and background of each Director.

The roles of the Board Chair; Audit, Finance and Risk Committee Chair; and CEO are not held by the same person.

Ownership of the Company's shares by Directors is encouraged rather than being a requirement. Directors' ownership interests are disclosed on page 79.

The Board does not have a tenure policy; however, it recognises that a regular refreshment programme leads to the introduction of new perspectives, skills, attributes and experience.

Director period of appointment	0-3 years	3-9 years	9 - 12 years	12 years+
Number of Directors	3	2	0	2

Interests Register

The Board maintains an Interests Register. Any Director with an interest in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest. A Director who is interested in a transaction may attend and participate at a Board meeting at which the transaction is discussed but may not be counted in the quorum for that meeting or vote in respect of the transaction, unless it is one of which Directors are expressly required by the Companies Act 1993 to sign a certificate or it relates to the granting an indemnity.

Particulars of entries made in the Interests Register for the year to 31 January 2024 are included in the Director Disclosures section on pages 77–78.

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Director Independence

On the advice of the People and Performance Committee, the Board determines annually on a case-by-case basis who, in its view, are Independent Directors. The factors listed in the NZX Code that may cause a Board to determine that a Director is not independent are considered in addition to other factors for this purpose including, that the Director:

- is currently, or was within the last three years, employed in an executive role by the issuer, or any of its subsidiaries;
- is currently deriving, or within the last 12 months derived a substantial portion of his, her or their annual revenue from the issuer;
- is currently, or was within the last 12 months, in a senior role in a provider of material professional services (other than an external auditor) to the issuer or any of its subsidiaries;
- is currently, or was within the last three years, employed by the external auditor to the issuer, or any of its subsidiaries;
- currently has, or did have within the last three years, a material business relationship (e.g. as a supplier or customer) with the issuer or any of its subsidiaries;
- is a substantial product holder of the issuer, or a senior manager of, or person otherwise associated with, a substantial product holder of the issuer;
- is currently, or was within the last three years, in a material contractual relationship with the issuer or any of its subsidiaries, other than as a Director;
- has close family ties or personal relationships (including close social or business connections) with anyone in the categories listed above;
- has been a Director of the entity for a period of 12 years or more.

The Board will review any determination it makes on a Director's independence on becoming aware of any new Information that may affect that Director's independence. For this purpose, Directors are required to ensure they immediately advise the Board of any new or changed relationship that may affect their independence or result in a conflict of interest.

As at 31 January 2024, the Board had seven Directors, four of whom were considered independent. The Board confirms that it determined Mark Dewdney, Paul Steere, Catriona Macleod and Victoria Taylor were Independent Directors as at 31 January 2024. In its review, the People and Performance Committee noted Paul Steere has been a Director for over 15 years. The NZX Code lists tenure of 12 years or more as a factor that may cause a board to determine that a Director is not independent. When assessing independence, the Board considered the effect of Paul Steere's length of tenure, and has concluded that Paul Steere's length of tenure, and prior involvement with NZKS, has not in practice impacted his ability to bring an independent view to decisions in relation to NZKS; act in the best interests of NZKS; and represent the interests of NZKS's financial product holders generally.

As disclosed at the 2023 Annual Shareholders' Meeting, Paul Steere indicated that, if re-elected, he did not intend to serve a full three-year term and will retire in line with the overall succession planning for the Board. On 15 January 2024 the Company announced Paul Steere would be resigning on 31 March 2024, and replaced by Paul Munro who commenced as an Independent Director on 1 March 2024 in line with the overall succession planning for the Board.

Following the resignation of Paul Steere and appointment of Paul Munro, there are the no other immediate succession plans for the Board.

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Recommendation 2.5

An issuer should have a written diversity policy which includes requirements for the Board or a relevant Committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

Diversity Policy

The Company recognises the value in diversity and seeks to ensure that the Board and workforce of the Group is as diverse as the community in which we operate. A formal diversity policy was adopted by the Board and can be found in the Company's Corporate Governance Code, availiable on the Company's website.

The Company does recruit, promote and compensate on the basis of merit–regardless of gender, ethnicity, religion, age, nationality or union membership. The Company does require that people in the workplace are treated with respect in accordance with the Company's Code of Conduct and Way We Work framework. The diversity policy provides further examples of how the Group puts diversity and inclusion into practice.

The Board is reviewing the most appropriate measurable objectives and will report against its progress in meeting any specific diversity objectives set by the Board in its 2025 Annual Report.

The Board is committed to increasing the level of diversity at Board and Executive level wherever possible. In FY24, the objective was set to have no less than 30% of females in leadership positions, and no less than 30% males in leadership positions. The Company has a long-term target of equal male and female representation at Board and Senior Leadership Team (SLT) level, however, this target has not yet been achieved.

Responsibility for workplace diversity and the setting of measurable objectives is held by the People and Performance Committee.

The gender composition of the Company is as follows:

	As at 31 January 2024			As at 31 January 2023		
Position	Female	Male	Gender diverse	Female	Male	Gender Diverse
Board	3 (43%)	4(57%)	-	3 (43%)	4(57%)	-
Senior Leadership Team[1]	3 (30%)	7 (70%)	-	3 (33%)	6 (67%)	-
NZKS Organisation	170 (37%)	287 (63%)	-	171 (39%)	264 (61%)	-

[1] The SLT are considered officers of NZK for the purposes of NZX Listing Rule 3.8.1(c).

In FY24, the Company started to record ethnic diversity of employees to better understand its cultural make-up. As at 31 January 2024, the Company had 36 ethnicities.

Recommendation 2.6

Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.

Director Training

The Board ensures that there is appropriate training available to all Directors to enable them to remain current on how best to discharge their responsibilities and keep up to date on changes and trends in areas relevant to their work.

In FY23 the Board engaged an external advisor to undertake a 360-degree feedback review of the CEO and a peer and management review of the Board, against best practice benchmarks. As a result of this, in FY24 the following collective development areas were identified for the Board:

- Te ao Māori
- Sustainability

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- Delivery of major projects
- Operational excellence and Capital allocation

The Board is working with management to deliver training which uplifts the Boards capability in these areas.

In addition, Directors are provided with industry information and receive copies of appropriate company documents to enable them to perform their role. The Board has allocated funding of $1,000 per annum for each Director to provide resources to help develop and maintain skills and knowledge.

Directors are expected to maintain their knowledge of latest governance and business practices in order to perform their duties.

The Board also ensures that new Directors are appropriately introduced to management and the business.

Recommendation 2.7

The Board should have a procedure to regularly assess Director, Board and Committee performance.

Board Performance Evaluation

The Board annually assesses its effectiveness in carrying out its functions and responsibilities. The Chair of the Board leads the review and evaluation of the Board as a whole, and of the Board Committees, against their charters. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.

In FY23 the Board engaged an external advisor to undertake a 360-degree feedback review of the CEO and a peer and management review of the Board, against best practice benchmarks. This provided the opportunity for a formal review of Board as a whole and individual feedback for each Director. The report was delivered in December 2022 (FY23). The Board is targeting to reengage the external advisor in FY25 to assess what progress has been made against these actions.

Recommendation 2.9 and 2.10

An issuer should have an independent Chair of the Board.

The Chair and the CEO should be different people.

Chair Assessment

The Chair of the Board has been determined as independent and the role of Chair and CEO are held by separate individuals to ensure that a conflict of interest does not arise. The Chair of the Board is responsible for leading the Board, facilitating the effective contributions of all Directors and promoting constructive and respectful relations between Directors and between the Board and management. The Chair is also responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

3. Principle 3 – Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Board Committees

The Board has established four committees:

- Audit, Finance and Risk Committee
- People and Performance Committee
- Health & Safety and Food Safety Committee
- Fish Farming Committee

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Each committee focuses on specific areas of governance and together they strengthen the Board's oversight of the Company. Committee membership is reviewed annually.

Each Committee has a written charter that is approved by the Board and sets out its mandate. The charters are reviewed regularly with any proposed changes recommended to the Board for approval. The charters can be found within the Company's Corporate Governance Code.

Attendance at Meetings

The table below sets out Director attendance at Board and Committee meetings during the financial year to 31 January 2024.

Director	Board	Audit, Finance and Risk Committee	People and Performance Committee	Health & Safety and Food Safety Committee	Fish Farming Committee
Mark Dewdney *(Chair)*[1]	6/6	3/3	3/3	3/3	6/6
John Ryder *(Chair)*[1]	4/4	1/1			
Paul Steere *(Chair Audit, Finance and Risk Committee)*	9/9	4/4			
Jack Porus *(Chair Fish Farming Committee)*	7/9	3/4	4/4		14/14
Catriona Macleod *(Chair Health & Safety and Food Safety Committee)*	9/9			5/5	13/14
Chiong Yong Tiong	8/9			5/5	
Yuen Ping Carol Chen	9/9				
Victoria Taylor *(Chair People and Performance Committee)*	9/9		4/4		

[1] John Ryder resigned from the NZK Board effective 14 June 2023, Mark Dewdney was appointed to the NZK Board as Independent Chair on the same date.

Recommendation 3.1

An issuer's Audit Committee should operate under a written charter. Membership on the Audit Committee should be a majority of Independent Directors and comprise solely of Non-Executive Directors of the issuer. The Chair of the Audit Committee should be an Independent Director and not the Chair of the Board.

Audit, Finance and Risk Committee

The purposes of the Audit, Finance and Risk Committee include:

- Provide oversight for all elements of the Company's risk.
- Provide oversight of financial reporting, internal control systems and disclosure requirements.
- Provide oversight the Company's capital and treasury management.
- Review the performance, appointment and services provided by the external auditor, including assessment of auditor independence.
- Provide oversight of the climate-related risks and opportunities faced by the Company and assist with the preparation of climate related disclosures.

The members of the Committee are majority Independent Directors and all Non-Executive Directors, all with accounting and financial knowledge. The members are:

- Paul Steere (Chair) – Independent, Non-Executive.
- Mark Dewdney – Independent, Non-Executive.
- Jack Porus – nominated as a Director by Oregon Group Limited and thus not Independent.

The Chair of the Audit, Finance and Risk Committee and the Board Chair are different people.

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Relevant Qualifications and Experience

Paul Steere (Audit, Finance and Risk Committee Chair) – Paul is a graduate of the Stanford Executive Program and is also a Chartered Fellow of the NZ Institute of Directors with an extensive career across primary industries in both executive and governance capacities.

Mark Dewdney – Mark holds a Bachelor of Management Studies with an extensive career across Primary industries in both executive and governance capacities.

Jack Porus – Jack holds bachelor's degrees in Law and Commerce and has extensive commercial experience as both a consultant and in a governance capacity.

The Audit, Finance and Risk Committee held four meetings during the period to 31 January 2024. The agenda items for each meeting generally relate to financial governance, external financial reporting, external audit, and risk management.

Recommendation 3.2

Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.

Meeting Attendance

The CEO, CFO, and Head of Finance and Sustainability are regularly invited to attend Audit, Finance and Risk Committee meetings. The Committee also regularly holds private sessions with the external auditors, which management is excluded from.

Recommendation 3.3 and 3.4

An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be Independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.

An issuer should establish a nomination committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the nomination committee should be Independent Directors.

People and Performance Committee

The People and Performance Committee's role is to assist the Board by:

- Overseeing the management of people and performance activities of the Company.
- Overseeing the Company's remuneration structure, policies, procedures and practices to ensure the Company's remuneration is fair and reasonable.
- Defining the roles and responsibilities of the Board and senior management.
- Reviewing and making recommendations on Board composition and succession.

In particular, the People and Performance Committee's role is to ensure that the Board is balanced in terms of skills and knowledge and to ensure that the method of nomination and appointment of Directors is transparent.

The People and Performance Committee shall comprise of, wherever possible, a majority of Independent Directors.

The current members of the Committee are:

- Victoria Taylor (Chair) – Independent, Non-Executive.
- Mark Dewdney – Independent, Non-Executive.
- Jack Porus – nominated as a Director by Oregon Group Limited and thus not Independent.

No Executive Directors sit on this Committee.
The Committee held four meetings during the financial year to 31 January 2024.

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Recommendation 3.5

An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Health & Safety and Food Safety Committee

The Company has, since 2014, operated a management Health & Safety Steering Group, generally meeting quarterly and with attendance by a Board Director.

The Board's commitment to ensuring a safe and healthy workplace for team members, contractors and visitors led to it establishing a Health & Safety and Food Safety Committee, which operates under a written charter.

The primary functions of the Health & Safety and Food Safety Committee are:

- To assist the Board to provide leadership and policy for health & safety and food safety.
- To assist the Board to fulfil its responsibilities and to ensure compliance with all legislative and regulatory requirements in relation to the management of health & safety, and food safety practices of the Company.
- To support the ongoing improvement of health & safety and food safety in the workplace.
- To identify health & safety risk, and food safety risk across the Company's operations; propose or endorse mitigation measures; and ensure such further measures to be enacted so the risk is managed to as satisfactory level as practical.

The members of the Committee are:

- Catriona Macleod (Chair) – Independent, Non-Executive
- Mark Dewdney – Independent, Non-Executive
- Chiong Yong Tiong – nominated as a Director by Oregon Group Limited and thus not Independent.

The Committee held five meetings during the financial year to 31 January 2024.

Fish Farming Committee:

A Fish Farming Committee has been established to consider all aspects of NZKS fish farming.

The primary functions of the Fish Farming Committee are:

- To assist the Board in considering all aspects of NZKS fish farming.
- To support the ongoing improvement in fish health and farming strategies.
- Ensure the identification of both the opportunities and risks to the Company's fish farming operations.

The members of the Committee are:

- Jack Porus (Chair) – nominated as a Director by Oregon Group Limited and thus not Independent
- Mark Dewdney – Independent, Non-Executive
- Catriona Macleod – Independent, Non-Executive

The Committee held fourteen meetings during the financial year to 31 January 2024.

Recommendation 3.6

The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The Board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

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Takeover Protocols

The Board has documented and adopted a series of protocols to be followed in the event of a takeover offer being made, including communication between insiders and any bidder.

It is proposed that the Board would form a subcommittee to oversee the protocols and act as the takeover committee. The Committee would have responsibility for managing the takeover in accordance with the Board protocols and the New Zealand Takeovers Code.

4. Principle 4 – Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Recommendation 4.1

An issuer's Board should have a written continuous disclosure policy.

Shareholder Communications and Market Disclosure

The Company's Board is committed to the principle that high standards of reporting and disclosure are essential for proper accountability between the Company and its investors, employees and stakeholders.

The Company achieves these commitments, and the promotion of investor confidence, by ensuring that trading in its shares takes place in an efficient, competitive and informed market. The Company has in place a written Shareholder Communications and Market Disclosure Policy designed to ensure this occurs. The policy includes procedures intended to ensure that disclosure is made in a timely and balanced manner and in compliance with the NZX Listing Rules, such that:

- All investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way.

The CFO is responsible for the Company's compliance with NZX and ASX continuous disclosure requirements and the Board is advised of, and considers, continuous disclosure issues at each Board meeting or whenever else required.

Significant market announcements, including the preliminary announcement of the half year and full year results, the financial statements for those periods, and any advice of a change in earnings forecast, are approved by the Board.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

Recommendation 4.3

Financial reporting should be balanced, clear and objective.

Financial Reporting

The Board is responsible for ensuring the integrity and timeliness of its financial reporting. As noted above under 'Board Committees', the Audit, Finance and Risk Committee monitors financial reporting risks in relation to the preparation of the financial statements.

The Audit, Finance and Risk Committee, with the assistance of management, works to ensure that the financial statements are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

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The Audit, Finance and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews half-year and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with financial reporting standards, stock exchange and legal requirements, and the results of the external audit.

All interim and full-year financial statements are prepared in accordance with relevant financial standards.

