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New Zealand King Salmon

1HY24 FINANCIAL RESULTS

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Our results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this presentation include:

- EBITDA. We calculate EBITDA by adding back (or deducting) depreciation, amortisation, finance expense / (income), and taxation expense to net earnings
- EBIT. We calculate EBIT by adding back (or deducting) finance expense / (income), and taxation expense to net earnings
- Pro-Forma Operating EBITDA refers to earnings before interest, tax, depreciation and amortisation after allowing for pro-forma adjustments as described in the Appendix to this document

We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position and returns. They should not, however, be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

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PRESENTERS

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Carl Carrington
Chief Executive Officer

Ben Rodgers
Chief Financial Officer

Graeme Tregidga
GM Sales

EXECUTIVE SUMMARY

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1HY24	• 1HY24 Net profit after tax of $10.6m. The business is performing consistent with expectations following the changes made to the farming model in FY23 (fallowing 3 of 4 Pelorus sites). GAAP results positively impacted by a fair value uplift in assets of $4.1m (1HY23 loss of $8.3m) and continued unwind of early close out of FX contracts in FY22 $3.6m (1HY23 $3m) • 1HY24 Pro-forma EBITDA profit of $10.7m (1HY23 loss of $12.7[1]m). Rolling 12 month EBITDA $21m • Mortality reduction consistent with expectations following changes to the farming model (1HY24 $7.8m v 1HY23 $22.3m). NZKS still see opportunities for further improvement in this space • Continuation of focus from FY23 with market choices (price and product optimisation) being successfully implemented in 1HY24, continuous focus on the cost base and investments in resiliency • Blue Endeavour mediation complete, consent expected to be issued in 2HY24. [1] 1HY23 numbers restated as NZKS is no longer reversing the impacts of NZ IFRS 16 leases as previously communicated
Balance sheet	• Balance Sheet remains strong with net cash on hand $25.2m (up from $15.7m at 31 January 2023) • FY24 Capex is skewed to 2HY24, full year Capex forecast ~$10.5m (1HY24 Capex $1.7m). Projects are focussed on BAU asset replacements to increase resiliency and reducing risk
Focus Areas	• Optimise and stabilise the existing operations, including investments in resilience to protect core earnings • Develop production growth options (including Blue Endeavour)
FY24 guidance update	• Pro-forma EBITDA guidance range revised up to $23.5m to $27.5m from previous guidance range of $21m to $25m • FY24 expected harvest ~6,500 MT

1HY24 OPERATIONAL HIGHLIGHTS

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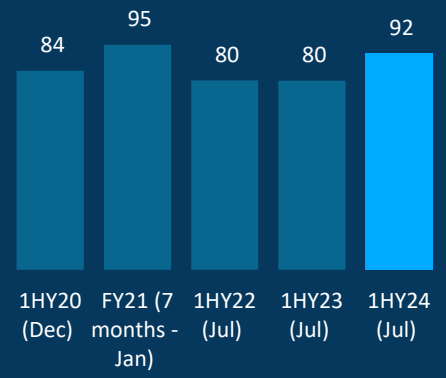
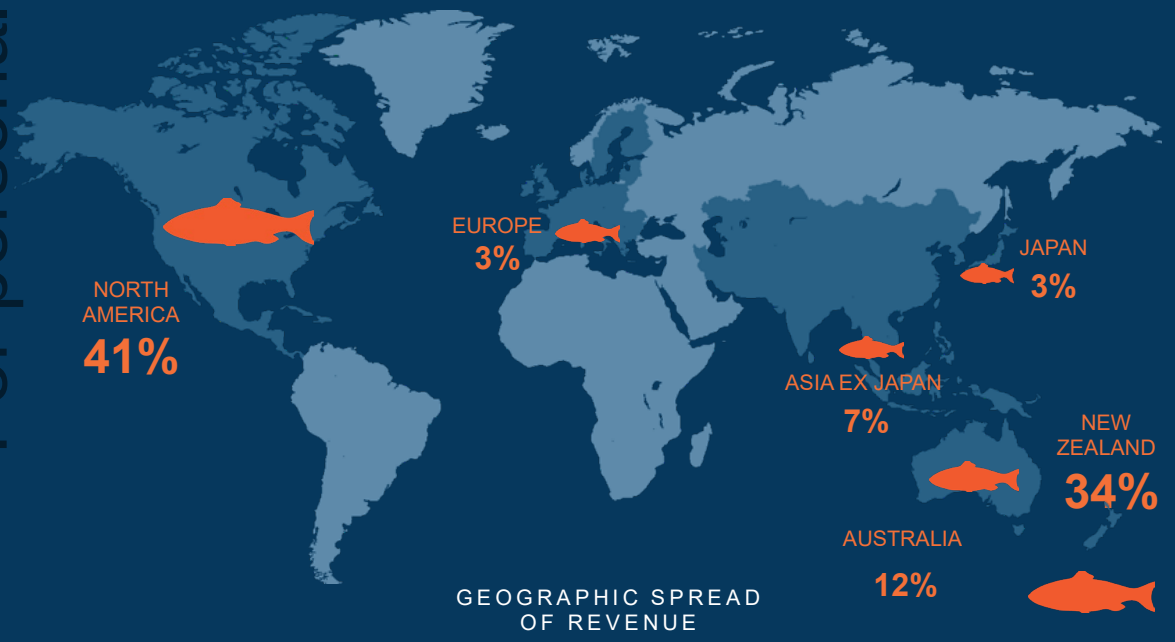
1HY24 REVENUE OF

