

Analyst Briefing Pack

Annual results presentation

Year ended 31 December 2021 - Audited

Agenda

- 1** **FY21 highlights**
- 2** **Financials**
- 3** **Capital management**
- 4** **Operating segments performance**
- 5** **Outlook**
- 6** **Contact**

FY21 Highlights

Focus on achieving excellence

1

Delivered excellent performance for stakeholders despite Covid disruptions

Commitment and leadership got the job done | Orchards, Post harvest, Seeka Australia, SeekaFresh and VLS laboratory all performed ahead of expectation

2

Generated record profits and increased operating earnings

\$310m Revenue | \$56.8m EBITDA | \$23.5m NPBT | \$0.43 EPS | \$0.26 dividend per share | \$7.6m received from Psa kiwifruit class action

3

Three major kiwifruit acquisitions strengthen Seeka's regional presence

OPAC (Ōpōtiki) and Orangewood (Kerikeri) in 2021 | NZ Fruits (Gisborne, Feb 2022) | Businesses integrated | Accretive to shareholders

4

Agritech investment in digital orchard scanning operator Fruitometry

26% shareholding | Accurate crop data aids orchard management and supply chain planning | Platform for efficiency gains

5

New banking syndicate secures additional funding for capacity and Seeka's growth strategy

Westpac NZ led syndicate with Westpac AUS, ASB, BNZ and Rabobank

6

Capacity considered early | \$20m KKP and Transcool upgrades for 2022 | Pukenga deferred

Financials



Group financial performance

\$309.6m revenue

Up 23% on FY20

\$56.8m EBITDA

Up 32% on FY20

– \$7.6m from Crown’s settlement of Kiwifruit Claim

\$23.5m Net profit before tax

Up 44% on FY20

– Guidance range \$22m ~ \$24m, included Psa settlement

\$14.9m Net profit after tax

Down 2% on FY20, which included \$5.6m deferred tax benefit

All results and comparatives consistent with NZ IFRS 16 Leases

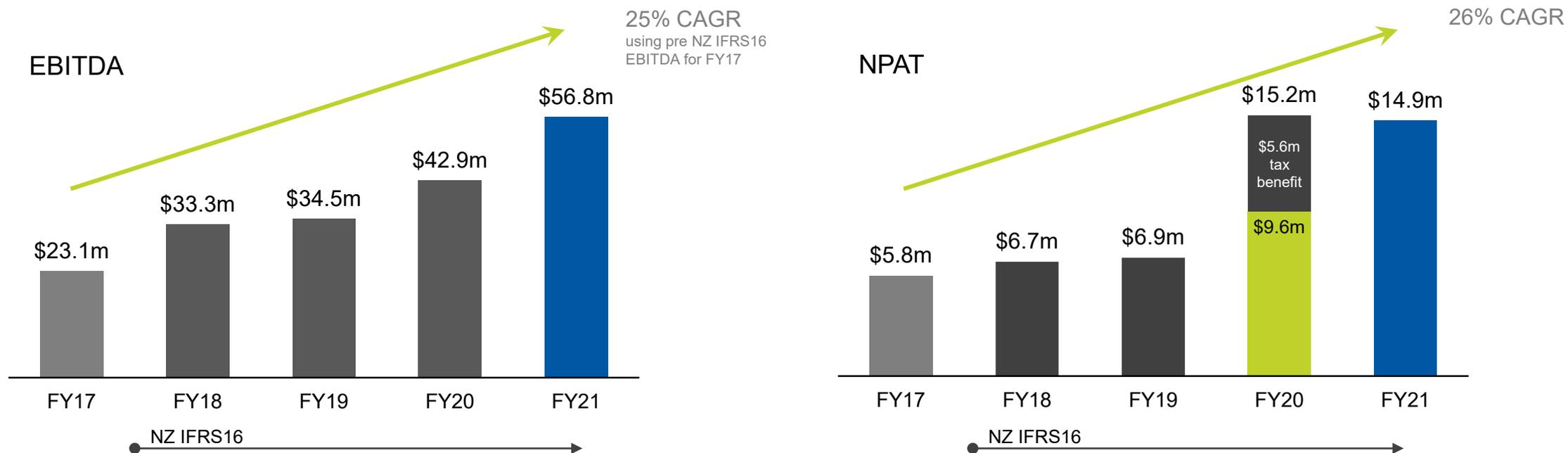
NZD \$millions	FY21	FY20	Growth
Revenue	309.6	251.5	23%
Cost of sales	236.3	198.8	19%
Gross profit	73.2	52.7	39%
EBITDA	56.8	42.9	32%
EBIT	32.2	24.3	32%
Net profit before tax	23.5	16.3	44%
Net profit	14.9	15.2	(2%)
Return on capital employed ¹	7.4%	4.6%	61%
Net tangible asset backing per share	\$ 5.71	\$ 5.20	10%