Recommendation 4.4

An issuer should provide non-financial disclosure at least annually, including considering environmental, social and governance (ESG) factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.

Non-Financial Reporting

The Company is committed to providing non-financial disclosure that is balanced, clear and objective. Reporting of environmental, social and governance factors is contained in this Annual Report. The Company is continuing to develop its non-financial reporting metrics. Specifically, a focus for FY24 has been establishing the Company's carbon emission assessment base year for our carbon emissions disclosure under the Aotearoa New Zealand Climate Standards (these emissions will be subject to an external audit in FY25). The base emissions will form another input to contribute to the continued development of the Company's non-financial reporting.

Non-financial reporting is provided throughout this Annual Report and is referenced throughout the following sections:

- Overview
- Aquaculture
- Sustainability
- Our People, Culture & Community
- Strong Brands
- Leadership & Corporate Governance
- Financial Statements

Aotearoa New Zealand Climate Standards

The Company falls into the category of a Climate Reporting Entity under the Financial Markets Conduct Act 2013. The Company's first climate-related disclosures will be for the year ended 31 January 2024 and will be prepared in accordance with the Aotearoa New Zealand Climate Standard requirements. The Company has relied upon the exemption provided by the Financial Markets Authority to not include its climate -related disclosures in this Annual Report. The Company has instead provided the below link to where the climate-related disclosures will be available when they are released (which will be no later than 31 May 2024).

View NZKS Climate-Related Disclosures ›

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5. Principle 5 – Remuneration

The remuneration of Directors and senior management should be transparent, fair and reasonable.

Recommendation 5.1

An issuer should have a remuneration policy for the remuneration of Directors. An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's annual report.

Recommendation 5.2

An issuer should have a remuneration policy for remuneration of executives, which outlines the relative weightings of remuneration components and relevant performance criteria.

Recommendation 5.3

An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance-based payments.

Remuneration Report Introduction

This Remuneration Report outlines the Company's overall reward strategy for the period to 31 January 2024 and provides detailed information on the remuneration arrangements in this period for the Directors of the Company, including the CEO, and other nominated executives.

The Company's Remuneration Policy, which may be amended from time to time, is reviewed regularly. The Company has also established a number of additional policies to support a strong governance framework and uphold ethical behaviour and responsible decision making.

Remuneration Policy

The People and Performance Committee is responsible for making recommendations to the Board on remuneration policies and packages for Directors, the CEO and nominated executives. The primary objectives of the Remuneration Policy are to provide a competitive and flexible structure that reflects market practice but is tailored to the specific circumstances of the Company and which reflects each person's duties and responsibilities, in order to attract, motivate and retain people of the appropriate quality. This includes the Company's responsibility to monitor diversity and ensure pay equity.

The People and Performance Committee is currently undertaking a review of the Remuneration Policy. As part of this review the policy will be updated to include the renumeration of Directors. The policy is expected to be approved in the first half of FY25.

The People and Performance Committee reviews market data on remuneration structure and quantum. The remuneration packages of the CEO and nominated executives are structured to include a Short-Term Incentive Scheme (STI Scheme) that is directly linked to the overall financial and operational performance of the Company. The CEO and nominated executives may also be invited to participate in the Company's Long-Term Incentive Scheme (LTI Scheme). The long-term benefits of the LTI Scheme are currently conditional upon the Company share price meeting certain performance criteria and staff tenure criteria.

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Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is separate and distinct from the remuneration of the CEO and other Executives.

Components of Compensation – Non-Executive Directors

a. Remuneration

The Board seeks to set aggregate remuneration for Non-Executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

No remuneration is payable to Non-Executive Directors unless it is approved by the Company's shareholders. The NZX Listing Rules specify that shareholders can approve a per Director remuneration amount or an aggregate Directors' fee pool.

Shareholders approved an aggregate fee pool of $600,000 at the June 2023 Annual Shareholders' Meeting.

The aggregate remuneration paid to Non-Executive Directors and the manner in which it is apportioned amongst Directors is reviewed annually, with any proposed increase in the aggregate pool put to shareholders for approval at the Company's next Annual Shareholders' Meeting. The Board reviews its fees to ensure the Company's Non-Executive Directors are fairly remunerated for their services, recognising the level of skill and experience required to fulfil the role, and to enable the Company to attract and retain talented Non-Executive Directors. The process involves benchmarking against a group of peer companies. In addition, the Board reviews the Committee structure and appropriate level of resourcing required to make an on-going contribution to long term value creation.

Non-Executive Directors have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes. This approach reflects the differences in the role of the Non-Executive Directors, which is to provide oversight and guide strategy, and the role of management, which is to operate the business and execute the Company's strategy. Non-Executive Directors are encouraged to be shareholders but are not required to hold shares in the Company.

Each Non-Executive Director receives a fee for services as a Director of the Company. An additional fee is also paid to the Chair of each Board Subcommittee. The payment of an additional fee recognises the additional time commitment required by the Subcommittee Chair. Directors are also entitled to be reimbursed for costs associated with carrying out their duties.

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Fees paid or payable to the non-executive Directors of the Company for the period to 31 January 2024 were as follows:

	Fees paid for serving on Committes						Total
Director	Base Fee	Additional Fee[2]	Audit, Finance and Risk Committee	People and Performance Comittee	Health & Safety and Food Safety Committee	Fish Farming Committee	Fees Paid/Payable
Mark Dewdney *(Chair)*[1]	$81,957	$5,000	-	-	-	-	$86,957
John Ryder *(Chair)*[1]	$46,027	-	-	-	-	-	$46,027
Jack Porus *(Chair, Fish Farming Committee)*	$63,750	$5,000	$1,675	$1,675	-	$11,250	$83,351
Paul Steere *(Chair, Audit, Finance and Risk Committee)*	$63,750	$5,000	$13,500	-	-	-	$82,250
Catriona Macleod *(Chair, Health & Safety and Food Safety Committee)*	$63,750	$5,000	-	-	$11,250	$1,675	$81,675
Chiong Yong Tiong	$63,750	$5,000	-	-	$1,675	-	$70,425
Yuen Ping Carol Chen	$63,750	$5,000	-	-	-	-	$68,750
Victoria Taylor *(Chair, People and Performance Committee)*	$63,750	$5,000	-	$11,250	-	-	$80,000
Total	$510,484	$35,000	$15,175	$12,925	$12,925	$12,925	$599,435

[1] John Ryder resigned from the NZK Board effective 14 June 2023, Mark Dewdney was appointed to the NZK Board as Independent Chair on the same date.

[2] Following a review of the workload carried out by the Board in FY24 which included recruitment (new Board Chair, AFRC Chair and CEO were all filled in FY24), review of the NZK strategy, Board Charters and a Board trip to Tasmania the Board wishes to pay Directors an additional $5,000 to reflect the additional workload carried out in FY24.

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Remuneration of CEO and Employees

The number of employees of the Group (including former employees), not being Directors, who received remuneration and other benefits in excess of $100,000 in the period to 31 January 2024 is set out in the remuneration bands detailed below:

Remuneration[1]	FY24	FY23
$100,000 to $109,999	9	13
$110,000 to $119,999	10	6
$120,000 to $129,999	3	5
$130,000 to $139,999	6	7
$140,000 to $149,999	6	3
$150,000 to $159,999	5	7
$160,000 to $169,999	3	5
$170,000 to $179,999	3	3
$180,000 to $189,999	4	2
$190,000 to $199,999	3	0
$210,000 to $219,999	0	1
$220,000 to $229,999	1	1
$240,000 to $249,999	1	0
$250,000 to $259,999	0	1
$260,000 to $269,999	1	1
$270,000 to $279,999	1	0
$300,000 to $309,999	1	0
$310,000 to $319,999	0	1
$340,000 to $349,999	0	1
$370,000 to $379,999	1	0
$460,000 to $469,999	1	0
$600,000 to $609,999	1	0
$1,020,000 to $1,029,999	0	1

[1] Includes redundancy payments and other prescribed fringe benefits.

Components of Compensation – CEO and Other Nominated Senior Leaders

a. Structure

The Company aims to reward the CEO and nominated Senior Leaders with a level and mix of remuneration commensurate with their position and responsibilities within the Group, so as to:

- Reward them for Company performance against targets set by reference to appropriate benchmarks and key performance indicators.
- Align their interests with those of shareholders.
- Ensure total remuneration is competitive by market standards.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration component comprises the STI Scheme and the LTI Scheme.

The proportion of fixed remuneration and variable remuneration is established for the CEO and for each nominated Senior Leader by the Board, following recommendations from the People and Performance Committee and the CEO (in the case of the nominated Senior Leaders only).

The remuneration packages for the CEO and nominated Senior Leaders are all subject to Board approval. No LTI grant was made in FY24 as the People and Performance Committee is designing a new LTI scheme, the People and Performance Committees intention is to reflect the grants that would otherwise have been made under a LTI for FY24 in FY25 once a new scheme has been designed and approved by the Board.

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The mix of fixed versus variable 'at risk' remuneration payable in respect of FY24 and FY23 are provided below:

	Fixed Remuneration				Pay for performance				
	Year	Base Salary [1]	Vehicle Allowance	Contractual Obligations on Resignation and Exit Payments	Total Fixed Remuneration	Short-Term Incentive (STI)[4 & 5]	Long-Term Incentive (LTI)	Total at Risk	Total Remuneration
CEO									
Grant Rosewarne [2]	FY23	$376,165	$18,300	$633,430	$1,027,895				$1,027,895
Graeme Tregidga [2]	FY23	$112,196	$7,887		$120,073				$120,073
Graeme Tregidga [3 & 5]	FY24	$227,519	$16,615		$244,134	$203,841		$203,841	$447,975
Carl Carrington [3]	FY24	$272,356			$272,356				$272,356
Other SLT Members	FY23	$1,814,496	$15,252	$60,000	$1,889,748				$1,889,748
Other SLT Members	FY24	$1,874,152	$15,252		$1,889,404	$309,814		$309,814	$2,199,218

[1] Base Salary includes Superannuation contributions, insurance premiums and any leave cashed in.

[2] Grant Rosewarne resigned as CEO effective 1 November 2022, following Grant's resignation, Graeme Tregidga was appointed as acting CEO.

[3] Carl Carrington was appointed as CEO effective 7 August 2023, following Carl's appointment, Graeme Tregidga has moved into a Chief Commercial Officer role, Graeme's salary from 7 August 2023 is included in Other SLT Members

[4] Short Term Incentive payments correspond to the achievement of performance targets in the previous reporting period unless otherwise stated (i.e. The Short-Term Incentive in FY24 relates to the achievement of performance related targets in FY23).

[5] The Board elected to pay a portion of Graeme Tregidga's FY24 STI early, in addition to a discretionary bonus payment to reflect his contribution to the Company as acting CEO. These payments are detailed in the STI table that follows.

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1. *Fixed Annual Remuneration*

Remuneration levels are reviewed annually to ensure that they are appropriate for the responsibility, experience and performance of the CEO and each nominated Senior Leader and are competitive with the market.

In addition, the overall mix of variable compensation and their terms are also considered when setting and/or reviewing fixed remuneration.

The CEO and nominated Senior Leaders receive their fixed annual remuneration in cash and a limited range of prescribed benefits such as superannuation, motor vehicle and health insurance. The total employment cost of any remuneration package, including fringe benefit tax, is considered in determining an employee's fixed annual remuneration.

2. *Variable Remuneration – STI Scheme*

The objective of the STI Scheme is to link the achievement of the annual financial and operational targets with the remuneration received by the Senior Leaders charged with meeting those targets. The total potential remuneration under the STI Scheme is set at a level to provide sufficient incentive to the Senior Leaders to achieve the targets such that the cost to the Company is flexible and in line with the trading outcome for the year.

Financial

- pro-forma operating EBITDA results (weighting 80%)

Non-Financial

- Employee engagement score (weighting 20%)
- Completion of Health & Safety conversations (no weighting – must be achieved)

In addition to the above, new CEO Carl Carrington had additional targets relating to the completion of the new Company strategy.

Although the Company is in the process of resetting its strategy and performance objectives following the recent recruitment of a new Chair and CEO, the People and Performance Committee considers that the above targets align with the objectives of delivering sustainable earnings. The Company intends to develop more ESG targets that will be included within performance objectives. This is an area that will be reassessed annually as the Company matures in this reporting space.

The People and Performance Committee considers the performance against the targets and determines the amount, if any, to be allocated to the CEO and nominated Senior Leaders. STI Scheme payments are delivered as a taxable cash bonus and are payable on completion of the annual audited financial statements.

It should be noted that the level of remuneration detailed may include STI bonus payments that were achieved in the previous financial year.

STI Year	CEO Grant Rosewarne	CEO Graeme Tregidga	CEO Carl Carrington	Other SLT Members	Total
FY22 STI Paid in FY23					
FY23 STI Paid in FY24		$82,500		$309,814	$392,314
FY23 STI Accrued (not paid)	$140,490				$140,490
FY24 STI Paid in FY24		$71,341			$71,341
FY24 Discretionary Bonus Paid in FY241		$50,000			$50,000
FY24 STI Accrued in FY24 (Payable FY25)[1]		$50,000	$82,500	$407,165	$539,665

[1] The Board elected to pay a portion of Graeme Tregidga's FY24 STI early, in addition to a discretionary bonus payment to reflect his contribution to the Company as acting CEO.

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STI Scheme payment values are set as a percentage of base cash remuneration, being 30% for the CEO and 25% for the other nominated executives for the financial period to 31 January 2024. For the financial period to 31 January 2024, there were 10 nominated Senior Leaders in the STI Scheme (31 January 2023: 10 nominated Senior Leaders). For the financial period to 31 January 2024, a $50k STI payment for FY24 was paid to Graeme Tregidga early for his services as acting CEO during FY24.

In addition to the CEO and nominated Senior Leaders, an additional $200k has been accrued for a number of individuals within the wider senior management team.

In addition to the STI Scheme, the Board reserves the ability to pay ad hoc bonus payments to any employee, again either directly related to the trading outcome or a specific performance target.

Variable Remuneration – LTI Scheme

The LTI Scheme has been designed to link reward with key performance indicators that drive sustainable growth in shareholder value over the long term. The objectives of the LTI Scheme are to:

- Align the CEO and nominated participants' interests with those of shareholders.
- Help provide a long-term focus.
- Retain high calibre senior employees by providing an attractive equity-based incentive that builds an ownership of the Company mindset, encouraging executives to think and act like owners.

The hurdle rate used for the LTI scheme is an absolute share price growth hurdle, which is more challenging over time than a relative TSR approach. This approach only rewards executives if the shareholders also do well.

Under the LTI Scheme, the CEO and nominated participants are offered an interest free loan which is to be applied to acquire shares in the Company. Shares acquired under the LTI Scheme are held by a custodian and will only vest to the employee if they are still employed by the Company after three years from the date of issue. All dividends paid during this period are offset against the loan balance. Once the shares vest, the employee remains obligated to repay the outstanding balance of the loan. If an employee leaves employment before the expiry of the three-year period, the custodian may exercise a call option to have the employee's beneficial interest in the shares transferred to it in consideration of the custodian taking the balance of the loan. Any shares so transferred can be used for future grants or alternatively, the custodian is authorised to sell that employee's shares with the proceeds applied to repay the balance of the loan, with any deficit covered by the Company and any surplus retained by the Company.

An offer may be made under the LTI Scheme to the CEO and nominated participants each financial year and is based on individual performance as assessed by the annual appraisal process. If a nominated participant does not sustain a consistent level of high performance, they will not be nominated for participation in the LTI Scheme. The People and Performance Committee reviews all nominated participants, with participation in the LTI Scheme subject to final Board approval. The Board has retained the discretion to vary the applicable criteria for each offer under the LTI Scheme. Once the Board has fixed the criteria for a specific offer under the LTI Scheme, those performance hurdles cannot be varied in respect of that offer.