$92

MILLION

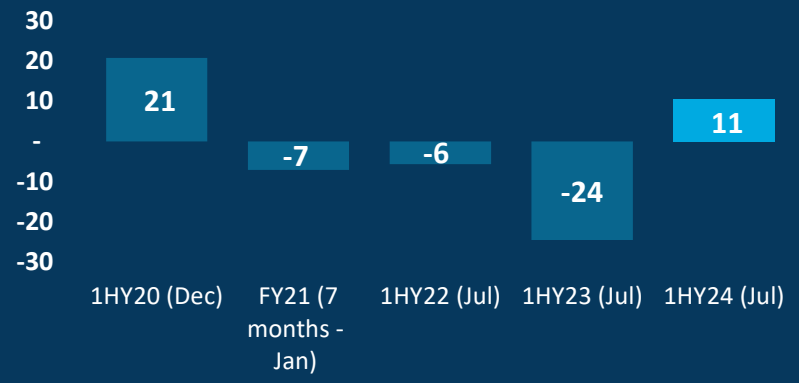


METRIC TONNES HARVESTED DURING 1HY24

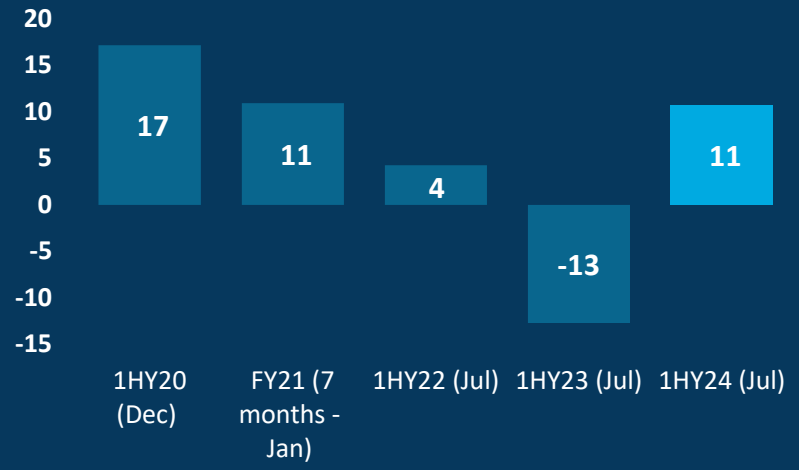


GEOGRAPHIC SPREAD OF REVENUE

1HY24 GAAP NPAT



1HY23 PRO-FORMA OPERATING EBITDA[1]



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

01

1HY24 PERFORMANCE

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KEEPING OUR BRANDS PROMINENT

ŌRA KING™

REGAL™

OMEGA PLUS®
THE SALMON SUPERFOOD

Creating innovative strategies for our markets:

Connecting with our end-users through:

- Focus on engagement with Ōra King Ambassadors / key foodservice customers
- Global documentary screenings to tell our story creatively
- Focus to align A&P spend with sales growth and margin targets in each market
- In-house digital and social media programmes for our retail and foodservice brands to maintain brand presence with relevant audiences in the most cost-efficient way possible
- Continuously refresh Omega Plus digital, social media and ambassador programmes to increase brand presence in the NZ and China market
- Focus on activating new specialty strategy for Omega Plus with engaging events and social media activity with key retailers e.g. Animates

Regal Brand Insights

- Regal remains New Zealand's most preferred smoked salmon brand proving consumer trust in the Regal brand and the exceptional quality & consistency of our King salmon and value-added product offerings
- Regal Epicurean continues to drive engagement amongst the younger demographic and directly contributing to our overall positive market share across the Regal range.

