PGG Wrightson

Annual Report

Pūrongo ā-tau

For the year ended 30 June 2022 | Mō te tau i mutu i te 30 Hune 2022

Helping grow the country

PGG Wrightson Technical Field Representative, Lester Howden, discusses the benefits to stock after putting in a water scheme supplied by PGG Wrightson Water over the summer months with Andy Wells, owner of Dunmore Farms Limited, near Clinton, South Otago.

2022 Financial Year

Performance Highlights

Tau Pūtea 2022 | Ngā Whakatutukitanga Hira

Net Profit After Tax ("NPAT") of

$24.3m

▲ $1.6m or 7%

Operating Earnings before interest, tax, depreciation and amortisation ("Operating EBITDA") of

$67.2m

▲ $11.1m or 20%

Fully imputed dividends for the year of

30¢/share

Front cover image: **PGG Wrightson Technical Horticultural Representative for Fruitfed Supplies, Alastair Reed, discusses canopy density and vigour with Adam Alexander, owner of Cultivate Co., an organic orchard in Katikati, near Tauranga, Bay of Plenty.**

PGW Group Strategic

Results and Measures

Ā Mātau Otinga me Ngā Whakaritenga

Financial Growth Measures

KPI:
Normalised EBIT[1] growth exceeding CPI[2]

FY22 result:

+29%

EBIT excluding non-operating gains/(losses) and impairment and fair value gains/(losses)

KPI:
Total shareholder return exceeding 10% target

FY22 result:

+38%

Customer Experience Measure

KPI:
Target incremental improvement in PGW Group NPS[4]

FY22 result:

↑5pts

from previous year's NPS survey

Safety Performance Measure

KPI:
Safety and wellbeing TRIFR[3]

FY22 result:

↓3%

since FY20 baseline

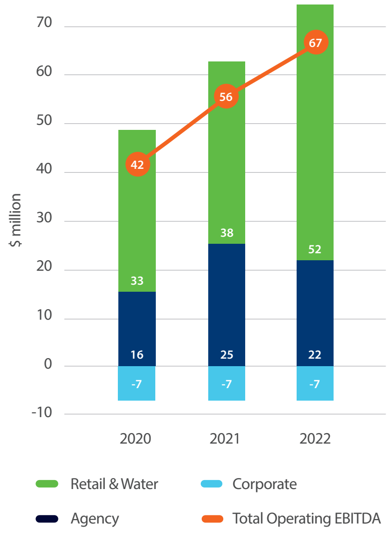
1 Earnings Before Interest and Taxes
2 Consumer Price Index
3 Total Recordable Injury Frequency Rate
4 Net Promoter Score

See also further commentary on these PGW Group Strategic Results and Measures on page 8.

Financial Performance

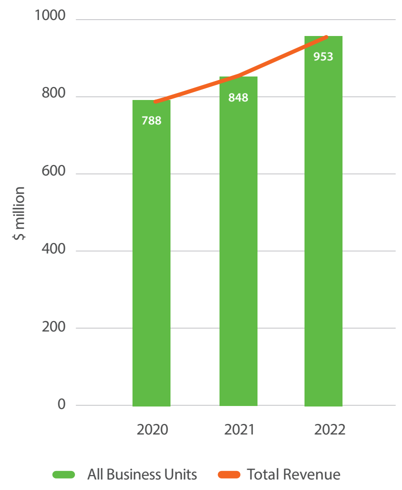
Whakaaturanga Pūtea

Operating EBITDA

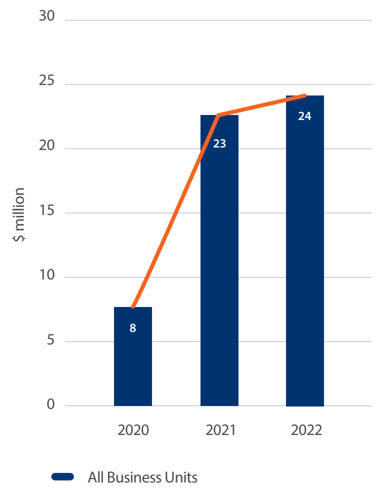


Three-year summary post divestment of PGG Wrightson Seeds.

Revenue



Profit or Loss



Share Price

Post Share Consolidation (NZ$)

Contents | Ngā Kaupapa

Calendar | Maramataka

Annual Shareholders' Meeting	18 October 2022
Half-year earnings announcement	21 February 2022
Year-end earnings announcement	15 August 2022

Sustainability | Toitūtanga

As part of our commitment to sustainability, this annual report is printed on environmentally responsible paper, produced using Elemental Chlorine Free (ECF), Third Party certified pulp from Responsible Sources, and manufactured under the strict ISO14001 Environmental Management System.

PGG Wrightson Store Manager, Andrew Baker, discusses using Maxcare Calf Milk Replacer with Kirsty Bodle, co-owner of Braintra Farms Limited, near Winton, Southland.

Chair and Chief Executive Officer's report | Pūrongo a te Heamana me te Tumuaki

PGG Wrightson Limited ("PGW", "the Group", or "the Company") delivered Operating Earnings before Interest, Tax, Depreciation, and Amortisation (Operating EBITDA) for the year ended 30 June 2022 of $67.2 million. Net profit after tax (NPAT) was $24.3 million.

An Exceptional Year for PGW

	2022 $M	2021 $M	2020 $M
Revenue	**952.7**	847.8	788.0
Gross Profit	**248.5**	223.2	204.0
Operating EBITDA	**67.2**	56.0	42.2
Net Profit After Tax	**24.3**	22.7	7.7
Net Cash Flow from Operating Activities	**23.7**	57.7	31.5

Stephen Guerin
Chief Executive Officer

Joo Hai Lee
Chair

- Fully imputed dividends for the year of 30 cents per share
- Total Shareholder Return* of +38 per cent (exceeding our 10 per cent target)

* Total Shareholder Return is calculated based on the movement in share price during the financial year, plus the dividend (cents per share) paid, divided by the opening share price.

Trading performance

Our exceptional financial year results are a record for the business and is an outcome the PGW team is very proud of, especially after a challenging year at many levels. Like all businesses we have had to navigate managing COVID-19 protocols, dealing with a high proportion of health related staffing absences, responding to supply chain challenges, and resourcing the business in an extremely tight labour market.

Operating EBITDA of $67.2 million is an outstanding result and an increase of $11.1 million or 20 per cent on last year's strong result.

NPAT in this financial year was $24.3 million which was up $1.6 million or seven per cent on last year.

Normalised EBIT (excluding non-operating gains/(losses), impairment, and fair value gains/(losses)) increased by 36 per cent compared to FY21 to $39.1 million.

Importantly, these results were achieved as a result of significantly higher revenue of $952.7 million, up $105 million or 12 per cent from FY21, with margins broadly in line with last year.

Business highlights

It was pleasing to see PGW recognised earlier this year as a finalist in the 2021 Deloitte Top 200 business awards for outstanding change in business performance among New Zealand's largest companies.

During the year we refreshed our websites and client Online Account Services Portal. The new websites have a consistent contemporary design and provide an improved experience for users. Our updated client Online Account Services Portal provides enhanced performance, with the capacity to add new features and functionality over time.

We also initiated a company-wide Business Improvement Programme that will simplify PGW's IT systems and streamline our processes so we can be more flexible, secure and efficient when it comes to the fundamentals of our operations and client service. This programme of work is underway and we look forward to the operational benefits and efficiencies this will deliver over time.

2021 Deloitte Top 200
'Most Improved Performance Award'
finalist

PGW Group Strategy

We launched our Group Strategy refresh in 2021 which builds on our proud heritage and strong fundamentals, while focusing on the fast evolving future landscape for agriculture and growth opportunities. The strategic pillars highlighted in the strategy provide clarity and focus, and we have been embedding these into our operations. The strategy leverages our collective nationwide reach and scale while also leveraging our differentiated offering. In particular, our client focused technical offering and innovation focus to grow our market share and further cement PGW's position as leaders in the field.

We have targeted three Results and Measures areas as part of our Group Strategy to track our performance in relation to **financial performance, safety performance,** and **customer experience.** These measures cover three important areas where we want to grow and improve.

Financial Performance Measures: Our internal financial performance measures include two key indicators. Firstly, we target growth through the cycles in excess of Consumer Price Index (CPI). This is measured by comparing our normalised Earnings Before Interest and Tax (EBIT) growth against the CPI and for FY22 we achieved a normalised EBIT growth of 29 per cent above CPI. We normalise EBIT by excluding non-operating gains/(losses) and impairment and fair value gains/(losses). This was an extremely pleasing growth performance against our strategic KPI.

A second financial measure that we target is to achieve a Total Shareholder Return (TSR) exceeding 10 per cent per annum. TSR is calculated annually based on the movement in our share price plus the dividend(s) (cents per share) paid. The TSR for FY22 was +38 per cent and exceeded our KPI by +28 per cent.

Health & Safety Measure: The health, safety, and wellbeing of our people is of critical importance to PGW. To track our safety performance, we measure our Total Recordable Injury Frequency Rate (TRIFR) performance so we can demonstrate continuous improvement in our safety outcomes. For FY22 PGW achieved a TRIFR reduction of three per cent versus our FY20 baseline. This reflects well on our Group wide focus to continue to improve on our safety performance outcomes.

Customer Experience Measure: A key feature of PGW's success as a business is the trust our clients place in our company, people, and brand. Given customer experience is so important to our continued success as a business, a key objective in our strategy is to target incremental improvement in our PGW Group Net Promoter Scores (NPS). NPS is a commonly used measurement of customer satisfaction and loyalty which is based on a customer's likelihood to recommend a service or business. For FY22 we achieved a positive five point improvement in PGW Group's NPS from last year's survey. This positive result is consistent with our KPI to continually strive for incremental improvement.

Market conditions

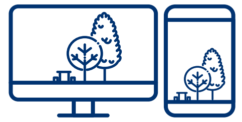
The profitable run for most New Zealand agri sectors looks likely to continue through the remainder of 2022 and into the coming year. However, inflationary pressures on input costs will likely translate into reduced on-farm profits, and exporters will still need to navigate high shipping costs and challenging logistics.

While input prices are increasing, rising food prices are expected to be beneficial overall for New Zealand's agricultural sector. With a predominance of pasture-based production, New Zealand's sheep, beef, and dairy farmers are relatively less exposed than international peers to the disruption to grain markets from geopolitical unrest. In the near term, most agricultural industries are facing similar pressures to other businesses, including a tight labour market and disruption to production from ongoing challenges presented by the pandemic. Labour shortages are constraining production, including limiting fruit harvesting and leading to delays in meat processing.

These macro-economic factors, coupled with concerns relating to the raft of regulatory and compliance change impacting the sector, have resulted in recent poll results that show record lows in New Zealand farmer sentiment.

However, the reopening of New Zealand's borders should over time help to ease the tight labour market. The war in Ukraine has tightened the global commodity market and although there have been recent drops in the global dairy auction, elevated dairy prices are expected to remain in the medium term. Negotiations for the United Kingdom and EU Free Trade Agreements have concluded and provide further clarity for our exporters and some benefits to the sector, such as kiwifruit growers.

PGG Wrightson Technical Field Representative, David Wheeley, discusses Lucerne management with David Nind, owner of Remarkables Farming Limited, near Queenstown, Otago.



Refreshed websites & client
online account services portal

Our people

At 30 June 2022 PGW employed 1,844 employees (including casual, fixed-term, commission and permanent staff).

Our continued focus on investing in our people to provide them with the tools and competence to succeed in their roles, sees us introducing a revised People & Safety Strategy in FY23 to best support the refreshed Group Strategy. Three key pillars of Leadership & Expertise, Safe & Certain, and Recognition are the anchors of this strategy and will provide the foundation for the coming three years.

PGW recognises the importance of robust learning and development initiatives, and we continue to ensure our programmes are fit for advancing our Group Strategy. With a wide-ranging suite of Safety & Wellbeing, Sales, Leadership, Management Skills, and Technical Competence courses available to our people both in-person and through eLearning, we are encouraged by the growth and depth of expertise in our business.

Our people's 'can do' attitude as we responded to COVID-19's constantly evolving challenges was appreciated as we best managed the changing environment to ensure the ongoing safety and wellbeing of our teams and communities. The pandemic brought disruption to our business in a myriad of ways, and we are proud of our team members' commitment to our business, clients, and communities under very demanding circumstances.

Two key programmes which were successfully re-established after the COVID-19 lockdowns have been our PGW Academy (see pages 26 to 27) and Trainee programmes which focus on developing our internal talent pipeline and 'TO LEAD' which combines proven leadership principles with what is critical in a PGW context.

Safety and wellbeing

With a revised Safety and Wellbeing roadmap and resourcing model PGW is honouring our commitment to continuous improvement in our vision to embed a safety culture of 'citizenship', whereby safety is a core part of everyone's role and is a shared responsibility.

A cornerstone of the revised roadmap is ensuring we have a disciplined approach to controlling our critical risks. We partnered with HSE Global and spent time with our people to best understand first-hand the risk management challenges they face in their daily work and to identify opportunities for improvement.

The popular Zero Incident Process (ZIP) training sessions continued across the company. Our TRIFR reduced by three per cent since the FY20 baseline.

Cashflow and debt

PGW recorded operating cash flows during the year of $23.7 million which benefited from our strong Operating EBITDA performance.

PGW Group invested in working capital during the year, including growing the range of GO-STOCK receivables to $66.1 million at 30 June 2022, an increase of $20.2 million or 44 per cent from 30 June 2021. In addition, inventories were $20.6 million higher than 30 June 2021 which reflects a conscious decision to have product available for clients together with higher values of inventory.

Capital expenditure of $8.8 million was $2.0 million higher than 30 June 2021 which was impacted by a slowing in the implementation of projects as a consequence of COVID-19 related disruption.

Our net interest-bearing debt was $32.8 million as at 30 June 2022. PGW renewed and extended its bank facilities for a three-year term in late 2021.

Distributions

The Board is delighted with this year's financial results and declared a fully imputed final dividend of 16 cents per share. The dividend will be paid on 3 October 2022 to shareholders on PGW's share register as at 5pm on 9 September 2022. This will effectively bring the total fully imputed dividends for the year up to 30 cents per share.

Environment and sustainability

Development of our Environment and Sustainability strategy is a PGW Group strategic priority and we have been progressing our sustainability journey. We are working towards determining our environmental and sustainability positioning, objectives and measures, and embedding these in everything we do.

During the year the Environment, Social, and Governance (ESG) Working Group engaged with colleagues across the business and with our suppliers to determine PGW's carbon emissions. We now have an established process in place to capture our emissions so we can report on these in the future.

We undertook a Materiality Assessment to determine which ESG factors are important to our stakeholders and material to our business objectives and activities, as well as our societal and environmental impact. Further information about our ESG initiatives and our Materiality Assessment are included in the PGW in the Community section (see pages 30 to 35) and the ESG section (see pages 36 to 40) of this annual report.

Outlook

After a very wet winter, soil moisture levels are currently ranging from between normal to well above normal across much of the country. On balance, this should be positive for the sector and PGW as we look towards the spring season. PGW is well positioned to assist our farmer and grower clients with their cultivation needs as they gear up their operations and we move towards the warmer production months.

We remain cautiously optimistic about the financial year ahead. Consumers in export countries want high-quality and safe food that our farmer and grower clients produce.

New Zealand producers are renowned for their technical innovations to improve the quality of their produce and PGW is well placed to support our farmer and grower clients.

Overall, we consider that the macroeconomic indicators for the New Zealand agricultural sector are positive. It is too soon in the year to provide meaningful guidance, however we will look to update expectations for FY23 at our Annual Shareholders' Meeting in October.

Governance changes

The PGW Board had one change to its membership during the financial year. PGW's Chair, Rodger Finlay, retired from the Board on 30 June 2022, having served as a director and a member of the Audit Committee for three years. The Board has acknowledged and thanked Rodger for his leadership during his tenure.

On 1 July 2022 Joo Hai Lee was appointed Chair and Meng Foon and Garry Moore joined the Board as independent directors. Garry is also a member of the Audit Committee.

Acknowledgements

We are extremely grateful for the amazing dedication of our people in serving our clients. Our continued growth would not be possible without their ongoing support and hard work, in what has otherwise been another challenging year.

To our clients, we thank you for your loyalty and the trust that you continue to place in us.

We want to acknowledge our suppliers who have been exceptional at making sure we have the products we need at the right time to service our clients.

Finally, thank you to our shareholders for your continued investment in PGW, we remain focused on delivering our strategy and creating value.

Joo Hai Lee
Chair

Stephen Guerin
Chief Executive Officer

Board of Directors | Te Poari Tumuaki

1. Joo Hai Lee

ACA (ICAEW), CPA (Australia), FCCA (UK), CA (ISCA)

Chair

Joo Hai Lee was appointed Chair of PGG Wrightson Limited on 1 July 2022 and has been a Director since 31 October 2017. He is also a member of the Audit Committee. He was appointed as an Independent Director of Agria Corporation in November 2008.

Mr Lee has more than 30 years' experience in accounting and auditing. He was a partner of an international public accounting firm in Singapore until his retirement from the firm in 2012. He has serviced clients in the manufacturing, hospitality, insurance, insurance broking, and other service industries. His clients included large multinational corporations and listed entities. His professional memberships include those of the Institute of Chartered Accountants in England and Wales, CPA (Australia), ACCA (UK), Institute of Directors of both Hong Kong and Singapore. Mr Lee also sits on the Board of several listed companies in Singapore and one in Hong Kong.

2. Sarah Brown

BA, LLB, CFInstD

Independent Director

Sarah Brown was appointed to the PGG Wrightson Limited Board on 30 April 2019 as an independent director and is Chair of the Audit Committee. Sarah is from a rural background, having grown up on a Southland sheep farm. She is a former commercial lawyer who now holds a number of independent director roles, including SBS Bank.

3. Meng Foon

Independent Director

Meng Foon was appointed to the PGG Wrightson Limited Board on 1 July 2022 as an independent director. He has extensive business experience in horticulture, agriculture, private wealth creation, and property development.

Meng is the Race Relations Commissioner for the Human Rights Commission. He is currently Chair of Te Pūkenga Equity Experts Group, Chair of M Y Trust, Director of M Y Gold Investments Limited, and a Trustee of The Arts Foundation. He served as the Mayor of Gisborne from 2001 to 2019 and has held governance roles for several New Zealand entities.

Meng is knowledgeable about best practice organisational structures and operating systems, and he believes that data, science, and technology will help ensure future sustainability in environment and land business profitability.

He has worked with Māori landowners and believes that Māori land businesses are important contributors to the leadership of Aotearoa. He aha te mea nui o te ao – he Tangata, inclusive people and relationships are the success of all things he does.

4. Garry Moore

B.Com, M.B.A, C.A.

Independent Director

Garry Moore was appointed to the PGG Wrightson Limited Board on 1 July 2022 and is a member of the Audit Committee.

Garry was raised on farms in rural Mid-Canterbury before attending Canterbury University. He brings a wealth of finance knowledge with 40 years of extensive investment advisory experience together with trustee and corporate governance experience in rural services, viticulture, pastoral farming, and education.

He is a registered Financial Service Provider and member of the national Forsyth Barr Investment Committee. Garry is Chair of DairyCool Limited and South Canterbury based farm owner Burnett Valley Trust. He is a past Chair of St Andrew's College, Greystone Wines, and the Canterbury Branch of the NZ Institute of Chartered Accountants.

5. U Kean Seng

LLB (Hons), B.Ec

Director

U Kean Seng was appointed to the PGG Wrightson Limited Board on 4 December 2012. He is Head of Corporate and Legal Affairs for Agria Corporation, a role he has held since December 2008. U Kean Seng previously practiced as a partner at Singaporean law firm, Shooklin & Bok LLP, focused on East Asia, and he led a corporate finance team in Allen & Overy Shooklin & Bok, JLV, an international law venture partnership with London based Allen & Overy LLP.

U Kean Seng previously sat as an Independent and Non-Executive Director of several public listed corporations. He received a Bachelor of Laws (Honours) degree from Monash University Australia. He is a Barrister and Solicitor, Supreme Court of Victoria, Australia; Advocate and Solicitor, Supreme Court of Singapore and Solicitor of England and Wales. In addition to his extensive legal knowledge, U Kean Seng is also a qualified economist, having completed his degree majoring in Economics and Accounting, B.Ec at Monash University, Australia.

6. Dr Charlotte Severne

MSc, PhD (Geology), ONZM

Independent Director

Dr Charlotte Severne (Tūwharetoa, Tūhoe) was a commercial scientist and executive for 20 years. She was also a Deputy Vice Chancellor at both Lincoln and Massey Universities. In 2017 she received an ONZM for her contribution to Science and Māori. In 2018 she was appointed, The Māori Trustee, with various governance and agency roles for whenua Māori across New Zealand.

Retired

Rodger Finlay

Rodger retired from the Board of PGG Wrightson Limited effective 30 June 2022.

Executive Team | Ngā Kaihautū

1. Stephen Guerin

Chief Executive Officer

Stephen was appointed Chief Executive Officer (CEO) of PGG Wrightson Limited in June 2019. Stephen is a director of several Group subsidiaries and a Director of the PGG Wrightson Employee Benefits Plan Trustee Limited. He holds a Bachelor of Business Studies (Accounting) from Massey University and is a member of the Institute of Directors and Chartered Accountants Australia & New Zealand. Stephen is also a director on a community charity board.

Prior to this appointment as CEO, Stephen was responsible for all aspects of the Retail & Water group business which includes the Rural Supplies, Fruitfed Supplies, Agritrade, and Water businesses. He has worked for PGG Wrightson Limited and its predecessor companies since 1988.

2. Nick Berry

General Manager Retail & Water

Nick was appointed General Manager Retail & Water in August 2019. Nick joined PGG Wrightson Limited as New Business Growth Manager for Agritrade in 2014 and through his five-year period with Agritrade, he grew the business substantially.

Before joining PGG Wrightson Limited, Nick was General Manager at RD1 for eight years and prior to that he was National Operations Manager. Nick has an extensive track record of experience at general management level. Nick's strengths are leadership, business management, along with strong sales and service focus, backed up with a strong affinity for retail and the agribusiness sector.

3. Julian Daly

General Manager Corporate Affairs

Julian is responsible for the Group Strategy, Marketing, Legal, Corporate Communications, Business Services, and Investor Relations functions for PGG Wrightson Limited. He is also Company Secretary and previously held a number of responsibilities including, General Manager of PGG Wrightson Real Estate Limited and Internal Audit. Julian has broad operational involvement across the business and is Chair of the Credit Committee and Risk Committee, director of several Group subsidiaries and a Director of the PGG Wrightson Employee Benefits Plan Trustee Limited.