Each employee's loan amount (which determines how many shares will be acquired) is set as a percentage of their base salary and selected employees will be offered a loan for this amount if the criteria set by the Board are met.

No LTI grant was made in FY23 and FY24 as the People and Performance Committee is designing a new scheme. The People and Performance Committee's intention is to reflect the grants that would otherwise have been made under the LTI for FY23 and FY24 once a new scheme has been designed and approved by the Board.

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During the year, a number of employees left the Company, resulting in the forfeiture, buy back or exercise of 10,703 shares (31 January 2023: 1,501k shares), the consequent exercise of call options and redemption of gross loans of $15,750 (31 January 2023: $2,231k). Details of a Put Option held by former CEO Grant Rosewarne at 31 January 2024 in relation to loans outstanding on vested shares acquired by a family trust associated with Mr Rosewarne, are detailed under loans outstanding on vested shares.

As at 31 January 2024, there were 33 nominated participants remaining in the LTI Scheme, (31 January 2023: 42 nominated executives).

Shares Held by the CEO and Nominated Executives

The total numbers of shares allocated under the Senior Executive Share Ownership Scheme and LTI Schemes as at 31 January 2024 are as follows:

	Allocation Date	Vesting Date	Average Share Price	Number of Shares	Granted During the Year	Vested During the Year	Lapsed or Transferred During the Year	Balance at the End of the Year
LTI 2020 Scheme (A)	28/01/2022	1/09/2023	1.53	129,535	-	-	(129,535)	-
LTI 2021 Scheme (A)	28/01/2022	1/09/2024	1.76	126,551	-	-	-	126,551
LTI 2021 Scheme (E)	28/01/2022	1/09/2024	1.36	69,770	-	-		69,770
LTI 2021 Scheme -Sen. Exec.	28/01/2022	14/10/2024	1.48	219,595	-	-		219,595
Totals				**545,451**	**-**	**-**	**(129,535)**	**415,916**

Acting CEO – Graeme Tregidga[1]

	Allocation Date	Vesting Date	Average Share Price	Number of Shares	Granted During the Year	Vested During the Year	Lapsed or Transferred During the Year	Balance at the End of the Year
LTI 2020 Scheme	8/10/2020	1/09/2023	1.53	21,078	-	-	(21,078)	
LTI 2021 Scheme (A)	28/01/2022	1/09/2024	1.76	18,324	-	-	-	18,324
Totals				39,402	-	-	(21,078)	18,324

1 Carl Carrington was appointed as CEO effective 7 August 2023, following Carl's appointment, Graeme Tregidga has moved into a Chief Commercial Officer role. No LTI was issued to Carl Carrington in FY24.

It should be noted under the relevant accounting standards that the loans granted to participants in both the Executive Share Ownership Scheme and LTI Schemes, are not recorded on the Group's balance sheet.

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Senior Executive Share Ownership Scheme

The CEO and certain other senior executives were participants in an Executive Share Ownership Scheme prior to the IPO, in which participants have been provided with an interest free loan of up to 200% of the amount which the senior executive invests in the Company. As at 31 January 2024, 2,327,191 shares are held by current or former senior executives via the Ownership Scheme, partly funded by interest free loans of $893,750. Details of a Put Option held by former CEO Grant Rosewarne in relation to loans outstanding on vested shares acquired by a family trust associated with Mr Rosewarne at 31 January 2024 are detailed under loans outstanding on vested shares.

These shares, which have been subject to sale restrictions since the IPO, were released from escrow on announcement of the 2018 financial results.

Under accounting standard IFRS 2 Share Based Payments, as the LTI shares are classified as options, the total cost of each annual allocation is spread across the three years of the vesting period from the date of issue.

The actual allocation cost is adjusted after the issue date to reflect any shares which do not vest due to performance on tenure hurdles which are not met. The total LTI expense/(credit) recognised in the financial statements for the year ended 31 January 2024 was ($5k) (31 January 2023: ($429k)).

Grant Rosewarne resigned as CEO effective 1 November 2022, and Graeme Tregidga was appointed as acting CEO. On 6 July 2023, Carl Carrington was announced as CEO, commencing 7 August 2023 (no LTI was issued to Carl in FY24). In connection with Grant Rosewarne's resignation, the Company granted Mr Rosewarne a Put Option in connection with certain long-term incentive plans for the purpose of repaying a loan owed by Mr Rosewarne to the Company in relation to the acquisition of certain shares held by a family trust associated with Mr Rosewarne. Pursuant to the Put Option, Mr Rosewarne may require the Company to acquire up to 2,340,883 shares (the Option Shares) held by Mr Rosewarne and Bianca Rosewarne as holders of the Rosewarne NZ Family Trust issued in connection with certain long-term incentive plans of NZKS for the purpose of repaying a loan owed by Mr Rosewarne to the Company in relation to the acquisition of the Option Shares. The Put Option may be exercised by Mr Rosewarne such that the Option Shares are acquired by the Company on or before 28 February 2024.

On the 21 February 2024, Mr Rosewarne gave the Company notice to exercise the aforementioned Put Option. Pursuant to that Put Option, NZK has acquired 3,272,437 ordinary shares on the 28 February 2024 (being 2,340,883 option shares plus an additional 1,000,588 shares to settle the shortfall on the loan) the proceeds of which have been applied to the repayment of Mr Rosewarne's loan balance. The shares acquired were subsequently cancelled on the day of acquisition.

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Loans Outstanding on Vested Shares

The table below shows the loans associated for shares which have vested under both the executive share ownership scheme prior to the IPO and LTI schemes:

Scheme	Issue Date	Vesting Date	Hurdle Price	Shares Granted	Shares Forfeited	Shares Vested	Shares Settled/ Sold Back to NZKS	Shares Remaining with Loan Balance	Loans in Respect of these Shares	Less Dividend Received After Tax Paid	Net Loans
Senior Executive Share Ownership Scheme	2011 – 2016	29/08/2018	0.48	3,062,164	-	3,062,164	(734,973)	2,327,191	$893,750	-	$893,750
LTI IPO	31/08/2016	1/09/2019	1.12	993,671	(220,500)	773,171	(254,206)	518,965	$581,241	($82,097)	$499,144
LTI 2017a	29/09/2017	1/09/2020	1.22	270,274	(15,073)	255,201	(94,762)	160,439	$195,735	($17,916)	$177,819
LTI 2017b	29/09/2017	1/09/2020	1.77	47,241	(17,611)	29,630	(17,569)	12,061	$21,348	($1,347)	$20,001
Total				4,373,350	(253,184)	4,120,166	(1,066,372)	3,018,656	$1,692,074	($101,360)	$1,590,714

CEO	Year	Shares Vested	Loan
Grant Rosewarne[1]	FY23	2,340,883	$1,102,189
Graeme Tregidga[1]	FY23	185,594	$118,562
Graeme Tregidga[2]	FY24	185,594	$118,562

[1] Grant Rosewarne resigned as CEO effective 1 November 2022, following Grant's resignation, Graeme Tregidga was appointed as acting CEO. As at 31 January 2024, the loan remained outstanding. NZKS determined that it will offer to acquire the Option Shares (Buyback Offer). The terms of the Buyback Offer are as follows:

- Pursuant to the Put Option, the Company offers to buyback the Option Shares at the volume weighted average price of NZKS' ordinary shares (the Shares) traded on the NZX Main Board for the five trading days prior to the exercise of the Put Option.
- The Put Option may only be exercised once, and the proceeds will be applied to repayment of a loan owing by Mr Rosewarne to the Company in relation to the Option Shares.

On the 21 February 2024, Mr Rosewarne gave the Company notice to exercise the aforementioned put option. Pursuant to that put option, NZK has acquired 3,272,437 ordinary shares on the 28 February 2024 (being 2,340,883 option shares plus an additional 1,000,588 shares to settle the shortfall on the loan) the proceeds of which have been applied to the repayment of Mr Rosewarne' loan balance. The shares acquired were subsequently cancelled on the day of acquisition.

[2] Carl Carrington was appointed as CEO effective 7 August 2023. Following Carl's appointment, Graeme Tregidga moved into a Chief Commercial Officer role. No LTI has been issued to Carl Carrington in FY24.

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Employee Share Ownership Scheme

At the time of the Company's IPO, it established an Employee Share Ownership Scheme to facilitate an increase in the level of participation by employees as shareholders, which improves the alignment of interests between employees and shareholders. Under the scheme, each eligible employee was offered an interest free loan up to $5,000 to fund 50% of the subscription price for the shares which the employee wished to acquire in the Company. Employees are obliged to repay their loan when the shares are sold or when they leave the Company.

A total of 187,076 shares were issued at the time, supported by loans of $104,762 from the Company. During the period to 31 January 2024, 2 employees holding shares have left the Company (31 January 2023: 4), and no shares have been sold by current employees (31 January 2023: 0). As at 31 January 2024, the following shares were held by employees under the Employee Share Ownership Plan.

	Allocation Date	Allocation Date	Number of Shares		
Scheme			Balance at start of year	Sold during the year	Balance at the end of the year
Employee Share Ownership Plan	19 October 2016	19 October 2016	55,320	10,714	44,606

6. Principle 6 - Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Recommendation 6.1

An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Risk Management Framework

The Board is responsible for ensuring that key business risks are identified, and that appropriate controls and procedures are in place to effectively manage those risks.

Risk registers are regularly reviewed by senior management and any changes to material risks are reported to the Board. At times the Company also works with third-party advisors to review these risk registers and provide feedback.

The Audit, Finance and Risk Committee has overall responsibility for ensuring that the Company's risk management framework is appropriate and that it appropriately identifies, considers and manages risks. In addition, risks are also considered at the other subcommittees and reported through to the Board by subcommittee Chairs.

Risk management is an integral part of the Company's business. A risk management framework incorporating a risk register is used to identify those situations and circumstances in which the Company may be materially at risk and for which risk mitigation activities are appropriate. This approach is intended to provide a comprehensive, company-wide awareness of risk in senior management, supported by a consistent method of identifying, assessing, controlling, monitoring and reporting existing and potential risks to the Company's business.

Key risks that NZKS has identified are provided below, risks are dynamic and as such this section does not (and does not purport to) set out all of the risks facing NZKS as some risks may be unknown and other risks, currently believed to be immaterial, could turn out to be material.

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Area	Description of Risk	Key Strategies to Mitigate
Fish mortality	Fish mortality has a significant impact on the profitability and financial stability of NZKS as only the fish that survive to the point of harvest are able to be sold. Every year, a number of fish will die prior to harvest due to a range of factors. The cause of fish mortality is multi-factorial with the dominant correlation currently being with prolonged elevated water temperature which increase stress and reduces the salmon's resistance to bacterial and other pathogens. Other factors include opportunistic microorganism/diseases, feed-related issues, failed smoltifaction, predators, and other stressors, individually or in combination. Whilst the interconnectivity of these factors are difficult to predict with any certainty, rising water temperatures are increasingly becoming a major concern given the impact of climate change.	While the impact of climate change is near impossible to control, NZKS currently manages the risk of fish mortality by: Fallowing warmer, low flow sites (either seasonally over summer of completely) or stocking these sites at low density, actively monitoring fish health and maintaining appropriate net cleaning regimes. Immunisation of young salmon against specific pathogens at the freshwater stage has also been in place for several years to build resilience prior to seawater entry. NZKS is also undertaking R&D activities including researching thermotolerance within its King Salmon families to provide potential future mitigants against temperature risk.
Access to waterspace and water	Changes to local and central government policy surrounding aquaculture present a material concern for NZKS, with the possibility that policy changes, however well intentioned, may present an additional compliance burden, resulting in an increase to NZKS's costs and/or reduce the biomass capacity at current consented and future farming locations. These impacts individually or in combination may make farming salmon uneconomical. In addition, the Company's processing operations require access to water to process our harvested fish.	NZKS is currently undertaking activity to reconsent existing sites (Ruakaka, Otanerau both currently operational, Waihinau Bay, Forsyth Bay and Crail Bay currently fallowed) whose consents will expire at the end of CY24. NZKS is also continuing to assess suitable locations for future sites – having recently obtained a consent for the Blue Endeavour site in February 2024. NZKS is assessing the viability of a new greenfield processing site in addition to investigating ways to improve efficiency of our existing processing site.
Market access	NZKS products are sold to a number of export markets and there is a risk that regulatory change in specific markets will impair NZKS's access to these markets, significantly impacting sales levels and profitability. This may be a closure of the market, or introduction of new rules that impact NZKS products, and may affect the time spent at entry ports for clearance. NZKS's international customers expect continuity of supply, which requires consistent access to key markets in a timely manner and without extensive compliance obligations. Additionally, as NZKS products are highly perishable, they also require swift clearance at the port, and extensive or changing compliance requirements may hinder clearance timeframes.	NZKS's food safety team works closely with relevant government departments to ensure compliance prior to its products leaving New Zealand, which is expected to limit the likelihood of access to relevant markets being restricted. The food safety team also works with industry bodies and government departments to forward plan for any longer-term compliance issues that may arise in advance of activity in-market. In the past, NZKS has moved products between markets in response to changes in pricing demand. Similarly, given the global demand for King salmon, NZKS expects that if one market is closed or subject to more onerous restrictions, NZKS will be able to find alternative channels to sell its products, however, the margins may be lower in the short term.

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Area	Description of Risk	Key Strategies to Mitigate
Feed costs and quality	Feed is one of NZKS's biggest costs. Sourcing good quality feed is crucial for NZKS as it is one of the key contributors to fish performance and fish health. An increase in the cost of feed or a decrease in the quality of feed will have a significant impact on NZKS's operations and profitability. Further, given the rarity of King salmon globally, research and development to design feed specifically for King salmon is not extensively undertaken by global feed companies and this can create risks when changing dietary components, including the risk of increased fish mortality.	NZKS has an ability to pass price increases onto customers, however, it is unclear whether NZKS will be able to fully pass on the increased cost of raw materials to customers. Risks around feed price and quality are partially mitigated by NZKS endeavouring to source feed from multiple suppliers. To further understand supplier performance NZKS benchmarks feed to measure fish performance on various diets
Food safety	NZKS produces ready-to-eat products which are consumed in a raw state, such as cold smoked salmon, sushi and sashimi. There is a risk NZKS products could contain harmful bacteria or other organisms, such as listeria, which is unique in that it is a foodborne pathogen which can grow below 4°C. Food safety incidents could result in reputational damage, regulatory consequences (including fines, penalties, loss of licences or temporary shutdowns of facilities), and product recalls. The potential magnitude of any food safety incident could be severe. In addition, new laws could also be passed which impose further food safety requirements on NZKS, which may require significant capital expenditure to comply with, reducing NZKS's operational performance.	NZKS takes rigorous steps to minimise the risk of contamination and regularly tests its fish for any food safety issues.
Social license	NZKS has a number of external stakeholders, including Iwi, as its business operates in public water space. It is crucial that NZKS maintains positive relationships with its external stakeholders to support positive outcomes for future consent applications to continue to operate its farms. Failure to renew some or all of these consents will have a material impact on NZKS's operations, resulting in a decline in harvest and therefore cash flow.	NZKS engages in a range of stakeholder engagement initiatives. These include, but are not limited to, environmental management and active stakeholder management (i.e. with Aquaculture New Zealand, the local council, Iwi). A communications strategy across all stakeholder groups. The Best Aquaculture Practices (BAP) certification is the main third-party accreditation selected to demonstrate independent assessment of the business's operational practices based on third party standards. NZKS ensures its compliance with BAP by engaging in regular external audits across operations, people & culture and key suppliers to achieve four stars, the highest rating.
Inflationary pressures	Inflation could result in increasing costs for raw materials and labour costs, amongst other things which may impact profit margins.	NZKS has an ability to pass price increases onto customers, however, it is unclear whether NZKS will be able to fully pass on the increased cost of raw materials and labour costs to customers.

