

Working Paper 2022/10

# New Zealand King Salmon Key Documents 2012–2022

<b>Title</b>	<p><i>Working Paper 2022/10 – New Zealand King Salmon Key Documents 2012–2022</i></p> <p>This paper forms part of the Institute’s ReportingNZ and OneOceanNZ projects.</p>
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## 1.0 Purpose

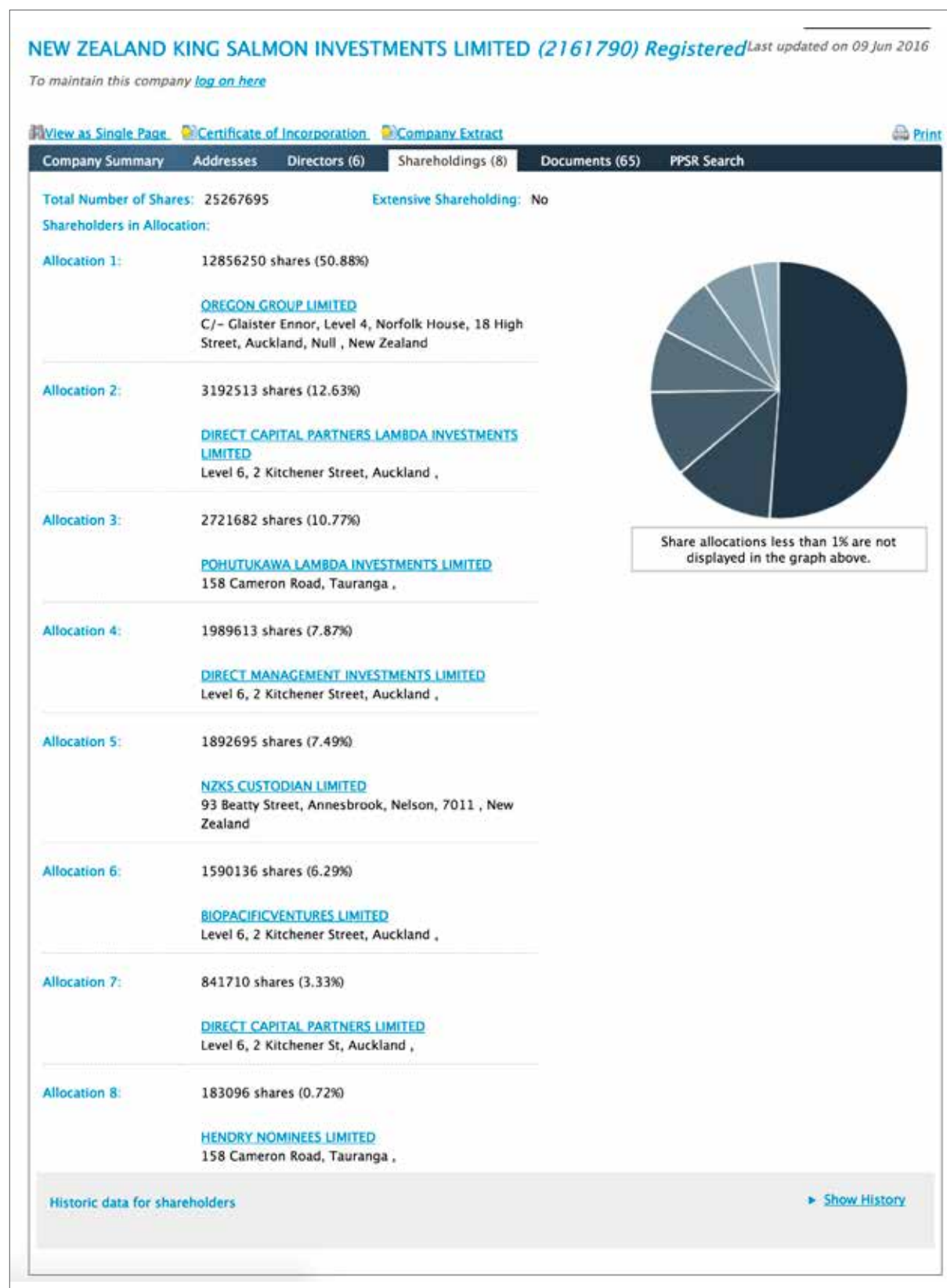
This working paper supports *Discussion Paper 2022/02 – New Zealand King Salmon Case Study: A financial reporting perspective*. The purpose of this paper is to collate all documents that are relevant to analysing New Zealand King Salmon's (NZKS) business model and refreshed aquaculture strategy.



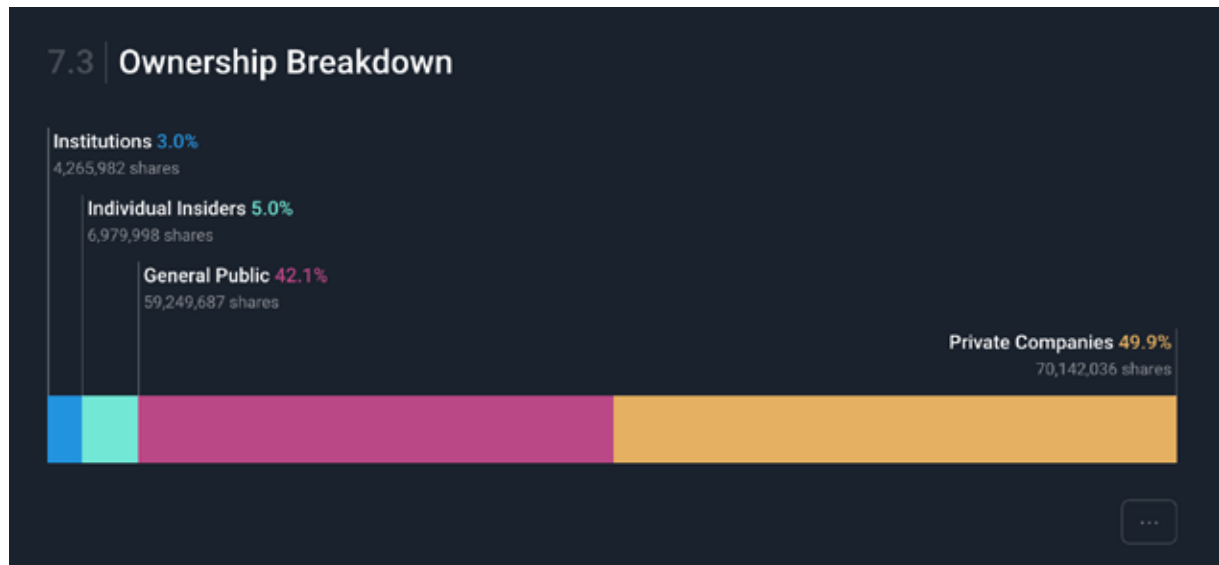
# Appendix 1: Shareholding information in 2016 and in 2022

Source: Companies Office Register<sup>1</sup>

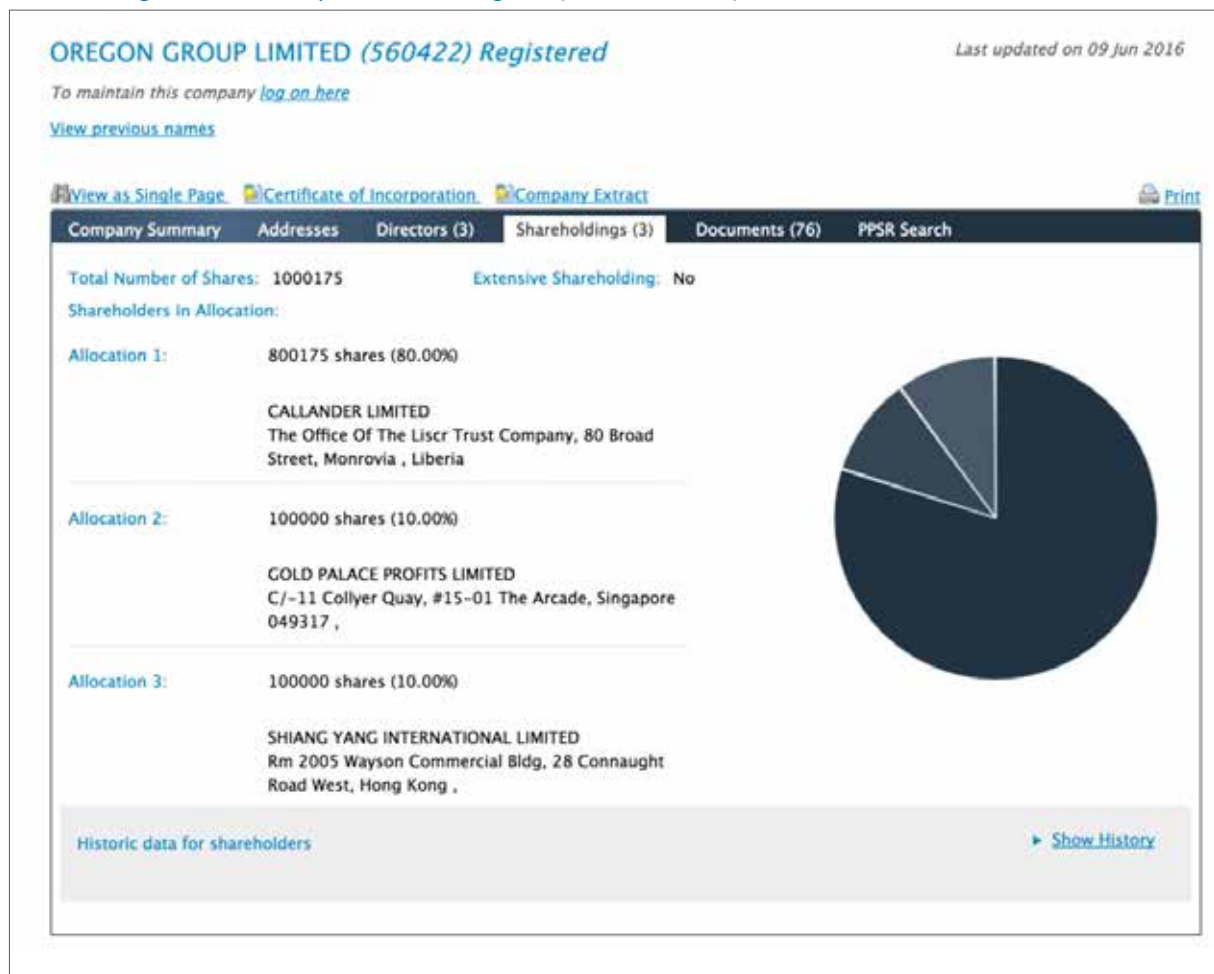
Shareholdings from the Companies Office Register (as at June 2016)



## NZK ownership breakdown<sup>2</sup>



## Shareholdings from the Companies Office Register (as at June 2016)

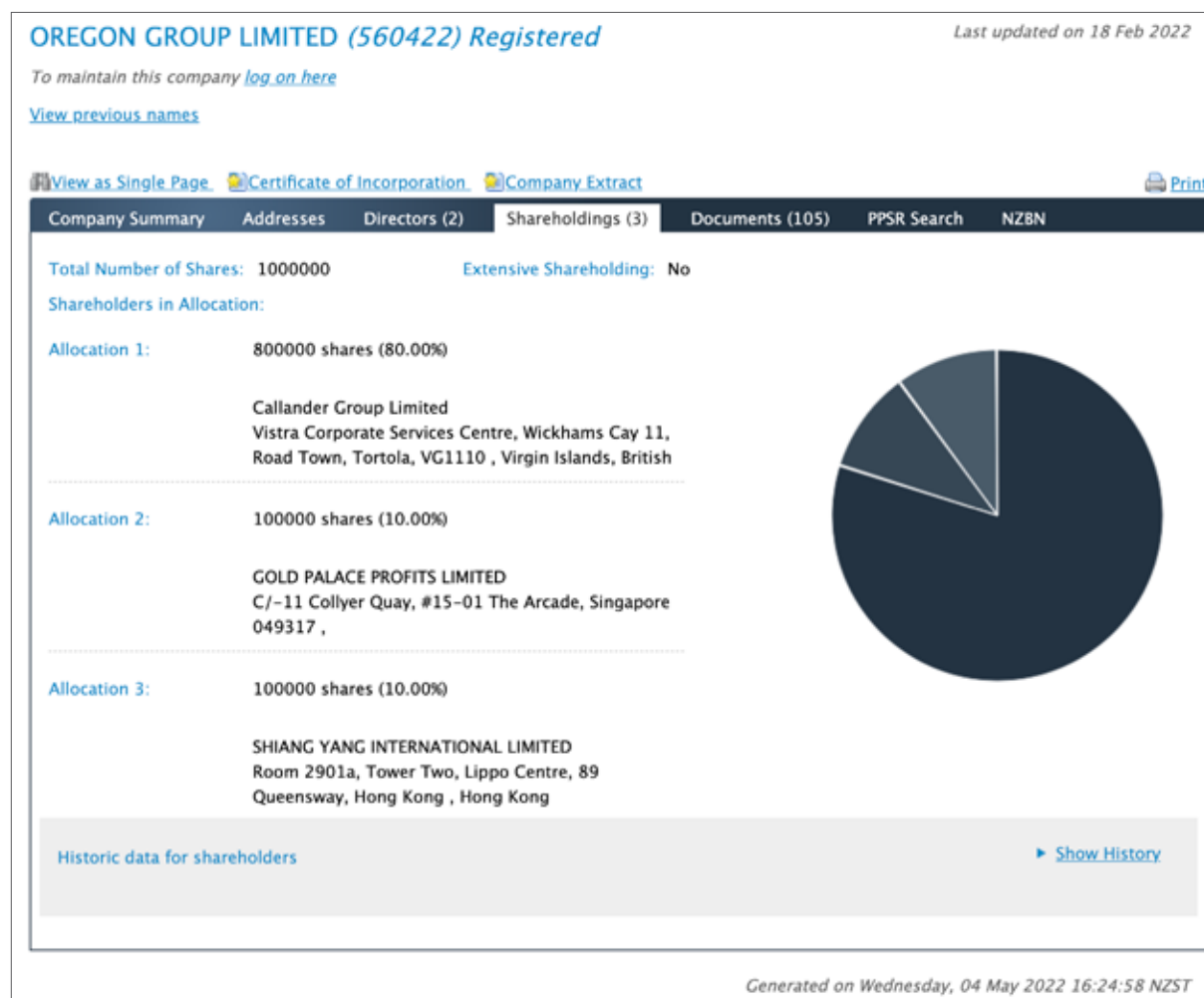


## Shareholdings from the Companies Office Register (2022)<sup>3</sup>

NEW ZEALAND KING SALMON INVESTMENTS LIMITED (2161790) Registered	
To maintain this company <a href="#">log on here</a>	
Last updated on 18 Mar 2022	
<a href="#">View as Single Page</a> <a href="#">Certificate of Incorporation</a> <a href="#">Company Extract</a> <a href="#">Print</a>	
Company Summary	Addresses
Directors (8)	Shareholdings (10)
Documents (124)	PPSR Search
NZBN	
This company is either listed on the stock exchange or has extensive shareholdings and the largest share parcels have been entered. To obtain a full list of shareholders please contact the company directly.	
Total Number of Shares:	140637703
Extensive Shareholding:	Yes
Shareholders in Allocation:	
Allocation 1:	55622358 shares (39.55%)
	<a href="#">ORECON GROUP LIMITED</a> C/- Glaister Ennor, Level 4, Norfolk House, 18 High Street, Auckland, Null, New Zealand
Allocation 2:	13798944 shares (9.81%)
	China Resources NG Fung Limited 39/f China Resources Building, 26 Harbour Road, Wanchai, 0000, Hong Kong
Allocation 3:	8684285 shares (6.17%)
	<a href="#">HSBC NOMINEES (NEW ZEALAND) LIMITED</a> 188 Quay Street, Auckland Central, Auckland, 1010, New Zealand
Allocation 4:	3785954 shares (2.69%)
	ANZ WHOLESALE AUSTRALASIAN SHARE FUND 45 Queen Street, Auckland, 1010, New Zealand
Allocation 5:	3235706 shares (2.30%)
	<a href="#">FNZ CUSTODIANS LIMITED</a> Fnz House, Level 3, 29a Brandon Street, Wellington, 6011, New Zealand
Allocation 6:	2431404 shares (1.73%)
	<a href="#">INVESTMENT CUSTODIAL SERVICES LIMITED</a> Level 25, 125 Queen Street, Auckland, 1010, New Zealand
Allocation 7:	2190682 shares (1.56%)
	<a href="#">JPMORGAN CHASE BANK N.A.</a> Level 13, Asb Tower, 2 Hunter Street, Wellington, 6011, New Zealand
Allocation 8:	2173641 shares (1.55%)
	Grantley Bruce ROSEWARNE Flat 15, 39 Trafalgar Street, The Wood, Nelson, 7010, New Zealand Director: <a href="#">Yes</a>
	Julie Ann ROSEWARNE Flat 15, 39 Trafalgar Street, The Wood, Nelson, 7010, New Zealand
Allocation 9:	1989644 shares (1.41%)
	John William Dudley RYDER 9 St Barnabas Lane, Fendalton, Christchurch, 8052, New Zealand Director: <a href="#">Yes</a>
Allocation 10:	1317706 shares (0.94%)
	<a href="#">NZKS CUSTODIAN LIMITED</a> 93 Beatty Street, Annesbrook, Nelson, 7011, New Zealand
<a href="#">Historic data for shareholders</a> <a href="#">Show History</a>	

Generated on Wednesday, 04 May 2022 16:22:00 NZST

## Shareholdings from the Companies Office Register (2022)<sup>4</sup>



## Appendix 2: Auditor's reports 2012–2022

Auditor's report for the year ended 30 June 2012.

Excerpt from NZKS Annual Report FY12

Chartered Accountants

**Independent Auditor's Report**  
**To the Shareholders of New Zealand King Salmon Investments Limited**  
**Report on the Financial Statements**

We have audited the financial statements of New Zealand King Salmon Investments Limited and its subsidiaries on pages 4 to 24, which comprise the statement of financial position of New Zealand King Salmon Investments Limited and the group as at 30 June 2012, and the statement of comprehensive income and statement of changes in equity for the year then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. 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.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Ernst & Young provided taxation advice and taxation compliance services to the company and group.

Partners and employees of our firm may deal with the company and group on the normal terms within the ordinary course of the trading activities of the business of the company and group.

**Opinion**

In our opinion, the financial statements on pages 4 to 24:

- ▶ comply with generally accepted accounting practice in New Zealand; and
- ▶ give a true and fair view of the financial position of New Zealand King Salmon Investments Limited and the group as at 30 June 2012 and the financial performance of the company and group for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Financial Reporting Act 1993, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion proper accounting records have been kept by New Zealand King Salmon Investments Limited as far as appears from our examination of those records.



29 October 2012  
Christchurch



## Auditor's report for the year ended 30 June 2013.

Excerpt from NZKS Annual Report FY13



### Independent Auditor's Report

#### To the Shareholders of New Zealand King Salmon Investments Limited

#### Report on the Financial Statements

We have audited the financial statements of New Zealand King Salmon Investments Limited and its subsidiaries on pages 4 to 26, which comprise the statement of financial position of New Zealand King Salmon Investments Limited and the group as at 30 June 2013, and the statement of comprehensive income, and statement of changes in equity for the year then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. 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.

#### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Ernst & Young provides taxation advice and taxation compliance services to the company and group. We have no other relationship or interest in the company or group.

Partners and employees of our firm may deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group.

#### Opinion

In our opinion, the financial statements on pages 4 to 26:

- ▶ comply with generally accepted accounting practice in New Zealand; and
- ▶ give a true and fair view of the financial position of New Zealand King Salmon Investments Limited and the group as at 30 June 2013 and the financial performance of the company and the group for the year then ended.

#### Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion proper accounting records have been kept by New Zealand King Salmon Investments Limited as far as appears from our examination of those records.


*Ernst & Young*

13 November 2013  
Christchurch

A member firm of Ernst & Young Global Limited

## Auditor's report for the year ended 30 June 2014.

Excerpt from NZKS Annual Report FY14



**Chartered Accountants**

**Independent Auditor's Report**

**To the Shareholders of New Zealand King Salmon Investments Limited**

**Report on the Financial Statements**

We have audited the financial statements of New Zealand King Salmon Investments Limited and its subsidiaries on pages 4 to 25 which comprise the statement of financial position of New Zealand King Salmon Investments Limited and the group as at 30 June 2014 and the statement of comprehensive income, and statement of changes in equity for the year then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. 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.

**Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Ernst and Young provides taxation advice and taxation compliance services to the company and group. We have no other relationship or interest in the company or group.

Partners and employees of our firm may deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group.

**Opinion**

In our opinion, the financial statements on pages 4 to 25:

- ▶ comply with generally accepted accounting practice in New Zealand; and
- ▶ give a true and fair view of the financial position of New Zealand King Salmon Investments Limited and the group as at 30 June 2014 and the financial performance of the company and group for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Financial Reporting Act 1993, we report that:

- ▶ We have obtained all the information and explanations that we have required.
- ▶ In our opinion proper accounting records have been kept by New Zealand King Salmon Investments Limited as far as appears from our examination of those records.

*Ernst & Young*

12 November 2014  
Christchurch

## Auditor's report for the year ended 30 June 2015.

Excerpt from NZKS Annual Report FY15



Chartered Accountants

### Independent Auditor's Report

To the Shareholders of New Zealand King Salmon Investments Limited

#### Report on the Financial Statements

We have audited the group financial statements of New Zealand King Salmon Investments Limited and its subsidiaries ("the Group") on pages 4 to 26, which comprise the statement of financial position of the Group as at 30 June 2015, and the statement of comprehensive income and statement of changes in for the year then ended of the Group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 207B(1) of the Companies Act 1993. 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.

#### Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand, 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We provide taxation advice and taxation compliance to the Group. We have no other relationship with, or interest in, 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.

#### Opinion

In our opinion, the financial statements on pages 4 to 26:

- ▶ comply with generally accepted accounting practice in New Zealand;
- ▶ present fairly, in all material respects, the financial position of the Group as at 30 June 2015 and the financial performance of the Group for the year then ended.

6 October 2015  
Christchurch

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## Auditor's report for the year ended 30 June 2016.

Excerpt from NZKS Pro Forma Consolidated Statement of Financial Position As at 30 June 2016



Chartered Accountants

### Independent Auditor's Report

#### To the Shareholders of New Zealand King Salmon Investments Limited

#### Report on the Financial Statements

We have audited the group financial statements of New Zealand King Salmon Investments Limited and its subsidiaries ("the Group") on pages 3 to 36, which comprise the statement of financial position of the Group as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Group, and a summary of significant accounting policies and other explanatory information.

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.

#### Directors' Responsibility for the Financial Statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We were engaged as investigating accountants in connection with the public offer of shares in the company and provide taxation advice and accounting advice to the Group. We have no other relationship with, or interest in, 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.

#### Opinion

In our opinion, the financial statements on pages 3 to 36 present fairly, in all material respects, the financial position of the Group as at 30 June 2016 and the financial performance and cash flows of the Group for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

5 August 2016  
Christchurch

## INDEPENDENT AUDITOR'S REPORT



Chartered Accountants

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND KING SALMON INVESTMENTS LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the group") on pages 58 to 87, which comprise the consolidated statement of financial position of the group as at 30 June 2017, 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 58 to 87 present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2017 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.

##### 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 (revised) *Code of Ethics for Assurance Practitioners* 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.

We were engaged as investigating accountant in connection with the public offer of shares in the company. We provide taxation advice to the company and have performed other assurance services including review of the interim financial statements and performance of agreed upon procedures on sustainability information of the group. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group.

##### Key Audit Matters

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

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

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## 1. VALUATION AND EXISTENCE OF BIOLOGICAL ASSETS

### Why significant

At 30 June 2017, the consolidated statement of financial position includes biological assets (live salmon) of \$79.5 million with a biomass of 6,227 metric tonne of live salmon measured at fair value less costs to sell. This includes a fair value increase above cost of \$34.4 million in the carrying amount.

This is a key audit matter because the company's estimation of the fair value of biological assets involves estimation of year end biomass, and a valuation model that relies on significant estimation including:

- » existence and live weight of biological assets;
- » future sales product mix;
- » forecast sales volumes and prices;
- » costs to harvest date and sale;
- » period end and future biomass growth to harvest;
- » future fish mortalities; and
- » proportionate recognition of estimated future gross margin on salmon at sea farms.

The group's disclosures are included in Note 15 to the financial statements.

### How our audit addressed the key audit matter

Our approach to live salmon valuation focused on the following procedures:

- » evaluated the appropriateness of key estimations and assumptions and their impact on discounted future cash flows;
- » tested the mathematical accuracy of discounted cash flow forecasts;
- » agreed key estimation inputs used by the company in their model to source data and to board approved budgets;
- » involved our valuation specialists in the evaluation and testing of the mathematical logic and accuracy of the calculation in the model and of the discount rate used; and
- » challenged the accuracy of model inputs compared to historical actual figures and considering the accuracy of previous input forecasts.

Our approach to live salmon existence focused on the following procedures:

- » agreed a sample of the records of fish transfers to sea farms;
- » considered the key inputs used by the company in estimating growth and biomass;
- » tested controls over fish quantity and biomass adjustments to the livestock recording system;
- » agreed significant quantity and biomass adjustments made by the company in the livestock recording system to source data;
- » performed analytical procedures over feed conversion to biomass;
- » considered the accuracy of previous internal forecasts of average fish weight, and quantity of fish harvested compared to the livestock recording system; and
- » considered the appropriateness, sufficiency, and clarity of biological assets disclosures included in the group financial statements.