He is a former General Counsel of DB Breweries Limited and has previously worked for law firms in the Middle East and New Zealand. Outside of his PGG Wrightson Limited role, Julian also has a number of governance and voluntary positions, including as a Director of Trade Aid New Zealand, Chair of Selwyn House School and as a Citizens Advice Bureau community lawyer.

4. Grant Edwards

General Manager Wool

Grant was appointed as General Manager Wool in October 2017. He is responsible for all aspects of the Wool business including procurement, logistics, sales, and wool export. Grant holds a Bachelor in Agriculture Science from Lincoln University majoring in Wool Science.

He began his career in Livestock with Reid Farmers Limited in the mid-1980s, and then joined their Wool Business. He held the position of Wool Manager at Reid Farmers and Pyne Gould Guinness Limited. More recently Grant held roles with PGG Wrightson Limited as General Manager Regions and Otago Regional Manager. Grant has spent over 20 years directly in the wool industry and states, "once you have a passion for wool it never leaves."

5. Peter Moore

General Manager Livestock Ventures & Partnerships

Peter took up the role of General Manager Livestock Ventures & Partnerships in October 2020, having previously held the position of General Manager Livestock for PGG Wrightson Limited since August 2014. In this role Peter is focused on adding value to the Livestock business through new initiatives and partnerships, including the stewardship of bidr®.

Before joining PGG Wrightson Limited, Peter headed up Fonterra's international farming ventures business from 2008 until 2013, responsible for developing and implementing the strategy to selectively invest in milk pools outside of New Zealand and Australia. His major focus was the development of the scale farms in China, plus dairy development in Latin America and Asia. Prior to this, Peter worked in Fonterra's risk management team and before joining Fonterra in 2005 he managed AgResearch farms across New Zealand. Peter grew up on the family hill country sheep and beef farm in the Waikato and spent a number of years managing this in partnership with his family.

6. Peter Newbold

General Manager Livestock & Real Estate

Peter is General Manager Livestock & Real Estate. Peter has led the PGG Wrightson Limited Real Estate business since September 2013, and he took responsibility for PGG Wrightson Limited Livestock in October 2020. Peter was previously General Manager of New Zealand Sotheby's International Realty.

Peter was employed by Wrightson Limited from 1995-2005, during which time he held a range of roles including Marketing Manager and Business Development Manager. Prior to this, he had an extensive career in retail ownership, management, and franchising.

7. Peter Scott

Chief Financial Officer

Peter was appointed as PGG Wrightson Limited's Chief Financial Officer in March 2015 and leads the finance and technology functions. Peter started his career at Fletcher Challenge and has broad multinational experience, spending five years in Scandinavia where he was the Vice President of Accounting and Tax for Norske Skog, a large global newsprint and magazine paper producer.

He relocated to Australia in 2005 and was appointed to the lead finance role for Norske Skog's Australasian region. In 2008, Peter joined Gloucester Coal Limited, an Australian Securities Exchange listed mining company as the Chief Financial Officer. In 2010 he joined the majority shareholder Noble Group, a leader in managing the supply chain of agriculture, energy, metals, and mining resources, headquartered in Hong Kong and listed in Singapore. He was the Chief Financial Officer for Noble Group in Australia.

8. Rachel Shearer

General Manager People & Safety

Rachel joined PGG Wrightson Limited in 2016 and is responsible for our Group People & Safety strategy and roadmap, with the key pillars being Leadership & Expertise, Safe & Certain, and Recognition. She leads the functional teams of Safety, Wellbeing & Environment, Human Resources, Payroll, Remuneration, Learning & Development, HR Information Systems and Shared Services.

Rachel was previously GM Human Resources at Solid Energy New Zealand Limited, after gaining experience as a human resource consultant both abroad and in her hometown of Christchurch, specialising in organisational design, workforce planning, change management and business transformation.

PGG Wrightson Real Estate Salesperson, Roger Nicolson, with Kate and Chris Pont and family discussing their leaving East Otago after the successful sales of the Law family farm blocks, owned by Kate's parents.

The year in review

Te arotake i te tau

PGW has two operating groups: Retail & Water and Agency

E rua ngā rōpū whakahaere o PGW: Hokohoko me te Wai me te Umanga

PGG Wrightson Technical Horticultural Representative for Fruitfed Supplies, Jonny La Trobe, discusses the Fruitfed Supplies led HDPE bird net recycling initiative with Neil Smith, Manager of Saint Clair Winery, near Hastings, Hawke's Bay.

$761.3M
Revenue ▲ 15.6%

$52.5M
Operating EBITDA ▲ 40.0%

Retail & Water group | Rōpū Hokohoko me te Wai

The Retail & Water business incorporates Rural Supplies, Fruitfed Supplies, Agritrade, and Water. Retail & Water's Operating EBITDA was an impressive $52.5 million, up $15.0 million on the prior year.

Our Retail & Water businesses performed extremely well and achieved an outstanding result with new highs. Our core focus remains to add value to our clients' businesses and much of this is through the superior technical ability of our people.

During the year we continued to invest in training for our people from both a technical and sales perspective. Our commitment to the personal development and upskilling of staff supports a very stable and knowledgeable rep force. As clients see the value in the expertise of our people we continue to see new clients coming into stores and asking reps to come on-farm and on-orchard. This is reflected in the incremental market share gains we are seeing.

To achieve these results our teams have moved increased product volumes through our store network.

Our investment in our logistics model has assisted us in delivering product on-farm and on-orchard in a timely and efficient manner which ensures that our rep force has more time to give our clients valuable advice.

COVID-19 has caused increased uncertainty and stress, especially for the frontline teams. As COVID-19 spread through the regions it became a challenge to keep our stores open with reduced staffing levels. We developed a plan to deal with temporary closures and staff moved between stores to patch gaps and to keep the doors open for service. Our teams have been incredibly resilient with the key focus on servicing our clients, in at times an extremely challenging and rapidly changing environment.

Supply chain disruption has continued and has impacted the timelines in sourcing products. Being able to get the right products to our clients at the right time has highlighted the importance of the strong relationships we have with our suppliers. To help mitigate supply chain risks, we have also sourced product earlier and carried more inventory than we have historically.

Our eCommerce channel tripled its sales revenue and number of orders in its second year of operation. A positive flow-on impact of presenting and raising awareness of our product range online has also contributed to a boost in in-store cash sales and an increase in the number of product and project enquiries online.

Work has commenced on a new build retail store in Richmond and planning is underway for new Timaru and Ohakune Retail stores.

Rural Supplies | Ngā Whakaratonga Taiwhenua

It was an outstanding year for our Rural Supplies business. Through our client focused offering, we have seen growth in a relatively tough market. Rural Supplies has sustained the momentum of recent years and has investigated opportunities to expand into adjacencies and categories where there is unmet client demand.

Our reps continue to increase their usage of technical platforms which streamline their day-to-day activities and make their interactions with clients more efficient.

Our R&D team conducted 59 new product trials
in Bay of Plenty, Tasman, Hawke's Bay, Pukekohe and Canterbury.

PGG Wrightson Sales & Design Manager - Water, Doug Mercer, discusses the benefits of variable rate irrigation with Joe Stewart, owner of Yarrabee Park Limited, near Charing Cross, Canterbury.

Nearly a third of all treatments
in our R&D trials this year were biologicals which are more environmentally friendly alternatives.

Investment in our people continues through training, with a focus on sales to ensure we are supporting our clients with the right advice and the right products for the job, and by providing a welcoming environment in our stores.

Our advertising promoting Rural Supplies and our people showcases our expertise in the field and that we have more stores and reps than others servicing the sector. Our stores and people are part of the local communities in which they operate and as a rural business, we are proud of our investment in the regions.

Fruitfed Supplies | Ngā Whakaratonga ā-Huawhenua

Fruitfed Supplies had another excellent year, with new Operating EBITDA and revenue achievements. We maintain a high market share across most horticultural sector categories and continue to build relationships as a key supplier of winery inputs into the viticulture industry.

We continue to see significant investment by clients in large horticultural developments. Fruitfed Supplies has been well placed to benefit from these developments in supporting the supply of a significant amount of capital development. Many of the developments that we have assisted with over the past few years are now coming into production and Fruitfed Supplies is generally seen as the logical partner for clients as their investments transition from development projects into production. Our corporate client base is expanding, and we have a number of long-term supplier agreements in place.

Land use change continues with a number of growers, including the corporate market, diversifying their portfolios and investing in the horticultural sector. The vegetable sector is a growth opportunity for Fruitfed Supplies and we have increased our market share in this area through a number of targeted initiatives.

A full marketing plan including campaigns promoting the brand and services offered, and a refreshed Fruitfed Supplies website, were delivered during the year.

Our Technical Team conducted a number of research and development (R&D) trials across the industry looking for new products and chemistry that will help support our clients. A focused sales training programme was rolled out to increase the knowledge of our frontline staff.

Agritrade | Tauhokohoko Ahuwhenua

Agritrade, our wholesale business division, manufactures, sells, and distributes products to improve farmer and grower production. Agritrade has continued to perform well over the year. This was despite COVID-19 and supply chain challenges causing volatility in sourcing products and price increases that have been borne by the total supply chain.

During the year 12 products that are new to the New Zealand market were commercialised, including Cervidae Triple Deer Drench which is the only registered deer product of its kind on the market in New Zealand, and a zinc animal health treatment capsule for facial eczema in dairy cattle was launched into Australia.

International shipping delays combined with domestic logistical issues caused challenges. The fragility of the international freight system and increased costs highlighted the importance of the strong relationships the team has with our partners which assisted in ensuring the flow of key products and inputs to our clients.

Water | Wai

Implementation of our Water Strategy has contributed to increased business with new and repeat clients. Technology initiatives included improving our client asset management system and online tracking of builds to increase efficiencies in project delivery. Product shortages and shipping disruptions caused delays in project delivery and are expected to hinder project completion in the near term.

Our technicians completed certified training with Valley Irrigation resulting in the team being the only Valley distributor in New Zealand who can offer an eight-year extended warranty. The team was also honoured with the Valley 365 Asia-Pacific largest subscription provider award.

agritrade®

Agritrade released into the Australian market our proprietary product,
'The Zinc Capsule' an animal health facial eczema treatment.

PGG Wrightson Procurement Coordinator – Wool, Rosie Moore, and Wool Sales Administrator, Annabel Busby, interact with the public to promote the many uses for wool at the 2021 National Agricultural Fieldays, near Hamilton, Waikato.

$189.4M

Revenue ▲ 1.5%

$21.8M

Operating EBITDA ▼ 13.2%

Agency group | Rōpū umanga

Our Agency group incorporates the Livestock, Wool and Real Estate businesses. Operating EBITDA was $21.8 million, down $3.3 million on the prior year's strong result.

Livestock | Ngā Kararehe

Our Livestock business performed well in a challenging climate with higher revenue and Operating EBITDA achieved. The strong prices achieved for dairy livestock were supported by an increase in tallies and strong links to bidr®'s hybrid sales.

The South Island recorded its strongest trading performance in all classes in a decade. Solid values were reached in all categories, especially cattle and sheep, which compensated for a reduction in tallies.

During the year GO-STOCK DAIRY was launched. GO-STOCK DAIRY is an extension of our GO-STOCK grazing contracts which are continuing to grow with increased uptake with transacted stock volumes at their highest levels.

PGW's online trading platform, bidr®, continued to grow its database of buyers. This was bolstered by the successful launch of the livestreaming of cattle sales at a number of saleyards, as well as continued demand for on-farm hybrid auction coverage.

Although the velvet business experienced shipping delays and port closures in China, the outlook is positive with further sales growth predicted in Asian markets. During the year PGW's velvet team exported the first ever dry (processed) shipment of velvet to China.

The Deer Team had a successful year with both live sale numbers and prices on the rise. Venison prices are now recovering back to near the five-year average and are forecast to lift as logistical challenges on the chilled markets in the United States and European Union reduce.

Wool | Wūru

Strong wool market prices remain challenging and have been accentuated by pandemic related disruption negatively impacting on demand. Fine wool prices remain solid, with merino being supported by high value grower contracts and healthy auction values.

Our wool contract business grew, and our grower client base benefited from fine wools, organic wools, and crossbred lambswool contracts delivering good premiums.

We saw a pleasing increase in wool volumes exported compared to the last financial year. The team did well managing the wool flow through our four wool stores and onto our overseas clients in what has been an extremely difficult season.

We are pleased with the continuing growth of our PGW Wool Integrity Programme which provides quality standard assurances to the international marketplace around consumer expectations.

To demonstrate our belief in the future of this natural, sustainable, and bio-degradable fibre we made significant investments in machinery for our logistical operation and we employed two trainees across the business.

Real Estate | Hokohoko Whenua

The Real Estate business has enjoyed another successful year. Whilst returns in the residential and lifestyle channels have been challenging, sale volumes of rural properties have been strong. The growth of the rural property segment benefited from our increased market share and a number of property sales exceeding $30 million, with a kiwifruit property achieving a record over $2 million per canopy hectare.

We anticipate continued solid performance in the rural property market segment with favourable spring appraisals and listings due to continued horticulture growth and carbon/forestry interest in sheep and beef properties. Sales in residential and lifestyle segments should maintain their momentum, as tougher conditions within the building sector may see those who were going to build redirect interest to existing builds.

The business expanded during the year through the acquisition of Real Estate New Zealand in Ashburton and our Te Awamutu real estate office moved into new premises.

Highest volume of rural sales in a decade,

16% increase in rural sales for the year versus FY21.

PGW Wrightson Technical Specialist – Soil Science, Angela Cottle, discusses CSAs with reps during the practical Hub Training session, on Flockton Farm, near Sheffield, Canterbury.

PGG Wrightson's **Hub Training**

PGW's eight strategic priorities include 'Our Differentiated Offering', which is a competitive advantage for the company.

One aspect of PGW's differentiated offering is the leveraging of its Technical Team, who are dedicated to growing technical knowledge and ability across the company, our clients, and the industry.

The Technical Team is made up of the R&D Team, who trial new products for the New Zealand market, and two Extension Teams. The Rural Supplies Extension Team covers animal health and veterinary science, agronomy, and soil and environmental science, while the Fruitfed Supplies Extension Team is responsible for everything from pipfruit, viticulture, subtropical, vegetables, to plant nutrition.

One of the Extension Teams' responsibilities is training and upskilling our reps and sales staff to increase their technical knowledge and understanding. This leads to our reps and sales teams having deeper conversations, giving better service to our clients and adding more value to their businesses. A primary tool the Extension Teams use is our internal face-to-face practical training sessions. These small group trainings are regionally and seasonally focused, and are designed to help solve current issues on-farm and on-orchard.

As regulation and environmental awareness increases, so too does the need for technical and smart solutions for our farmer and grower clients. Within Rural Supplies the Extension Team runs four Hub Trainings a year, with two in spring and two in autumn.

New Zealand agriculture has seen changing legislation create new parameters for farmers to operate in and to reduce their environmental footprint on-farm. A key aspect of this legislation relates to Intensive Winter Grazing (IWG) of forage crops. Farmers are required to identify and seclude Critical Source Areas (CSAs) within their IWG operations. A CSA is an overland flow path which can convey contaminants to waterways. CSAs must be fenced off from stock and farmers must minimise the loss of sediment and nutrients.

Regional Councils across New Zealand are responsible for implementing what is and is not a CSA. However, there is an opportunity for our reps and sales teams to positively assist farmers and be a conduit to direct farmers on where to go for advice and confirmation.

This autumn the Technical Team Rural Supplies soil Technical Specialist Dr Jay Howes and soil Technical Specialist Angela Cottle, in conjunction with the Retail Environment Management Strategy Team, developed a Hub Training programme to teach our reps and sales teams how to identify a CSA and what mitigation strategies are available to minimise the environmental footprint. The day was split into two sessions, the morning included a classroom session covering legislation, concepts of CSA, and how to identify them on paper, while the afternoon session was a practical on-farm experience.

Angela is passionate about upskilling her colleagues and says, "It's amazing to see the Hub Training participants grasp the intentions of the legislation and practically translate these into tangible benefits which add value to our clients' businesses."

At the Canterbury Hub the team visited Chris and Rachel Benny on their 300 hectare sheep and beef and cropping farm, Flockton, in Sheffield. Using the skills they learnt that morning, participants were required to identify the CSA in paddocks which are going to be planted into an IWG crop next year and map out the CSA. Participants then put themselves in the farmer's shoes and created an IWG grazing plan to minimise the environmental footprint of the IWG.

While PGW reps do not do CSA identification for farmers, a result of this training is our reps are now more knowledgeable about CSA requirements and can help ensure the sustainability of IWG systems. Reps can provide referrals to consultants where necessary and help direct farmers to the right contacts at the Regional Councils.

Chris appreciates the technical support he receives from his PGW Technical Field Representative, "I enjoyed hosting PGW's Hub Training on my farm, and it was great to see how passionate the PGW team is about upskilling which ultimately benefits me and my business," says Chris.

Technical Team Manager, Milton Munro, explains, "This type of practical training really works. We have been running these trainings for ten years and we have seen the value come through. We have watched our salespeople really put their technical knowledge to good work, increasing clients' production in a more sustainable way."

Our two Extension Teams
run 40 Rural Supplies Hub Training sessions and 20 Fruitfed Supplies Core Training sessions a year.

Working with PGG Wrightson

Angela Cottle joined PGG Wrightson in 2020 and is a Technical Specialist in the Rural Supplies Technical Team. Angela relishes helping others in the agri sector to learn, grow, and go on and do great things, while challenging the status quo. "I want my primary sector work colleagues to develop and grow so that we can work together to create opportunities for our farming clients," says Angela.

PGG Wrightson Technical Expert – Animal Production, Andrew Dowling, and the 2022 Academy participants, listen to Jamie Pickens, Stock Manager for The Wandle, explain the boundaries of the property and discuss the current stock on-farm, near Middlemarch, Central Otago.

PGG Wrightson's **Academy Programme**

The PGW Academy is one of our many 'Invest in our People' strategic priority initiatives.

A development programme that started 16 years ago to broaden employee knowledge across PGW's Business Units is bringing both new people and new innovations to agriculture and horticulture.

The PGW Academy, established in 2006, focuses on developing talent within the company. Since its inception more than 270 employees have completed the programme and have proceeded to enrich PGW, our clients' businesses, and the wider agricultural and horticultural industries.

Each year approximately 20 PGW employees from around the country are selected to join the 12-month Academy programme, with the number of applicants far exceeding the places available. Being selected for the Academy is a great career opportunity and a matter of pride for both the participants and their managers.

The Academy is one of our commitments to career development and extension for employees across the whole PGW business.

PGW's CEO, Stephen Guerin says, "The Academy has always been something that I have been very proud of, and I look forward to watching each cohort develop themselves and their careers. This is a fantastic opportunity for participants to broaden their knowledge of the primary industry and get them out of their comfort zone. It has sparked graduates to specialise in new areas, move to new roles, and gain promotions both at PGW and in the wider industry."

"Participants from our Retail, Livestock, and Wool Trainee Programmes also take part in the Academy, which is a great example of our One PGW attitude. As a responsible employer we invest in our people, as we know we have a role in growing future leaders in the industry, and we are impressed by their achievements," says Stephen.

The Academy programme is a partnership between PGW and the Primary Industry Training Organisation. Over the course of the year participants complete a Certificate in Rural Servicing (NZQA Level 4). The major component of this certificate is the PGW dissertation.

The dissertation requires the participants to select a client, work with them to identify a production issue, develop an innovative solution for that issue, then model the effect the solution will have on the business over the next five years. At the end of the year participants are required to present their dissertation back to their peers and panel of expert judges. The programme culminates with graduation and an awards ceremony.

Dissertations from participants in recent years include modelling the impact of bidr® in helping farmers save costs in selling livestock during COVID-19 lockdowns, frost recovery programmes, and feed and pasture analysis comparisons.

PGW Technical Team Manager and Academy Convener, Milton Munro, sees agriculture becoming increasingly complex and complicated with further regulatory changes coming for the primary industries. Milton believes, "The trusted advisor and rep of the future is going to need to be a problem solver who has the skills to be able to tap into innovative solutions. The Academy course and qualification is designed to turn participants into a primary industry trouble shooter. It teaches them the skills required to identify production issues, develop innovative solutions, and to model, compare, and contrast other solutions to provide the best possible benefit to the farmer or grower."

"I've been privileged to be a part of the Academy for the past ten years and I still continue to be amazed by it. The positive change and growth in the participants over the course of the year is inspiring. I see them grow in confidence and watch them develop deep networks across the business and build lasting friendships, there's even been an Academy marriage!"

Early in the year the Academy cohort learns about the dry stock side of our business at one of the Lone Star Farms Group's farming operations in Otago.

This year the Academy was hosted by The Wandle, a high producing finishing farm located near Middlemarch. The Wandle is renowned for its omega-3 lamb and its high marbled beef. Participants share in a mixture of practical training and theory across the farm over the course of two days.

The other Academy workshops cover a diverse range of topics, from horticulture to dairy and from livestock to farm and orchard management. These workshops are run by our Technical Team with engagement from some of PGW's strategic partners such as Ballance Agri-Nutrients, Livestock Improvement Corporation, and Datamars.

PGG Wrightson National Genetics Manager, Callum Stewart, surveys the herd before the foundation sale with Richard Rowe, co-owner of Merchiston Estate, northeast of Marton, Manawatū.

Merchiston Angus' long term genetic legacy

Merchiston Estate, northeast of Marton in Manawatū, was settled in the 1880s and has been in the Rowe family for four generations.

Merchiston Angus was established by the late Lloyd Rowe in 1955 on 1,000 hectares of prime flat land, previously predominantly sheep and beef.

A hybrid sale, offering 170 mixed age cattle attracted more than 100 people on-site, plus more than 180 from Kaitaia to Gore attending online via bidr®.

After Lloyd's sons, Richard and Lloyd, took over in 1981 they expanded the stud stock herd and sold the commercial herd. Complementing the stud, the Rowes finish cattle, typically buying clients' progeny as weaners, therefore enabling them to measure their own genetics. They also farm approximately 5,000 commercial ewes and grow commercial grain and crops.

Merchiston Angus' long term genetic legacy is based on astute selection and first-class stockmanship. Like Merchiston's rich heritage, the relationship with PGW has grown through several generations. "We build relationships with the companies we work with and PGW is a big part of our business," says Richard.

Much of the relationship focuses on the Genetics team that operates within PGW Livestock. Our genetic specialists work alongside our clients to help develop breeding programmes, source and sell quality livestock, and build robust businesses.

PGW National Genetics Manager, Callum Stewart has worked with the Rowes for 15 years. "I enjoy advising Richard and Lloyd. It's a true partnership, creating growth and adding value. Using the right tools and genetics are major influences on breeding programmes and commercial operations," says Callum.

"Callum has been an integral part of our genetics stud stock business, starting when he auctioneered for us, before he became our stud stock manager," says Richard.