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The Board has delegated responsibility to the Audit, Finance and Risk Committee to establish and regularly review the Company's risk management framework. Business risks are a standing agenda item of the Audit, Finance and Risk Committee. Subcommittee specific risks are also considered by the Board sub committees with reports provided by senior management. As part of this framework the Audit, Finance and Risk Committee is tasked with identifying situations and circumstances in which the Company may be materially at risk and initiating appropriate action through the Board or CEO. Risk is overseen by the CEO and supports a comprehensive approach to the management of those risks identified as material to the Company's operations.

The CEO and CFO have provided the Board, through the Audit, Finance and Risk Committee, with assurances that in their opinion financial records have been properly maintained, that the financial statements comply with those accounting standards under which the Company must report and that the statements give a true and fair view of the Company's financial position and performance. These representations are given on the basis that a sound system of internal controls and risk management is operating effectively in all material respects in relation to financial reporting.

In managing the Company's business risks, the Board approves and monitors policy and procedures in areas such as treasury management, financial performance, taxation and delegated authorities.

Insurance

The Company has insurance policies in place covering most areas where risk to its assets and business can be insured at a reasonable cost.

Recommendation 6.2

An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

Health and Safety

The Board and management are committed to promoting a safe and healthy working environment for everyone working in, or interacting with, the Company. The Company strives for continuous improvement that takes us beyond compliance in health, safety and wellness. This includes the reviewing of our health and safety policy statement as well as the systems and processes that support our safety objectives.

The Company's Health & Safety and Food Safety Committee Charter creates a shared responsibility for all our team members and contractors to, so far as reasonably practicable take all steps in providing a working environment that promotes health and wellbeing. Effective controls based on industry knowledge and best practice guidelines inform and support our risk management across all areas of the business.

7. Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process

Recommendation 7.1

The Board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:

a. for sustaining communication with the issuer's external auditors;

b. to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;

c. to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer; and

d. to provide for the monitoring and approval by the issuer's Audit Committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

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Recommendation 7.2

The external auditor should attend the issuer's Annual Shareholders' Meeting to answer questions from shareholders in relation to the audit.

External Auditor

The Company's Audit, Finance and Risk Committee is responsible for oversight of the Company's external audit arrangements to safeguard the integrity of financial reporting. The Company maintains an External Auditor Independence Policy to ensure that audit independence is maintained, both in fact and appearance.

The policy covers the following areas:

- Appointment of the external auditor.
- Provision of other assurance services by the external auditor.
- Pre-approval process for the provision of other assurance services.
- External auditor lead and engagement partner rotation.
- Hiring of staff from the external auditor.
- Relationships between the external auditor and the Company.
- Reporting on fees and non-audit work.

The role of the external auditor is to audit the financial statements of the Company in accordance with applicable auditing standards in New Zealand and to report on its findings to the Board and shareholders of the Company.

The External Auditor Independence Policy is available in the Corporate Governance Code which is available on the Company's website.

Ernst & Young is the Company's current external auditor. Brendan Summerfield is the current audit engagement partner, in his third year following a partner rotation at the completion of the 2021 audit. Fees paid to Ernst & Young are included in Note 30 of the notes to the financial statements.

Both the Company's Audit, Finance and Risk Committee Charter, and the External Auditor Independence Policy require the external auditor to be independent, recognising the importance of facilitating frank dialogue between the Audit, Finance and Risk Committee, the auditor and management. The External Auditor Independence Policy requires that the audit partner be rotated after a maximum of five years.

The Audit, Finance and Risk Committee Charter requires the Committee to facilitate the continuing independence of the external auditor by assessing the external auditor's independence, qualifications, overseeing and monitoring their performance. This involves monitoring all aspects of the external audit, including the appointment of the auditor, the nature and scope of its audit and reviewing the auditor's service delivery plan.

The external auditor is invited to attend the Annual Shareholders' Meeting and is requested to be available to answer questions about the audit process and the independence of the auditor.

Recommendation 7.3

Internal audit functions should be disclosed.

Internal Audit

The Company does not have an internal audit function. However, the Company does have a quality and compliance team dedicated to food hygiene (in relation to the processing of harvested fish through to finished goods that are dispatched to the end customer) and a Health and Safety Team (dedicated to providing a safe working environment for the Company's operations). The objective of the food quality and compliance team is to enhance and protect the organisational value of the Company by providing risk-based and objective assurance. The management of Health and Safety is overseen by regular internal safety audits throughout the Company's

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operations. Governance of these areas is provided by the Health & Safety and Food Safety Board subcommittee.

In absence of a dedicated internal audit function, the Company looks to utilise external expertise for assessing the effectiveness of its risk management and internal processes. For the year ended 31 January 2024, the Company undertook a review of its risk register, risk matrix, and risk criteria with a third party experts.

Independent Professional Advice

With the approval of the Audit, Finance and Risk Committee, Directors are entitled to seek independent professional advice on any issue related to the fulfillment of his or her duties, at the Company's expense. During FY24 the Directors sought independent professional advice from an external advisor to assist with expert knowledge for the Fish Farming Committee.

8. Principle 8 – Shareholder Rights and Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Recommendation 8.1

An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

Shareholder Relations

The Company is committed to maintaining a full and open dialogue with its shareholders and other stakeholders. Annual reports, links to the NZX/ASX, governance policies and charters, and a variety of corporate information are posted on the Company's website.

The Company's preference is for electronic communications in the interests of sustainability and efficiency; however, a paper copy of each annual report can be provided to shareholders on request.

Shareholder meetings will be held at a time and location to encourage participation in person by shareholders. Annual meetings are currently held in the Nelson/Marlborough region, reflecting the head office and production locations for the Company.

The Company's website includes a range of information relevant to shareholders and others concerning the operation of the Company, including information about the sites we operate, certifications, our brands, and the corporate governance policies of the Company.

Recommendation 8.2

An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangements to encourage shareholder participation, and by providing shareholders the option to receive communications from the issuer electronically.

Electronic Communications

Shareholders have the option of receiving their communications electronically. This is the Company's preferred method of communication.

Contact details for the Company's head office are available on the website.

Recommendation 8.3

Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

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Major Decisions

Directors' commitment to timely and balanced disclosure is set out in its Shareholder Communications and Market Disclosure Policy and includes advising shareholders on any major decisions. Where voting on a matter is required, the Board encourages investors to attend the meeting or, where they are unable to do so, to cast a postal or online vote, or appoint a proxy to exercise their vote on their behalf. Shareholders may raise matters for discussion at the Annual Shareholders' Meeting either in person, or by emailing the Company with a question to be asked.

Recommendation 8.4

If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

Equity Raise

The Board is responsible for considering the interests of all existing equity holders when assessing their capital raising options.

Recommendation 8.5

The Board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible, and at least 20 working days prior to the meeting.

Notice of Meeting

The Company's Notice of Meeting will be available at least 20 working days prior to the meeting on the NZX/ASX with a link to stock exchange announcements provided in the Investors section of the Company's website.

Director Disclosures

The following persons were Directors of New Zealand King Salmon Investments Limited and its subsidiaries during the period to 31 January 2024:

Directors	Mark Dewdney	John Ryder[1]	Jack Porus	Chiong Yong Tiong	Paul Steere	James V. Kilmer	Justin Reynolds	Catriona Macleod	Carol Chen	Victoria Taylor	Graeme Tregidga
New Zealand King Salmon Investments Limited	✓	✓	✓	✓	✓			✓	✓	✓	
The New Zealand King Salmon Co. Limited	✓	✓	✓		✓						
New Zealand King Salmon Exports Limited	✓				✓						✓
New Zealand King Salmon USA Incorporated					✓	✓					
The New Zealand King Salmon Pty Limited					✓		✓				
NZKS Custodian Limited	✓	✓	✓		✓						
King Salmon Limited	✓				✓						✓
MacCure Seafoods Limited	✓				✓						✓
Omega Innovations Limited	✓				✓						✓
Ōra King Limited	✓				✓						✓
Regal Salmon Limited	✓				✓						✓
Southern Ocean Salmon Limited	✓				✓						✓
Southern Ocean Seafoods Limited	✓				✓						✓

[1] John Ryder resigned as Chair of New Zealand King Salmon Investments Limited and his other NZKS Directorships on 14 June 2023.

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Interests Register

The following entries were made in the interests register of the Company during the year ended 31 January 2024:

Share Dealings by Directors

Dealings by Directors and key Senior Managers during the period ended 31 January 2024, as entered in the Interest Register of the Company are as follows:

Name of Director/ Senior Manager	No. of Shares	Nature of Interest	Acquisition/Disposal	Consideration (per share)	Date
Graeme Tregidga	21,078	Beneficial Owner	Forfeiture of shares under LTI scheme	$1.53	28 Sep 2023
Grant Lovell[1]	123,748	Beneficial Owner	Initial Disclosure	N/A	9 Nov 2023
Richard Smith[1]	17,045	Beneficial Owner	Initial Disclosure	N/A	9 Nov 2023
Jack Porus	200,000	Beneficial Owner	Acquisition	$0.22	22 Sep 2023
	200,000	Beneficial Owner	Acquisition	$0.22	25 Sep 2023
	3,680	Beneficial Owner	Acquisition	$0.21	20 Nov 2023
	4,378	Beneficial Owner	Acquisition	$0.20	21 Nov 2023
	44,352	Beneficial Owner	Acquisition	$0.21	24 Nov 2023
	47,590	Beneficial Owner	Acquisition	$0.21	27 Nov 2023
	30,926	Beneficial Owner	Acquisition	$0.21	28 Nov 2023
	28,845	Beneficial Owner	Acquisition	$0.21	29 Nov 2023
	100,000	Beneficial Owner	Acquisition	$0.22	04 Dec 2023
	28,845	Beneficial Owner	Acquisition	$0.22	04 Dec 2023
Victoria Taylor	7,453	Beneficial Owner	Acquisition	$0.27	09 Jan 2024
	11,900	Beneficial Owner	Acquisition	$0.25	12 Jan 2024
Catriona Macleod	3,190	Beneficial Owner	Acquisition	$0.28	22 Jan 2024
	80,000	Beneficial Owner	Acquisition	$0.29	23 Jan 2024

[1]The roles of GM Processing and GM Aquaculture were determined by the Board to fall within the definition of Senior Manager for the purposes of the Financial Markets Conduct Act 2013, as a result of the responsibilities performed in these roles. Accordingly, Grant Lovell and Richard Smith were considered to be Senior Managers effective 9 November 2023.

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Disclosure of interest in the Interests Register for the Company as at 31 January 2024 were as follows:

Director	Name of Interest	Nature
Mark Dewdney	Tatua Co-operative Dairy Co Ltd[1]	Director
	Marire General Partner Ltd[1]	Independent Chair
	MDLP General Partner Ltd[1]	Director
	Matangi Dairies Limited Partnership[1]	Partner
Jack Porus	Glaister Ennor Holdings Ltd and associated entities	Consultant to Glaister Ennor
	GEK Property Management Ltd and associated entities	Director & Shareholder
	Ernslaw One Ltd	Director
	The Neil Group Ltd	Director
	Vulcan Mortgage Management Ltd	Director & Shareholder
	Harbour View Investments Ltd	Director
	Whitford Forest Holdings Company	Director
	Mortgage Holdings Ltd	Director & Shareholder
	The Rotary Club of Auckland Trustee Company Ltd	Director
	Pinnacle Life Ltd	Director
	Tauranga Storage Ltd	Director & Shareholder
	Norfolk Mortgage Management Ltd	Director & Shareholder
Catriona Macleod	Australian Sustainable Seaweed Alliance	Director
	Derwent Estuary Program	Director
Paul Steere	Aquaculture Advisory Panel, South Pacific Community	Chair
	Nelson City Council City for all Ages Committee	Chair
	Nelson Marina Management Ltd[1]	Chair
	Allan Scott Wines & Estates Ltd[1]	Acting Chair

Director	Name of Interest	Nature
Victoria Taylor	Three60 Consult	Chair
	Primary Connection	Director & Shareholder
	Foot Science International	Director
	Moochi[1]	CEO
Chiong Tiong	Aotea Dairy Limited	Director
	Forestland Investment Limited	Director
	Aotea Housing Limited	Director
	Maraetai Land Development Limited	Director
	The Lumberbank New Zealand Limited	Director
	Waimarino Forests Limited	Director
	CEP Auckland Limited	Director
	Nugent Fitness Limited	Director
	Neil Corporation Limited	Director
	Winstone Pulp International Limited	Director
	Oregon Group Limited	Director
	Ernslaw One Limited	Director
	The Neil Group Limited	Director
	Neil Construction Limited	Director
	Timbergrow Limited	Director
	Innova Products Limited	Director
Yuen Ping Carol Chen	Deputy General Manager of Corporate Strategy and Development at China Resources Enterprise (CRE)	Employee

[1]Represent additions into the Interests Register during the year ended 31 January 2024.

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Relevant Interests

The table below records the ordinary shares in which Directors had a relevant interest as at 31 January 2024.

Name of Director[1]	Number of Ordinary Shares - Beneficial	Number of Ordinary Shares - Non-Beneficial
Jack Porus	5,462,128	-
Paul Steere	2,445,325	-
Victora Taylor	19,353	-
Catriona Macleod	83,190	-

[1] Neither Mark Dewdney, Chiong Yong Tiong, nor Carol Chen held any relevant interests (beneficial or non-beneficial) as at 31 January 2024.

Use of Company Information by Directors

No notices were received from Directors pursuant to section 145 of the Companies Act 1993 to use Company information, received in their capacity as Directors, which would otherwise not have been available to them.

Directors Liability

As permitted by the Company's Constitution and in accordance with Section 162 of the Companies Act 1993, the Company has indemnified all Directors and arranged Directors' and Officers' Liability Insurance which ensures that, to the extent permitted by law, Directors will incur no monetary loss as a result of actions undertaken as Directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines, which may be imposed in respect of breaches of the law.

Shareholder Information

As at 31 January 2024, there were 541,454,710 ordinary shares on issue in the Company, each conferring on the registered holder the right to vote on any resolution at a meeting of shareholders, held as follows:

Size of Holding	Number of Shareholders	Number of Shares held	%
1 - 499	205	45,622	0.01%
500 - 999	125	85,306	0.02%
1,000 - 1,999	242	320,543	0.06%
2,000 - 4,999	531	1,693,654	0.31%
5,000 - 9,999	418	2,927,060	0.54%
10,000 - 49,999	932	21,815,824	4.03%
50,000 - 99,999	255	17,370,262	3.21%
100,000 - 499,999	202	41,190,942	7.61%
500,000 - 999,999	18	11,952,288	2.21%
1,000,000 Over	38	444,053,209	82.01%
Total	**2,966**	**541,454,710**	**100.0%**

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20 Largest Shareholders

Set out below are details of the 20 largest shareholders of the Company as at 12 March 2024:

Shareholder	Shares	% of Shares
Oregon Group Limited	214,146,078	39.79
China Resources Enterprise Limited	53,125,934	9.87
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	47,812,718	8.88
Accident Compensation Corporation - NZCSD	17,966,160	3.34
Masfen Securities Limited	15,121,468	2.81
New Zealand Depository Nominee Limited	11,647,690	2.16
Takutai Limited	9,907,827	1.84
Jack Lee Porus & Robert Narev	5,462,128	1.01
Custodial Services Limited	5,357,624	1.00
John William Dudley Ryder	5,322,978	0.99
FNZ Custodians Limited	5,231,051	0.97
JBWere (NZ) Nominees Limited	4,195,991	0.78
Grantley Bruce Rosewarne & Bianca Jade Rosewarne	3,593,436	0.67
Hsu Cheng Yang	3,202,541	0.60
Trew Pty Limited	3,144,715	0.58
NZKS Custodian Limited	2,855,246	0.53
Peter Plowman	2,333,808	0.43
Iconic Investments Limited	2,282,186	0.42
Grant Ambury Alexander & Eileen Gayel Alexander	2,247,000	0.42
Citibank Nominees (New Zealand) Limited - NZCSD	2,213,655	0.41

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Substantial Product Holders

Set out below are details of the substantial product holders of the Company as advised by notice to the Company, as at 31 January 2024. The number of shares shown below is as advised in the most recent substantial product holder notices given to the Company and may not be their holding as at 31 January 2024.

