New Zealand King Salmon

ANNUAL REPORT
2023

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Overview

CHAIR AND CEO REPORT

A key lesson when facing adversity is how you react to it. The New Zealand King Salmon Board and leadership team have made significant changes to our operations that gives us confidence in future prospects.

John Ryder

CHAIR

Graeme Tregidga

ACTING CHIEF EXECUTIVE OFFICER

CLIMATE CHANGE

NZKS farms King salmon in Pelorus and Queen Charlotte Sounds in the Marlborough Sounds, as well as Tory Channel. In recent years, the two Sounds have seen water temperatures consistently above the optimum range for salmon farming. In comparison, Tory Channel is exposed to southerly swells, has strong tidal currents, consistently colder water and has always been a haven for farming salmon during warmer months.

According to the National Institute of Water and Atmospheric Research (NIWA), 2022 was the hottest year on record in New Zealand, driven by another La Niña event. This resulted in extremely high fish mortalities throughout January, February, and March (particularly the last two months) and a record loss for FY22. We embarked upon a capital raise of $60.1 million to preserve liquidity and restructure the balance sheet – repaying all bank debt on a net basis.

We needed smarter strategies, with fish health being our number one priority. In addition, fish that are fed and raised but do not survive are expensive for the company – costing over $20 million in mortalities for 2022. We therefore sought a change of approach to our farming practices to minimise the impact of ongoing climate change. In a simple but significant move, we decided to *avoid* the detrimental effect that warmer summer temperatures had on our fish, *rather than fight it*.

IMPROVEMENT IN MORTALITIES

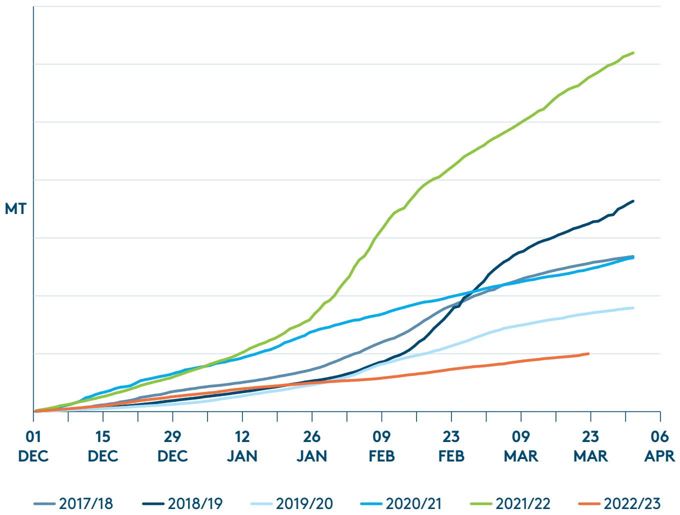
Our revised sea farm strategy involves maintaining year-round farming operations in the Tory Channel, which is consistently cooler than the Pelorus Sound due to incoming water from the east coast current.

Three of the four active Pelorus Sound farms — Forsyth Bay, Kopaua and Waihinau will be fallowed. The one remaining Pelorus farm, Waitata, will remain operational to evaluate vaccine and seasonal smolt strategies.

In a supplementary strategy, we have implemented a seasonal harvest, whereby we harvest smaller fish as additional volume prior to the summer months. Towards the end of FY23, we successfully completed the first seasonal harvest from Ruakaka farm in the Queen Charlotte Sound, resulting in an approximate increase of 750 tonnes of biomass.

The 2023 summer mortalities improvement is illustrated in the graph.

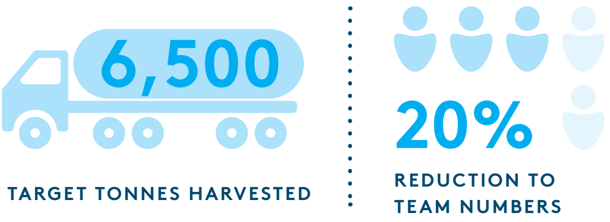
SUMMER MORTALITY THIS YEAR COMPARED TO LAST 5 YEARS



Note that the orange "summer of 23" mortality line is well below the green line for 2022.

RIGHT SIZING

There is always a trade-off with significant change. The adaptations we have made to our farming model have naturally reduced our production volumes to an annual harvest capacity of around 6,500 tonnes. To compensate, the company embarked on a "right sizing" exercise to lower expenses to a more appropriate level. We reduced team numbers by around 20 per cent, mostly by natural attrition (assisted by a strong labour market), while other substantial cost saving initiatives were successfully implemented.



IMPACT ON EARNINGS

Shareholders will appreciate that the company has a 31 January balance date. This means that the FY23 financial year still had a legacy of mortality losses from the previous summer, particularly February and March 2022.

FY23 had a net profit for the year of $1.9 million in FY23, compared to a net loss of $73.2 million in FY22.

Pro-forma EBITDA for FY23 was a loss of $4.4 million, compared to a pro-forma EBITDA profit of $6.7 million in FY22 (including $13.5 million of positive forex close-outs). However, the FY23 result was above our original guidance range of an $8-$12 million pro-forma EBITDA loss provided during the equity raise.

Sales volumes decreased from 7,672MT in FY22 to 5,837 in FY23 (a decrease of 24%).

Revenues decreased from $174.5 million in FY22 to $167.1 million in FY23 (a decrease of 4%). This figure benefitted from price increases in all markets.

The mortality cost increased from $20.8 million in FY22 to $25.9 million in FY23.

We are happy to advise that with the warmer vulnerable 2023 months now largely behind us and the company benefitting from a much lower level of mortalities at the start of the financial year, FY24 is well placed for a positive increase in earnings.

BLUE ENDEAVOUR

In November, we received the good news that our Blue Endeavour resource consent application to farm in the open ocean (7km north of Cape Lambert, in Cook Strait) had been approved by the Commissioners – albeit with two appeals that the company hopes to successfully resolve.

It has taken six years and nearly $7 million to get to this point and the hearing took nearly a year. The application was supported by the Ministry for Primary Industries, and we have now received a significant and encouraging decision that will benefit the future for aquaculture in New Zealand.

It also endorses the Government's aspiration for the nation to have $3 billion in revenue from aquaculture farming by 2030. Protein is needed to feed the world and salmon farming can be more sustainable than other forms of protein farming, traditionally found on land.

New Zealand has one of the world's largest Exclusive Economic Zones, with a marine area more than 15 times larger than its land mass and is therefore well placed to provide quality King salmon to markets around the world. Blue Endeavour is a medium to long term project with the potential to add 10,000MT to our harvest volume, working in conjunction with our nursery sites.

SUSTAINABILITY

Sustainability is a critical part of our business and social licence, and we are adapting our programme to suit environmental needs. We were therefore gratified to see this recognised by receiving the 2022 Sustainability Award at the Marlborough Chamber of Commerce annual awards.

We completed another successful Best Aquaculture Practices audit, receiving the highest possible 4-star rating for the fifth consecutive year and submitted a second Modern Slavery Statement to the ASX.

BUSINESS UPDATE

As part of the temporary austerity measures, we have cut back and deferred capital expenditure. A major part of the FY23 spend related to the continuation of capex projects that commenced in FY22 (a new barge and net cleaning vessel). The ongoing expenditure associated with the Blue Endeavour resource consent application is also coming to an end.

We also sold our Waiau hatchery at the end of FY23, as it was surplus to requirements. Our two remaining hatcheries are in Takaka and Tentburn.

Global supply chain issues continue, but we are pleased to have a more consistent supply of feed due to the recent commencement of direct shipping routes by the two Tasmanian feed companies, Biomar Australia and Skretting into the Top of the South.

Our brands also flourished in international markets, with North American premium demand continuing to be strong for Ōra King in foodservice and the Regal brand in retail. Regal remains New Zealand's most preferred smoked salmon brand.

LEADERSHIP CHANGES

In November, Grant Rosewarne resigned after 13 years with the company. As CEO, Grant made a significant contribution to the company, including leading it through the IPO and the creation of its global Ōra King brand. He had a wonderful passion for the product and firmly believed in the quality and health benefits of King salmon. This passion led to major opportunities and successes overseas.

Grant also guided the company through several recent challenges, including the Covid-19 pandemic and the application for the open ocean water space. He has been a great champion for the company and the aquaculture industry in general. We wish him well.

The company has appointed Graeme Tregidga as Acting CEO and commenced an international search for a new CEO. Graeme is highly experienced and was previously the company's General Manager of Sales.

SUMMARY

It has been a challenging year and the Board would like to thank management and team members for their commitment, and ability to adapt and navigate the company during difficult times. We believe we have a more stable farming and business model that reduces our mortality risk and will profitably sustain a temporary reduction in output, with a positive path towards increasing production. Our earnings guidance range for FY24 of a pro-forma EBITDA profit of $21m - $25m reflects these improvements.

Underpinning our efforts is the fact that we grow a healthy and nutritious protein product, with a minimal environmental footprint. The company remains the largest global producer of the King salmon species, a premium fish in international markets. Our brands continue to attract exceptionally high prices around the world.

On behalf of the Board, we would also like to take this opportunity to thank all stakeholders, including shareholders and customers, who have continued to support us throughout the year.

The annual report is dated 28 March 2023 and signed on behalf of the Board by:

John Ryder
CHAIR

Paul Steere
CHAIR, AUDIT AND FINANCE COMMITTEE

PERFORMANCE HIGHLIGHTS

KEY DRIVERS

- Performance impacted by mortality events in Q1FY23, resulting in higher than forecast mortality expenses
- Performance improvements in second half of year in addition to a fair value uplift in salmon biomass at sea
- Decrease in revenue is a direct result of reduced biomass and volume
- Price increases, product optimisation and market selection helped minimise the financial impact of a reduction in volume
- Capex constrained to completion of pre-committed long-term projects, with a considered approach to overall reduction of operating expenses implemented
- Completion of pro rights offer in 1H23 contributed to net cash position

GROUP FINANCIAL PERFORMANCE

	GAAP			Pro-Forma*		
NZ$000s	**FY23**	**FY22**	**% chg.**	**FY23**	**FY22**	**% chg.**
Volume Sold (t)	*5,837*	*7,672*	*-24%*	*5,837*	*7,672*	*-24%*
Revenue	167,131	174,530	-4%	167,131	174,530	-4%
Gross Margin	30,623	12,743	140%	22,285	21,563	3%
Gross Margin %	18%	7%		13%	12%	
EBITDA	11,698	(15,593)	<>	(4,415)	6,698	<>
EBITDA %	7%	-9%		-3%	4%	
EBIT	3,276	(84,973)	<>	(11,251)	(60,935)	<>
NPAT	1,891	(73,202)	<>	(8,417)	(55,715)	<>

PERFORMANCE HIGHLIGHTS

FISH PERFORMANCE

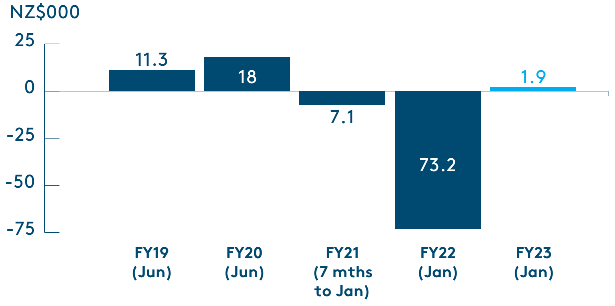
Fish performance continues to be a key focus for the business, we are confident the recent adaptations to the sea farm production model will ensure our future sustainability.

- Reduced harvest volumes as a result of increased mortality events, overall harvest volume for FY24 will increase as the cooler water space in the Tory Channel is optimised
- Adapted aquaculture model has been fully implemented, with the summer of 2022-2023 being the first year without stocks held in the majority of the warmer water sites
- Seasonal harvest concept outperformed initial expectations, resulting in overall lift in FY23 harvest volume
- Significant increases in feed prices throughout FY23 due to raw material constraints (impact of global pandemic and Russia/Ukraine war)
- Waitata farm in the Pelorus Sound is showing encouraging results from the commercial vaccine trial. Full results due at end of Q1FY24