1. ROCE excludes \$8.0m of other income (FY20 \$8.9m). See appendix for ROCE calculation.

These financials should be read in conjunction with Seeka’s Annual Report 2021 and the attached appendix.

Trends in financial performance

EBITDA and NPAT



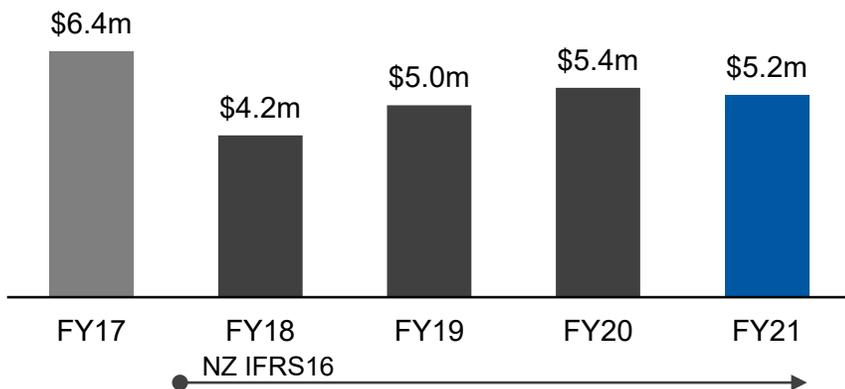
1. FY17 EBITDA and NPAT comparatives are prior to the implementation of NZ IFRS16 Leases, FY18 to FY21 comply with NZ IFRS16 Leases. NZ IFRS 16 Leases mainly affects EBITDA, as lease costs are converted to lease depreciation and lease interest.

