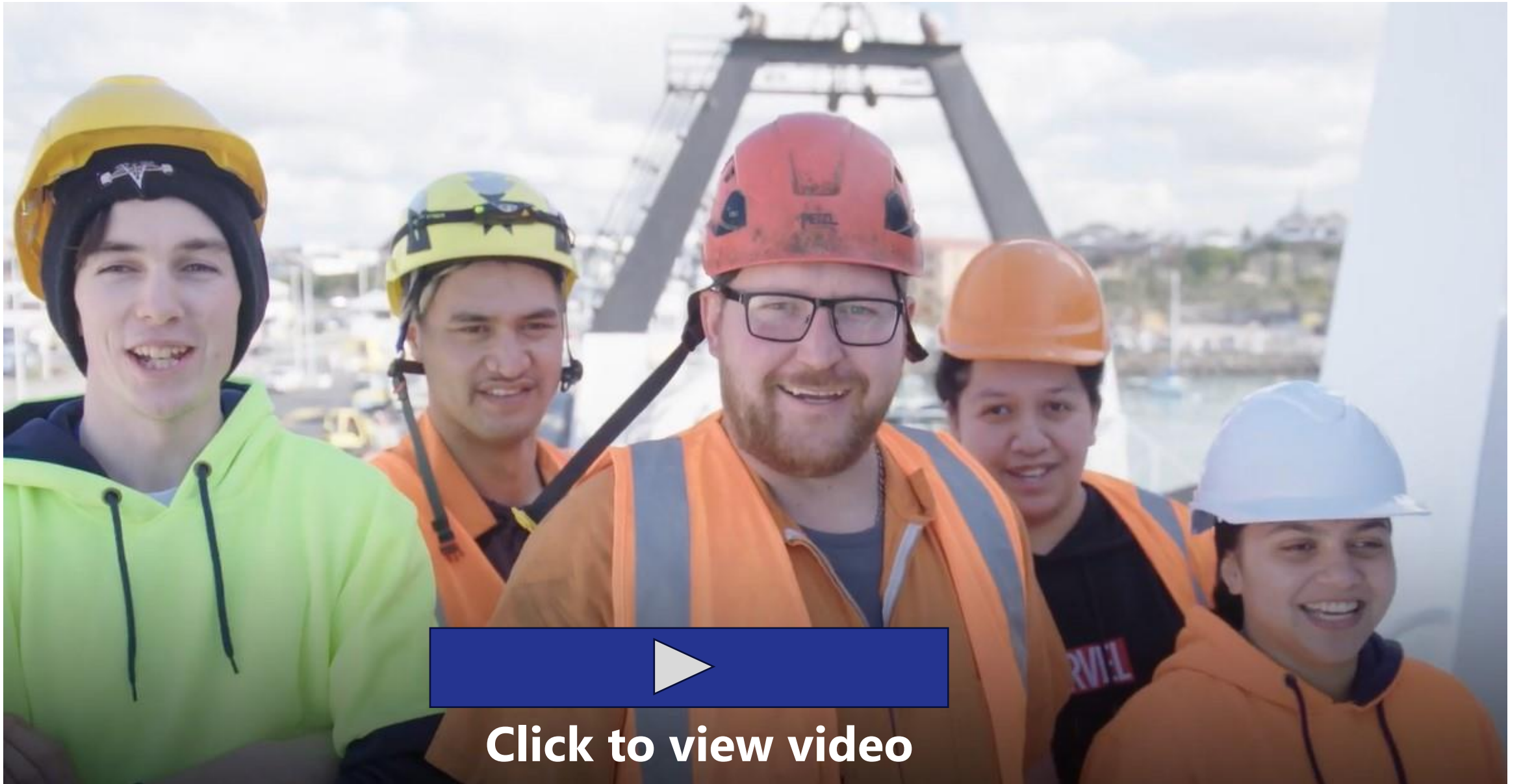




SANFORD

# 2023 ANNUAL SHAREHOLDERS' MEETING

18 December 2023



[Click to view video](#)

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**CHAIR**  
**SIR ROB MCLEOD**