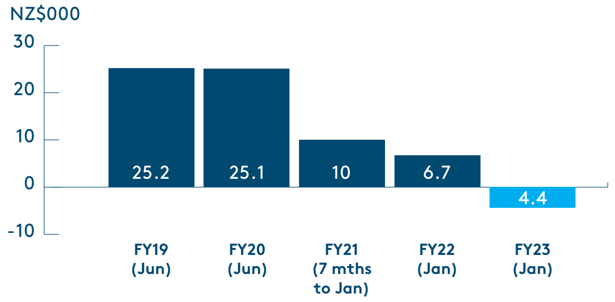
BIOLOGICAL PERFORMANCE

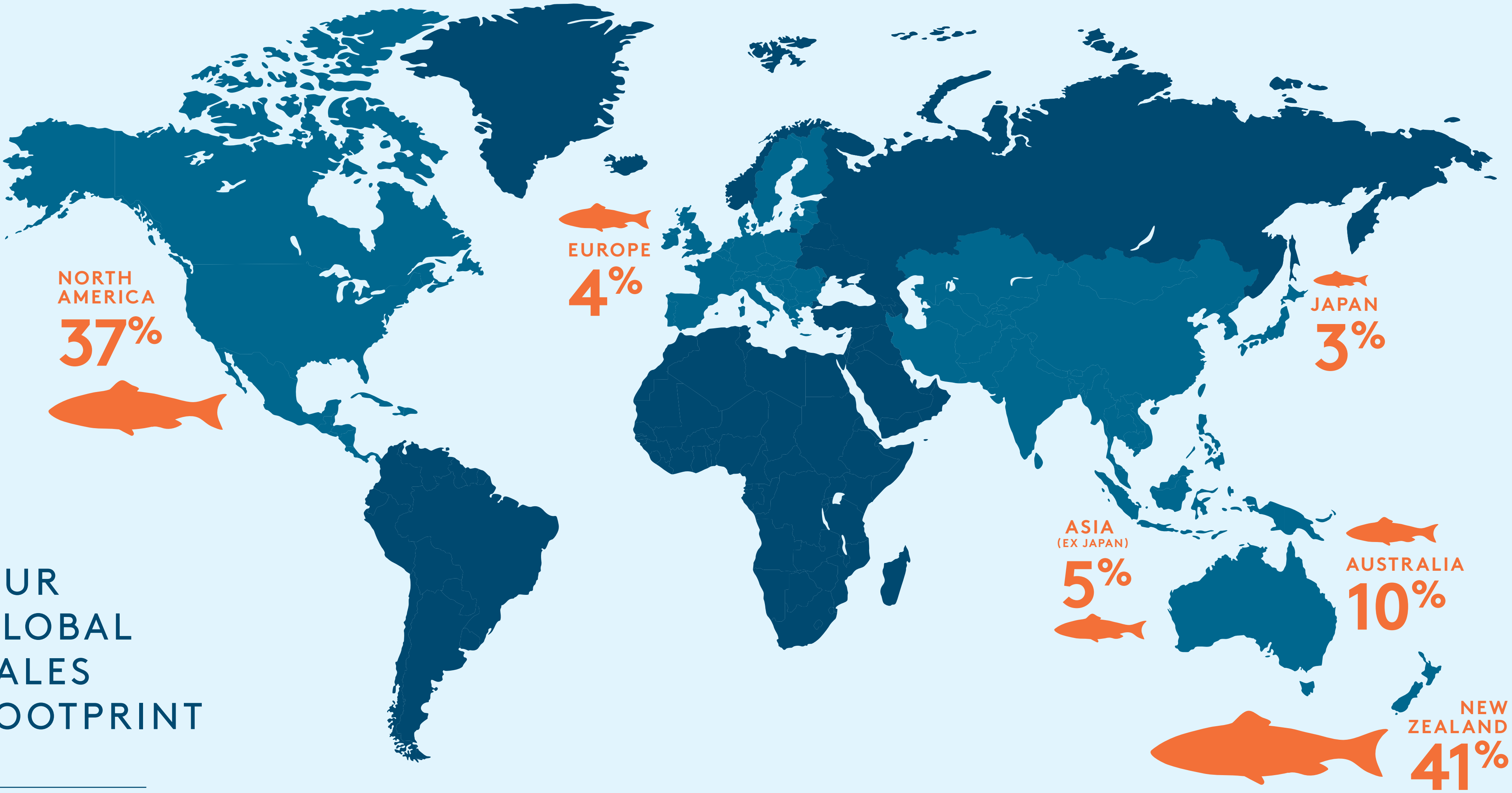
	FY23	FY22	% chg.
Harvest Volume G&G (MT)	6,014	7,382	-19%
Average G&G Harvest Weight (Kg)	3.12	3.50	-11%
Feed Conversion Ratio (FCR)	1.66	1.87	-11%
Closing Livestock Biomass	4,620	6,015	-23%
Feed Cost ($/Kg of feed)	3.06	2.39	28%

FY23 GAAP NPAT



FY23 PRO-FORMA OPERATING EBITDA





OUR GLOBAL SALES FOOTPRINT

MARKET DYNAMICS (SALES VALUE PER MARKET)

Demand for our high quality branded range continues to outstrip supply. We have carefully managed customer relationships to achieve a price premium and strong brand engagement.

NZ — 41% (FY22 40%)

Constrained supply across the business saw reduced volumes being sold within the NZ domestic market throughout FY23. Demand for quality protein remains strong and this was reflected in pricing for premium products. Supply chains have yet to fully recover and this has created further demand for our product, particularly in the retail sector.

Australia — 10% (FY22 7%)

Demand throughout the year was firm. Lower supply volumes in the first half of the year meant a realignment of pricing and rebuilding of sales. The second half of the year saw strengthening foodservice sales. Retail sales of our Regal branded products continue to perform well despite the increase in price.

North America — 37% (FY22 39%)

North American premium demand remains strong with Ōra King in foodservice and Regal branded retail. Foodservice sales volumes were reduced throughout 1HY23 and were in a rebuilding phase for 2HY23. North America suffered with significant supply chain disruptions that mostly affected our retail sales.

Japan — 3% (FY22 6%)

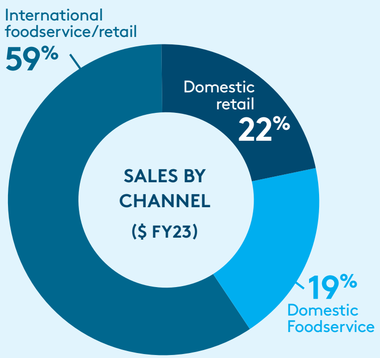
The Japan market volume reduction when comparing to FY22 is due to cessation of frozen whole salmon agreements as well as removal of some promotional events. Inflation in Japan has been significantly lower than our other trading markets and pricing increases have been more challenging to implement.

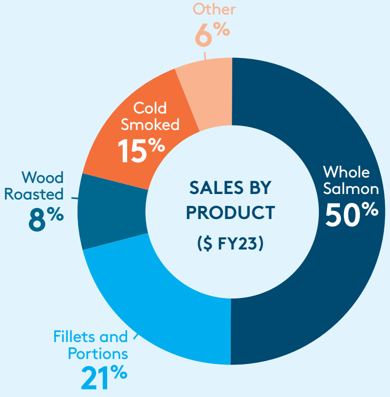
Europe — 4% (FY22 3%)

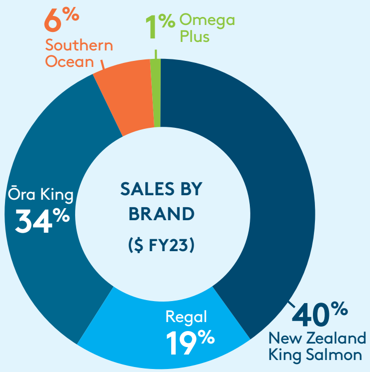
Like other markets, Europe has been in a rebuilding phase. We were unable to meet all the demand due to the shortage of our supply. Pricing remains firm and we have extended our Regal branded products into additional retail outlets.

Asia (exc. Japan) — 5% (FY22 5%)

Supply chain disruptions provided challenging trading conditions. Price increases added additional pressures which suppressed demand. Support remains strong for our product, and we continue to drive our Regal branded products into retail throughout Asia.







OUR YEAR IN SUMMARY

2022

FEB
- Elevated summer temperatures contribute to increased fish mortalities at sea farms
- Victoria Taylor appointed to the Board of New Zealand King Salmon Investments Limited as an Independent Director

MAR
- Elevated summer temperatures contribute to increased fish mortalities at sea farms
- Introduction of fish to Tentburn's new first feeding facility

APR
- NZKS announces a $60.1 million pro rata rights offer, proceeds used to repay debt following the impact of elevated mortalities

MAY
- $60.1 million pro rata rights offer successfully completed
- Regal Maple cold smoked salmon awarded Superior Taste Award of 3 stars by International Taste Institute
- 5 NZKS scholarships awarded to NMIT students
- Establishment of Fish Farming Review Committee to focus on improving outcomes

JUN
- 25% of all team members' computer hardware replaced to meet current business needs

JUL
- Workforce reduced by 18% — on target to right-sizing the organisation
- End of 1H23 — results on track with forecast
- Final harvest at Waihinau Bay and Kopaua sea farms, fallow period commences

AUG
- BAP 4-star accreditation is awarded for fifth consecutive year
- Final harvest for three Pelorus sea farms complete, fallow period commences
- First launch into European retail with Regal Manuka cold smoked range in Carrefour, Italy

SEP
- Release of 1H23 results and reconfirmation of full year earnings guidance
- Tory Channel sea farms remote feeding system fully operational
- First delivery of feed via the new direct shipping route from Tasmania, Australia

OCT
- Omega Plus awarded China-based, Pet Dahoop's '2022 Pet Owner Favourite Imported Dog Treat Brand' award
- NZKS head office teams relocated to offices in Bullen St and Merton Place, Nelson.
- Kai Hamāna barge and Ika Mā net cleaning vessel arrive in the Marlborough Sounds

NOV
- Resource consent granted for Blue Endeavour, New Zealand's first open ocean finfish farm
- CEO Grant Rosewarne resigns, Graeme Tregidga is appointed Acting CEO
- NZKS receives the Sustainability Award at Marlborough Chamber of Commerce Business Awards

DEC
- Takaka freshwater site undertakes the largest Ōra King TYEE harvest of 64 fish

2023

JAN
- First seasonal harvest from Ruakaka farm in QC Sound provides an additional ~750 tonnes of biomass
- Construction complete on new facilities for Regal smoked salmon dips range
- Waiau freshwater facility sold

Our People, Culture and Processes

OUR PEOPLE, CULTURE AND PROCESSES

There is no doubt the organisation has faced many challenges and change throughout FY23. With the need to reduce costs, departments have been restructured, teams consolidated, and offices relocated.

Across all divisions, our people were tasked with rationalisation, simplification, cost control and productivity gains.

The process has given the organisation a renewed clarity on what is essential to the successful operations of our business and what are 'nice to haves'. Although we have taken care not to sacrifice what is needed, we now carry out our BAU (business as usual) in a different way. We operate in a much leaner and effective manner; our people have found creative and innovative solutions and have been agile to the changes implemented.

Our overall workforce has been reduced by 20 per cent; with the processing division seeing an overall reduction of 30% due to the reduced volume and streamlined operations. Natural attrition accounted for 80% of the overall reduction and 20% was focused redundancies. A staged approach was taken to this process, whilst closely observing the national labour market. The company partnered with local industry and government agencies to support affected team members into other employment.

Throughout this right-sizing process, we ensured our existing workforce were supported, involved, and engaged. We continued to develop our people, and teams have taken pride in directly contributing to the cost-saving initiatives. We worked hard to ensure changes were communicated effectively throughout the organisation – both the how and the why.

Throughout the year, team members have shown resilience, none more so than our aquaculture division who had to deal with the increase in mortalities in early 2022. However, despite the challenges, our team remains committed, proud, and engaged. There is renewed optimism for FY24 and beyond with our adapted models and a changed leadership team.

ACHIEVEMENTS:

42%	increase in whole fish productivity by primary processing team
17%	increase in primary processing portioning output
25%	of all team members' computer hardware replaced to meet current business needs
147	training courses completed by team members via Go1, online learning management tool
0	notifiable WorkSafe incidents
24%	reduction in LTIFR and 8% reduction in LTI count
270	Way We Work nominations and 53 Positive Safety nominations submitted by team members

Find out about our 'Way We Work' framework

Aquaculture

AQUACULTURE

Our aquaculture division has remained nimble throughout FY23; expertly adapting sea farming operations as needed, whilst ensuring that every decision has the best possible outcome for our King salmon. Although our production volumes are reduced, our sea farming operations are now focused on the areas that are best suited to salmon farming; we may be a smaller operation, but we are more effective.

In addition to the strong focus on sea farm operations and gains seen in this space, progress has also been made in other areas. Working closely with our partners the Cawthron Institute, we have an ongoing thermal tolerance research project for brood stock fish, in addition to various fish-health based trials.

We have continued to simplify on-farm processes and in FY23, a semi-automatic vaccination machine was ordered for our Tentburn freshwater facility. Due to arrive mid-FY24, this will result in a more efficient vaccination process.

The infrastructure upgrade projects that commenced in FY22 were delivered in late FY23. The Ika Mā net cleaning vessel and Kai Hāmana barge are functioning well with final commissioning due early FY24. The Ika Mā features the AKVA FNC8, a state-of-the-art, remote operated net cleaner which is expected to increase the net cleaning team's capacity as it is more than twice as efficient as previous net cleaners.

Kai Hāmana at Clay Point farm in the Tory Channel was a much-needed replacement for an old barge. Upgraded features include a 320-tonne feed storage capacity, purpose-built loading deck, along with an increased number of feed lines and blowers which allow a greater number of pens to be serviced simultaneously.

The implementation of a centralised feeding station for the Tory Channel, using remote cameras and technology has resulted in a more focused and efficient approach to feeding which has enabled the team to concentrate on other essential operations.