Trends in operating segment performance

EBITDA – reported under NZ IFRS16 FY18 to FY21

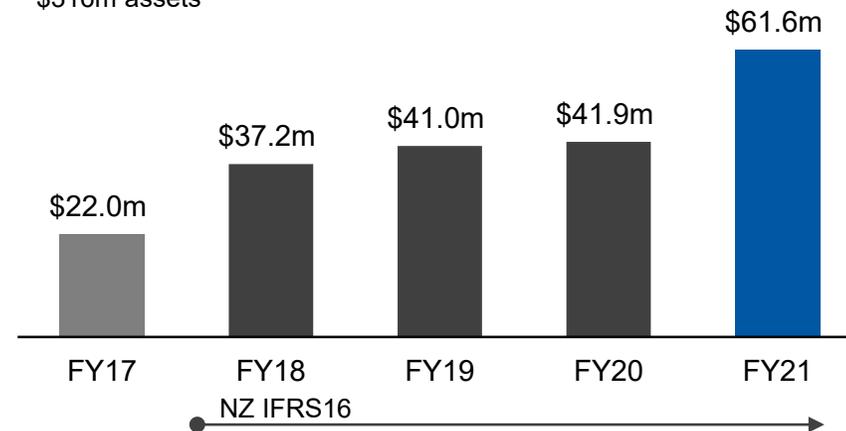
Orcharding EBITDA

\$74m assets



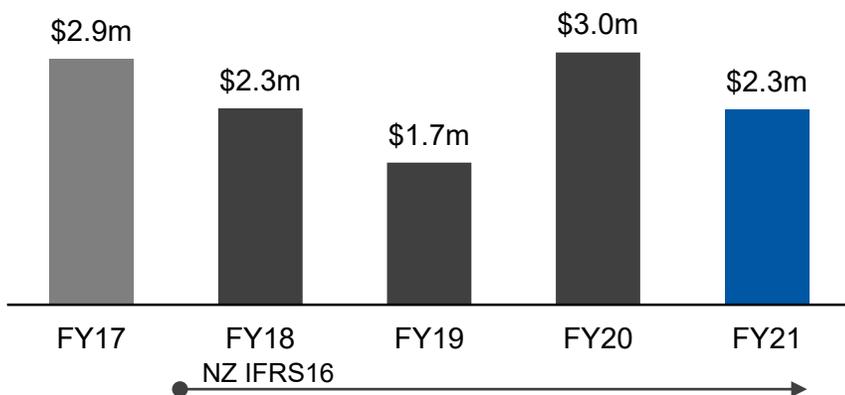
Post harvest EBITDA

\$316m assets



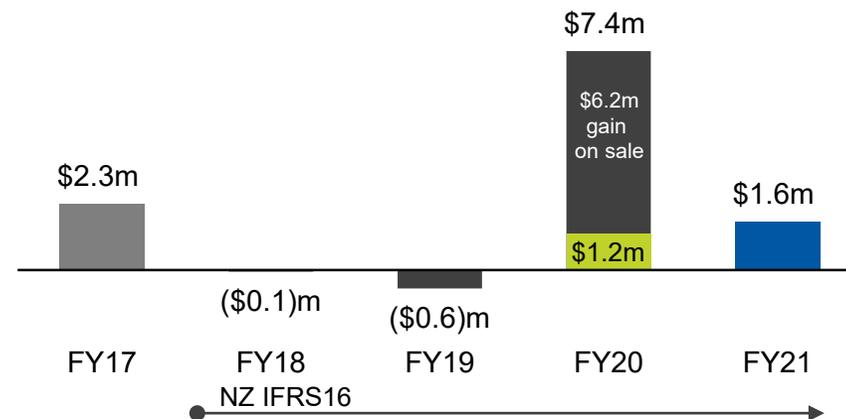
SeekaFresh retail services EBITDA

\$12m assets



Australia EBITDA

\$48m assets



1. FY17 EBITDA comparatives are prior to the implementation of NZ IFRS16 Leases, FY18 to FY21 comply with NZ IFRS16 Leases.

Capital management



Balance sheet

Capital employed 31 December

\$97.1m increase in capital employed in FY21

\$82.8m increase in PP&E

- OPAC and Orangewood acquisitions

\$4.4m increase in investments

- \$2.6m for 26% shareholding in Fruitometry
- \$1.7m co-invested in orchard enterprises

\$9.6m increase in intangibles and other

- \$8.2m of goodwill from OPAC and Orangewood acquisitions

NZD \$millions	FY21	FY20	Growth
<i>Current assets - excludes cash</i>			
Trade and other receivables	30.7	24.5	25%
Biological assets - crop	18.4	19.9	
Assets held for sale	1.9	3.8	
Inventories and water rights	7.3	6.3	
	58.3	54.5	7%
<i>Current liabilities - excludes debt</i>			
Trade and other payables	(33.0)	(31.0)	7%
Tax liabilities	(7.5)	(7.0)	
	(40.5)	(37.9)	7%
Net working capital	17.8	16.6	8%
<i>Non current assets</i>			
Property, plant and equipment	327.8	245.0	34%
Lease assets	49.9	50.8	
Investments in associates and shares	6.0	1.6	281%
Intangibles and other	27.9	18.3	52%
	411.6	315.7	30%
Capital employed	429.4	332.3	29%

Balance sheet

Net bank debt 31 December

\$100.6m net bank debt at December 2021

- \$22.8m increase on December 2020 (29% increase)
- \$27.9m of debt and cash for the OPAC, Orangewood and Fruitometry investments

New syndicated five-bank funding

- Lead by Westpac NZ with Westpac Corporation, ASB, BNZ and Rabobank
- \$190.4m debt line

\$20.0m upgrade at KKP and Transcool

- Provides short-term capacity
- Decision on Pukenga deferred

\$1.9m of orchard assets held for sale

NZD \$millions	FY21	FY20	Growth
Non current liabilities - excludes debt			
Lease liabilities (current and non current)	(63.4)	(64.4)	(2%)
Deffered tax	(18.4)	(13.1)	
Derivatives	(0.5)	(0.7)	
	(82.3)	(78.2)	5%
Cash	(12.4)	(5.2)	
Borrowings	113.0	83.0	36%
Net bank debt	100.6	77.9	29%
Total equity	246.5	176.3	40%
Total borrowings	100.6	77.9	
Net bank debt excluding assets held for sale ¹	98.7	74.0	
EBITDA multiple	1.74x	1.72x	
EBITDA multiple pre NZ IFRS 16 Leases ²	2.24x	1.87x	

All results and comparatives comply with NZ IFRS 16 Leases. Values may not always sum due to rounding.