## 2. GOODWILL IMPAIRMENT ASSESSMENT

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2017, the consolidated statement of financial position includes goodwill acquired in business combinations of \$39.3 million, assigned to one cash generating unit (CGU).</p> <p>This is a key audit matter because the annual impairment assessment of goodwill involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions.</p> <p>The group's disclosures are included in Note 17 to the financial statements.</p>	<p>Our approach focused on the following procedures:</p> <ul style="list-style-type: none"> <li>» evaluated the basis of the group's CGU determination;</li> <li>» assessed the allocation of goodwill to CGUs;</li> <li>» evaluated the appropriateness of key assumptions and their impact on estimated future cash flows;</li> <li>» tested the mathematical accuracy of cash flow forecasts;</li> <li>» involved our valuation specialists in assessing the discount rates and terminal growth rates applied;</li> <li>» agreed inputs used by the company in their model to assess impairment, to board approved budgets, and compared these with historical actual results. We also considered the accuracy of previous internal forecasts;</li> <li>» performed sensitivity analyses on key cash flow forecast assumptions, including EBITDA, WACC and capital expenditure levels, to understand the impact of reasonably possible changes in key assumptions;</li> <li>» compared the calculated recoverable values to the associated carrying amounts, and assessed whether any impairment charges were required; and</li> <li>» considered the appropriateness, sufficiency, and clarity of goodwill related disclosures included in the group financial statements.</li> </ul>

## 3. VALUATION OF SEA FARM RELATED ASSETS

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2017, the consolidated statement of financial position includes sea farm assets recorded within property, plant and equipment of \$19.7m million, and related marine licenses and resource consents recorded within intangible assets and noncurrent assets held for sale of \$3.7 million.</p> <p>This is a key audit matter because the annual assessment of remaining useful lives, amortisation periods and identification of indicators of impairment involves significant judgements related to future sea farm use, marine license and resource consent renewal and environmental compliance.</p> <p>The group's disclosures are included in Note 16 and Note 17 to the financial statements.</p>	<p>Our approach focused on the following procedures:</p> <ul style="list-style-type: none"> <li>» considered the group's assessment of compliance with resource consents relating to sea farms;</li> <li>» enquired into the status of the Proposal to Amend the Marlborough Sounds Resource Management Plan to enable the relocation of up to six sea farms to higher flow sites;</li> <li>» evaluated the appropriateness of key assumptions used by the company in their assessment of indicators of impairment of property, plant and equipment;</li> <li>» evaluated the appropriateness of key assumptions used by the company in their determination of remaining useful lives of significant sea farm assets; and</li> <li>» considered the appropriateness, sufficiency, and clarity of property, plant and equipment and marine license intangible assets related disclosures included in the group financial statements.</li> </ul>

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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 which is expected to be made available to us after the date of this 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

### 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 External Reporting Board's website: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities>. This description forms part of our auditor's report.

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

Christchurch  
24 August 2017

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## INDEPENDENT AUDITOR'S REPORT



### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND KING SALMON INVESTMENTS LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the group") on pages 64 to 93, which comprise the consolidated statement of financial position of the group as at 30 June 2018, 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 64 to 93 present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2018 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.

##### 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 (revised) Code of Ethics for Assurance Practitioners 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 provides taxation services to the company and have performed other assurance services including review of the interim financial statements and performance of agreed upon procedures on sustainability information of the group. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group. We have no other relationship with, or interest in, the group.

##### Key audit matters

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

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

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## VALUATION AND EXISTENCE OF BIOLOGICAL ASSETS

### Why significant

At 30 June 2018, the consolidated statement of financial position includes biological assets (live salmon) of \$79.5 million with a biomass of 5,391 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of \$36.8 million in the carrying amount.

This is a key audit matter because the company's estimation of the fair value of biological assets involves estimation of year end biomass, and a valuation model that relies on significant estimation including:

- » period end and future biomass growth to harvest;
- » future fish mortalities;
- » forecast sale prices;
- » costs to harvest date and sale;
- » sales product mix, and;
- » weight based recognition of the present value of gross margin

The company's disclosures are included in Note 15 to the group financial statements.

### How our audit addressed the key audit matter

Our approach to live salmon valuation focused on the following procedures. We:

- » evaluated the appropriateness of key estimations and assumptions and their impact on discounted future cash flows;
- » tested the mathematical accuracy of discounted cash flow forecasts;
- » agreed key estimation inputs used by the company in their model to source data and to board approved budgets;
- » involved our valuation specialists in the evaluation and testing of the mathematical logic and accuracy of the calculation in the valuation model and of the discount rate used; and
- » challenged the accuracy of model inputs compared to historical actual values and considering the accuracy of previous input forecasts.

Our approach to live salmon existence focused on the following procedures. We:

- » agreed a sample of the records of fish transfers to sea farms;
- » considered the key inputs used by the company in estimating growth and biomass;
- » tested controls over fish quantity and biomass adjustments to the livestock recording system;
- » agreed significant quantity and biomass adjustments made by the company in the livestock recording system to source data;
- » performed analytical procedures over feed conversion to biomass;
- » considered the accuracy of previous internal forecasts of average fish weight, and quantity of fish harvested compared to the livestock recording system; and
- » considered the appropriateness, sufficiency, and clarity of biological assets disclosures included in the group financial statements.



## GOODWILL IMPAIRMENT ASSESSMENT

### Why significant

At 30 June 2018, the consolidated statement of financial position includes goodwill acquired in business combinations of \$39.3 million, assigned to three cash generating units (CGUs).

This is a key audit matter because the annual impairment assessment of goodwill involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rates assumptions.

The company's disclosures are included in Note 17 to the group financial statements.

### How our audit addressed the key audit matter

Our approach focused on the following procedures. We:

- » evaluated the basis of the group's CGU determination;
- » assessed the allocation of goodwill to CGUs;
- » evaluated the appropriateness of key assumptions and their impact on estimated future cash flows;
- » tested the mathematical accuracy of future cash flow forecasts;
- » involved our valuation specialists in assessing the discount rate and terminal growth rate applied;
- » agreed inputs used by the company in their model to assess impairment, to board approved budgets, and compared these with historical actual results. We also considered the accuracy of previous internal forecasts;
- » performed sensitivity analyses on key future cash flow forecast assumptions, including earnings before interest, tax, depreciation and amortisation; weighted average cost of capital and capital expenditure levels, to understand the impact of reasonably possible changes in key assumptions;
- » compared the calculated recoverable values to the associated carrying amounts, and assessed whether any impairment charges were required; and
- » considered the appropriateness, sufficiency, and clarity of goodwill disclosures included in the group financial statements.

## VALUATION OF SEA FARM RELATED ASSETS

### Why significant

At 30 June 2018, the consolidated statement of financial position includes sea farm assets recorded within property, plant and equipment of \$24.0 million, and related marine licenses and resource consents recorded within intangible assets of \$3.5 million.

This is a key audit matter because the annual assessment of remaining useful lives, amortisation periods and identification of indicators of impairment involves significant judgements related to future sea farm use, marine licence and resource consent renewal and environmental compliance.

The company's disclosures are included in Note 16 and Note 17 to the group financial statements.

### How our audit addressed the key audit matter

Our approach focused on the following procedures. We:

- » considered the company's assessment of compliance with the resource consents relating to sea farms;
- » evaluated the appropriateness of key assumptions used by the company in their assessment of indicators of impairment of property, plant and equipment;
- » evaluated the appropriateness of key assumptions used by the company in their determination of remaining useful lives of significant sea farm assets; and
- » considered the appropriateness, sufficiency, and clarity of property, plant and equipment and marine licence intangible assets 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 which is expected to be made available to us after the date of this auditor's report.

Our opinion of 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

### Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation in 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 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 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 Bruce Loader.

Chartered Accountants  
Christchurch  
28 August 2018

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INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT



### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND KING SALMON INVESTMENTS LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### 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 95, which comprise the consolidated statement of financial position of the group as at 30 June 2019, 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 95 present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2019 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.

##### 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 (revised) Code of Ethics for Assurance Practitioners 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 provides taxation services to the group, has performed a review of the interim financial statements and performs agreed upon procedures in relation to sustainability information of the group. Partners and employees of our firm may deal with the group on normal terms within the ordinary course of trading activities of the business of the group. We have no other relationship with, or interest in, the group.

##### Key audit matters

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

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

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## VALUATION AND EXISTENCE OF BIOLOGICAL ASSETS

### Why significant

At 30 June 2019, the consolidated statement of financial position includes biological assets (live salmon) of \$78.2 million with an estimated biomass of 5,173 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of \$33.9 million in the carrying amount.

This is a key audit matter because the group's estimation of the fair value of biological assets involves estimation of year end biomass, and a valuation model that relies on significant estimation including:

- » future biomass growth to harvest;
- » future fish mortalities;
- » forecast sales prices;
- » costs to harvest date and sale;
- » sales product mix; and
- » use of a weight-based methodology, in calculating the present value of estimated gross margin on future fish sales.

Disclosures in relation to biological assets are included in Note 15 to the group financial statements.

### How our audit addressed the key audit matter

In considering the valuation of live salmon we:

- » evaluated the appropriateness of key estimations and assumptions and their impact on discounted future cash flows;
- » tested the mathematical accuracy of discounted cash flow forecasts;
- » agreed key estimation inputs used by the group in their model to source data and to board approved budgets;
- » involved our valuation specialists in the evaluation and testing of the mathematical logic and accuracy of the calculations in the valuation model and of the discount rate used; and
- » challenged the accuracy of model inputs compared to historical actual values and considered the accuracy of previous input forecasts.

In considering live salmon existence we:

- » tested controls over fish count recording of transfers from a fresh water farm to sea farms;
- » considered the key inputs used by the group in estimating growth and biomass;
- » tested controls over fish quantity and biomass adjustments to the livestock recording system;
- » agreed significant quantity and biomass adjustments made by the group in the livestock recording system to source data;
- » performed analytical procedures over feed conversion to biomass;
- » considered the accuracy of previous internal forecasts of average fish weight and quantity of fish harvested compared to the livestock recording system; and
- » considered the appropriateness and sufficiency of biological assets disclosures included in the group financial statements.

INDEPENDENT AUDITOR'S REPORT



## GOODWILL IMPAIRMENT ASSESSMENT

### Why significant

At 30 June 2019, the consolidated statement of financial position includes goodwill arising in business combinations of \$39.3 million, assigned to three cash generating units (CGUs).

This is a key audit matter because the annual impairment assessment of goodwill involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions.

Disclosures in relation to goodwill are included in Note 17 to the group financial statements.

### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- » evaluated the basis of the group's CGU determination;
- » assessed the allocation of assets and goodwill to CGUs;
- » evaluated the appropriateness of key assumptions;
- » tested the mathematical accuracy of future cash flow forecasts;
- » involved our valuation specialists in assessing the discount rate and terminal growth rate applied;
- » agreed relevant valuation inputs to board approved budgets and compared these with historical actual results. We also considered the accuracy of previous internal forecasts;
- » performed sensitivity analyses on key future cash flow forecast assumptions, including earnings before interest, tax, depreciation and amortisation (EBITDA), renewal periods of sea farm licence consents, weighted average cost of capital (WACC) and capital expenditure levels, to understand the impact of reasonably possible changes in key assumptions;
- » compared the calculated recoverable values to the associated carrying amounts, and assessed whether any impairment charges were required; and
- » considered the appropriateness and sufficiency of goodwill disclosures included in the group financial statements.

## VALUATION OF SEA FARM RELATED ASSETS

### Why significant

At 30 June 2019, the consolidated statement of financial position includes sea farm assets recorded within property, plant and equipment of \$16.9 million, and related marine licences and resource consents recorded within intangible assets of \$3.4 million.

This is a key audit matter because the annual assessment of remaining useful lives, amortisation periods and identification of indicators of impairment involves significant judgements related to future sea farm use, marine licence and resource consent renewal and environmental compliance.

Disclosures in relation to intangibles and property, plant and equipment are included in Note 17 and 16 respectively to the group financial statements.

### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- » considered the group's assessment of compliance with resource consents relating to sea farms;
- » evaluated the appropriateness of key assumptions used by the group in their assessment of indicators of impairment of intangibles and property, plant and equipment;
- » evaluated the appropriateness of key assumptions used by the group in their determination of remaining useful lives of significant sea farm assets; and
- » considered the appropriateness and sufficiency of property, plant and equipment and marine licence intangible assets 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 which is expected to be made available to us after the date of this 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

### 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 Bruce Loader.

Chartered Accountants  
Christchurch  
28 August 2019

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INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT



### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND KING SALMON INVESTMENTS LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the Group") on pages 58 to 85, which comprise the consolidated statement of financial position of the Group as at 30 June 2020, 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 58 to 85 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020 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.

##### 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 provides taxation services to the Group, has performed a review of the interim financial statements and performs agreed upon procedures in relation to sustainability information of the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

##### Key audit matters

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

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

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## VALUATION AND EXISTENCE OF BIOLOGICAL ASSETS

### Why significant

At 30 June 2020, the consolidated statement of financial position includes biological assets (live salmon) of \$92.4 million with an estimated biomass of 6,294 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of \$38.7 million.

This is a key audit matter because the Group's estimation of the fair value of biological assets involves estimation of year end biomass, and a valuation model that relies on significant estimation including:

- » future biomass growth to harvest;
- » future fish mortalities;
- » forecast sales prices;
- » forecast costs to harvest date and sale;
- » forecast sales product mix; and
- » use of a weight-based methodology, in calculating the present value of estimated gross margin on future fish sales.

Disclosures in relation to biological assets are included in Note 15 to the Group financial statements.

### How our audit addressed the key audit matter

In considering the valuation of live salmon we:

- » evaluated the appropriateness of key estimations and assumptions and their impact on discounted future cash flows;
- » tested the mathematical accuracy of the discounted cash flow forecasts;
- » agreed key estimation inputs used by the Group in their model to source data and to board approved budgets;
- » involved our valuation specialists in the evaluation and testing of the mathematical logic and accuracy of the calculations in the valuation model and of the discount rate used;
- » challenged the accuracy of model inputs compared to historical actual values and considered the accuracy of previous input forecasts; and
- » challenged the appropriateness of model assumptions that may be materially impacted by the Covid-19 pandemic (sales price and quantity, freight costs to sell and inventory holding costs), including the sensitivity analysis prepared by management.

In considering live salmon existence we:

- » tested controls over fish count recording of transfers from a fresh water farm to sea farms;
- » considered the key inputs used by the Group in estimating growth and biomass;
- » tested controls over fish quantity and biomass adjustments to the livestock recording system;
- » agreed significant quantity and biomass adjustments made by the Group in the livestock recording system to source data;
- » 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 recording system 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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## INDEPENDENT AUDITOR'S REPORT



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### GOODWILL IMPAIRMENT ASSESSMENT

#### Why significant

At 30 June 2020, the consolidated statement of financial position includes goodwill arising in business combinations of \$39.3 million, assigned to the single cash generating unit (CGU) assessed by management.

This is a key audit matter because the annual impairment assessment of goodwill involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions. These are key inputs into the discounted cashflow ("DCF") model used to assess the value of the CGU.

Disclosures in relation to goodwill are included in Note 17 to the Group financial statements.

#### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- » evaluated the basis of the Group's CGU determination;
- » evaluated the appropriateness of key assumptions;
- » tested the mathematical accuracy of future cash flow forecasts;
- » involved our valuation specialists in assessing the discount rate and terminal growth rate applied;
- » agreed relevant valuation inputs to board approved budgets and compared these with historical actual results. We also considered the accuracy of previous internal forecasts;
- » performed sensitivity analyses on key future cash flow forecast assumptions, including earnings before interest, tax, depreciation and amortisation (EBITDA), renewal periods of sea farm licence consents and capital expenditure. In doing so we considered the possible impact of Covid-19 on the future cash flow forecast, to understand the impact of reasonably possible changes in key assumptions;
- » performed sensitivity analysis on the weighted average cost of capital (WACC) assumption included in the value in use calculation; and
- » considered the appropriateness and sufficiency of goodwill disclosures included in the Group financial statements.

### FINISHED GOODS INVENTORY NET REALISABLE VALUE PROVISION

#### Why significant

At 30 June 2020, the consolidated statement of financial position includes finished goods inventory of \$25.2 million (2019: \$7.9m), net of a net realisable value provision of \$2.2 million (2019: \$1.3m).

This is a key audit matter because of the significant increase in the volume of finished goods, and the level of judgement involved in management's assessment of the net realisable value provision.

Disclosures in relation to inventories are included in Note 14 to the Group financial statements.

#### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- » obtained an understanding of management's inventory provisioning process;
- » compared the net realisable value of aged inventory items and high volume inventory items to subsequent selling values, the 2021 sales plan and the Board approved budget. In doing so, we considered the greater price uncertainty as a result of the Covid-19 pandemic;
- » tested the mathematical accuracy of the provision calculation; and
- » 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 which is expected to be made available to us after the date of this 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

#### 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 Bruce Loader.

Chartered Accountants  
Christchurch  
26 August 2020

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## Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW ZEALAND KING SALMON INVESTMENTS LIMITED

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

We have audited the financial statements of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the group") on pages 19 to 46, which comprise the consolidated statement of financial position of the group as at 31 January 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 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 19 to 46 present fairly, in all material respects, the consolidated financial position of the group as at 31 January 2021 and its consolidated financial performance and cash flows for the period 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.

##### 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. 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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INDEPENDENT AUDITOR'S REPORT



## VALUATION AND EXISTENCE OF BIOLOGICAL ASSETS

Why significant	How our audit addressed the key audit matter
<p>At 31 January 2021, the consolidated statement of financial position includes biological assets (live salmon) of \$88.2 million with an estimated biomass of 6,864 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of \$33.2 million.</p> <p>This is a key audit matter because the group's estimation of the fair value of biological assets involves estimation of year end biomass, and a valuation model that relies on significant estimation including:</p> <ul style="list-style-type: none"> <li>» future biomass growth to harvest;</li> <li>» future fish mortalities;</li> <li>» forecast sales prices;</li> <li>» forecast costs to harvest date and sale;</li> <li>» forecast sales product mix; and</li> <li>» a weight-based method, to recognise the estimated fair value gain at balance date.</li> </ul> <p>Disclosures in relation to biological assets are included in Note 15 to the group financial statements.</p>	<p>In considering the valuation of live salmon we:</p> <ul style="list-style-type: none"> <li>» evaluated the appropriateness of key estimations and assumptions and their impact on discounted future cash flows;</li> <li>» agreed key estimation inputs used by the group in their model to source data and to board approved forecast;</li> <li>» involved our valuation specialists in the evaluation and testing of the mathematical integrity of the calculations in the valuation model;</li> <li>» challenged the accuracy of model inputs compared to historical actual values and considered the accuracy of previous input forecasts; and</li> <li>» challenged the appropriateness of model assumptions that may be materially impacted by the ongoing Covid-19 pandemic (sales price and quantity and freight costs to sell).</li> </ul> <p>In considering live salmon existence we:</p> <ul style="list-style-type: none"> <li>» tested controls over fish count recording of transfers from a fresh water farm to sea farms;</li> <li>» considered the key inputs used by the group in estimating growth and biomass;</li> <li>» tested controls over fish quantity and biomass adjustments to the livestock recording system;</li> <li>» agreed significant quantity and biomass adjustments made by the group in the livestock recording system to source data;</li> <li>» performed analytical procedures over feed conversion to biomass; and</li> <li>» considered the accuracy of historical forecasts of average fish weight and quantity recorded in the livestock recording system to actual fish harvest data.</li> </ul> <p>We also considered the appropriateness and sufficiency of biological assets disclosures included in the group financial statements.</p>

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## GOODWILL IMPAIRMENT ASSESSMENT

### Why significant

At 31 January 2021, the consolidated statement of financial position includes goodwill arising in business combinations of \$39.3 million, assigned to the single cash generating unit (CGU) assessed by management. An impairment test of the carrying value of goodwill is required annually.

The recoverable amount of a CGU is the higher of fair value less costs to sell (FVLCS) and value in use (VIU).

This is a key audit matter because the group's period end assessment of recoverable amount, which has been assumed to be the assessed VIU involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions. These are key inputs into the group's discounted cashflow ("DCF") model used to assess the VIU of the CGU.

FVLCS has been calculated with reference to market capitalisation at the balance sheet date.

Disclosures in relation to goodwill are included in Note 17 to the group financial statements.

### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- » evaluated the appropriateness of the group's single CGU determination;
- » considered the group's value in use assessment. This included the following steps:
  - » agreed relevant DCF inputs to board approved forecasts and compared these with historical actual results. We also considered the accuracy of previous internal forecasts;
  - » tested the mathematical accuracy of future cash flow forecasts;
  - » involved our valuation specialists in assessing the discount rate and terminal growth rate applied;
  - » tested the mathematical accuracy of discounting applied.
- » evaluated the calculation of the carrying value of the CGU;
- » involved our valuation specialists in performing our comparison of FVLCS (based on market capitalisation adjusted for a minority interest discount) to the carrying value of the CGU;
- » considered the appropriateness and sufficiency of goodwill disclosures included in the group financial statements.

## FINISHED GOODS AND WORK IN PROGRESS INVENTORY NET REALISABLE VALUE PROVISION

### Why significant

At 31 January 2021, the consolidated statement of financial position includes finished goods and work in progress inventory totalling \$30.6 million (2020: \$26.4m), net of a net realisable value provision of \$10.4 million (2020: \$2.2m).

This is a key audit matter because of the significant increase in the volume and age of finished goods due to the current year demand patterns. Therefore, the level of judgement involved in management's assessment of the net realisable value provision is significant.

Disclosures in relation to inventories are included in Note 14 to the group financial statements.

### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- » obtained an understanding of management's inventory provisioning process;
- » compared the assessed net realisable value of aged inventory items and items with high value and quantity to subsequent selling values and the FY22 board approved forecast. In doing so, we considered the greater price and volume uncertainty as a result of the ongoing COVID-19 pandemic;
- » tested that where finished goods and work in progress have been assumed to have extended shelf lives, the food safety and quality manager has approved the extension;
- » tested the mathematical accuracy of the provision calculation; and
- » considered the appropriateness and sufficiency of inventory disclosures included in the group financial statements.

INDEPENDENT AUDITOR'S REPORT



**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 which is expected to be made available to us after the date of this 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

**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 Bruce Loader.

Chartered Accountants  
Christchurch  
30 March 2021

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## Auditor's report for the year ended 30 June 2022.

Excerpt from *New Zealand King Salmon Investments Limited And Subsidiaries Financial Statements For The Year Ended 31 January 2022*



### **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 2 to 26, which comprise the consolidated statement of financial position of the group as at 31 January 2022, 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 2 to 26 present fairly, in all material respects, the consolidated financial position of the group as at 31 January 2022 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.

#### **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. 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.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2c in the financial statements, which indicates that the group was in breach of its bank covenants at balance date and is dependent on the success of a proposed equity raise, or obtaining funding by alternative means, to enable it to repay its bank loans. In addition, it may need to obtain additional funding to finance its operations. As stated in Note 2c, these events or conditions, along with other matters explained in Note 2c, indicate that material uncertainties exist that may cast

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significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

### Impairment assessment

Why significant	How our audit addressed the key audit matter
<p>Prior to its impairment, the consolidated statement of financial position included goodwill arising from business combinations of \$39.3 million (2021: \$39.3 million). An impairment test of the carrying value of goodwill is required annually and as a result of this, along with other indicators, an impairment assessment was conducted at year end. The group has recorded an impairment of the full amount of goodwill of \$39.3 million and an additional impairment of other assets of \$14.4 million.</p> <p>The recoverable amount of a cash generating unit ("CGU") is the higher of fair value less costs to sell (FVLCS) and value in use (VIU). The group has determined that it has a single CGU.</p> <p>Impairment is a key audit matter because the group's year end assessment of recoverable amount involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions. These are key inputs into the group's discounted cashflow (DCF) model used to assess the VIU of the CGU and so its recoverable amount.</p>	<p>In obtaining sufficient, appropriate audit evidence we:</p> <ul style="list-style-type: none"> <li>▶ evaluated the appropriateness of the group's single CGU determination;</li> <li>▶ considered the group's value in use assessment. This included the following: <ul style="list-style-type: none"> <li>• agreed relevant DCF inputs to board approved budget and forecasts and compared these with historical actual results taking into account proposed changes in the group's strategy. We also considered the accuracy of the group's previous forecasts;</li> <li>• tested the mathematical accuracy of future cash flow forecasts and discounting applied;</li> <li>• involved our valuation specialists in assessing the discount rate and terminal growth rate applied, as well as benchmarking components of the group's forecasts against other market information;</li> </ul> </li> </ul>

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Disclosures in relation to impairment of goodwill and other assets are included in Note 5 to the group financial statements.

- ▶ considered the appropriateness of the adoption of the calculated VIU as the CGU's recoverable amount;
- ▶ involved our valuation specialists in performing an assessment of FVLCS based on market capitalisation;
- ▶ evaluated the assessment of the carrying value of the CGU prior to impairment, the resulting impairment charge and its allocation to goodwill and other assets; and

We also considered the appropriateness and sufficiency of impairment related disclosures included in the group financial statements.

## Biological assets

### Why significant

At 31 January 2022, the consolidated statement of financial position includes biological assets (live salmon) of \$75.0 million with an estimated biomass of 6,015 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of \$24.4 million.

This is a key audit matter because the group's estimation of the fair value of biological assets involves estimation of year-end biomass and a valuation model that relies on significant estimation including:

- ▶ year end biomass and future 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.

### How our audit addressed the key audit matter

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 source 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 accuracy 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 to the livestock recording system;





- ▶ agreed significant quantity and biomass adjustments made by the group in the livestock recording system to source data;
- ▶ 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 recording system to actual fish harvest data.