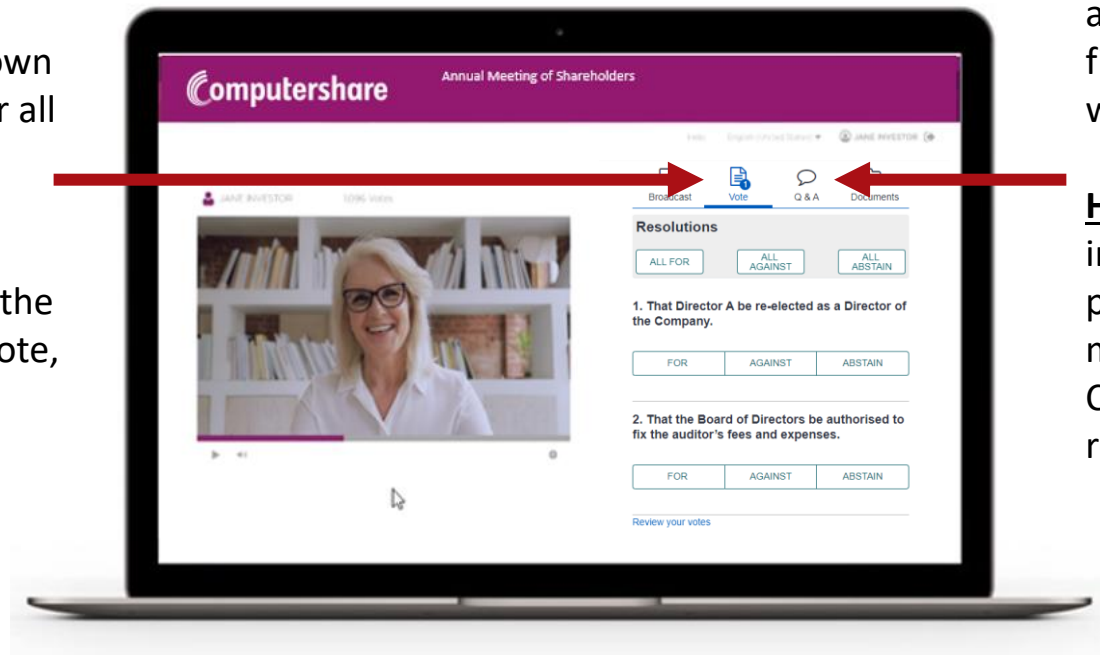
# HOW TO PARTICIPATE ONLINE

## Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



## Q&A

**Written Questions:** Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

**Help:** The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.

# AGENDA

1. Presentations
2. Shareholder Discussion
3. Resolutions
4. General Business
5. Close of the Meeting



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# SANFORD BOARD



**Sir Rob McLeod**  
Independent Chair



**Craig Ellison**  
Executive director & Acting CEO



**David Mair**  
Independent director



**Fiona Mackenzie**  
Independent director  
Retiring at end of 2023 ASM





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OUR VISION

NEW ZEALAND'S  
SEAFOOD LEADER  
FOR QUALITY, VALUE  
AND REPUTATION

PURPOSE

PROVIDING EXCEPTIONAL NUTRITIOUS  
FOOD FROM HEALTHY OCEANS

CULTURE

ACHIEVING TOGETHER

VALUES

CARE – PASSION – INTEGRITY

OUR STRATEGY

RECOVER, REBUILD  
AND OUTPERFORM

COMMERCIAL FOCUS



STRENGTHEN  
WILDCATCH



GROW  
SALMON



GROW  
MUSSELS

PEOPLE

Trusted Customer  
Partnerships

Our Team

PLACE

Safeguarding  
our Environment

Positive Community  
Engagement

PERFORMANCE

Operational  
Excellence

Shareholder Value

## FY23 RESULTS SNAPSHOT

<b>CATCH/HARVEST VOLUME</b> <b>112.5K GWT</b> +2.8%	<b>SALES VOLUME</b> <b>92.0K GWT</b> -12.1%	<b>REVENUE</b> <b>\$553.4m</b> +4.0%
<b>EBIT GW KG</b> <b>54 cents</b> +16 cents/kg	<b>ADJUSTED EBIT<sup>1</sup></b> <b>\$49.4m</b> +22.9%	<b>ADJUSTED EBITDA<sup>1</sup></b> <b>\$81.5m</b> +19.4%
<b>NPAT<sup>2</sup></b> <b>\$10.0m</b> -82.1%	<b>EPS</b> <b>10.7 cps</b> FY22: 59.8 cps	<b>TOTAL FY23 DIVIDEND</b> <b>12 cps</b> +20%