Callum and Richard meet regularly, especially leading up to a sale. In March 2022 the stud's major foundation female sale offered 170 mixed age cattle, comprising the entire Merchiston-based cow herd. Uniquely, it gave breeders the opportunity to purchase females and cow families going back nearly 70 years. A hybrid sale, it attracted more than 100 people on-site, plus more than 180 from Kaitaia to Gore attending online via bidr®.

PGW's CEO, Stephen Guerin, attended the sale, alongside PGW's General Manager Real Estate and Livestock, Peter Newbold. "This sale is a milestone for the family. I am delighted PGW achieved such a positive result, particularly with 20 per cent of sales via bidr®," said Stephen. Peter added, "One of the nicest outcomes is that stock has gone to all parts of the country."

PGW Livestock Rep, Paul Peterson, has served the Rowes for 30 years. "The Rowes have been very good clients and we understand what's required of each other to make the business relationship successful. They trust me to do my best on their behalf when marketing their stock and I have confidence in the quality of the article being sold. Over the years I have developed close ties with the family, including now dealing with the next generation," says Paul.

Richard adds, "You need to know each other's business inside out to work for each other. Paul has become more than an agent, he's a friend of the family."

While Technical Field Representative (TFR), Kody Boyce, has been with PGW less than a year, the previous TFR, Peter Death, was with PGW for 49 years when he stepped down last year to become a Customer Service Representative in the Marton store. Kody is delighted to take over such a prestigious client, "This is a great business and a beautiful farm. I really enjoy working with Richard and Lloyd and look forward to further developing a trusted relationship with the family."

PGG Wrightson General Manager - Livestock & Real Estate, Peter Newbold comments on the high quality herd with National Genetics Manager, Callum Stewart and Richard Rowe, co-owner of Merchiston Estate, northeast of Marton, Manawatū.

Working with PGG Wrightson

National Genetics Manager, Callum Stewart, joined PGW in 2006. Based in Manawatū, he leads the nationwide team of dedicated genetics specialists.

Callum enjoys developing relationships, "When I'm invited around the coffee table, there's trust and an open forum within those walls. I get to know the whole business, understand the moving parts, and work out where I can add value. I feel privileged getting to know a client's family because genetics is a family business."

Karen Chapman on the dairy farm where she works in Otaua, near Waiuku, Southern Auckland. IHC supports and provides residential care for Karen and a wonderful IHC volunteer helps Karen pursue her lifelong passion for milking. Photo credit: IHC

PGG Wrightson **in the community**

PGG Wrightson i roto i te hapori

IHC Calf & Rural Scheme and principal sponsor PGG Wrightson mark big anniversary

One of New Zealand's most enduring charitable relationships – 40 years, $40 million and still going strong.

This year we celebrate 40 years of being the principal sponsor of the IHC Calf & Rural Scheme, which has raised some $40 million in that time. The scheme began in 1982 by farmers Norm Cashmore and Mick Murphy, with PGW supporting it since the beginning, working alongside the IHC to encourage farmers to donate or pledge stock for auction, with proceeds going to support people living with intellectual disabilities and their families.

PGG Wrightson Livestock General Manager, Peter Newbold says the company greatly values its relationship with the IHC Calf & Rural Scheme. "We are proud and humble of our long association with this fantastic cause. IHC and PGW working together is one of New Zealand's most enduring charitable relationships."

"From its origins, the scheme has always been about rural people doing their best to support a community need. One big advantage is that farmers who give to the scheme can see the impact of their donations put to good use in their local area. PGW has been there since the beginning, helping people by making the most of the many connections our brand has to the rural sector throughout the country," he says.

IHC's National Fundraising Manager, Greg Millar says the charity's long association with PGW has helped the scheme immensely. "The IHC is incredibly grateful for the sponsorship support and expert guidance PGW has given this vital rural fundraiser from the very beginning, 40 years ago. In the end it's the very generous farmers who year after year, through good times and bad, show how much they care about some of the most vulnerable people in their rural communities. You are IHC rural legends," says Greg.

PGW Livestock works with transport companies to coordinate pickups and to sort the animals into saleable lots for regional auctions throughout the country, with the company's auctioneers urging prospective buyers to support the bidding at each auction. Virtual donations are also part of the scheme.

To celebrate this milestone PGW went 'Pink for a Week' in April. Staff were encouraged to join in and wear pink, hold fundraising pink morning teas, and amend their email signatures by adding the IHC anniversary logo to help raise awareness.

Proceeds raised support rural families with children with intellectual disabilities to get the support and information they need. Nationwide IHC has 32 community associations of local people helping local people, supporting local initiatives.

PGW's Richmond team goes pink for IHC.

For over 170 years PGW has been at the heart of rural communities. PGW builds trusted relationships with our clients through proudly supporting local events, fundraising activities, critical services, and wellbeing organisations. We also sponsor agricultural and horticultural industry bodies to grow talent, collaborate, and introduce new technical innovations.

Our people live locally and work alongside our clients, making a positive contribution to their rural communities by being personally involved through volunteering for the local fire brigade, helping out at the dog trials and coaching sports teams.

Tataiwhetu Trust Trustee, Ngatai Hurkmans, and PGG Wrightson Iwi Relationship Manager, Ron Walters, at the Tataiwhetu Trust field day.
Photo credit: alphapix

Supporting Excellence in Māori Farming

It is a privilege to be a sponsor of The Ahuwhenua Trophy, Te Puni Kōkiri Excellence in Māori Farming and Horticulture Award. This award acknowledges and celebrates business excellence in New Zealand's pastoral and horticultural sectors and the trophy alternates between sheep and beef, dairy, and horticulture each year.

The winner of this year's Ahuwhenua Trophy for the top Māori dairy farm is Tataiwhetu Trust, located in the Ruatoki Valley south of Whakatane. Tataiwhetu Trust is an organic dairy farm which run 432 KiwiCross cows and carry 188 replacement stock on their two support blocks.

New Zealand Land Search and Rescue

PGW continues our relationship with Land Search and Rescue. This is an opportunity for PGW to support a national charitable organisation, whose 3,500 professionally trained volunteers carry out crucial search and rescue work across the country.

Land Search and Rescue Group Support trucks now display PGW's logo on their vehicles and some of PGW's fleet feature the Land Search and Rescue logo too.

Land Search and Rescue's Chief Executive, Carl McOnie says, "Without the support from companies like PGW, Land Search and Rescue couldn't help the lost, missing and injured, and couldn't keep the service free of charge, and available 24/7, 365 days of the year. We are very grateful for PGW's ongoing support."

Co-branded Land Search and Rescue and PGW vehicle

Photo credit: Land Search and Rescue.

Cash for Communities

The Cash for Communities programme, since launching in 2011, has raised over $650,000 for rural focused organisations, schools, clubs, and charities nationwide. Partnered by PGW and Ballance Agri-Nutrients, $50,378 was donated following the 2021 spring season to nominated recipients nationwide.

Visiting one of the programme's recipients from 2020, it is easy to see the positive impact these contributions have made. Based in Whangarei, the Northland Emergency Services Trust (NEST) operates the Northland Rescue Helicopter Service. As Steve Couchman, one of the 13 NEST pilots explains, "We respond to, on average, four call outs within a 24-hour period, travelling from half an hour to three hours away, for emergency calls and to pick up patients from hospitals."

The Cash for Communities donation went towards NEST's operational costs including maintenance of the helicopters and fuel. "This donation is greatly appreciated, with the support shown by farmers making all the difference and allowing us to keep flying and saving lives," says Steve.

The Cash for Communities programme has the support of farmers and growers who nominate an organisation or charity to receive their donation. One dollar is donated for every tonne of participating Ballance Agri-Nutrients fertiliser purchased on their PGW or Fruitfed Supplies account during the spring campaign period.

PGG Wrightson Regional Sales Manager, Aaron Gravatt, and Ballance Regional Sales Manager, Calvin Ball, present a cheque for the funds raised through the Cash for Communities programme to the Northland Rescue Helicopter General Manager Service Support, Vanessa Furze.

Supporting Industry Events, A&P Shows, Regional Field Days, Rural Communities, and Disaster Recovery

Matt Chisholm, Philip Hunt, and Alex Clapham discuss the incredible effort of the shearers at the end of the Shear 4 Blair fundraising event.
Photo credit: Standish Photography.

National Shearing Circuit

PGW is pleased to continue our long-standing sponsorship of the National Shearing Circuit. PGW co-sponsors the event with animal health product manufacturer Nexan, under the title of the PGG Wrightson Vetmed National Shearing Circuit, along with support from Hyundai.

Circuit Committee Chairman Warren White says, "PGW has been onboard as a sponsor for almost 20 years now and we are delighted to have their support for what is an excellent and enduring event, which is now approaching its 50th year, having been established in 1973. As a sponsor PGW has been fully committed to helping keep the circuit going strong, particularly under the challenging COVID-19 impacted circumstances we faced last year."

A&P Shows, Regional Field Days and Fieldays NZ

The many Agricultural and Pastoral shows (A&P) and field days that occur across the country and throughout the year provide PGW with a wonderful opportunity to bring local rural communities together and recognise the continuing loyalty of our clients.

Unfortunately, due to COVID-19, a significant number of A&P Shows and other rural events, including the New Zealand Agricultural Show in Christchurch were cancelled in 2021 but we look forward to supporting their return in 2022. Fieldays NZ has been postponed from June 2022 to later in the year.

Industry Associations

Our people are highly regarded members of many national associations. By providing expert knowledge, advice, and support they help these essential organisations achieve their industry objectives.

Supporting the Horticulture Sector

Fruitfed Supplies is committed to supporting the horticultural industry. We sponsor numerous events and work closely with organisations and groups who promote technical innovation and education.

We particularly enjoy encouraging and celebrating the next generation of growers and the future leaders of the industry. We are proud to sponsor The Young Grower of the Year, Young Viticulturalist of the Year, Young Horticulturist of the Year, and Young Winemaker of the year competitions. In addition, we provide the Fruitfed Supplies Horticulture Scholarship which is available to a third year Massey University student studying horticulture.

Bringing together specialists from across the horticultural industry provides opportunities to share and progress ideas. Fruitfed Supplies is honoured to co-sponsor the Potato NZ Conference, Hort NZ Conference, Silver Secateurs competition, the NZ Pinot Noir Conference, and numerous wine awards.

Collaboration within the industry is important and many of the Fruitfed Supplies team give back to the horticultural industry by participating in industry associations, advisory panels, and boards.

Wool in Schools

PGW Wool continue their sponsorship and support of the Wool in Schools containers initiative as part of Campaign for Wool. The shipping container wool sheds visit schools throughout the country promoting the natural attributes of wool.

Wool in Schools is a free service to participating schools and has recently passed the milestone of 25,000 students who have participated in the programme. Each school's wool shed experience usually includes a visit from a local PGW team member, adding greater depth of knowledge and providing inspiration to the students.

School children learn about the natural attributes of wool in the Wool in Schools container.
Photo credit: Wool in Schools.

Community Events

Making a positive contribution to our local rural communities is important to PGW and our people. As a member of these communities, we enjoy supporting local groups and activities that promote excellence in farming and ultimately help grow the country. We prefer to sponsor through an in-kind contribution, such as the use of PGW vouchers, marquee supply or the provision of people to help (e.g. judges).

Southland Charity Hospital

During Waitangi weekend this year PGW Wool representative Jared Manihera was instrumental in organising the Shear 4 Blair 24-hour shear-a-thon. The event raised more than $200,000 towards medical equipment for the Southland Charity Hospital. Jared's latest initiative involves wool growers donating bales through the Invercargill PGW Wool store to be sold on behalf of the hospital with proceeds going towards the hospital build and ongoing operational costs.

Monaro Scholarship

PGW Wool is delighted to sponsor the Otago Merino Association's annual Monaro Scholarship which supports young people in the merino industry. Selected annually, scholars visit a variety of merino properties in Monaro, New South Wales, to gain a better understanding of breeding principles, bloodlines, and farm management in Australia.

Bike For Blokes

This was the first year of Bike for Blokes, which involved 'a couple of blokes from the city' cycling the length of the country to raise over $200,000 for Farmstrong and The Prostate Cancer Outcomes Registry – New Zealand. PGW supported the duo, Bruce Cotterill and Paul Muir, with a donation and raised awareness of their campaign and the charities through our store network and social media platforms.

Bruce says, "The first Bike for Blokes cycle trip from North Cape to Bluff would not have been anywhere near as successful if it were not for organisations like PGW supporting us. In fact, with a visible high-profile store in most towns across the country, we felt like the PGW team was with us all the way."

Rural Support Trust

Agritrade's proprietary animal health product, The Time Capsule, ran a 'Find the Golden Capsule' promotion this past Facial Eczema season which raised $7,000 for the Rural Support Trust. Five farmers were also awarded a $1,000 Prezzy Card for finding a golden capsule when they purchased the product.

Riding for the Disabled and Cystic Fibrosis

The Valagro and Fruitfed Supplies Blenheim 'Sweet Heart' promotion raised over $6,000 and supported both Riding for the Disabled and Cystic Fibrosis New Zealand in Marlborough.

Disaster Recovery

When weather events impact rural life, PGW's people are there to help our clients and communities through these natural disasters. Our people live and work rurally, and they are often some of the first called on to provide practical assistance and wellbeing support.

During this year's severe weather events that caused significant damage in both the North and South Islands our people at our retail stores supported local community development trusts and flood relief funds. Vouchers were donated which could be utilised in whatever way best suited the circumstances of the individuals to help farmers and growers get back on their feet as quickly as possible.

Team members also provided logistical recovery coordination on behalf of official agencies. The relationships and connections our people have with local communities are invaluable in getting accurate and timely information to those adversely affected.

Paul Muir and Bruce Cotterill outside PGW's Carterton Rural Supplies store.
Photo credit: Bike for Blokes.

Environmental, Social and Governance Reporting

Te pūrongo ā-Taiao, ā-Pāpori me te Mana Whakahaere

A Technical Team member records data as part of a R&D trial.

PGW's ESG Materiality Assessment Matrix

Mapping the highest priority ESG factors following feedback and consultation with PGW stakeholders.

Statement from Stephen Guerin

Chief Executive Officer

PGW has a rich heritage of more than 170 years of working alongside New Zealand's farmers and growers and contributing to the agricultural sector and provincial communities. We are proud of our longevity and our enduring relationships with our clients, suppliers and other industry participants.

We take a future focused outlook in how we go about our business and look for ways in which we can contribute and enhance our clients' businesses and benefit the environment through innovative proprietary research and development initiatives. We look forward to supporting the rural sector in a sustainable manner for many generations to come.

A key focus of our PGW Group Strategy is evolving our approach to the Environment and Sustainability. During the past year our Environment, Social, and Governance (ESG) Working Group undertook significant work in this area. The Group engaged with colleagues across the business and with other stakeholders and suppliers to benchmark PGW's carbon emissions. We now have an established process in place for capturing the information required to calculate emissions, and our initial calculations have undergone a peer review and GAP analysis so we can report on these in the future. Members of the Group represent PGW on The Aotearoa Circle's Agri-Adaptation Roadmap which will deliver a strategy for how the sector can adapt to climate change and supply chain disruptions.

PGW undertook a materiality assessment to determine and prioritise which ESG factors are important to our key stakeholders and material to our business objectives and activities. Our societal and environmental impact was assessed in line with the Global Reporting Initiative's (GRI) guidance on sustainability materiality assessments.

Our materiality assessment methodology consisted of:

- Desktop research which included PGW's strategic objectives and risks, peer analysis, industry trends, and internal documentation
- Stakeholder engagement which involved interviews with internal (Board, Executive team, and employees) and external (clients, suppliers, and iwi) stakeholders
- An interactive workshop which facilitated discussion with PGW's Executive team to assess the thematically grouped ESG topics identified during the desktop and interview steps
- A report of findings and recommendations to validate the set of material topics and other findings identified.

The assessment included a 'double materiality' approach which includes looking at both PGW's impact on each ESG topic identified and then each ESG topics' impact on PGW. PGW's Materiality Assessment Matrix has been included in this annual report on page 37 to visually display our material topics and priorities. The outcomes of the Materiality Assessment Report will assist us in determining a Group Sustainability Strategy, including the development of a framework from which activity and impacts can be recorded, measured, and reported on.

In this report we have included our first GRI Content Index (see pages 107 to 112). We have responded to the disclosures in the spirit of GRI's Core approach. We look forward to growing our expertise and maturity in this area and increasing our reporting capability over time.

Stephen Guerin Chief Executive Officer

Environmental

An Environmental Compliance review was undertaken as part of FY22's Business Assurance Plan. The intention was for PGW Group to determine the best way forward when considering compliance, governance, cost/efficiencies, and transparency for environmental compliance.

The review was undertaken with strong support from the business, and it highlighted some good practices that are occurring as well as some areas for improvement. The Board and Executive team reviewed the findings and are committed to addressing the issues raised. We are currently prioritising the implementation of the recommended remedial actions, the first of which is to embed a revised Environmental Compliance Framework at PGW.

During the year a number of initiatives were introduced to improve our environmental credentials across the company. Environmental Management is a key priority for our Retail & Water business. During FY22 senior members of the Technical Team advised industry groups about the future sustainability of agrichemical use. Further resource was committed to R&D through our Technical Team to investigate the development of biological alternatives into commercial spray programmes for horticulture.

Members of the Technical Team shared insights and knowledge with government departments responsible for developing environmental regulation. The Team also reviewed new government legislation to improve the understanding of internal teams, so they can assist farmers in navigating the new rules and regulations (see pages 24 to 25).

A highlight of the year was that our Fruitfed Supplies Blenheim store was awarded AA level British Retail Consortium Global Standards (BRCGS) certification for our winery products, which is the highest BRCGS certification available. BRCGS is a leading global brand and consumer protection scheme, and this certification provides our clients with the assurance that our processes and products have been independently audited to be safe, compliant, and of a high quality. Over time, we aim to replicate this certification to all our winery serving Fruitfed Supplies' sites and we aim to apply for a BRCGS certification in Hastings during the coming year.

A number of our Retail sites have been undertaking waste audits to determine our current trends in waste flow and accumulation. This information will be used to help align our processes and policies concerning waste and recycling. Our sites remain committed to work with suppliers and the wider industry to help our clients with more recycling solutions.

An additional Quality Assurance coordinator was employed to support the business.

A paperless project was rolled out across our Agritrade distribution centres which saves at least two reams of paper per day in each centre.

Agrecovery is celebrating 15 years of operation, with the launch of the first container recycling programme back in mid-2007. Since its inception, Agrecovery has recycled over 3.5 million kilograms of plastic containers and over 165,000 kilograms of expired or unwanted agrichemical.

Agrecovery's Chief Executive Tony Wilson says, "We now have over 100 brands signed up to our programmes with more joining every month. It's great to see these brands take responsibility for their products and their packaging and ensure a free service for our 17,000-plus members. We're indebted to the collective efforts of our partners such as PGW, who ensure the continued success of our nationwide Product Stewardship Schemes and ability to clear more waste than ever before from New Zealand's primary sector."

PGW is a founding Agrecovery member and provides logistical support via Agrecovery collection points at some of our sites and hosting container collection events. We also work with clients to ensure used containers are returned, ready for recycling. Our stores in Marlborough and Hawke's Bay worked alongside Agrecovery to trial free plastic recycling of specific ag-chem and nutrient bags made from Low Density Polyethylene. PGW management is also represented on the Agrecovery Foundation Board.

Another project in Hawke's Bay, in conjunction with Plasback, included coordinating the collection of a wide array of plastic derivatives which were pressed into bales to be repurposed.

PGW Livestock has completed a comprehensive assessment of all its North Island owned saleyards which includes a schedule for capital improvements to ensure regulatory and compliance

The Blenheim Fruitfed Supplies store.

The Hawke's Bay recycling initiative.

The Darfield Rural Supplies Store hosts an Agrecovery container collection event.

requirements are met. We expect to complete a review of our South Island saleyards during 2023. With many sites being co-owned with other livestock companies, PGW Livestock has taken a leading role in developing solutions to enhance site works to improve environmental outcomes.

A number of saleyards have undergone significant improvements in upgraded monitoring. The sites utilise technology with automated responses and alerts programmed on to multiple devices, including mobile phones. This will enable enhanced reporting of trade waste and storm water discharge.

For the coming year we have chosen the lowest carbon dioxide emissions fit for purpose utility available for our fleet, and we are actively seeking the best fit for purpose hybrid vehicles. We have two electric vehicle pool cars in our fleet. Where suitable we have added more electric forklifts into our stores and PGW Wool has ordered an electric fork truck to trial for suitability for a wider roll-out.

We are upgrading stores and offices with light-emitting diode (LED) lighting. Lighting has been targeted as providing our sites the best savings when looking at energy efficiency initiatives as it can be responsible for up to 70 per cent of the power consumed by a site.

Social

We continue to invest in developing our people through skills-based training and professional development programmes to enable our team members to grow and perform to the best of their abilities.

In turn this focus on personal and professional growth and development strengthens relationships and trust with our clients. It also encourages engagement between our team members and with the wider business and communities within which we operate. Over the past year 620 team members attended off-job learning and development externally facilitated training programmes and our employees completed more than 15,000 online learning and compliance courses.

To enable our people to achieve our common purpose – helping grow the country – we have a suite of people and safety related policies and procedures which are systematically revised and updated, and which align to relevant New Zealand legislation. These are supported by our Code of Conduct, Company Values ("A-LIST" - Accountability, Leadership, Integrity and Trust, Smarter, and Teamwork), and our Leadership Competencies ("TO LEAD" - Take Care, Own It, Lead People, Evolve, Authentic You and Develop).

As we continue to evolve as an organisation, we learn more about what strong performance in safety, wellbeing and environmental compliance mean to us, and to our people.

We care about our people, the environment, and communities within which we operate, so we have revised our strategy to ensure we embed a safe and certain culture where the work is done, in a manner that is pragmatic, sustainable, effective, and engaging. This remains a key focus for our Board, Executive team and our people. Encouraging progress has been made to strengthen our foundations in visible leadership, critical risk management, and the simplification of systems and assurance.

We are proud to be leaders in the rural communities in which we operate. Through sponsorship of industry events to grass root organisations we demonstrate our dedication to growing the agricultural and horticultural industries (see pages 30 to 35).

PGW is part of the global supply chain and we are committed to working with our suppliers to ensure responsible sourcing of products. We act lawfully and honourably, and our mandatory standards provide a consistent professional approach to the procurement of products and services. Ethical and environmental factors include the whole-of-life of a product, working conditions, ethical behaviour, antibribery, and a prohibition on child labour.

Governance

PGW is committed to acting with integrity and delivering high standards of ethical behaviour and accountability.

As a responsible corporate citizen, we have robust governance and risk management procedures that reflect our company values and obligations, align with legislation, and take account of the interests of our shareholders and other stakeholders.