Shareholder	Shares	Class of Share
Oregon Group Ltd	214,146,078	Ordinary
China Resources Enterprise Ltd	53,125,934	Ordinary
New Zealand Superannuation Fund Nominees Ltd	47,812,718	Ordinary

Annual Shareholders' Meeting

The Company's 2024 Annual Shareholders' Meeting will be an in-person meeting held on 19 June 2024. Shareholders will be given an opportunity at the meeting to ask questions and comment on relevant matters. The Notice of Meeting will be sent to shareholders at least 20 working days in advance of the meeting.

NZX Waivers

On 21 November 2023, the Company was granted a waiver from NZX Listing Rule 5.2.1 which ordinarily requires the shareholders to have an opportunity to consider, and vote on, Material Transactions where there is, or may be a perception of, the potential for undue influence by a Related Party on an Issuer's decision to enter into a transaction or agree to its terms. The wavier was in respect of an exclusive distribution agreement with China Resources Food Supply Chain Co. Ltd (CRFSC) to be the exclusive distributor to import and distribute a range of King Salmon products in Mainland China (Exclusive Distribution Agreement).

Under the terms of the Exclusive Distribution Agreement, CRFSC is required to place orders totalling a minimum of 4,000kgs of salmon products per calendar month throughout the term, with pricing being on commercial rates. If CRFSC fails to place an order for the minimum order volume for any calendar month throughout the term, NZK can either terminate the Exclusive Distribution Agreement or appoint one or more other distributors within Mainland China.

The Board considers that CRFSC is a Related Party of NZK for the purposes of NZ Listing Rule 5.2.1 as China Resources Enterprise Limited (CRE) (the 40% indirect shareholder of CRFSC) owns 9.81% of the shares in NZK and Yuen Carol Chen, Deputy General Manager of Corporate Strategy and Development at CRE, is a Director of NZK.

Whilst the price and volume of the products supplied to CRFSC under the Exclusive Distribution Agreement will vary, there is potential for NZK to supply products to CRFSC with a value in excess of 10% of the Average Market Capitalisation of NZK during the life of the trading relationship between CRFSC and NZK. As a result, NZK sought, and has been granted a waiver from Listing Rule 5.2.1 to the extent that this Rule would otherwise require NZK to seek shareholder approval in relation to the supply of products to CRFSC under the Exclusive Distribution Agreement.

The Board considers the Exclusive Distribution Agreement is in the best interests of NZK and its non-interested shareholders. China represents an important export market for our premium species and has the ability to provide additional demand for both our current volumes, and future growth aspirations. The terms of the Exclusive Distribution Agreement have been negotiated, and entered into, on an arms length commercial basis.

Exercise of NZX Disciplinary Powers

NZX Limited did not exercise any of its powers under Listing Rule 5.4.2 in relation to the Company during the period to 31 January 2024.

Donations

Donations made by the Group during the period of 31 January 2024 totalled $3,136 (31 January 2023: $4,775) No donations were made to political parties.

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Corporate Directory

Board of Directors

John William Dudley Ryder
Independent Non-Executive Chair
(Resigned 14 June 2023)

Mark Dewdney
Independent Non-Executive Chair
(Appointed 14 June 2023)

Jack Lee Porus
Non-Executive Director

Paul James Steere
Independent Non-Executive Director

Chiong Yong Tiong
Non-Executive Director

Catriona Macleod
Independent Non-Executive Director

Carol Chen
Non-Executive Director

Victoria Taylor
Independent Non-Executive Director

Paul Munro
Independent Non-Executive Director (Appointed 1 March 2024)

Committee Members

Audit, Finance and Risk Committee
Paul Steere (Chair)
Jack Porus
Mark Dewdney
(Appointed 14 June 2023)
John Ryder
(Resigned 14 June 2023)

People and Performance Committee
Victoria Taylor (Chair)
Jack Porus
Mark Dewdney
(Appointed 14 June 2023

Health & Safety and Food Safety Committee
Catriona Macleod (Chair)
Chiong Yong Tiong
Mark Dewdney
(Appointed 14 June 2023)

Fish Farming Committee
Jack Porus (Chair)
Catriona Macleod
Mark Dewdney

Bankers

The Bank of New Zealand
Deloitte Centre, Level 6,
80 Queen Street, Auckland,
New Zealand

Kiwibank
Level 9, 20 Customhouse Quay,
Wellington, New Zealand

Auditor

Ernst & Young (EY)
Level 4, 93 Cambridge Terrace,
Christchurch, New Zealand

Lawyers

Chapman Tripp
Level 34, 15 Customs Street West,
Auckland, New Zealand

Gascoigne Wicks
79 High Street, Blenheim,
New Zealand

Duncan Cotterill
197 Bridge Street, Nelson,
New Zealand

Tavendale and Partners
94 Nile 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

Registered Office
17 Bullen Street, Tahunanui,
Nelson 7011, New Zealand

Postal Address
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Telephone
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Website
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Investor Relations
investor@kingsalmon.co.nz

Share Registry

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Takapuna, Auckland 0622,
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+64 9 488 8777
enquiry@computershare.co.nz

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FINANCIAL STATEMENTS

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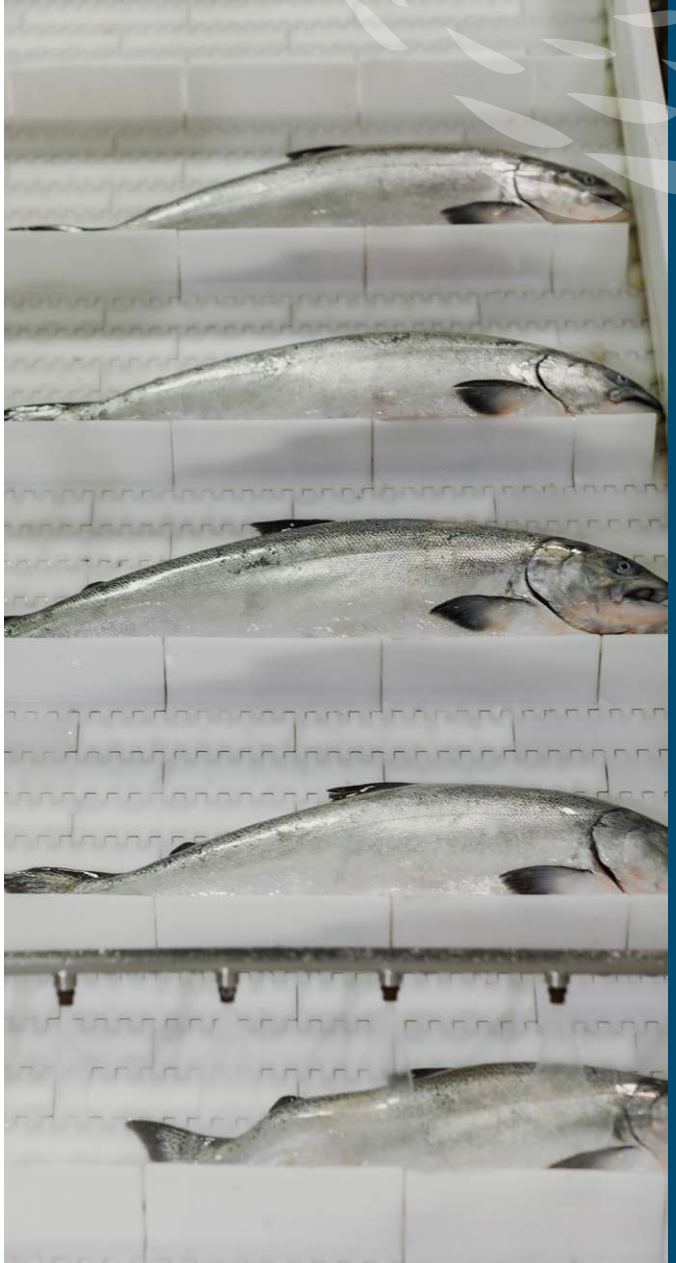

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Consolidated Statement of Comprehensive Income

For the year ended 31 January 2024

	Note	2024 $000	2023 $000
Revenue from contracts with customers	32	187,106	167,131
Cost of goods sold	14	(171,203)	(164,657)
Fair value gain on biological transformation	15	70,287	49,628
Freight costs to market		(20,812)	(21,479)
Gross profit		**65,378**	**30,623**
Other income	6	8,065	8,577
Sales, marketing and advertising expenses		(11,375)	(12,245)
Distribution overheads		(3,478)	(3,463)
Corporate expenses		(10,732)	(10,854)
Other expenses	7	(868)	(940)
Profit/(loss) before interest, tax, depreciation, amortisation and impairment		**46,990**	**11,698**
Depreciation and amortisation expense	16,17,18	(7,585)	(7,915)
Impairment	5	-	(507)
Finance income	8	1,051	337
Finance expenses	8	(396)	(1,499)
Profit/(loss) before tax		**40,060**	**2,114**
Income tax credit/(expense)	9	(11,608)	(223)
Net profit/(loss) after tax		**28,452**	**1,891**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	10	(18)	334
Movement on cash flow hedges	10	(1,365)	3,878
Release of early closed out foreign exchange contracts	10	(6,728)	(7,775)
Deferred tax on early closed out foreign exchange contracts	10	1,884	2,177
Income tax effect of movement on cash flow hedges	10	375	(1,074)
Net other comprehensive income/(loss)		**(5,852)**	**(2,460)**
Total comprehensive income/(loss)		**22,600**	**(569)**
Earnings per share			
Basic earnings per share	11	$0.05	$0.00
Diluted earnings per share	11	$0.05	$0.00

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

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Consolidated Statement of Financial Position

For the year ended 31 January 2024

Assets	Note	2024 $000	2023 $000
Current assets			
Cash and cash equivalents	12	20,908	19,221
Trade and other receivables	13	18,427	16,573
Other financial assets	25	6,000	-
Taxation receivable		-	164
Inventories	14	37,059	29,729
Biological assets	15	82,468	60,348
Derivative financial assets	25	976	1,906
Total current assets		**165,838**	**127,941**
Non-current assets			
Property, plant and equipment	16	48,335	48,176
Biological assets	15	11,992	12,344
Derivative financial assets	25	2,829	4,106
Intangible assets	17	3,282	3,486
Right-of-use assets	18	6,669	4,316
Deferred tax asset	9	-	919
Total non-current assets		**73,107**	**73,347**
Total Assets		**238,945**	**201,288**

The 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 26 March 2024.

Director - Mark Dewdney
26 March 2024

Director - Paul Steere
26 March 2024

Liabilities	Note	2024 $000	2023 $000
Current Liabilities			
Trade and other payables	21	16,536	13,662
Employee benefits	22	3,974	3,465
Borrowings	20	3,417	750
Lease liabilities	19	1,028	1,191
Other financial liabilities	29	288	278
Derivative financial liabilities	25	3,639	3,112
Taxation payable		732	-
Total current liabilities		**29,614**	**22,458**
Non-current liabilities			
Employee benefits	22	472	501
Borrowings	20	2,000	2,750
Lease liabilities	19	5,872	3,328
Deferred tax liabilities	9	7,741	-
Derivative financial liabilities	25	2,951	4,345
Total non-current liabilities		**19,036**	**10,924**
Total liabilities		**48,650**	**33,382**
Net assets		**190,295**	**167,906**
Equity			
Share capital	27	180,143	180,143
Reserves		1,360	7,423
Retained earnings/(deficit)		8,792	(19,660)
Total equity		**190,295**	**167,906**

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Consolidated Statement of Changes in Equity

For the year ended 31 January 2024

	Note	Share Capital $000	Foreign Currency Translation Reserve $000	Hedge Reserve $000	Share Based Payment Reserve $000	Retained Earnings/ (Deficit) $000	Total Equity $000
Balance as at 1 February 2023		180,143	(614)	7,209	828	(19,660)	**167,906**
Profit for the year		-	-	-	-	28,452	**28,452**
Other comprehensive income/(loss)	10	-	(18)	(5,834)	-	-	**(5,852)**
Total comprehensive income/(loss) for the year		**-**	**(18)**	**(5,834)**	**-**	**28,452**	**22,600**
Share based payment expense/(credit)		-	-	-	(211)	-	**(211)**
Balance as at 31 January 2024		**180,143**	**(632)**	**1,375**	**617**	**8,792**	**190,295**
Balance as at 1 February 2022		122,606	(948)	10,003	1,120	(21,551)	**111,230**
Profit for the period		-	-	-	-	1,891	**1,891**
Other comprehensive income/(loss)	10	-	334	(2,794)	-	-	**(2,460)**
Total comprehensive income/(loss) for the year		**-**	**334**	**(2,794)**	**-**	**1,891**	**(569)**
Share issue		57,537	-	-	-	-	**57,537**
Share based payment expense/(credit)		-	-	-	(292)	-	**(292)**
Balance as at 31 January 2023		**180,143**	**(614)**	**7,209**	**828**	**(19,660)**	**167,906**

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

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Consolidated Statement of Cash Flows

For the year ended 31 January 2024

	Note	2024 $000	2023 $000
Operating activities			
Receipts from customers		187,578	170,641
Payments to suppliers		(133,294)	(118,404)
Payments to employees		(42,001)	(40,972)
Interest received		1,051	337
Interest paid		(308)	(1,047)
Insurance and settlement income		103	2
Government grants received		99	205
Income tax paid		(15)	(287)
Net cash flows from / (used in) operating activities	31	**13,213**	**10,475**
Investing activities			
Placement of short term deposits		(6,000)	-
Proceeds from sale of property, plant and equipment		38	1,243
Purchase of property, plant and equipment		(6,049)	(4,557)
Purchase of intangible assets		(257)	(664)
Net cash flow (used in) / from investing activities		**(12,268)**	**(3,978)**

	Note	2024 $000	2023 $000
Financing activities			
Repayment of borrowings		(1,893)	(97,659)
Proceeds from borrowings		3,811	51,500
Gross proceeds from share issue		-	60,123
Equity raise costs		-	(2,587)
Payment of lease liabilities		(1,264)	(1,573)
Net cash flows (used in) / from financing activities		**654**	**9,804**
Net increase/(decrease) in cash and cash equivalents		**1,599**	**16,301**
Net foreign exchange difference		88	7
Cash and cash equivalents at beginning of the year	12	19,221	2,913
Cash and cash equivalents at year end	12	**20,908**	**19,221**

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

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Notes to the Consolidated Financial Statements

For the year ended 31 January 2024

1. Corporate Information

The consolidated financial statements of New Zealand King Salmon Investments Limited (the Company) and its subsidiaries (together the Group) for the year ended 31 January 2024 were authorised by the Directors on 26 March 2024.

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

2. Basis of Preparation

a. Statement of compliance

The consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS Tier 1) and also with International Financial Reporting Standards (IFRS). The financial statements are prepared under New Zealand Generally Accepted Accounting Practices (NZ GAAP) and Financial Markets Conduct Act 2013.

b. Basis of measurement

The financial statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in hedging instruments, otherwise carried at amortised cost, are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. 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 judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported outcomes of revenues, expenses, assets, liabilities and the accompanying disclosures. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Uncertainties about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets or liabilities in future periods.