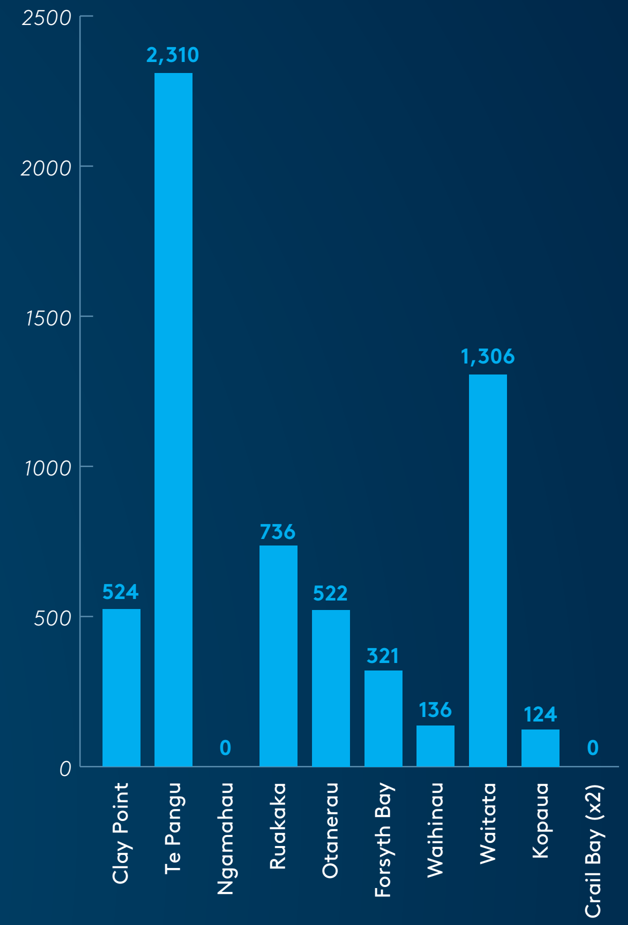
Preparations have also commenced on renewal applications for sea farm consents due to expire in 2024. This work will continue into FY24 and beyond. In the meantime, we will continue to evolve our adapted sea farming model throughout FY24 to suit the conditions.

Farm Locations

Farm Name — *Consent Expiry*

- *Active sites*
- *Fallowed sites*
- *Seaweed trial*
- *Blue Endeavour region*

FY23 G&G Harvest Volumes (MT)



BLUE ENDEAVOUR

Blue Endeavour remains a project which could deliver growth to our company. As New Zealand's first approved resource consent for an open ocean finfish farm, our primary focus is to ensure the farm is built to withstand the conditions and the production plans adhere to the imposed consent conditions.

We expect the appeals lodged against the resource consent to delay our timeline, so whilst working with the external parties to mitigate their concerns, our aquaculture team will continue to work through the resource consent conditions, weaving them into the production model and plans. Whilst also working closely with key supply-chain partners, such as pen manufacturers in Norway. The pens will undergo further testing and trials to confirm the integrity and ability to withstand the conditions of the Blue Endeavour site which we continue to monitor. It is expected that the development of the farm will be staged and structured.

In Summary

- A new open ocean salmon farm in the Cook Strait, the first of its kind in New Zealand
- Expansion of employment opportunities in Te Tau Ihu (Top of the South)
- Developed in conjunction with independent scientists to meet strict environmental standards
- A sustainable and low-impact method of producing healthy, nutritious protein
- A key contributor to achieving the Government's aquaculture strategy target of $3 billion by 2030

Watch our Blue Endeavour video >

7km NORTH OF THE OUTER MARLBOROUGH SOUNDS

12 SURFACE HECTARES OF FARM SPACE

$200+ million REVENUE PER YEAR

10,000 tonnes OF SALMON PRODUCED PER YEAR

ACHIEVEMENTS:

Resource consent granted for New Zealand's first open ocean finfish farm, subject to appeal

A successful first seasonal harvest at Ruakaka sea farm, with results outperforming expectations

Ngamahau sea farm's new single net system has further reduced the risk to native wildlife in addition to reducing net cleaning requirements

Sustainability

RECOGNISING SUSTAINABILITY

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

Monterey Bay Aquarium Seafood Watch

United Nations Global Compact

Ocean Wise Recommended / Recommandé

New Zealand Sustainable Aquaculture A+

gsi

BAP Certified 4 Star Certified

> We are developing our disclosure plan under the four key themes of governance, strategy, risk management and metric and targets.

Preparations for Aotearoa New Zealand Climate Reporting Standards

The External Reporting Board (XRB) was mandated by the New Zealand Government to establish a climate-related disclosures framework and in December 2022, the final version of the climate reporting standards were published. The mandatory reporting regime takes effect for accounting periods that start on or after the 1 January 2023. In 2024, NZKS will report for the period Feb 2023 — Jan 2024.

As the XRB's climate reporting standards are aligned with the globally supported Task Force on Climate-Related Disclosures (TCFD) framework, the TCFD climate disclosure gap assessment conducted in FY22 has served as a foundation to our preparations. An internal sustainability working group is being established to develop the Group's strategic response to climate risk in line with the recommendations of the new XRB climate-related disclosure requirements. We are developing our disclosure plan under the four key themes of governance, strategy, risk management and targets.

We are liaising with industry to share insights and learnings on the upcoming requirements and have recruited a dedicated resource to help identify our climate related risks and opportunities and better understand the resilience of our business model and strategy to climate change.

We identified the need for specialised data capturing software and have partnered with the external organisation thinkstep-anz. Throughout FY24, we will utilise their carbon tool to capture our operational metrics and translate these into emissions in carbon dioxide equivalent (CO2e). This specialised software also acts as a reporting and management platform that will facilitate collecting, sharing and reporting of this vital data. This is a progression from our Life Cycle Analysis (LCA) work carried out in FY20 as it includes downstream stages of our King salmon life cycle such as the distribution and consumer phases.

ACHIEVEMENTS:

- NZKS received the Sustainability Award at the Marlborough Chamber of Commerce 2022 Business Awards for our company-wide approach and dedication to sustainability
- We were awarded a four-star rating for the fifth consecutive year from Global Aquaculture Alliance's (GAA) Best Aquaculture Practices (BAP) programme. This is the highest designation in the programme

View our Sustainability initiatives

> We led the way in creating a standard, credible, consistent method for the global salmon industry to measure its environmental footprint.

A VERIFIED MEASURE FOR CLIMATE IMPACTS

The company participated in a New Zealand salmon industry LCA, with the results due to be published in Q1 FY24.

The objective of this LCA is to better understand the cradle to grave impacts of New Zealand's farmed King salmon industry as a whole, and compare with other sources of dietary protein.

It is hoped the LCA will:

- Identify hotspots for potential future process improvements across the King salmon lifecycle
- Compare the environmental footprint of King salmon with other forms of edible protein

This work follows on from the individual LCA completed by NZKS in FY20.

In FY22 we led the way in creating a standard, credible, consistent method for the global salmon industry to measure its environmental footprint. We collaborated to create the world-first Product Category Rules (PCR) for global salmon production. These PCR were used in the New Zealand salmon industry LCA process.

We also used the PCR to develop our first Environmental Product Declaration (EPD) in FY22 which is still relevant today. An EPD assesses a product across a range of environmental indicators, including its potential to emit carbon and deplete natural resources. As EPDs are verified by an independent third party, they are a reputable, trusted source of information and can be benchmarked against other EPDs. We were the first food company in Australasia to complete an EPD and the first King salmon company globally.

View our EPD

Keeping our Brands Prominent

KEEPING OUR BRANDS PROMINENT

Our brands continue to perform well domestically and internationally. North American premium demand remains strong for Ōra King in foodservice and the Regal and Omega Plus brands in retail.

ŌRA KING®

The Ōra King brand has maintained its premium positioning by engaging key chefs and decision makers across all major markets.

Our focus has evolved from large-scale communications and activations to a more targeted approach. We have concentrated our efforts on supporting key stakeholders, increasing digital presence and re-purposing global assets, including documentary content, into bespoke communication tools that are relevant to individual markets. This has resulted in our customers remaining engaged and loyal despite the supply constraints.

Ambassador engagement continues to be at the core of Ōra King. In FY23, we had our most successful ambassador event with NZ chefs hosting a 'cook-off' experience at Peter Gordon's Homelands in Auckland.

Having protected our core customer base, rebuilding relevance for the brand is the key focus moving into FY24.

REGAL MARLBOROUGH KING SALMON

Regal remains New Zealand's most preferred smoked salmon brand, proving consumer trust in the Regal brand, and the exceptional quality and consistency of our King salmon and value-added product offerings.

To maintain and expand brand presence with our audiences in the most cost-efficient manner, the Regal brand team concentrated their efforts on in-house digital and social media programmes throughout FY23. With the primary objective of telling the brand story and building brand awareness across international markets to support offshore sales.

Subsequently, Regal achieved a 20% increase across all digital metrics in FY23, with 16,000 people visiting our global website every month. As the most frequented pages are the recipe pages, we have continued to develop enticing and delicious new recipes to inspire and engage our Regal fans.

Our Regal product offerings have been streamlined across all markets, taking care to maintain the balance between consumer demand for individual products and increased operational and financial efficiencies.

> 16,000 people visit our global Regal website every month, with the most popular content being the recipe pages

Whilst balancing a shortened supply of product and product rationalisation projects, we have worked hard to maintain our existing commitments and expand our customer base. In FY23, we celebrated our first European retail launch with Regal Manuka cold smoked into Carrefour Italy and are seeing increasing demand from other European retailers. In Australia, we expanded our cold smoked offering to the Woolworths group which complements our existing listings with the Coles group.

Domestically, we finished the year with a 43% market share and an average brand awareness of 57%. This lower-than-average brand awareness figure is a direct result of the product rationalisation and simplification process and we aim to increase this throughout FY24.

Total Regal branded sales were $22.6m domestic sales and $11.0m from international sales.

In FY24 we will continue with in-house digital solutions and are focussed on brand development with the aim of expanding our customer base to reach a younger demographic. With a number of strategic product launches in the pipeline, there are also some exciting new offerings to keep our customers engaged.

OMEGA PLUS+
THE SALMON SUPERFOOD

Our premium pet food brand, Omega Plus has experienced increasing demand across target markets throughout FY23.

We have expanded distribution in North America with the successful launch of Omega Plus cat treats into PetSmart. Distribution will grow to over 1,000 stores in FY24 with North American volumes forecast to double.

We continue to refresh our digital, social media and ambassador programmes to maintain brand presence across New Zealand and China, whilst establishing a base-line digital presence in North America to accumulate high-end, pet owners in this target market.

FY24 will see us continue to invest in the three key markets of New Zealand, North America and China in order to increase profitable sales.

> Distribution will grow to over 1,000 stores in FY24 with North American volumes forecast to double.

ACHIEVEMENTS:

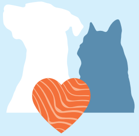
A record harvest of 64 Ōra King TYEE in one day. Demand and sales of TYEE continue to exceed expectations

Learn more

Regal Maple cold smoked salmon awarded Superior Taste Award 3 stars by

3 ★★★ INTERNATIONAL TASTE INSTITUTE

First shipment of Omega Plus range sent to Taiwan



Successful launch of two new Regal smoked salmon dip flavours into domestic retail stores

Omega Plus awarded China-based, Pet Dahoop's '2022 Pet Owner Favourite Imported Dog Treat Brand' award

VOTED FOR BY OVER **30,000** PET OWNERS

Leadership & Corporate Governance

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.

John Ryder

Independent
Non-Executive Chair
MCom (Hons), FCA, CMA

Chiong Yong Tiong

Non-Executive Director
MCom, BCom

Carol Chen

Non-Executive Director
BBA

Victoria Taylor

Independent
Non-Executive Director

Catriona Macleod

Independent
Non-Executive Director
GIBio, MSc, PhD, GAICD

Jack Porus

Non-Executive Director
BCom, LLB

Paul Steere

Independent
Non-Executive Director

EXECUTIVE

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

Graeme Tregidga

Acting Chief
Executive Officer

Ben Rodgers

Chief Financial Officer
BBS, PGDipAcc

In addition to the Executive, the Senior Leadership Team includes Grant Lovell (GM Aquaculture), Richard Smith (GM Processing), Fiona Couchman (GM People & Culture), David Wright (GM ICT), Denver McGregor (GM Food Safety & Quality), Cindy Steele (Assistant GM Omega Pet Foods), Nikki Rackley (Head of People & Culture).

Read our Board and Executive Team biographies

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

The Board of New Zealand King Salmon Investments Limited (the Company) 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 NZX Corporate Governance Code (NZX Code) 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 NZX Code apart from specific areas noted in this report. The Board believes our governance structures and in particular, our remuneration approach meets our strategic objectives. In forming our conclusions, we have sought external feedback from shareholders and 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.**

The Company's Corporate Governance Code was reviewed, updated and approved by the Board in December 2022. The extent to which the Company has followed the recommendations in the NZX Code for the financial period to 31 January 2023 is detailed in this Corporate Governance Statement, which is dated and was approved by the Board, on 28 March 2023.

1. PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

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).

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.

The Code of Ethics covers a wide range of areas including requiring Directors, employees, contractors and advisers to:

- Act honestly and with personal integrity in all actions.
- Declare conflicts of interest and proactively advise of any potential conflicts.
- Undertake proper receipt and use of corporate information, assets and property.
- In the case of Directors, give proper attention to the matters before them.

- Act honestly and in the best interests of the Company, as required by law, and take account of interests of shareholders and other stakeholders.
- Adhere to any procedures around giving and receiving of gifts.
- Adhere to any procedures about whistle blowing.
- Manage breaches of the Code of Ethics.

No breaches of the Code of Ethics were reported during the year to 31 January 2023.

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.

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.

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.

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 & 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.

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 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.