1. Adjusted for \$1.9m of assets held for sale (FY20: \$3.8m)

2. Excludes full benefit of EBITDA from OPAC and Orangewood operations prior to their acquisition.

Earnings per share and dividends

43 cents earnings per share ¹

13 cents per share final dividend for FY21

- To be paid 23 February 2020
- Record date 28 January 2022
- Brought forward so shares issued for NZ Fruits acquisition are ex-dividend (normally paid in April)
- Fully imputed
- Dividend reinvestment plan with 2% discount

26 cents per share dividends from FY21

- 13 cents paid October 2021

\$5.71 net tangible assets per share – up 10%

	FY21	FY20
Net profit (\$m)	\$ 14.9 m	\$ 15.2 m
Weighted shares on issue (m)	34.8 m	29.4 m
Earnings per share ¹ (\$)	\$ 0.43	\$ 0.52
Net tangible assets (\$m)	\$229 m	\$167 m
Shares at year end (m)	40.2 m	32.2 m
Net tangible assets per share (\$)	\$ 5.71	\$ 5.20

Operating segment performance

Orchard operations

Growing kiwifruit, avocado and kiwiberry for New Zealand orchard owners

Orchard revenue of \$77.1m – up 2% on FY20

Revenue growth from lift in kiwifruit volumes

\$5.2m EBITDA – down from \$5.4m in FY20

- Lower market returns, higher production costs and OPAC overheads post acquisition

Eastern and Northland operations increase with OPAC and Orangewood acquisitions

- Significant volume growth in 2022

Developing 156 hectares of kiwifruit in partnership with landowners, iwi and the Kānoa - Regional Economic Development & Investment Unit (previously the Provincial Growth Fund)

NZD \$millions	FY21	FY20	Growth
Revenue	77.1	75.7	2%
EBITDA	5.2	5.4	(4%)
EBIT	3.0	3.5	(14%)
Segment assets	73.7	63.4	16%
EBITDA pre NZ IFRS 16	2.4	3.2	(25%)
Assets pre NZ IFRS 16	61.6	50.9	21%
Crop grown - class 1 trays (millions)			
Total kiwifruit trays grown - all varieties	14.4	13.0	11%
Hayward trays (millions)	8.7	7.7	13%
Hayward yields - average per hectare	12,300	10,200	21%
SunGold trays (millions)	5.4	5.0	8%
SunGold yields - average per hectare	14,370	14,000	3%
Organic and other trays	0.3	0.3	

Post harvest operations

Packing, coolstoring and shipping kiwifruit, avocado and kiwiberry for New Zealand orchard owners

Record post harvest revenue of \$195.9m - up 40%

\$61.6m EBITDA – up 47%

- Volume growth
- Improved operating margin

3.5m trays kiwifruit packed at OPAC post acquisition

OPAC, Orangewood and NZ Fruits will lift volumes

- Synergies set to deliver benefits from a larger business in 2022

NZD \$millions	FY21	FY20	Growth
Revenue	195.9	140.1	40%
EBITDA	61.6	41.9	47%
EBIT	44.6	29.8	50%
Segment assets	316.1	232.7	36%
EBITDA pre NZ IFRS 16	55.3	35.9	54%
Assets pre NZ IFRS 16	293.3	210.9	39%
Trays packed (millions)			
Hayward - Seeka (conventional and organic)	17.7	15.7	13%
SunGold - Seeka (conventional and organic)	17.9	16.1	11%
Other fruit - includes class 2	1.6	1.6	
Seeka OPAC	3.5	-	
Total packed	40.7	33.4	22%