- Highest revenue result for 5 years reflecting good demand and strong in-market prices.
- Lower sales volume down 12.1% due to reduced squid catch as a result of seasonal factors, execution of the North Island arrangement with Moana and increased stock holdings.
- Prior year NPAT included a one-off \$43.7m gain on the sale of Sanford's crayfish quota.
- Improved operating profit with Adjusted EBIT continuing positive recovery towards pre-covid levels.

1. See Appendix for Adjusted EBIT and Adjusted EBITDA reconciliation to GAAP Reported NPAT

2. FY22 NPAT included one-off gain on sale of crayfish quota of \$43.7m





# OUR PEOPLE



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# LOOKING TO THE FUTURE

- Strong international and local demand for high quality, sustainable, delicious seafood.
- Positive momentum towards pre-covid results.
- Volume growth will be achieved through smart farming and ability to increase our farm footprints.
- Committed to integrity of the quota management system.
- Working together with Government and other stakeholders to enable a valuable seafood industry for New Zealand.



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**ACTING CEO  
CRAIG ELLISON**



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## FY23 KEY EVENTS AND HIGHLIGHTS

- **Outperformance in Salmon business.**
- **Reset of Mussel business to meet strong demand – profitability improving.**
- **Wildcatch delivering consistent earnings – material decrease in squid catch.**
- Announced long term lease of much of Sanford's North Island inshore Annual Catch Entitlement (ACE) to Moana New Zealand. Transaction settled 31 October 2023.
- Challenges in the commissioning of the Sanford Bioactives centre.
- Implemented the company wide Sancore ERP system change programme.
- Focus on integrity capital expenditure; construction of new scampi vessel underway and due to launch in Q1 2025.

# GROW SALMON



- Salmon business going from strength to strength under Big Glory Bay brand.
- NZ King salmon is a premium and prized product - significant demand, particularly in international markets.
- Challenges of El Nino summer – risk mitigations in place.
- Focus on sustaining margins and cost management through smart farming.
- New feed barge arriving March 2024.
- Volume growth limited with current farm footprint.

**Sales Volume GWT**  
4.8k tonnes  
FY22: 5.1k tonnes

**Revenue**  
\$93.6m  
FY22: \$79m

**Profit Contribution**  
\$32m  
FY22: \$23m

# GROW MUSSELS



**Sales Volume GWT**  
30.1k tonnes  
FY22: 36k tonnes

**Revenue**  
\$122.9m  
FY22: \$106m

**Profit Contribution**  
\$6.9m  
FY22: \$0.4m

- Well positioned to capitalise on warm growing conditions and return to full workforce.
- Pricing and demand remain strong for half shell mussels.
- Low seeding in 2023 will limit harvest volumes in 2024.
- Bioactives facility now commissioned – continuing to assess and develop the opportunity.
- In a strong position with water space and infrastructure (growth aspirations achievable with existing waterspace).

# STRENGTHEN WILDCATCH



**Sales Volume GWT**  
57.1k tonnes  
FY22: 64k tonnes

**Revenue**  
\$299.8m  
FY22: \$302m

**Profit Contribution**  
\$48.8mm  
FY22: \$52m

- Focus on deepwater fishing.
- Continuation of strong demand and prices for key species.
- Integrity capital investment for fleet and infrastructure.
- Priority focus on improving operational efficiency.
- Forecasting lower-than-average squid catch for FY24 based on historical trends.
- Future industry collaboration initiatives will be investigated.
- Long term lease of North Island inshore ACE will support improved profitability.