Specific areas requiring significant estimates and judgements include:

Valuation of biological assets

The Group recognises stocks of live fish at fair value according to the principles of NZ IAS 41 Agriculture. The fair value is measured using a valuation model that relies on various assumptions and information available at balance date. Inputs include anticipated market prices, costs to sell, current weights of livestock relative to expected harvest weight, mortality rates, growth rates and production costs. The income or loss that is ultimately recognised at time of sale may be significantly different from that implied by the fair value adjustment at the end of a reporting period. The fair value uplift from accumulated costs to date has no cash impact in the reporting period. Further details of the valuation and sensitivity to change in key inputs are given in Note 15.

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Impairment testing of intangibles, plant and equipment

The Group's non-financial assets are assessed for indicators of impairment on at least an annual basis and whenever events or changes in circumstances indicate that the carrying amount of the assets may exceed their recoverable amount. In addition the carrying value of intangible assets that are not yet available for use are tested annually for impairment irrespective of whether there is any indication of impairment according to the principles of NZ IAS 36 Impairment of Assets.

Where the asset's carrying amount is determined to be greater than the recoverable amount, the carrying amount is written down and an impairment loss is recognised in the income statement. Impairment testing involves a significant amount of estimation. Impairment testing involves assessing the recoverable amount of the Group's Cash Generating Unit ("CGU") by calculating the higher of the CGU's value in use or fair value less costs of disposal. The recoverable amount calculated under the value-in-use method includes cash flow projections that necessarily take into account changes in the market in which a business operates. Determining both the cash flows and the risk-adjusted discount rate appropriate to the operating unit requires the exercise of judgment.

The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows, the assessment of impairment requires judgment to be applied and consideration of a number of factors including but not limited to: changes in business strategy, regulatory environment, and customer preferences or requirements.

Inventory (Finished goods and work in progress) obsolescence

Inventories are stated at the lower of cost or net realisable value, and the Group uses judgment and estimates to determine the net realisable value of inventory at the end of each reporting period.

The Group estimates the net realisable value of inventory for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realisable value. The net realisable value of the inventory is determined based on assumptions of future demand and pricing and estimates over the remaining shelf life of the inventory.

Valuation of financial derivatives

The Group recognises financial derivatives at fair value according to the principles of NZ IFRS 13 Fair Value Measurement. The value is calculated by a third party expert using an industry standard model. Inputs to the model are obtained externally by the service provider and the derivative counterparty. Further details of the valuation are included in Note 25.

d. Foreign currency translation

Functional and presentation currency

The Group's consolidated financial statements are presented in New Zealand dollars, which is also the parent company's functional currency. The Australian subsidiary's functional currency is Australian dollars which is translated into the presentation currency in these financial statements. The USA subsidiary's functional currency is United States dollars which is translated into the presentation currency in these financial statements.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency and then translated by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at balance date.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3. Summary of Material Accounting Policy Information

a. Basis of consolidation

The financial statements comprise the financial statements of New Zealand King Salmon Investments Limited and its subsidiaries (per Note 29). Subsidiaries are all those entities over which the Company has control.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent company using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b. Financial instruments

Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Subsequently the Group applies the following accounting policies for financial instruments:

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts.

Trade and other receivables

Short term trade and other receivables are recognised when an amount of consideration that is unconditional, is due from the customer (i.e only the passage of time is required before the payment of the consideration is due). Gains and losses are recognised in the profit or loss when the receivables are written off or impaired.

For trade receivables and contract assets, the Group applies a simplified approach in calculating an allowance for expected credit loss (ECL). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL's at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Loans with related parties

Loans and amounts owing from related companies are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans are derecognised or impaired.

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Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature, are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-90 days of recognition.

Interest bearing borrowings

After initial recognition interest bearing borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on establishment of loan facilities that are yield related are included as part of the carrying amount. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. Borrowing costs are generally recognised as an expense when incurred, with the exception of borrowing costs associated with a qualifying asset which are capitalised as part of the cost of that asset.

Financial guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributed to the issuance of the guarantee. Subsequently the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at balance date and the amount recognised less cumulative amortisation.

Derivative financial instruments and hedging

The Group uses derivative financial instruments including forward currency contracts, options and interest rate swaps to hedge risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps are determined by reference to market values for similar instruments.

The Group designates its derivative financial instruments as hedges of a particular risk associated with a recognised asset or liability or a highly probable commitment that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while the ineffective portion is recognised immediately in the statement of profit or loss.

Amounts accumulated in equity are transferred to profit or loss when the hedged item affects profit or loss.

Derecoginition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired; Or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of

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the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

c. Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials

The cost of fish is measured at fair value at harvest date. The cost of feed and packing materials is based on the purchase price including import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of the goods and materials. Costs are determined on a weighted average basis.

Manufactured finished goods and work in progress

Cost of direct materials, labour and a proportion of manufacturing overheads appropriate to the stage of manufacture. Costs are assigned on the basis of weighted average costs. The cost of items transferred from biological assets is their fair value less costs to sell at the date of harvest.

Net realisable value

The estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

d. Biological assets

Biological assets include fish livestock measured at fair value less estimated costs to sell. The net gain or loss resulting from the fair value measurement is recognised in profit or loss.

The fair value of fish livestock is derived from the amount expected to be received from the sale of the asset in an active market. The costs associated with growing the fish (e.g. feed and labour costs) are directly capitalised to biological assets. The target live weight of the harvestable fish is defined as a fish with a live weight of 4kg or greater. Many fish are harvested with a live weight above or below this weight.

For brood stock and fish where little biological transformation has taken place since initial cost was incurred, cost less impairment is used as an approximation of fair value. This value is used up to the point at which fish are transferred to sea water. Fish stock is transferred to inventory at the time of harvest. The transfer is recorded at its fair value which is deemed to be cost for the purposes of inventory valuation.

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e. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

Freehold land	Not depreciated
Freehold buildings	Twenty to fifty years
Building fit out	Three to twenty five years
Leasehold improvements	Five to ten years
Plant, furniture and fittings	Three to twenty years
Motor vehicles	Five to ten years
Sea vessels	Ten to thirty years

During FY24 the useful life of sea vessels was extended to a maximum of thirty years (FY23: maximum useful life for sea vessels was twenty years). No vessels capitalised in prior years were impacted by this change.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

f. Group as a lessee

At the inception of a contract, the Group is required to assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group's lease portfolio

Property leases

The Group's real estate includes office buildings and storage facilities. The Group has recognised some storage contracts that meet the identifiable criteria as a right of use asset and corresponding liability portfolio under NZ IFRS 16.

Vehicle leases

The Group lease vehicles are predominantly used by sales staff and the transportation of personnel between operating locations. These vehicles are generally held for a term of three years.

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Plant and equipment leases

The Group sometimes leases machinery used for the production or processing of salmon. The current leases relate to equipment being utilised for the upwelling on sea farms and various forklifts operated throughout the company. The Group has elected to apply the recognition exemption for short-term leases for all other machinery employed for less than 12 months duration and for leases where the underlying asset is of low value.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The Group enters into certain lease transactions that result in no liability or asset recognised on the balance sheet due to payments on those leases being variable as they are linked to future harvest volumes and activity level and are not based on an index or a rate. During the period $3.0m was recognised in operating expense (2023: $3.6m).

Short-term leases and leases of low-value assets

The Group applies short term lease recognition exemption to its short term leases of equipment. It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease.

g. Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

h. Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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Intangible assets with indefinite useful lives or not yet available for use are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Trademarks	
Useful lives:	Indefinite
Internally generated or acquired:	Acquired

Intellectual property, marine farm and hatchery licences and marina berth	
Useful lives:	Finite
Amortisation method used:	Straight line, five to thirty five years
Internally generated or acquired:	Acquired

Computer Software	
Useful lives:	Finite
Amortisation method used:	Straight line, four to seven years
Internally generated or acquired:	Acquired

i. Research and development costs

Research costs are expensed as incurred. Development expenditures are capitalised as intangible assets when the Group can demonstrate:

- Costs can be reliably measured.
- Completion of the project is technically feasible.
- Resources are available to complete the project.
- There is an intention to use the resulting asset and it will generate future economic benefits.

During the period of development the asset is tested for impairment annually.

j. Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution plans

Contributions made to a defined contribution plan are expensed as incurred.

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k. Contributed equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds. Other capital raising costs are expensed as incurred.

l. Revenue and income recognition

Revenue from contracts with customers

The Group is in the business of growing, processing and selling King Salmon to customers in New Zealand and overseas. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

NZ IFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Insurance proceeds

Insurance proceeds are recognised in the financial statements when receipt is virtually certain and can be measured reliably.

m. Taxes

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

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Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except when:

- The GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.
- The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the balance sheet.
- Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.
- The Group recognises uncertain tax positions as a liability where it is probable that an outflow of resources will be required.

n. Share-based payments

Certain employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

4. New Standards Adopted and Standards Issued Not Yet Adopted

a. New standards adopted and interpretations

No new standards, amendments or interpretations that have been issued and are effective have had a significant impact on the the Group in these financial statements.

No new standards, amendments or interpretations that are not yet effective have been early adopted by the Group in these financial statements and are not expected to have a material impact on the Group's financial statements.

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5. Impairment

Impairment	2024 $000	2023 $000
Development in progress	-	507
Total impairment	**-**	**507**

In FY23 consideration was given to the status of development projects in light of appeals relating to the Blue Endeavour consent. The appeals raised uncertainty on timing to complete this capital project. As a result, the capitalised development costs were written off at 31 January 2023. In FY24 there have been no impairments related to developments in progress.

6. Other Income

Other income	2024 $000	2023 $000
Grants received	99	205
Profit on sale of property, plant and equipment	25	-
Release of early closed out foreign exchange contracts from OCI	6,728	7,775
Other income	1,213	597
Total other income	**8,065**	**8,577**

7. Expenses

Other expenses include:	2024 $000	2023 $000
Reversal of impairment	(61)	(78)
Research costs	323	473
Net loss on sale of assets	-	15
Directors' fees	599	520
Other directors' expenses	4	5
Donations	3	5

Employee benefits expense	2024 $000	2023 $000
Wages and salaries	35,686	35,096
Defined contribution plan expenses	923	885
Restructuring costs	-	300
Other employee benefits expenses	3,210	2,763
Outsourced labour	2,623	2,182
Total employee benefits expense	**42,442**	**41,226**

Compensation of key management personnel of the Group	2024 $000	2023 $000
Short-term employee benefits (including contractual obligations on resignation & exit payments)	2,829	2,946
Share based payment expense	26	(375)
Post employment pension and medical benefits	25	92
Total compensation of key management personnel of the Group	**2,880**	**2,663**

8. Finance Income and Costs

Finance income	2024 $000	2023 $000
Interest income	1,051	337
Total finance income	**1,051**	**337**
Finance costs		
Bank facility fees	87	452
Interest on bank loans and overdrafts	98	838
Interest on leases	211	209
Total finance costs	**396**	**1,499**

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9. Income Tax

Recognised in the consolidated statement of comprehensive income	2024 $000	2023 $000
Current income tax expense	894	129
Deferred tax relating to origination and reversal of temporary differences	10,714	94
Total income tax expense/(credit) in the statement of comprehensive income	**11,608**	**223**
Deferred tax (expense)/credit posted directly to other comprehensive income	**(2,259)**	**(1,103)**
Tax expense/(credit) posted directly to equity	**205**	**90**
Reconciliation of tax expense to statutory income tax rate		
Profit/(loss) before tax	40,060	2,114
Income tax using the company tax rate 28%	11,217	592
Non deductible/non assessable items	41	21
Unrecognised tax losses	-	(105)
Prior period adjustment	444	(266)
Adjustment for varying tax rates	(124)	(27)
Other differences	30	8
Total tax expense/(credit)	**11,608**	**223**

Statement of financial position deferred tax assets and liabilities	2024	2023
Deferred tax liabilities	**$000**	**$000**
Fair value adjustment to biological assets	(12,536)	(8,632)
Unrealised gains on foreign currency hedges	(1,065)	(1,684)
Increase accounting cost for finished goods	(880)	(69)
Right-of-use assets	(1,868)	(1,208)
Total deferred tax liabilities	**(16,349)**	**(11,593)**

	2024	2023
Deferred tax assets	**$000**	**$000**
Accelerated depreciation for tax purposes	2,041	2,327
Lease liabilities	1,932	1,265
Provision for doubtful trade debtors	1	18
Provision for employee benefits	752	692
Share based payments	-	205
Tax losses	1,607	5,350
Unrealised losses on foreign currency hedges	1,845	2,088
Other provisions	430	567
Total deferred tax assets	**8,608**	**12,512**
Net deferred tax assets (liabilities)	**(7,741)**	**919**

Statement of comprehensive income impact of deferred tax assets and liabilities	2024	2023
Deferred tax liabilities	**$000**	**$000**
Fair value adjustment to biological assets	3,904	1,803
Unrealised gains on foreign currency hedges	(619)	437
Increase accounting cost for finished goods	811	(235)
Right-of-use assets	660	1,208
	4,756	**3,213**

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Deferred tax assets	2024	2023
Accelerated depreciation for tax purposes	286	278
Lease liabilities	(667)	(1,265)
Provision for doubtful trade debtors	17	24
Provision for employee benefits	(60)	205
Tax losses	3,743	(4,024)
Unrealised gains on foreign currency hedges	243	637
Other provisions	137	(77)
	3,699	(4,222)
Deferred tax expense/(credit)	**8,455**	**(1,009)**

Imputation credit account

The imputation credit account balance in the Group as at 31 January 2024 is $10,545k (31 January 2023: $10,549k).

10. Components of Other Comprehensive Income

Movement in reserves		2024 $000	2023 $000
Forward currency contracts			
Reclassification during the period to profit or loss		(25)	42
Income tax effect		-	-
Realised/unrealised net gain/(loss) during the period		(1,340)	3,836
Income tax effect	9	375	(1,074)
Release of early closed out foreign exchange contracts		(6,728)	(7,775)
Income tax effect	9	1,884	2,177
Currency translation differences		-	-
Translation of foreign operations		(18)	334
Net movement in other comprehensive income		**(5,852)**	**(2,460)**

In FY21 and FY22 the money foreign exchange contracts were closed out early and recognised in the hedge reserve. As the foreign currency contracts come to their original term date they have been recognised in other comprehensive income along with the tax impact.

11. Earnings Per Share

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the period. Diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share	2024 $000	2023 $000
Profit/(Loss) attributable to ordinary equity holders	28,452	1,891

	# of Shares 000	# of Shares 000
Weighted average number of ordinary shares for basic and diluted earnings per share	541,455	431,642
Basic earnings per share	$0.05	$0.00
Diluted earnings per share	$0.05	$0.00

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12. Cash and Cash Equivalents

Cash and cash equivalents	2024 $000	2023 $000
Cash at bank and on hand	9,421	5,341
Short-term deposits	11,487	12,680
Cash in solicitor's trust account relating to sale of Waiau hatchery	-	1,200
Total cash and cash equivalents	**20,908**	**19,221**

Cash at bank earns interest at the bank's floating rate. Short-term deposits are made for varying periods between 1 and 3 months, depending on the cash requirements of the Group, and earn interest at the respective term deposit rates.

13. Trade and Other Receivables

Trade and other receivables	2024 $000	2023 $000
Trade receivables	13,968	13,492
Allowance for expected credit losses	-	(63)
Prepayments	2,991	2,518
GST receivable	1,455	-
Other receivables	13	626
Total trade and other receivables	**18,427**	**16,573**

Trade receivables generally have 20-30 day terms and are recognised at their realisable value.

Ageing analysis of trade receivables	2024 $000	2023 $000
> 90 days overdue	311	84
61 - 90 days overdue	36	29
31 - 60 days overdue	246	264
< 30 days overdue	2,985	3,795
Not yet due	10,390	9,320
Total receivables	**13,968**	**13,492**

Receivables impairment	$000	$000
As at beginning of the year	63	141
Reversal of unused amounts	(63)	(78)
As at year end	**-**	**63**

14. Inventories

Inventories	2024 $000	2023 $000
Raw materials	11,995	6,419
Work in progress	1,816	1,554
Finished goods	23,248	21,756
Total inventories	**37,059**	**29,729**

The carrying value of finished goods as at 31 January 2024 includes a fair value uplift at point of harvest of $8,326k (2023: $6,891k) and net realisable value provision of $5,066k (2023: $5,631k).