OUR SUSTAINABILITY DEVELOPMENTS

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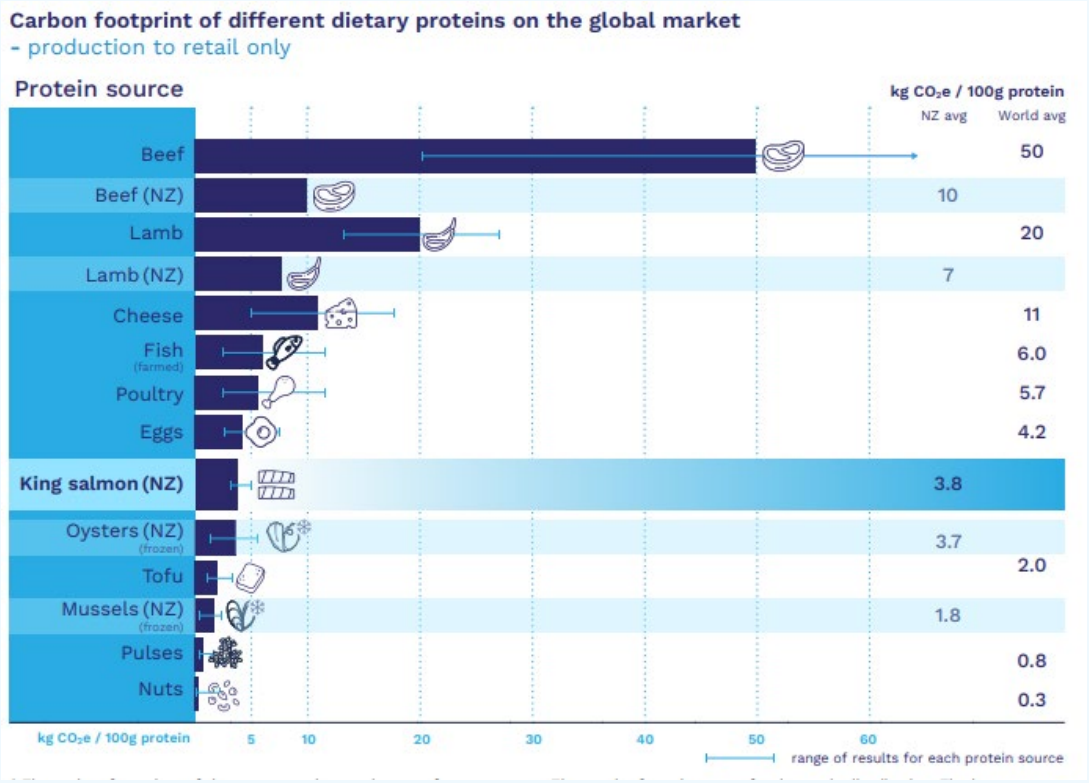
We continue to progress on our sustainability journey:

- An industry wide NZ farmed King salmon Life Cycle Assessment was completed in 2023 showing salmon being a low carbon protein that is high in Omega-3s and essential nutrients
- Committed to reusable, recyclable or compostable packaging across our business
- Submission of our third Modern Slavery Report (Australian Modern Slavery Act 2018)
- Working through the completion of the Best Aquaculture Practices audit for FY24
- Preparation for the incoming Aotearoa New Zealand Climate Reporting Standards (effective for current financial year)
- BAP 4-star certification achieved in FY23



Thinkstep-anz. (2023). LCA Report –King Salmon from New Zealand. Wellington: thinkstep-anz

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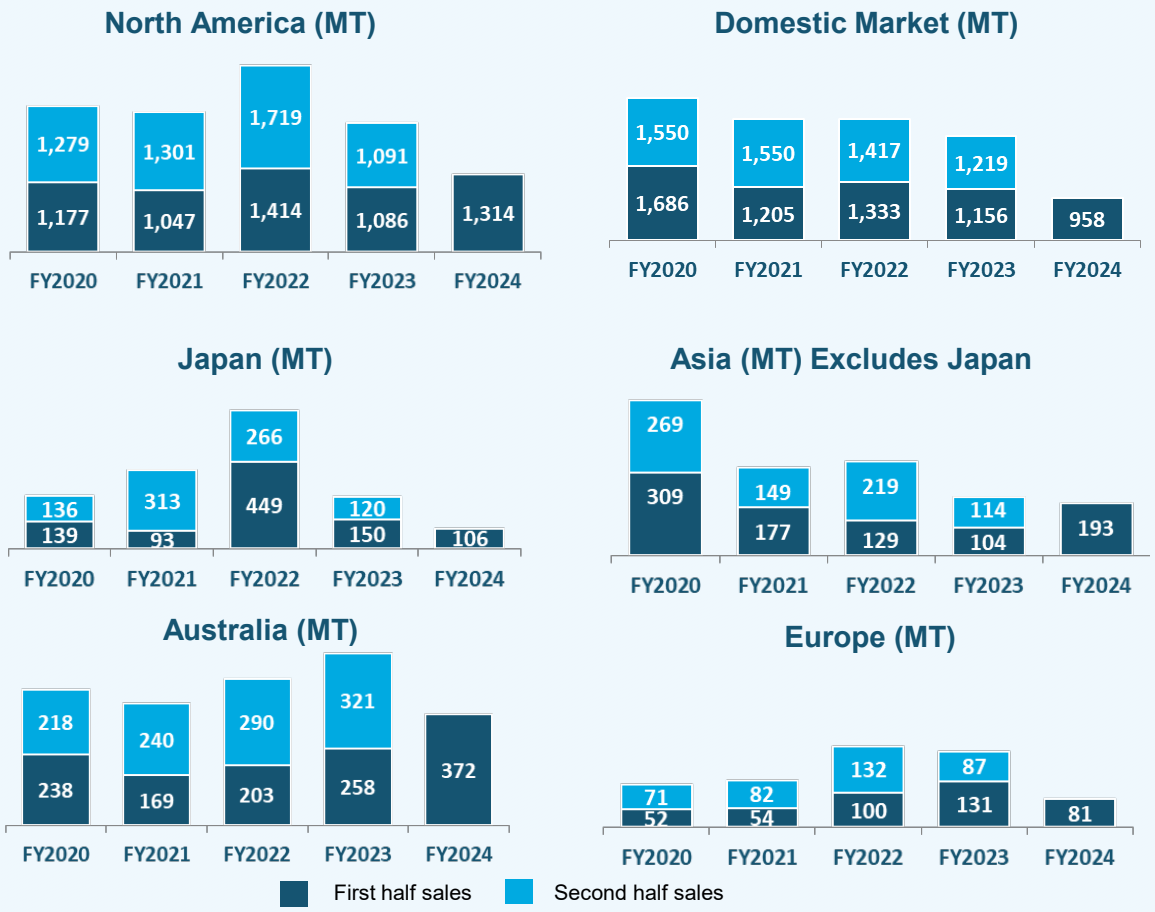
SALES PERFORMANCE