Recommendation 2.2

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

Director nomination and appointment

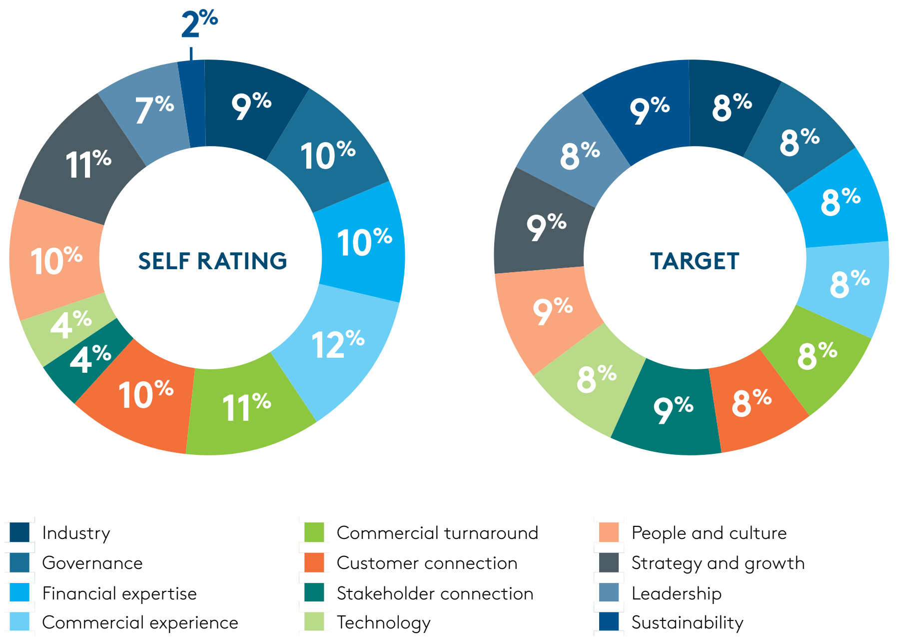
The Board is responsible for appointing Directors. The Nominations and Remuneration Committee manages the appointment process for new Directors and the re-election of existing Directors in order to make a recommendation to the Board. The nomination and appointment procedure is set out in the Committee's 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.

The Nominations and Remuneration 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.

In FY23 the Board engaged an external advisor to undertake a 360-degree feedback review of the CEO and peer and management review of the Board, against best practice benchmarks. As part of this work, a revised skills matrix has been developed:

Weighted Skills Chart



The composition of the Board is reviewed by 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. A number of areas will be supplemented by on-going Director training. The Board noted the range of qualifications, experience, perspectives, and backgrounds were appropriate at this time. The average tenure of the current Directors is 7.4 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 profile of experience, length of service, independence, ownership interests and Director attendance at Board meetings.

A majority of the Board should be independent Directors.

Board of Directors

The Directors are listed on page 32 of this report. A more detailed profile is available on the company website here which includes information on the year of appointment, skills, experience and background of each Director.

The roles of the Board Chair, Audit and Finance 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 at page 60.

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 years +
Number of Directors	2	2	3

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 period to 31 January 2023 are included in the Director Disclosures section on pages 58–60.

Director Independence

On the advice of the Nominations and Remuneration Committee, the Board determines annually on a case-by-case basis who, in its view, are Independent Directors. The guidelines set out in the NZX Code are used for this purpose. 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.

The Board confirms the designation of John Ryder, Paul Steere, Catriona MacLeod and Victoria Taylor as independent Directors as at 31 January 2023, noting Paul Steere resigned as CEO of the Company in 2009. The Board has determined that these Directors, including the Chair of the Board, remained independent during the reporting period.

The Board currently has seven Directors, four of whom are considered independent.

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.

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 at https://www.kingsalmon.co.nz/governance/.

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 document. 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 2024 Annual Report.

The Board is committed to increasing the level of diversity at Board and executive level wherever possible, however no measurable objectives were set for the year ended 31 January 2023.

Responsibility for workplace diversity and the setting of measurable objectives is held by the Nominations and Remuneration Committee.

The gender composition of the Company is as follows:

	As at 31 January 2023		As at 31 January 2022	
Position	**Female**	**Male**	**Female**	**Male**
Board	3 (43%)	4(57%)	2 (29%)	5(71%)
Senior Leadership Team	3 (33%)	6 (67%)	2 (20%)	8 (80%)
NZKS Organisation	171 (39%)	264 (61%)	232 (40.6%)	339 (59.4%)

The Company has a long-term target of equal male and female representation at Board and SLT level however this target has not yet been achieved.

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. 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 businesses.

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, and the Board are working through the feedback. The intention is to implement a number of actions for Board development and working practice and to implement these within our Corporate Governance Code.

Recommendation 2.9

An issuer should have an independent Chair of the Board. If the Chair is not independent, 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.

Issuers should have an independent Chair who can contribute to a culture of openness and constructive challenge that allows for a diversity of views to be considered by the Board. Good governance demands an appropriate separation between those charged with managing a listed entity and those responsible for overseeing its managers.

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 formally constituted three committees in June 2018: the Nominations and Remuneration Committee, the Audit and Finance Committee and the Health, Safety and Risk Committee. Each committee focuses on specific areas of governance and together they strengthen the Board's oversight of the Company. Committee membership is reviewed annually.

In FY23 following the summer mortality event, the Board established the Fish Farming Review Committee as a new temporary Committee. The Fish Farming Review Committee was established to consider all aspects of NZKS fish farming, with focus on fish health, farming strategies and opportunities and risks.

Each non-temporary 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 2023.

Director	Board	Audit & Finance Committee	Nominations & Remuneration Committee	Health, Safety & Risk Committee	Fish Farming Review Committee
John Ryder *(Chair)*	10/10	3/3	-	-	-
Paul Steere *(Chair Audit and Finance Committee)* [1]	9/10	3/3	2/2	-	-
Jack Porus [4] *(Chair Fish Farming Review Committee)*	8/10	3/3	2/2	-	16/16
Catriona Macleod *(Chair Health, Safety and Risk Committee)* [4]	10/10	-	-	4/4	16/16
Chiong Yong Tong	10/10	-	-	3/4	-
Yuen Ping Carol Chen	10/10	-	-	-	-
Victoria Taylor *(Chair of Nominations and Remuneration Committee)* [2]	10/10	-	2/2	-	-
Grant Rosewarne *(Executive Director)* [3]	5/10	-	-	-	-

[1] Paul Steere stepped down as the Chair of the Nominations and Remuneration Committee in May 2022.

[2] Victoria Taylor was appointed to the NZKS Board on 23 February 2022 and appointed to Chair the Nominations and Remuneration Committee from May 2022.

[3] Grant Rosewarne retired as a Director on 27 June 2022 and resigned as CEO effective 1 November 2022.

[4] The Fish Farming Review Committee was established in May 2022.

Recommendation 3.1

An issuer's Audit and Finance Committee should operate under a written charter. Membership on the Audit and Finance Committee should be a majority of Independent Directors and comprise solely of non-executive Directors of the issuer. The Chair of the Audit and Finance Committee should not also be the Chair of the Board.

Audit and Finance Committee

The primary function of the Audit and Finance Committee is to assist the Board in fulfilling its oversight responsibilities relating to the Company:

- To oversee the financial reporting and continuous disclosure processes ensuring that the interests of shareholders are properly protected.
- To ensure internal control and disclosure maintains integrity, transparency and adequacy.
- To provide the Board with an independent assessment of the Company's financial position and accounting affairs.
- To oversee the Company's capital and treasury management.

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), John Ryder (independent, non-executive) and Jack Porus (nominated as a Director by Oregon Group Limited and thus not independent). The Chair of the Audit and Finance Committee and the Board Chair are different people. The Audit and Finance Committee held three meetings during the period to 31 January 2023. The agenda items for each meeting generally relate to financial governance, external financial reporting, external audit, internal controls and processes, and compliance.

Recommendation 3.2

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

Meeting Attendance

The CEO, Chief Financial Officer (CFO) and Financial Controller are regularly invited to attend Audit and Finance 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.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee's role is to assist the Board by:

- Establishment of a clear framework for oversight and management of 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 Nominations and Remuneration 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.

Under the Nominations and Remuneration Committee Charter, the Committee shall comprise of, wherever possible, a majority of independent Directors.

The current members of the Committee are Victoria Taylor (Chair) (independent, non-executive) and Jack Porus (nominated as a Director by Oregon Group Limited and thus not independent). Therefore, the Nominations and Remuneration Committee does not currently have a majority of independent Directors as recommended by the NZX Code Recommendations 3.3 and 3.4. The Company has decided that the current composition of the Nominations and Remuneration Committee best serves the Company and is appropriate given the current composition of the Board and allocation of Director responsibilities.

The Committee held two meetings during the financial year to 31 January 2023.

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 Risk Committee

The Company has since 2015 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 Risk Committee in June 2018, which operates under a written charter.

The primary functions of the Health, Safety and Risk Committee are:

- To assist the Board to provide leadership and policy for health and safety, in addition to other risks such as sustainability.
- To assist the Board to fulfil its responsibilities and to ensure compliance with all legislative and regulatory requirements in relation to the health and safety practices of the Company as those activities affect employees and contractors.
- To support the ongoing improvement of health and safety in the workplace.
- Ensure and overview the identification of risk to the Company's operations, both financial and non-financial, the mitigation measures in place and such further measures to be enacted so risk is managed to as satisfactory a level as practical.

The members of the Committee are Catriona Macleod (Chair) (independent, non-executive) and Chiong Yong Tiong (nominated as a Director by Oregon Group Limited and thus not independent).

The Committee held four meetings during the financial year to 31 January 2023.

Fish Farming Review Committee:

In 2023 following the summer mortality event the Board established the Fish Farming Review Committee as a new temporary Standing Committee.

Fish Farming Review Committee was established to consider all aspects of NZKS fish farming.

The primary functions of the Fish Farming Review Committee are:

- To assist the Board in considering all aspects of NZKS fish farming and to present recommendations to the Board and the CEO of the Company.
- 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) and Catriona Macleod (independent, non-executive).

The Committee held sixteen meetings during the financial year to 31 January 2023.

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.

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 4.2

An issuer should make its Code of Ethics, Board and Committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Governance Policies and Charters

The Company's key corporate governance documents, including charters and policies, can be found at https://www.kingsalmon.co.nz/governance/

Recommendation 4.3

Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability 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.

Financial and Non-Financial Reporting

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

The Audit and Finance 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.

The Audit and Finance 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 matters required to be addressed and for which the Committee has responsibility were addressed during the period under review.

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

Both financial and non-financial disclosures are made at least annually, including reporting of material exposure to environmental, economic and social sustainability risks and other key risks.

The Sustainability update for 2023 included in this report at pages 23-26 provides details of the Company's initiatives in this area. The Company draws on five of the United Nations Sustainable Development Goals focusing on the food sector and aquaculture industry both nationally and globally. The five Goals being focused on are: decent work and economic growth, climate action, good health and well-being, responsible consumption and production, and life below water.

5. PRINCIPLE 5 – REMUNERATION

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

Recommendation 5.1

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 Directors and senior management, 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 2023 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 at least once a year. 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 Nominations and Remuneration 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 Nominations and Remuneration 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.

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 $520,000 at the November 2019 Annual Shareholders Meeting, an increase to the fee pool will be requested at the 2023 Annual 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 policy 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 for being a member of the Board's Nominations and Remuneration Committee, Audit and Finance Committee, Health, Safety & Risk Committee and Fish Farming Review Committee (established by the Board in FY23). The payment of an additional fee recognises the additional time commitment required by Directors who serve on those committees. Directors are also entitled to be reimbursed for costs associated with carrying out their duties.

Fees paid to the non-executive Directors of the Company for the period to 31 January 2023 were as follows:

		Fees paid for serving on Committees				Total
Director	**Base Fee**	**Audit & Finance Committee**	**Nominations & Remuneration Committee**	**Health, Safety & Risk**	**Fish Farming Review Committee[4]**	**Fees paid / payable**
John Ryder *(Chair)*	$120,000	$0	$0	$0	$0	$120,000
Jack Porus *(Chair Fish Farming Review Committee)[4]*	$60,000	$4,500	$4,500	$0	$6,750	$75,750
Paul Steere *(Chair Nominations & Remuneration Committee)[1]*	$60,000	$9,000	$2,250	$0	$0	$71,250
Catriona MacLeod *(Chair Health, Safety & Risk Committee)[4]*	$60,000	$0	$0	$9,000	$3,375	$72,375
Chiong Yong Tiong [3]	$53,000	$0	$0	$4,500	$0	$57,500
Yuen Ping Carol Chen	$60,000	$0	$0	$0	$0	$60,000
Victoria Taylor *(Chair of Nominations and Remuneration Committee)[2]*	$56,250	$0	$6,750	$0	$0	$63,000
Total	$469,250	$13,500	$13,500	$13,500	$10,125	$519,875

[1] Paul Steere stepped down as Chair of the Nominations and Remuneration Committee in May 2022

[2] Victoria Taylor was appointed to the NZKS Board on 23 February 2022 and appointed to Chair the Nominations and Remuneration Committee from May 2022

[3] Chiong Yong Tiong – took a reduction in Director fees to help fund the establishment of the Fish Farming Review Committee

[4] The Fish Farming Review Committee was established in May 2022

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 2023 is set out in the remuneration bands detailed below:

	Number of employees	
Remuneration	**FY23**	**FY22**
$100,000 to $109,999	13	7
$110,000 to $119,999	6	6
$120,000 to $129,999	5	10
$130,000 to $139,999	7	5
$140,000 to $149,999	3	5
$150,000 to $159,999	7	5
$160,000 to $169,999	5	1
$170,000 to $179,999	3	2
$180,000 to $189,999	2	0
$210,000 to $219,999	1	2
$220,000 to $229,999	1	0
$250,000 to $259,999	1	1
$260,000 to $266,999	1	1
$310,000 to $319,999	1	1
$340,000 to $349,999	1	0
$530,000 to $539,999	0	1
$1,020,000 to $1,029,999	1	0

* Includes redundancy payments, 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 Nominations and Remuneration 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 FY23 as the Nominations and Remuneration Committee is considering designing a new scheme, the Nominations and Remuneration Committee intention is to reflect the grants that would otherwise been made under the LTI for FY23 once a new scheme has been designed and approved by the Board.