PGW's Board provide the strategic direction for the company and Executive team deliver the strategy. The Board and Executive team's profiles are set out in this annual report (see pages 12 to 15). Governance measures including remuneration, shareholder details, and risk management are outlined in PGW's Governance section of this annual report (see pages 90 to 106).

PGG Wrightson Limited

Key Financial Disclosures

Ngā Whakapuakanga Pūtea Hira

Consolidated Financial Statements for the year ended 30 June 2022

Ngā Tauākī ā-Pūtea Tōpū mō te tau i mutu i te 30 Hune 2022

PGG Wrightson Technical Field Representative, Sarah Swinbourn, monitors the number of diamond back moth and white butterfly caterpillars in a kale crop on the Foote Family Farm in Lawrence, Otago, for the Shepherdess magazine autumn 2022 edition.

PGG WRIGHTSON LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

The Directors are responsible for ensuring that the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2022 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all of the relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Directors are pleased to present the consolidated financial statements for PGG Wrightson Limited and its controlled entities (together the "Group") set out on pages 43 to 85 for the year ended 30 June 2022.

The consolidated financial statements contained on pages 43 to 85 have been authorised for issue on 15 August 2022.

For and on behalf of the Board.

Joo Hai Lee
Chair

Sarah Brown
Director and Audit Committee Chair

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	NOTE	2022 $000	2021 $000
Continuing operations			
Operating revenue	1	952,700	847,815
Cost of sales	2	(704,181)	(624,589)
Gross profit		248,519	223,226
Other income		334	366
Employee expenses		(132,874)	(119,828)
Other operating expenses	3	(48,826)	(47,735)
Operating EBITDA	27(E)	**67,153**	**56,029**
Non-operating gains/(losses)	4	699	4,456
Impairment and fair value gains/(losses)	5	(2,182)	1,832
Depreciation and amortisation expense		(28,024)	(27,283)
EBIT	27(E)	**37,646**	**35,034**
Net interest and finance costs	6	(5,089)	(5,621)
Profit from continuing operations before income tax		32,557	29,413
Income tax expense	7	(8,271)	(6,693)
Profit from continuing operations, net of income tax		24,286	22,720
Discontinued operations			
Results from discontinued operations, net of income tax		–	(7)
Profit/(loss) from discontinued operations, net of income tax		–	(7)
Net profit after tax attributable to Shareholders of the Company		**24,286**	**22,713**

Basic & diluted earnings per share (EPS)

	NOTE	2022 $	2021 $
Basic & diluted EPS	8	0.322	0.301
Basic & diluted EPS - continuing operations	8	0.322	0.301

The accompanying notes form an integral part of these consolidated financial statements.

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	NOTE	2022 $000	2021 $000
Net profit after tax attributable to Shareholders of the Company		**24,286**	**22,713**
Other comprehensive income/(loss)			
Continuing operations			
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments		7	136
Remeasurements of defined benefit asset/liability	18	(2,522)	9,620
Tax on remeasurements of defined benefit asset/liability	7	706	(2,694)
Total other comprehensive income/(loss) for the period		(1,809)	7,062
Total comprehensive income for the period attributable to Shareholders of the Company		**22,477**	**29,775**

The accompanying notes form an integral part of these consolidated financial statements.

PGG WRIGHTSON LIMITED

SEGMENT REPORT

For the year ended / as at 30 June 2022

A. Operating segments

The Group has two primary operating segments, Agency and Retail & Water, which are the Group's strategic divisions. These operating segments operate within New Zealand.

The two operating segments offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Chief Executive Officer or Chair of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

The Group's segments are described below:

- **Agency:** This segment derives its revenue primarily from commissions in respect of rural Livestock, Wool and Real Estate transactions. This segment also derives revenue from wool and velvet product sales, and interest revenue from its Go livestock receivables (refer to Note 12 *Go Livestock Receivables* for further explanation regarding this programme).
- **Retail & Water:** This segment includes the Rural Supplies and Fruitfed Supplies retail operations, Agritrade, PGG Wrightson Water, PGW Consulting, ancillary sales support and supply chain functions. This segment derives its revenue primarily from the sale of goods as well as the design, installation and servicing of irrigation solutions.
- **Other (non-operating segment):** Other relates to certain Group Corporate activities including Governance, Finance, Treasury, Risk and Assurance, and other support services (such as corporate property services and marketing). The Marketing function derives sales revenue from the Group's rewards and on-charging programmes.

Assets and liabilities allocated to each business unit combine to form total assets and liabilities for the Agency and Retail & Water business segments. Certain other assets and liabilities are held at a Corporate level including those for the Corporate functions noted above. Similarly, the profit/loss for each business unit combines to form total profit/loss of the Agency and Retail & Water business segments. Certain other revenues and expenses are recorded at the Corporate level for the Corporate functions noted above.

Corporate costs allocation

The Group allocates certain corporate costs to an operating segment where they can be directly attributed to that segment or using the following methods:

- IT hardware, support, licence and other costs are allocated on a per user basis.
- Property costs which are not directly attributable are allocated on a property space utilisation basis.
- Business operations costs (Accounts Payable, Accounts Receivable, Call Centre) are allocated based on FTE usage by each operating segment or transactional volumes. Credit Services costs are allocated to the operating segment to which the overdue accounts relate.

Other costs such as non-operating gains/losses, impairment and fair value gains/losses, net interest and finance costs, income tax expense and the results of discontinued operations are not fully allocated by the Group across the operating segments. The Group Governance, Finance, Treasury, and Risk and Assurance functions continue to be reported outside of the operating segments.

B. Geographical segment

The Group operates within New Zealand only and its revenue is derived primarily from New Zealand.

PGG WRIGHTSON LIMITED

SEGMENT REPORT CONTINUED

For the year ended / as at 30 June 2022

C. Operating segment information

	AGENCY		RETAIL & WATER		OTHER (NON OPERATING SEGMENT)		TOTAL	
	2022 $000	2021 $000	2022 $000	2021 $000	2022 $000	2021 $000	2022 $000	2021 $000
Sales revenue	75,061	74,022	746,093	638,622	1,327	2,250	822,481	714,894
Commission revenue	109,208	107,685	76	79	89	58	109,373	107,822
Construction contract revenue	–	–	14,235	18,950	–	–	14,235	18,950
Interest revenue on Go receivables	4,254	3,805	–	–	–	–	4,254	3,805
Debtor interest charges	438	615	556	848	(26)	(24)	968	1,439
Sublease income	410	356	348	118	631	431	1,389	905
Total external operating revenues	189,371	186,483	761,308	658,617	2,021	2,715	952,700	847,815
Operating EBITDA	**21,844**	**25,179**	**52,495**	**37,533**	**(7,186)**	**(6,683)**	**67,153**	**56,029**
Non-operating gains/(losses)	695	3,885	133	991	(129)	(420)	699	4,456
Impairment and fair value gains/(losses)	(2,970)	917	691	589	97	326	(2,182)	1,832
Depreciation and amortisation expense	(8,521)	(8,457)	(16,067)	(15,060)	(3,436)	(3,766)	(28,024)	(27,283)
EBIT	**11,048**	**21,524**	**37,252**	**24,053**	**(10,654)**	**(10,543)**	**37,646**	**35,034**
Net interest and finance costs	(2,843)	(2,418)	(1,665)	(2,073)	(581)	(1,130)	(5,089)	(5,621)
Profit/(loss) from continuing operations before income tax	8,205	19,106	35,587	21,980	(11,235)	(11,673)	32,557	29,413
Income tax benefit/(expense)	(2,197)	(3,976)	(10,194)	(6,360)	4,120	3,643	(8,271)	(6,693)
Profit/(loss) from continuing operations, net of income tax	6,008	15,130	25,393	15,620	(7,115)	(8,030)	24,286	22,720
Profit/(loss) from discontinued operations, net of income tax	–	–	–	–	–	(7)	–	(7)
Net profit/(loss) after tax	**6,008**	**15,130**	**25,393**	**15,620**	**(7,115)**	**(8,037)**	**24,286**	**22,713**
Segment assets	206,204	184,177	280,458	245,131	23,290	23,686	509,952	452,994
Assets held for sale	–	–	–	40	–	–	–	40
Total segment assets	**206,204**	**184,177**	**280,458**	**245,171**	**23,290**	**23,686**	**509,952**	**453,034**
Total segment liabilities	**(101,724)**	**(101,147)**	**(180,332)**	**(155,907)**	**(55,212)**	**(22,442)**	**(337,268)**	**(279,496)**
Capital expenditure (additions to non-current assets)	**5,653**	**6,940**	**7,430**	**12,468**	**3,571**	**1,677**	**16,654**	**21,085**

The accompanying notes form an integral part of these consolidated financial statements.

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	NOTE	2022 $000	2021 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		913,260	818,914
Receipt for the termination of partnering contract, net of costs		–	3,934
Dividends received		5	1
Interest received		5,321	5,307
		918,586	828,156
Cash was applied to:			
Payments to suppliers and employees		(884,560)	(765,212)
Interest paid		(957)	(646)
Interest paid on lease liabilities		(3,786)	(4,036)
Income tax paid		(5,623)	(28)
Lump sum contributions to defined benefit plan (ESCT inclusive)		–	(563)
		(894,926)	(770,485)
Net cash inflow/(outflow) from operating activities		**23,660**	**57,671**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment and assets held for sale		1,053	3,294
Proceeds from sale of investments		7	136
		1,060	3,430
Cash was applied to:			
Purchase of property, plant and equipment		(5,926)	(5,500)
Purchase of intangibles		(2,881)	(1,309)
Investment sale costs		–	(51)
		(8,807)	(6,860)
Net cash inflow/(outflow) from investing activities		**(7,747)**	**(3,430)**
Cash flows from financing activities			
Cash was provided from:			
Increase in external borrowings and bank overdraft		30,000	–
		30,000	–
Cash was applied to:			
Dividends paid to shareholders		(23,331)	(9,343)
Repayment of external borrowings and bank overdraft		(2,400)	(40,100)
Repayment of principal portion of lease liabilities		(18,873)	(18,299)
		(44,604)	(67,742)
Net cash inflow/(outflow) from financing activities		**(14,604)**	**(67,742)**
Net increase/(decrease) in cash held		1,309	(13,501)
Opening cash		3,367	16,868
Cash and cash equivalents	9	**4,676**	**3,367**

The accompanying notes form an integral part of these consolidated financial statements.

PGG WRIGHTSON LIMITED

RECONCILIATION OF PROFIT AFTER TAX WITH NET CASH FLOW FROM OPERATING ACTIVITIES

For the year ended 30 June 2022

	2022 $000	2021 $000
Net profit after tax	24,286	22,713
Add/(deduct) non-cash/non-operating items:		
Depreciation and amortisation	28,027	27,283
Impairment and fair value losses/(gains)	2,182	(1,832)
Reversal of software capital projects expensed in the current period	–	750
Bad debts written off (net)	(633)	67
Loss/(profit) on sale of assets and investments, and lease terminations	(763)	(909)
Foreign exchange loss/(gain)	(9)	333
Deferred tax expense/(benefit)	(1,797)	(258)
Defined benefit expense/(gain)	(85)	35
Pension contributions not expensed through profit or loss	–	(563)
Other non-cash/non-operating items	108	83
Add/(deduct) movement in working capital items:		
Change in inventories	(20,766)	759
Change in accounts receivable, Go livestock receivables and prepayments	(41,909)	(22,694)
Change in trade creditors, provisions and accruals	26,799	26,468
Change in income tax payable	4,444	6,917
Change in other current assets/liabilities	3,776	(1,481)
Net cash flow from operating activities	**23,660**	**57,671**

Cash Flows Accounting Policies

In the statement of cash flows, cash receipts and payments on behalf of customers which reflect the activities of the customers rather than those of the Group are reported on a net basis.

The accompanying notes form an integral part of these consolidated financial statements.

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTE	2022 $000	2021 $000
ASSETS			
Current			
Cash and cash equivalents	9	4,676	3,367
Short-term derivative assets	10	1,547	843
Trade and other receivables	11	170,336	148,171
Go livestock receivables	12	65,405	45,869
Inventories	13	102,048	81,498
Assets classified as held for sale		–	40
Other current assets		3,130	2,842
Total current assets		347,142	282,630
Non-current			
Long-term derivative assets	10	17	–
Deferred tax asset	7	10,676	8,173
Investments in equity accounted investees		102	92
Go livestock receivables	12	704	–
Other investments		479	474
Intangible assets	14	12,101	15,663
Right-of-use assets	15	93,074	101,064
Property, plant and equipment	16	45,657	44,627
Defined benefit asset	18	–	311
Total non-current assets		162,810	170,404
Total assets		**509,952**	**453,034**
LIABILITIES			
Current			
Debt due within one year	9	7,500	9,900
Short-term derivative liabilities	10	1,009	242
Accounts payable and accruals	17	189,290	158,883
Short-term lease liabilities	15	18,229	17,631
Income tax payable		7,910	3,466
Total current liabilities		223,938	190,122
Non-current			
Long-term debt	9	30,000	–
Long-term derivative liabilities	10	152	143
Long-term lease liabilities	15	78,290	86,387
Long-term provisions	17	2,762	2,844
Defined benefit liability	18	2,126	–
Total non-current liabilities		113,330	89,374
Total liabilities		**337,268**	**279,496**
EQUITY			
Share capital	28	372,318	372,318
Reserves	28	12,973	14,782
Retained earnings/(deficit)	28	(212,607)	(213,562)
Total equity attributable to Shareholders of the Company		**172,684**	**173,538**
Total liabilities and equity		**509,952**	**453,034**

The accompanying notes form an integral part of these consolidated financial statements.

PGG Wrightson

PGG Wrightson Limited

Additional Financial Disclosures Ngā Whakapuakanga Pūtea Tāpiri

Including Notes to the Consolidated Financial Statements for the year ended 30 June 2022

Tae atu ki Ngā Pitopito Kōrero ki Ngā Tauākī Pūtea Tōpū mō te tau i mutu i te 30 Hune 2022

PGG Wrightson Technical Field Representative, Simon Dodds, checks cob development and dry matter percentage to determine an estimated silage harvest date with Brad Payne at Payne Farm Limited, near Cambridge, Waikato.

PGG WRIGHTSON LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1 OPERATING REVENUE

	2022 $000	2021 $000
Revenue from contracts with customers		
Sales revenue	822,481	714,894
Commission revenue	109,373	107,822
Construction contract revenue	14,235	18,950
Other operating revenue		
Interest revenue on Go livestock receivables	4,254	3,805
Debtor interest charges	968	1,439
Sublease income	1,389	905
	952,700	**847,815**

Income Recognition Accounting Policies

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales revenue

Sales revenue comprises the sale value of transactions where the Group acts as a principal; for example, retail store sales, and sales of wool and velvet products. Revenue is measured at the transaction price when control is transferred to which an entity expects to be entitled in exchange for transferring goods or services to a customer. For sale of goods, the transfer of control occurs when the risks and rewards, physical possession and the legal title of the goods have been transferred and accepted by the customer and the customer has a present obligation to make the payment.

Our customers may be entitled to discounts or rebates for certain items and/or volumes purchased, under varying categories. These discounts or rebates are defined as variable consideration and are included in the transaction price as a component of operating revenue upon the completion of our performance obligations. These discounts/rebates are contractual in nature and known at balance date, therefore no assumptions or estimates are required.

The Group offers a range of payment terms, and in some cases can be up to 12 months. The Group does not recognise a financing element for contracts with terms of 12 months or less.

When part of the Group's performance obligation in selling its products is to arrange freight and/or insurance, the Group is considered to be acting as an agent and these costs are recognised net against freight recoveries.

The Group offers warranties as required by New Zealand law and/or per the terms and conditions of the contracts with customers. The Group recognises the obligations under these warranties as a provision.

Commission revenue

Commission revenue comprises commission for transactions where the Group acts as an agent. For agency commissions, the Group does not take inventory risk or title for inventories, or for the Group's Livestock and Real Estate businesses, biological assets and properties respectively. The Group generates commissions from acting as an agent for organising the sale of livestock or real estate, and from the successful referral of clients to an unrelated insurance partner.

Revenue is recognised at a point in time upon completion of service.

Construction contract revenue

Construction services are provided to customers in the Water business to construct pivots and irrigation systems. Most contracts contain a single performance obligation. The size and duration of the contracts can vary significantly, and customers are invoiced as work progresses. Most contracts are completed within 12 months; therefore, the unearned revenue on these contracts has not been disclosed.

The Group accounts for revenue over time, which best depicts the pattern of transfer of the construction services to the customer. The Group uses an input method to recognise revenue based on a percentage of cost completed. This method involves judgements relating to a contract's expected margin and its stage of completion.

Interest and similar income and expense

The Group recognises the fixed fees charged to customers under its Go programme as interest revenue. Refer to Note 12 *Go Livestock Receivables* for further explanation regarding this programme. This interest revenue is recognised over the term of the Go contracts which can be for a term of up to 540 days.

The Group also recognises interest revenue on an accruals basis when the services are rendered using the effective interest method. Refer to the accounting policies under Note 6 *Net Interest and Finance Costs* for further explanation on the effective interest method.

Sublease income

The Group recognises lease payments received under subleases as income on a straight-line basis over the lease term. Refer to Note 15 *Right-of-Use Assets and Lease Liabilities* for further explanation.

2 COST OF SALES

	NOTE	2022 $000	2021 $000
Depreciation and amortisation		189	187
Employee benefits (including commissions)		32,541	34,245
Inventories and consumables	13	632,250	553,473
Freight		12,438	9,814
Other		26,763	26,870
		704,181	**624,589**

3 OTHER OPERATING EXPENSES

	2022 $000	2021 $000
Audit of annual financial statements of the Company by EY	266	240
Other Advisory Services provided by EY:		
Facilitation of sustainability materiality assessment	21	–
Cloud computing project assistance	18	–
Directors' fees	565	552
Donations	7	8
Increase/(decrease) in provision for impaired trade receivables, Go livestock receivables and contract assets	(1,109)	(774)
Net bad debts written off / (recovered)	476	841
IT & telecommunication costs	13,372	12,981
Marketing	4,665	3,820
Motor vehicle costs	7,012	5,713
Travel costs	2,317	2,858
Rental and operating lease costs	901	460
Occupancy costs (excluding rental and operating lease)	5,672	5,110
Other staff costs	7,442	6,104
Other expenses	7,201	9,822
	48,826	**47,735**

4 NON-OPERATING GAINS/(LOSSES)

	2022 $000	2021 $000
Receipt for the termination of partnering contract, net of costs	–	3,934
Gain on sale of property, plant and equipment	763	960
Other non-operating gains/(losses)	(64)	(438)
	699	**4,456**

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5 IMPAIRMENT AND FAIR VALUE GAINS/(LOSSES)

	NOTE	2022 $000	2021 $000
Net impairment reversal/(impairment) – Property, plant and equipment	5(A)	414	906
Net impairment reversal/(impairment) – Right-of-use assets	5(B)	695	910
Net impairment reversal/(impairment) – Software Assets	5(C)	(3,384)	–
Other fair value gains/(losses)		93	16
		(2,182)	**1,832**

A. Saleyards

At balance date, the Group reviewed its saleyard assets for indicators of impairment and for any indication that a previously recognised impairment loss may have reversed. The Group recognised a net reversal of $0.41 million of previously recognised impairment losses on two saleyards (2021: $0.91 million net reversal). This was based on indicative external market valuations for the saleyards.

B. Right-of-use assets

At balance date, the Group reviewed its right-of-use assets for indicators of impairment and for any indication that a previously recognised impairment loss may have reversed. As a result of this review, the Group reversed $0.7 million of previously recognised impairment losses relating to the Water business CGU (2021: $0.91 million reversal). The impairment reversal resulted from changes in key assumptions applied to the discounted cash flow model utilised to determine the value in use for impairment testing. The change in assumptions included improved current and estimated future earnings following the 2021 restructure of the business. The discount rate applicable for the Water business and used in the discounted cashflow model was 12.1%.

C. Software Assets

At balance date, certain intangible assets held within the Agency Segment were impaired following impairment review. Indicators of impairment were identified following analysis of the financial performance of the CGU including historic losses generated and completion of the CGU's future budgets. Impairment testing was performed using a discounted cash flow calculation to determine the value-in-use based on anticipated future earnings to be derived from the CGU. An impairment loss in the amount of $3.4 million has been recognised in the Statement of Profit or Loss (within impairment and fair value gains/(losses). The discount rate applied in the discounted cashflow calculation was 15%. All other assets held by the CGU have a recoverable amount that is higher than the carrying amount and consequently have not been impaired.

Impairment Accounting Policies

The carrying value of the Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying value of assets and are recognised in profit or loss unless the asset is carried at a revalued amount in accordance with another standard.

Non-financial assets

The carrying amounts of the Group's non-financial assets (other than inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset or the cash-generating unit (CGU) to which the asset relates is estimated. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6 NET INTEREST AND FINANCE COSTS

	2022 $000	2021 $000
Interest income	99	63
Interest funding expense		
Bank interest on loans and overdrafts	(957)	(646)
Bank facility fees	(875)	(908)
	(1,832)	(1,554)
Net interest income/(expense) excluding interest on lease liabilities	(1,733)	(1,491)
Interest on lease liabilities	(3,786)	(4,036)
Foreign exchange gain/(loss)		
Net gain/(loss) on foreign denominated items	485	(217)
Fair value gain/(loss) on foreign exchange derivatives	(55)	123
	430	(94)
Net interest and finance income/(expense)	**(5,089)**	**(5,621)**

Interest and Finance Income/Expense Accounting Policies

Interest and similar income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fair value change on foreign exchange derivatives

The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. The Group uses forward foreign exchange contracts to manage these exposures. These derivatives are recorded at their fair value with mark-to-market fair value movements flowing through fair value gain/(loss) on foreign exchange derivatives in the profit or loss. A portion of the underlying hedged future sale or purchase transactions have not yet been recognised by the Group. For this portion, no corresponding offsetting net gain/(loss) on foreign denominated items has been recognised.

