

Market Announcement

31 March 2021

NEW ZEALAND KING SALMON ANNOUNCES FY21 RESULTS

New Zealand King Salmon Investments Ltd (NZX & ASX: NZK) reports its financial results for the 7 months ended 31 January 2021 (FY21) today.

Key points include:

- Revenue of \$95.2m
- Pro Forma EBITDA of \$10.0m (7 months), compared to \$25.1m in FY20 (12 months)
- Statutory NPAT is (\$7.1m) (7 months), compared to \$18.0m in FY20 (12 months), affected by Covid
- Proforma NPAT is \$2.3m (7 months) vs \$11.2m to 30 June 2020 (12 months)
- Sales volume of 4,117mt (7 months), slightly up on the same FY20 period (4,070mt)

Chairman John Ryder said: “It is a creditable outcome considering we are recovering from the challenges of the Covid-19 pandemic. The full financial impact of excess inventory, caused by the pandemic, has been absorbed into these results with appropriate contingencies built in.

“Going forward, our average price will return to pre-Covid levels, however margins will still be affected by higher freight and distribution costs. We are seeking to increase prices globally around the middle of the calendar year with a view to recovering some of these ongoing costs.

“Pleasingly, we have come through summer in reasonable shape with sea temperatures around average,” Mr Ryder added.

Managing Director and CEO Grant Rosewarne agreed the recent trading period had been tough.

"I am looking forward to the coming months and returning to our pre-Covid momentum. As a company we continue to diversify, our brands remain strong and we are highly optimistic that our plans to farm in the open ocean on the Blue Endeavour site will come to fruition later this year.

“New markets continue to deliver, including speciality retail and e-commerce. For example, we’ve recently placed a new Ōra King cold smoked product into a high end Italian speciality retailer, and we’re about to launch our Omega Plus pet treats into North American speciality pet retailers.

“Launches of our new Ōra King whole fish varieties continue to inspire our global chef community – we introduced Ōra King June Hog before Christmas and Ōra King Keiji, a young, delicate salmon, is being launched now.

“We also launched our Regal Maple range in New Zealand to capitalise on our consumers’ appetite for salmon over Christmas and summer months.

“Our Blue Endeavour application to farm in the Cook Strait, 7 kms north of Cape Lambert is likely to go to a hearing in August once submitters have been fully consulted,” Mr Rosewarne said.

“If successful this will drive significant economic benefits to the region, eventually delivering hundreds of green jobs to the Top of the South. It will provide better waterspace and conditions to grow our fish. The earliest possible harvest is mid CY24.

“The move into the open ocean will be a first for New Zealand and we believe it is a critical cornerstone to deliver on the Government’s Aquaculture Strategy to grow the industry from its current \$625 million to \$3 billion by 2035.

“Meanwhile, we expect climate change to continue to impact our business, so we are optimising inshore space via our new *Prescient Aquaculture Model*, which focuses on having the right sized fish in the optimal locations. This is achieved by introducing smaller fish into cooler sites and moving them as they grow, to ensure they are in the best sites for each stage of growth and have access to upwelling of colder water when at harvest-size. Once Blue Endeavour is up and running, our warmer Pelorus sites may be farmed outside of summer to minimise risk.

“We are also working through the salmon farm relocation process with Iwi and Government.”

We expect to provide market guidance in mid to late 2021. The Board has yet to make a decision on the resumption of dividends.

Ends

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About New Zealand King Salmon

New Zealand King Salmon is the world’s largest producer of the premium King salmon species. We operate under four key brands: Ora King, Regal, Southern Ocean and Omega Plus, and the New Zealand King Salmon label. We have been growing and selling salmon to consumers for more than 30 years. Today we employ over 500 people. New Zealand investors make up a significant percentage of the ownership of NZ King Salmon, and the communities of Marlborough, Nelson and Tasman are well represented with around 400 of the approximately 2,900 shareholders being from the Top of the South.

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