The mix of fixed versus variable 'at risk' remuneration payable in respect of FY23 and FY22 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)[3]	Long-Term Incentive (LTI)	Total at risk	Total remuneration
CEO									
Grant Rosewarne	FY22	$500,219	$17,634	-	$517,853	$16,391	-	$16,391	$534,244
Grant Rosewarne[2]	FY23	$376,165	$18,300	$633,430	$1,027,895	-	-	-	$1,027,895
Graeme Tregidga[2]	FY23	$112,196	$7,877	-	$120,073	-	-	-	$120,073
Other SLT Members	FY22	$1,636,871	$15,252	$11,850	$1,663,973	$25,200	-	$25,200	$1,689,173
Other SLT Members	FY23	$1,814,496	$15,252	$60,000	$1,889,748	-	-	-	$1,889,748

[1] Base Salary includes Super 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] 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 FY22 relates to the achievement of performance related targets in FY21)

1. Fixed annual remuneration

Remuneration levels are reviewed at a minimum of every three years to ensure that they are appropriate for the responsibility, experience and performance of the CEO and each nominated Senior Leaders 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 fringe 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 so as 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.

Actual STI Scheme payments granted to the CEO and each nominated Senior Leader depend on the extent to which specific targets set at the beginning of the year are met. The target for FY23 is directly related to achieving budgeted pro-forma operating EBITDA result, capex target and employee engagement score.

The Nominations and Remuneration Committee considers the performance against the targets and determines the amount, if any, to be allocated to the CEO and nominated Senior Leader. 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	Acting CEO Graeme Tregidga[1]	Other nominated Executives	Total
FY21 STI Paid in FY22	$16,391	$0	$32,039	$48,430
FY22 STI accrued in FY22 *(payable FY23)*	$0	$0	$0	$0
FY22 STI Paid in FY23	$0	$0	$0	$0
FY23 STI accrued in FY23 *(payable FY24)*	$140,490	$30,000	$392,315	$562,805

[1] This relates to the period he was Acting CEO in FY23 (from 1 November 2022). An additional amount relating to his role as GM Sales is included within 'Other nominated Executives'.

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 2023. For the financial period to 31 January 2023 there were 10 nominated Senior Leaders in the STI Scheme, (31 January 2022: 10 nominated Senior Leaders). In addition to the CEO and nominated Senior Leaders, an addiitonal $70k 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. For the financial period to 31 January 2023, there were no ad hoc bonus payments to the CEO or other nominated Senior Leaders (31 January 2022, $nil).

3. 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 Nominations and Remuneration 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 as the Nominations and Remuneration Committee is considering the design of a new scheme, the Nominations and Remuneration Committee intention is to reflect the grants that would otherwise have been made under the LTI for FY23 once a new scheme has been designed and approved by the Board. (31 January 2022: 559,855 shares acquired with matching interest free loans of $888,977)

During the year, a number of employees left the Company, resulting in the forfeiture, buy back or exercise of 1,500,530 shares (31 January 2022: 1,159k shares), the consequent exercise of call options and redemption of gross loans of $2,231,125 (31 January 2022: $1,051). Details of a put option held by ex-CEO Grant Rosewarne in relation to loans outstanding on vested shares acquired by a family trust associated by Mr Rosewarne are detailed under loans outstanding on vested shares.

LTI Scheme loan amounts are set as a percentage of base cash remuneration, being 30% for the CEO and between 5% and 15% for other nominated participants in respect of the financial year ended 31 January 2022 (No grant LTI was made in FY23). As at 31 January 2023, there were 42 nominated participants remaining in the LTI Scheme, (31 January 2022: 51 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 2023 are as follows:

				Number of Shares				
Scheme	**Allocation date**	**Vesting date**	**Average share price**	**Balance at start of year**	**Granted during the year**	**Vested during the year**	**Lapsed or transferred during the year**	**Balance at the end of the year**
LTI 2018 Scheme *(A)*	27 Sep 2018	1 Sep 2021	$1.30	179,772	-	-	(179,772)	-
LTI 2019 Scheme *(A)*	5 Nov 2019	1 Sep 2022	$1.41	178,377	-	-	(178,377)	-
LTI 2019 Scheme *(B)*	5 Nov 2019	1 Sep 2022	$2.13	25,114	-	-	(25,114)	-
LTI 2020 Scheme *-Sen. Exec.*	8 Oct 2020	4 Nov 2022	$1.72	907,907	-	-	(907,907)	-
LTI 2020 Scheme *(A)*	28 Jan 2022	1 Sep 2023	$1.53	276,843	-	-	(147,308)	129,535
LTI 2021 Scheme *(A)*	28 Jan 2022	1 Sep 2024	$1.76	253,055	-	-	(126,504)	126,551
LTI 2021 Scheme *(E)*	28 Jan 2022	1 Sep 2024	$1.36	87,206	-	-	(13,759)	73,447
LTI 2021 Scheme *-Sen. Exec.*	28 Jan 2022	14 Oct 2024	$1.48	219,595	-	-		219,595
Totals				**2,127,869**	**-**	**-**	**(1,578,741)**	**549,128**

CEO - Grant Rosewarne							Number of Shares	
Scheme	Allocation Date	Vesting Date	Weighted average share price	Balance at start of year	Granted during the year	Vested during the year	Lapsed or transferred during the year	Balance at the end of the year
LTI 2018 scheme	27 Sep 2018	1 Sep 2021	$1.30	90,510	-	-	(90,510)	-
LTI 2019 scheme	5 Nov 2019	1 Sep 2022	$1.41	83,449	-	-	(83,449)	-
SLT LTI 2020 scheme	8 Oct 2020	4 Nov 2022	$1.72	544,535	-	-	(544,535)	-
LTI 2020 scheme	8 Oct 2020	1 Sep 2023	$1.53	91,824	-	-	(91,824)	-
LTI 2021 scheme	28 Jan 2022	1 Sep 2024	$1.76	79,824	-	-	(79,824)	-
Totals				**890,142**	**-**	**-**	**(890,142)**	**-**

Grant Rosewarne resigned as CEO effective 1 November 2022, following Grant's resignation Graeme Tregidga was appointed as Acting CEO.

Acting CEO - Graeme Tregidga							Number of Shares	
Scheme	Allocation Date	Vesting Date	Weighted average share price	Balance at start of year	Granted during the year	Vested during the year	Lapsed or transferred during the year	Balance at the end of the year
LTI 2018 scheme	27 Sep 2018	1 Sep 2021	$1.30	22,509	-	-	(22,509)	-
LTI 2019 scheme	5 Nov 2019	1 Sep 2022	$1.41	20,753	-	-	(20,753)	-
SLT LTI 2020 scheme	8 Oct 2020	4 Nov 2022	$1.72	125,000	-	-	(125,000)	-
LTI 2020 scheme	8 Oct 2020	1 Sep 2023	$1.53	21,078	-	-	-	21,078
LTI 2021 scheme	28 Jan 2022	1 Sep 2024	$1.76	18,324	-	-	-	18,324
Totals				**207,664**	**-**	**-**	**(168,262)**	**39,402**

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 participants are not recorded on the Group's balance sheet.

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 2023, 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 ex-CEO Grant Rosewarne in relation to loans outstanding on vested shares acquisition by a family trust associated by Mr Rosewarne 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 2023 was ($429k) (31 January 2022: $136k).

[1] Grant Rosewarne resigned as CEO effective 1 November 2022, and Graeme Tregidga was appointed as Acting CEO. In connection with Grant Rosewarne's resignation, the Company has agreed to grant 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 by 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.

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-Aug-18	$0.48	3,062,164	-	3,062,164	734,973	2,327,191	893,750	-	893,750
LTI IPO	31-Aug-16	1-Sep-19	$1.12	993,671	220,500	773,171	280,830	492,341	551,422	77,886	473,536
LTI 2017a	29-Sep-17	1-Sep-20	$1.22	270,274	15,073	255,201	121,318	133,883	163,337	14,950	148,387
LTI 2017b	29-Sep-17	1-Sep-20	$1.77	47,241	17,611	29,630	17,569	12,061	21,348	3,309	18,039
Total				4,373,350	253,184	4,120,166	1,154,690	2,965,476	1,629,857	96,145	1,533,713

CEO	Year	Shares Vested	Loan
Grant Rosewarne	FY22	2,340,883	$ 1,102,189
Grant Rosewarne[1]	FY23	2,340,883	$1,102,189
Graeme Tregidga[1]	FY23	185,594	$118,562

NZKS has determined that it will offer to acquire the Option Shares (Buyback Offer). The terms of the Buyback Offer are as follows:

1. 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.

2. 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.

Employee Share Ownership Scheme

At the time of the Company's initial public offering, 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 loans 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 2023, 4 employees holding shares have left the Company (31 January 2022: 5), and no shares have been sold by current employees (31 January 2022: 0). As at 31 January 2022, the following shares were held by employees under the Employee Share Ownership Plan.

	Allocation date	Vesting 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 Oct 2016	19 Oct 2016	77,962	22,642	55,320

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 and financial risks are identified, and that appropriate controls and procedures are in place to effectively manage those risks.

The Health, Safety 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, in FY23 the Board established the Fish Farming Review Committee to consider all aspects of NZKS fish farming.

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.

The Company has designed and implemented a risk framework for the oversight and management of financial and non-financial business risks, as well as related internal compliance systems that are designed to:

- Ensure team members and contractors work in a safe and healthy working environment.
- Optimise the return to stakeholders whilst also protecting their interests.
- Safeguard the Company's assets, biological assets and the environment.
- Maintain food quality standards and product quality.
- Fulfil the Company's strategic objectives.
- Manage the financial and non-financial risks associated with the business.

The Board has delegated responsibility to the Health, Safety & Risk Committee to establish and regularly review the Company's risk management framework. As part of this framework the 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. A risk management policy is overseen by the CEO and supports a comprehensive approach to the management of those risks identified as material to the Company's operations. Risk management is a standing item on the agenda for Health, Safety & Risk Committee meetings, with detailed reports provided by senior management.

The CEO and CFO have provided the Board, through the Audit and Finance 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 their 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 & Risk 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 in all areas of the business.

The Company uses a risk-based approach, having identified a number of critical risk areas, including:

- Access to water space
- Fish health
- Climate change
- Food safety
- Health & safety (maritime operations, plant and equipment)

Each of these critical risk areas has initiatives designed to eliminate, isolate or minimise risk.

The Company uses a combination of leading and lagging performance measures in health and safety.

7. PRINCIPLE 7 – AUDITORS

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

Recommendation 7.1

The Board should establish 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 and Finance Committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

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 and Finance 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 at **www.kingsalmon.co.nz/governance/.**

Ernst & Young is the Company's current external auditor. Brendon Summerfield is the current audit engagement partner, in his second 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 and Finance 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 and Finance 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 and Finance 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 auditor has been invited to attend the Annual Shareholders' Meeting and will 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. The objective of the quality and compliance team is to enhance and protect the organisational value of the Company by providing risk-based and objective assurance. The management Health and Safety Steering Group has overseen internal safety audits throughout the farming and manufacturing process. The Health, Safety and Risk Committee now oversees this function.

Where necessary, external expertise is obtained for specific audit activities.

Independent Professional Advice

With the approval of the Audit and Finance Committee, Directors are entitled to seek independent professional advice on any issue related to the fulfilment of his or her duties, at the Company's expense. During FY23 the Directors sought independent professional advice from:

- an external advisor to undertake a 360-degree feedback review of the CEO and peer and management review of the Board
- an external advisor to assist with expert knowledge for the Fish Farming Review Committee

8. PRINCIPLE 8 – SHAREHOLDER 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 stock exchanges, 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, each shareholder is entitled to receive a paper copy of each annual report.

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, Aquaculture Best Management Practices (BMP), 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 providing 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 in.

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 to send in a proxy vote. 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 rate 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 2023:

Directors	John Ryder	Jack Porus	Chiong Yong Tiong	Paul Steere	Grant Rosewarne[1]	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				✓	✓						✓
Ora King Limited				✓	✓						✓
Regal Salmon Limited				✓	✓						✓
Southern Ocean Salmon Limited				✓	✓						✓
Southern Ocean Seafoods Limited				✓	✓						✓

[1] Grant Rosewarne retired as a Director New Zealand King Salmon Investments Limited on 27 June 2022. Grant Rosewarne resigned as CEO and his other NZKS Directorships 1 November 2022

INTERESTS REGISTER

The following entries were made in the interests register of the Company during the year ended 31 January 2023:

Share Dealings by Directors

Dealings by Directors and key senior managers during the period ended 31 January 2023 as entered in the Interest Register of the Company are as follows:

Share Dealings by Directors/Officers[1]

Name of Director/Senior Executive	No. of shares	Nature of interest	Acquisition/ Disposal	Consideration (per share)	Date
Grant Rosewarne[2]	8,943,447	Beneficial Owner	Acquisition	$0.15	12 May 2022
	2,300	Beneficial Owner	Disposal	$0.26	12 May 2022
	90,510	Beneficial Owner	Forfeiture of shares under LTI scheme	$1.23	14 Jun 2022
	83,449	Beneficial Owner	Forfeiture of shares under LTI scheme	$1.39	30 Sep 2022
	716,183	Beneficial Owner	Forfeiture of shares under LTI scheme	$1.70	1 Nov 2022
Graeme Tregidga[2]	125,000	Beneficial Owner	Forfeiture of shares under LTI scheme	$1.72	12 Dec 2022
Jack Porus	4,389,671	Beneficial Owner	Acquisition	$0.15	12 May 2022
Paul Steere	1,660,000	Beneficial Owner	Acquisition	$0.15	12 May 2022
John Ryder	3,333,334	Beneficial Owner	Acquisition	$0.15	12 May 2022

[1] Source Computershare

[2] Grant Rosewarne resigned as CEO effective 1 November 2022, following Grant's resignation Graeme Tregidga was appointed as Acting CEO. Graeme Tregidga's share dealings are from the time of his appointment as Acting CEO.