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7 INCOME TAXES

A. Income tax recognised in profit or loss

	2022 $000	2021 $000
Current tax benefit/(expense)		
Current year	(10,159)	(7,395)
Adjustments for prior years	91	443
	(10,068)	(6,952)
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	1,888	727
Adjustments for prior years	(91)	(468)
	1,797	259
Income tax benefit/(expense)	**(8,271)**	**(6,693)**
Reconciliation		
Profit from continuing operations before income tax	32,557	29,413
Income tax using the Company's tax rate (28%)	(9,116)	(8,236)
Non-deductible expenditure	(79)	(478)
Non-assessable income	211	1,784
Tax credits	686	285
Over/(under) provided in prior years	(3)	(25)
Other	30	(23)
Income tax benefit/(expense)	**(8,271)**	**(6,693)**

B. Income tax recognised directly in equity

	2022 $000	2021 $000
Deferred tax on movement of actuarial gains/losses on employee benefit plans	706	(2,746)
Current tax on movement of actuarial gains/losses on employee benefit plans	–	52
Income tax benefit/(expense) recognised directly in equity	**706**	**(2,694)**

C. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS 2022 $000	ASSETS 2021 $000	LIABILITIES 2022 $000	LIABILITIES 2021 $000	NET 2022 $000	NET 2021 $000
Property, plant and equipment	706	565	–	–	706	565
Intangible assets	–	–	(1,541)	(2,277)	(1,541)	(2,277)
Right-of-use assets	–	–	(26,061)	(28,298)	(26,061)	(28,298)
Lease liabilities	27,026	29,125	–	–	27,026	29,125
Employee benefits	7,173	4,762	–	–	7,173	4,762
Provisions	3,373	4,296	–	–	3,373	4,296
Deferred tax asset/(liability)	**38,278**	**38,748**	**(27,602)**	**(30,575)**	**10,676**	**8,173**

Refer to Accounting Policies – page 57.

7 INCOME TAXES (CONTINUED)

C. Recognised deferred tax assets and liabilities (continued)

	BALANCE 1 JUL 2020 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2021 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2022 $000
Property, plant and equipment	616	(51)	–	565	141	–	706
Intangible assets	(1,181)	(1,096)	–	(2,277)	736	–	(1,541)
Right-of-use assets	(29,350)	1,052	–	(28,298)	2,237	–	(26,061)
Lease liabilities	29,987	(862)	–	29,125	(2,099)	–	27,026
Employee benefits	6,361	1,147	(2,746)	4,762	1,705	706	7,173
Provisions	4,227	69	–	4,296	(923)	–	3,373
	10,660	**259**	**(2,746)**	**8,173**	**1,797**	**706**	**10,676**

D. Unrecognised tax losses and temporary differences

At 30 June 2022, the Group has no unrecognised deferred tax assets relating to tax losses and temporary differences (2021: Nil).

E. Imputation credits

The Group has $8.1 million imputation credits as at 30 June 2022 (2021: $6.2 million).

Income Tax Accounting Policies

Income tax expense comprises current and deferred taxation and is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at the reporting date. Current tax includes any adjustment to tax payable with respect to previous periods. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences relating to subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable they will not reverse in the foreseeable future;
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be recognised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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8 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

A. Earnings per share (EPS)

The calculation of EPS is based on the following profit figures and number of authorised shares.

	ISSUED ORDINARY SHARES		WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	
	2022 000	2021 000	2022 000	2021 000
Issued ordinary shares at 1 July	75,484	75,484	75,484	75,484
Balance at 30 June	**75,484**	**75,484**	**75,484**	**75,484**

There are no dilutive shares or options (2021: Nil).

	2022 $000	2021 $000
Profit (net of tax) attributable to Shareholders of the Company	**24,286**	**22,713**
Profit from continuing operations (net of tax) attributable to Shareholders of the Company	**24,286**	**22,720**

	2022 $	2021 $
Basic & diluted EPS	0.322	0.301
Basic & diluted EPS – continuing operations	0.322	0.301

B. Net tangible assets (NTA)

The calculation of NTA per share, which is a required NZX disclosure, is based on the following NTA figure and the Company's issued ordinary shares at the end of the period.

	2022 $000	2021 $000
Total assets	509,952	453,034
Total liabilities	(337,268)	(279,496)
less Intangible assets	(12,101)	(15,663)
less Deferred tax asset	(10,676)	(8,173)
Net tangible assets	**149,907**	**149,702**

	2022 $	2021 $
NTA per issued ordinary shares at the end of period	1.986	1.983

Earnings Per Share Accounting Policies

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the number of shares outstanding to include the effects of all potential dilutive shares.

9 CASH AND FINANCING FACILITIES

	NOTE	2022 $000	2021 $000
Cash and cash equivalents		4,676	3,367
Current financing facilities	9(A)	(7,500)	(9,900)
Term financing facilities	9(A)	(30,000)	–
Net interest-bearing (debt)/cash and cash equivalents		**(32,824)**	**(6,533)**
Go livestock receivables	12	65,405	45,869
Net interest-bearing (debt)/cash and cash equivalents after adjusting for Go livestock receivables		**32,581**	**39,336**

A. Financing facilities

During the year, the Company amended and extended its syndicated bank facility. The amended facility, which commenced on 13 December 2021, provides the following:

- Term debt facility of $60.00 million maturing on 6 December 2024. This facility had $30.00 million drawn at 30 June 2022.
- Working capital facilities of up to $70.00 million maturing on 6 December 2024 (subject to an annual Clean Down).

The syndicated facilities fund the general corporate activities of the Group, the seasonal fluctuations in working capital and Go livestock receivables.

The Company has granted a general security deed and mortgage over all its wholly-owned New Zealand assets to a security trust. Bank of New Zealand acts as facility agent and security trustee for the banking syndicate, which comprises Bank of New Zealand, Cooperatieve Rabobank U.A. (New Zealand branch) and Westpac New Zealand Limited. The agreement contains various financial covenants and restrictions, including maximum permissible ratios for debt leverage and operating leverage, together with limits for Go livestock receivables, capital expenditure and asset disposals.

The syndicated facility agreement allows the Group, subject to certain conditions, to enter into additional facilities outside of the Company's syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to $6.58 million as at 30 June 2022 (2021: $6.53 million).

- Overdraft facilities of $3.00 million.
- Guarantee, letters of credit and trade finance facilities of $3.58 million.

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For the year ended 30 June 2022

10 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses forward foreign exchange contracts to manage its exposure to foreign currency fluctuations. In accordance with the Group's treasury policy, the Group does not hold any of these derivative instruments for trading purposes.

	2022 $000	2021 $000
Derivative assets held for risk management		
Current	1,547	843
Non-current	17	–
	1,564	843
Derivative liabilities held for risk management		
Current	(1,009)	(242)
Non-current	(152)	(143)
	(1,161)	(385)
Net derivative asset/(liability) held for risk management	**403**	**458**

Derivative Financial Instruments Accounting Policies

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value, and changes therein are generally recognised in profit or loss. The fair value of forward exchange contracts is based on broker quotes.

Where the Group enters into derivative transactions, these agreements do not meet the criteria for offsetting in the consolidated statement of financial position. The fair value amounts recognised in the consolidated statement of financial position are recorded on a gross basis.

The Group does not currently apply hedge accounting.

11 TRADE AND OTHER RECEIVABLES

	2022 $000	2021 $000
Accounts receivable due from unrelated parties	141,689	124,364
Accounts receivable due from related parties	–	3
Gross accounts receivable	141,689	124,367
less Provision for impaired debtors	(2,023)	(2,895)
Net accounts receivable	139,666	121,472
Contract assets	3,132	2,083
less Provision for impaired contract assets	(119)	(356)
Other receivables	22,217	22,631
Prepayments	5,440	2,341
Trade and other receivables	**170,336**	**148,171**
Analysis of movements in provisions for impaired debtors & contract assets		
Balance at beginning of year	(3,251)	(4,025)
Movement in provision	1,109	774
Balance at end of year	**(2,142)**	**(3,251)**

The ageing status of the accounts receivable at the reporting date is as follows:

	TOTAL DEBTORS 2022 $000	PROVISION 2022 $000	TOTAL DEBTORS 2021 $000	PROVISION 2021 $000
Not past due	133,914	(205)	114,336	(824)
Past due 1– 30 days	5,450	(5)	5,636	(14)
Past due 31– 60 days	370	(22)	894	(27)
Past due 61– 90 days	182	(18)	717	(59)
Past due 90 plus days	1,773	(1,773)	2,784	(1,971)
	141,689	**(2,023)**	**124,367**	**(2,895)**

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12 GO LIVESTOCK RECEIVABLES

The Group holds receivables in respect of its Go range of livestock products. The Go range allows farmers to defer payment for the purchase of livestock. The counterparty farmer to the Go product is fully exposed to the risks and rewards of ownership of the livestock. To mitigate credit risk, the Group retains legal title to the livestock until its sale. Fee income received in respect of the Go livestock receivables is recognised by the Group as interest income over the respective contract period and is included within operating revenue (refer to Note 1 *Operating Revenue*). Accrued interest income in respect of the Go livestock receivables is included within Other Receivables (refer to Note 11 *Trade and Other Receivables*) and amounts to $1.75 million as at the balance date (2021: $1.20 million).

	2022 $000	2021 $000
Go livestock receivables – Current	65,921	46,011
Go livestock receivables – Non Current	704	–
	66,625	46,011
less Provision for impairment – Go livestock receivables	(516)	(142)
	66,109	**45,869**
Analysis of movements in provisions for impaired Go livestock receivables		
Balance at beginning of year	(142)	–
Movement in provision	(374)	(142)
Balance at end of year	**(516)**	**(142)**

The ageing status of the Go livestock receivables at the reporting date is as follows:

	GO LIVESTOCK RECEIVABLES 2022 $000	PROVISION 2022 $000	GO LIVESTOCK RECEIVABLES 2021 $000	PROVISION 2021 $000
Not past due	66,304	(195)	45,884	(15)
Past due 1 – 30 days	16	(16)	17	(17)
Past due 31 – 60 days	9	(9)	–	–
Past due 61 – 90 days	3	(3)	2	(2)
Past due 90 plus days	293	(293)	108	(108)
	66,625	**(516)**	**46,011**	**(142)**

Trade and Other Receivables and Go Livestock Receivables Accounting Policies

Recognition and measurement

A receivable without a significant financing component is initially measured at the transaction price and classified as financial assets measured at amortised cost. Accounts receivable includes accrued interest.

Impairment

Specific provisions are maintained to cover identified impaired debtors. Judgement is required in determining the impairment provision.

The Group recognises loss allowances for the expected credit loss (ECL) on Trade and Go livestock receivables. The Group measures loss allowances for trade and Go livestock receivables at an amount equal to lifetime ECL.

When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk has increased significantly if it is more than 60 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

On a monthly basis, the Group via its Credit Committee, assesses whether Trade and Go livestock receivables are credit-impaired. All individual instruments that are considered significant are subject to this approach. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the debtor.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

13 INVENTORY

	2022 $000	2021 $000
Merchandise	83,421	64,935
Wool & velvet inventory	20,188	18,199
less Provision for inventory write down	(1,561)	(1,636)
	102,048	**81,498**

During the year, inventories of $632.25 million (2021: $553.47 million) are included in cost of sales in the profit or loss (refer to Note 2 *Cost of Sales*). Included within this amount are write-down of inventories of $1.02 million (2021: $0.55 million) to net realisable value and reversals of write-down of $0.16 million (2021: $0.10 million).

Inventories Accounting Policies

Raw materials and finished goods are stated at the lower of cost or net realisable value. Cost is determined on a weighted average cost basis. In the case of manufactured goods, cost includes direct materials, labour and production overheads. Judgement is required in determining the net realisable value for inventories.

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14 INTANGIBLE ASSETS

	SOFTWARE $000	RIGHTS & TRADEMARKS $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
Cost				
Balance at 1 July 2020	26,775	1,916	1,498	30,189
Additions	–	–	3,278	3,278
Transfers	429	–	(429)	–
Disposals	(310)	–	(1,095)	(1,405)
Balance at 30 June 2021	**26,894**	**1,916**	**3,252**	**32,062**
Balance at 1 July 2021	26,894	1,916	3,252	32,062
Additions	–	477	3,234	3,711
Transfers	2,382	528	(2,910)	–
Disposals	(1,804)	–	–	(1,804)
Balance at 30 June 2022	**27,472**	**2,921**	**3,576**	**33,969**
Amortisation and impairment losses				
Balance at 1 July 2020	12,932	1,391	–	14,323
Amortisation for the year	2,156	60	–	2,216
Disposals	(140)	–	–	(140)
Balance at 30 June 2021	**14,948**	**1,451**	**–**	**16,399**
Balance at 1 July 2021	14,948	1,451	–	16,399
Amortisation for the year	2,843	496	–	3,339
Disposals	(1,254)	–	–	(1,254)
Impairment / (Impairment Reversal)	3,384	–	–	3,384
Balance at 30 June 2022	**19,921**	**1,947**	**–**	**21,868**
Carrying amounts				
At 30 June 2021	11,946	465	3,252	15,663
At 30 June 2022	7,551	974	3,576	12,101

Intangible Assets Accounting Policies

Software

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 1 and 15 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Rights

Manufacturing and production rights are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 2 and 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. For intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date. An impairment loss is recognised in the profit or loss if the carrying amount of an asset exceeds the recoverable amount. Refer to the accounting policy under Note 5 *Impairment and Fair Value Gains/(Losses)* for further explanation.

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group leases many assets, including:

- leases of land and buildings from which it conducts operations. These leases range in length from one to fifteen years with various rights of renewal. Where surplus properties are unable to be exited, the Group subleases these properties where possible and derives sublease revenue on a short-term temporary basis.
- leases of motor vehicles and forklifts for use by employees, agents and representatives. These leases range for a period of between three and seven years.
- leases of office and IT equipment. These leases are typically for a period of up to four years.

The Group elects not to recognise right-of-use assets and lease liabilities for short-term or low-value leases, such as leases of office and IT equipment. The Group continues to expense lease payments associated with these leases on a straight-line basis.

A. Right-of-use assets

	NOTE	PROPERTY $000	VEHICLES $000	TOTAL $000
Balance at 1 July 2020		93,226	11,399	104,625
Additions		7,755	5,705	13,460
Depreciation charge for the period		(13,391)	(6,288)	(19,679)
Reassessments, modifications and terminations		1,590	158	1,748
Net impairment reversal / (impairment)	5(B)	910	–	910
Balance at 30 June 2021		**90,090**	**10,974**	**101,064**
Balance at 1 July 2021		90,090	10,974	101,064
Additions		648	6,733	7,381
Depreciation charge for the period		(14,083)	(5,924)	(20,007)
Reassessments, modifications and terminations		3,253	688	3,941
Net impairment reversal / (impairment)	5(B)	695	–	695
Balance at 30 June 2022		**80,603**	**12,471**	**93,074**

B. Lease liabilities

	PROPERTY $000	VEHICLES $000	TOTAL $000
Balance at 1 July 2020	95,347	11,557	106,904
Additions, reassessments, modifications and terminations	9,553	5,860	15,413
Interest on lease liabilities	3,633	403	4,036
Lease payments	(15,719)	(6,616)	(22,335)
Balance at 30 June 2021	**92,814**	**11,204**	**104,018**
Balance at 1 July 2021	92,814	11,204	104,018
Additions, reassessments, modifications and terminations	3,963	7,412	11,375
Interest on lease liabilities	3,356	429	3,785
Lease payments	(16,358)	(6,301)	(22,659)
Balance at 30 June 2022	**83,775**	**12,744**	**96,519**

A maturity analysis of lease liabilities is included in Note 19 Financial Instruments – Fair Values and Risk Management.

Refer to Accounting Policies – page 66.

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15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

B. Lease liabilities (Continued)

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. Some of the Group's property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The extension options are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. A reassessment is made subsequently if there is any significant event or significant changes in circumstances within the Group's control. The Group estimates that the potential future lease payments, should it exercise all the extension options, would result in an increase in lease liability of $93.2 million (2021: $85.2 million).

C. Other disclosures

	NOTE	2022 $000	2021 $000
Amount in the consolidated statement of profit or loss			
Depreciation on right-of-use assets – continuing operations		(20,007)	(19,679)
Interest on lease liabilities	6	(3,786)	(4,036)
Short-term or low-value lease expenses		(1,081)	(860)
Variable lease payments not included in the measurement of lease liabilities		(168)	(153)
Income from sub-leasing right-of-use assets		1,389	905
Gain/(loss) arising from sale and leaseback transactions		82	339
Amounts in the consolidated statement of cashflows			
Total cash outflow for leases		(22,659)	(22,335)

Lease Accounting Policies

The Group adopted NZ IFRS 16 Leases from 1 July 2019. The Group assesses at the inception of a contract as to whether the contract is, or contains, a lease as defined in NZ IFRS 16 Leases.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group elects not to recognise right-of-use assets and lease liabilities for short-term or low-value leases, such as leases of office and IT equipment. The Group continues to expense lease payments associated with these leases on a straight-line basis.

A number of judgements and estimates are made in calculating the right-of-use asset and lease liability amounts. The judgements and estimates include the applicable lease terms (including any rights of renewal expected to be exercised) and the Group's incremental borrowing rate.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and any estimated restoration costs, and less any lease incentives received. These assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the asset's useful life. Right-of-use assets are periodically reduced by impairment losses (if any) and adjusted for certain remeasurements of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable under a residual value guarantee, and any exercise price the Group is reasonably certain to exercise. The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the fund necessary to obtain an asset of similar value in a similar environment under similar terms and conditions.

After the commencement date, lease liabilities are increased to reflect interest on the lease liabilities and reduced to reflect the lease payments made. Interest on lease liabilities is charged to the profit and loss and is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liabilities.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimate of any amount payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

16 PROPERTY, PLANT AND EQUIPMENT

	LAND $000	BUILDINGS $000	PLANT AND EQUIPMENT $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
Cost					
Balance at 1 July 2020	13,502	15,343	51,995	2,742	83,582
Additions	–	279	4,013	746	5,038
Transfers	–	–	834	(834)	–
Disposals	(772)	(1,293)	(763)	–	(2,828)
Balance at 30 June 2021	**12,730**	**14,329**	**56,079**	**2,654**	**85,792**
Balance at 1 July 2021	12,730	14,329	56,079	2,654	85,792
Additions	5	510	3,752	1,698	5,965
Transfers	–	–	343	(343)	–
Disposals	(6)	(104)	(582)	–	(692)
Balance at 30 June 2022	**12,729**	**14,735**	**59,592**	**4,009**	**91,065**
Depreciation and impairment losses					
Balance at 1 July 2020	–	5,610	31,642	–	37,252
Depreciation for the year	–	312	5,037	–	5,349
Depreciation recovered to COGS	–	–	187	–	187
Disposals and transfers	–	(141)	(443)	–	(584)
Impairment / (impairment reversal)	–	(906)	(133)	–	(1,039)
Balance at 30 June 2021	**–**	**4,875**	**36,290**	**–**	**41,165**
Balance at 1 July 2021	–	4,875	36,290	–	41,165
Depreciation for the year	–	309	4,682	–	4,991
Depreciation recovered to COGS	–	–	189	–	189
Disposals and transfers	–	(4)	(519)	–	(523)
Impairment / (impairment reversal)	–	(414)	–	–	(414)
Balance at 30 June 2022	**–**	**4,766**	**40,642**	**–**	**45,408**
Carrying amounts					
At 30 June 2021	12,730	9,454	19,789	2,654	44,627
At 30 June 2022	12,729	9,969	18,950	4,009	45,657

Capital gains on the sale of property, plant and equipment of $0.76 million were recognised in non-operating items in the current year (2021: $0.96 million gain).

Refer to Accounting Policies – page 68.

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16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, Plant & Equipment Accounting Policies

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, buildings, plant and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are between 2 and 40 years for plant and equipment and 50 years for buildings. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment

The carrying amounts of the Group's property, plant & equipment assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. An impairment loss is recognised in the profit or loss if the carrying amount of an asset exceeds the recoverable amount. Refer the accounting policy under Note 5 *Impairment and Fair Value Gains/(Losses)* for further explanation.

17 TRADE AND OTHER PAYABLES

	NOTE	2022 $000	2021 $000
Trade creditors		123,444	109,162
Goods received but not invoiced		4,891	5,249
Deposits received in advance		4,752	960
Employee entitlements		24,643	18,015
Accruals and other liabilities		28,610	21,161
Loyalty reward programme	21	1,190	1,073
Other provisions (including product warranty, client claim and make good provisions)	17(A), 17(B)	4,522	6,107
		192,052	**161,727**
Payable within 12 months		189,290	158,883
Payable beyond 12 months		2,762	2,844
		192,052	**161,727**

A. Make good provision on leased properties

During the year, the Group recognised an additional provision of $0.07 million (2021: $0.19 million) in respect of new leased properties which it signed up to. These costs have been capitalised to the right-of-use assets and are amortised over the life of the right-of-use assets. The Group also released $0.14 million (2021: $0.15 million) of provision in respect to leased properties which it exited. At balance date, the balance of the make good provision is $2.64 million (2021: $2.71 million). The Group expects to settle this liability over the next 10-15 years as the leases expire.

17 TRADE AND OTHER PAYABLES (CONTINUED)

B. Client claims provision

The Group receives client claims from time to time as part of the ordinary course of business and these claims are reviewed on a case by case basis to determine validity. As at balance date, the Group was in the process of reviewing certain claims for the supply of goods which are typically the responsibility of suppliers under terms of trade. The Group recognises a provision for its best estimate of any obligation. The information usually required by NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds of commercial sensitivity, i.e. disclosure may impact the commercial position of the Group.

18 DEFINED BENEFIT ASSET/LIABILITY

The Group makes contributions to the PGG Wrightson Employee Benefits Plan (the Plan), a defined benefit plan that provides a range of superannuation and insurance benefits for employees and former employees. The Plan is registered under the Financial Markets Conduct Act 2013. The Plan is not open to new members. The Plan's retired employees are entitled to receive an annual pension payment payable for their remaining life, and in some cases, for the remaining life of a surviving spouse.

The actuarial calculations for the Plan are undertaken by Michael Chamberlain, a fellow of the New Zealand Society of Actuaries, for MCA NZ Limited.

	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000
Present value of funded obligations	(49,165)	(56,172)	(62,563)	(61,624)	(66,814)
Fair value of plan assets	47,039	56,483	52,725	55,741	59,092
Total defined benefit asset/(liability)	**(2,126)**	**311**	**(9,838)**	**(5,883)**	**(7,722)**

A. Movement in net defined benefit asset/(liability)

	DEFINED BENEFIT OBLIGATION		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT ASSET/(LIABILITY)	
	2022 $000	2021 $000	2022 $000	2021 $000	2022 $000	2021 $000
Balance at 1 July	(56,172)	(62,563)	56,483	52,725	311	(9,838)
Included in profit or loss:						
Current service costs	(489)	(529)	–	–	(489)	(529)
Interest costs	(1,098)	(558)	1,105	470	7	(88)
Included in other comprehensive income:						
Gains/(losses) from change in demographic assumptions	(1,418)	–	–	–	(1,418)	–
Gains/(losses) from change in financial assumptions	5,324	3,323	–	–	5,324	3,323
Experience gains/(losses)	2,239	1,130	–	–	2,239	1,130
Expected return on plan assets	–	–	(8,667)	5,353	(8,667)	5,353
Other:						
Employer contributions	–	–	567	960	567	960
Member contributions	(816)	(782)	816	782	–	–
Benefits paid by the plan	3,265	3,807	(3,265)	(3,807)	–	–
Balance at 30 June	**(49,165)**	**(56,172)**	**47,039**	**56,483**	**(2,126)**	**311**

The Group expects to pay $0.47 million in contributions to the Plan in 2023 (2022: expected $0.78 million and paid $0.57 million). Member contributions are expected to be $0.56 million in 2023 (2022: expected $0.56 million and paid $0.82 million).

