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Sanford agrees to sell North Island inshore catch rights to Moana New Zealand under a new long term arrangement

Transaction summary:

- Sanford has agreed to sell the Annual Catch Entitlement (ACE) for much of its quota of North Island inshore species to Moana New Zealand through a new long-term agreement. The arrangement is for a minimum term of approximately 10 years.
- Sanford has sought to simplify its operations and establish a lower-risk passive revenue stream for its North Island inshore ACE. The value for this package of ACE starts at nearly \$11m (annualised) for the first year and scales up to \$13m over the next five years before increasing in fixed increments of 1.5% per annum.
- As part of the deal, Sanford will sell Moana two of its inshore fishing vessels and a selection of its processing equipment and refrigerated vehicles/trailers. One marine farm comprised of three coastal permits in the Croisilles Harbour has also been included in the deal. The price paid by Moana for these ancillary assets is expected to be between \$5 million and \$8 million (depending, in part, on valuations and final asset selections by Moana).
- The transaction will result in the closure of the fish processing plant in Auckland and Sanford will work with Moana to facilitate the employment of affected staff where practicable.
- The transaction is subject to two conditions, including a regulatory condition. Settlement is expected to occur in Q4 of FY23, but this will depend on when the conditions are satisfied.

New Zealand seafood company Sanford Limited (NZX: SAN) has entered into an agreement with Moana New Zealand involving the long-term sale of Sanford's Annual Catch Entitlement (ACE) for much of its quota of North Island inshore species.

The deal is conditional on the New Zealand Commerce Commission granting Moana a clearance in respect of the transaction and on Sanford agreeing acceptable terms for the discontinuation of toll processing with an existing toll processing customer.

Sanford will retain ownership of the quota for these North Island species. Sanford also continues to hold quota in a number of deepwater and South Island inshore fisheries. Sanford holds approximately 20% of New Zealand fishing quota and has interests in salmon and mussel aquaculture.

Sanford CEO, Peter Reidie, says Sanford sought the proposed deal with Moana following a comprehensive review seeking to turn around its North Island inshore operations.

“We signalled some time ago that we have been looking at ways to turnaround this part of our operations. The long-term agreement with Moana will enable them to fish and process inshore species at scale. Sanford's North Island inshore operations represent a relatively small part of our

business, but this proposed deal will reduce the negative impact these operations are currently having on Sanford's bottom line.

"The deal also includes two of our North Island-based fishing vessels and a selection of our processing equipment and refrigerated vehicles/trailers used in the fishery. These assets will be independently valued in the coming weeks.

"As a result of the transaction, we intend to close our fish processing plant in Auckland and work with Moana to facilitate the employment of our affected staff where practicable."

Moana CEO Steve Tarrant says his company is well placed to take on the additional catch rights and processing volumes, with a proven track record of success in inshore operations and upgraded facilities built with growth in mind.

Settlement is expected to occur in Q4 of FY23, but this timing will ultimately depend on when the conditions are satisfied, including clearance from the New Zealand Commerce Commission. We will keep the market informed once the transaction becomes unconditional.

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