Disclosure of interest in the Interests Register

Details of Director's disclosures entered in the interests register for the Company as at 31 January 2023 were as follows:

[1] Represent additions into the interests register during the year ended 31 January 2023.

Director	Name of Interest	Nature of Interest
John Ryder *(Chair)*	Aged Care Education (NZ) Limited	Director & Shareholder
	Alpine View Care Centre Limited	Director
	Alpine View Lifestyle Village Limited	Director
	Ashbury Heights Limited	Director
	Banbury Park Limited	Director
	Broadwater Village Limited	Director
	Brycharl Corporation Limited	Director & Shareholder
	Burlington Village Limited	Director
	Castle Recruitments Limited	Director & Shareholder
	Coastal View Limited	Director
	Direct Capital VI Management Limited	Director
	Kindly Limited	Director
	Qestral Corporation Limited	Director & Shareholder
	Questral Corporation Limited	Director
	Spyglass Trading Limited	Director & Shareholder
	Sweat Equity Limited	Director & Shareholder
	Tuatara Tours NZ Limited	Director & Shareholder
	Brycharl Custodian Limited[1]	Director
	Brycharl Investments Limited[1]	Director & Shareholder
	Bloody Good Events Limited[1]	Director
	Spritely Limited[1]	Director
Jack Porus	Glaister Ennor Holdings Ltd and associated entities	Consultant
	GEK Property Management Ltd and associated entities	Director & Shareholder
	Ernslaw One Ltd[1]	Director
	The Neil Group Ltd[1]	Director
	Vulcan Mortgage Management Ltd[1]	Director & Shareholder
	Harbour View Investments Ltd[1]	Director
	Whitford Forest Holdings Company[1]	Director
	Mortgage Holdings Ltd[1]	Director & Shareholder
	The Rotary Club of Auckland Trustee Company Ltd[1]	Director
	Pinnacle Life Ltd[1]	Director
	Tauranga Storage Ltd[1]	Director & Shareholder
	Norfolk Mortgage Management Ltd	Director & Shareholder
Paul Steere	Aquaculture Advisory Panel, South Pacific Community	Chair
	Nelson City Council City for all Ages Committee[1]	Chair
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
Catriona Macleod	Australian Sustainable Seaweed Alliance	Director
	Derwent Estuary Program	Director
	The Institute of Marine & Antarctic Studies at the University of Tasmania[1]	Director
Victoria Taylor	AsureQuality NED[1]	Director
	Three60 Consult[1]	Chair
	FreshCo[1]	Chair
	Primary Connection[1]	Director & Shareholder
	Foot Science International[1]	Director

Relevant Interests

The table below records the ordinary shares in which Directors had a relevant interest as at 31 January 2023.

Name of Director	Number of Ordinary Shares - Beneficial	Number of Ordinary Shares - Non-Beneficial
John Ryder *(Chair)*	5,500,978	-
Jack Porus	4,762,128	-
Paul Steere	2,445,325	-

(1) Neither Catriona Macleod, Chiong Yong Tiong, Carol Chen nor Victoria Taylor held any relevant interests (beneficial or non-beneficial) as at 31 January 2023.

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 2023 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 - 4,999	1,171	2,264,773	0.4
5,000 - 9,999	438	3,054,843	0.6
10,000 - 49,999	976	22,970,547	4.2
50,000 - 99,999	266	18,046,994	3.3
100,000 - 499,999	192	39,442,469	7.3
500,000 - 999,999	20	13,913,256	2.6
Over 1,000,000	33	441,761,828	81.6
Total	**3,096**	**541,454,710**	**100**

20 Largest Shareholders

Set out below are details of the 20 largest shareholders of the Company as at 6 March 2023:

Shareholder	Shares	% of shares
Oregon Group Limited	214,146,078	39.55
China Resources Enterprise Limited	53,125,934	9.81
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	49,162,718	9.08
Masfen Securities Limited	15,121,468	2.79
ANZ Wholesale Australasian Share fund - NZCSD	11,901,047	2.20
Grantley Bruce Rosewarne & Bianca Jade Rosewarne	9,840,873	1.82
New Zealand Depository Nominee Limited	9,464,492	1.75
Accident Compensation Corporation - NZCSD	8,828,869	1.63
FNZ Custodians Limited	6,797,983	1.26
Custodial Services Limited	6,134,471	1.13
John William Dudley Ryder	5,322,978	0.98
HSU-Cheng Yang	4,890,000	0.90
Jack Lee Porus & Robert Narev	4,762,128	0.88
NZKS Custodian Limited	2,855,246	0.53
MA Investments Two Limited	2,774,825	0.51
Hobson Wealth Custodian Limited	2,752,046	0.51
Takutai Limited	2,500,000	0.46
Peter Plowman	2,333,808	0.43
Iconic Investments Limted	2,282,186	0.42
Citibank Nominees (New Zealand) Limited - NZCSD	2,054,641	0.38

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 2023. 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 2023.

Shareholder	Number of 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	49,162,718	Ordinary

Annual Shareholders Meeting

The Company's 2023 Annual Shareholder's Meeting will be an in-person meeting held on 14 June 2023. Shareholders will be given an opportunity at the meeting to ask questions and comment on relevant matters. Notice of Meeting will be sent to shareholders in advance of the meeting.

NZX Waiver

On 31 March 2022, the Company was granted a waiver from NZX Listing Rule 3.5.1, which ordinarily requires the Company to release a Results Announcement through MAP no later than 60 days after the end of its financial year. In reliance on this waiver, the Company released its results for the 12 months ending 31 January 2022 on 13 April 2022. The delay was due to the disruption caused by the Omicron variant of COVID-19, which impacted either directly or indirectly (close contacts) members of the Company's finance team and its audit provider.

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 2023.

Donations

Donations made by the Group during the period to 31 January 2023 totalled $4,775 (31 January 2022:$9,656). No donations were made to political parties.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

John William Dudley Ryder

Independent Non-Executive Chair

Grantley Bruce Rosewarne

Chief Executive Officer and Managing Director (retired as a Director on 27 June 2022 and resigned as CEO effective 1 November 2022)

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

COMMITTEE MEMBERS

Audit and Finance Committee

Paul Steere (Chair)
John Ryder
Jack Porus

Nomination and Remuneration Committee

Victoria Taylor (Chair)
Jack Porus

Health, Safety and Risk Committee

Catriona Macleod (Chair)
Chiong Yong Tiong

Fish Farming Review Committee (Est. May 2022)

Jack Porus (Chair)
Catriona Macleod

BANKERS

The Bank of New Zealand

Deloitte Centre, Level 6, 80 Queen Street, Auckland

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

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

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Financial Statements

For the year ended 31 January 2023

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2023

	Note	2023 $000	2022 $000
Revenue from contracts with customers	32	167,131	174,530
Cost of goods sold	14	(164,657)	(177,774)
Fair value gain on biological transformation	15	49,628	41,261
Freight costs to market		(21,479)	(25,275)
Gross profit		**30,623**	**12,743**
Other income	6	8,577	402
Sales, marketing and advertising expenses		(12,245)	(13,471)
Distribution overheads		(3,463)	(5,204)
Corporate expenses		(10,854)	(8,649)
Other expenses	7	(940)	(1,414)
Profit/(loss) before interest, tax, depreciation, amortisation and impairment		**11,698**	**(15,593)**
Depreciation and amortisation expense	16,17,18	(7,915)	(10,125)
Impairment	5	(507)	(59,255)
Finance income	8	337	17
Finance expenses	8	(1,499)	(2,636)
Profit/(loss) before tax		**2,114**	**(87,593)**

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

	Note	2023 $000	2022 $000
Income tax credit/(expense)	9	(223)	14,390
Net profit/(loss) after tax		**1,891**	**(73,202)**
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	334	214
Movement on cash flow hedges	10	3,878	(11,765)
Release of early closed out foreign exchange contracts	10	(7,775)	-
Deferred tax on early closed out foreign exchange contracts	10	2,177	-
Income tax effect of movement on cash flow hedges	10	(1,074)	3,294
Net other comprehensive income/(loss)		**(2,460)**	**(8,257)**
Total comprehensive income/(loss)		**(569)**	**(81,459)**
Earnings per share			
Basic earnings per share	11	$0.00	$(0.53)
Diluted earnings per share	11	$0.00	$(0.53)

STATEMENT OF FINANCIAL POSITION

As at 31 January 2023

ASSETS	Note	2023 $000	2022 $000
Current assets			
Cash and cash equivalents	12	19,221	2,913
Trade and other receivables	13	16,573	19,817
Taxation receivable		164	294
Inventories	14	29,729	34,636
Biological assets	15	60,348	65,529
Derivative financial assets	25	1,906	1,338
Total current assets		**127,941**	**124,527**
Non-current assets			
Property, plant and equipment	16	48,176	50,620
Biological assets	15	12,344	9,432
Derivative financial assets	25	4,106	3,112
Intangible assets	17	3,486	3,893
Right-of use assets	18	4,316	5,744
Deferred tax asset	9	919	-
Goodwill	17	-	-
Total non-current assets		**73,347**	**72,801**
TOTAL ASSETS		**201,288**	**197,328**

DIRECTOR – JOHN RYDER
28 March 2023

DIRECTOR – PAUL STEERE
28 March 2023

The consolidated statements 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 28 March 2023.

LIABILITIES	Note	2023 $000	2022 $000
Current liabilities			
Trade and other payables	21	13,662	16,434
Employee benefits	22	3,465	2,831
Borrowings	20	750	49,659
Lease liabilities	19	1,191	1,531
Other financial liabilities	29	278	233
Derivative financial liabilities	25	3,112	3,628
Taxation payable		-	301
Total current liabilities		**22,458**	**74,617**
Non-current liabilities			
Employee benefits	22	501	430
Borrowings	20	2,750	-
Lease liabilities	19	3,328	4,402
Deferred tax liabilities	9	-	-
Derivative financial liabilities	25	4,345	6,650
Total non-current liabilities		**10,924**	**11,482**
TOTAL LIABILITIES		**33,382**	**86,099**
NET ASSETS		**167,906**	**111,229**
EQUITY			
Share capital	27	180,143	122,606
Reserves		7,423	10,175
Retained earnings/(deficit)		(19,660)	(21,552)
TOTAL EQUITY		**167,906**	**111,229**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2023

	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 01 February 2022		122,606	(948)	10,003	1,120	(21,551)	**111,230**
Profit for the year		-	-	-	-	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	27	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**
Balance as at 1 February 2021		122,606	(1,162)	18,474	974	51,651	**192,543**
Loss for the period		-	-	-	-	(73,202)	**(73,202)**
Other comprehensive income/(loss)	10	-	214	(8,471)	-	-	**(8,257)**
Total comprehensive income/(loss) for the period		**-**	**214**	**(8,471)**	**-**	**(73,202)**	**(81,459)**
Share based payment expense		-	-	-	146	-	**146**
Balance as at 31 January 2022		**122,606**	**(948)**	**10,003**	**1,120**	**(21,551)**	**111,230**

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

STATEMENT OF CASH FLOWS

For the year ended 31 January 2023

	Note	2023 $000	2022 $000
Operating activities			
Receipts from customers		170,641	171,644
Payments to suppliers		(118,404)	(129,077)
Payments to employees		(40,972)	(43,556)
Interest received		337	17
Interest paid		(1,047)	(1,685)
Insurance and settlement income		2	1
Government grants received		205	340
Proceeds from foreign currency forward contracts closed early		-	13,495
Income tax paid		(287)	(4,171)
Net cash flows from / (used in) operating activities	31	**10,475**	**7,008**
Investing activities			
Proceeds from sale of property, plant and equipment		1,243	17
Purchase of property, plant and equipment		(4,557)	(10,295)
Purchase of intangible assets		(664)	(2,907)
Net cash flow (used in) / from investing activities		**(3,978)**	**(13,185)**
Financing activities			
Proceeds from borrowings		51,500	174,796
Repayment of borrowings		(97,659)	(167,411)
Gross proceeds from share issue		60,123	-
Equity raise costs		(2,587)	-
Payment of lease liabilities		(1,573)	(1,719)
Net cash flows (used in) / from financing activities		**9,804**	**5,666**
Net increase/(decrease) in cash and cash equivalents		**16,301**	**(511)**
Net foreign exchange difference		7	(55)
Cash and cash equivalents at beginning of the year	12	2,913	3,479
Cash and cash equivalents at year end	12	**19,221**	**2,913**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2023

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 2023 were authorised by the directors on 28 March 2023.

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) 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 judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, 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, quality mix, 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.

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 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.

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.

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. SIGNIFICANT ACCOUNTING POLICIES

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 not discounted and are initially stated at cost. 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.

Trade and other payables

Trade and other payables are carried at cost due to their short term nature and 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.

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 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 standard costs. The cost of items transferred from biological assets is their fair value less costs to sell at the point 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 target live weight of the harvestable fish is defined as a fish with a live weight of 4kg. 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.

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 twenty years

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. Leases

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.