Continuing to target price and product optimisation



NZKS are focussed on supplying our key markets. Cost increases across the business continue to provide challenges and this continues to be passed on through price increases, despite this global demand remains strong and continues to exceed supply

- New Zealand sales volumes contracted and this was mostly in the value added smoked lines. Our Imported Atlantic volumes continue to increase as consumers seek value options.
- North American premium demand continues to perform strongly. Most of the increase in sales volume is in foodservice wholefish which is up 25% compared to 1HY23. Our Regal branded retail smoked products continue to perform well.
- The Japan market volumes decreased when comparing to FY23 and is a continuation of the trend of the last few years which is the result of the pricing optimisation model.
- Asian markets, excluding Japan had a significant lift in 1HY24 due to a large contract for smoked product. The core business in this market remains strong and has shown growth throughout the first half of this year.
- The Australian market has grown strongly due to a large contracted volume during this 1HY24. Our supermarket retail products continue to perform well in tough conditions with rising costs being passed on to consumers.
- The European market has seen significant price increases and this has been challenging for some customers. This is part of our price and product optimisation as we focus on rebuilding our target markets.

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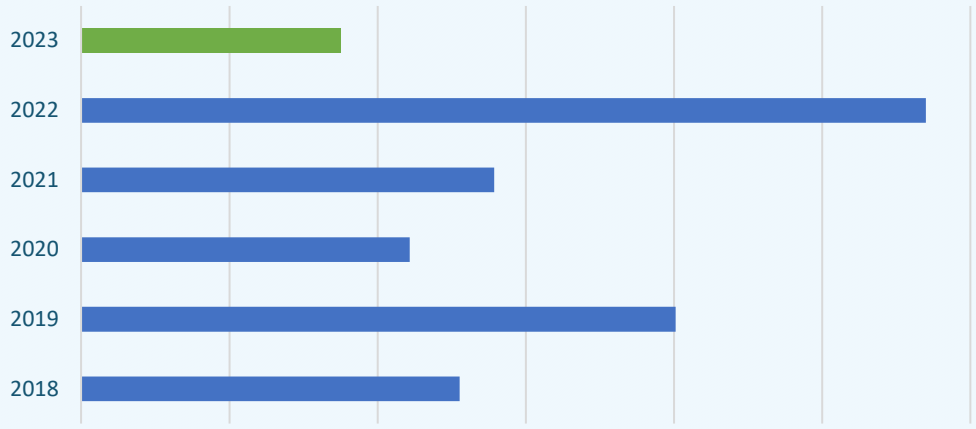
FISH PERFORMANCE

- The first half of FY24 saw the altered Aquaculture model complete its first summer. The model of having majority of stock in the Tory Channel and away from warmer water sites has proved successful to date with significantly reduced mortality in the first half of FY24 compared to previous years
- Harvest volume will be up on FY23 but NZKS still see further optimisation opportunities to increase this again in FY25
- Feed price remains under significant pressure due to raw material ingredients, especially fish oil which has seen significant increases in price
- Monitoring the temperature profile of our sea farm sites is continous, which includes regular engagement with meteorologists. Work continues on thermo-tolerance trials with our breeding stock. The aim to be able to select and breed a more thermo-tolerant salmon. This work is still in its early phases, however is showing very promising initial results.