We also considered the appropriateness and sufficiency of biological assets disclosures included in the group financial statements.

#### **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 which is expected to be made available to us after the date of this 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

#### **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

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## Appendix 3: Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position 2012–2022

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2012* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES					
Statement of Comprehensive Income					
FOR THE YEAR ENDED 30 JUNE 2012					
	Note	Consolidated		Parent	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
Revenue	3	104,004	114,513	-	-
Cost of goods sold		(70,577)	(70,444)	-	-
<b>Gross Profit</b>		<b>33,427</b>	<b>44,069</b>	<b>-</b>	<b>-</b>
Other operating income	3	221	467	-	-
<b>Expenses</b>					
Distribution expenses		(12,164)	(13,220)	-	-
Administrative expenses		(15,581)	(14,408)	-	-
Other operating expenses	4	(3,777)	(143)	-	-
<b>Operating Profit before Financing Costs</b>		<b>4,126</b>	<b>16,765</b>	<b>-</b>	<b>-</b>
Financial income	3	163	298	96	99
Financing costs	5	(10,172)	(9,773)	(10,006)	(9,191)
<b>Net Financing Cost</b>		<b>(9,949)</b>	<b>(8,977)</b>	<b>(9,910)</b>	<b>(9,132)</b>
<b>Operating Profit/(loss) before Subvention Payment</b>		<b>(5,823)</b>	<b>7,788</b>	<b>(9,910)</b>	<b>(9,132)</b>
Subvention receipt	4	-	-	3,675	9,132
<b>Profit/(loss) before Tax</b>		<b>(5,823)</b>	<b>7,788</b>	<b>(6,235)</b>	<b>-</b>
Dividend received	3	-	-	3,042	2,422
Income tax expense	6	(138)	(2,120)	-	-
<b>Net Profit/(loss) for the period attributable to equity holders of the Company</b>		<b>(5,961)</b>	<b>5,668</b>	<b>(3,193)</b>	<b>2,422</b>
<b>Other Comprehensive Income</b>					
Foreign currency gain/(loss)		(42)	98	-	-
Gain/(loss) from cashflow hedges		(170)	894	(1,285)	-
Income tax on other comprehensive income		48	(202)	360	-
<b>Net Other Comprehensive Income</b>		<b>(164)</b>	<b>790</b>	<b>(925)</b>	<b>-</b>
<b>Total Comprehensive Income/(loss) for the period attributed to equity holders of the Company</b>		<b>(6,125)</b>	<b>6,458</b>	<b>(4,118)</b>	<b>2,422</b>

These financial statements should be read in conjunction with the accompanying notes

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2014* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES  
**Statement of Comprehensive Income**  
 FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Sale of goods	3	95,064	103,302	-	-
Cost of goods sold		(69,197)	(70,136)	-	-
Gross Profit		25,867	33,172	-	-
Other operating income	3	427	740	-	-
Expenses					
Distribution expenses		(8,129)	(10,509)	-	-
Administrative expenses		(14,750)	(16,804)	-	-
Other expenses	4	(1,795)	(7,290)	-	-
Operating Profit before Financing Costs		1,620	(720)	-	-
Financial income	3	211	202	167	147
Realised gain on cashflow hedges closed out	3	-	9,989	-	-
Financing costs	6	(3,009)	(3,814)	(2,911)	(3,756)
Net Financing Income (Cost)		(2,798)	5,317	(2,744)	(3,609)
Operating Profit/(loss) before Subvention Payment		(1,178)	5,597	(2,744)	(3,609)
Dividend received	3	-	-	7,371	-
Subvention receipt	5	-	-	339	5,103
Profit/(loss) before Tax		(1,178)	5,597	4,966	1,494
Income tax expense	7	(352)	(313)	-	-
Net Profit/(loss) for the period attributable to equity holders of the Company		(1,530)	5,284	4,966	1,494
Other Comprehensive Income					
Foreign currency loss		(278)	(187)	-	-
Gain/(loss) from cashflow hedges		334	(3,356)	548	276
Income tax on other comprehensive income/(loss)		(94)	940	(153)	(217)
Net Other Comprehensive Income/(loss)		(38)	(2,603)	395	529
Total Comprehensive Income/(loss) for the period attributable to equity holders of the Company		(1,568)	2,681	5,361	2,023

These financial statements should be read in conjunction with the accompanying notes

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Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2015* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES			
Statement of Comprehensive Income			
FOR THE YEAR ENDED 30 JUNE 2015			
		Consolidated	
	Note	2015 \$000	2014 \$000
Sale of goods	3	98,288	95,064
Cost of goods sold		(68,986)	(69,197)
<b>Gross Profit</b>		<b>29,302</b>	<b>25,867</b>
Other operating income	4	3,792	945
Distribution expenses		(8,814)	(8,129)
Administrative expenses		(13,465)	(14,750)
Other expenses	5	(4,161)	(2,313)
<b>Operating Profit before Financing Costs</b>		<b>6,654</b>	<b>1,620</b>
Financial income	3	132	211
Financing costs	6	(1,687)	(3,009)
<b>Net Financing Cost</b>		<b>(1,555)</b>	<b>(2,798)</b>
<b>Profit/(loss) before Tax</b>		<b>5,099</b>	<b>(1,178)</b>
Income tax (expense)/income	7	70	(352)
<b>Net Profit/(loss) for the period attributable to equity holders of the Company</b>		<b>5,169</b>	<b>(1,530)</b>
<b>Other Comprehensive Income</b>			
Foreign currency gain/(loss)		128	(278)
Gain/(loss) from cash flow hedges		(134)	334
Income tax on other comprehensive income/(loss)		38	(94)
<b>Net Other Comprehensive Income/(loss)</b>		<b>32</b>	<b>(38)</b>
<b>Total Comprehensive Income/(loss) for the period attributable to equity holders of the Company</b>		<b>5,201</b>	<b>(1,568)</b>

These financial statements should be read in conjunction with the accompanying notes

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2016* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

**Consolidated Statement of Comprehensive Income**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$000	2015 \$000 Restated
Revenue	5	114,060	99,288
Cost of goods sold	14	(104,883)	(93,582)
Fair value gain on biological transformation	15	30,223	29,539
Freight costs to market		(10,134)	(8,814)
<b>Gross profit</b>		<b>29,266</b>	<b>25,331</b>
Other operating income	6	1,281	3,792
Sales, marketing and advertising expenses		(6,815)	(5,805)
Distribution overheads		(2,041)	(1,758)
Corporate expenses	7	(6,062)	(5,215)
Other expenses	7	(1,813)	(3,961)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>13,816</b>	<b>12,384</b>
Depreciation and amortisation expense	16,17	(4,244)	(4,049)
Impairment of non-current assets	16,17	(1,037)	(200)
Finance income	8	65	132
Finance costs	8	(5,215)	(1,654)
<b>Profit before tax</b>		<b>3,385</b>	<b>6,613</b>
Income tax expense	9	(792)	(354)
<b>Net profit for the year</b>		<b>2,593</b>	<b>6,259</b>
<b>Other comprehensive income</b>			
Exchange gain/(loss) on translation of foreign operations	10	(194)	128
Net movement on cash flow hedges	10	(3,011)	(134)
Income tax effect of movement on cash flow hedges	10	843	38
<b>Net other comprehensive income/(loss)</b>		<b>(2,362)</b>	<b>32</b>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>231</b>	<b>6,291</b>
<b>Earnings per share</b>	11	<b>2016</b>	<b>2015</b>
Basic profit for the year attributable to ordinary equity holders of the parent		\$0.10	\$0.25
Diluted profit for the year attributable to ordinary equity holders of the parent		\$0.10	\$0.24

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2017* (financial statements can be found on the Companies Office Register)

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$000	2016 \$000
Revenue	5	136,351	114,060
Cost of goods sold	14	(119,879)	(104,863)
Fair value gain on biological transformation	15	54,645	30,223
Freight costs to market		(13,360)	(10,134)
<b>Gross profit</b>		<b>57,957</b>	<b>29,266</b>
Other income	8	2,574	1,261
Sales, marketing and advertising expenses		(6,748)	(6,815)
Distribution overheads		(2,993)	(2,041)
Corporate expenses	7	(7,261)	(6,062)
Other expenses	7	(2,996)	(1,813)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>38,533</b>	<b>13,816</b>
Depreciation and amortisation expense	16, 17	(4,366)	(4,244)
Impairment of non-current assets	10, 17	-	(1,037)
Finance income	8	188	65
Finance expenses	8	(1,990)	(5,215)
<b>Profit before tax</b>		<b>32,365</b>	<b>3,385</b>
Income tax expense	9	(9,601)	(792)
<b>Net profit after tax</b>		<b>22,764</b>	<b>2,593</b>
Other comprehensive income			
Foreign currency translation differences	10	12	(194)
Net movement on cash flow hedges	10	6,063	(3,011)
Income tax effect of movement on cash flow hedges	10	(1,700)	843
Share-based payment expense	10	142	-
<b>Net other comprehensive income/(loss)</b>		<b>4,517</b>	<b>(2,362)</b>
<b>Total comprehensive income/(loss)</b>		<b>27,281</b>	<b>231</b>
<b>Earnings per share</b>			
Basic earnings per share	11	\$ 0.16	\$ 0.02
Diluted earnings per share	11	\$ 0.16	\$ 0.02



Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2018* (financial statements can be found on the Companies Office Register)

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$000	2017 \$000
Revenue	5	160,271	136,351
Cost of goods sold	14	(145,320)	(119,879)
Fair value gain on biological transformation	15	50,309	54,845
Freight costs to market		(15,212)	(13,300)
Gross profit		50,048	57,957
Other income	6	1,822	2,574
Sales, marketing and advertising expenses		(10,351)	(8,748)
Distribution overheads		(3,348)	(2,993)
Corporate expenses	7	(8,728)	(7,281)
Other expenses	7	(2,931)	(2,990)
Earnings before interest, tax, depreciation and amortisation		26,462	38,533
Depreciation and amortisation expense	16, 17	(5,105)	(4,366)
Finance income	8	188	188
Finance expenses	8	(858)	(1,990)
Profit before tax		22,687	32,365
Income tax expense	9	(8,562)	(9,601)
Net profit after tax		16,125	22,764
Other comprehensive income			
Foreign currency translation differences	10	120	12
Net movement on cash flow hedges	10	(2,571)	8,083
Income tax effect of movement on cash flow hedges	10	721	(1,700)
Share based payment expense	10	263	142
Net other comprehensive income(loss that will subsequently reverse through profit or loss)		(1,467)	4,517
Total comprehensive income/(loss)		14,658	27,281
Earnings per share			
Basic earnings per share	11	\$ 0.12	\$ 0.18
Diluted earnings per share	11	\$ 0.12	\$ 0.16

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2019* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$000	2018 \$000
Revenue from contracts with customers	5	172,609	-
Revenue	5	-	160,271
Cost of goods sold including fair value uplift at point of harvest	14	(172,147)	(145,320)
Fair value gain on biological transformation	15	60,002	50,309
Freight costs to market		(15,642)	(15,212)
<b>Gross profit</b>		<b>44,822</b>	<b>50,048</b>
Other income	6	857	1,822
Sales, marketing and advertising expenses		(9,619)	(10,381)
Distribution overheads		(3,600)	(3,348)
Corporate expenses	7	(7,006)	(6,728)
Other expenses	7	(2,391)	(2,931)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>23,063</b>	<b>28,462</b>
Depreciation and amortisation expense	16, 17	(6,234)	(5,105)
Finance income	8	96	198
Finance expenses	8	(1,188)	(888)
<b>Profit before tax</b>		<b>15,737</b>	<b>22,687</b>
Income tax expense	9	(4,387)	(6,562)
<b>Net profit after tax</b>		<b>11,350</b>	<b>16,125</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	10	(244)	120
Movement on cash flow hedges	10	(2,374)	(2,571)
Income tax effect of movement on cash flow hedges	10	665	721
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
<b>Net other comprehensive income</b>		<b>(1,953)</b>	<b>(1,730)</b>
<b>Total comprehensive income</b>		<b>9,397</b>	<b>14,395</b>
<b>Earnings per share</b>			
Basic earnings per share	11	\$0.08	\$0.12
Diluted earnings per share	11	\$0.08	\$0.12

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2020* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 30 JUNE 2020			
	Note	2020 \$000	2019 \$000
Revenue from contracts with customers	33	155,344	172,609
Cost of goods sold including fair value uplift at point of harvest	14	(145,768)	(172,147)
Fair value gain on biological transformation	15	64,124	60,002
Freight costs to market		(15,351)	(15,642)
<b>Gross profit</b>		<b>58,349</b>	<b>44,822</b>
Other income	6	4,247	857
Sales, marketing and advertising expenses		(12,473)	(9,619)
Distribution overheads		(4,131)	(3,600)
Corporate expenses	7	(9,012)	(7,006)
Other expenses	7	(906)	(2,391)
<b>Earnings before interest, tax, depreciation and amortisation</b>		<b>36,074</b>	<b>23,063</b>
Depreciation and amortisation expense	16,17,18	(9,385)	(6,234)
Financial income	8	12	96
Finance expenses	8	(1,748)	(1,188)
<b>Profit before tax</b>		<b>24,953</b>	<b>15,737</b>
Income tax expense	9	(6,949)	(4,367)
<b>Net profit after tax</b>		<b>18,004</b>	<b>11,350</b>
<b>Other comprehensive income</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	10	154	(244)
Movement on cash flow hedges	10	5,522	(2,374)
Income tax effect of movement on cash flow hedges	10	(1,546)	665
<b>Net other comprehensive income</b>		<b>4,130</b>	<b>(1,953)</b>
<b>Total comprehensive income</b>		<b>22,134</b>	<b>9,397</b>
<b>Earnings per share</b>			
Basic earnings per share	11	\$0.13	\$0.08
Diluted earnings per share	11	\$0.13	\$0.08
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.			

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 31 January 2021* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SEVEN MONTH PERIOD ENDED 31 JANUARY 2021**

	Note	2021 7 Months to 31 January \$'000	2020 12 Months to 30 June \$'000
Revenue from contracts with customers	32	95,239	155,344
Cost of goods sold including fair value uplift at point of harvest	14	(98,820)	(145,768)
Fair value gain on biological transformation	15	29,350	64,124
Freight costs to market		(11,616)	(15,351)
<b>Gross profit</b>		<b>14,153</b>	<b>58,349</b>
Other income	6	541	4,247
Sales, marketing and advertising expenses		(7,702)	(12,473)
Distribution overheads		(3,132)	(4,131)
Corporate expenses	7	(4,979)	(9,012)
Other expenses	7	(889)	(906)
<b>Earnings / (loss) before interest, tax, depreciation and amortisation</b>		<b>(2,009)</b>	<b>36,074</b>
Depreciation and amortisation expense	16,17,18	(5,969)	(9,385)
Finance income	8	5	12
Finance expenses	8	(1,353)	(1,748)
<b>(Loss) / profit before tax</b>		<b>(9,326)</b>	<b>24,953</b>
Income tax credit / (expense)	9	2,247	(6,949)
<b>Net (loss) / profit after tax</b>		<b>(7,079)</b>	<b>18,004</b>
<b>Other comprehensive income</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	10	(677)	154
Movement on cash flow hedges	10	22,065	5,522
Income tax effect of movement on cash flow hedges	10	(6,178)	(1,546)
<b>Net other comprehensive income</b>		<b>15,210</b>	<b>4,130</b>
<b>Total comprehensive income</b>		<b>8,131</b>	<b>22,134</b>
<b>Earnings per share</b>			
Basic earnings per share	11	(\$0.05)	\$0.13
Diluted earnings per share	11	(\$0.05)	\$0.13

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 31 January 2022* (financial statements can be found on the Companies Office Register)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 JANUARY 2022

	Note	2022 12 Months to 31 January \$000	2021 7 Months to 31 January \$000
Revenue from contracts with customers	32	174,530	95,239
Cost of goods sold including fair value uplift at point of harvest	14	(177,774)	(98,820)
Fair value gain on biological transformation	15	41,261	29,350
Freight costs to market		(25,275)	(11,616)
<b>Gross profit</b>		<b>12,743</b>	<b>14,153</b>
Other income	6	402	541
Sales, marketing and advertising expenses		(13,471)	(7,702)
Distribution overheads		(5,204)	(3,132)
Corporate expenses	7	(8,649)	(4,979)
Other expenses	7	(1,414)	(889)
<b>Loss before interest, tax, depreciation, amortisation and impairment</b>		<b>(15,593)</b>	<b>(2,009)</b>
Depreciation and amortisation expense	16, 17, 18	(10,125)	(5,969)
Impairment	5	(59,255)	-
Finance income	8	17	5
Finance expenses	8	(2,636)	(1,353)
<b>Loss before tax</b>		<b>(87,593)</b>	<b>(9,326)</b>
Income tax credit / (expense)	9	14,390	2,247
<b>Net loss after tax</b>		<b>(73,202)</b>	<b>(7,079)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	10	214	(677)
Movement on cash flow hedges	10	(11,765)	22,065
Income tax effect of movement on cash flow hedges	10	3,294	(6,178)
<b>Net other comprehensive income / (loss)</b>		<b>(8,257)</b>	<b>15,210</b>
<b>Total comprehensive income / (loss)</b>		<b>(81,459)</b>	<b>8,131</b>
<b>Earnings per share</b>			
Basic earnings per share	11	\$ (0.53)	\$ (0.05)
Diluted earnings per share	11	\$ (0.53)	\$ (0.05)

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2012* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES  
**Statement of Changes in Equity**  
 FOR THE YEAR ENDED 30 JUNE 2012

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Consolidated</b>					
As at 1 July 2011	24,334	46	2,367	5,081	31,828
Profit/(loss) for the period	-	-	-	(5,961)	(5,961)
Other comprehensive loss	-	(42)	(122)	-	(164)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>(42)</b>	<b>(122)</b>	<b>(5,961)</b>	<b>(6,125)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	962	-	-	-	962
Dividends paid	-	-	-	(3,052)	(3,052)
<b>As at 30 June 2012</b>	<b>25,296</b>	<b>4</b>	<b>2,245</b>	<b>(3,933)</b>	<b>23,613</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Consolidated</b>					
As at 1 July 2010	24,223	(52)	1,675	1,843	27,689
Profit/(loss) for the period	-	-	-	5,668	5,668
Other comprehensive income	-	98	692	-	790
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>98</b>	<b>692</b>	<b>5,668</b>	<b>6,458</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	111	-	-	-	111
Dividends paid	-	-	-	(2,430)	(2,430)
<b>As at 30 June 2011</b>	<b>24,334</b>	<b>46</b>	<b>2,367</b>	<b>5,081</b>	<b>31,828</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Parent</b>					
As at 1 July 2011	24,334	-	-	(38)	24,296
Profit/(loss) for the period	-	-	-	(3,193)	(3,193)
Other comprehensive income	-	-	(925)	-	(925)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(925)</b>	<b>(3,193)</b>	<b>(4,118)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	962	-	-	-	962
Dividends paid	-	-	-	(3,052)	(3,052)
<b>As at 30 June 2012</b>	<b>25,296</b>	<b>-</b>	<b>(925)</b>	<b>(6,283)</b>	<b>18,088</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Parent</b>					
As at 1 July 2010	24,223	-	-	(30)	24,193
Profit/(loss) for the period	-	-	-	2,422	2,422
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,422</b>	<b>2,422</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	111	-	-	-	111
Dividends paid	-	-	-	(2,430)	(2,430)
<b>As at 30 June 2011</b>	<b>24,334</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>24,296</b>

These financial statements should be read in conjunction with the accompanying notes



Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2013* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

**Statement of Changes in Equity**

FOR THE YEAR ENDED 30 JUNE 2013

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Consolidated</b>					
As at 1 July 2012	25,296	4	2,745	(7,402)	20,143
Profit/(loss) for the period	-	-	-	5,284	5,284
Other comprehensive loss	-	(187)	(2,416)	-	(2,603)
<b>Total comprehensive income/(loss) for the period</b>	-	(187)	(2,416)	5,284	2,681
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
<b>As at 30 June 2013</b>	<b>25,296</b>	<b>(183)</b>	<b>(171)</b>	<b>(2,118)</b>	<b>22,824</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Consolidated</b>					
As at 1 July 2011	24,334	46	2,367	5,081	31,828
Profit/(loss) for the period	-	-	-	(9,431)	(9,431)
Other comprehensive income	-	(42)	(122)	-	(164)
<b>Total comprehensive income/(loss) for the period</b>	-	(42)	(122)	(9,431)	(9,595)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	962	-	-	-	962
Dividends paid	-	-	-	(3,052)	(3,052)
<b>As at 30 June 2012</b>	<b>25,296</b>	<b>4</b>	<b>2,245</b>	<b>(7,402)</b>	<b>20,143</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Parent</b>					
As at 1 July 2012	25,296	-	(925)	(6,283)	18,088
Profit/(loss) for the period	-	-	-	1,494	1,494
Other comprehensive income	-	-	559	-	559
<b>Total comprehensive income/(loss) for the period</b>	-	-	559	1,494	2,053
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
<b>As at 30 June 2013</b>	<b>25,296</b>	<b>-</b>	<b>(366)</b>	<b>(4,789)</b>	<b>20,141</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Parent</b>					
As at 1 July 2011	24,334	-	-	(38)	24,296
Profit/(loss) for the period	-	-	-	(3,193)	(3,193)
Other comprehensive income	-	-	(925)	-	(925)
<b>Total comprehensive income/(loss) for the period</b>	-	-	(925)	(3,193)	(4,118)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	962	-	-	-	962
Dividends paid	-	-	-	(3,052)	(3,052)
<b>As at 30 June 2012</b>	<b>25,296</b>	<b>-</b>	<b>(925)</b>	<b>(6,283)</b>	<b>18,088</b>

These financial statements should be read in conjunction with the accompanying notes

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Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2014* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES  
**Statement of Changes in Equity**  
 FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
Consolidated As at 1 July 2013	25,296	(183)	(171)	(2,118)	22,824
Profit/(loss) for the period	-	-	-	(1,530)	(1,530)
Other comprehensive loss	-	(278)	240	-	(38)
Total comprehensive income/(loss) for the period	-	(278)	240	(1,530)	(1,568)
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	(2,590)	(2,590)
As at 30 June 2014	25,296	(461)	60	(6,238)	18,666

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
Consolidated As at 1 July 2012	25,296	4	2,245	(7,402)	20,143
Profit/(loss) for the period	-	-	-	5,284	5,284
Other comprehensive loss	-	(187)	(2,416)	-	(2,603)
Total comprehensive income/(loss) for the period	-	(187)	(2,416)	5,284	2,681
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
As at 30 June 2013	25,296	(183)	(171)	(2,118)	22,824

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
Parent As at 1 July 2013	25,296	-	(366)	(4,789)	20,141
Profit/(loss) for the period	-	-	-	4,966	4,966
Other comprehensive income	-	-	395	-	395
Total comprehensive income/(loss) for the period	-	-	395	4,966	5,361
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	(2,590)	(2,590)
As at 30 June 2014	25,296	-	29	(2,413)	22,912

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
Parent As at 1 July 2012	25,296	-	(925)	(6,282)	18,088
Profit for the period	-	-	-	1,494	1,494
Other comprehensive income	-	-	559	-	559
Total comprehensive income for the period	-	-	559	1,494	2,053
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
As at 30 June 2013	25,296	-	(366)	(4,789)	20,141

These financial statements should be read in conjunction with the accompanying notes

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2015* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

**Statement of Changes in Equity**

FOR THE YEAR ENDED 30 JUNE 2015

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Consolidated</b>					
As at 1 July 2014	25,296	(461)	69	(6,238)	18,666
Profit/(loss) for the period	-	-	-	5,169	5,169
Other comprehensive loss	-	128	(96)	-	32
<b>Total comprehensive income/(loss) for the period</b>	-	128	(96)	5,169	5,201
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	-	-
<b>As at 30 June 2015</b>	<b>25,296</b>	<b>(333)</b>	<b>(27)</b>	<b>(1,069)</b>	<b>23,867</b>

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Consolidated</b>					
As at 1 July 2013	25,296	(183)	(171)	(2,118)	22,824
Profit/(loss) for the period	-	-	-	(1,530)	(1,530)
Other comprehensive loss	-	(278)	240	-	(38)
<b>Total comprehensive income/(loss) for the period</b>	-	<b>(278)</b>	<b>240</b>	<b>(1,530)</b>	<b>(1,568)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	-	-	-	-	-
Dividends paid	-	-	-	(2,590)	(2,590)
<b>As at 30 June 2014</b>	<b>25,296</b>	<b>(461)</b>	<b>69</b>	<b>(6,238)</b>	<b>18,666</b>

These financial statements should be read in conjunction with the accompanying notes

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EY

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2016* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

**Consolidated Statement of Changes in Equity**

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
As at 1 July 2015		25,296	(333)	(27)	11,847	36,783
Profit for the year		-	-	-	2,593	2,593
Other comprehensive loss	10	-	(194)	(2,168)	-	(2,362)
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>(194)</b>	<b>(2,168)</b>	<b>2,593</b>	<b>231</b>
<b>As at 30 June 2016</b>		<b>25,296</b>	<b>(527)</b>	<b>(2,195)</b>	<b>14,440</b>	<b>37,014</b>

		Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Retained Earnings \$000	Total Equity \$000
As at 1 July 2014 restated		25,296	(461)	89	5,588	30,492
Profit for the year		-	-	-	6,259	6,259
Other comprehensive income/(loss)	10	-	128	(96)	-	32
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>128</b>	<b>(96)</b>	<b>6,259</b>	<b>6,291</b>
<b>As at 30 June 2015 restated</b>		<b>25,296</b>	<b>(333)</b>	<b>(27)</b>	<b>11,847</b>	<b>36,783</b>