- 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 $3.6m was recognised in operating expense (2022: $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 expenses 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. For any impairment recognised on fixed and intangible assets (excl. goodwill) NZKS assesses whether there is any indication that previously recognised impairment losses no longer exist, or if the assessed impairment amount has decreased.

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.

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:

Trade marks	
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.

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.

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.

o. Comparatives

Certain prior year comparatives have been reclassified to align with the current period's presentation. The reclassification is in respect of Note 9 – Tax Note (Statement of comprehensive income impact of deferred tax assets and liabilities).

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 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.

5. IMPAIRMENT

Impairment	2023 $000	2022 $000
Plant, equipment and fittings	-	12,117
Vehicles and sea vessels	-	511
Development in progress	507	5,587
Trademarks	-	13
Farm and hatchery licenses	-	1,009
Software	-	763
Goodwill	-	39,255
Total impairment	**507**	**59,255**

In the prior year, following on from an unexpected increase in sea farm mortality predominantly seen at our warmer sites towards the end of FY22, the Group approved a strategy change to reduce farming at our warmer sites over summer. This strategy had a significant impact on future harvest volumes and therefore a reduction in future cash flows. A value in use calculation using a discounted cash flow approach (DCF) was prepared at 31 January 2022 resulting in a $39.255m impairment to goodwill, $5.6m impairment to development in progress and an additional impairment of $14.4m, which has been allocated on a pro rata basis to intangible assets and plant and equipment.

In FY23 consideration has been given to the status of development projects in light of appeals relating to the Blue Endeavour consent, which was approved in November 2022. These appeals raise uncertainty on timing to complete this capital project. As a result, the capitalised development costs have been written off at balance date.

6. OTHER INCOME

Other income	2023 $000	2022 $000
Grants received	205	340
Profit on sale of property, plant and equipment	-	17
Release of early closed out foreign exchange contracts from OCI	7,775	-
Other income	597	45
Total other income	**8,577**	**402**

7. EXPENSES

Other expenses include:	2023 $000	2022 $000
Trade receivables written off	-	-
Impairment/(Reversal) of trade receivables	(78)	44
Research costs	473	768
Net loss on sale of assets	15	153
Low value leases	-	3
Directors' fees	520	429
Other directors' expenses	5	10
Donations	5	10

Employee benefits expense	$000	$000
Wages and salaries	35,096	36,427
Defined contribution plan expenses	885	914
Restructuring costs	300	12
Other employee benefits expenses	4,445	5,301
Outsourced labour	500	890
Total employee benefits expense	**41,226**	**43,544**

Compensation of key management personnel of the Group	$000	$000
Short-term employee benefits *(including contractual obligations on resignation & exit payments)*	2,946	2,027
Share based payment expense/(credit)	(375)	21
Post employment pension and medical benefits	92	112
Total compensation of key management personnel of the Group	**2,663**	**2,160**

8. FINANCE INCOME AND COSTS

Finance income	2023 $000	2022 $000
Interest income	337	17
Total finance income	**337**	**17**

Finance costs	$000	$000
Bank facility fees	452	920
Interest on bank loans and overdrafts	838	1,467
Interest on leases	209	249
Total finance costs	**1,499**	**2,636**

9. INCOME TAX

Recognised in the consolidated statement of comprehensive income	2023 $000	2022 $000
Current income tax expense	129	(794)
Deferred tax relating to origination and reversal of temporary differences	94	(13,596)
Total income tax expense/(credit) in the statement of comprehensive income	**223**	**(14,390)**
Tax amounts posted directly to other comprehensive income	**(1,103)**	**(3,294)**
Tax amounts posted directly to equity	**90**	**(32)**

Reconciliation of tax expense to statutory income tax rate	2023 $000	2022 $000
Profit / (loss) before tax	2,114	(87,593)
Income tax using the company tax rate 28%	592	(24,526)
Non deductible/non assessable items	21	2
Impairment of goodwill	-	10,991
Unrecognised tax losses	(105)	105
Prior period adjustment	(266)	(991)
Adjustment for varying tax rates	(27)	10
Other differences	8	19
Total tax expense / (credit)	**223**	**(14,390)**

Statement of financial position deferred tax assets and liabilities	**2023**	**2022**
Deferred tax liabilities	**$000**	**$000**
Fair value adjustment to biological assets	(8,632)	(6,829)
Unrealised gains on foreign currency hedges	(1,684)	(1,246)
Increase accounting cost for finished goods	(69)	(304)
Total deferred tax liabilities	**(10,385)**	**(8,379)**
Deferred tax assets		
Accelerated depreciation for tax purposes	2,327	2,605
Leases	57	-
Provision for doubtful trade debtors	18	41
Provision for employee benefits	692	897
Share based payments	205	295
Tax losses	5,350	1,326
Unrealised losses on foreign currency hedges	2,088	2,725
Other provisions	567	490
Total deferred tax assets	**11,304**	**8,379**
Net deferred tax assets (liabilities)	**919**	**–**

Unused tax losses		
Unused tax losses for which no deferred tax asset has been recognised	-	378
Potential tax benefit @ 28%	**-**	**106**
The unused tax losses relate to the New Zealand operations and can be carried forward indefinitely subject to the shareholder continuity test.		

Statement of comprehensive income impact of deferred tax assets and liabilities	**2023**	**2022**
Deferred tax liabilities	**$000**	**$000**
Fair value adjustment to biological assets	1,803	(2,457)
Unrealised gains on foreign currency hedges	437	(4,848)
Increase accounting cost for finished goods	(235)	(260)
Total deferred tax liabilities	**2,005**	**(7,565)**
Deferred tax assets		
Accelerated depreciation for tax purposes	278	(5,714)
Leases	(57)	-
Provision for doubtful trade debtors	24	(12)
Provision for employee benefits	205	(132)
Tax losses	(4,024)	(1,326)
Unrealised gains on foreign currency hedges	637	(2,207)
Other provisions	(77)	66
Total deferred tax assets	**(3,014)**	**(9,325)**
Deferred tax expense / (credit)	**(1,009)**	**(16,890)**

Imputation credit account

The imputation credit account balance in the Group as at 31 January 2023 is $10,549k (31 January 2022: $9,517k).

10. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Movement in reserves	2023 $000	2022 $000
Forward currency contracts		
Reclassification during the period to profit or loss	42	(64)
Income tax effect	-	18
Realised/unrealised net gain/(loss) during the period	3,836	(13,193)
Income tax effect	(1,074)	3,694
Release of early closed out foreign exchange contracts	(7,775)	-
Income tax effect	2,177	-
Interest rate swaps		
Realised/unrealised net gain/(loss) during the period	-	944
Income tax effect	-	(265)
Reclassification during the period to profit or loss	-	547
Income tax effect	-	(153)
Currency translation differences		
Translation of foreign operations	334	214
Net movement in other comprehensive income	**(2,460)**	**(8,257)**

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	2023 $000	2022 $000
Profit / (Loss) attributable to ordinary equity holders	1,891	(73,202)

	# of Shares $000	# of Shares $000
Weighted average number of ordinary shares for basic and diluted earnings per share	431,642	139,004
Basic earnings per share	$0.00	$(0.53)
Diluted earnings per share	$0.00	$(0.53)

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2023 $000	2022 $000
Cash at bank and on hand	5,341	2,452
Short-term deposits	12,680	461
Cash in solicitors trust account relating to sale of Waiau hatchery	1,200	-
Total cash and cash equivalents	**19,221**	**2,913**

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables	2023 $000	2022 $000
Trade receivables	13,492	16,615
Allowance for expected credit losses	(63)	(141)
Prepayments	2,518	2,851
Other receivables	626	492
Total trade and other receivables	**16,573**	**19,817**

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

Ageing analysis of trade receivables	2023 $000	2022 $000
> 90 days overdue	84	5
61 - 90 days overdue	29	2
31 - 60 days overdue	264	103
< 30 days overdue	3,795	3,747
Not yet due	9,320	12,758
Total receivables	**13,492**	**16,615**

Receivables impairment	2023 $000	2022 $000
As at beginning of the year	141	97
Additional provisions for impairment	-	44
Receivables written off during the period	-	-
Reversal of unused amounts	(78)	-
As at year end	**63**	**141**

14. INVENTORIES

Inventories	2023 $000	2022 $000
Raw materials	6,419	10,509
Work in progress	1,554	1,705
Finished goods	21,756	22,422
Total inventories	**29,729**	**34,636**

The carrying value of finished goods as at 31 January 2023 includes a fair value uplift at point of harvest of $6,891k (2022: $8,665k) and net realisable value provision of $5,631k (2022: $7,708k).

Amount of inventories recognised as an expense in the statement of comprehensive income	2023 $000	2022 $000
Cost of inventories recognised as an expense	166,742	180,987
Movement in net realisable value provision	(2,085)	(3,213)
Total cost of goods sold including fair value uplift at point of harvest	**164,657**	**177,774**

The cost of inventories recognised as an expense for the year ended 31 January 2023 includes a fair value uplift at point of harvest of $45,977k (2022: $54,313k).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 2023 no volumes were forecasted to be sold at returns materially below deemed cost plus further manufacturing costs. As a result, the overall deemed cost of inventory on hand takes this into account and therefore increase the carrying value by the impact of the higher expected sales prices.

15. BIOLOGICAL ASSETS

The Group has two hatcheries (2022: three hatcheries) in the South Island and six operational (2022: nine operational) marine salmon farms in the Marlborough Sounds. The fish livestock typically grow for up to 31 months before harvest.

Biological assets	Cost $000	Fair Value Gain $000	Total $000
As at 1 February 2022	50,575	24,386	74,961
Increase due to biological transformation[1]	77,712	42,967	120,679
Decrease due to harvest[2]	(59,463)	(44,203)	(103,666)
Decrease due to mortality[3]	(25,943)	-	(25,943)
Changes in fair value[4]	-	6,661	6,661
As at 31 January 2023	**42,881**	**29,811**	**72,692**

[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	Fair Value Gain $000	Total $000
As at 1 February 2021	55,025	33,163	88,188
Increase due to biological transformation	83,311	33,876	117,187
Decrease due to harvest	(66,920)	(50,038)	(116,958)
Decrease due to mortality	(20,841)	-	(20,841)
Changes in fair value	-	7,385	7,385
As at 31 January 2022	**50,575**	**24,386**	**74,961**

Biological assets	2023 $000	2022 $000
Current	60,348	65,529
Non-Current	12,344	9,432
As at 31 January 2023	**72,692**	**74,961**

Fair value gain/(loss) recognised in profit and loss	2023 $000	2022 $000
Gain arising from growth of biological assets	42,967	33,876
Movement in fair value of biological assets	6,661	7,385
Total fair value gain on biological transformation	**49,628**	**41,261**

Estimated closing biomass	2023 tonnes	2022 tonnes
Closing fresh water stocks	163	199
Closing sea water stocks	4,457	5,816
Total estimated closing biomass live weight as at year end	**4,620**	**6,015**

	2023 tonnes	2022 tonnes
Total live weight harvested for the year	**6,834**	**8,389**

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 from cost at 31 January 2023 has increased due to a decrease in forecasted mortalities and a consequential increase in the forecasted harvest. Mortality assumptions made in the fair value model are in line with the FY24 forecast which sees the lower motalities experienced at the end of FY23 continue into FY24. Average price increases are forecast due to continuing robust global demand for the product and rising costs of inputs. 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 $14.6m (2022: $13.2m) (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 $ 2.2m (2022: $3.3m).

A 15% increase/decrease in costs to sell would decrease/increase the fair value of biological assets on hand and profit before tax by $ 13.6m (2022: $9.7m). 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.

16. PROPERTY, PLANT AND EQUIPMENT

Cost	Note	Freehold land & buildings $000	Plant, equipment & fittings $000	Vehicles & sea vessels $000	Capital Work in progress $000	Total $000
As at 1 February 2021		11,770	89,604	3,728	6,094	111,196
Additions		-	-	-	10,384	10,384
Disposals		-	(1,604)	(43)	-	(1,647)
Transfers from WIP		2,488	1,523	43	(4,054)	-
As at 31 January 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**
Depreciation and impairment						
As at 1 February 2021		2,965	45,630	1,885	-	50,480
Depreciation		548	6,889	263	-	7,700
Impairment		-	12,116	511	-	12,627
Disposals		-	(1,449)	(45)	-	(1,494)
As at 31 January 2022		**3,513**	**63,186**	**2,614**	**-**	**69,313**
Depreciation		644	5,032	139	-	5,815
Impairment		-	-	-	-	-
Disposals		(144)	(888)	(147)	-	(1,179)
As at 31 January 2023		**4,013**	**67,330**	**2,606**	**-**	**73,949**
Net Book Value						
As at 31 January 2022		**10,745**	**26,337**	**1,114**	**12,424**	**50,620**
As at 31 January 2023		**12,032**	**29,377**	**939**	**5,828**	**48,176**

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 2023 (2022: $nil).