Amount of inventories recognised as an expense in the statement of comprehensive income	2024 $000	2023 $000
Cost of inventories recognised as an expense	171,808	166,742
Movement in net realisable value provision	(605)	(2,085)
Total cost of goods sold including fair value uplift at point of harvest	**171,203**	**164,657**

The cost of inventories recognised as an expense for the year ended 31 January 2024 includes a fair value uplift at point of harvest of $ 53,896k (2023: $45,977k). This cost is included in cost of goods sold in the Statement of Comprehensive Income.

The cost of inventory includes fish harvested at the fair value less cost to sell at harvest date, based on management's expected future sales pricing and mix of product ("deemed cost"). As at 31 January 2024 no volumes were forecasted to be sold at returns materially below deemed cost plus further manufacturing costs.

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15. Biological Assets

The Group has two hatcheries in the South Island and six operational marine salmon farms in the Marlborough Sounds. The fish livestock typically grow for up to 31 months before harvest.

Biological assets	Cost $000	Value Gain $000	Total $000
As at 1 February 2023	42,881	29,811	72,692
Increase due to biological transformation[1]	85,949	59,597	145,546
Decrease due to harvest[2]	(66,510)	(55,330)	(121,840)
Decrease due to mortality[3]	(12,628)	-	(12,628)
Changes in fair value[4]	-	10,690	10,690
As at 31 January 2024	49,692	44,768	94,460

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

[2] Harvested fair value is included in cost of goods sold in the statement of comprehensive income and is calculated by multiplying the current period's harvest (biomass) by the prior period's estimated gross margin per kg (recognised at 100%).

[3] Mortality cost is expensed directly to the statement of comprehensive income within the cost of goods sold in the period which it occurs and is not subject to a fair value uplift.

[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).

Biological assets	Cost $000	Value Gain $000	Total $000
As at 1 February 2022	50,575	24,386	74,961
Increase due to biological transformation	77,712	42,967	120,679
Decrease due to harvest	(59,463)	(44,203)	(103,666)
Decrease due to mortality	(25,943)	-	(25,943)
Changes in fair value	-	6,661	6,661
As at 31 January 2023	42,881	29,811	72,692

Biological assets	2024 $000	2023 $000
Current	82,468	60,348
Non-Current	11,992	12,344
As at year end	94,460	72,692

Fair value gain/(loss) recognised in profit and loss	2024 $000	2023 $000
Gain arising from growth of biological assets	59,597	42,967
Movement in fair value of biological assets	10,690	6,661
Total fair value gain on biological transformation	70,287	49,628

Estimated closing biomass	2024 tonnes	2023 tonnes
Closing fresh water stocks	176	163
Closing sea water stocks	5,203	4,457
Total estimated closing biomass live weight as at year end	5,379	4,620

	2024 tonnes	2023 tonnes
Total live weight harvested for the year	7,088	6,834

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Fair value measurement

Measurement of fair value is performed using a fair value model. The method of valuation therefore falls into level three 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 on livestock at 31 January 2024 has increased due to an increase of stock on hand as at 31 January 2024. Mortality assumptions made in the fair value model are in line with the mortalities experienced in FY24. Price increases made through FY24 are forecasted to hold as inflationary pressures ease. 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 increase/decrease the fair value of biological assets on hand and profit before tax by $18.3m (2023: $14.6m) (excludes the impact of finished goods), while a 15% increase/decrease in future harvest volume would increase/decrease the fair value of biological assets on hand and profit before tax by $ 6.8m (2023: $2.2m).

A 15% increase/decrease in costs to sell would decrease/increase the fair value of biological assets on hand and profit before tax by $ 11.5m (2023: $13.6m). 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.

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16. Property, Plant and Equipment

	Note	Freehold land and buildings	Plant, equipment and fittings	Vehicles and sea vessels	Capital work in progress	Total
Cost		$000	$000	$000	$000	$000
As at 1 February 2022		14,258	89,523	3,728	12,424	119,933
Additions		-	-	-	4,558	4,558
Disposals		(761)	(1,422)	(183)	-	(2,366)
Transfers from WIP		2,548	8,606	-	(11,154)	-
As at 31 January 2023		**16,045**	**96,707**	**3,545**	**5,828**	**122,125**
Additions		-	-	-	6,048	6,048
Disposals		-	(1,132)	(294)	-	(1,426)
Transfers from WIP		1,068	5,405	1,865	(8,338)	-
As at 31 January 2024		**17,113**	**100,980**	**5,116**	**3,538**	**126,747**
Depreciation and impairment						
As at 1 February 2022		3,513	63,186	2,614	-	69,313
Depreciation		644	5,032	139	-	5,815
Disposals		(144)	(888)	(147)	-	(1,179)
As at 31 January 2023		**4,013**	**67,330**	**2,606**	**-**	**73,949**
Depreciation		629	5,056	170	-	5,855
Disposals		-	(1,106)	(286)	-	(1,392)
As at 31 January 2024		**4,642**	**71,280**	**2,490**	**-**	**78,412**
Net Book Value						
As at 31 January 2023		**12,032**	**29,377**	**939**	**5,828**	**48,176**
As at 31 January 2024		**12,471**	**29,700**	**2,626**	**3,538**	**48,335**

Property, Plant and Equipment is stated at historical cost less depreciation and any impairment adjustments. Historical cost includes expenditure that is directly attributable to the acquisition of Property, Plant and Equipment. Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Borrowing costs

There were no borrowing costs capitalised in year ending 31 January 2024 (2023: $nil).

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17. Intangibles

Cost	Note	Development in progress	Trademarks	Farm and hatchery licenses	Software	Goodwill	Total
			$000	$000	$000	$000	$000
As at 1 February 2022		5,587	242	4,359	5,604	39,255	55,047
Additions		507	-	-	157	-	664
Disposals		-	-	(150)	-	-	(150)
Transfers from WIP		-	-	-	-	-	-
As at 31 January 2023		**6,094**	**242**	**4,209**	**5,761**	**39,255**	**55,561**
Additions		224	-	-	33	-	257
Disposals		-	-	-	-	-	-
Transfers from WIP		(33)	-	-	-	-	(33)
As at 31 January 2024		**6,285**	**242**	**4,209**	**5,794**	**39,255**	**55,785**
Amortisation and impairment							
As at 1 February 2022		5,587	213	2,153	3,946	39,255	51,154
Amortisation		-	-	115	397	-	512
Impairment	5	507	-	-	-	-	507
Disposals		-	-	(98)	-	-	(98)
As at 31 January 2023		**6,094**	**213**	**2,170**	**4,343**	**39,255**	**52,075**
Amortisation		-	-	107	321	-	428
Impairment	5	-	-	-	-	-	-
Disposals		-	-	-	-	-	-
As at 31 January 2024		**6,094**	**213**	**2,277**	**4,664**	**39,255**	**52,503**
Net Book Value							
As at 31 January 2023		**-**	**29**	**2,039**	**1,418**	**-**	**3,486**
As at 31 January 2024		**191**	**29**	**1,932**	**1,130**	**-**	**3,282**

Trademarks

Trademarks are externally acquired and are carried at cost less impairment. They have indefinite useful lives and are assessed annually for impairment. No impairment has been recognised during the year (2023: $nil).

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18. Right-of-use Assets

Cost	Land and Buildings $000	Motor Vehicles $000	Plant and Equipment $000	Total $000
As at 1 February 2022	7,037	1,228	1,597	9,862
Additions	-	210	618	828
Disposals	(1,433)	(516)	(1,082)	(3,031)
Remeasurement	304	6	1	311
As at 31 January 2023	**5,908**	**928**	**1,134**	**7,970**
Additions	2,785	489	162	3,436
Disposals	-	-	-	-
Remeasurement	219	-	-	219
As at 31 January 2024	**8,912**	**1,417**	**1,296**	**11,625**
Depreciation				
As at 1 February 2022	2,336	582	1,200	4,118
Depreciation	1,026	264	296	1,586
Disposals	(534)	(466)	(1,050)	(2,050)
As at 31 January 2023	**2,828**	**380**	**446**	**3,654**
Depreciation	724	283	295	1,302
Disposals	-	-	-	-
As at 31 January 2024	**3,552**	**663**	**741**	**4,956**
Net Book Value				
As at 31 January 2023	**3,080**	**548**	**688**	**4,316**
As at 31 January 2024	**5,360**	**754**	**555**	**6,669**

19. Lease Liabilities

	Land and Buildings $000	Motor Vehicles $000	Plant and Equipment $000	Total $000
Lease liabilities at 1 February 2022	4,859	638	436	5,933
Additions	-	209	618	827
Disposals	(924)	(25)	(31)	(980)
Remeasurement	304	6	1	311
Interest for the period	175	22	12	209
Lease payments made	(1,149)	(292)	(340)	(1,781)
Lease liabilities as at 31 January 2023	**3,265**	**558**	**696**	**4,519**
Additions	2,784	489	162	3,435
Disposals	-	-	-	-
Remeasurement	210	-	-	210
Interest for the period	165	24	22	211
Lease payments made	(857)	(303)	(315)	(1,475)
As at 31 January 2024	**5,567**	**768**	**565**	**6,900**

Short term leases

The Group recognised $590k of payments for short term lease equipment in the year (2023: $771k).

Total lease payments

The Group had total cash outflows for leases of $2,065k in 2024 (2023: $2,552k)

Lease liabilities	2024 $000	2023 $000
Current	1,028	1,191
Non-current	5,872	3,328
Total lease liabilities	**6,900**	**4,519**

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20. Interest Bearing Loans and Borrowings

	2024	2023
Current interest bearing loans and borrowings	**$000**	**$000**
Secured bank loans	750	750
Other borrowings	2,667	-
Total current interest bearing loans and borrowings	**3,417**	**750**
Non-current interest bearing loans and borrowings		
Secured bank loans	2,000	2,750
Total non-current interest bearing loans and borrowings	**2,000**	**2,750**

The Company cancelled it's BNZ facility $6.5m in August 2023. The Company retains the Business Finance Scheme Loan via BNZ for $5m (expiry October 2025) that arose from the Government providing financial assistance following the Covid-19 pandemic. At 31 January 2024 the balance drawn on the Business Finance Scheme was $2.75m (31 January 2023: $3.5m).

21. Trade and Other Payables

	2024	2023
	$000	$000
Trade payables	15,480	11,327
Other payables	1,056	2,335
Total trade and other payables	**16,536**	**13,662**

22. Employee Benefits

	2024	2023
Current employee benefits	**$000**	**$000**
Bonuses	1,160	982
Employee annual and sick leave benefits	2,540	2,218
Long service leave	274	265
Total current employee benefits	**3,974**	**3,465**
Non-current employee benefits		
Long service leave	472	501
Total non-current employee benefits	**472**	**501**

Long service leave

Long service leave provisions are calculated based on the expected future payments to employees, discounted to their net present value.

23. Commitments and Contingencies

Capital commitments

The Group has entered into agreements to purchase plant and equipment. As at 31 January 2024 the total commitment is $921k (2023: $58k).

Guarantees

The Group has three guarantee facilities totaling $128k (2023: $131k).

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24. Risk Management

The Group's activities expose it to a variety of risks: market risk, credit risk, liquidity risk and climate change risk. The Audit,Finance and Risk Committee has responsibility for the oversight of all risk domains, which includes managing climate risk, as delegated by the Board. The Group uses derivative financial instruments to hedge certain risk exposures. Financial risk management is the responsibility of the Chief Financial Officer in accordance with the Treasury Policy approved by the Board of Directors.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises of two key types of risks; currency and interest rate risk.

Currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currency, arising primarily from normal trading activities, but also from the net investment in the foreign subsidiary.

The Group manages its foreign currency risk by hedging its future exposure in respect of its import purchases and its export sales, over a maximum of five years, when exposures are considered highly probable. The Group hedges this exposure with the use of forward foreign exchange contracts and options. The Group has a policy of hedging foreign exchange exposures within a range of hedging limits broadly summarised as follows: Up to two years – 15% to 100%, two to five years – 0% to 50%. The notional contract amounts of forward foreign exchange contracts and options outstanding at balance date were $37.5m on the import side (2023: $39.8m) and $279.5m on the export side (2023: $273.1m), for delivery over the next five financial years, in line with anticipated payment dates.

The Group imports nearly all of its feed from Australia, purchases of which are in Australian dollars. In order to protect against exchange rate movements and to manage the inventory costing process, the Group has entered into forward exchange contracts to purchase Australian Dollars. The Group exports salmon to many countries, the major ones being Australia, Japan and the United States. Sales are denominated in Australian dollars (AUD), Japanese yen (JPY) and United States dollars (USD) respectively. In order to protect against exchange rate movements and to manage the inventory costing process, the Group has entered into forward exchange contracts and options to hedge the net exposure to AUD, JPY and USD respectively.

The cash flows are expected to occur up to 60 months from 1 February 2024. Realised gains/losses on exercise of foreign exchange contracts and options is recognised within revenue when the hedged transactions occur.

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of highly probable forecast sales in USD, AUD and JPY and forecast purchases in USD, and AUD. The Group has typically hedged 50-55% of the net exposure of these forecast transactions. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

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The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The NZ dollar equivalent of unhedged currency risk on assets at balance date 31 January 2024 is $3,475k (2023: $1,137k) whilst the NZ dollar equivalent of unhedged currency risk on liabilities at balance date 31 January 2024 is $nil. (2023: $nil).

Currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in AUD, USD and JPY exchange rates. The impact on the Group's pre-tax profit is the result of a change in fair value of monetary assets and liabilities. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts and options designated as cash flow hedges.

	Change in AUD rate	Equity	Profit
	$000	$000	$000
2024	+10%	(3,273)	198
	-10%	4,000	(242)
2023	+10%	(3,603)	193
	-10%	4,403	(236)

	Change in USD rate	Equity	Profit
		$000	$000
2024	+10%	16,356	1,263
	-10%	(20,743)	(1,543)
2023	+10%	13,519	658
	-10%	(16,887)	(805)

	Change in JPY rate	Equity	Profit
		$000	$000
2024	+10%	811	40
	-10%	(938)	(49)
2023	+10%	1,257	51
	-10%	(1,513)	(62)

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Interest rate risk

The Group has no exposure to interest rate risk. The Covid Recovery Business Finance Scheme loan is fixed at a low rate for the term of the loan, and no other debt is drawn as existing as at 31 January 2024, and interest swaps were all closed in FY23. The Group cancelled its loan facility with BNZ in August 2023. The Group has a policy of fixing interest rates within a range of 50% to 100% of the exposure.

Credit risk

Credit risk is the risk of financial loss that arises if a counterparty to a financial instrument does not meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, trade receivables, derivative financial instruments and financial guarantees.

Customer credit risk is managed centrally subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive external credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by trade credit insurance.

An impairment analysis is performed at each reporting date using the accounts receivable aging report to measure expected credit losses. The impairment analysis is based on days past due for all customers with coverage by trade credit insurance. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Financial instruments are only entered into with banks that have in place an executed International Swaps and Derivatives Association (ISDA) Master Agreement with the Group.

Maximum exposures to credit risk as at balance date are:

	2024	2023
	$000	$000
Cash and short term deposits	20,908	19,221
Trade and other receivables	18,427	16,573
Other financial assets	6,000	-
Derivative financial assets	-	-

The above maximum exposures are net of any recognised provision for losses. Term deposit of $3m is held under a Specific Security Agreement with a second NZ bank securing a derivatives agreement.