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2017* (financial statements can be found on the Companies Office Register)

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2017

		Share Capital	Foreign Currency Translation Reserve	Hedge Reserve	Share Based Payment Reserve	Retained Earnings	Total Equity
	Note	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 July 2016		25,296	(527)	(2,195)	-	14,440	37,014
Profit for the period		-	-	-	-	22,764	22,764
Other comprehensive income/(loss)	10	-	12	4,363	142	-	4,517
Total comprehensive income/(loss) for the period		-	12	4,363	142	22,764	27,281
Increase in share capital in preparation for IPO	26	68,914	-	-	-	-	68,914
Shares issued	26	30,105	-	-	-	-	30,105
Transaction costs arising on share issue	26	(1,797)	-	-	-	-	(1,797)
Distribution to shareholders	26	-	-	-	-	(2,842)	(2,842)
Balance as at 30 June 2017		122,518	(515)	2,168	142	34,362	158,675
Balance as at 1 July 2015		25,296	(333)	(27)	-	11,847	36,783
Profit for the period		-	-	-	-	2,593	2,593
Other comprehensive income/(loss)	10	-	(194)	(2,168)	-	-	(2,362)
Total comprehensive income/(loss) for the period		-	(194)	(2,168)	-	2,593	231
Balance as at 30 June 2016		25,296	(527)	(2,195)	-	14,440	37,014

EY

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2018* (financial statements can be found on the Companies Office Register)

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Share Based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance as at 1 July 2017		122,518	(515)	2,168	142	34,362	158,675
Profit for the period		-	-	-	-	16,125	16,125
Other comprehensive income/(loss)	10	-	120	(1,850)	263	-	(1,467)
Total comprehensive income/(loss) for the period		-	120	(1,850)	263	16,125	14,658
Shares issued	25	61	-	-	-	-	61
Distribution to shareholders	25	-	-	-	-	(7,093)	(7,093)
Balance as at 30 June 2018		122,579	(395)	318	405	43,394	166,301
Balance as at 1 July 2016		25,290	(527)	(2,195)	-	14,440	37,014
Profit for the period		-	-	-	-	22,764	22,764
Other comprehensive income/(loss)	10	-	12	4,363	142	-	4,517
Total comprehensive income/(loss) for the period		-	12	4,363	142	22,764	27,281
Increase in share capital in preparation for IPO	25	88,914	-	-	-	-	88,914
Shares issued	25	30,105	-	-	-	-	30,105
Transaction costs arising on share issue	25	(1,797)	-	-	-	-	(1,797)
Distribution to shareholders	25	-	-	-	-	(2,842)	(2,842)
Balance as at 30 June 2017		122,518	(515)	2,168	142	34,362	158,675



Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2019* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY							
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY							
FOR THE YEAR ENDED 30 JUNE 2019							
	Note	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Share Based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance as at 1 July 2018		122,579	(395)	318	405	43,394	166,301
Profit for the period		-	-	-	-	11,350	11,350
Other comprehensive income/(loss)	10	-	(244)	(1,709)	-	-	(1,953)
Total comprehensive income/(loss) for the period		-	(244)	(1,709)	-	11,350	9,397
Employee share scheme loans repaid	25	16	-	-	-	-	16
Share based payment expense		-	-	-	170	-	170
Dividends paid	25	-	-	-	-	(7,131)	(7,131)
Balance as at 30 June 2019		122,595	(639)	(1,391)	575	47,612	168,752
Balance as at 1 July 2017		122,518	(515)	2,168	142	34,362	158,675
Profit for the period		-	-	-	-	16,125	16,125
Other comprehensive income/(loss)	10	-	120	(1,850)	-	-	(1,730)
Total comprehensive income/(loss) for the period		-	120	(1,850)	-	16,125	14,395
Shares issued	25	61	-	-	-	-	61
Share based payment expense		-	-	-	263	-	263
Dividends paid	25	-	-	-	-	(7,093)	(7,093)
Balance as at 30 June 2018		122,579	(395)	318	405	43,394	166,301
The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.							

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2020* (financial statements can be found on the Companies Office Register)



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Share Based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Balance as at 1 July 2019</b>		122,595	(639)	(1,391)	575	47,612	168,752
Profit for the period		-	-	-	-	18,004	18,004
Other comprehensive income/(loss)	10	-	154	3,978	-	-	4,132
<b>Total comprehensive income/(loss) for the period</b>		-	154	3,978	-	18,004	22,136
Shares issued	28	11	-	-	-	-	11
Share based payment expense		-	-	-	301	-	301
Dividends paid	28	-	-	-	-	(6,886)	(6,886)
- ordinary		-	-	-	-	(211)	(211)
- supplementary		-	-	-	-	211	211
- foreign investor tax credit		-	-	-	-	-	-
<b>Balance as at 30 June 2020</b>		122,606	(485)	2,587	876	58,730	184,314
<b>Balance as at 1 July 2018</b>		122,579	(395)	318	405	43,394	166,301
Profit for the period		-	-	-	-	11,350	11,350
Other comprehensive income/(loss)	10	-	(244)	(1,709)	-	-	(1,953)
<b>Total comprehensive income/(loss) for the period</b>		-	(244)	(1,709)	-	11,350	9,397
Shares issued	28	16	-	-	-	-	16
Share based payment expense		-	-	-	170	-	170
Dividends paid	28	-	-	-	-	(7,131)	(7,131)
- ordinary		-	-	-	-	(189)	(189)
- supplementary		-	-	-	-	189	189
- foreign investor tax credit		-	-	-	-	-	-
<b>Balance as at 30 June 2019</b>		122,595	(639)	(1,391)	575	47,612	168,752

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 31 January 2021* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SEVEN MONTH PERIOD ENDED 31 JANUARY 2021**

	Note	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Share Based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
<b>Balance as at 1 July 2020</b>		122,606	(485)	2,587	876	58,730	184,314
Loss for the period		-	-	-	-	(7,079)	(7,079)
Other comprehensive income/(loss)	10	-	(677)	15,867	-	-	15,210
<b>Total comprehensive income/(loss) for the period</b>		-	(677)	15,867	-	(7,079)	8,131
Share based payment expense		-	-	-	98	-	98
<b>Balance as at 31 January 2021</b>		122,606	(1,162)	18,474	974	51,651	192,543
<b>Balance as at 1 July 2019</b>		122,595	(639)	(1,391)	575	47,612	168,752
Profit for the period		-	-	-	-	18,004	18,004
Other comprehensive income/(loss)	10	-	154	3,978	-	-	4,132
<b>Total comprehensive income/(loss) for the period</b>		-	154	3,978	-	18,004	22,136
Shares issued	27	11	-	-	-	-	11
Share based payment expense		-	-	-	301	-	301
Dividends paid	27	-	-	-	-	(6,886)	(6,886)
- ordinary		-	-	-	-	(211)	(211)
- supplementary		-	-	-	-	211	211
- foreign investor tax credit		-	-	-	-	-	-
<b>Balance as at 30 June 2020</b>		122,606	(485)	2,587	876	58,730	184,314

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 31 January 2022* (financial statements can be found on the Companies Office Register)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

	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 2021		122,606	(1,162)	18,474	974	51,651	192,543
Loss for the year		-	-	-	-	(73,202)	(73,202)
Other comprehensive income/(loss)	10	-	214	(8,471)	-	-	(8,257)
Total comprehensive income/(loss) for the year		-	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
Balance as at 1 July 2020		122,606	(485)	2,587	876	58,730	184,314
Loss for the period		-	-	-	-	(7,079)	(7,079)
Other comprehensive income/(loss)	10	-	(677)	15,887	-	-	15,210
Total comprehensive income/(loss) for the period		-	(677)	15,887	-	(7,079)	8,131
Share based payment expense		-	-	-	98	-	98
Balance as at 31 January 2021		122,606	(1,162)	18,474	974	51,651	192,543

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

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2012* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

Statement of Financial Position

AS AT 30 JUNE 2012

	Note	Consolidated		Parent	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7	1,108	5,046	10	9
Trade and other receivables	8	8,374	9,422	159	84
Inventories	9	13,174	9,276	-	-
Biological assets	10	27,979	32,495	-	-
Amount owing by related companies	8	2,520	1,715	17,456	15,622
Derivative financial assets	23	2,268	2,511	-	-
<b>Total Current Assets</b>		<b>55,423</b>	<b>60,465</b>	<b>17,625</b>	<b>15,715</b>
<b>Non-current Assets</b>					
Property, plant and equipment	11	28,806	33,007	-	-
Intangible assets	12	7,193	1,657	-	-
Investments in subsidiaries	13	-	-	93,500	93,500
Goodwill	12	39,255	39,255	-	-
Other investments	14	1	1	-	-
Deferred tax asset	6	-	-	360	-
Derivative financial assets	23	2,868	3,376	8	-
<b>Total Non-current Assets</b>		<b>78,123</b>	<b>77,296</b>	<b>93,868</b>	<b>93,500</b>
<b>TOTAL ASSETS</b>		<b>133,546</b>	<b>137,761</b>	<b>111,493</b>	<b>109,215</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Interest-bearing loans and borrowings	15	5,006	26,009	5,000	26,000
Trade and other payables	16	15,068	14,850	20	27
Income tax payable		1	425	-	-
Employee benefits	17	2,288	2,552	-	-
Amount owing to related companies	16	6,264	6,707	6,264	6,707
Derivative financial liabilities	23	669	154	-	-
<b>Total Current Liabilities</b>		<b>29,296</b>	<b>50,697</b>	<b>11,284</b>	<b>32,734</b>
<b>Non-current Liabilities</b>					
Interest-bearing loans and borrowings	15	20,000	6	20,000	-
Employee benefits	17	85	92	-	-
Shareholder loans	22	56,505	50,125	60,828	52,185
Deferred tax liabilities	6	2,695	2,566	-	-
Derivative financial liabilities	23	1,352	2,447	1,293	-
<b>Total Non-current Liabilities</b>		<b>80,637</b>	<b>55,236</b>	<b>82,121</b>	<b>52,185</b>
<b>TOTAL LIABILITIES</b>		<b>109,933</b>	<b>105,933</b>	<b>93,405</b>	<b>84,919</b>
<b>NET ASSETS</b>		<b>23,613</b>	<b>31,828</b>	<b>18,088</b>	<b>24,296</b>
<b>EQUITY</b>					
<b>Equity attributed to equity holders of the company</b>					
Share capital		25,296	24,334	25,296	24,334
Reserves	24	2,249	2,413	(925)	-
Retained earnings/(loss)		(3,932)	5,081	(6,283)	(38)
<b>TOTAL EQUITY</b>		<b>23,613</b>	<b>31,828</b>	<b>18,088</b>	<b>24,296</b>

For, and on behalf of the Board, who authorised the issue of these financial statements on 29 October 2012.

Director  
29 October 2012

Director  
29 October 2012

These financial statements should be read in conjunction with the accompanying notes

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2013* (financial statements can be found on the Companies Office Register)

# NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

## Statement of Financial Position

AS AT 30 JUNE 2013

	Note	Consolidated		Parent	
		2013 \$000	2012 \$000	2013 \$000	2012 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8	1,962	1,108	5	10
Trade and other receivables	9	9,151	8,374	134	160
Inventories	10	9,572	13,174	-	-
Biological assets	11	26,749	24,508	-	-
Amount owing by related companies	9	2,445	2,520	14,450	17,455
Derivative financial assets	24	3,824	2,268	5	-
<b>Total Current Assets</b>		<b>53,703</b>	<b>51,952</b>	<b>14,594</b>	<b>17,625</b>
<b>Non-current Assets</b>					
Property, plant and equipment	12	30,011	28,807	-	-
Intangible assets	13	6,063	7,192	-	-
Investments in subsidiaries	14	-	-	93,500	93,500
Goodwill	13	39,255	39,255	-	-
Other investments	15	1	1	-	-
Deferred tax asset	7	848	855	142	360
Derivative financial assets	24	6,691	2,868	418	8
<b>Total Non-current Assets</b>		<b>82,869</b>	<b>78,978</b>	<b>94,060</b>	<b>93,868</b>
<b>TOTAL ASSETS</b>		<b>136,572</b>	<b>130,930</b>	<b>108,654</b>	<b>111,493</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Interest-bearing loans and borrowings	16	10	5,006	-	5,000
Trade and other payables	17	14,930	15,067	20	20
Income tax payable		(2)	1	-	-
Employee benefits	18	2,144	2,288	-	-
Amount owing to related companies	17	-	6,264	-	6,264
Shareholder loans	23	62,886	-	67,561	-
Derivative financial liabilities	24	3,781	669	144	-
<b>Total Current Liabilities</b>		<b>83,749</b>	<b>29,295</b>	<b>67,725</b>	<b>11,284</b>
<b>Non-current Liabilities</b>					
Interest-bearing loans and borrowings	16	20,000	20,000	20,000	20,000
Employee benefits	18	108	85	-	-
Shareholder loans	23	-	56,505	-	60,828
Deferred tax liabilities	7	2,916	3,550	-	-
Derivative financial liabilities	24	6,975	1,352	788	1,293
<b>Total Non-current Liabilities</b>		<b>29,999</b>	<b>81,492</b>	<b>20,788</b>	<b>82,121</b>
<b>TOTAL LIABILITIES</b>		<b>113,748</b>	<b>110,787</b>	<b>88,513</b>	<b>93,405</b>
<b>NET ASSETS</b>		<b>22,824</b>	<b>20,143</b>	<b>20,141</b>	<b>18,088</b>
<b>EQUITY</b>					
<b>Equity attributed to equity holders of the company</b>					
Share capital		25,296	25,296	25,296	25,296
Reserves	25	(354)	2,249	(366)	(925)
Retained earnings (loss)		(2,118)	(7,402)	(4,789)	(6,283)
<b>TOTAL EQUITY</b>		<b>22,824</b>	<b>20,143</b>	<b>20,141</b>	<b>18,088</b>

For and on behalf of the Board, who authorised the issue of these financial statements on 13 November 2013

  
Director  
13 November 2013

  
Director  
13 November 2013

These financial statements should be read in conjunction with the accompanying notes

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Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2014* (financial statements can be found on the Companies Office Register)

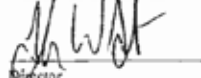
# NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

## Statement of Financial Position

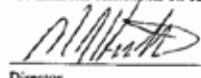
AS AT 30 JUNE 2014

	Note	Consolidated		Parent	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8	1,561	1,962	4	5
Trade and other receivables	9	8,514	9,151	95	134
Inventories	10	8,625	9,572	-	-
Biological assets	11	29,251	26,749	-	-
Amount owing by related companies	9	2,672	2,445	20,381	14,450
Derivative financial assets	24	2,688	3,824	5	5
<b>Total Current Assets</b>		<b>53,311</b>	<b>53,703</b>	<b>20,485</b>	<b>14,594</b>
<b>Non-current Assets</b>					
Property, plant and equipment	12	29,940	30,011	-	-
Intangible assets	13	5,208	6,063	-	-
Investments in subsidiaries	14	-	-	93,500	93,500
Goodwill	13	39,255	39,255	-	-
Other investments	15	1	1	-	-
Deferred tax asset	7	526	848	-	142
Derivative financial assets	24	1,440	6,691	521	418
<b>Total Non-current Assets</b>		<b>76,370</b>	<b>82,869</b>	<b>94,021</b>	<b>94,060</b>
<b>TOTAL ASSETS</b>		<b>129,681</b>	<b>136,572</b>	<b>114,506</b>	<b>108,654</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Interest-bearing loans and borrowings	16	20,044	10	20,000	-
Trade and other payables	17	15,437	14,930	25	20
Income tax payable		-	(2)	-	-
Employee benefits	18	2,024	2,144	-	-
Amount owing to related companies	17	1,263	-	1,263	-
Shareholder loans	23	14,982	62,886	15,560	67,561
Derivative financial liabilities	24	2,844	3,781	18	144
<b>Total Current Liabilities</b>		<b>56,594</b>	<b>83,749</b>	<b>36,867</b>	<b>67,725</b>
<b>Non-current Liabilities</b>					
Interest-bearing loans and borrowings	16	-	20,000	-	20,000
Employee benefits	18	86	108	-	-
Shareholder loans	23	50,126	-	54,247	-
Deferred tax liabilities	7	3,018	2,916	11	-
Derivative financial liabilities	24	1,191	6,975	469	788
<b>Total Non-current Liabilities</b>		<b>54,421</b>	<b>29,999</b>	<b>54,727</b>	<b>20,788</b>
<b>TOTAL LIABILITIES</b>		<b>111,015</b>	<b>113,748</b>	<b>91,594</b>	<b>88,513</b>
<b>NET ASSETS</b>		<b>18,666</b>	<b>22,824</b>	<b>22,912</b>	<b>20,141</b>
<b>EQUITY</b>					
<b>Equity attributed to equity holders of the company</b>					
Share capital		25,296	25,296	25,296	25,296
Reserves	25	(392)	(354)	29	(366)
Accumulated loss		(6,238)	(2,118)	(2,413)	(4,789)
<b>TOTAL EQUITY</b>		<b>18,666</b>	<b>22,824</b>	<b>22,912</b>	<b>20,141</b>

For and on behalf of the Board, who authorised the issue of these financial statements on 12 November 2014

  
Director

12 November 2014

  
Director

12 November 2014

These financial statements should be read in conjunction with the accompanying notes

6

EY

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2015* (financial statements can be found on the Companies Office Register)

NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

**Statement of Financial Position**

AS AT 30 JUNE 2015

	Note	Consolidated	
		2015	2014
		\$000	\$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	5,522	1,561
Trade and other receivables	9	8,667	8,514
Inventories	10	10,868	8,625
Biological assets	11	30,272	29,251
Amount owing by related companies	9	2,290	2,672
Derivative financial assets	23	2,105	2,688
<b>Total Current Assets</b>		<b>59,724</b>	<b>53,311</b>
<b>Non-current Assets</b>			
Property, plant and equipment	12	30,708	29,940
Intangible assets	13	4,772	5,208
Goodwill	13	39,255	39,255
Other investments	14	1	1
Deferred tax asset	7	573	526
Derivative financial assets	23	2,960	1,440
<b>Total Non-current Assets</b>		<b>78,269</b>	<b>76,370</b>
<b>TOTAL ASSETS</b>		<b>137,993</b>	<b>129,681</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Interest-bearing loans and borrowings	15	20,382	20,044
Trade and other payables	16	14,744	15,437
Income tax payable		7	-
Employee benefits	17	1,733	2,024
Amount owing to related companies	16	-	1,263
Shareholder loans	22	18,465	14,982
Derivative financial liabilities	23	2,169	2,844
<b>Total Current Liabilities</b>		<b>57,500</b>	<b>56,594</b>
<b>Non-current Liabilities</b>			
Interest-bearing loans and borrowings	15	218	-
Employee benefits	17	399	86
Shareholder loans	22	50,126	50,126
Deferred tax liabilities	7	2,946	3,018
Derivative financial liabilities	23	2,937	1,191
<b>Total Non-current Liabilities</b>		<b>56,626</b>	<b>54,421</b>
<b>TOTAL LIABILITIES</b>		<b>114,126</b>	<b>111,015</b>
<b>NET ASSETS</b>		<b>23,867</b>	<b>18,666</b>
<b>EQUITY</b>			
<b>Equity attributed to equity holders of the company</b>			
Share capital		25,296	25,296
Reserves	24	(360)	(392)
Accumulated losses		(1,069)	(6,238)
<b>TOTAL EQUITY</b>		<b>23,867</b>	<b>18,666</b>

For and on behalf of the Board, who authorised the issue of these financial statements on 6 October 2015

  
Director  
6 October 2015

  
Director  
6 October 2015

These financial statements should be read in conjunction with the accompanying notes

6

EY

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2016* (financial statements can be found on the Companies Office Register)


NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

**Consolidated Statement of Financial Position**

AS AT 30 JUNE 2016

	Note	2016 \$000	2015 \$000 Restated	1 July 2014 \$000 Restated
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	12	2,419	5,522	1,551
Trade and other receivables	13	10,229	8,668	8,515
Inventories	14	17,291	11,757	9,480
Biological assets	15	45,537	40,303	38,284
Non-current assets held for sale	18	421	-	-
Other financial assets	28	2,758	2,290	2,672
Derivative financial assets	24	526	2,105	2,688
<b>Total current assets</b>		<b>79,181</b>	<b>70,645</b>	<b>63,200</b>
<b>Non-current assets</b>				
Property, plant and equipment	16	32,590	30,430	29,742
Biological assets	15	7,413	7,292	6,735
Derivative financial assets	24	1,443	2,950	1,440
Intangible assets	17	3,866	4,772	5,208
Deferred tax asset	9	1,967	585	526
Goodwill	17	39,255	39,255	39,255
<b>Total non-current assets</b>		<b>88,542</b>	<b>85,294</b>	<b>82,006</b>
<b>TOTAL ASSETS</b>		<b>165,723</b>	<b>155,939</b>	<b>145,106</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Interest-bearing loans and borrowings	19	19,326	20,382	20,044
Trade and other payables	20	15,416	10,438	10,738
Income tax payable		589	-	-
Employee benefits	21	2,384	1,733	2,024
Other financial liabilities	28	4,427	4,306	5,962
Shareholder loans	28	73,114	18,465	14,982
Derivative financial liabilities	24	2,319	2,169	2,841
<b>Total current liabilities</b>		<b>117,566</b>	<b>57,493</b>	<b>56,594</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	19	163	218	-
Employee benefits	21	465	399	86
Shareholder loans	28	-	50,126	50,126
Deferred tax liabilities	9	7,740	7,653	7,617
Derivative financial liabilities	24	2,275	2,937	1,191
<b>Total non-current liabilities</b>		<b>11,143</b>	<b>61,893</b>	<b>59,020</b>
<b>TOTAL LIABILITIES</b>		<b>128,709</b>	<b>119,156</b>	<b>115,614</b>
<b>NET ASSETS</b>		<b>37,014</b>	<b>36,783</b>	<b>30,492</b>
<b>EQUITY</b>				
<b>Equity attributed to equity holders of the company</b>				
Share capital	26	25,296	25,296	25,296
Reserves		(2,722)	(360)	(392)
Retained earnings		14,440	11,847	5,588
<b>TOTAL EQUITY</b>		<b>37,014</b>	<b>36,783</b>	<b>30,492</b>

For and on behalf of the Board, who authorised the issue of these financial statements on 5 August 2016

  
Director  
5 August 2016

  
Director  
5 August 2016

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2017* (financial statements can be found on the Companies Office Register)

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 \$000	2016 \$000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	12	10,647	2,419
Trade and other receivables	13	11,688	10,229
Inventories	14	16,674	17,291
Biological assets	15	68,556	45,537
Non-current assets held for sale	16	421	421
Other financial assets	28	-	2,756
Derivative financial assets	24	2,060	526
<b>Total current assets</b>		<b>110,052</b>	<b>79,181</b>
Non-current assets			
Property, plant and equipment	16	35,726	32,596
Biological assets	15	10,960	7,413
Derivative financial assets	24	3,196	1,443
Deferred tax asset	9	1,636	1,967
Intangible assets	17	3,687	3,868
Goodwill	17	39,255	39,255
<b>Total non-current assets</b>		<b>94,460</b>	<b>86,542</b>
<b>TOTAL ASSETS</b>		<b>204,512</b>	<b>165,723</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	20	13,282	15,416
Employee benefits	21	3,028	2,384
Borrowings	19	414	19,326
Shareholder loans	28	-	73,114
Other financial liabilities	28	18	4,427
Derivative financial liabilities	24	1,277	2,319
Taxation payable		2,285	560
<b>Total current liabilities</b>		<b>20,304</b>	<b>117,566</b>
Non-current liabilities			
Employee benefits	21	451	465
Borrowings	19	10,124	163
Deferred tax liabilities	9	14,010	7,740
Derivative financial liabilities	24	948	2,775
<b>Total non-current liabilities</b>		<b>25,533</b>	<b>11,143</b>
<b>TOTAL LIABILITIES</b>		<b>45,837</b>	<b>128,709</b>
<b>NET ASSETS</b>		<b>158,675</b>	<b>37,014</b>
<b>EQUITY</b>			
Share capital	26	122,518	25,296
Reserves		1,795	(2,722)
Retained earnings		34,362	14,440
<b>TOTAL EQUITY</b>		<b>158,675</b>	<b>37,014</b>
Net tangible assets per share		\$ 1.15	\$ 1.09
Net tangible assets per share			

For and on behalf of the Board, who authorise the issue of these financial statements on 24 August 2017

Director  
24 August 2017

Director  
24 August 2017

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2018* (financial statements can be found on the Companies Office Register)

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018



	Note	2018 \$000	2017 \$000
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	12	14,428	10,947
Trade and other receivables	13	12,426	11,888
Inventories	14	16,882	18,874
Biological assets	15	71,568	68,558
Non-current assets held for sale		-	421
Derivative financial assets	24	1,057	2,098
Total current assets		116,659	110,552
Non-current assets			
Property, plant and equipment	16	43,722	35,726
Biological assets	15	7,888	10,960
Derivative financial assets	24	1,884	3,198
Deferred tax asset	9	2,052	1,636
Intangible assets	17	5,114	3,687
Goodwill	17	39,255	39,255
Total non-current assets		99,915	94,460
<b>TOTAL ASSETS</b>		<b>215,974</b>	<b>204,912</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	20	13,924	13,282
Employee benefits	21	3,384	3,028
Borrowings	19	461	414
Other financial liabilities	28	46	18
Derivative financial liabilities	24	1,189	1,277
Taxation payable		4,902	2,285
Total current liabilities		23,906	20,304
Non-current liabilities			
Employee benefits	21	473	451
Borrowings	19	10,000	10,124
Deferred tax liabilities	9	13,995	14,010
Derivative financial liabilities	24	1,299	948
Total non-current liabilities		25,767	25,533
<b>TOTAL LIABILITIES</b>		<b>49,673</b>	<b>45,837</b>
<b>NET ASSETS</b>		<b>166,301</b>	<b>159,075</b>
<b>EQUITY</b>			
Share capital	26	122,579	122,518
Reserves		328	1,795
Retained earnings		43,394	34,762
<b>TOTAL EQUITY</b>		<b>166,301</b>	<b>159,075</b>
Net tangible assets per share		\$ 1.22	\$ 1.15
Net tangible assets per share		\$ 1.22	\$ 1.15