17. INTANGIBLES

Cost	Note	Development in progress $000	Trademarks $000	Farm & hatchery licenses $000	Software $000	Goodwill $000	Total $000
As at 1 February 2021		2,860	242	4,295	5,578	39,255	52,230
Additions		2,817	-	64	26	-	2,907
Disposals		(90)	-	-	-	-	(90)
Transfers from WIP		-	-	-	-	-	-
As at 31 January 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**
Amortisation and impairment							
As at 1 February 2021		-	200	976	2,673	-	3,849
Amortisation		-	-	167	510	-	677
Impairment		5,587	13	1,009	763	39,255	46,627
Disposals		-	-	1	-	-	1
As at 31 January 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**
Net Book Value							
As at 31 January 2022		**-**	**29**	**2,206**	**1,658**	**-**	**3,893**
As at 31 January 2023		**-**	**29**	**2,039**	**1,418**	**-**	**3,486**

Goodwill

Goodwill resulted from the acquisition of The New Zealand King Salmon Co Limited and was subject to annual impairment testing. The Group considers the requirements of NZ IAS 36, when reviewing for indicators of impairment. In the year ended 31 January 2022 a value in use calculation using a discounted cash flow (DCF) approach was prepared to estimate the recoverable amount of the CGU. The DCF supported a $39.255m goodwill impairment to goodwill, a $5.6m impairment on developments in progress and an additional impairment of $14.4m which has been allocated on a pro rata basis to intangible assets and plant and equipment on the basis of the carrying amount of each asset, but not below its fair value or value in use.

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 (2022: $13k).

18. RIGHT-OF-USE ASSETS

Cost	Land & Buildings $000	Motor Vehicles $000	Plant & Equipment $000	Total $000
As at 1 February 2021	6,906	724	1,597	9,227
Additions	-	545	-	545
Disposals	-	(48)	-	(48)
Remeasurement	131	7	-	138
As at 31 January 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**

Depreciation				
As at 1 February 2021	1,317	370	730	2,417
Depreciation	1,019	260	470	1,749
Disposals	-	(48)	-	(48)
As at 31 January 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**

Net Book Value				
As at 31 January 2022	**4,701**	**646**	**397**	**5,744**
As at 31 January 2023	**3,080**	**548**	**688**	**4,316**

19. LEASE LIABILITIES

	Land & Buildings $000	Motor Vehicles $000	Plant & Equipment $000	Total $000
Lease liabilities at 1 February 2021	5,696	365	908	6,969
Additions	-	544	-	544
Remeasurement	131	7	-	138
Interest for the period	211	19	19	249
Lease payments made	(1,179)	(297)	(491)	(1,967)
Lease liabilities as at 31 January 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)
As at 31 January 2023	**3,265**	**558**	**696**	**4,519**

Short term leases

The Group recognised $771k of payments for short term lease equipment in the year (2022: $1,178k).

Total lease payments

The Group had total cash outflows for leases of $2,552k in 2023 (2022: $3,148k).

	2023 $000	2022 $000
Current	1,191	1,531
Non-current	3,328	4,402
Total lease liabilities	**4,519**	**5,933**

20. INTEREST BEARING LOANS AND BORROWINGS

	2023	2022
Current interest bearing loans and borrowings	**$000**	**$000**
Secured bank loans	750	47,000
Other borrowings	-	2,659
Total current interest bearing loans and borrowings	**750**	**49,659**
Non-current interest bearing loans and borrowings		
Secured bank loans	2,750	-
Total non-current interest bearing loans and borrowings	**2,750**	**-**

The Company has a facility with BNZ for $6.5m (expiry 30 April 2024), secured by a general security over the assets of the Group. Nothing was drawn as at 31 January 2023. The company also secured a Business Finance Scheme Loan via BNZ for $5m (expiry October 2025) that arose from the Government providing financial assistance following the pandemic virus Covid-19. At 31 January 2023 the balance drawn on the Business Finance Scheme was $3.5m. The BNZ have waived financial covenents post equity raise until the next test date of 30 April 2023.

21. TRADE AND OTHER PAYABLES

	2023	2022
	$000	**$000**
Trade payables	11,327	14,223
Other payables	2,335	2,211
Total trade and other payables	**13,662**	**16,434**

22. EMPLOYEE BENEFITS

	2023	2022
Current employee benefits	**$000**	**$000**
Bonuses	982	65
Employee annual and sick leave benefits	2,218	2,592
Long service leave	265	174
Total current employee benefits	**3,465**	**2,831**
Non-current employee benefits		
Long service leave	501	430
Total non-current employee benefits	**501**	**430**

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 2023 the total commitment is $58k (2022: $1,929k).

Contingencies

The Group has a contingent liability of $1,045k in respect of a fish transport contract requiring the Group to purchase four bulk tankers, should the Group terminate the contract early (2022: $1,152k).

Guarantees

The Group has three guarantee facilities totalling $131k (2022: $132k).

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 Health, Safety 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. In addition, the Group has a Treasury Committee that oversees financial risk management.

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 $39.8m on the import side (2022: $82.9m) and $273.1m on the export side (2022: $273m), 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 2023. 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.

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 2023 is $1,137k (2022: $897k) whilst the NZ dollar equivalent of unhedged currency risk on liabilities at balance date, 31 January 2023 is nil (2022: $1,459k).

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 $000	Equity $000	Profit $000
2023	+10%	(3,603)	193
	-10%	4,403	(236)
2022	+10%	(6,686)	(232)
	-10%	8,171	284

	Change in USD rate $000	Equity $000	Profit $000
2023	+10%	13,519	658
	-10%	(16,887)	(805)
2022	+10%	15,710	760
	-10%	(19,420)	(928)

	Change in JPY rate $000	Equity $000	Profit $000
2023	+10%	1,257	51
	-10%	(1,513)	(62)
2022	+10%	1,882	152
	-10%	(2,262)	(186)

Interest rate risk

The Group has exposure to interest rate risk. Interest earned on call deposits are based on the current interest rate. Interest rate swaps are used to manage interest rate risk. The Group has a policy of fixing interest rates within a range of 50% to 100% of the exposure.

Interest rate sensitivity

The following table demonstrates the sensitivity of the fair value of the interest rate swaps to a reasonably possible change in interest rates:

	2023 $000	2022 $000
Impact of an increase of 50 basis points	-	126
Impact of a decrease of 50 basis points	-	(131)

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:

	2023 $000	2022 $000
Cash and short term deposits	19,221	2,913
Trade and other receivables	16,573	19,817
Derivative financial assets	-	-

The above maximum exposures are net of any recognised provision for losses. No collateral is held on the above amounts.

Concentrations of credit risk

Bank balances are maintained with National Australia Bank in Australia, PNC Bank in USA, and with Bank of 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.

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 2023	Less than one year $000	Between one & two years $000	Between two & five years $000	Five + years $000
Bank loans	750	750	2,000	-
Credit card facilities	350	-	-	-
Lease liabilities	1,191	916	1,139	1,273
Trade and other payables	13,662	-	-	-
Financial guarantee contracts	132	-	-	-
Total non-derivative liabilities	**16,085**	**1,666**	**3,139**	**1,273**
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**	**-**
As at 31 January 2022				
Bank loans	47,000	-	-	-
Credit card facilities	350	-	-	-
Lease liabilities	1,531	1,002	3,400	-
Trade and other payables	16,434	-	-	-
Financial guarantee contracts	132	-	-	-
Total non-derivative liabilities	**65,447**	**1,002**	**3,400**	**-**
Forward foreign currency exchange contracts	95,864	81,805	29,141	-
Forward foreign currency options	20,791	43,288	75,042	-
Interest swaps	126	-	-	-
Total derivative liabilities	**116,781**	**125,093**	**104,183**	**-**

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 Health, Safety 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 Board (XRB) in December 2022.

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 $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:

	2023	2022
Current derivative financial assets	**$000**	**$000**
Forward exchange contracts	1,341	1,028
Foreign exchange options	565	310
Total current derivative financial assets	**1,906**	**1,338**
Non-current derivative financial assets		
Forward exchange contracts	928	1,043
Foreign exchange options	3,178	2,068
Total non-current derivative financial assets	**4,106**	**3,112**
Current derivative financial liabilities		
Forward exchange contracts	2,123	2,772
Foreign exchange options	989	308
Interest rate swaps	-	548
Total current derivative financial liabilities	**3,112**	**3,628**
Non-current derivative financial liabilities		
Forward exchange contracts	369	2,618
Foreign exchange options	3,976	4,032
Interest rate swaps	-	-
Total non-current derivative financial liabilities	**4,345**	**6,650**

Valuation method

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 2023 (31 January 2022 - 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 addition to this the Group aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Refer to note 20 Borrowings.

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.

27. CAPITAL AND RESERVES

Share capital Issued shares	2023 $000	2022 $000
Ordinary shares	541,455	140,638
Total issued shares	**541,455**	**140,638**

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 2023 (2022: No dividend was declared nor paid).

On the 12th May 2022, 400,817,007 ordinary shares were issued under an underwritten rights offer announced on the 13th April 2022 for total proceeds of $60.1m. Total transaction costs for shares issued under the underwritten rights offer was $2.6m for net proceeds of $57.5m.

	# of Shares		Share Capital	
	2023	2022	2023	2022
Movement in ordinary share capital	0	0	$000	$000
The beginning of the period	140,638	138,986	122,606	122,606
Share issue	400,817	-	57,537	-
Share issue for employee LTI share scheme	-	1,652	-	-
Share issue recognised on repayment of employee loans	-	-	-	-
Total share capital as at period end	**541,455**	**140,638**	**180,143**	**122,606**

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 interest rate swaps and foreign currency forward contracts that the Group has taken out in order to mitigate interest rate and foreign currency risks, net of deferred tax. 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).

	2023 $000	2022 $000
Unrealised gain/ (loss)	2,804	(18,187)
Realised gain/ (loss)	-	9,716
Total gain/ (loss) on hedge reserves	**2,804**	**(8,471)**

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.

28. EVENTS AFTER BALANCE DATE

No final dividend was declared in respect of the year ended 31 January 2023 (2022: 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% (2022: 39.55%), China Resources Ng Fung Limited owned 9.81% (2022: 9.81%) and NZ Superannuation Fund owned 9.08% (2022: 6.47%) 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:

	2023	2022
Related party payments	**$000**	**$000**
Goods and services purchased from other related parties	-	-
Directors fees	475	459
Total related party payments	**475**	**459**
Related party sales	**$000**	**$000**
Goods sold to related parties	2	-
Total related party sales	**2**	**-**
Amounts owing to related parties	**2023**	**2022**
Current amounts owing to related parties	**$000**	**$000**
Other amounts owing to related parties	233	233
Fees payable to directors	45	-
Total current amounts owing to related parties	**278**	**233**
Amounts owing by related parties	**$000**	**$000**
Amounts owing by related parties	-	2
Total amounts owing by related parties	**-**	**2**

30. AUDITOR'S REMUNERATION

	2023 $000	2022 $000
Audit fees	296	309
Other assurance	12	10
Tax advisory services	12	0
Total auditor's remuneration	**320**	**319**

Other assurance services include performance of agreed upon procedures on sustainability information and tax advisory services include a research and development funding workshop.

31. RECONCILIATION OF NET OPERATING CASH FLOW TO PROFIT / (LOSS)

Reconciliation of the profit / (loss) for the period with the net cash from operating activities	2023 $000	2022 $000
Profit / (loss) before tax	2,114	(87,593)
Adjusted for		
Depreciation and amortisation	7,915	10,125
Impairment	507	59,255
(Gain)/loss on sale of assets	(4)	135
Release of early closed out foreign exchange contract close outs from OCI	(7,775)	-
Share-based payments	(292)	146
Net foreign exchange differences	(143)	13,633
Net loss/(profit) on derivative instruments at fair value through profit or loss	42	483
(Increase)/decrease in trade and other receivables and prepayments	3,244	(3,631)
(Increase)/decrease in inventories and biological assets	7,176	21,080
Increase/(decrease) in trade and other payables	(2,022)	(2,455)
Income tax paid	(287)	(4,171)
Net cash flow (to) / from operating activities	**10,475**	**7,008**

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

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, 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	2023 $000	2022 $000
Whole fish	77,489	88,519
Fillets, Steaks & Portions	39,005	35,418
Wood Roasted	11,060	14,099
Cold Smoked	24,153	26,522
Other	15,424	9,972
Total revenue by product group	**167,131**	**174,530**

Revenue by Brand	2023 $000	2022 $000
Ōra King	56,845	61,477
Regal	32,604	33,922
Southern Ocean	6,635	9,928
Omega Plus	4,606	2,859
New Zealand King Salmon	66,441	66,344
Total revenue by brand	**167,131**	**174,530**

Revenue by geographical location of customers	2023 $000	2022 $000
New Zealand	68,850	69,085
North America	62,202	67,626
Australia	15,988	11,816
Japan	5,711	10,709
Europe	6,391	5,750
Other	7,989	9,544
Total revenue by geographical location of customers	**167,131**	**174,530**

Sales net of settlement discounts to one major customer for the period 1 February 2022 to 31 January 2023 totalled $20.0m or 12.0% of total gross revenue (For the period 1 February 2021 to 31 January 2022 one major customer totalled $19.1m or 10.9% 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 66 to 100, which comprise the consolidated statement of financial position of the group as at 31 January 2023, 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 66 to 100 present fairly, in all material respects, the consolidated financial position of the group as at 31 January 2023 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 performs agreed upon procedures in relation to sustainability information of the group and provide tax advisory services to 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. We have determined the matters described below to be the key audit matters to be communicated in our report. For the matters below, our description of how our audit addressed the matters 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 the 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 2023, the consolidated statement of financial position includes biological assets (live salmon) of $72.7 million with an estimated biomass of 4,620 metric tonnes. This asset is measured at its fair value less costs to sell and includes a fair value increase above cost of $29.8 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 2023, the consolidated statement of financial position includes finished goods inventory totalling $21.8 million, net of a net realisable value (NRV) provision of $5.6 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
28 March 2023

A member firm of
Ernst & Young Global Limited

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

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

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

NZ IFRS
New Zealand equivalents to International Financial Reporting Standards

NZX
New Zealand Stock Exchange