As at 30 June 2022, the weighted average duration of the defined benefit obligation (DBO) is 12.0 years for the Plan (2021: 12.2 years).

Refer to Accounting Policies – page 71.

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For the year ended 30 June 2022

18 DEFINED BENEFIT ASSET/LIABILITY (CONTINUED)

B. Plan assets

	2022 %	2021 %
Consist of:		
Equities	63	63
Fixed interest	29	28
Cash	8	9
	100	**100**

Plan assets do not include any exposure to the Company's ordinary shares (2021: Nil).

C. Actuarial assumptions at the reporting date

	2022 %	2021 %
Discount rate used – Implied 12.0 year New Zealand Government Bond rate (2021: Implied 12.2 year New Zealand Government Bond rate)	3.97	1.99
Inflation	2.00	1.50
Future salary increases	2.50	2.00
Future pension increases	1.65	1.50

	2022 MALE YEARS	2022 FEMALE YEARS	2021 MALE YEARS	2021 FEMALE YEARS
Assumptions regarding future mortality rates based on published statistics and experience:				
Longevity at age 65 for current pensioners	21	24	21	24
Longevity at age 65 for current members aged 45	23	25	24	28

D. Sensitivity analysis

The sensitivity of the DBO to changes in the weighted principal assumptions is:

	2022 DBO (INCREASE) / DECREASE WITH INCREASE IN ASSUMPTION $000	2022 DBO (INCREASE) / DECREASE WITH DECREASE IN ASSUMPTION $000	2021 DBO (INCREASE) / DECREASE WITH INCREASE IN ASSUMPTION $000	2021 DBO (INCREASE) / DECREASE WITH DECREASE IN ASSUMPTION $000
Discount rate (0.50% movement)	1,082	(1,180)	1,348	(1,460)
Salary growth rate (0.50% movement)	(49)	49	(112)	112
Pension growth rate (0.25% movement)	(541)	492	(674)	337
Life expectancy (1 year movement)	(1,475)	1,524	(1,741)	1,798

Refer to Accounting Policies – page 71.

18 DEFINED BENEFIT ASSET/LIABILITY (CONTINUED)

Employee Benefits Accounting Policies

Defined benefit plans

The Group's net obligation with respect to defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated.

Remeasurement of the net defined benefit asset/liability, which comprise actuarial gains and losses and the return on plan assets, are recognised directly in other comprehensive income and the defined benefit plan reserve in equity. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the undiscounted amount of short-term employee benefits expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group with respect to services provided by employees up to reporting date. Remeasurements are recognised in profit or loss in the period in which they arise.

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19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classifications and fair values

The tables below set out the Group's classification of each class of financial assets and liabilities, and their fair values.

	FAIR VALUE THROUGH PROFIT OR LOSS $000	AT AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
2022				
Financial assets				
Cash and cash equivalents	–	4,676	4,676	4,676
Derivative assets	1,564	–	1,564	1,564
Trade receivables	–	139,666	139,666	139,666
Go livestock receivables	–	66,109	66,109	66,109
Other investments	–	479	479	479
	1,564	**210,930**	**212,494**	
Financial liabilities				
Debt	–	(37,500)	(37,500)	(37,500)
Derivative liabilities	(1,161)	–	(1,161)	(1,161)
Trade creditors	–	(123,444)	(123,444)	(123,444)
Lease liabilities	–	(96,519)	(96,519)	
	(1,161)	**(257,463)**	**(258,624)**	
2021				
Financial assets				
Cash and cash equivalents	–	3,367	3,367	3,367
Derivative assets	843	–	843	843
Trade receivables	–	121,472	121,472	121,472
Go livestock receivables	–	45,869	45,869	45,869
Other investments	–	474	474	474
	843	**171,182**	**172,025**	
Financial liabilities				
Debt	–	(9,900)	(9,900)	(9,900)
Derivative liabilities	(385)	–	(385)	(385)
Trade creditors	–	(109,162)	(109,162)	(109,162)
Lease liabilities	–	(104,018)	(104,018)	
	(385)	**(223,080)**	**(223,465)**	

The Group's banking facilities are based on floating interest rates. Therefore, the fair value of the banking facilities equals the carrying value.

Refer to Accounting Policies – page 77.

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. Accounting classifications and fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
2022				
Derivative assets	–	1,564	–	1,564
Derivative liabilities	–	(1,161)	–	(1,161)
2021				
Derivative assets	–	843	–	843
Derivative liabilities	–	(385)	–	(385)

B. Financial management risk

The Group's primary risks are those of liquidity and funding, credit and market (foreign currency, price and interest rate) risks.

The Group is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore, takes on controlled amounts of risk when considered appropriate. The Board of Directors is responsible for the review and ratification of the Group's systems of risk management, internal compliance and control, code of conduct and legal compliance. The Board maintains a formal set of delegated authorities (including policies for credit and treasury) that clearly define the responsibilities delegated to Management and those retained by the Board. The Board approves these delegated authorities and reviews them annually.

The following management committees review and manage key risks:

- The Senior Management Team meets regularly to consider new and emerging risks, review actions required to manage and mitigate key risks, and to monitor progress.
- The Credit Committee, comprising of management appointees, meets regularly to review credit risk, account limits and provisioning.

Management formally reports on all aspects of key risks to the Audit Committee at least two times each year.

(i) Liquidity and funding risks

Liquidity risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds.

The Group manages liquidity risk by forecasting daily cash requirements and future funding requirements, and maintaining an adequate liquidity headroom. The Group monitors its liquidity daily, weekly and monthly and maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost efficient manner. The Group has a policy of funding diversification and utilises a banking syndicate to limit concentration risk in relation to liquidity and funding. The funding policy augments the Group's liquidity policy with its aim to ensure the Group has a stable diversified funding base without over-reliance on any one market sector.

The objectives of the Group's funding and liquidity policy is to:

- Ensure all financial obligations are met when due;
- Provide adequate protection, even under crisis scenarios; and
- Achieve competitive funding within the limitations of liquidity requirements.

Refer to Accounting Policies – page 77.

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19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial management risk (continued)

(i) Liquidity and funding risks (continued)

Contractual maturity analysis

The following schedule analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date (reported on an undiscounted basis). History demonstrates that such accounts provide a stable source of long term funding for the Group.

	CONTRACTUAL CASH FLOW				
	WITHIN 12 MONTHS $000	1 TO 5 YEARS $000	BEYOND 5 YEARS $000	TOTAL $000	AMOUNT IN BALANCE SHEET $000
2022					
Debt	7,942	30,037	–	37,979	37,500
Derivative liabilities	1,009	152	–	1,161	1,161
Trade creditors	123,444	–	–	123,444	123,444
Lease liabilities	21,655	58,210	32,396	112,261	96,519
	154,050	**88,399**	**32,396**	**274,845**	**258,624**
2021					
Debt	11,068	–	–	11,068	9,900
Derivative liabilities	242	143	–	385	385
Trade creditors	109,162	–	–	109,162	109,162
Lease liabilities	21,164	57,399	41,094	119,657	104,018
	141,636	**57,542**	**41,094**	**240,272**	**223,465**

Changes in liabilities arising from financing activities

	1 JUL 2021 $000	CASHFLOW $000	CHANGES IN FAIR VALUE $000	LEASE MODIFICATIONS $000	30 JUN 2022 $000
Debt	9,900	27,600	–	–	37,500
Lease liabilities	104,018	(18,873)	–	11,374	96,519
Total liabilities from financing activities	**113,918**	**8,727**	**–**	**11,374**	**134,019**

	1 JUL 2020 $000	CASHFLOW $000	CHANGES IN FAIR VALUE $000	LEASE MODIFICATIONS $000	30 JUN 2021 $000
Debt	50,000	(40,100)	–	–	9,900
Lease liabilities	106,904	(18,299)	–	15,413	104,018
Total liabilities from financing activities	**156,904**	**(58,399)**	**–**	**15,413**	**113,918**

(ii) Credit risk

Credit risk is the potential for loss that could occur as a result of a counterparty failing to discharge its obligations. This may be due to drought, bio-security issues or volatility in commodity prices.

Concentrations of credit risk

Financial instruments which potentially subject the Group to concentrations of credit risk principally consist of bank balances, trade receivables, Go livestock receivables and forward foreign exchange contracts. The Group places its cash and short term investments with three major trading banks. Concentrations of credit risk with respect to trade and Go livestock receivables are limited due to the large number of customers included in the Group's farming customer base in New Zealand.

Refer to Accounting Policies – page 77.

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial management risk (continued)

(iii) Market risk

Market risk is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off balance sheet. Market risk includes price, foreign currency and interest rate risk which are explained as follows.

Concentrations of market risk

The Group has exposure to commodity pricing risk on Wool/Velvet inventories and forward Wool/Velvet sales and purchase contracts. This is mitigated by the Group having policies around unmatched positions. Other inventory is of merchandise nature and the Group has a range of suppliers or has entered into long-term supply agreements.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. The Group manages this risk by using forward foreign exchange contracts to hedge foreign currency risks as they arise

Foreign currency exposure risk

The Group's exposure to foreign currency risk is summarised below. The notional forward exchange cover includes forward foreign exchange contracts entered into to economically hedge forward sale and purchase commitments.

	GBP NZ$000	USD NZ$000	AUD NZ$000	EURO NZ$000
2022				
Cash and cash equivalents	–	2	–	–
Trade receivables	938	2,008	899	4,175
Trade creditors	(1,198)	(17,018)	(1,561)	(2,091)
Net balance sheet position	**(259)**	**(15,008)**	**(662)**	**2,084**
Forward exchange contracts on balance sheet items and forward sale and purchase commitments				
Notional forward exchange cover	(5,239)	8,591	(547)	(14,006)
Net unhedged position	**4,980**	**(23,599)**	**(115)**	**16,090**
2021				
Cash and cash equivalents	–	61	–	127
Trade receivables	12	1,104	155	3,842
Trade creditors	(1,141)	(14,780)	(1,664)	(3,855)
Net balance sheet position	**(1,129)**	**(13,614)**	**(1,509)**	**113**
Forward exchange contracts on balance sheet items and forward sale and purchase commitments				
Notional forward exchange cover	(5,708)	7,783	1,491	(14,655)
Net unhedged position	**4,579**	**(21,398)**	**(3,001)**	**14,768**

Refer to Accounting Policies – page 77.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial management risk (continued)

(iii) Market risk (continued)

Interest rate risk

Floating rate borrowings are used for general funding activities. Interest rate risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and/or by a different amount than financial liabilities.

This risk is managed by operating within approved policy limits using an interest rate duration approach. Interest rate swaps, interest rate options and forward rate agreements may be used to hedge the floating rate exposure as deemed appropriate. The Group had no interest rate derivatives at balance date (2021: Nil)

Interest rate repricing schedule

The following tables include the Group's liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
2022					
Debt	7,500	30,000	–	–	37,500
Derivative liabilities	–	–	–	1,161	1,161
Trade creditors	–	–	–	123,444	123,444
	7,500	**30,000**	**–**	**124,605**	**162,105**
2021					
Debt	9,900	–	–	–	9,900
Derivative liabilities	–	–	–	385	385
Trade creditors	–	–	–	109,162	109,162
	9,900	**–**	**–**	**109,547**	**119,447**

Sensitivity analysis

The Group's treasury policy effectively insulates earnings from the effect of short-term fluctuations in either foreign exchange or interest rates. Over the longer term however, permanent changes in foreign exchange rates and interest rates will have an impact on profit. A 2% change in interest rate has been applied as it is considered a reasonably possible change (2021: 1%). The sensitivity of net profit after tax for the period to 30 June 2022 and 30 June 2021, and shareholders equity at that date, to reasonably possible changes in conditions is shown below.

	INTEREST RATES INCREASE BY 2% 2022 $000	INTEREST RATES INCREASE BY 1% 2021 $000	INTEREST RATES DECREASE BY 2% 2022 $000	INTEREST RATES DECREASE BY 1% 2021 $000
Increase/(decrease) in net profit after tax and shareholders' equity	(608)	(235)	494	321

Other market risks such as pricing and foreign exchange are not considered likely to lead to material change over the next reporting period. The Group's financial assets and liabilities are predominantly held in NZD. For this reason, a sensitivity analysis of these market risks is not included.

C. Capital management

The capital of the Group consists of share capital, reserves, and retained earnings. The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence while providing the ability to develop future business initiatives. This policy has not been changed during the period.

Refer to Accounting Policies – page 77.

19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Non-Derivative Financial Instruments Accounting Policies

(i) Non-derivative financial assets

Non-derivative financial assets comprise cash and cash equivalents, trade and other receivables, Go livestock receivables and investments in equity and debt securities.

The Group initially recognises financial assets on the date at which the Group becomes a party to the contractual provisions of the instrument, although trade receivables are initially recognised when they are originated.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial investment includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either fair value or amortised cost.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses through other comprehensive income. For instruments measured at fair value through other comprehensive income gains and losses are never reclassified to profit and loss and no impairments are recognised in profit and loss. Dividends earned from such investments are recognised in profit and loss unless the dividends clearly represent a repayment of part of the cost of investment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Trade and other receivables and Go livestock receivables

Trade and other receivables and Go livestock receivables are stated at their amortised cost less impairment losses.

(ii) Non-derivative financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are classified as other financial liabilities and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are stated at cost.

(iii) Determination of fair values for non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

PGG WRIGHTSON LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20 COMMITMENTS

A. Capital expenditure not provided for

The Group does not have any capital commitments as at 30 June 2022 (2021: $Nil).

B. Forward purchase commitments

The Group as part of its ordinary course of business enters into forward purchase agreements with wool and velvet growers. These commitments extend for periods of up to three years and are at varying stages of execution. There remains uncertainty associated with yield, quality and market price. Therefore, the Group is unable to sufficiently quantify the value of these commitments.

C. Forward sales commitments

The Group as part of its ordinary course of business enters into forward sales agreements with wool and velvet customers. These commitments extend for periods of up to three years and are at varying stages of execution. There remains uncertainty associated with yield, quality and market price. Therefore, the Group is unable to sufficiently quantify the value of these commitments.

21 CONTINGENT LIABILITIES

A. PGG Wrightson Loyalty Reward Programme

The Group recognises a provision for the expected level of points redemption from the PGG Wrightson Loyalty Reward Programme. As at balance date, the balance of live points which does not form part of the recognised provision total $0.10 million (2021: $0.09 million). Losses are not expected to arise from this contingent liability. Revenue is deferred until such time as the reward is claimed by the customer.

B. Contingent liabilities

The Group receives client claims as part of the ordinary course of business in the supply of goods and services. The Group will pursue recovery of claims with suppliers where appropriate under terms of trade. Accordingly, the amount of any potential obligation in respect of these claims cannot be estimated with sufficient reliability.

22 SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal fluctuations. The Group's earnings are weighted towards the first half of the financial year and are primarily related to the Retail business, as demand for New Zealand farming inputs are generally weighted towards the spring season. The second half earnings predominantly relate to Livestock trading as farmers seek to maximise their income following New Zealand's spring calving and lambing season. Other business units have similar but less material seasonal fluctuations. The Group recognises that this seasonality is the nature of the industry and plans and manages its business accordingly.

23 SUBSEQUENT EVENTS

Dividend

On 15 August 2022, the Directors of PGG Wrightson Limited resolved to pay a final dividend of 16 cents per share on 3 October 2022 to shareholders on the Company's share register as at 5.00pm on 9 September 2022. This dividend will be fully imputed.

24 RELATED PARTIES

A. Key management personnel compensation

	2022 $000	2021 $000
Key management personnel compensation comprised:		
Short-term employee benefits	4,647	4,234
Post-employment benefits	126	87
	4,773	**4,321**

Directors fees incurred during the year are disclosed in Note 3 *Other Operating Expenses*.

B. Other transactions with key management personnel

Senior Executives or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these Senior Executives and their related parties transacted with the Group during the reporting period.

The aggregate value of transactions and outstanding balances (on a GST inclusive basis) relating to the Senior Executives and entities over which they have control or significant influence were as follows:

Key management personnel / Director	Transaction	TRANSACTION VALUE 2022 $000	BALANCE OUTSTANDING 2022 $000	TRANSACTION VALUE 2021 $000	BALANCE OUTSTANDING 2021 $000
Nick Berry	Purchase of retail goods and fuel on-charge transactions	2	–	1	–
David Cushing (retired 30 April 2021)	Purchase of retail goods, livestock and wool transactions. Includes real estate commission on a property sale	–	–	1,640	–
Julian Daly	Purchase of retail goods	1	–	–	–
Stephen Guerin	Purchase of retail goods and livestock transactions	21	–	26	–
Peter Moore	Purchase of retail goods and fuel on-charge transactions	3	–	5	–
Peter Newbold	Purchase of retail goods and fuel on-charge transactions	22	–	22	2
Peter Scott	Purchase of retail goods and fuel on-charge transactions	5	–	5	1

PGG WRIGHTSON LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

25 REPORTING ENTITY

PGG Wrightson Limited (the "Company") is a company domiciled in New Zealand and registered under the Companies Act 1993 in New Zealand. The Company's registered office is at 1 Robin Mann Place, Christchurch. The Company is listed on the New Zealand Stock Exchange and is an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated financial statements of PGG Wrightson for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the provision of goods and services within the agricultural and horticultural sectors.

SIGNIFICANT SUBSIDIARIES	COUNTRY OF INCORPORATION	DIRECT PARENT	OWNERSHIP INTEREST 2022 %	OWNERSHIP INTEREST 2021 %
Bidr Limited	New Zealand	PGG Wrightson Limited	100%	100%
Bloch & Behrens Wool (NZ) Limited	New Zealand	PGG Wrightson Limited	100%	100%
NZ Agritrade Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%

26 BASIS OF PREPARATION

A. Statement of compliance

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for a Tier 1 for-profit entity. These consolidated financial statements have also been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

B. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- Assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

C. Functional and presentation currency

These consolidated financial statements are presented in New Zealand dollars ($), which is the functional currency of each of the group entities. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

D. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements made in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note

5 Impairment and Impairment reversals
11 Carrying value of trade and other receivables
12 Carrying value of Go livestock receivables
13 Carrying value of inventories
18 Measurement of defined benefit asset/liability – Key actuarial assumptions

Management has determined that the COVID-19 pandemic has not significantly impacted the estimates and judgements used on the consolidated statement of financial position as at 30 June 2022. Management will continue to monitor and assess the impacts of future developments of COVID-19, which are highly uncertain and cannot be predicted, on its judgements and estimates.

E. Comparative information:

Certain comparative amounts have been reclassified to conform with the current period's presentation.

PGG WRIGHTSON LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

27 OTHER SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

A. Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising are recognised in profit or loss.

C. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

D. Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, plant and equipment are no longer amortised or depreciated.

27 OTHER SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Disclosure of non-GAAP financial information

Non-GAAP reporting measures have been presented in the consolidated statement of profit or loss or referenced to in the notes to the consolidated financial statements. The following non-GAAP measures are relevant to the understanding of the Group's financial performance:

- Operating EBITDA represents earnings before net interest and finance costs, income tax, depreciation, amortisation, the results from discontinued operations, impairment and fair value adjustments and non-operating items.
- EBIT represents earnings before net interest and finance costs, income tax expense and the results from discontinued operations.

The Directors and management believe the Operating EBITDA and EBIT measures provide useful information as they provide valuable insight on the underlying performance of the business. They are used internally to evaluate the underlying performance of the business and to analyse trends.

These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

F. Standards issued but not yet effective

There are a number of new standards and interpretations that are issued, but not yet effective, for the year ended 30 June 2022 and have not been applied in preparing these consolidated financial statements. The Group expects to adopt these when they become mandatory. While the impact of these new standards and interpretations have not yet been fully quantified, none are expected to materially impact the Group's consolidated financial statements.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

28 CAPITAL AND RESERVES

Share capital

All shares are ordinary fully paid shares with no par value, carry equal voting rights and share equally in any profit on the winding up of the Group.

Realised capital and revaluation reserve

The realised capital reserve comprises the cumulative net capital gains that have been realised. The revaluation reserve relates to historic revaluations of property, plant and equipment.

Defined benefit plan reserve

The defined benefit plan reserve contains actuarial gains and losses on plan assets and defined benefit obligations.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments elected at fair value through other comprehensive income until the investments are derecognised or impaired.

Retained earnings/deficit

The retained earnings deficit equals accumulated undistributed profits/losses.

Dividends

The following dividends were declared and paid by the Company.

	PAYMENT DATE	$ PER SHARE
2022 interim dividend – fully imputed	1 April 2022	0.140
2021 final dividend – fully imputed	4 October 2021	0.160
2021 interim dividend – fully imputed	24 March 2021	0.120

Share Capital Accounting Policies

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Repurchase of ordinary shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are cancelled. However, treasury stock for which unrestricted ownership has not yet been transferred are not cancelled.

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	SHARE CAPITAL $000	REALISED CAPITAL AND REVALUATION RESERVES $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS/ (DEFICIT) $000	TOTAL EQUITY $000
Balance at 1 July 2020	372,318	24,662	(14,510)	(2,566)	(226,798)	153,106
Total comprehensive income for the period						
Profit or loss	–	–	–	–	22,713	22,713
Other comprehensive income						
Changes in fair value of equity instruments, net of tax	–	–	–	136	–	136
Defined benefit plan actuarial gain/(loss), net of tax	–	–	6,926	–	–	6,926
Total other comprehensive income	–	–	6,926	136	–	7,062
Total comprehensive income for the period	–	–	6,926	136	22,713	29,775
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(9,343)	(9,343)
Total contributions by and distributions to shareholders	–	–	–	–	(9,343)	(9,343)
Transfer to retained earnings	–	–	134	–	(134)	–
Balance at 30 June 2021	**372,318**	**24,662**	**(7,450)**	**(2,430)**	**(213,562)**	**173,538**
Balance at 1 July 2021	372,318	24,662	(7,450)	(2,430)	(213,562)	173,538
Total comprehensive income for the period						
Profit or loss	–	–	–	–	24,286	24,286
Other comprehensive income						
Changes in fair value of equity instruments, net of tax	–	–	–	7	–	7
Defined benefit plan actuarial gain/(loss), net of tax	–	–	(1,816)	–	–	(1,816)
Total other comprehensive income	–	–	(1,816)	7	–	(1,809)
Total comprehensive income for the period	–	–	(1,816)	7	24,286	22,477
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(23,331)	(23,331)
Total contributions by and distributions to shareholders	–	–	–	–	(23,331)	(23,331)
Balance at 30 June 2022	**372,318**	**24,662**	**(9,266)**	**(2,423)**	**(212,607)**	**172,684**

The accompanying notes form an integral part of these consolidated financial statements.