For and on behalf of the Board, who authorised the issue of these financial statements on 28 August 2018

  
Director  
28 August 2018

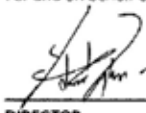

  
Director  
28 August 2018

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2019* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
AS AT 30 JUNE 2019			
	Note	2019 \$000	2018 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	6,231	14,428
Trade and other receivables	13	13,502	12,426
Inventories	14	20,830	16,582
Biological assets	15	68,052	71,566
Non-current assets held for sale		-	-
Derivative financial assets	23	494	1,057
<b>Total current assets</b>		<b>109,109</b>	<b>116,059</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	51,843	43,722
Biological assets	15	10,180	7,888
Derivative financial assets	23	1,709	1,884
Deferred tax asset	9	2,445	2,052
Intangible assets	17	7,521	5,114
Goodwill	17	39,255	39,255
<b>Total non-current assets</b>		<b>112,951</b>	<b>99,915</b>
<b>TOTAL ASSETS</b>		<b>222,060</b>	<b>215,974</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	16,499	13,924
Contract liabilities		-	-
Employee benefits	20	2,429	3,384
Borrowings	18	416	461
Other financial liabilities	27	149	46
Derivative financial liabilities	23	2,091	1,189
Taxation payable		605	4,902
<b>Total current liabilities</b>		<b>22,189</b>	<b>23,906</b>
<b>Non-current liabilities</b>			
Employee benefits	20	566	473
Borrowings	18	15,000	10,000
Deferred tax liabilities	9	13,507	13,995
Derivative financial liabilities	23	2,046	1,299
<b>Total non-current liabilities</b>		<b>31,119</b>	<b>25,767</b>
<b>TOTAL LIABILITIES</b>		<b>53,308</b>	<b>49,673</b>
<b>NET ASSETS</b>		<b>168,752</b>	<b>166,301</b>
<b>EQUITY</b>			
Share capital	25	122,595	122,579
Reserves		(1,455)	328
Retained earnings		47,612	43,394
<b>TOTAL EQUITY</b>		<b>168,752</b>	<b>166,301</b>
<b>Net tangible assets per share</b>			
Net tangible assets per share		\$0.86	\$0.87
The above 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 August 2019.			
 <b>DIRECTOR</b> 28 August 2019		 <b>DIRECTOR</b> 28 August 2019	
2019: BLUE FRONTIERS		67	



Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 30 June 2020* (financial statements can be found on the Companies Office Register)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
AS AT 30 JUNE 2020			
ASSETS	Note	2020 \$000	2019 \$000
<b>Current assets</b>			
Cash and cash equivalents	12	7,115	6,251
Trade and other receivables	13	12,777	13,502
Inventories	14	35,612	20,830
Biological assets	15	81,784	68,052
Derivative financial assets	26	907	494
<b>Total current assets</b>		<b>138,195</b>	<b>109,109</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	60,481	51,843
Biological assets	15	10,594	10,180
Derivative financial assets	26	9,120	1,709
Deferred tax asset	9	3,303	2,443
Intangible assets	17	8,655	7,521
Right-of use assets	18	4,581	-
Goodwill	17	39,255	39,255
<b>Total non-current assets</b>		<b>135,989</b>	<b>112,951</b>
<b>TOTAL ASSETS</b>		<b>274,184</b>	<b>222,060</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	22	14,847	16,499
Employee benefits	23	2,884	2,429
Borrowings	21	1,132	416
Lease liabilities	20	1,347	-
Other financial liabilities	30	149	149
Derivative financial liabilities	26	3,868	2,091
Taxation payable		3,866	605
<b>Total current liabilities</b>		<b>28,093</b>	<b>22,189</b>
<b>Non-current liabilities</b>			
Employee benefits	23	558	566
Borrowings	21	37,000	15,000
Lease liabilities	20	3,258	-
Deferred tax liabilities	9	18,436	13,507
Derivative financial liabilities	26	2,525	2,046
<b>Total non-current liabilities</b>		<b>61,777</b>	<b>31,119</b>
<b>TOTAL LIABILITIES</b>		<b>89,870</b>	<b>53,308</b>
<b>NET ASSETS</b>		<b>184,314</b>	<b>168,752</b>
<b>EQUITY</b>			
Share capital	28	122,606	122,595
Reserves		2,978	(1,455)
Retained earnings		58,730	47,612
<b>TOTAL EQUITY</b>		<b>184,314</b>	<b>168,752</b>
<b>Net tangible assets per share</b>			
Net tangible assets per share		\$0.96	\$0.86
The above consolidated statement of financial position should be read in conjunction with the accompanying notes.			
For and on behalf of the Board, who authorised the issue of these financial statements on 26 August 2020.			
			
DIRECTOR	DIRECTOR		
26 August 2020	26 August 2020		
STRONGER TOGETHER		59	



Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 31 January 2021* (financial statements can be found on the Companies Office Register)


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

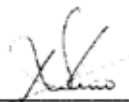
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2021

	Note	2021 31 January \$000	2020 30 June \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	3,479	7,115
Trade and other receivables	13	16,186	12,777
Inventories	14	42,489	35,612
Biological assets	15	69,588	81,784
Derivative financial assets	25	5,413	907
<b>Total current assets</b>		<b>137,155</b>	<b>138,195</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	60,716	60,481
Biological assets	15	18,600	10,594
Derivative financial assets	25	16,354	9,120
Intangible assets	17	9,126	8,655
Right-of use assets	18	6,810	4,581
Goodwill	17	39,255	39,255
<b>Total non-current assets</b>		<b>150,861</b>	<b>132,686</b>
<b>TOTAL ASSETS</b>		<b>288,016</b>	<b>270,881</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	18,597	14,847
Employee benefits	22	2,857	2,884
Borrowings	20	3,024	1,132
Lease liabilities	19	1,580	1,347
Other financial liabilities	29	233	149
Derivative financial liabilities	25	1,646	3,868
Taxation payable		5,074	3,866
<b>Total current liabilities</b>		<b>33,011</b>	<b>28,093</b>
<b>Non-current liabilities</b>			
Employee benefits	22	696	558
Borrowings	20	39,250	37,000
Lease liabilities	19	5,389	3,258
Deferred tax liabilities	9	16,923	15,133
Derivative financial liabilities	25	204	2,525
<b>Total non-current liabilities</b>		<b>62,462</b>	<b>58,474</b>
<b>TOTAL LIABILITIES</b>		<b>95,473</b>	<b>86,567</b>
<b>NET ASSETS</b>		<b>192,543</b>	<b>184,314</b>
<b>EQUITY</b>			
Share capital	27	122,606	122,606
Reserves		18,286	2,978
Retained earnings		51,651	58,730
<b>TOTAL EQUITY</b>		<b>192,543</b>	<b>184,314</b>
<b>Net tangible assets per share</b>			
Net tangible assets per share		\$1.04	\$0.98

The above consolidated statement of financial position should be read in conjunction with the accompanying notes. For and on behalf of the Board, who authorised the issue of these financial statements on 30 March 2021.

  
DIRECTOR - JOHN RYDER  
30 March 2021

  
DIRECTOR - PAUL STEERE  
30 March 2021

Excerpt from *New Zealand King Salmon Investments Limited and Subsidiaries: Financial Statements for the year ended 31 January 2022* (financial statements can be found on the Companies Office Register)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2022

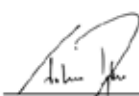
		2022 31 January \$000	2021 31 January \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	2,913	3,479
Trade and other receivables	13	19,817	16,186
Taxation receivable		294	-
Inventories	14	34,636	42,489
Biological assets	15	65,529	69,586
Derivative financial assets	25	1,338	5,413
<b>Total current assets</b>		<b>124,527</b>	<b>137,155</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	50,620	60,716
Biological assets	15	9,432	18,600
Derivative financial assets	25	3,112	16,354
Intangible assets	17	3,893	9,126
Right-of use assets	18	5,744	6,810
Goodwill	17	-	39,255
<b>Total non-current assets</b>		<b>72,801</b>	<b>150,861</b>
<b>TOTAL ASSETS</b>		<b>197,328</b>	<b>288,016</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	16,434	18,597
Employee benefits	22	2,831	2,857
Borrowings	20	49,659	3,024
Lease liabilities	19	1,531	1,580
Other financial liabilities	29	233	233
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Taxation payable		301	5,074
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<b>Non-current liabilities</b>			
Employee benefits	22	430	696
Borrowings	20	-	39,250
Lease liabilities	19	4,402	5,389
Deferred tax liabilities	9	-	16,923
Derivative financial liabilities	25	6,650	204
<b>Total non-current liabilities</b>		<b>11,482</b>	<b>62,462</b>
<b>TOTAL LIABILITIES</b>		<b>86,099</b>	<b>95,473</b>
<b>NET ASSETS</b>		<b>111,229</b>	<b>192,543</b>
<b>EQUITY</b>			
Share capital	27	122,606	122,606
Reserves		10,175	18,296
Retained earnings /(deficit)		(21,552)	51,651
<b>TOTAL EQUITY</b>		<b>111,229</b>	<b>192,543</b>

Net tangible assets per share

Net tangible assets per share \$ 0.76 \$ 1.04

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised the issue of these financial statements on 13 April 2022



Director

13 April 2022



Director

13 April 2022

## Appendix 4: Financial Statements to 31 January 2022

Note: *New Zealand King Salmon Annual Report 2022* can be found [here](#). [[Make annual report title italics]]

*New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022*



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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**FOR THE YEAR ENDED 31 JANUARY 2022**

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### **Auditor's Report**

## NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

### CORPORATE INFORMATION

#### BOARD OF DIRECTORS

John William Dudley Ryder  
Independent Non-Executive Chairman  
Grantley Bruce Rosewarne  
Chief Executive Officer and Managing Director  
Jack Lee Porus  
Non-Executive Director  
Paul James Steere  
Independent Non-Executive Director  
Chiong Yong Tiong  
Non-Executive Director  
Catriona Macleod  
Independent Non-Executive Director  
Carol Chen  
Non-Executive Director

#### Audit and Finance Committee

Paul Steere (Chair)  
John Ryder  
Jack Porus

#### Nominations and Remuneration Committee

Paul Steere (Chair)  
Jack Porus

#### Health, Safety and Risk Committee

Catriona Macleod (Chair)  
Chiong Yong Tiong

#### BANKERS

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

#### SOLICITORS

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

#### AUDITORS

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

#### SHARE REGISTRY

Computershare Investor  
Services Limited  
Level 2, 152 Hurstmere Road  
Takapuna  
Auckland 0622  
New Zealand

+64 9 488 8777

[enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

#### Computershare Investor

Services Pty Limited  
Yarra Fall  
452 Johnston Street  
Abbotsford VIC 3001  
Australia

+61 3 9415 4083

[enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

#### 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

93 Beatty Street  
Annesbrook  
Nelson  
New Zealand

#### Postal Address

PO Box 1180 Nelson 7040  
New Zealand

#### Telephone

+64 3 548 5714

#### Website

[www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)

#### Investor Relations

[investor@kingsalmon.co.nz](mailto:investor@kingsalmon.co.nz)

#### FINANCIAL CALENDAR

31 July 2022:  
2023 half year end  
September 2022:  
2023 half year results announcement

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2022

	Note	2022 12 Months to 31 January \$000	2021 7 Months to 31 January \$000
Revenue from contracts with customers	32	174,530	95,239
Cost of goods sold including fair value uplift at point of harvest	14	(177,774)	(98,820)
Fair value gain on biological transformation	15	41,261	29,350
Freight costs to market		(25,275)	(11,616)
<b>Gross profit</b>		<b>12,743</b>	<b>14,153</b>
Other income	6	402	541
Sales, marketing and advertising expenses		(13,471)	(7,702)
Distribution overheads		(5,204)	(3,132)
Corporate expenses	7	(8,649)	(4,979)
Other expenses	7	(1,414)	(889)
<b>Loss before interest, tax, depreciation, amortisation and impairment</b>		<b>(15,593)</b>	<b>(2,009)</b>
Depreciation and amortisation expense	16,17,18	(10,125)	(5,969)
Impairment	5	(59,255)	-
Finance income	8	17	5
Finance expenses	8	(2,636)	(1,353)
<b>Loss before tax</b>		<b>(87,593)</b>	<b>(9,326)</b>
Income tax credit / (expense)	9	14,390	2,247
<b>Net loss after tax</b>		<b>(73,202)</b>	<b>(7,079)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	10	214	(677)
Movement on cash flow hedges	10	(11,765)	22,065
Income tax effect of movement on cash flow hedges	10	3,294	(6,178)
<b>Net other comprehensive income / (loss)</b>		<b>(8,257)</b>	<b>15,210</b>
<b>Total comprehensive income / (loss)</b>		<b>(81,459)</b>	<b>8,131</b>
<b>Earnings per share</b>			
Basic earnings per share	11	\$ (0.53)	\$ (0.05)
Diluted earnings per share	11	\$ (0.53)	\$ (0.05)

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

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2022

		2022 31 January \$000	2021 31 January \$000
<b>ASSETS</b>			
<b>Current assets</b>	<b>Note</b>		
Cash and cash equivalents	12	2,913	3,479
Trade and other receivables	13	19,817	16,186
Taxation receivable		294	-
Inventories	14	34,636	42,489
Biological assets	15	65,529	69,588
Derivative financial assets	25	1,338	5,413
<b>Total current assets</b>		<b>124,527</b>	<b>137,155</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	50,620	60,716
Biological assets	15	9,432	18,600
Derivative financial assets	25	3,112	16,354
Intangible assets	17	3,893	9,126
Right-of use assets	18	5,744	6,810
Goodwill	17	-	39,255
<b>Total non-current assets</b>		<b>72,801</b>	<b>150,861</b>
<b>TOTAL ASSETS</b>		<b>197,328</b>	<b>288,016</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	16,434	18,597
Employee benefits	22	2,831	2,857
Borrowings	20	49,659	3,024
Lease liabilities	19	1,531	1,580
Other financial liabilities	29	233	233
Derivative financial liabilities	25	3,628	1,646
Taxation payable		301	5,074
<b>Total current liabilities</b>		<b>74,617</b>	<b>33,011</b>
<b>Non-current liabilities</b>			
Employee benefits	22	430	696
Borrowings	20	-	39,250
Lease liabilities	19	4,402	5,389
Deferred tax liabilities	9	-	16,923
Derivative financial liabilities	25	6,650	204
<b>Total non-current liabilities</b>		<b>11,482</b>	<b>62,462</b>
<b>TOTAL LIABILITIES</b>		<b>86,099</b>	<b>95,473</b>
<b>NET ASSETS</b>		<b>111,229</b>	<b>192,543</b>
<b>EQUITY</b>			
Share capital	27	122,606	122,606
Reserves		10,175	18,286
Retained earnings /(deficit)		(21,552)	51,651
<b>TOTAL EQUITY</b>		<b>111,229</b>	<b>192,543</b>
<b>Net tangible assets per share</b>			
Net tangible assets per share		\$ 0.76	\$ 1.04

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised the issue of these financial statements on 13 April 2022

  
 Director  
 13 April 2022

  
 Director  
 13 April 2022



New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

	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 2021		122,606	(1,162)	18,474	974	51,651	192,543
Loss for the year		-	-	-	-	(73,202)	(73,202)
Other comprehensive income/(loss)	10	-	214	(8,471)	-	-	(8,257)
Total comprehensive income/(loss) for the year		-	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
Balance as at 1 July 2020		122,606	(485)	2,587	876	58,730	184,314
Loss for the period		-	-	-	-	(7,079)	(7,079)
Other comprehensive income/(loss)	10	-	(677)	15,887	-	-	15,210
Total comprehensive income/(loss) for the period		-	(677)	15,887	-	(7,079)	8,131
Share based payment expense		-	-	-	98	-	98
Balance as at 31 January 2021		122,606	(1,162)	18,474	974	51,651	192,543

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

	Note	2022 12 Months \$000	2021 7 Months \$000
<b>Operating activities</b>			
Receipts from customers		171,644	92,449
Payments to suppliers		(129,077)	(73,283)
Payments to employees		(43,556)	(24,512)
Interest received		17	5
Interest paid		(1,685)	(836)
Insurance and settlement income		1	-
Government grants received		340	490
Proceeds from foreign currency forward contracts closed early		13,495	5,744
Income tax paid		(4,171)	(938)
<b>Net cash flows from / (used in) operating activities</b>	31	<b>7,008</b>	<b>(881)</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		17	-
Purchase of property, plant and equipment		(10,295)	(4,837)
Purchase of intangible assets		(2,907)	(859)
<b>Net cash flow (used in) / from investing activities</b>		<b>(13,185)</b>	<b>(5,696)</b>
<b>Financing activities</b>			
Proceeds from borrowings		174,796	62,983
Repayment of borrowings		(167,411)	(58,841)
Payment of lease liabilities		(1,719)	(845)
<b>Net cash flows (used in) / from financing activities</b>		<b>5,666</b>	<b>3,297</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(511)</b>	<b>(3,280)</b>
Net foreign exchange difference		(55)	(356)
Cash and cash equivalents at beginning of the year	12	3,479	7,115
<b>Cash and cash equivalents at year end</b>	12	<b>2,913</b>	<b>3,479</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

### 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 2022 were authorised by the directors on 13 April 2022.

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.

The Group has changed its balance date to 31 January following a Board resolution on 2 November 2020. The comparative information is for the seven month period to 31 January 2021 as such, amounts presented in the financial statements are not entirely comparable.

### 2. BASIS OF PREPARATION

#### a. Statement of compliance

The consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (IFRS) and also with International Financial Reporting Standards (IFRS). The financial statements are prepared under NZ GAAP and FMC 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:

##### Going concern

The Group has reviewed the impact on the business from the evolving mortality event occurring at our sea farms. The Directors are of the view that there will be a material adverse impact to financial results, in comparison to previous expectations, in the 12 months from approving the financial statements. The impacts of fish mortality will result in an increase in mortality expenses for the year ended 31 January 2023 and a reduction in the forecast harvest volume. The Group is in breach of its banking related covenants at 31 January 2022 and without taking action the Group forecasts that breaches of a number of its banking related covenants over the next 12 months will continue. As a result, there are material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. In response to this the Group is taking the following actions.

In February 2022 the Group commenced discussions with the Group's bank (Bank of New Zealand) while a review of the financial structure of the business was undertaken. The Directors approved a rights issue, which will commence post the approval of the financial statements of \$60.1m to fully repay (or cash cover) all bank debt of the Group and provide sufficient funds to support operations for the 12 months from the date of approving these financial statements. On the basis the Group completes the equity raise of a minimum \$50m (net of transaction costs), the Bank of New Zealand has agreed in principle a combination of temporary covenant waivers, renegotiation of facilities and adjustments to covenant definitions. On the assumption the full equity raise is completed, and financial forecasts are met, the Group does not forecast a default event in respect of its financial covenants for 12 months from the date of approving these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

The Directors consider that the completion of the equity raise is probable as they have taken all reasonable steps to ensure the successful completion of the capital raise, including obtaining contractual pre-commitments from Oregon Group Limited and certain Directors to subscribe for \$26.3m of shares in the equity raise and entering into an underwriting agreement with Jarden Partners Limited and Jarden Securities Limited as underwriter and lead manager of the equity raise, pursuant to which the balance of the equity raise will be underwritten. However, these steps do not eliminate the inherent risk in equity markets. In addition, the Directors consider that the Group's forecast net cashflows for the coming 12 months are achievable and so that the amount expected to be raised in the capital raise will be sufficient to ensure that the Group can continue to pay its debts as they fall due. Having taken these actions the Directors have concluded that it is appropriate that these financial statements are prepared on a going concern basis.

Should the proposed equity raise not be completed, an event of default will occur, and the willingness of the Bank of New Zealand to continue to support the business is uncertain. In addition, if financial forecasts are not met, the amount of equity raised may not be sufficient to allow the Group to pay its debts as they fall due. As a result of these material uncertainties, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. As the Directors consider the equity raise and the achievement of financial results is probable, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or adjustments to liabilities that might be necessary should the entity not continue as a going concern.

### 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.

### Impairment testing of intangibles, plant and equipment

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

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

The estimation of cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows, the assessment of impairment requires judgement to be applied and consideration of a number of factors including but not limited to: changes in business strategy, regulatory environment, and customer preferences or requirements. As a result of the mortality event, the Directors have approved a strategy change to reduce farming at the Group's warmer sites over summer (outside of some trials). This will reduce the Group's annual harvest volume from ~8,000 tonnes to 6,500 tonnes (~5,750 tonnes FY23 and 6,500 tonnes FY24 onwards), however, it is also expected to reduce the risk of sea farm mortality with the intention of being a more predictable and profitable business. As part of this the Group is reviewing its operating expenses to align with a reduction in harvest volume. (Refer to note 16 and 17)

### 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.

### Valuation of financial derivatives

The Group recognises financial derivatives at fair value according to the principles of NZ IFRS 13 Fair Value Measurement. The value is calculated by a third party expert using an industry standard model. Inputs to the model are obtained externally by the service provider. Further details of the valuation are included in note 24.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

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

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

**Net realisable value** – the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### **d. Biological assets**

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

The fair value of fish livestock is derived from the amount expected to be received from the sale of the asset in an active market. The target live weight of the harvestable fish is defined as a fish with a live weight of 4kg or greater. Many fish are harvested with a live weight above or below this weight.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

### 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 NZIFRS 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.

##### Contracts not recognised as leases

The Group has transport contracts that have not been recognised as leases on balance sheet but can be identified as an asset to which the contract relates. These leases have been assessed as variable lease payments linked to future harvest volumes and activity levels. These contracts have an operating expense value of \$3.6m in the year to 31 January 2022 (7 months to 31 January 2021: \$2.2m).

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2022

#### g. Impairment of non financial assets

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

#### h. Intangibles

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

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

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 finite is made on a prospective basis.

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

##### **Goodwill and 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 generally 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

### **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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

### 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, further details of which are given in Note 27.

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 currency sensitivity impacts upon equity disclosures.

## 4. NEW STANDARDS ADOPTED AND STANDARDS ISSUED NOT YET ADOPTED

### a. New standards adopted and interpretations

In the current year, the Group applied amendments to accounting standard and interpretations that are effective for an annual period that began on or after 1 February 2021 in respect of cloud computing costs and selling costs in inventory net realisable value assessment. Their adoption has not had any material impact on the disclosures or on the amounts reported in the financial statements.

No other new standards, amendments or interpretations that are not yet effective have been early adopted by the Group in these financial statements.

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 JANUARY 2022

**5. IMPAIRMENT**

	2022 12 Months	2021 7 Months
Plant, equipment and fittings	12,116	-
Vehicles and sea vessels	511	-
Development in progress	5,587	-
Trademarks	13	-
Farm and hatchery licenses	1,009	-
Software	763	-
Goodwill	39,255	-
<b>Total impairment</b>	<b>59,255</b>	<b>-</b>

As noted in note 17 Intangible assets. Following on from an unexpected increase in sea farm mortality predominantly seen at our warmer sites towards the end of FY22, the Group has approved a strategy change to reduce farming at our warmer sites over summer. This strategy has 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 to estimate the recoverable amount of the CGU, with a resulting valuation single point of \$183m. The DCF resulted in \$39,255m impairment to goodwill and additional impairment of \$14.4m which has been allocated on a pro rata basis to intangible assets and plant and equipment. Consideration has been given as to the status of development projects in light of the current financial environment and the impact this has on the capacity to complete significant capital projects. As a result, the capitalised development costs have been impaired at balance date.