Concentrations of credit risk

Bank balances are maintained with National Australia Bank in Australia, PNC Bank in USA, and with Bank of New Zealand and Kiwibank in New Zealand. There is a wide spread of debtors, in terms of size and geographical location within New Zealand and overseas. Concentration of credit risk in trade receivables is not considered significant as the Group's customers operate in different market channels and geographic areas.

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Liquidity risk

The Group performs cash flow forecasting activities on a daily basis to ensure it has sufficient cash to meet operational needs and monitors performance against bank covenants on a monthly basis. Surplus cash is invested in short-term or money market deposits.

Undrawn committed facilities and/or liquid assets are maintained at all times at an amount sufficient to cover the forecast cash payments to employees, suppliers, tax authorities and banking institutions as they fall due.

The following table analyses the contractual cash flows for all financial liabilities including proposed repayment of term debt with BNZ FY24 H1:

As at 31 January 2024	Less than one year $000	Between one and two years $000	Between two and five years $000	Five + years $000
Bank loans	750	2,000	-	-
Lease liabilities	1,326	1,202	1,431	5,146
Trade and other payables	16,536	-	-	-
Other borrowings	2,700	-	-	-
Financial guarantee contracts	132	-	-	-
Total non-derivative liabilities	**21,444**	**3,202**	**1,431**	**5,146**
Forward foreign currency exchange contracts	88,252	57,220	34,614	-
Forward foreign currency options	52,920	56,838	27,270	-
Total derivative liabilities	**141,172**	**114,058**	**61,884**	**-**

As at 31 January 2023	Less than one year $000	Between one and two years $000	Between two and five years $000	Five + years $000
Bank loans	750	750	2000	-
Lease liabilities	1,342	1,020	1,291	1,311
Trade and other payables	13,662	-	-	-
Financial guarantee contracts	132	-	-	-
Total non-derivative liabilities	**15,886**	**1,770**	**3,291**	**1,311**
Forward foreign currency exchange contracts	76,678	48,834	8,702	-
Forward foreign currency options	43,288	51,448	84,108	-
Total derivative liabilities	**119,966**	**100,282**	**92,810**	**-**

Climate risk

The Group recognises climate change will have a significant impact on our operations. The key risks are both physical risks (climate and water temperature impacting fish health) and transition risks resulting from the process of consumers adjusting their taste and preferences towards a low carbon economy. During the transition period, regulatory risk has also been identified, as the cost of compliance is increasing and not showing any signs of stabilising. The Audit, Finance and Risk Committee has responsibility for the oversight of all risk domains, which includes managing climate risk, as delegated by the Board. An internal sustainability working group is being established to develop the Groups strategic response to climate risk in line with the new Aotearoa New Zealand Climate Standards released by the External Reporting Boards (XRB) in December 2022.

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25. 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 Business Finance Scheme Loan via BNZ is $2.75m (FY23: $3.5m) and is considered a reasonable approximation of its fair value due to the short term maturities of the drawings.

The following financial instruments of the Group are carried at fair value:

	2024 $000	2023 $000
Current derivative financial assets		
Forward exchange contracts	534	1,341
Foreign exchange options	442	565
Total current derivative financial assets	**976**	**1,906**
Current other financial assets		
Term deposits (4 -12 month term)	6,000	-
Total current other financial assets	**6,000**	**-**
Non-current derivative financial assets		
Forward exchange contracts	1,324	928
Foreign exchange options	1,505	3,178
Total non-current derivative financial assets	**2,829**	**4,106**
Current derivative financial liabilities		
Forward exchange contracts	1,888	2,123
Foreign exchange options	1,751	989
Total current derivative financial liabilities	**3,639**	**3,112**
Non-current derivative financial liabilities		
Forward exchange contracts	632	369
Foreign exchange options	2,319	3,976
Total non-current derivative financial liabilities	**2,951**	**4,345**

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 January 2024 (31 January 2023 - nil).

26. Capital Management

Group capital

The capital of the Group consists of share capital, reserves and retained earnings/(deficit). The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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27. Capital and Reserves

Share capital	2024	2023
Issued shares	$000	$000
Ordinary shares	541,455	541,455
Total issued shares	**541,455**	**541,455**

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 year 2024 (2023: No divided was declared nor paid).

	# of Shares		Share Capital	
	2024	2023	2024	2023
Movement in ordinary share capital	$000	$000	$000	$000
The beginning of the period	541,455	140,638	180,143	122,606
Share issue	-	400,817	-	57,537
Total share capital as at period end	**541,455**	**541,455**	**180,143**	**180,143**

Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign subsidiary.

Hedge reserve

The hedge reserve represents the unrealised gains and losses on foreign currency forward contracts that the Group has taken out in order to mitigate foreign currency risks, net of deferred tax. Also included are the realised gains on early closed foreign currency forward contracts where the hedged future cash flows are still expected to occur (net of tax).

	2024	2023
	$000	$000
Unrealised gain/(loss)	990	2,804
Realised gain/(loss)	-	-
Total gain/(loss) on hedge reserves	**990**	**2,804**

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.

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28. Events After Balance Date

On 21 February 2024, former CEO Grant Rosewarne gave notice to exercise a Put Option. The Put Option required NZK to acquire certain shares held by a family trust associated with Mr Rosewarne that were originally acquired under long-term incentive plans to enable repayment of a loan owed by Mr Rosewarne to NZK as part of those long term incentive plans. Pursuant to that Put Option, NZK acquired and cancelled 3,272,437 ordinary shares on 28 February 2024, the proceeds of which have been applied to the repayment of Mr Rosewarne's loan balance.

No final dividend was declared in respect of the year ended 31 January 2024 (2023: Nil).

29. Related Party Disclosures

Subsidiaries

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

Subsidiary	Country of Incorporation	Equity Interest
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 Limited 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 39.55% (2023: 39.55%), China Resources Ng Fung Limited owned 9.81% (2023: 9.81%) and NZ Superannuation Fund owned 8.91% (2023:9.08%) of the shares in New Zealand King Salmon Investments Limited.

Transactions with related parties

The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

	2024	2023
Related party payments	**$000**	**$000**
Good and services purchased from other related parties	-	-
Director's fees	544	475
Total related party payments	**544**	**475**
Related party sales	**$000**	**$000**
Goods sold to related parties[1]	2,306	2
Total related party sales	**2,306**	**2**
Amounts owing to related parties	**2024**	**2023**
Current amounts owing to related parties	**$000**	**$000**
Other amounts owing to related parties	233	233
Fees payable to directors	55	45
Total current amounts owing to related parties	**288**	**278**
Amounts owing by related parties	**$000**	**$000**
Amounts owing by related parties	-	-
Total amounts owing by related parties	**-**	**-**

[1] During the period NZKS recommenced sales of King Salmon to China through China Resources Food Supply Chain Co. Limited, 40% owned by China Resources Enterprise Limited, who is a shareholder of NZKS. The sales were conducted on the same terms as an arms length transaction. Immaterial sales of salmon products were also made to Directors during this period.

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30. Auditor's Remuneration

	2024 $000	2023 $000
Audit fees	349	296
Other assurance services	-	12
Other Services	40	12
Total auditor's remuneration	**389**	**320**

Other Services include non-assurance services provided by EY in respect of Climate Change and Sustainability Services for FY24 and for FY23 these related to tax advisory services relating to a research and development funding workshop. Other assurance services in FY23 included agreed upon procedures on sustainability information.

31. Reconciliation of Net Operation Cash Flow to Profits/(Loss)

Reconciliation of the profit/(loss) for the period with the net cash from operating activities	2024 $000	2023 $000
Profit/(loss) before tax	40,060	2,114
Adjusted for		
Depreciation and amortisation	7,585	7,915
Impairment	-	507
(Gain)/loss on sale of assets	(4)	(4)
Release of early closed out foreign exchange contract close outs from OCI	(6,728)	(7,775)
Share-based payments	(211)	(292)
Net foreign exchange differences	139	(143)
Net loss/(profit) on derivative instruments at fair value through profit or loss	(25)	42
(Increase)/decrease in trade and other receivables and prepayments	(1,854)	3,244
(Increase)/decrease in inventories and biological assets	(29,098)	7,176
Increase/(decrease) in trade and other payables	3,364	(2,022)
Income tax paid	(15)	(287)
Net cash flow (to)/from operating activities	**13,213**	**10,475**

32. Revenue From Contracts with Customers

a. Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with volume rebates. Under NZ IFRS 15, volume rebates give rise to variable consideration.

Volume rebates

The Group provides retrospective volume rebates to certain customers on the quantity of product purchased during the period. The rebate is charged at time of settlement. Therefore the Group does not see the need to recognise a refund liability due to timeliness of the transaction.

b. Contract balances: contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or when the payment is due (whichever is earlier). Contract liabilities are revenue when the Group performs under the contract.

The Group recognises revenue from the following major brand sources:

- Ōra King
- Regal
- Southern Ocean
- Omega Plus
- New Zealand King Salmon

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c. Performance obligations

Information about the Group's performance obligations is summarised below:

Delivery to customer

The performance obligation is satisfied upon delivery of salmon products to the customer, and payment terms generally range between cash on delivery and 20th of the month following invoice date.

On collection

The performance obligation is satisfied upon collection of salmon products by the customer and payment terms are generally on collection.

Receipt into store

The performance obligation is satisfied upon delivery of salmon products when receipted into the customer's store and payment terms are generally on the 20th of the month following invoice date.

CIF (cost, insurance, freight), into hold

The performance obligation is satisfied upon delivery of shipping documents including either the bill of lading or way bill dependent on transportation mode. Payment terms generally range between 7 days from invoice date and 20th of the month following invoice date.

Revenue by product group	2024 $000	2023 $000
Whole fish	92,996	77,489
Fillets, Steaks & Portions	45,801	39,005
Wood Roasted	7,202	11,060
Cold Smoked	25,517	24,153
Other	15,590	15,424
Total revenue by product group	**187,106**	**167,131**

Revenue by brand	2024 $000	2023 $000
Ōra King	56,107	56,845
Regal	36,942	32,604
Southern Ocean	5,541	6,635
Omega Plus	3,396	4,606
New Zealand King Salmon	85,120	66,441
Total revenue by brand	**187,106**	**167,131**

Revenue by geographical location of customers	2024 $000	2023 $000
New Zealand	66,755	68,850
North America	77,380	62,202
Australia	20,906	15,988
Japan	4,840	5,711
Europe	5,043	6,391
Other	12,182	7,989
Total revenue by geographical location of customers	**187,106**	**167,131**

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Sales net of settlement discounts to one major customer for the period 1 February 2023 to 31 January 2024 totalled $17.4m or 9.5% of total gross revenue (For the period 1 February 2022 to 31 January 2023 one major customer totalled $20.0m or 12.0% of total gross revenue).

33. 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 32 for detail of disaggregation of revenue by product, brand and geographical area.

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Independent Auditor's Report

Independent auditor's report to the Shareholders of New Zealand King Salmon Investments Limited

Opinion

We have audited the financial statements of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the group") on pages 85 to 118, which comprise the consolidated statement of financial position of the group as at 31 January 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the group, and the notes to the consolidated financial statements including material accounting policy information.

In our opinion, the consolidated financial statements on pages 85 to 118 present fairly, in all material respects, the consolidated financial position of the group as at 31 January 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the company's shareholders, as a body. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young performed pre-assessment procedures in relation to greenhouse gas emissions of the group. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group. We have no other relationship with, or interest in, the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address these matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Biological assets

Why significant	How our audit addressed the key audit matter
At 31 January 2024, the consolidated statement of financial position includes biological assets (live salmon) of $94.5 million with an estimated biomass of 5,379 metric tonnes. This asset is measured at its fair value less costs to sell and includes a fair value increase above cost of $44.8 million. This is a key audit matter because the group's estimation of the fair value of biological assets is assessed using a valuation model that relies on significant estimation including: • year end biomass derived from the group's livestock model; • future biomass growth to harvest; • future fish mortalities; • forecast sales prices; • forecast costs to harvest date and of sale; • forecast sales product mix; and • use of a weight-based method to recognise the estimated fair value gain at balance date Disclosures in relation to biological assets are included in Note 15 to the group financial statements.	In considering the valuation of live salmon we: • evaluated the appropriateness of key estimations and assumptions and their impact on the valuation assessment; • agreed key estimation inputs used by the group in their valuation model to supporting data and to board approved forecasts; • involved our valuation specialists in the evaluation and testing of the mathematical integrity of the calculations in the valuation model; • challenged the appropriateness of model inputs compared to historical actual values and considered the accuracy of previous forecasts; and • considered post year end harvest mortality data to assess the impact, if any, on the forecasts used in the valuation model. In considering live salmon biomass at year end we: • tested controls over fish count recording at the point of transfer from the freshwater hatcheries to sea pens; • considered the key inputs used by the group in estimating growth and biomass; • tested controls over fish quantity and biomass adjustments in the livestock model; • performed analytical procedures over feed conversion to biomass; and • considered the accuracy of historical forecasts of average fish weight and quantity recorded in the livestock model to actual fish harvest data. We also considered the appropriateness and sufficiency of biological assets disclosures included in the group financial statements.

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Finished goods inventory valuation

Why significant	How our audit addressed the key audit matter
At 31 January 2024, the consolidated statement of financial position includes finished goods inventory totalling $23.2 million, net of a net realisable value (NRV) provision of $5.1 million. Cost of inventory includes the fair value of salmon at the point of harvest and other processing costs. The carrying value of inventory is assessed at balance date to consider whether cost is in excess of NRV. This is a key audit matter because of the judgement involved in the estimation of both the fair value of salmon at the point of harvest and in estimating future sales prices and costs necessary to make the sales in determining NRV. Disclosures in relation to inventories are included in Note 14 to the group financial statements.	In considering inventory valuation we: • assessed the calculation of the fair value of salmon at the point of harvest included in the cost of finished goods inventory; • assessed the calculation of other direct and processing costs included in the cost of finished goods inventory; • assessed the future sales inputs used in the NRV calculation by comparison to the most recent historical sales amounts; • compared the assessed NRV of a sample of inventory items to subsequent selling amounts; • assessed the calculation of estimated costs necessary to make the sale included within the NRV calculation; and • tested the mathematical accuracy of the NRV provision calculation. We also considered the appropriateness and sufficiency of inventory disclosures included in the group financial statements.

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Information other than the financial statements and auditor's report

The directors of the company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Brendan Summerfield.

Ernst + Young

Chartered Accountants
Christchurch
26 March 2024

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Glossary

ASX
Australian Securities Exchange

CEO
Chief Executive Officer

EBIT
Earnings Before Interest and Tax

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

FMCG
Fast moving consumer goods

FOB
Free on Board, a term which means that the price for goods includes delivery at the seller's expense on to a vessel at a named port and no further. The buyer bears all costs thereafter (including costs of sea freight)

FY
Financial Year

G&G
Gilled and Gutted weight. Note that all volumetric information presented is on a gilled and gutted basis unless otherwise stated

GAAP
New Zealand Generally Accepted Accounting Practice

Group
New Zealand King Salmon Investments Limited and its subsidiaries

IPO
Initial Public Offering

LTI Scheme
Long term incentive scheme

MT
Metric Tonnes

New Zealand King Salmon
New Zealand King Salmon Investments Limited

NPAT
Net profit after tax, also reported as net profit for the period in our published financial results

NZ IFRS
New Zealand equivalents to International Financial Reporting Standards

NZX
New Zealand Stock Exchange

Pro-Forma Operating EBITDA
Pro-Forma Operating EBITDA refers to earnings before interest, tax, depreciation, amortisation after allowing for pro-forma adjustments; being the exclusion of the fair value adjustments relating to fair value gains or losses arising from the application of NZ IAS-41 Agriculture and NZ IAS-2 Inventory and the early foreign currency contract close outs. Pro-Forma Operating EBITDA is a non-GAAP profit measure

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