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Independent auditor's report to the Shareholders of PGG Wrightson Limited

Opinion

We have audited the financial statements of PGG Wrightson Limited ("the Company") and its subsidiaries (together "the Group") on pages 43 to 85 which comprise the consolidated statement of financial position of the Group as at 30 June 2022, and the consolidated statement of profit or loss, consolidated statement of other 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 43 to 85 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 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 provides environmental, social, and governance reporting services and accounting advisory services to 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.

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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.

Collectability of trade and *Go* receivables

Why significant	How our audit addressed the key audit matter
At 30 June 2022 trade and *Go* receivables totalled $205.8m, representing 40% of Group total assets. This amount is net of the provision for impaired trade and *Go* receivables of $2.54m. We consider this to be a key audit matter because trade and *Go* receivables are a significant component of Group assets and the provision for impaired receivables involves significant judgement. Disclosures in relation to trade and *Go* receivables and their provisions for impairment are included in notes 11 and 12 to the Group financial statements.	Our audit procedures included the following: • obtained an understanding of management's receivables provisioning process; • assessed management's provisioning methods and whether they comply with NZ IFRS 9; • considered the inputs, assumptions and estimates used or made by management; • tested the ageing of receivables by agreeing the recorded ageing of a sample of trade receivables to sales documentation; • considered beef and sheep meat commodity price movements up to and after balance date to assess whether these changes, which are indicative of changes in the value of livestock security held for *Go* receivables, indicated any material increase in the credit risk of *Go* receivables; • considered the appropriateness and sufficiency of the disclosures related to trade and *Go* receivables and the related provisioning.

Inventory valuation

Why significant	How our audit addressed the key audit matter
Inventory is carried at the lower of cost and net realisable value. At 30 June 2022 inventory totalled $102m, representing 20% of the Group's total assets. This amount is net of a provision for inventory write down of $1.56m. We consider this to be a key audit matter because inventory is a significant component of Group total assets and the assessment of the net realisable value of slow moving, excess	Our audit procedures included the following: • compared a sample of recorded inventory cost to supplier invoices; • assessed the inputs into, and calculation of, adjustments to inventory value to take account of variable pricing arrangements with suppliers; • considered the methods, models, and assumptions used by management in estimating the net realisable value of slow moving, excess, and obsolete inventory;

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Why significant	How our audit addressed the key audit matter

and obsolete inventory involves significant judgement.
Disclosures in relation to inventory and inventory provisions are included in note 13 to the Group financial statements.
	• considered the key inputs into the provision calculation including last purchase date, last sale date and volume of sales in the year for selected product lines. We tested these inputs into the provision calculation, including for a sample of inventory items:
	  • agreeing the last purchase date and last sale date to supporting invoices;
	  • recalculating the annual sales volumes recorded in the inventory system;
	• compared the cost of a sample of inventory items to their most recent selling price;
	• considered the extent of inventory items sold at negative margins in the year;
	• considered the appropriateness and sufficiency of disclosures related to the valuation of inventory.

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

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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.

Ernst + Young

Chartered Accountants
Christchurch
15 August 2022

Corporate Governance and Board Charter

Mana Whakahaere Rangatōpū me te Tūtohi a te Poari

Incorporating Disclosure of Compliance with the NZX Corporate Governance Code

Te Whakauru Mai i Ngā Whakapuakanga Tautuku me Ngā Tikanga Mana Whakahaere Rangatōpū a NZX

A weaner hind at the annual on-farm High Peak Deer Sale.

Introduction

The Board of PGG Wrightson Limited is committed to acting with integrity and expects high standards of behaviour and accountability from all of PGG Wrightson's officers and staff. As part of this commitment, the Board has adopted this Corporate Governance Code which incorporates the Board Charter in section 2 below.

PGG Wrightson complies with the Recommendations in the NZX 2020 Corporate Governance Code (NZX Code) except where specifically disclosed in this annual report. This Corporate Governance section is current as at 30 June 2022 and has been approved by PGG Wrightson's Board of Directors.

The Board's primary objective is the creation of shareholder value through following appropriate strategies and ensuring effective and innovative use of PGG Wrightson's resources in providing customer satisfaction. PGG Wrightson will be a good employer and a responsible corporate citizen.

PRINCIPLE 1 – Code of Ethical Behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

1.1 **PGG Wrightson Code of Conduct**

Directors recognise that it is their role to set high standards of ethical behaviour, model this behaviour and hold management accountable for observing, fostering and delivering high ethical standards throughout the PGG Wrightson Group. Directors and employees are expected to act honestly and in the best interests of PGG Wrightson, as required by law, and taking account of interests of shareholders and other stakeholders.

In compliance with NZX Code Recommendation 1.1, the Board has several documents that codify minimum standards of ethical behaviour, being the Code of Conduct, which is available at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance; and the Conflict of Interest Policy, Fraud Prevention Policy, Whistle-Blower Policy and the Board Charter outlined in section 2 below.

The Code of Conduct requires all members of the PGG Wrightson Group, including directors and employees, to observe the highest of standards of ethics and conduct, in alignment with these PGG Wrightson Group Values:

Accountability:

- Stand by our word and meet commitments.
- Be accountable to our customers and each other.

Leadership:

- Set standards and exceed expectations.
- Take action and strive to excel.
- Lead through innovation.

Integrity:

- Operate ethically and with integrity.
- Treat others with respect.
- Act professionally.

Smarter:

- Find ways to be more effective and efficient.
- Think, decide and act quickly (without compromising quality).
- Learn from mistakes and celebrate successes.

Teamwork:

- Share knowledge and information.
- Work together to create solutions.
- Think and act as 'One-PGW'.

The Code of Conduct is intended to guide directors and employees in carrying out their duties and responsibilities. It supports decision-making that is consistent with PGG Wrightson's values and obligations, rather than prescribing a complete list of acceptable and unacceptable behaviour. It reflects expectations that directors and employees of the PGG Wrightson Group will:

- Comply with standards including all applicable laws, regulations, codes, policies and procedures and lawful and reasonable directions;
- Behave in a professional manner in a way that upholds the PGG Wrightson Group Values and maintains public confidence in our professionalism, honesty and integrity;
- Use PGG Wrightson resources, assets, time, funds and information only for their authorised/intended purpose;
- Treat customers, suppliers, other PGG Wrightson personnel and third parties with respect, courtesy and dignity and taking account of interests of shareholders and other stakeholders;
- Ensure their own and others' health, safety and wellbeing in the workplace, and protect the environment;
- Avoid and/or disclose any Conflicts of Interest (real or apparent). The PGG Wrightson Group has a detailed Conflicts of Interest Policy which contains good practice guidelines surrounding the identification, disclosure and management of staff conflicts of interest;
- Follow company policy on receiving and giving gifts and gratuities;
- Protect PGG Wrightson Group Assets and comply with our Group Fraud Prevention Policy;
- Give proper attention to all matters and create an open communication environment that results in all material items being brought to the attention of directors and the appropriate management; and
- Protect the confidentiality of and intellectual property rights in all non-public information about our customers, suppliers, PGG Wrightson personnel and business.

The Code of Conduct, and where to find it, is communicated to all staff and is included in regular staff training and inductions.

The Code of Conduct provides mechanisms to report breaches of the Code including unethical behaviour and specifies the disciplinary procedures in place for any breaches. It is the responsibility of the Board to review the Code of Conduct, to implement the Code and to monitor compliance. If there has been a material breach of the Code of Conduct, the Board will be notified by the Chief Executive. No instances of material breaches have been reported.

PGG Wrightson has a Whistle-Blower policy that allows any reports of serious wrongdoing to be made on a protected disclosure basis, which contains a process for direct access to an independent director, to help encourage a culture of promoting ethical behaviour and being able to speak up.

PGG Wrightson maintains a Directors and Officers Interests Register which is regularly updated, documenting interests disclosed by all Board members and senior management. The statutory disclosures section in the 2022 Annual Report is compiled from entries in the Directors Interests Register during the reporting period. Directors may not participate in Board discussions nor vote on matters in which they have a personal interest.

1.2 **Securities Trading Policy**

In compliance with NZX Code Recommendation 1.2, the Company has a detailed financial product trading policy applying to all Directors and staff which incorporates insider trading restraints, and rules. The Securities Trading Policy, which is available at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance, specifies that no director or employee may buy or sell PGG Wrightson shares while in possession of inside information. Inside information is material information that is not generally available to the market. The policy also states that Directors and staff in possession of inside information cannot directly or indirectly advise or encourage any person to deal in PGG Wrightson shares. Compliance with the Securities Trading Policy is monitored through the consent process, by education and by notification by PGG Wrightson's share registrar Computershare when any Director or Officer engages in trading activities. Trading in PGG Wrightson shares by Directors and Officers is disclosed to the NZX.

PRINCIPLE 2 – Board Composition & Performance incorporating PGG Wrightson's Board Charter

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

2.1 This section 2 outlines the Board's Charter which is in compliance with NZX Code Recommendation 2.1. The Board is committed to the principle that there should be a balance of independence, skills, knowledge and experience among Directors so that the Board works effectively. Directors are, except where permitted by law, required to act in the best interests of PGG Wrightson and to give proper attention to the matters before them. The Board is satisfied that the Directors commit the time needed to be fully effective in the role. Directors are entitled to seek independent professional advice to assist them in meeting their responsibilities. The Board is responsible for:

- overall governance;
- employing the Chief Executive Officer;
- providing strategic leadership and overseeing the development, adoption and communication of a clear strategy for the business;
- overseeing management's implementation of PGG Wrightson's strategic objectives and performance;
- overseeing accounting and reporting systems (including the external audit) and PGG Wrightson's compliance with its continuous disclosure obligations;
- adopting and reviewing a risk management framework;
- approval of PGG Wrightson's operating budgets/major capital expenditure; and
- adoption of PGG Wrightson's remuneration policy and other corporate governance documents.

There is a clear understanding of the division of responsibilities between, and the respective roles of, the Board and management. To ensure efficiency, the Board has delegated to the Chief Executive Officer and subsidiary company boards the day to day management and leadership of the PGG Wrightson Group operations. The Company has a formal delegated authority framework and policy that sets out matters reserved for the Board and sub-delegates certain authorities to the Chief Executive Officer and Managers within defined limits.

2.2 In compliance with NZX Code Recommendation 2.2 that every issuer should have a procedure for the nomination and appointment of directors to the Board, this is done as circumstances require. PGG Wrightson has a formal and transparent method for the nomination and appointment of directors to the Board – nominations are publicly called for by notice on the NZX and considered at the Annual Meeting. Checks will be done and key information about a candidate provided to shareholders in the Notice of Annual Meeting, including any material adverse information disclosed in the checks where a candidate is standing for the first time or the term of office if seeking re-election. Directors may be appointed by the Board between Annual Meetings as permitted by the Constitution but are required to seek re-election at the next Annual Meeting. The Constitution contains no provisions for compulsory retirement or a fixed tenure for Directors, although Directors must periodically retire and seek re-election in accordance with the Constitution and NZX Listing Rules.

2.3 In compliance with NZX Code Recommendation 2.3 that an issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment, the Board has a template Director Letter of Appointment available for use which sets out the written expectations of Directors and which is used for all new Directors.

2.4 In compliance with NZX Code Recommendation 2.4, information about each Director is disclosed in this annual report, including a profile of experience, length of service, independence, ownership interests and attendance at Board meetings. As at 30 June 2022 the Board had five Directors. Their experience, qualifications, and the value that they contribute to the Board are listed in the Board of Directors biographies set out in the 2022 Annual Report. The full Board met six times during the year ended 30 June 2022, including conference calls and video-meetings. Directors also met on other occasions for strategic planning and held conference calls from time to time as required. The attendance at Board meetings of all Directors who served during the financial year to 30 June 2022 is set out below, including attendance in part:

DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED	NUMBER OF REMUNERATION COMMITTEE MEETINGS ATTENDED
Rodger Finlay	8	5	4
Sarah Brown	7	5	4
Joo Hai Lee	8	5	4
U Kean Seng	8	0	4
Dr Charlotte Severne	7	0	4

Corporate Governance and Board Charter continued

Mana Whakahaere Rangatōpū me te Tūtohi a te Poari haere tonu

	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2022	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2021	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2022	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2021	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2022	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2021
Number of Males	3	3	7	7	861	868
Percentage of Males	60%	60%	88%	88%	56%	59%
Number of Females	2	2	1	1	680	610
Percentage of Females	40%	40%	12%	12%	44%	41%

* Calculation methodology excludes casuals, fixed term employees and independent commission agents/independent contractors.

2.5 In compliance with NZX Code Recommendation 2.5, the Board has a Diversity and Inclusion Policy which is available at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance. PGG Wrightson recognises that a diverse and inclusive workplace culture will result in enhanced relationships with all stakeholders, better customer service and improved financial performance. The Board has evaluated PGG Wrightson's performance against its Diversity and Inclusion Policy objectives which relate to the working environment, employment and selection opportunities, Board appointment recommendations, equal and fair treatment under employment policies and a culture of diversity and inclusion and considers that these objectives have been met.

The table above lists the numerical quantitative breakdown of the gender composition of PGG Wrightson's Board of Directors and its Officers as at 30 June 2022 and comparative figures for 30 June 2021. An Officer means a person, however designated, who is concerned or takes part in the management of PGG Wrightson Limited's business but excludes a person who does not report directly to the Board or who does not report directly to a person who reports to the Board.

2.6 In compliance with NZX Code Recommendation 2.6, Directors are expected to undertake appropriate training to remain current on how best to perform their duties as a Director of a listed company. Directors are regularly updated on relevant industry and company issues, undertake visits to PGG Wrightson and customer branches and operations, and receive briefings from Executive Managers from all Business Units. Directors are able to attend PGG Wrightson Business Unit conference sessions to further their training.

2.7 In compliance with NZX Code Recommendation 2.7, the Board has a process to regularly assess the performance of each Director, the Board as a whole, and Board Committees.

2.8 In compliance with NZX Code Recommendation 2.8, a majority of the Board are Independent Directors, with three out of five Directors being independent. In accordance with NZX requirements, no less than one third of the total number of Directors are required to be Independent Directors. The Board meets this requirement. The Board defines an Independent Director as one who:

- is not an executive of the Company; and
- has no disqualifying relationship within the meaning of the NZX Listing Rules.

The statutory disclosures section in the 2022 Annual Report lists the Company's Directors' independence status. The Board reviews any determination that it makes on a Director's independence on becoming aware of any information that indicates that a Director may have a relevant material relationship. Directors are required to immediately advise of any new or changed relationships so the Board can consider and determine its materiality. Directors' interests including other relevant directorships that they hold are listed on pages 99 to 100 of the 2022 Annual Report. None of the Directors sit on any PGG Wrightson Group companies apart from the parent PGG Wrightson Limited.

2.9 In compliance with NZX Code Recommendation 2.9, the Chair Rodger Finlay (for the period 1 July 2021 to 30 June 2022) was an Independent Director.

PRINCIPLE 3 – Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

The Board has delegated some of its powers to Board Committees where it will enhance its effectiveness in key areas while still retaining Board responsibility. As at 30 June 2022 the Board had two standing Committees – the Audit Committee, the Remuneration and Appointments Committee.

The Committees are made up of a minimum of three non-Executive Director members and each Committee has a written Board-approved charter which outlines that Committee's role, rights, responsibilities, membership requirements and relationship with the Board. In compliance with NZX Code Recommendation 2.7, the Board has a process to formally review the performance of each Committee from time to time in accordance with the relevant Committee's written charter. Proceedings of Committees are reported back to the full Board to allow other Directors to question Committee members.

3.1 Audit Committee

In compliance with NZX Code Recommendation 3.1, as explained below, the Audit Committee operates under a written charter, membership is majority independent and comprises solely of non-Executive Directors, and the Chair of the Audit Committee Sarah Brown is an Independent Director and is not also the Chair of the Board.

The Audit Committee Charter is available on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance.

The members of the Audit Committee during the year were Sarah Brown (Chair), Rodger Finlay and Joo Hai Lee. The majority of the members of the Audit Committee are Independent Directors. No member of the Audit Committee is an Executive Director. The Audit Committee has appropriate financial expertise, with two current members having an accounting or financial background and the other member has a good understanding of financial/accounting principles as per 3.4 of the Audit Committee Charter. The Audit Committee met five times during the financial year.

The main responsibilities of the Audit Committee are:

- Ensuring effectiveness of the accounting and internal control systems;
- Ensuring the Board is properly and regularly informed and updated on corporate financial matters;
- Monitoring and reviewing the independent and internal auditing practices;
- Recommending the appointment and removal of the external auditor and considering a change in the lead audit partner where the auditors continue in office for a period exceeding five years;
- Ensuring the ability and independence of the auditors to carry out their statutory audit role is not impaired or could reasonably be perceived to be impaired;
- To interface with management, internal auditors and external auditors and review the financial reports, as well as advising all Directors whether they comply with appropriate laws and regulations;
- Overseeing matters relating to the values, ethics and financial integrity of the Group; and
- To report Audit Committee proceedings back to the Board.

The Audit Committee has the authority to appoint outside legal or other professional advisors if it considers necessary. The Audit Committee on occasions meets with the internal auditors and external auditors without the management present.

3.2 In compliance with NZX Code Recommendation 3.2, employees only attend Committee meetings at the invitation of the Committee as is considered appropriate.

3.3 Remuneration and Appointments Committee

In compliance with NZX Code Recommendation 3.3, the Remuneration and Appointments Committee operates under a written Charter, and the majority of members are independent directors as the Committee is comprised of the full Board. In compliance with NZX Code Recommendation 4.2 the Charter is available on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance. The Remuneration and Appointments Committee during the financial year was chaired by Rodger Finlay. The Remuneration and Appointments Committee met four times during the financial year as part of a full Board meeting. Employees only attend Committee meetings at the invitation of the Committee as is considered appropriate.

The main responsibilities of the Remuneration and Appointments Committee are:

- To undertake an annual performance appraisal of the Chief Executive Officer and review the appraisal of direct reports to the Chief Executive Officer;
- To review compensation policy and procedures, including employee benefits and superannuation, and recommend to the Board remuneration changes for the Chief Executive Officer and direct reports to the Chief Executive Officer;
- To review succession planning and senior management development plans; and
- To report Committee proceedings back to the Board.

The role of the Remuneration and Appointments Committee as set out in its Charter will be expanded to include the function of recommending remuneration packages for Directors to shareholders in future when such a recommendation to shareholders is put forward.

3.4 In relation to NZX Code Recommendation 3.4, the Board does not have a nomination Committee to recommend director appointments to the Board as that is carried out by the whole Board.

3.5 In compliance with NZX Code Recommendation 3.5, the Board has considered but does not think it is currently necessary to have any other Board committees as standing Board committees. Other committees are formed as and when required.

3.6 In relation to NZX Code Recommendation 3.6, if and when necessary, the Board will establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The protocols will disclose the scope of independent advisory reports to shareholders, the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee. The Board does not consider it necessary to establish such protocols in advance as standing protocols but will do so if the need arises.

PRINCIPLE 4 – Reporting and Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

4.1 The Board endorses the principle that it should demand integrity both in financial and non-financial reporting and in the provision by management of information of sufficient content, balance, quality and timeliness to enable the Board to effectively discharge its disclosure duties.

In compliance with NZX Code Recommendation 4.1, the Board has adopted a Continuous Disclosure Policy which is available on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance. The Company will provide timely and adequate disclosure of information on matters of material impact to shareholders and comply with the continuous disclosure and other listing requirements of the NZX relating to shareholder reporting. PGG Wrightson has established and will maintain processes for the provision of information to the Board by management of sufficient content, quality and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties.

4.2 In compliance with NZX Code Recommendation 4.2, PGG Wrightson's Code of Conduct, Board and Committee Charters, Diversity and Inclusion Policy and other key governance policies are available to view on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Environment, Social and Governance.

4.3 In compliance with NZX Code Recommendation 4.3, PGG Wrightson considers that its financial reporting is balanced, clear and objective. The Board receives assurances from the Chief Executive Officer and Chief Financial Officer that the Directors' declaration provided in accordance with International Financial Reporting Standards (IFRS) and NZ IFRS is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

4.4 PGG Wrightson considers that its non-financial reporting is informative, contains forward-looking assessment, and aligns with key strategies and metrics monitored by the Board. Non-financial disclosure, including material environmental, economic and social sustainability factors and practices, risks and other key risks, risk management and relevant internal controls, is outlined in various sections of this annual report. The Company also communicates through the Interim and Annual Reports, releases to the NZX and media, and on its website at www.pggwrightson.co.nz.

PRINCIPLE 5 – Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

5.1 The Board is committed to the policy that remuneration of Directors and Officers/Executives should be transparent, fair and reasonable. The Board's Remuneration Policy for Directors is that Directors' fees in aggregate must be formally approved by shareholders. In compliance with NZX Code Recommendation 5.1, the statutory disclosures section in the 2022 Annual Report lists the Company's Directors' actual remuneration including any Board Committee fees paid. There are no performance incentives for any Directors. The Board has not elected to create a performance-based Equity Security Compensation Plan. Further the Board supports Directors investing a portion of their Directors' remuneration in purchasing shares in the Company but it does not consider this should be mandatory.

5.2 The Board considers that it partially complies with NZX Code Recommendation 5.2, being that PGG Wrightson's policy for remuneration of Officers outlines the relative weightings of remuneration components and relevant performance criteria. Directors' remuneration does not have performance criteria attached to it. All executive officer remuneration incentives align with financial and non-financial performance measures relating to PGG Wrightson's objectives and are compatible with PGG Wrightson's risk management policies and systems.

5.3 In compliance with NZX Code Recommendation 5.3, the remuneration arrangements in place for the Chief Executive Officer during the year ended 30 June 2022 including disclosure of the base salary, short-term incentive and the performance criteria used to determine performance-based payments, are outlined on page 103 of this annual report.

PRINCIPLE 6 – Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

6.1 In compliance with NZX Code Recommendation 6.1, PGG Wrightson has in place a risk management policy and framework for its business to manage existing risks and to report the material risks facing the business and how these are being managed. The Board receives and reviews regular reports.

It is the responsibility of the Board to monitor the broader risk management processes in place to identify and manage potential and relevant risks. Directors have a sound understanding of the key risks faced by the business.