Biological Performance

	1HY24	1HY23	% chg.
Harvest Volume G&G (MT)	2,993	2,773	*8%*
Average G&G Harvest Weight (Kg)	3.69	2.88	*28%*
Closing Livestock Biomass	4,770	3,791	*26%*
Feed Cost ($ / Kg of feed)	3.33	2.75	*21%*

Mortality Biomass Feb-July last 5 years



Sound	Farm	G&G Volume Harvested (MT)	
		1HY24	1HY23
Queen Charlotte	Ruakaka	-	-
	Otanerau	229	-
Tory Channel	Clay Point	1,567	524
	Te Pangu	310	1,699
	Ngamahau	870	-
Pelorus Sound	Waitata	-	28
	Kōpaua (fallowed)	-	124
	Waihinau (fallowed)	-	136
	Forsyth (fallowed)	-	252
Freshwater		17	10
		2,993	2,773

02

1HY24 RESULTS

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1HY24 HEADLINE FINANCIAL PERFORMANCE

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Group Financial Performance

NZ$000s	GAAP 1HY24	GAAP 1HY23	GAAP % chg.	Pro-Forma[1] 1HY24	Pro-Forma[1] 1HY23[2]	Pro-Forma[1] % chg.
Volume Sold (t)	*3,024*	*2,885*	*5%*	*3,024*	*2,885*	*5%*
Revenue	91,561	80,033	*14%*	91,561	80,033	*14%*
Gross Margin	27,110	(8,045)	<>	22,939	266	<>
Gross Margin %	30%	-10%		25%	0%	
EBITDA	18,459	(17,984)	<>	10,737	(12,696)	<>
EBITDA %	20%	-22%		12%	-16%	
EBIT	14,607	(22,343)	<>	6,885	(17,055)	<>
NPAT	10,630	(24,487)	<>	4,076	(21,526)	<>

[1] A full reconciliation between GAAP and Pro-Forma results is shown on pages 19 and 20 of this presentation
[2] 1HY23 numbers restated as NZKS is no longer reversing the impacts of NZ IFRS 16 leases as previously communicated

Volume Sold – increase on the prior period due to the mortality event which reduced the available biomass for sale in 1HY23

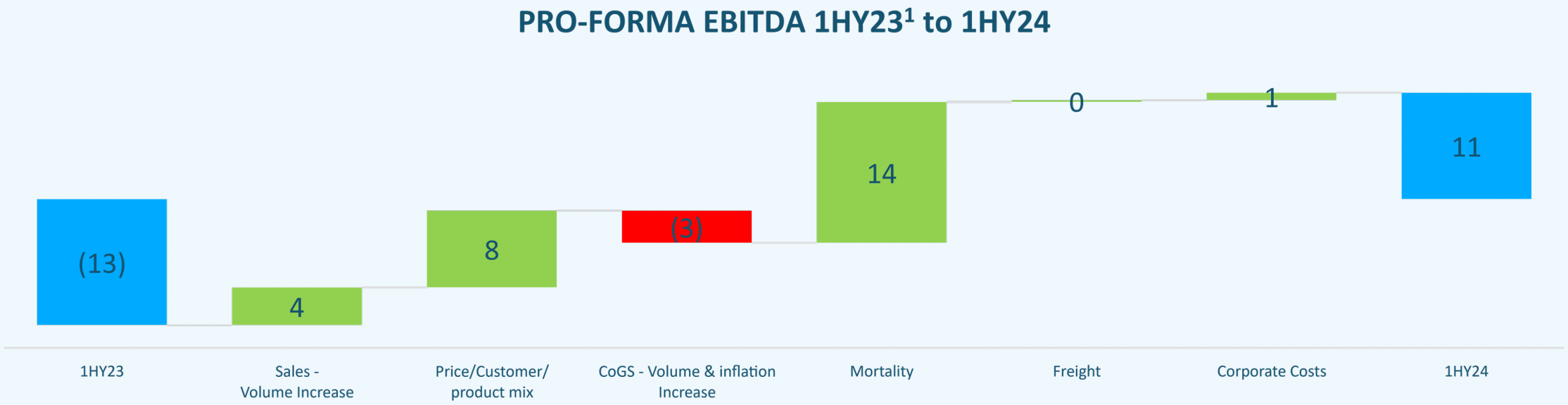
Revenue – increased on the prior period due to the increase in available harvest as well as improved pricing driven by supportive market dynamics. Revenue and margin were further enhanced through product optimisation and market choices.

Gross Margin % – Increased on the prior period due predominantly to lower mortalities and reduced cost of fish but also improved pricing and product/market optimisation. In 1HY24 the GAAP result compared to the pro-forma result was positively impacted by a fair value gain due to a reduction in forecast mortalities and improved forecast sales volumes and biomass.