Impairment Sensitivity		2022 \$000	2021 \$000
Mortality	+ 500 tonnes	(11,000)	-
	- 500 tonnes	11,000	-
Price increases	+1%	21,000	-
	-1%	(22,000)	-
Cost increases	+1%	(20,000)	-
	-1%	20,000	-
Discount rate WACC	+1%	(19,000)	-
	-1%	24,000	-
Growth rate	+1%	19,000	-
	-1%	(15,000)	-

**6. OTHER INCOME**

	2022 12 Months \$000	2021 7 Months \$000
Other income		
Grants received	340	490
Profit on sale of property, plant and equipment	17	-
Other income	45	51
<b>Total other income</b>	<b>402</b>	<b>541</b>

**7. EXPENSES**

	2022 12 Months \$000	2021 7 Months \$000
<b>Corporate and other expenses include:</b>		
Trade receivables written off	-	-
Impairment of trade receivables	44	8
Research cost	768	599
Loss on sale of assets	153	2
Low value leases	3	-
Directors' fees	429	271
Other directors' expenses	10	1
Donations	10	8
<b>Employee benefits expense</b>	<b>\$000</b>	<b>\$000</b>
Wages and salaries	36,427	20,236
Defined contribution plan expenses	914	514
Restructuring costs	12	10
Other employee benefits expenses	5,301	3,495
Outsourced labour	890	440
<b>Total employee benefits expense</b>	<b>43,544</b>	<b>24,695</b>
<b>Compensation of key management personnel of the Group</b>	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	2,027	1,224
Share based payment expense	21	29
Post employment pension and medical benefits	112	53
<b>Total compensation of key management personnel of the Group</b>	<b>2,160</b>	<b>1,306</b>

**8. FINANCE INCOME AND COSTS**

	2022 12 Months \$000	2021 7 Months \$000
<b>Finance income</b>	<b>\$000</b>	<b>\$000</b>
Interest income	17	5
<b>Total finance income</b>	<b>17</b>	<b>5</b>
<b>Finance costs</b>	<b>\$000</b>	<b>\$000</b>
Bank facility fees	920	418
Interest on bank loans and overdrafts	1,467	795
Interest on leases	249	140
<b>Total finance costs</b>	<b>2,636</b>	<b>1,353</b>

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 JANUARY 2022

**9. INCOME TAX**

	2022 12 Months	2021 7 Months
<b>Recognised in the consolidated statement of comprehensive income</b>	<b>\$000</b>	<b>\$000</b>
Current income tax expense	(794)	427
Deferred tax relating to origination and reversal of temporary differences	(13,596)	(2,674)
<b>Total income tax expense / (credit) in the statement of comprehensive income</b>	<b>(14,390)</b>	<b>(2,247)</b>
<b>Tax amounts posted directly to other comprehensive income</b>	<b>(3,294)</b>	<b>6,178</b>
<b>Tax amounts posted directly to equity</b>	<b>(32)</b>	<b>-</b>
<b>Reconciliation of tax expense to statutory income tax rate</b>		
Profit / (loss) before tax	(87,593)	(9,326)
Income tax using the company tax rate 28%	(24,526)	(2,611)
Non deductible/non assessable items	2	23
Impairment of goodwill	10,991	-
Unrecognised tax losses	105	-
Prior period adjustment	(991)	306
Adjustment for varying tax rates	10	35
Other differences	19	-
<b>Total tax expense / (credit)</b>	<b>(14,390)</b>	<b>(2,247)</b>
<b>Statement of financial position deferred tax assets and liabilities</b>		
<b>Deferred tax liabilities</b>	<b>\$000</b>	<b>\$000</b>
Accelerated depreciation for tax purposes	-	(3,109)
Fair value adjustment to biological assets	(8,829)	(9,286)
Unrealised gains on foreign currency hedges	(1,246)	(8,095)
Increase accounting cost for finished goods	(304)	(564)
<b>Total deferred tax liabilities</b>	<b>(8,379)</b>	<b>(19,054)</b>
<b>Deferred tax assets</b>		
Deferred tax on impairment	2,605	-
Provision for doubtful trade debtors	41	29
Provision for employee benefits	897	785
Share based payments	295	263
Tax losses	1,326	-
Unrealised losses on foreign currency hedges	2,725	518
Other provisions	480	556
<b>Total deferred tax assets</b>	<b>8,379</b>	<b>2,131</b>
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>(16,923)</b>
<b>Unused tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised	378	-
<b>Potential tax benefit @ 28%</b>	<b>106</b>	<b>-</b>
The unused tax losses relate to the New Zealand operations and can be carried forward indefinitely subject to the shareholder continuity test.		
<b>Statement of comprehensive income impact of deferred tax assets and liabilities</b>		
	2022 12 months	2021 7 months
<b>Deferred tax liabilities</b>	<b>\$000</b>	<b>\$000</b>
Accelerated depreciation for tax purposes	-	(5)
Fair value adjustment to biological assets	(2,457)	(1,543)
Increase accounting cost for finished goods	(260)	(1,043)
Other provisions	-	(79)
<b>Deferred tax assets</b>	<b>(2,716)</b>	<b>(2,670)</b>
Accelerated depreciation for tax purposes	(5,714)	-
Provision for doubtful trade debtors	(13)	17
Provision for employee benefits	(132)	22
Tax losses	(5,104)	-
Unrealised gains on foreign currency hedges	18	-
Other provisions	66	(43)
<b>Deferred tax expense / (credit)</b>	<b>(13,597)</b>	<b>(2,674)</b>
<b>Imputation credit account</b>		
The imputation credit account balance in the Group as at 31 January 2022 is \$9,517k (31 January 2021: \$5,450k).		



New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 JANUARY 2022

**10. COMPONENTS OF OTHER COMPREHENSIVE INCOME**

	2022 12 months \$000	2021 7 months \$000
<b>Movement in reserves</b>		
<b>Forward currency contracts</b>		
Reclassification during the period to profit or loss	(64)	38
Income tax effect	18	(11)
Realised/unrealised net gain/(loss) during the period	(13,193)	21,789
Income tax effect	3,894	(8,095)
<b>Interest rate swaps</b>		
Realised/unrealised net gain/(loss) during the period	944	258
Income tax effect	(265)	(72)
Reclassification during the period to profit or loss	547	-
Income tax effect	(153)	-
<b>Currency translation differences</b>		
Translation of foreign operations	214	(677)
<b>Net movement in other comprehensive income</b>	<b>(8,257)</b>	<b>15,210</b>

**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.

	2022 12 months \$000	2021 7 months \$000
<b>Earnings per share</b>		
Profit / (Loss) attributable to ordinary equity holders	(73,202)	(7,079)
	<b># of Shares 000</b>	<b># of Shares 000</b>
Weighted average number of ordinary shares for basic and diluted earnings per share	139,004	138,986
<b>Basic earnings per share</b>	<b>\$ (0.53)</b>	<b>\$ (0.05)</b>
<b>Diluted earnings per share</b>	<b>\$ (0.53)</b>	<b>\$ (0.05)</b>

**12. CASH AND CASH EQUIVALENTS**

	2022 \$000	2021 \$000
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	2,452	2,511
Short-term deposits	461	908
<b>Total cash and cash equivalents</b>	<b>2,913</b>	<b>3,419</b>

**13. TRADE AND OTHER RECEIVABLES**

	2022 \$000	2021 \$000
<b>Trade and other receivables</b>		
Trade receivables	16,615	12,968
Allowance for expected credit losses	(141)	(97)
Prepayments	2,851	2,696
Other receivables	492	619
<b>Total trade and other receivables</b>	<b>19,817</b>	<b>16,186</b>

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

	2022 \$000	2021 \$000
<b>Ageing analysis of trade receivables</b>		
> 90 days overdue	5	4
61 - 90 days overdue	2	7
31 - 60 days overdue	103	114
< 30 days overdue	3,747	2,629
Not yet due	12,758	10,214
<b>Total receivables</b>	<b>16,615</b>	<b>12,968</b>

	2022 \$000	2021 \$000
<b>Receivables impairment</b>		
As at beginning of the year	97	90
Additional provisions for impairment	44	97
Receivables written off during the period	-	-
Reversal of unused amounts	-	(90)
<b>As at year end</b>	<b>141</b>	<b>97</b>

**14. INVENTORIES**

	2022 \$000	2021 \$000
<b>Inventories</b>		
Raw materials	10,509	11,853
Work in progress	1,705	2,748
Finished goods	22,422	27,888
<b>Total inventories</b>	<b>34,636</b>	<b>42,489</b>

The carrying value of finished goods as at 31 January 2022 includes a fair value uplift at point of harvest of \$8,665k (2021: \$12,939k) and net realisable value provision of \$7,708k (2021: \$10,931k).

	2022 \$000	2021 \$000
<b>Amount of inventories recognised as an expense in the statement of comprehensive income</b>		
Cost of inventories recognised as an expense	180,987	90,092
Movement in net realisable value provision	(3,213)	8,728
<b>Total cost of goods sold including fair value uplift at point of harvest</b>	<b>177,774</b>	<b>98,820</b>

The cost of inventories recognised as an expense for the year ended 31 January 2022 includes a fair value uplift at point of harvest of \$54,313k (2021: \$29,857k). 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 2022 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.

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**15. BIOLOGICAL ASSETS**

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

	Cost \$000	Fair Value Gain \$000	Total \$000
<b>Biological assets</b>			
As at 1 February 2021	55,025	33,163	88,188
Increase due to biological transformation <sup>1</sup>	83,311	33,876	117,188
Decrease due to harvest <sup>2</sup>	(86,920)	(50,036)	(136,956)
Decrease due to mortality <sup>3</sup>	(20,841)	-	(20,841)
Changes in fair value <sup>4</sup>	-	7,385	7,385
<b>As at 31 January 2022</b>	<b>50,575</b>	<b>24,286</b>	<b>74,861</b>

<sup>1</sup> 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).

<sup>2</sup> 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%).

<sup>3</sup> 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 measurement.

<sup>4</sup> 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).

	Cost \$000	Fair Value Gain \$000	Total \$000
<b>Biological assets</b>			
As at 1 July 2020	53,704	36,674	90,378
Increase due to biological transformation	51,807	33,726	85,533
Decrease due to harvest	(42,233)	(34,660)	(76,893)
Decrease due to mortality	(8,253)	-	(8,253)
Changes in fair value	-	(4,377)	(4,377)
<b>As at 31 January 2021</b>	<b>55,025</b>	<b>33,163</b>	<b>88,188</b>

	2022 12 months \$000	2021 7 months \$000
<b>Fair value gain(loss) recognised in profit and loss</b>		
Gain arising from growth of biological assets	33,876	33,726
Movement in fair value of biological assets	7,385	(4,377)
<b>Total fair value gain on biological transformation</b>	<b>41,261</b>	<b>29,349</b>

	2022 tonnes	2021 tonnes
<b>Estimated closing biomass</b>		
Closing fresh water stocks	159	173
Closing sea water stocks	5,816	8,691
<b>Total estimated closing biomass live weight as at year end</b>	<b>5,975</b>	<b>8,864</b>

	2022 12 months tonnes	2021 7 months tonnes
<b>Total live weight harvested for the year</b>	<b>8,389</b>	<b>5,545</b>

**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 2022 has decreased due to an increase in forecasted mortalities and a consequential decrease in the forecasted harvest. Mortality assumptions made in the fair value model are in line with the FY23 forecast which sees FY22 high mortalities continued into the beginning of FY23. Average price increases are forecast due to reduced lower value sales. Additional to this there are forecasted general price increases due to higher 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 \$13.2m (2021: \$18.3m) (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 \$3.3m (2021: \$2.1m).

A 15% increase/decrease in costs to sell would decrease/increase the fair value of biological assets on hand and profit before tax by \$9.7m (2021: \$15m). Changes in fish health and environmental factors may affect the quality of harvested fish, which may be reflected in realised profit via both achieved sales price and production costs.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 JANUARY 2022

**16. PROPERTY, PLANT AND EQUIPMENT**

	Note	Freehold land and buildings \$000	Plant, equipment and fittings \$000	Vehicles and sea vessels \$000	Construction in progress \$000	Total \$000
<b>Cost</b>						
As at 1 July 2020		11,371	86,853	3,562	4,783	106,569
Additions		-	-	-	4,837	4,837
Disposals		-	(210)	-	-	(210)
Transfers from WIP		399	2,061	166	(3,526)	-
<b>As at 31 January 2021</b>		<b>11,770</b>	<b>89,604</b>	<b>3,728</b>	<b>6,094</b>	<b>111,196</b>
Additions		-	-	-	10,384	10,384
Disposals		-	(1,604)	(43)	-	(1,647)
Transfers from WIP		2,488	1,524	43	(4,054)	-
<b>As at 31 January 2022</b>		<b>14,258</b>	<b>89,523</b>	<b>3,728</b>	<b>12,424</b>	<b>119,933</b>
<b>Depreciation and impairment</b>						
As at 1 July 2020		2,708	41,832	1,748	-	46,088
Depreciation		257	4,207	137	-	4,601
Impairment		-	-	-	-	-
Disposals		-	(209)	-	-	(209)
<b>As at 31 January 2021</b>		<b>2,965</b>	<b>45,830</b>	<b>1,885</b>	<b>-</b>	<b>50,480</b>
Depreciation		548	6,889	263	-	7,700
Impairment	5	-	12,116	511	-	12,627
Disposals		-	(1,450)	(45)	-	(1,495)
<b>As at 31 January 2022</b>		<b>3,513</b>	<b>63,186</b>	<b>2,614</b>	<b>-</b>	<b>69,313</b>
<b>Net Book Value</b>						
As at 31 January 2021		8,805	43,974	1,843	6,094	60,716
As at 31 January 2022		10,744	26,338	1,114	12,424	50,620

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. The Group has considered the continuing effects Covid-19 may have on the carrying value of its specialised assets, and has concluded there is no evidence of technical or functional obsolescence which would impact the carrying value of its assets in use.

**Borrowing costs**

There were no borrowing costs capitalised in year ending 31 January 2022 (7 months to January 2021: \$nil).

**17. INTANGIBLES**

	Note	Development in progress \$000	Trademarks \$000	Farm and hatchery licenses \$000	Software \$000	Goodwill \$000	Total \$000
<b>Cost</b>							
As at 1 July 2020		2,742	242	4,295	4,837	39,255	51,371
Additions		859	-	-	-	-	859
Disposals		-	-	-	-	-	-
Transfers from WIP		(741)	-	-	741	-	-
<b>As at 31 January 2021</b>		<b>2,860</b>	<b>242</b>	<b>4,295</b>	<b>5,578</b>	<b>39,255</b>	<b>52,230</b>
Additions		2,817	-	64	26	-	2,907
Disposals		(90)	-	-	-	-	(90)
Transfers from WIP		-	-	-	-	-	-
<b>As at 31 January 2022</b>		<b>5,587</b>	<b>242</b>	<b>4,359</b>	<b>5,604</b>	<b>39,255</b>	<b>55,047</b>
<b>Amortisation and impairment</b>							
As at 1 July 2020		-	200	879	2,383	-	3,462
Amortisation		-	-	97	290	-	387
Impairment		-	-	-	-	-	-
Disposals		-	-	-	-	-	-
<b>As at 31 January 2021</b>		<b>-</b>	<b>200</b>	<b>976</b>	<b>2,673</b>	<b>-</b>	<b>3,849</b>
Amortisation		-	-	167	510	-	677
Impairment	5	5,587	13	1,009	763	39,255	46,628
Disposals		-	-	-	-	-	-
<b>As at 31 January 2022</b>		<b>5,587</b>	<b>213</b>	<b>2,153</b>	<b>3,946</b>	<b>39,255</b>	<b>51,154</b>
<b>Net Book Value</b>							
As at 31 January 2021		2,860	42	3,319	2,905	39,255	48,381
As at 31 January 2022		-	29	2,206	1,658	-	3,893

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**Goodwill**

Goodwill resulted from the acquisition of The New Zealand King Salmon Co Limited and is subject to annual impairment testing. The Group considers the relationship between its market capitalisation and its book value, among other indicators, when reviewing for indicators of impairment.

The goodwill is allocated to the New Zealand King Salmon Company's one cash generating unit. The recoverable amount of the cash generating unit has been determined based on a value in use calculation using future estimated cash flows, capital expenditure and changes in working capital over a five-year period, plus an estimated terminal value.

The terminal value calculation assumes sea farm consents expiring in 2024 will be renewed on reasonable commercial terms to enable water space to continue to be utilised. The forecasts were based on actual results and expected future use of water space licences currently held, before fair value adjustments to biological assets. Following on from an unexpected increase in sea farm mortality predominantly seen at our warmer sites towards the end of FY22, the Group has decided on a strategy change to reduce farming at our warmer sites over the summer. This strategy has 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 (DCF) approach was prepared to estimate the recoverable amount of the CGU, with a resulting valuation single point of \$183m. The DCF supported a \$39.255m goodwill impairment to goodwill and 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.

The following key assumptions were applied in the value in use calculation:

Key judgements	2022	2021
Post tax discount rate	8.6%	5.14%
Terminal growth rate	2.5%	0.21%
Harvest volumes in terminal year	6,700 tonnes	8,000 tonnes
Sales Growth	Budget used for FY23 followed by a 3% growth rate in outer years	2.5%
Cost inflation	Budget used for FY23 followed by a 2.1% - 2.5% growth rate in outer years	3.0%
Capex in terminal value	\$8m	\$8.7m

**Trademarks**

Trademarks are externally acquired and are carried at cost less impairment. They have indefinite useful lives and are assessed annually for impairment. An impairment of \$13k has been recognised during the year (7 months period to 31 January 2021: Nil).

**18. RIGHT-OF-USE ASSETS**

	Land & Buildings \$000	Motor Vehicles \$000	Plant & Equipment \$000	Total \$000
<b>Cost</b>				
As at 01 July 2020	3,885	579	1,554	6,018
Additions	2,231	139	43	2,413
Remeasurement	790	6	-	796
<b>As at 31 January 2021</b>	<b>6,906</b>	<b>724</b>	<b>1,597</b>	<b>9,227</b>
Additions	-	545	-	545
Disposals	-	(48)	-	(48)
Remeasurement	131	7	-	138
<b>As at 31 January 2022</b>	<b>7,037</b>	<b>1,228</b>	<b>1,597</b>	<b>9,862</b>
<b>Depreciation</b>				
As at 01 July 2020	752	225	460	1,437
Depreciation	565	145	270	980
<b>As at 31 January 2021</b>	<b>1,317</b>	<b>370</b>	<b>730</b>	<b>2,417</b>
Depreciation	1,019	260	470	1,749
Disposals	-	(48)	-	(48)
<b>As at 31 January 2022</b>	<b>2,336</b>	<b>582</b>	<b>1,200</b>	<b>4,119</b>
<b>Net Book Value</b>				
As at 31 January 2021	5,589	354	867	6,810
<b>As at 31 January 2022</b>	<b>4,701</b>	<b>646</b>	<b>397</b>	<b>5,744</b>

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**19. LEASE LIABILITIES**

	Land & Buildings \$000	Motor Vehicles \$000	Plant & Equipment \$000	Total \$000
Liability liabilities at 01 July 2020	3,187	369	1,052	4,605
Additions	2,231	139	43	2,413
Remeasurement	790	6	-	796
Interest for the period	119	7	14	140
Lease payments made	(631)	(153)	(201)	(985)
<b>Lease liabilities as at 31 January 2021</b>	<b>5,696</b>	<b>365</b>	<b>908</b>	<b>6,969</b>
Additions	-	544	-	544
Remeasurement	131	7	-	138
Interest for the period	211	19	19	249
Lease payments made	(1,179)	(297)	(491)	(1,967)
<b>As at 31 January 2022</b>	<b>4,859</b>	<b>638</b>	<b>436</b>	<b>5,933</b>

**Short term leases**

The Group recognised \$1,178k of payments for short term lease equipment in the year (2021: \$357k).

**Total lease payments**

The Group had total cash outflows for leases of \$3,148k in 2022 (2021: \$1,342k)

	2022 \$000	2021 \$000
Current	1,531	1,580
Non-current	4,402	5,389
<b>Total lease liabilities</b>	<b>5,933</b>	<b>6,969</b>

**20. INTEREST BEARING LOANS AND BORROWINGS**

	2022 \$000	2021 \$000
<b>Current interest bearing loans and borrowings</b>	<b>\$000</b>	<b>\$000</b>
Secured bank loans	47,000	750
Other borrowings	2,659	2,274
<b>Total current interest bearing loans and borrowings</b>	<b>49,659</b>	<b>3,024</b>
<b>Non-current interest bearing loans and borrowings</b>	<b>-</b>	<b>39,250</b>
Secured bank loans	-	39,250
<b>Total non-current interest bearing loans and borrowings</b>	<b>-</b>	<b>39,250</b>

The Company has facilities with BNZ for \$60m. Land and buildings, plant and equipment, motor vehicles and vessels with a total carrying value of \$38,196m are subject to a first charge under a General Security Deed granted to BNZ. The expiry date of facility A of \$20m is 18 October 2022, facility B of \$20m expires on 18 October 2023, and facility C of \$20m expires on 18 October 2024. At balance date \$20m of facility A was drawn, \$20m of facility B was drawn and \$2.75m facility C was drawn (as at 31 January 2021 total: \$42m). During the period, the financial covenants relating to interest coverage and leverage ratios have been amended. In prior year, the Group also secured a Business Finance Scheme Loan via BNZ for \$5m (expiry October 2025) that arose from the Government providing financial assistance following the pandemic virus Covid-19. At balance date the Business Finance Scheme loan was fully drawn at \$4.25m (as at 31 January 2021: \$5m).

The impacts of the unforeseen mortalities resulted in the Group breaching a number of its bank related covenants as at 31 January 2022 and forecasting to be in breach of the following covenants in the next 12 months being:

- Interest Cover Ratio (EBIT/Interest expense)
- Leverage Ratio (Gross debt/EBITDA)
- Guarantee Group cover ratio - EBITDA of the Guaranteeing Group (A)

As a result of breach of covenants default interest has been charged on the borrowings since the events of default. The Bank of New Zealand has agreed in principle to a combination of temporary covenant waivers, renegotiation of facilities and adjustments to covenant definitions on the basis the Group completes the equity raise of a minimum \$50m (net of transaction costs). See also note 2 Significant accounting judgements, estimates and assumptions, Going Concern.

**21. TRADE AND OTHER PAYABLES**

	2022 \$000	2021 \$000
Trade payables	14,223	15,262
Other payables	2,211	3,315
<b>Total trade and other payables</b>	<b>16,434</b>	<b>18,577</b>

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<b>22. EMPLOYEE BENEFITS</b>	<b>2022</b>	<b>2021</b>
<b>Current employee benefits</b>	<b>\$000</b>	<b>\$000</b>
Bonuses	65	257
Employee annual and sick leave benefits	2,592	2,550
Long service leave	174	250
<b>Total current employee benefits</b>	<b>2,831</b>	<b>2,857</b>
<b>Non-current employee benefits</b>		
Long service leave	430	696
<b>Total non-current employee benefits</b>	<b>430</b>	<b>696</b>

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 2022 the total commitment is \$1,929k (2021: \$1,626k).

**Contingencies**

The Group has a contingent liability of \$1,152k in respect of a fish transport contract requiring the Group to purchase four bulk tankers (including a new tanker acquired in 2021), should the fish transport contract be terminated early (2021: \$826k).

**Guarantees**

The Group has three guarantee facilities totalling \$132k (2021: \$115k).

**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, a sub-committee of the Board's Audit and Finance 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 \$ 82.9m on the import side (2021: \$65.7m) and \$ 273m on the export side (2021: \$ 213.4m), 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 2022. 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 2022 is \$897k (2021: \$491k) whilst the NZ dollar equivalent of unhedged currency risk on liabilities at balance date, 31 January 2022 is \$1,456k (2021: \$316k).

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**Currency sensitivity**

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

	Change in AUD rate	Equity \$'000	Profit \$'000
2022	+10%	(6,686)	(232)
	-10%	8,171	284
2021	+10%	(7,885)	(625)
	-10%	9,612	764
	Change in USD rate	Equity \$'000	Profit \$'000
2022	+10%	15,710	760
	-10%	(19,420)	(928)
2021	+10%	12,807	556
	-10%	(15,134)	(679)
	Change in JPY rate	Equity \$'000	Profit \$'000
2022	+10%	1,882	152
	-10%	(2,262)	(186)
2021	+10%	2,256	152
	-10%	(2,649)	(185)

**Interest rate risk**

The Group has exposure to interest rate risk that arises mainly due to the Group's debt obligations with floating interest rates. 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. The fixed interest rates for the existing swaps range between 4.3% and 5.01% (2021: 4.3% and 5.01%) and the floating rate of 0.96% is aligned to the floating quarterly bank bill rate. The amount of borrowing covered using swaps at balance date 31 January 2022 was \$10m (2021: \$10m). The loss on interest rate swaps at balance date was \$547k (2021: \$1,491k).

As the Group's Directors approved a fully underwritten or pre-committed rights offer of \$60.1m to fully repay (or cash cover) all bank debt of the Group and provide sufficient liquidity going forward (See also note 2 Significant accounting judgements, estimates and assumptions, Going Concern) those future cashflows are no longer considered highly probable for hedge accounting purposes and its loss has been recognised in profit or loss in the income statement.

**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:

	2022 \$'000	2021 \$'000
Impact of an increase of 50 basis points	126	193
Impact of a decrease of 50 basis points	(131)	(196)

**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:	2022 \$'000	2021 \$'000
Cash and short term deposits	2,913	3,479
Trade and other receivables	19,817	16,186
Derivative financial assets	-	19,874

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.



New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2022**

**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 FY23 H1:

	Less than one year	Between one and two years	Between two and five years
	\$000	\$000	\$000
<b>As at 31 January 2022</b>			
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	-	-
<b>Total non-derivative liabilities</b>	<b>65,447</b>	<b>1,002</b>	<b>3,400</b>
Forward foreign currency exchange contracts	95,864	81,805	29,141
Forward foreign currency options	20,791	43,288	75,042
Interest swaps	129	-	-
<b>Total derivative liabilities</b>	<b>116,784</b>	<b>125,093</b>	<b>104,183</b>
<b>As at 31 January 2021</b>			
Bank loans	750	750	38,500
Credit card facilities	350	-	-
Lease liabilities	-	1,302	2
Trade and other payables	19,263	-	-
Financial guarantee contracts	115	-	-
<b>Total non-derivative liabilities</b>	<b>20,478</b>	<b>2,052</b>	<b>40,811</b>
Forward foreign currency exchange contracts	91,903	84,825	75,467
Forward foreign currency options	27,998	13,539	5,402
Interest swaps	429	428	756
<b>Total derivative liabilities</b>	<b>120,330</b>	<b>98,792</b>	<b>81,625</b>

**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 recommendations of the Task force on climate-related disclosures.