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# PEOPLE, PLACE, PERFORMANCE: FY23 HIGHLIGHTS<sup>1</sup>

- Continued to build on our trusted customer partnerships in new and existing markets.
- Rebuilt team back to full force.
- Reported a significant drop in waste going to landfill; remain on track to achieve our 2030 target of a 25% reduction in carbon emissions from the FY20 base year.
- Continued to support our communities, through food donations and financial contributions.
- Industry Awards in recognition of innovative thinking, quality products and commitment to sustainable farming practices.
- Operational excellence remained front of mind with a new business unit organisational structure, the delivery of the Sancore technology system programme, and smart thinking to make our operations more efficient and cost effective.

<sup>1</sup> Refer to Integrated Report for further details

<sup>2</sup> Sanford emissions target is a reduction in absolute GHG of 25% by 2030 from a 2020 base year. (Scope 1 & 2 emissions)

<sup>3</sup> Aligned with the XRB standards (NZCS1-3); Sanford's first mandatory period for reporting is FY24



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## Q1 FY24 UPDATE

- Continuing strong pricing and demand for premium species, particularly scampi, mussels and salmon.
- Economic headwinds continue with inflation and cost of living pressures – serving our customers by providing products at different value points.
- Monitoring global in-market conditions closely – at this stage, the positive demand for NZ seafood remains unchanged.

## FY24 OUTLOOK

- Market prices and demand expected to remain at current strong levels.
- Salmon expected to perform well and maintain current profitability.
- Mussel improvement planned – headwinds remain with low volume year in the North Island and with Bioactives centre still in start-up mode.
- Wildcatch improvement following inshore transaction; Squid catch expected to remain below historical averages.
- Reduction in fuel and freight costs from 2023 peaks; continued pressure on labour rates.
- More favourable exchange rates for exporting, particularly NZD/USD.
- Increased labour availability, particularly for Mussel operation.





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# SHAREHOLDER DISCUSSION



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# RESOLUTIONS

## **Resolution 1: Election of William John Strowger**

That Mr Strowger be elected as a Director of the Company, having been nominated by Tasman Equity Holdings Limited, a shareholder of the Company, in accordance with NZX Listing Rule 2.3.

## **Resolution 2: Auditor**

To authorise the Directors to fix the fees and expenses of the Auditor for the ensuing year.



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# OTHER BUSINESS CLOSE OF THE MEETING



# FY23 FINANCIAL RESULTS - GAAP TO NON-GAAP

GAAP to Non-GAAP Reconciliation	30-Sep-23	30-Sep-22
	\$000	\$000
<b>Reported net profit for the period (GAAP)</b>	<b>10,011</b>	<b>55,772</b>
<i>Add back:</i>		
Income tax expense	7,471	6,692
Net interest expense	13,522	8,731
Net (gain) on sale of investments, property, plant and equipment and intangibles	(35)	(43,616)
<b>Reported EBIT</b>	<b>30,969</b>	<b>27,579</b>
<i>Adjustments</i>		
Impairment of assets	1,418	1,301
Restructuring costs	5,544	345
Software as a Service (SaaS) expenditure	12,714	10,312
Receipt from surrender of lease	(2,200)	
Other one-off items	947	639
<b>Adjusted EBIT</b>	<b>49,392</b>	<b>40,176</b>
<i>Add back:</i>		
Depreciation and amortisation	32,142	28,086
<b>Adjusted EBITDA</b>	<b>81,534</b>	<b>68,262</b>

## Non-GAAP Profit measures

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford have used non-GAAP measures when discussing financial performance in this document. The Directors and management believe that these measures provide useful information as they are used internally to evaluate divisional and total Group performance and to establish operating and capital budgets. Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand equivalents to International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures included in this report are not comparable with those used by other companies. They should not be viewed in isolation or as a substitute for GAAP profit measures as reported by Sanford in accordance with NZ IFRS

## Definitions

**Reported EBIT:** Earnings before interest, taxation, net gain on sale of investments, property, plant and equipment and intangibles.

**Adjusted EBIT:** Reported EBIT adjusted for impairment, restructuring, software as a service (SaaS) expenditure, other one-off items and gain from lease termination.

**Adjusted EBITDA:** Adjusted EBIT before depreciation and amortisation.



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