EBITDA – Was positively impacted by the improved Gross Margin noted above as well as slightly reduced Overheads. The reduction in overheads comes from our continued focus on efficiency following last years rightsizing of the business. GAAP results positively impacted by a fair value uplift in assets of $4.1m (1HY23 loss of $8.3m) and continued unwind of early close out of FX contracts in FY22 ($3.5m)

NPAT – increased on prior period mainly as a result of improved EBITDA but also due to lower net financing cost following the rights issue in FY23. GAAP NPAT improved but to a lesser extent (relative to EBITDA) as the tax on the fair value gain weighed on the result.

PRO-FORMA[1] EBITDA COMPARISON



- **Revenue** as discussed previously is up due to a combination of increased available volume and pricing initiatives
- **Cost of goods –** was up on prior year driven by volume and cost inflation. NZKS continue to manage inflationary pressures through optimising our Aquaculture and Processing operations.
- **Mortality** The decrease in mortality from 1HY23 reflects the previous summers mortality event which started at the end of FY22 and carried on into 1HY23. Current mortality continues to trend near historic lows following the introduction of the new farming model.
- **Freight** is flat relative to prior year which represents an improvement on a per kg basis from prior year as freight routes open up and providers return to the market having exited during covid.

[1] Refer to pages 19 & 20 for full reconciliation between GAAP and Pro-Forma results
[2] 1HY23 numbers restated as NZKS is no longer reversing the impacts of NZ IFRS 16 leases as previously communicated

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BALANCE SHEET – SOLID PLATFORM FOR GROWTH

Group Financial Position		
NZ$000s	Jul-23 Unaudited	Jan-23 Audited
Current Assets		
Cash and equivalents	28,666	19,221
Receivables	14,740	16,573
Taxation Receivable	(998)	164
Inventories	26,817	29,729
Biological Assets	70,206	60,348
Derivative financial assets	1,423	1,906
	140,854	**127,941**
Non-current Assets		
Property, plant & equipment	46,949	48,176
Biological assets	10,304	12,344
Other	9,860	12,827
	67,113	**73,347**
Total Assets	**207,967**	**201,288**
Current Liabilities		
Loans (external)	750	750
Lease Liabilities	1,007	1,191
Payables	13,468	13,662
Other	7,649	6,855
	22,874	**22,458**
Non-Current Liabilities		
Loans (external)	2,750	2,750
Lease Liabilities	3,109	3,328
Other	5,002	4,846
	10,861	**10,924**
Total Liabilities	**33,735**	**33,382**
Net Assets	**174,232**	**167,906**
Net Cash / (Debt)	25,166	15,721

- NZ King Salmon's net cash position of $25.2m is an improvement of just under $10m from January and a vast improvement from a net debt position of $46.7m 18 months ago. This strong balance sheet gives NZKS a great platform to invest in resilience and the next stage of growth.
- While strong EBITDA performance provides the backbone of this improved cash position other areas have also contributed to further strengthen the balance sheet:
  - **Receivables** have reduced despite increased sales and prices
  - **Inventories** continue to reduce, this time driven by thawing of whole fish frozen down over last year's seasonal harvest. This thawed product provides an input into our smoked and value added products which has allowed us to expand production of these products.
  - NZ King Salmon invested a net $1.7m in **capex** for the period ended 31 July 2023. Following a partial pause of all non-essential capex during FY23 we continue to tightly monitor our Capex spend to ensure that we are maintaining current infrastructure but also not ignoring shorter term returns while we plan for longer term growth. FY24 capex is weighted to 2HY24
  - The increase in **biological assets** is a slight drag on cash as we continue to rebuild biomass following the mortality event in FY22/23 however most of the increase shown is driven by the non-cash increase in fair value

03

STRATEGY UPDATE & FY24 UPDATE

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FY24 GUIDANCE & 12 MONTH ROLLING EBITDA

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$23.5-$27.5m

FY24 Guidance

$21m

12 Month Rolling Pro-Forma EBITDA

- Recent farming model changes and the company's focus on fundamentals is now reflected in results, as shown by the improvement in the 12-month rolling proforma EBITDA at $21m
- We have increased our guidance range to $23.5m – $27.5m reflecting strong YTD performance acknowledging there is inherent uncertainty over the Dec-Jan period.
- Our FY24 guidance is supported by:
  - Pricing: Current market dynamics continue to create strong pricing support, particularly in export markets
  - Fish Performance: Fish performance is ahead of plan from a costing perspective as our new farming model continues to drive efficiencies
  - Cost Control: Following the right sizing of the business we are continuing to push for efficiencies and have created a strong culture around this.
- The performance of the underlying business gives NZKS a strong platform from which to develop and fund future growth strategies
- Dividends remain on hold as NZKS develops production growth options