**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 BNZ loans and BFS loan is \$47m 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:

	2022	2021
	\$000	\$000
<b>Current derivative financial assets</b>		
Forward exchange contracts	1,028	4,509
Foreign exchange options	310	504
<b>Total current derivative financial assets</b>	<b>1,338</b>	<b>5,413</b>
<b>Non-current derivative financial assets</b>		
Forward exchange contracts	1,043	15,454
Foreign exchange options	2,068	900
<b>Total non-current derivative financial assets</b>	<b>3,112</b>	<b>16,354</b>
<b>Current derivative financial liabilities</b>		
Forward exchange contracts	2,772	94
Foreign exchange options	308	61
Interest rate swaps	548	1,491
<b>Total current derivative financial liabilities</b>	<b>3,628</b>	<b>1,646</b>
<b>Non-current derivative financial liabilities</b>		
Forward exchange contracts	2,618	18
Foreign exchange options	4,032	186
Interest rate swaps	-	-
<b>Total non-current derivative financial liabilities</b>	<b>6,650</b>	<b>204</b>

**Valuation methods**

Financial instruments have been categorised into the following hierarchy and valued according to the following definitions, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

All derivative financial instruments for which a fair value is recognised have been categorised within level 2 of the fair value hierarchy. Industry experts have provided the fair values for all derivatives based on an industry standard model. There were no transfers between Level 1 and Level 2 during the period ended 31 January 2022 (31 January 2021 - nil).

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

### 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 - the Group commenced negotiations with the Group's Bank in February 2022 after the unforeseen increase in mortality commenced. The Group has worked with the Group's bank to agree a combination of temporary waivers and adjustments to existing facilities and associated covenants, and as such no event of default has occurred as at 31 January 2022.

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.

See also note 2 Significant accounting judgements, estimates and assumptions, Going Concern.

### 27. CAPITAL AND RESERVES

#### Share capital

##### Issued shares

##### Ordinary shares

##### Total issued shares

2022

2021

\$000

\$000

140,638

138,986

140,638

138,986

Ordinary shares are fully paid with no par value. Each ordinary share has an equal right to vote, to participate in dividends and to share in any surplus on winding up of the Company. No dividend was declared nor paid during the year 2022 (7 months to 31 January 2021. No dividend was declared nor paid).

	# of Shares		Share Capital	
	2022	2021	2022	2021
	\$000	\$000	\$000	\$000
Movement in ordinary share capital				
The beginning of the period	138,986	138,986	122,606	122,606
Share issue for employee LTI share scheme	1,652	-	-	-
Share issue recognised on repayment of employee loans	-	-	-	-
Total share capital as at period end	140,638	138,986	122,606	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).

	2022	2021
	12 months	7 months
	\$000	\$000
Unrealised gain / (loss)	(18,187)	11,751
Realised gain / (loss)	9,716	4,136
Total gain / (loss) on hedge reserves	(8,471)	15,887

#### 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.



New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY 2022**

**28. EVENTS AFTER BALANCE DATE**

On 1 February 2022 the Group disclosed a mortality event was occurring at its sea farms. This event has continued into February, March and April of FY23, which will impact the FY23 harvest and financial results. As a result of this mortality event the Group is:  
Undertaking a change to its farming strategy to reduce the mortality risk by not farming the warmer farms during the summer months.  
- The Group will look to offset the loss in harvest with market and product optimisation in addition to traditional tools

In addition to the mortality event which has occurred at our warmer sea farms over summer, the Group has also seen elevated mortality at one of its other sites, Te Pangu, which has been linked to a feed related issue. This issue will also result in a lower FY23 harvest and the expected financial impact of this post year end mortality event is an EBITDA loss of \$3.8m

In February 2022 the Group also commenced discussions with the BNZ resulting in an extension to the delivery date for the 31 January 2022 covenants to 19 April 2022 and in any event on or before 30 April 2022 on the understanding that an equity raise will be launched on or about that date. The Group has modelled that breaches will occur without corrective action being undertaken. On 12 April 2022, the Group's Board approved to proceed with a fully underwritten or pre-committed equity raise of \$60.1m. In addition, the Group has agreed a combination of temporary covenant waivers and temporary adjustments to covenant definitions with its debt providers. As a result of these corrective actions the Group has greater confidence that there will be no default event in respect of its financial covenants for 12 months from the date of approving these financial statements.

No final dividend was declared in respect of the year ended 31 January 2022 (7 months to 31 January 2021: 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% (2021: 40.02%) and China Resources Ng Fung Limited owned 9.81% (2021: 9.96%) 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:

	2022 12 months	2021 7 months
<b>Related party payments</b>	\$000	\$000
Good and services purchased from other related parties	402	300
<b>Total related party payments</b>	<b>402</b>	<b>300</b>
<b>Related party sales</b>	\$000	\$000
Goods and services sold to related parties	-	28
<b>Total related party sales</b>	<b>-</b>	<b>28</b>

	2022	2021
<b>Amounts owing to related parties</b>		
<b>Current amounts owing to related parties</b>	\$000	\$000
Other amounts owing to related parties	233	233
<b>Total current amounts owing to related parties</b>	<b>233</b>	<b>233</b>
<b>Amounts owing by related parties</b>	\$000	\$000
Amounts owing by related parties	2	3
<b>Total amounts owing by related parties</b>	<b>2</b>	<b>3</b>

**30. AUDITOR'S REMUNERATION**

	2022 12 months	2021 7 months
	\$000	\$000
Audit fees	309	189
Other assurance	10	10
Tax advisory and compliance	-	-
<b>Total auditor's remuneration</b>	<b>319</b>	<b>199</b>

Other assurance services include performance of agreed upon procedures on sustainability information of the Group.

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

	2022 12 months	2021 7 months
	\$000	\$000
<b>Reconciliation of the profit / (loss) for the period with the net cash from operating activities</b>		
Profit / (loss) before tax	(87,593)	(9,326)
<b>Adjusted for</b>		
Depreciation and amortisation	10,125	5,968
Impairment	59,255	-
(Gain)/loss on sale of assets	135	1
Share-based payments	146	98
Net foreign exchange differences	13,833	5,428
Net loss/(profit) on derivative instruments at fair value through profit or loss	483	38
(Increase)/decrease in trade and other receivables and prepayments	(3,631)	(3,409)
(Increase)/decrease in inventories and biological assets	21,060	(2,687)
Increase/(decrease) in trade and other payables	(2,455)	3,945
Income tax paid	(4,171)	(938)
<b>Net cash flow/(to) / from operating activities</b>	<b>7,068</b>	<b>(881)</b>

New Zealand King Salmon Investments Limited and Subsidiaries Financial Statements for the year ended 31 January 2022 (cont.)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 JANUARY 2022

**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:

- Ora 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.

	2022 12 months \$000	2021 7 months \$000
<b>Revenue by Product group</b>		
Whole fish	88,519	46,057
Filets, Steaks & Portions	35,418	18,606
Wood Roasted	14,099	8,555
Cold Smoked	26,522	16,504
Other	9,972	5,517
<b>Total revenue by product group</b>	<b>174,538</b>	<b>95,239</b>

	2022 \$000	2021 \$000
<b>Revenue by Brand</b>		
Ora King	61,477	34,326
Regal	33,822	19,502
Southern Ocean	9,928	6,203
Omega Plus	2,859	1,408
New Zealand King Salmon	66,344	33,800
<b>Total revenue by brand</b>	<b>174,538</b>	<b>95,239</b>

	2022 \$000	2021 \$000
<b>Revenue by geographical location of customers</b>		
New Zealand	69,085	41,786
North America	67,626	34,671
Australia	11,816	6,385
Japan	7,807	5,023
China	1,737	1,021
Europe	10,709	2,793
Other	5,750	3,560
<b>Total revenue by geographical location of customers</b>	<b>174,538</b>	<b>95,239</b>

Sales net of settlement discounts to one major customer for the period 1 February 2021 to 31 January 2022 totalled \$19.08m or 10.93% of total gross revenue (7 months to 31 January 2021 one major customer totalled \$10.7m or 11.24% 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.



## 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 2 to 26, which comprise the consolidated statement of financial position of the group as at 31 January 2022, 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 2 to 26 present fairly, in all material respects, the consolidated financial position of the group as at 31 January 2022 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.

### 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. 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2c in the financial statements, which indicates that the group was in breach of its bank covenants at balance date and is dependent on the success of a proposed equity raise, or obtaining funding by alternative means, to enable it to repay its bank loans. In addition, it may need to obtain additional funding to finance its operations. As stated in Note 2c, these events or conditions, along with other matters explained in Note 2c, indicate that material uncertainties exist that may cast



significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

### Impairment assessment

#### Why significant

Prior to its impairment, the consolidated statement of financial position included goodwill arising from business combinations of \$39.3 million (2021: \$39.3 million). An impairment test of the carrying value of goodwill is required annually and as a result of this, along with other indicators, an impairment assessment was conducted at year end. The group has recorded an impairment of the full amount of goodwill of \$39.3 million and an additional impairment of other assets of \$14.4 million.

The recoverable amount of a cash generating unit ("CGU") is the higher of fair value less costs to sell (FVLCS) and value in use (VIU). The group has determined that it has a single CGU.

Impairment is a key audit matter because the group's year end assessment of recoverable amount involves significant judgements related to future cash flow forecasts, discount rate and terminal growth rate assumptions. These are key inputs into the group's discounted cashflow (DCF) model used to assess the VIU of the CGU and so its recoverable amount.

#### How our audit addressed the key audit matter

In obtaining sufficient, appropriate audit evidence we:

- ▶ evaluated the appropriateness of the group's single CGU determination;
- ▶ considered the group's value in use assessment. This included the following:
  - agreed relevant DCF inputs to board approved budget and forecasts and compared these with historical actual results taking into account proposed changes in the group's strategy. We also considered the accuracy of the group's previous forecasts;
  - tested the mathematical accuracy of future cash flow forecasts and discounting applied;
  - involved our valuation specialists in assessing the discount rate and terminal growth rate applied, as well as benchmarking components of the group's forecasts against other market information;





Disclosures in relation to impairment of goodwill and other assets are included in Note 5 to the group financial statements.

- ▶ considered the appropriateness of the adoption of the calculated VIU as the CGU's recoverable amount;
- ▶ involved our valuation specialists in performing an assessment of FVLCS based on market capitalisation;
- ▶ evaluated the assessment of the carrying value of the CGU prior to impairment, the resulting impairment charge and its allocation to goodwill and other assets; and

We also considered the appropriateness and sufficiency of impairment related disclosures included in the group financial statements.

## Biological assets

### Why significant

At 31 January 2022, the consolidated statement of financial position includes biological assets (live salmon) of \$75.0 million with an estimated biomass of 6,015 metric tonnes measured at fair value less costs to sell. This includes a fair value increase above cost of \$24.4 million.

This is a key audit matter because the group's estimation of the fair value of biological assets involves estimation of year-end biomass and a valuation model that relies on significant estimation including:

- ▶ year end biomass and future 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.

### How our audit addressed the key audit matter

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 source 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 accuracy 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 to the livestock recording system;



- ▶ agreed significant quantity and biomass adjustments made by the group in the livestock recording system to source data;
- ▶ 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 recording system to actual fish harvest data.

We also considered the appropriateness and sufficiency of biological assets disclosures included in the group financial statements.

#### **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 which is expected to be made available to us after the date of this 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

#### **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

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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.

A stylized, handwritten-style signature of 'Ernst &amp; Young' in black ink.

Chartered Accountants  
Christchurch  
13 April 2022

A member firm of Ernst & Young Global Limited

## Appendix 5: Offer document (13 April 2022)<sup>5</sup>

*New Zealand King Salmon Investments Limited Offer Document –  
2.85 for 1 Renounceable Rights Offer 13 April 2022*



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## **IMPORTANT INFORMATION**

### **General Information**

The Offer is made under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 and pursuant to the provisions of section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Instrument 22-0265).

This document is not a product disclosure statement or other disclosure document for the purposes of the FMCA, the Corporations Act or any other law, has not been lodged with the Financial Markets Authority or ASIC, and does not contain all of the information that an investor would find in a product disclosure statement or other disclosure document, or which may be required in order to make an informed investment decision about the Offer or NZKS.

### **Additional information available under continuous disclosure obligations**

NZKS is subject to continuous disclosure obligations under the NZX Listing Rules. You can find market releases by NZKS at [nzx.com](http://nzx.com) and at [asx.com.au](http://asx.com.au) under the code "NZK".

NZKS may, during the period of the Offer, make additional releases to the NZX and the ASX. To the maximum extent permitted by law, no release by NZKS to the NZX or the ASX will permit an applicant to withdraw any previously submitted application without NZKS' prior consent.

### **Offering Restrictions**

This Offer Document does not constitute an offer, advertisement or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer, advertisement or invitation.

This Offer Document may not be sent or given to any person who is not an Eligible Shareholder in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. In particular, this Offer Document may not be distributed to any

person, and the New Shares may not be offered or sold, in any country outside New Zealand or Australia except to Institutional Investors or as NZKS may otherwise determine in compliance with applicable laws. Further details on the offering restrictions that apply are set out in the section of this Offer Document headed "Details of the Offer".

This Offer Document is not for distribution or release in the United States. This Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The Rights and the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

If you come into possession of this Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. NZKS disclaims all liability to such persons.

### **Changes to the Offer**

Subject to the NZX Listing Rules, NZKS reserves the right to alter the dates set out in this Offer Document. Additionally, NZKS reserves the right to withdraw the Offer and the issue of New Shares at any time before the Allotment Date at its absolute discretion.

### **No Guarantee**

No guarantee is provided by any person in relation to the New Shares to be issued under the Offer. Likewise, no warranty is provided with regard to the future performance of NZKS or any return on any investments made pursuant to this Offer Document.

### **Decision to participate in the Offer**

The information in this Offer Document does not constitute a recommendation to acquire

New Shares nor does it amount to financial product advice. This Offer Document has been prepared without taking into account the particular needs or circumstances of any investor, including their investment objectives, financial and/or tax position.

**Privacy**

Any personal information you provide online will be held by NZKS and/or the Share Registrar at the addresses set out in the Directory. This information will be used for the purposes of administering your investment in NZKS. This information will only be disclosed to third parties with your consent or if otherwise required by law. Under the Privacy Act 2020 and the Australian Privacy

Act 1988 (Cth), you have the right to access and correct any personal information held about you.

**Enquiries**

Enquiries about the Offer can be directed to an NZX Primary Market Participant, or your solicitor, accountant or other professional adviser. If you have any questions about how to apply online, please contact the Share Registrar.

**Defined terms**

Capitalised terms used in this Offer Document have the specific meaning given to them in the Glossary at the back of this Offer Document.

## PART 1: LETTER FROM THE CHAIR

13 April 2022

Dear Shareholder,

On behalf of the directors of New Zealand King Salmon Investments Limited (NZKS), I am pleased to present you with the opportunity to participate in this Offer of New Shares to repay all outstanding debt and strengthen NZKS' balance sheet, providing the business with significant liquidity as it resets its farming model whilst navigating heightened mortality and the ongoing impacts of the Covid-19 pandemic.

### Update on FY22 summer mortality and aquaculture farming model

Fish performance continues to be a key focus for the business and the mortality events during FY22 dictate major change is required to ensure our farming strategy is more sustainable over the long term. Warm summer temperatures have been the main factor of multifactorial mortality events with approximately 2/3 of mortality biomass from warmer sites occurring between January and April when the fish are generally smaller. In light of FY22 mortality, NZKS has reviewed the underlying risk factors and has revised our farming strategy. We will avoid the higher water temperatures associated with the Pelorus and Queen Charlotte Sounds over the summer months. The company will focus on the cooler Tory Channel farms and utilise the nearby Queen Charlotte farms to tow stock to, after summer, for harvest before the following summer.

### Equity raise

Today, NZKS has announced a fully underwritten NZ\$60.1 million pro rata Rights Offer. The proceeds of the equity raise will be used to deleverage NZKS' balance sheet and provide liquidity and funding for medium term operating requirements.

Post the equity raise, NZKS will have total liquidity of NZ\$13.2 million, providing the company with significant flexibility as it transitions its farming model and navigates the ongoing impacts of the Covid-19 pandemic.

NZKS is undertaking an approximately NZ\$60.1 million offer of New Shares via an underwritten pro rata Rights Offer to existing shareholders. Under the Rights Offer, Eligible Shareholders may subscribe for 2.85 New Shares for every 1 existing share held as at 7.00pm (NZST) on 26 April 2022, at a price of NZ\$0.15 per share.

**Eligible Shareholders have until 5.00pm (NZST) on 6 May 2022 to apply at the following link: [www.shareoffer.co.nz/nzks](http://www.shareoffer.co.nz/nzks).**

Oregon Group has pre-committed to take up NZ\$23.8m of its rights (representing 100% of its entitlement). The board of NZ King Salmon unanimously supports the Rights Offer and the directors of NZ King Salmon have pre-committed to subscribe for a further NZ\$2.51m of shares.

Shareholders who choose not to take up their rights, or who renounce their rights, will have their percentage shareholding diluted.

We are also pleased to offer Eligible Retail Shareholders who take up their rights in full the opportunity to apply for additional New Shares attributable to any unexercised rights up to 100% of their entitlements.



This document sets out important information about the Offer. Before making your investment decision, I encourage you to read this document in full and also to consider the information disclosed by NZKS to NZX / ASX (in particular the Investor Presentation) and other information available at [www.nzx.com](http://www.nzx.com) or <https://www2.asx.com.au/> under the ticker code "NZK". If you are in doubt as to what you should do, you should consult your financial or professional adviser or an NZX Primary Market Participant.

Thank you for your continued support.

Yours sincerely

**John Ryder**  
*Chair,  
New Zealand King Salmon Investments Limited*

## PART 2: OFFER AT A GLANCE

Issuer	New Zealand King Salmon Investments Limited
The Offer	<p>A pro rata rights issue of 2.85 New Shares for every 1 Existing Share held at 7.00pm (NZST) on the Record Date. The Rights will not be quoted on the NZX Main Board or ASX.</p> <p>Eligible Retail Shareholders who take up their Rights in full have the opportunity to apply for additional New Shares which are attributable to any Unexercised Rights, allowing them to subscribe for additional New Shares up to a maximum of 100% of their Rights.</p>
Eligible Shareholder	<p>A person who, at 7.00pm (NZST) on the Record Date, was recorded in NZKS' share register as being a Shareholder and:</p> <ul style="list-style-type: none"> <li>(a) whose address is shown in NZKS' share register as being in New Zealand or Australia; or</li> <li>(b) whose address is shown in NZKS' share register as being in Hong Kong or Singapore and who is an Institutional Investor,</li> </ul> <p>and who is not in the United States and who is not acting for the account or benefit of a person in the United States.</p>
Issue Price	NZ\$0.15 (or the A\$ Price) per New Share.
Existing Shares currently on issue	140,637,703 Existing Shares.
Maximum number of New Shares being offered	400,817,453 New Shares (subject to rounding).
Offer size	The approximate amount to be raised under the Offer is NZ\$60.1 million.
How to apply	Applications must be made online at <a href="http://www.shareoffer.co.nz/nzks">www.shareoffer.co.nz/nzks</a> or as otherwise directed by NZKS.
Underwriting	Oregon Group Limited, NZKS' largest shareholder, has pre-committed to subscribe for NZ\$23.8m of New Shares (representing 100% of its entitlement), and the directors of NZKS have pre-committed to subscribe for a further NZ\$2.51m of New Shares, with the balance of the Offer fully underwritten by the Underwriter.

### PART 3: IMPORTANT DATES

Event	Date <sup>1</sup>
Announcement of the Offer	13 April 2022
Record Date for determining entitlements to Rights	7.00pm, 26 April 2022
Offer Opens	27 April 2022
Closing Date (last day for online applications)	5.00pm, 6 May 2022
Announce results of the Offer	11 May 2022
Allotment & Settlement of New Shares under the Offer on the NZX Main Board & ASX and commencement of trading of allotted New Shares on the NZX Main Board	12 May 2022
Commencement of trading of allotted New Shares on ASX	13 May 2022
Mailing of holding statements	16 May 2022

<sup>1</sup> The dates set out in the table above (and any references to them in this Offer Document) are subject to change and are indicative only. All times and dates refer to NZ standard time (unless otherwise specified). NZKS reserves the right to amend the timetables (including by extending the closing dates for the Offer or accepting late Applications, either generally or in particular cases) subject to the NZX Listing Rules. Any extension of the closing dates for the Offer will have a consequential effect on the issue date of New Shares.

#### **PART 4: DETAILS OF THE OFFER**

##### **The Offer**

The Offer is an offer of New Shares in NZKS to Eligible Shareholders under a pro rata renounceable Rights Offer. Under the Rights Offer, Eligible Shareholders are entitled to subscribe for 2.85 New Shares for every 1 Existing Share held at 7.00pm (NZST) on the Record Date. Any fractional Rights will be rounded down to the nearest whole number. The Rights will not be quoted on the NZX Main Board.

If you are an Eligible Shareholder you may take up all or some of your Rights, transfer all or some of your Rights or do nothing with all or some of your Rights. If you are an Eligible Shareholder and you do not take up all of your Rights, or you transfer some or all of your Rights, your current shareholding will be diluted as a result of the issue of New Shares.

If you are an Eligible Retail Shareholder and take up your Rights in full, you may also apply for additional New Shares which are attributable to any Unexercised Rights, up to a maximum amount of New Shares equal to 100% of your Rights.

You may transfer your Rights should you be able to find a buyer for those Rights. The Rights will not be quoted on the NZX or the ASX. Any transfer of Rights should be notified to the Share Registrar.

The maximum number of New Shares that may be issued under the Offer is 400,817,453 (subject to rounding). NZKS will raise a total of approximately NZ\$60.1 million through the Offer. The Offer is fully underwritten by the Underwriter (except in respect of the NZ\$23.8 million of New Shares for which Oregon Group Limited, NZKS' largest shareholder, and the NZ\$2.51 million of New Shares for which the directors of NZKS have committed to subscribe).

##### **Issue Price**

The Issue Price is NZ\$0.15 (or the A\$ Price) per New Share.

The A\$ Price will be the Australian dollar equivalent of NZ\$0.15 determined using the RBNZ AUD/NZD exchange rate on Tuesday, 26 April 2022 at 3.00pm (NZST). The A\$ Price will be announced by NZKS on Wednesday, 27 April 2022.

Payment for the New Shares must be paid in full in accordance with the instructions set out in the online application process or as otherwise directed by NZKS.

NZKS may choose to accept late applications, but has no obligation to do so. NZKS may accept or reject any online applications which it considers is not completed correctly, and may correct any errors or omissions on any online application.

Any New Shares (including additional New Shares) issued to you will be issued on the branch register on which you currently hold the Existing Shares to which your Rights relate.

As required by the Listing Rules, if NZKS receives, before the Closing Date, a renunciation and an acceptance in respect of the same Right(s), the renunciation shall be given priority to the acceptance.

Application monies received will be held in a trust account with the Share Registrar until the corresponding New Shares are allotted or the application monies are refunded. Interest earned on the application monies will be for the benefit, and remain the property, of NZKS and will be retained by NZKS whether or not the issue of New Shares takes place. Any refunds of application monies (without interest) will be made within five business days (as defined in the Listing Rules) of allotment, or any decision not to proceed with the Offer.

**Withdrawal**

Subject to NZKS' compliance with all applicable laws, NZKS reserves the right to withdraw the Offer at any time at its absolute discretion. If any Application is not accepted, all applicable application monies will be refunded, without interest, to the relevant Shareholder.

**Purpose of the Offer**

NZKS intends that the proceeds raised from the Offer will be applied to repay debt, strengthen NZKS' balance sheet and reposition the company for its refreshed aquaculture strategy.

**Eligibility**

The Offer is only open to Eligible Shareholders and persons that NZKS is satisfied can otherwise participate in the Offer in compliance with all applicable laws.

NZKS considers that the legal requirements of jurisdictions other than New Zealand, Australia, Hong Kong and Singapore are such that it would be unduly onerous for NZKS to make the Rights Offer in those jurisdictions (or to make the Rights Offer to Shareholders who are not Institutional Investors in Hong Kong and Singapore). This decision was made having regard to the small number of Shareholders in such overseas jurisdictions and the costs of complying with overseas legal requirements.

This Offer Document is only being sent by NZKS to Eligible Shareholders. The distribution of this Offer Document (including an electronic copy) outside New Zealand or Australia may be restricted by law. Any failure to comply with such restrictions may contravene applicable securities law. NZKS disclaims all liability to such persons.

**Hong Kong**

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Rights and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Rights and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Rights and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Rights or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

**Singapore**

This document and any other materials relating to the Rights and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Rights and New Shares, may not be issued, circulated or distributed, nor may the Rights and New Shares be offered or sold, or be made the subject of an invitation

for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Rights or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### **Underwriting Agreement**

NZKS has requested the Underwriter underwrite the Offer and the Underwriter has agreed to do so (except in respect of the \$23.8 million of New Shares for which Oregon Group Limited, NZKS' largest shareholder, and the \$2.51 million of New Shares for which the directors of NZKS have committed to subscribe). This means that the Underwriter will subscribe at the Issue Price for any New Shares that are not subscribed for by Eligible Shareholders under the Offer in accordance with the terms of the Underwriting Agreement. A summary of the principal terms of the Underwriting Agreement is set out immediately below:

- The Underwriter has the power to appoint sub-underwriters.
- The Underwriter will be paid an agreed fee for its services in connection with the Offer.
- The Underwriting Agreement contains termination events, representations, warranties and indemnities that are customary for an offer of this nature.
- The Underwriter may terminate its obligations under the Underwriting Agreement, including by reason of events which have, or are likely to have, a material adverse effect on NZKS, the Shares or the Offer. These may be as a result of events related to NZKS or as a result of external events, such as material or fundamental changes in financial, economic and political conditions in certain countries or financial markets.
- If the Underwriting Agreement is terminated, a termination fee may be payable to the Underwriter.
- NZKS has indemnified the Underwriter and its directors, officers, partners, employees and advisers against certain losses sustained, suffered or incurred, arising out of or in connection with the Offer, the allotment of the New Shares or the Underwriting Agreement.
- For a period commencing on the date of the Underwriting Agreement and ending 180 days after the Allotment Date for the Offer, NZKS and its subsidiaries will not, without the prior written consent of the Underwriter:
  - offer for sale or accept offers for any Shares or other equity securities issued by NZKS;
  - allot or issue any Shares or other equity securities of NZKS (whether preferential, redeemable, convertible or otherwise);



- issue or grant any right or option that entitles the holder to call for the issue of Shares or other equity securities by NZKS or that is otherwise convertible into, exchangeable for or redeemable by the issue of, Shares or other equity securities by NZKS;
  - create any debt instrument or other obligation which may be convertible into, exchangeable for or redeemable by, the issue of Shares or other equity securities by NZKS;
  - otherwise enter into any agreement whereby any person may be entitled to the allotment and issue of any Shares or other equity securities by NZKS; or
  - make any announcement of an intention to do any of the above,
- other than pursuant to existing employee incentive plans (including as may be amended or updated from time to time) or the Offer; or
- dispose of or charge, or agree to dispose of or charge, the whole or any substantial part of the business; or
  - enter into any commitment that is or may be material in the context of the Offer, the underwriting or the quotation of Shares on the NZX,
- other than as publicly disclosed or disclosed to the Underwriter prior to the date of the Underwriting Agreement.