SeekaFresh retail services operations

Marketing fruit from post harvest operations, retail and ripening imported fruit, and Kiwi Crush production

SeekaFresh revenue of \$21.6m – level with FY20

EBITDA of \$2.3m – down 23%

Strong performance from NZ operations despite lockdowns and Covid restrictions

- New Zealand wholesale and retail services
- Import and ripening of tropical fruits

Avocado sales commissions impacted by weak Australian market for 2021/22 season

- Focus on exporting more avocado to Asia

NZD \$millions	FY21	FY20	Growth
Revenue	21.6	21.8	(1%)
EBITDA	2.3	3.0	(23%)
EBIT	1.4	2.2	(36%)
Segment assets	11.7	12.4	(6%)
EBITDA pre NZ IFRS 16	1.5	2.2	(32%)
Assets pre NZ IFRS 16	7.6	8.0	(5%)

Australian operations

Growing, packing and retailing kiwifruit and other Australian produce on owned and leased orchards

Revenue of \$13.9m – up 6% on FY20

\$1.6m EBITDA compared to \$7.4m in FY20

- FY20 included \$6.2m gain on sale of the kiwifruit orchards which Seeka now leases
- \$1.2m EBITDA excluding the gain on sale of orchards

Business improvement beyond the lease cost

- FY21 operating EBITDA is up 33% on FY20's \$1.2m
- Excellent job managing lockdowns and labour shortages

Developing new orchards

- 63 hectares of kiwifruit
- New variety pears
- New nashi varieties and dates

NZD \$millions	FY21	FY20	Growth
Revenue	13.9	13.1	6%
EBITDA	1.6	7.4	
EBIT	(0.1)	6.3	
Segment assets	47.7	47.2	1%
EBITDA pre NZ IFRS 16	(0.2)	14.0	
Assets pre NZ IFRS 16	40.5	39.3	3%
Kiwifruit (tonnes)	2,106	2,153	(2%)
Nashi (tonnes)	976	747	31%
Pears (tonnes)	1,751	1,340	31%
Other fruit (tonnes)	121	118	3%
Total tonnes grown, packed and sold	4,954	4,358	14%

Contact

For more information see www.seeka.co.nz or please call

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The background of the slide is a blue-tinted image of a highly detailed dragon sculpture. The dragon's head is the central focus, with its mouth wide open, revealing sharp teeth and a tongue. The sculpture is intricately carved with scales, whiskers, and other features. The overall scene is set against a dark blue background.

Appendix

EBITDA

EBITDA before revaluations and impairments is considered by Seeka's Board to be a key measure of performance and reflection of cash flow generation.

NZD (\$000s)	FY21	FY20
Net profit before tax	23,488	16,278
Interest expense	4,082	4,163
Lease interest expense	4,610	3,877
EBIT	32,180	24,318
<i>Impairment charges and revaluations</i>		
Gain on revaluation of land and buildings	-	(32)
Impairment of property, plant and equipment	1,188	30
Impairment of intangible assets	-	102
Depreciation expense	15,185	11,653
Lease depreciation expense	7,943	6,671
Amortisation of intangible assets	294	204
EBITDA before impairments and revaluations	56,790	42,946

ROCE calculation

Return on capital employed is calculated as below

NZD \$millions	Notes ²	FY19	FY20	FY21
EBIT			24,318	32,180
<i>Adjust for non-recurring items</i>				
Other income	3		(8,937)	(7,975)
Lease interest expense			(3,877)	(4,610)
Other expenses	4		-	1,784
Impairments	10		30	1,188
EBIT - operating activities			11,534	22,567
Capital employed				
Shareholder funds		154,944	176,293	246,490
NZ IFRS 16 adjustment ¹	13	5,754	13,551	13,482
Bank debt	17	119,632	83,019	113,003
Cash		(2,849)	(5,164)	(12,361)
Assets under construction	10	(8,995)	(3,646)	(10,142)
Assets classified as held for sale	9	(27,083)	(3,844)	(1,898)
Total capital employed		241,403	260,209	348,574
Average capital employed			250,806	304,392
Return on capital employed			4.6%	7.4%

1. Lease liability less the right-of-use lease asset. 2. Notes to Seeka's 2021 financial statements.



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