BLUE ENDEAVOUR AND GROWTH STRATEGY UPDATE

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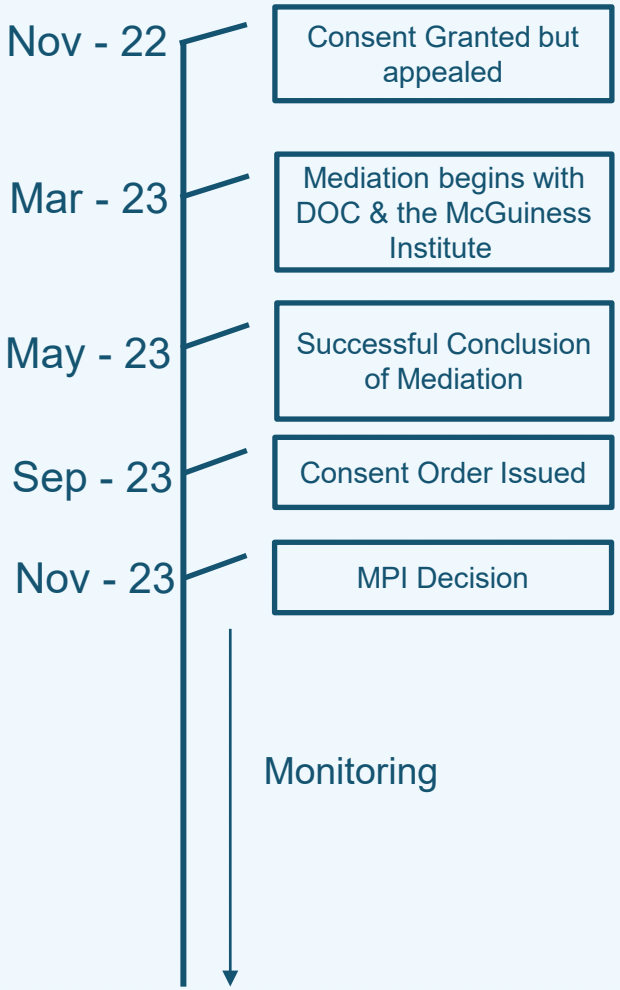

- The Consent Order for Blue Endeavour was issued by the Environment court on Sept 19th – This finishes the appeals process.
- An aquaculture decision by the Ministry of Primary Industries (MPI) is now required to indicate they are satisfied that the consent will not have an undue adverse effect on fishing (s186C Fisheries Act 1996). This process is expected to take 2 months.
- The consent has a baseline monitoring period (12 months of monitoring in an 18-month period) before farming can be undertaken on-site.
- Once monitoring is complete NZKS intends to build a pilot farm on the site to further test the business case for open ocean farming. NZKS would look to do **at least** one harvest from this Pilot farm before committing to a progressive scaling up in order to best manage the risk profile of this investment.
- The 18 month monitoring period affords further time to finalise the key infrastructure requirements that will be needed to support Blue Endeavour. This is not just the infrastructure needed on the site but may also include:
  - Fresh water infrastructure to ensure the stability of our supply of smolt to sea at significantly increased volume.
  - Harvest and transport infrastructure to make sure we move our salmon in the most efficient and economic fashion, and maintain fish welfare.
  - Processing infrastructure to efficiently handle the increased throughput
- All these investments will be considered as part of our long-term capital investment program. NZKS will provide updates to shareholders as these plans are developed.
- The performance of the existing business is a critical element in enabling the growth aspirations.

04

APPENDICES

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EXISTING SEA FARM RESOURCE CONSENTS AND EXPIRY

Farms	Region	Expiry date	Status
Ruakaka	Queen Charlotte	2024	Active
Otanerau	Queen Charlotte	2024	Active
Forsyth Bay	Pelorus	2024	Fallow
Waihinau	Pelorus	2024	Fallow
Crail Bay x 2	Pelorus	2024	Fallow
Clay Point	Tory Channel	2036	Active
Te Pangu	Tory Channel	2036	Active
Waitata	Pelorus	2049	Active
Ngamahau	Tory Channel	2049	Active
Kopaua	Pelorus	2049	Fallow

- Five licenses are due for expiry or renewal at the end of 2024, all of which represent warmer, low flow licenses at lower producing sites
- Crail Bay has not been farmed for around 10 years
- Kōpaua, Forsyth and Waihinau are currently fallowed
- Ruakaka and Otanerau form part of the updated production plan, receiving fish post summer via tow operations from the Tory Channel farms
- The Marlborough District Council released its decisions on the provisions regulating mussel farming in Q2 2023[1]. The provisions which relate to salmon farming were withdrawn. The Marlborough District Council is working with iwi, the Government and the wider community to work on new salmon farming provisions to enable alignment with the NZ Aquaculture Strategy. NZ King Salmon is involved in these discussions. The timing of that process is uncertain
- Renewing the 2024 farms will require applications to be lodged. Work on this has commenced. Should applications be made under the National Environmental Standards for Marine Aquaculture, there will be limited public notification
- Applications to make the high flow farms operate under a consistent set of consent conditions will be lodged in the second half of FY24
- Farms will be able to operate on their current consents until all applications and appeals have been resolved

