

5 November 2020

NZX Continuous Disclosure

Update on Sanford 2020 Full Year Results

Sanford Limited (NZX: SAN) wishes to advise the market of certain key unaudited metrics from its full year results for the year ended 30 September 2020. This is ahead of the release of its full results announcement on Thursday 12 November, as previously communicated to the market.

Key unaudited metrics:¹

- Net Profit After Tax (NPAT): \$22.4m, a 46% decrease on 2019 (\$41.7m).
- Total Revenue: \$468.8m, a 14% decrease on 2019 (\$545.1m).
- Adjusted (underlying) Earnings Before Interest and Tax (EBIT): \$38.3m, a 41% decrease on 2019 (\$64.8m).²

Our earnings reflect the ongoing impacts of the Covid-19 pandemic on Sanford's sales channels, primarily to food service, as disclosed in our market update on 2 September 2020.

This result is a continuation of the sales revenue trend which we advised the market of in September. However, the fourth quarter profitability was further impacted by the following factors:

- Poorer than expected wildcatch performance in September driven by a lower than expected Patagonian toothfish catch.
- A lower fair value of salmon stock in water with expected future sales pricing under pressure.

The result this year is disappointing, and our markets continue to be challenging and difficult to predict because of the evolving Covid-19 situation. Despite this our cash collection remained satisfactory through the year and our balance sheet is strong. We continue to assess and make changes to re-position the business to be more adaptable and match our costs to the new environment.

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¹ FY20 financial information as included is unaudited. Following the completion of the audit process by Sanford's external auditors, FY20 financial information in this announcement may change.

² Refer to "Unaudited GAAP to non-GAAP information reconciliation" on page 2 below

² Unaudited GAAP to Non GAAP information reconciliation

Sanford's standard profit measure prepared under New Zealand GAAP is net profit. Sanford has used Adjusted (underlying) Earnings Before Interest and Tax (EBIT), a non-GAAP measure, in this document. The Directors and management believe that Adjusted (underlying) EBIT provides useful information as it is used internally to evaluate divisional and total Group performance and to establish operating and capital budgets.

Adjusted (underlying) EBIT is not prepared in accordance with NZ IFRS (New Zealand Equivalents to International Financial Reporting Standards) and is not uniformly defined, therefore Adjusted (underlying) EBIT may not be comparable with equivalent profit measures used by other companies. It should not be viewed in isolation or as a substitute for GAAP profit measures as reported by Sanford in accordance with NZ IFRS. A reconciliation of Adjusted (underlying) EBIT to NPAT is set out below, based on Sanford's FY20 unaudited financial information.

	2020
	\$m
NPAT (GAAP)	22.4
<u>Add back:</u>	
Net interest and tax expense	17.3
Net (gain) loss on sale of investments, property, plant and equipment and intangibles	(4.0)
<u>Adjustments:</u>	
Impairment of assets and restructuring costs	4.7
Other one-off items	(2.1)
Adjusted (underlying) EBIT	38.3