#### **Application to take up additional New Shares**

New Shares that are attributable to Unexercised Rights will be offered to Eligible Retail Shareholders who take up their Rights in full.

Eligible Retail Shareholders who have taken up all of their Rights in full may apply for additional New Shares, up to a maximum amount of New Shares equal to 100% of their Rights. Eligible Retail Shareholders may apply for additional New Shares as directed via the online application, and will do so at the Issue Price. Payment must be made for both your Rights and any additional New Shares for which you wish to apply.

If you elect to apply for your Rights using the A\$ Price, then any additional New Shares that you are applying for must also be paid for in Australian dollars at the A\$ price.

Allocations and any necessary scaling of additional New Shares applied for by Eligible Retail Shareholders who take up their Rights in full will be determined by NZKS and the Lead Manager. NZKS and the Lead Manager will determine the Shareholders who will be treated as Eligible Retail Shareholders in their sole discretion. In exercising their discretion, NZKS and the Lead Manager may have regard to a number of matters, including legal and regulatory requirements and logistical and registry constraints. NZKS reserves the right to reject any application for additional New Shares that it or the Lead Manager considers is made by or on behalf of a person who is not an Eligible Retail Shareholder.

#### **Nominees**

If you hold Existing Shares as nominee for more than one person, then you may (depending on the nature of each such person) be an Eligible Shareholder or an Ineligible Shareholder with regard to the Rights of each such person. Nominees who hold Shares on behalf of persons in the United States, or who are acting for the account or benefit of persons in the United States, are not eligible to participate on behalf of those persons.

The Offer is being made to all Eligible Shareholders. Nominees and custodians with registered addresses in eligible jurisdictions may be able to participate in the Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will receive a letter from NZKS. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Offer is not available to, and they must not purport to accept the Offer in respect of:

- (a) beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Shareholder; or
- (b) Shareholders who are not eligible under applicable securities laws to receive an offer under the Offer.

In particular nominees and custodians who hold Shares on behalf of persons in the United States, or who are acting for the account or benefit of persons in the United States, are not eligible to participate on behalf of those persons, and may not take up Rights on behalf of, or send any documents relating to the Offer to, any person in the United States.

NZKS is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares or Rights. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. NZKS is not able to advise on foreign laws.

#### **Terms and Ranking of New Shares**

New Shares will rank equally with, and have the same voting rights, dividend rights and other entitlements as, Existing Shares in NZKS quoted on the NZX Main Board and ASX.

NZKS' formal dividend policy can be found at <https://www.kingsalmon.co.nz/dividends/>. However, NZKS' Board has taken the prudent decision to suspend dividend payments until after such time as more normal trading conditions resume.

#### **NZX Main Board Quotation**

The Rights will not be quoted on the NZX Main Board.

It is a term of the Offer that NZKS will take any necessary steps to ensure that the New Shares are, immediately after the issue, quoted on the NZX Main Board. The New Shares have been accepted for quotation by NZX and will be quoted upon completion of allotment procedures. NZX Main Board is a licensed market operated by NZX, a licensed market operator, regulated under the FMCA.

#### **ASX**

The Rights will not be quoted on the ASX.

An application has or will be made to ASX for quotation of the New Shares issued under the Offer and NZKS expects that the New Shares will be quoted upon completion of allotment procedures.

ASX accepts no responsibility for any statement in this Offer Document. The fact that ASX may approve the New Shares for quotation is not to be taken in any way as an indication of the merits of NZKS. Holding statements for New Shares allotted under the Offer will be issued and mailed as soon as practicable after allotment. Applicants under the Offer should ascertain their allocation before trading in the New Shares. Applicants can do so by contacting the Share Registrar, whose contact details are set out in the Directory.

Applicants selling New Shares prior to receiving a holding statement do so at their own risk. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with New Shares before the holding statement showing the number of New Shares allotted to an applicant is received by the applicant for those New Shares.

## PART 5: GLOSSARY

<b>A\$ Price</b>	The Australian dollar equivalent of the Issue Price (as expressed in New Zealand Dollars), calculated in accordance with the terms of this Offer Document.
<b>Allotment Date</b>	12 May 2022.
<b>ASX</b>	ASX Limited or the market it operates (as the context requires).
<b>ASX Listing Rules</b>	The official listing rules of ASX.
<b>Closing Date</b>	5.00pm (NZST) on 6 May 2022.
<b>Eligible Retail Shareholder</b>	A person who is an Eligible Shareholder and is not an Institutional Investor.
<b>Eligible Shareholder</b>	<p>A person who, at 7.00pm (NZST) on the Record Date, was recorded in NZKS' share register as being a Shareholder and:</p> <ul style="list-style-type: none"> <li>(a) whose address is shown in NZKS' share register as being in New Zealand or Australia; or</li> <li>(b) whose address is shown in NZKS' share register as being in Hong Kong or Singapore and who is an Institutional Investor,</li> </ul> <p>and who is not in the United States and who is not acting for the account or benefit of a person in the United States.</p>
<b>Existing Share</b>	A Share on issue on the Record Date.
<b>FMCA</b>	The Financial Markets Conduct Act 2013.
<b>Ineligible Shareholder</b>	A Shareholder of NZKS who is not an Eligible Shareholder.

<b>Institutional Investor</b>	<p>A person:</p> <ul style="list-style-type: none"> <li>• in New Zealand, who NZKS or the Lead Manager considers is an institutional, habitual or sophisticated investor;</li> <li>• in Australia, who NZKS considers is a “sophisticated investor” or “professional investor” within the meaning of sections 708(8) and 708(11) of the Corporations Act 2001 (Cth);</li> <li>• in Hong Kong, who NZKS considers is a professional investor as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong; or</li> <li>• in Singapore, who NZKS considers is an “institutional investor” or a “relevant person” as defined in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore,</li> </ul> <p>and who is not in the United States and who is not acting for the account or benefit of a person in the United States.</p>
<b>Issue Price</b>	NZ\$0.15 per New Share.
<b>Lead Manager</b>	Jarden Securities Limited.
<b>New Share</b>	A Share in NZKS offered under the Offer of the same class as, and ranking equally in all respects with, NZKS’ quoted Existing Shares at the Allotment Date.
<b>NZKS</b>	New Zealand King Salmon Investments Limited.
<b>NZX</b>	NZX Limited.
<b>NZX Listing Rules</b>	The listing rules of NZX in relation to the NZX Main Board (or any market in substitution for that market) in force from time to time, read subject to any applicable rulings or waivers.
<b>NZX Main Board</b>	The main board equity security market operated by NZX.
<b>NZX Primary Market Participant</b>	Any company, firm, organisation, or corporation designated or approved as a primary market participant from time to time by NZX.
<b>Offer</b>	The Rights Offer.
<b>Offer Document</b>	This document.
<b>Record Date</b>	26 April 2022.

<b>Right</b>	A renounceable right to subscribe for 2.85 New Shares for every 1 Existing Share held at 7.00pm on the Record Date at the Issue Price, issued pursuant to the Offer.
<b>Rights Offer</b>	The pro rata renounceable rights offer of New Shares detailed in this Offer Document.
<b>Share</b>	A fully paid ordinary share in NZKS.
<b>Shareholder</b>	A registered holder of Shares.
<b>Share Registrar</b>	Computershare Investor Services Limited.
<b>Underwriter</b>	Jarden Partners Limited
<b>Unexercised Rights</b>	Those Rights not taken up by the Closing Date, including the Rights attributable to Ineligible Shareholders.

**NOTE:**

- All references to time are to New Zealand time unless stated or defined otherwise.
- All references to currency are to New Zealand dollars unless stated or defined otherwise.
- All references to legislation are references to New Zealand legislation unless stated or defined otherwise.
- This Offer Document, the Offer and any contract resulting from it are governed by the laws of New Zealand, and each applicant submits to the exclusive jurisdiction of the courts of New Zealand.



## **PART 6: DIRECTORY**

### **ISSUER**

#### **New Zealand King Salmon Investments Limited**

93 Beatty Street  
Annesbrook  
Nelson 7011  
New Zealand  
Phone +64 3 5485714  
[www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)

### **LEGAL ADVISORS**

#### **Chapman Tripp**

Level 34, PwC Tower  
15 Customs Street West  
Auckland 1010

### **LEAD MANAGER & UNDERWRITER**

#### **Jarden Securities Limited (as Lead Manager) and Jarden Partners Limited (as Underwriter)**

Level 32, PwC Tower  
15 Customs Street West  
Auckland 1010

If you have any queries about how to apply online, please contact the Registrar at:

### **SHARE REGISTRAR**

#### **Computershare Investor Services Limited**

##### **New Zealand**

Private Bag 92119  
Victoria Street West  
Auckland, 1142  
New Zealand

159 Hurstmere Road  
Takapuna  
Auckland 0622  
Telephone: 0800 650 034

Application Website: [www.shareoffer.co.nz/nzks](http://www.shareoffer.co.nz/nzks)  
Company Website: [www.computershare.com/nz](http://www.computershare.com/nz)  
Email: [nzks@computershare.co.nz](mailto:nzks@computershare.co.nz)

##### **Australia**

GPO Box 2975  
Melbourne VIC 3000  
Australia

Yarra Falls  
452 Johnston Street  
Abbotsford, VIC 3067  
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## Appendix 6: Opening of rights offer (27 April 2022)<sup>6</sup>



PO Box 1180, Nelson 7040  
New Zealand

### OPENING OF \$60.1M RIGHTS OFFER

27 April 2022

New Zealand King Salmon Investments Limited (NZX / ASX: NZK) (NZ King Salmon) is pleased to announce the opening of its \$60.1m underwritten pro rata 2.85 for 1 rights offer (**Rights Offer**). The proceeds of the equity raise will be used to deleverage NZ King Salmon's balance sheet and provide liquidity and funding for medium term operating requirements.

The offer document for the Rights Offer was released to the market on 13 April 2022 and can be found online at either [www.nzx.com](http://www.nzx.com) or <https://www2.asx.com.au/> using the ticker "NZK" or through this website: [www.shareoffer.co.nz/nzks](http://www.shareoffer.co.nz/nzks).

Under the Rights Offer, Eligible Shareholders may subscribe for 2.85 New Shares for every 1 existing share held as at 7.00pm (NZST) on 26 April 2022, at a price of NZ\$0.15 per share (or the A\$ Price). The Australian dollar offer price is A\$0.14 for eligible Australian shareholders and was set using the prevailing AUD/NZD exchange rate on 26 April 2022.

Eligible shareholders have until 5.00pm (NZST) on 6 May 2022 to subscribe for new shares, unless the closing date is extended.

The rights will not be quoted on NZX or ASX and there will be no shortfall bookbuild for those rights not taken up by Eligible Shareholders or the rights of ineligible shareholders – Eligible Shareholders may be able to renounce their rights by transferring them off-market should they be able to find a buyer for their rights. Any transfer of rights should be notified to the Share Registrar. Shareholders who choose not to take up their rights, or who renounce their rights, will have their percentage shareholding diluted.

We are pleased to offer Eligible Retail Shareholders who take up their rights in full the opportunity to apply for additional New Shares attributable to any unexercised rights up to 100% of their entitlement.

Applications must be made (together with payment) online via this website [www.shareoffer.co.nz/nzks](http://www.shareoffer.co.nz/nzks).

Oregon Group has pre-committed to take up \$23.8m of its rights (representing 100% of its entitlement), and the directors of NZ King Salmon have pre-committed to subscribe for a further \$2.5m of shares, with the balance of the Rights Offer fully underwritten by Jarden Partners Limited on customary terms for an offer of this nature.

For further information in respect of the Rights Offer, please refer to the investor presentation and offer document released to the NZX and ASX on 13 April 2022.

Ends

#### Contact

Grant Rosewarne, Managing Director and CEO, New Zealand King Salmon Investments Ltd,  
[grant.rosewarne@kingsalmon.co.nz](mailto:grant.rosewarne@kingsalmon.co.nz)

Ben Rodgers, CFO and Company Secretary, New Zealand King Salmon Investments Ltd,  
[ben.rodgers@kingsalmon.co.nz](mailto:ben.rodgers@kingsalmon.co.nz)

#### About New Zealand King Salmon

New Zealand King Salmon is the world's largest aquaculture producer of the premium King salmon species. We operate under our four key brands: Ōra King, Regal, Southern Ocean, and Omega Plus,

93 Beatty Street, Tahunanui, Nelson 7011, New Zealand  
0800 725 666 | [contact@kingsalmon.co.nz](mailto:contact@kingsalmon.co.nz) | [www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)



PO Box 1180, Nelson 7040  
New Zealand

as well as our New Zealand King Salmon label. We have been growing and selling King salmon to consumers for more than 30 years.

More information can be found at [www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)

This announcement has been prepared for publication in New Zealand and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws. Shares and rights under the Rights Offer will not be offered or sold to persons resident in the United States.

93 Beatty Street, Tahunanui, Nelson 7011, New Zealand  
0800 725 666 | [contact@kingsalmon.co.nz](mailto:contact@kingsalmon.co.nz) | [www.kingsalmon.co.nz](http://www.kingsalmon.co.nz)

## Appendix 7: Selected NZX Announcements related to NZKS

NZK Market Update (12:41pm, 1 February 2022)

[< Back](#) **NZK Market Update**

1/2/2022, 12:41 pm MKTUPDTE  
1 February 2022

New Zealand King Salmon – Trading Update

The Board of New Zealand King Salmon advise that we are currently experiencing higher than expected sea farm mortality. Particularly warm seawater temperatures, most notably in the Pelorus Sound, are contributing to elevated mortality. The situation continues to unfold, and we are deploying best practice measures to counter the heat of summer and other contributing stressors. This outcome is particularly disappointing for our dedicated teams who closely monitor and care for our fish because our improved farming model was showing good results.

Climate change and warming sea temperatures have been identified as key Environmental, Social and Governance risks for the business and NZKS has put measures in place to mitigate these risks, including the adjustments to our farming model, and our application for our Blue Endeavour open ocean farm this year has proven to be particularly challenging.

It is not uncommon to see an increase in mortality over summer particularly on our westerly Pelorus farms and this is one of the main reasons we have applied for Blue Endeavour in the cooler, deeper and faster current conditions of the Cook Strait. The resource consent hearing was completed in December and a decision is expected in the next few months.


This unforeseen increase in mortalities will seriously impact our FY22 full year result and FY23 because our harvest will be reduced. To minimise this impact, we are evaluating options to accelerate our existing harvest schedule starting this week. Our most recent earnings guidance was proforma EBITDA of \$10.5m to \$12.5m. Although we are still working to quantify the impacts of the increase in mortalities, our latest estimate is a reduction in our FY22 EBITDA by \$4.0 - \$5.0m to a revised range of \$6.5 - \$7.5m (previously \$10.5m - \$12.5m).

ENDS

Contacts

Grant Rosewarne, Managing Director and CEO  
Ben Rodgers, CFO, New Zealand King Salmon

**Downloads**

 [NZK Market Update](#)

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## New Zealand King Salmon – Results Announcement Date Waiver

31/3/2022, 8:30 am MKTUPDTE

31 March 2022

New Zealand King Salmon – Results Announcement Date Waiver

The Board of New Zealand King Salmon Investments Limited (NZKS) advises that NZKS has been granted a waiver from NZX Listing Rule 3.5.1, which ordinarily requires NZKS to release a Results Announcement through MAP no later than 60 days after the end of its financial year.

In reliance on this waiver, NZKS expects to release its results for the 12 months ending 31 January 2022 on or around 13 April 2022. The delay is due to the disruption caused by the Omicron variant of COVID-19, which has impacted either directly or indirectly (close contacts) members of the NZKS finance team and our audit provider.

NZKS expects to release its annual report on or before 2 May 2022 (and therefore has not sought, nor been granted, a waiver in relation to the release of its annual report).

In February the Board announced we were experiencing higher than expected sea farm mortality. As noted in our previous announcement, the mortality event will have an impact on our FY23 harvest volumes and our FY22 and FY23 financial results. NZKS is still working through the associated financial impacts of this and will provide a more detailed update on sea farm mortality and the expected impact on FY23 earnings as part of our results announcement which is now expected to be on or around 13 April 2023. NZKS remains committed to minimising sea farm mortalities and is continually assessing the options available to do this.

Although we are still finalising our financial results, we continue to expect our FY22 Proforma EBITDA to be in the previously indicated range of \$6.5m – \$7.5m.

ENDS

Authorised by the Board of New Zealand King Salmon Investments Limited

Contacts

Grant Rosewarne, Managing Director and CEO

Ben Rodgers, CFO, New Zealand King Salmon Investments Limited

### Downloads

[New Zealand King Salmon – Results Announcement Date Waiver](#)

[← Back](#)

## NZ King Salmon Investments Limited ("NZK") – Trading Halt

13/4/2022, 9:03 am HALT

Memorandum

To: Market Participants

From: NZX Product Operations

Date: Wednesday, 13 April 2022

Subject: New Zealand King Salmon Investments Limited ("NZK") – Trading Halt

Message:

NZ RegCo advises that, at the request of New Zealand King Salmon Investments Limited ("NZK"), it has placed a trading halt on NZK Ordinary Shares. The trading halt was placed at pre-market open today, Wednesday 13 April 2022.

New Zealand King Salmon Investments Limited has requested a trading halt pending a material announcement regarding its full year results and a potential capital raising.

The trading halt will remain in place until the release of the material announcement or market open on Thursday, 14 April 2022.

Please contact NZX Product Operations on +64 4 496 2853 or [productoperations@nzx.com](mailto:productoperations@nzx.com) with any queries.

ENDS

### Downloads

[📎 NZ King Salmon Investments Limited \("NZK"\) – Trading Halt](#)



[NZKS completes rights offer \(8:30am, 10 May 2022\)](#)

[← Back](#)

## NZKS completes rights offer

10/5/2022, 8:30 am GENERAL

\$60.1M RIGHTS OFFER CLOSED

New Zealand King Salmon Investments Limited (NZX/ASX: NZK) (NZ King Salmon) is pleased to announce the successful closure of its NZ\$60.1m underwritten 2.85 for 1 pro rata rights offer (Rights Offer). NZ King Salmon received strong shareholder support with applications totalling approximately NZ\$50.3m, representing Eligible Shareholders electing to take up approximately 83.6% of their entitlements under the Rights Offer. The shares will be issued at a price of NZ\$0.15 per share (or A\$0.14 per share).

A total of NZ\$60.1m was raised under the Rights Offer as announced on 13 April 2022. The proceeds of the equity raise will be used to deleverage NZ King Salmon's balance sheet and provide liquidity and funding for medium term operating requirements.

Grant Rosewarne, NZ King Salmon Managing Director and CEO, said "NZ King Salmon is delighted with the level of take-up by its Eligible Shareholders in the Rights Offer."

Settlement and allotment of new shares taken up under the Rights Offer is expected to occur on 12 May 2022, with ASX shares expected to commence trading on 13 May 2022. The new shares issued under the Rights Offer will rank equally with NZ King Salmon's existing shares.

### Shortfall

A shortfall of approximately NZ\$9.8m worth of shares out of a total Rights Offer size of NZ\$60.1m remains. The shortfall will be allocated in priority to retail shareholders who over-subscribed NZ\$3.5m through the Rights Offer, with the remainder being taken up by the underwriter, Jarden, or its sub-underwriters.

For further information in respect of the Rights Offer, please refer to the investor presentation released to the NZX and ASX on 13 April 2022.

Ends

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## NZKS FY22 results and NZ\$60.1 million equity raising

13/4/2022, 1:39 pm FLLYR

New Zealand King Salmon Investments Limited (NZX & ASX: NZK) presents its results for FY22 and announces its intention to raise approximately NZ\$60.1 million via a rights offer.

Included in this announcement is:

1. FY22 Results and Offer Announcement
2. Results announcement
3. FY22 Financial Statements
4. Offer Document
5. Investor Presentation
6. Cleansing Notice
7. NZX Corporate Action Notice

ENDS

For further information, contact:

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### Downloads

- [📎 Results announcement](#)
- [📎 Offer document](#)
- [📎 Investor Presentation](#)
- [📎 Cleansing notice](#)
- [📎 NZX Corporate Action Notice](#)
- [📎 FY22 Results and Offer Announcement](#)
- [📎 FY22 Results and Audit Report](#)

## Appendix 8: Minister David Parker's Press Release: RMA reform needed to keep aquaculture moving<sup>9</sup>

8 FEBRUARY 2022

### RMA reform needed to keep aquaculture moving



HON DAVID PARKER

Environment

Oceans and Fisheries

The impact of high water temperature on New Zealand King Salmon's forecast revenue is a sharp reminder that resource management system reforms are needed to deliver better management for aquaculture, Oceans and Fisheries Minister David Parker said today.

"The company **announced** last week that warmer sea temperatures in Pelorus Sound in the Marlborough Sounds, likely brought on by climate change, were contributing to more salmon dying this year," David Parker said.

"Our response to climate change is not something that can be delayed. Its effects are real and present for New Zealand companies, and the people who work for them.

"This situation also highlights that the Resource Management Act is not equipped to deal with these realities. Strategic planning to get ahead of these kind of matters hasn't happened," David Parker said.

"Establishing small areas of new aquaculture space remains a drawn out, difficult and litigious process, even after 20 years of efforts under the RMA to improve it. As a result, some marine farms need to be better located but the system makes that very difficult.

"RMA reform will deliver a system that is more agile and better able to adapt to the realities of climate change.

"This includes a sustainable management regime for aquaculture so the sector can fulfill its potential, contribute to the economy and help communities prosper.

"The reforms we are putting in place will deliver a planning system that provides for growth in the sector, sets environmental standards that ensure sustainable practices, and delivers processes that enable adaptation to a changing environment.

"We will also ensure a fair return to New Zealanders through the use of marine space for marine farming. The changes will ensure that none of these benefits come at the expense of sustainability.

"We have one of the world's largest Exclusive Economic Zones, with a marine area more than 15 times larger than New Zealand's land area. That means we can gain the benefits of a thriving, sustainable aquaculture sector while allocating a relatively small part of our marine environment to marine farming.

"A strong and sustainable aquaculture sector also give us more choices about how we produce seafood in New Zealand as well as options to reduce environmental pressures from other, existing, fishing practices.

"I look forward to working together with all New Zealanders, including tangata whenua, industry, workers and local communities, to ensure reforms of the RMA keep this important and sustainable sector moving in the right direction."

## Endnotes

- 1 See Companies Office. (2016). New Zealand King Salmon Investments Limited (2161790) Registered: Shareholdings. Retrieved 27 June 2016 from <https://app.companiesoffice.govt.nz/companies/app/ui/pages/companies/2161790/shareholdings>
- 2 See Simply Wall St. (n.d.). Ownership Breakdown. Retrieved 2 March 2023 from <https://simplywall.st/stocks/nz/food-beverage-tobacco/nzx-nzk/new-zealand-king-salmon-investments-shares/ownership>
- 3 Companies Office. (2022). New Zealand King Salmon Investments Limited (2161790) Registered: Shareholdings. Retrieved 5 May 2022 from <https://app.companiesoffice.govt.nz/companies/app/ui/pages/companies/2161790/shareholdings>
- 4 Companies Office. (2016). Oregon Group Limited (560422) Registered: Shareholdings. Retrieved 27 June 2016 from [www.business.govt.nz/companies/app/ui/pages/companies/560422/shareholdings](http://www.business.govt.nz/companies/app/ui/pages/companies/560422/shareholdings)
- 5 See New Zealand King Salmon. (13 April 2022). *New Zealand King Salmon Investments Limited: Offer Document*. Retrieved 2 March 2023 from <https://www.nzx.com/announcements/390559>
- 6 See New Zealand King Salmon. (27 April 2022). *Opening of \$60.1M Rights Offer*. Retrieved 2 March 2023 from <https://www.nzx.com/announcements/391053>
- 7 See NZX. (31 March 2022). New Zealand King Salmon – Results Announcement Date Waiver. Retrieved 2 March 2023 from <https://www.nzx.com/announcements/389786>
- 8 See NZX. (13 April 2022). NZKS FY22 results and NZ \$60.1 million equity raising. Retrieved 2 March 2023 from <https://www.nzx.com/announcements/390559>
- 9 See Parker, D. (8 February 2022). *RMA reform needed to keep aquaculture moving* [press release]. Retrieved 2 March 2023 from <https://www.beehive.govt.nz/release/rma-reform-needed-keep-aquaculture-moving>