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1HY24 RECONCILIATION BETWEEN GAAP RESULTS AND PRO-FORMA FINANCIALS

1HY24 NZD 000s	Statutory Financial Statements	Fair Value Adjustments	Early FX Close-outs	Pro-Forma Operating Financial Information
Revenue	**91,561**			**91,561**
Cost of goods sold	(84,435)	27,018		(57,417)
Fair value gain / (loss) on biological transformation	31,189	(31,189)		-
Freight costs to market	(11,205)			(11,205)
Gross Margin	**27,110**	**(4,171)**		**22,940**
Other operating income	3,974		(3,551)	423
Overheads				
Sales, marketing and advertising	(5,229)			(5,229)
Distribution overheads	(1,675)			(1,675)
Corporate expenses	(5,721)			(5,721)
Other expenses	-			-
EBITDA	**18,459**	**(4,171)**	**(3,551)**	**10,737**
Depreciation and amortisation	(3,852)			(3,852)
EBIT	**14,607**	**(4,171)**	**(3,551)**	**6,885**
Finance income	457			457
Finance costs	(183)			(183)
Net finance costs	274	-		274
Profit / (loss) before Tax	**14,881**	**(4,171)**	**(3,551)**	**7,159**
Income tax (expense) / credit	(4,251)	1,168		(3,083)
NPAT	**10,630**	**(3,003)**	**(3,551)**	**4,076**

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1HY23[1] RECONCILIATION BETWEEN GAAP RESULTS AND PRO-FORMA FINANCIALS

1HY23 NZD 000s	Statutory Financial Statements	Fair Value Adjustments	Early FX Close-outs	Pro-Forma Operating Financial Information[1]
Revenue	**80,033**			**80,033**
Cost of goods sold	(89,921)	21,533		(68,388)
Fair value gain / (loss) on biological transformation	13,222	(13,222)		-
Freight costs to market	(11,379)			(11,379)
Gross Margin	**(8,045)**	**8,311**		**266**
Other operating income	3,312		(3,023)	289
Overheads				
Sales, marketing and advertising	(6,324)			(6,324)
Distribution overheads	(1,818)			(1,818)
Corporate expenses	(5,109)			(5,109)
Other expenses	-			-
EBITDA	**(17,984)**	**8,311**	**(3,023)**	**(12,696)**
Depreciation and amortisation	(4,359)			(4,359)
EBIT	**(22,343)**	**8,311**	**(3,023)**	**(17,055)**
Finance income	116			116
Finance costs	(1,276)			(1,276)
Net finance costs	(1,160)	-		(1,160)
Profit / (loss) before Tax	**(23,503)**	**8,311**	**(3,023)**	**(18,215)**
Income tax (expense) / credit	(984)	(2,327)		(3,311)
NPAT	**(24,487)**	**5,984**	**(3,023)**	**(21,526)**

[1] *1HY23 numbers restated as NZKS is no longer reversing the impacts of NZ IFRS 16 leases as previously communicated*

APPENDIX – GLOSSARY OF TERMS

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1HY24	Financial results for the 6 months from 1 February 2023 to 31 July 2023
2HY24	Financial results for the 6 months from 1 August 2023 to 31 January 2024
FY24	Financial results for the 12 months from 1 February 2023 to 31 January 2024
FY23	Financial results for the 12 months from 1 February 2022 to 31 January 2023
EBITDA	Earnings before interest, tax, depreciation and amortisation
FCR	Feed Conversion Ratio – the amount of feed (in kilograms) required to grow 1 kilogram of fish weight
G&G	Gilled and gutted. Note that all volumetric information presented is on a gilled and gutted basis unless otherwise stated
GAAP	Generally Accepted Accounting Practice
MT	Metric tonnes
NPAT	Net profit after tax, also reported as net profit for the period in our published financial results
NZKS	New Zealand King Salmon
Pro-Forma Operating EBITDA	Pro-Forma Operating EBITDA refers to earnings before interest, tax, depreciation, amortisation after allowing for pro-forma adjustments as described in the Appendix to this document. Pro-Forma Operating EBITDA is a non-GAAP profit measure

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UNDERSTANDING OUR GAAP RESULTS

The impact of *NZ IAS-41 Agriculture and NZ IAS-2 Inventory*

Our GAAP results are impacted by Fair Value gains or losses arising from the application of *NZ IAS-41 Agriculture and NZ IAS-2 Inventory.* The impact of these standards are explained below:

Fair Value under *NZ IAS-41 Agriculture* and *NZ IAS-2 Inventory*

When we record a change in biomass at sea, or where the expected future profit we realise on fish that we sell changes, these standards require us to quantify and recognise the gain or loss in the current period. This applies to both biomass at sea and inventories of finished products.

Our Statement of Financial Position shows biological assets at their fair value. Pro-Forma Operating Financial Performance removes gains / losses associated with the application of these standards. The company will present Pro-forma results for future reporting periods on this basis.