In discharging this obligation, the Board has:

- In conjunction with the Chief Executive Officer, Audit Committee, internal and external audit, set up and monitored rigorous processes for risk management and internal controls to ensure that management prudently and efficiently manage resources, and the identification of the nature and magnitude of the Company's material risks. PGG Wrightson has a comprehensive Group Risk Policy (including Principles, Risk Management Framework, and processes) that aligns with ISO Risk Management Guidelines;
- Considered the nature and extent of risks the Board is willing to take to achieve its strategic objectives. The Company is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore takes on controlled amounts of risk when considered appropriate;
- In conjunction with the Chief Executive Officer and Audit Committee, reviewed the effectiveness and integrity of compliance and risk management systems within the business. The Board receives and reviews regular reports that includes policies and internal control processes, as well as any developments in relation to key risks. Reports include oversight of the Company's Group risk register and highlight the main risks to the Company's performance and the steps being taken to manage these; and
- Established a separate management Risk and Compliance Committee that is responsible for the oversight of business risks, compliance and business continuity.

The Board maintains insurance coverage with reputable insurers for relevant insurable risks and recently renewed its insurance policies in accordance with the policy approach determined by the Board.

6.2 In compliance with NZX Code Recommendation 6.2, PGG Wrightson has on page 10 of this 2022 Annual Report disclosed how it manages its health and safety risks and has reported on our health and safety risks, performance and management.

PRINCIPLE 7 – Auditors

"The board should ensure the quality and independence of the external audit process."

7.1 In compliance with NZX Code Recommendation 7.1, the Board has established a framework as set out below for the Company's relationship with its external auditors. This includes procedures:

(a) for sustaining communication with the external auditors;

(b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;

(c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors; and

(d) to provide for the monitoring and approval by the Audit Committee of any service provided by the external auditors other than in their statutory audit role.

The Board subscribes to the principle that it has a key function to ensure the quality and independence of the external audit process. The Board operates formal and transparent procedures for sustaining communication with PGG Wrightson's independent and internal auditors. The Board seeks to ensure that the ability, objectivity and independence of the auditors to carry out their statutory audit role is not compromised or impaired or could reasonably be perceived to be compromised or impaired. The auditors generally are invited to attend all Audit Committee meetings (except where auditor remuneration or performance is discussed). This attendance can include invitations for private sessions between the Audit Committee and the external auditor without management present. In addition, the lead audit partner of the external auditor is rotated at least every five years.

To ensure there is no conflict with other services that may be provided by the external auditors, the Company has adopted a policy whereby the external auditors will not provide any other services unless specifically approved by the Audit Committee.

Corporate Governance and Board Charter continued

Mana Whakahaere Rangatōpū me te Tūtohi a te Poari haere tonu

The external auditors Ernst & Young were appointed on 13 April 2021 and did provide some non-audit work to the Group in the year ended 30 June 2022. The remuneration paid by the Group for audit work is disclosed on page 53 of the annual report. The remuneration paid by the Group for non-audit work was $38,600. The nature of the type of non-audit work is disclosed in the audit report. The external auditors confirmed in their audit report on pages 86 to 89 of this annual report that those matters did not impair their independence as auditor of the Group.

7.2 In compliance with NZX Code Recommendation 7.2, the external auditor attends the Annual Meeting to answer questions from shareholders in relation to the audit.

7.3 In compliance with NZX Code Recommendation 7.3, PGG Wrightson's internal audit functions are disclosed here. The internal audit function sits within the Risk and Assurance team, which is comprised of a functional leader and supported by a panel of co-source partners. The internal audit function is responsible for carrying out internal audits in accordance with the internal audit plan approved annually by the Audit Committee. The function reviews and reports on the effectiveness of internal control systems and processes for the Company.

PRINCIPLE 8 – Shareholder Rights & Relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

8.1 While the Company does not have a formal shareholder or stakeholder relations policy, the Board actively fosters constructive relationships with its shareholders, as appropriate. The Board is at all times cognisant of the need to protect and act in the best interests of the Company's shareholders.

In compliance with NZX Code Recommendation 8.1, PGG Wrightson's website www.pggwrightson.co.nz has an Investors Centre where investors and interested stakeholders can access financial and operational information and key corporate governance information. This contains key governance documents and policies, contact details for investor matters, current and past Annual Reports, notices of meetings and other key dates in the investor schedule, the constitution, media releases and NZX announcements, periodic financial information, dividend histories and other information. PGG Wrightson lists its Business Unit descriptions and key activities on its website, and its releases contain information on business goals and performance. The Company encourages shareholder participation at the Annual Meeting, by providing as an item of General Business, the conducting of a shareholder discussion, where a reasonable opportunity is given for shareholders to question, discuss or comment on the management of the Company.

8.2 In compliance with NZX Code Recommendation 8.2, PGG Wrightson allows investors the ability to easily communicate with it, including providing the option to receive communications electronically. The Company has continued to seek to improve shareholder participation, efficiency and cost effectiveness of communication with shareholders by offering them its e-comms programme, where shareholders can elect to receive their security holder communication by full electronic communications.

8.3 In compliance with NZX Code Recommendation 8.3, shareholders have the right to vote on major decisions which may change the nature of the Company.

8.4 If PGG Wrightson was seeking additional equity capital in the future, it would consider the recommendation in NZX Code Recommendation 8.4 to offer further equity securities to existing equity security holders of the same class on a pro rata basis and no less favourable terms before further equity securities are offered to other investors.

8.5 In compliance with NZX Code Recommendation 8.5, the shareholders' Notice of Annual Meeting is posted on the website as soon as possible and at least 20 working days prior to the meeting.

9 Annual Review

9.1 A review of this Corporate Governance Code and associated processes and procedures is completed on an annual basis to ensure the Company adheres to best practice governance principles (as promulgated by the relevant authoritative bodies) and maintains high ethical standards.

Statutory Disclosures | Ngā Whakapuakanga ā-Ture

The following particulars of notices were given by Directors of the Company pursuant to section 140(2) of the Companies Act 1993 for the year 1 July 2021 to 30 June 2022

DIRECTOR	INTEREST	ORGANISATION
R J Finlay		
Chair	Chair	Mundane Asset Management Limited (UK)
		Crown Regional Holdings Limited
		St Andrews College Foundation (Chair & Trustee) (resigned February 2022)
		NZ Post Limited (resigned 30 June 2022)
	Deputy Chair	Rural Equities Limited
	Director	Moeraki Limited (resigned 31 March 2022)
		Ngāi Tahu Holdings Corporation Limited
		Ngāi Tahu Farming Limited (resigned 31 August 2021)
		Kiwi Group Holdings Limited (resigned 16 July 2021)
		Mundane World Leaders Fund Limited (Cayman)
	Trustee	Burnett Valley Trust
J H Lee		
Deputy Chair	Director	Hyflux Limited
		Agria Corporation
		Agria (Singapore) Pte Limited
		Lung Kee (Bermuda) Holdings Limited
		IPC Corporation Limited
		Agria Asia Investments Limited
S Brown		
	Director	Horizon Meats NZ Limited
		Blue Sky Meats (Number 1 Limited)
		Blue Sky Meats (NZ) Limited
		Southland Building Society (SBS Bank)
	Trustee	Southland Boys High School Board of Trustees
		Turnbull Trust

DIRECTOR	INTEREST	ORGANISATION
U Kean Seng		
	Head of Corporate and Legal Affairs	Agria Corporation
Dr Charlotte Severne		
	Director	Tuaropaki Power Company
		Huakiwi Limited
	Trustee	The Māori Trustee
		Severne Whanau Trust
		Pott Severne Family Trust
	Crown Representative	Ropu Wakahaere Steering Group

In addition, R J Finlay advised that he holds interests in farming operations that transact business with PGG Wrightson companies on normal terms of trade.

Directors' Remuneration

The following persons held office, or ceased to hold office, as a Director during the year to 30 June 2022 and received the following remuneration (including the value of any benefits). Fees are not paid for membership of the Remuneration & Appointments Committee. Figures are gross, rounded and exclude GST (if any):

DIRECTOR	PGG WRIGHTSON LIMITED	DIRECTORS' FEES	AUDIT COMMITTEE FEES	TOTAL REMUNERATION
R J Finlay	Chair	$180,000	$10,000	$190,000
J H Lee	Deputy Chair	$110,000	$10,000	$120,000
S Brown		$80,833	$12,500	$93,333
U Kean Seng		$80,833	–	$80,833
Dr C Severne*		$81,546	–	$81,546

* *Includes pro rata fees for 18 to 30 June 2021 of $712.27 paid in the 2021/2022 financial year.*

Directors' Shareholdings

As at 30 June 2022 the following Directors of PGG Wrightson Limited held a beneficial interest in shares in PGG Wrightson Limited:

DIRECTOR	REGISTERED HOLDER	NUMBER OF SHARES
R J Finlay	RGH Holdings Limited	89,568
S Brown	Sarah Jane Brown & Keith William Brown	11,400
Dr C Severne	Charlotte Marewa Severne, Joachim Helmut Pott and Richard William Lucy as Trustees of the Pott Severne Family Trust	7,500

J H Lee and U Kean Seng are associated persons of substantial product holder Agria (Singapore) Pte Limited holding 33,463,399 shares.

Directors' Share Transactions

The following Directors of PGG Wrightson notified the Company of the following on-market share transactions between 1 July 2021 and 30 June 2022.

DIRECTOR	REGISTERED HOLDER	NATURE AND DATE OF TRANSACTION	NUMBER OF SHARES BOUGHT /(SOLD)	CONSIDERATION PER SHARE
B D Cushing*	H&G Limited	10 September 2021	(290,546)	$3.79
Dr C Severne	Charlotte Marewa Severne, Joachim Helmut Pott and Richard William Lucy as Trustees of the Pott Severne Family Trust	11 May 2022	7,500	$4.26

* *B D Cushing resigned as a Director 30 April 2021*

Directors' Independence

The Board has determined that as at 30 June 2022:

- The following Directors are Independent Directors: R J Finlay, S Brown and Dr C Severne
- The following Directors are not Independent Directors by virtue of their association with a substantial product holder: J H Lee and U Kean Seng

NZX Waivers

There were no NZX Waivers applying to PGG Wrightson Limited during the financial year.

Directors' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, the Company has insured Directors and Officers against liabilities to other parties that may arise from their positions as Directors and Officers of the Company, Subsidiaries and Associates. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions.

Use of Company Information by Directors

The Board has implemented a protocol governing the disclosure of Company information to its substantial product holders. In accordance with this protocol and section 145 of the Companies Act 1993, J H Lee and U Kean Seng have given notice that while directors they may disclose certain information to Agria Corporation in order to seek, and inform the Board of, its view as to the governance and operation of the Company and in order to enable Agria Corporation to comply with certain statutory obligations.

Employee Remuneration

Set out below are the numbers of employees of the Company and its subsidiaries who received remuneration and other benefits of $100,000 or more during the year, in their capacity as employees.
The schedule includes:

- all monetary payments actually made during the year, including termination payments and any incentives paid in the current year ended 30 June 2022 that were earned in respect of performance in the prior year ended 30 June 2021, where applicable;
- the employer's contributions to superannuation funds, retiring entitlements, health insurance schemes and other payments to terminating employees (e.g. long service leave); and
- livestock employees who are remunerated on a commission basis and whose remuneration fluctuates materially from year to year.

The schedule excludes:

- amounts paid post 30 June 2022 that related to services provided in the 2021/2022 financial year;
- telephone concessions to some employees that can include free telephone line rental, national and international phone calls and online services;
- independent real estate/livestock commission agents; and
- any benefits received by employees that do not have an attributable value.

No employees appointed as a director of a subsidiary company of PGG Wrightson receives or retains any remuneration or other benefits from PGG Wrightson for acting as such.

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$100,000 – $110,000	46
$110,001 – $120,000	51
$120,001 – $130,000	51
$130,001 – $140,000	38
$140,001 – $150,000	38
$150,001 – $160,000	24
$160,001 – $170,000	20
$170,001 – $180,000	8
$180,001 – $190,000	7
$190,001 – $200,000	4
$200,001 – $210,000	7
$210,001 – $220,000	3
$220,001 – $230,000	12
$230,001 – $240,000	6
$240,001 – $250,000	2
$250,001 – $260,000	3
$260,001 – $270,000	1
$270,001 - $280,000	4
$280,001 – $290,000	5

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$290,001 – $300,000	1
$300,001 – $310,000	4
$310,001 – $320,000	2
$320,001 – $330,000	2
$340,001 – $350,000	1
$350,001 – $360,000	1
$370,001 – $380,000	1
$380,001 – $390,000	2
$390,001 – $400,000	2
$400,001 – $410,000	2
$440,001 – $450,000	1
$470,001 - $480,000	1
$490,001 - $500,000	1
$560,001 - $570,000	1
$570,001 - $580,000	1
$640,001 - $650,000	1
$810,001 - $820,000	2
$1,200,001 - $1,210,000	1
Total	357

The Board's Remuneration and Appointments Committee approves the Group's remuneration policy. The Committee also reviews and recommends to the Board for approval the remuneration of the Chief Executive Officer and the remuneration of the executives who report directly to the Chief Executive Officer.

Chief Executive Officer Remuneration

In compliance with the NZX Code Recommendation 5.3, this section lists disclosure of the remuneration arrangements in place for PGG Wrightson's Chief Executive Officer Stephen Guerin. The Board of Directors' general policy for Chief Executive remuneration is payment of a base salary and an annual at-risk short-term incentive. The target amount of the short-term incentive payment is a percentage of base salary, being 20% for the financial year, with the maximum payable being 150% of the target amount. The short-term incentive is payable on the achievement of certain key performance criteria focused on PGG Wrightson's financial performance, strategic objectives and Safety and Wellbeing performance for the respective financial year.

The Chief Executive Officer had a company vehicle with full private use to 10 January 2022. From this date the Chief Executive remuneration package was adjusted by $17,999 reflecting not being provided a company vehicle with full private use. As at 30 June 2022 the total number of shares owned by the Chief Executive Officer was 3,842.

The Chief Executive Officer's remuneration relating to the year ended 30 June 2022 is as follows:

	YEAR ENDED 30 JUNE 2022	YEAR ENDED 30 JUNE 2021
Salary payments paid during the year*	$945,128	$812,927
KiwiSaver employer contribution paid during the year*	$35,218	$24,390
Short-term incentive relating to the year ended 30 June 2022, to be paid post 30 June 2022	$279,201	$228,660
Total remuneration	**$1,259,546**	**$1,065,977**

* *Excludes short-term incentive of $228,660 relating to the year ended 30 June 2021 and paid post 30 June 2021.*

General Disclosures | Ngā Whakapuakanga Arowhānui

Subsidiary Company Directors

The following persons held the office of Director of the respective subsidiaries (as defined in the Companies Act 1993) during the year or part year as indicated on behalf of the Group. Directors appointed (A) during the year or part year are indicated. Staff appointments do not receive Director fees or other benefits as a Director. Unless otherwise indicated, Group ownership is 100%.

LEGAL COMPANY NAME	PGG WRIGHTSON APPOINTED DIRECTORS
Agriculture New Zealand Limited	JS Daly, SJ Guerin
Ag Property Holdings Limited	JS Daly, SJ Guerin
AgriServices South America Limited	JS Daly, SJ Guerin
Bidr Limited	SJ Guerin, PJ Moore, PC Scott
Bloch & Behrens Wool (NZ) Limited	JS Daly, SJ Guerin, GW Edwards
National Saleyards Limited (66.67%)	PJ Newbold (A), PJ Moore (A)
NZ Agritrade Limited	JS Daly, SJ Guerin
PGW Rural Capital Limited	JS Daly, SJ Guerin
PGG Wrightson Employee Benefits Plan Limited	CD Adam, JS Daly, SJ Guerin
PGG Wrightson Employee Benefits Plan Trustee Limited	CD Adam, JS Daly, S Guerin, JA O'Neill, PR Drury (licensed Independent Trustee)
PGG Wrightson Investments Limited	JS Daly, SJ Guerin
PGG Wrightson Real Estate Limited	JS Daly, SJ Guerin
PGG Wrightson Trustee Limited	JS Daly, S Guerin
Sheffield Saleyards Co Limited (53.5%)	RG Nordstrom

Shareholder Information | Ngā Mōhiohio Kaipupurihea

PGG PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW).
As at 30 June 2022, PGG Wrightson Limited had 75,484,083 ordinary shares on issue.

Substantial Product Holders

At 30 June 2022, the following security holders had given notices in accordance with the Financial Markets Conduct Act 2013 that they were a substantial product holder in the Company. The number of shares shown below are as recorded in the Company's share register

SHAREHOLDER	NUMBER OF SHARES AT 30 JUNE 2020	DATE OF NOTICE
BCA New Continent Agri Hldg. Limited (BCA)	9,758,714	21 October 2020
Agria (Singapore) Pte Limited	33,463,399	10 April 2019
Agria Group*	33,463,399	17 December 2018

* *Agria Group being Agria Group Limited, Agria Corporation, Agria Asia Investments Limited, Agria (Singapore) Pte Ltd, New Hope International and New Hope Group Co., Ltd as listed in the substantial security product notice.*

Twenty Largest Registered Shareholders

The 20 largest shareholders in PGG Wrightson as at 1 August 2022 were:

SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
1. Agria (Singapore) Pte Limited	33,463,399	44.33
2. BCA New Continent Agri Hldg. Limited (BCA)	8,993,305	11.91
3. HSBC Nominees (New Zealand) Limited	1,489,589	1.97
4. FNZ Custodians Limited	973,536	1.29
5. New Zealand Depository Nominee Limited	936,608	1.24
6. Forsyth Barr Custodians Limited	689,547	0.91
7. Accident Compensation Corporation	579,446	0.77
8. Custodial Services Limited	508,379	0.67
9. Nicolaas Johannes Kaptein	500,962	0.66
10. Citibank Nominees (New Zealand) Limited	493,956	0.65
11. JBWERE (NZ) Nominees Limited	470,443	0.62
12. Elizabeth Beatty Benjamin & Michael Murray Benjamin (Michael Benjamin Family a/c)	300,000	0.40
13. H&G Limited	295,000	0.39
14. Totara Grove Investments Limited	280,000	0.37
15. Ian David McIlraith	230,000	0.30
16. David Mitchell Odlin	214,400	0.28
17. Leveraged Equities Finance Limited	204,217	0.27
18. Robert Vincent Cottrell & Lesley Maureen Cottrell	202,898	0.27
19. GMH 38 Investments Limited	200,000	0.26
20. Colin Hugh Notley & Jan Marie Notley	175,000	0.23

Analysis of Shareholdings

Distribution of ordinary shares and shareholdings at 31 July 2022 was:

RANGE	TOTAL HOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	5,414	902,128	1.20
500 – 999	1,225	823,439	1.09
1,000 – 1,999	1,181	1,553,345	2.06
2,000 – 4,999	1,197	3,583,632	4.75
5,000 – 9,999	540	3,566,299	4.72
10,000 – 49,999	510	9,102,477	12.06
50,000 – 99,999	38	2,445,888	3.24
100,000 – 499,999	34	5,643,299	7.48
500,000 – 999,999	6	3,917,353	5.19
1,000,000 Over	4	43,946,293	58.22
Total	**10, 149**	**75,484,083**	**100.00**

Registered addresses of shareholders as at 31 July 2022 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
Singapore	9	0.09	33,631,873	44.5
New Zealand	9,881	97.36	40,900,098	54.2
Australia	147	1.45	802,960	1.1
Other	112	1.10	149,152	0.2
Total	**10,149**	**100.00%**	**75,484,083**	**100.00%**

GRI Content Index

Kaupapa Pūrongo Aowhānui

PGG Wrightson Crop Monitoring Coordinator for Fruitfed Supplies, Lea Sorensen, inspects avocado for greenhouse thrip, leafroller, scale, and six spotted mite at an avocado orchard in Maungatapere, near Whangarei, Northland.

GRI Content Index | Kaupapa Pūrongo Aowhānui

GRI STANDARD	DISCLOSURE		REFERENCE	PAGE	URL
General Disclosures					
Organisational Profile	**102-1**	Name of the organisation	PGG Wrightson Limited		PGW Company Profile
	102-2	Activities, brands, products, and services	Company Profile: Our Diversity	13-14	PGW Company Profile
	102-3	Location of headquarters	Christchurch, New Zealand		
	102-4	Location of operations	Company Profile: Our Footprint	15	PGW Company Profile
	102-5	Ownership and legal form	Limited Liability Company		
	102-6	Markets served	New Zealand		
	102-7	Scale of the organisation	Company Profile: Who we are, Our Diversity	5, 13-14	PGW Company Profile
			Annual Report: Performance Highlights, Chair and CEO's Report	1, 6-11	
	102-8	Information on employees and other workers			

Total number of employees by employment contract (permanent and temporary), by gender

Gender	Permanent	Temporary	Total
Female	649	31	680
Male	835	26	861
Total	**1,484**	**57**	**1,541**

Total number of employees by employment contract (permanent and temporary), by region

Area	Permanent	Temporary	Total
New Zealand	1,484	57	1,541
Total	**1,484**	**57**	**1,541**

Total number of employees by employment type (full-time and part-time), by gender

Gender	Full-time	Part-time	Total
Female	499	181	680
Male	774	87	861
Total	**1,273**	**268**	**1,541**

Total number of employees by contract (permanent and temporary)

Contract Type	Number
Permanent	1,484
Temporary	57
Total	**1,541**

Full-time is classified as 40 hours or above, Part-time is classified as less than 40 hours.
Numbers do not include casual or commission staff.

GRI STANDARD	DISCLOSURE		REFERENCE	PAGE	URL
	102-9	Supply chain	**PGW's Supply Chain** PGW is a full-service agricultural supplies and services business operating across the rural supply chain throughout New Zealand. **Retail & Water** The Retail & Water Business Supply Chain has two main channels: 1. Agritrade is PGW's wholesale distributor business division, which includes the Aquaspec brand. It is also the exclusive distributor of Valagro products. Agritrade represents Rural, Horticulture, and Water ranges and brands sourced from around the world with Europe, America, Australia, China, and India being the main source countries. 2. Outside of sourcing via the Agritrade channel, the PGW brands of Rural Supplies, Fruitfed Supplies and PGW Water also source directly from other New Zealand based suppliers. Agritrade sells its products through PGW's retail stores (Rural Supplies, Fruitfed Supplies, and PGW Water), other retailers and distributors who onsell these products to farmer and grower clients, who produce products for the end consumer.		

GRI STANDARD	DISCLOSURE		REFERENCE	PAGE	URL
General Disclosures continued					
Organisational Profile continued	102-9	Supply chain (continued)	**PGW Wool (incorporating Bloch & Behrens Wool (NZ) Limited (B&B))** PGW Wool sources wool directly from their network of grower clients. B&B procures this wool and arranges for it to be scoured and exported primarily through logistic service providers to worldwide processors, predominantly based in Europe. In turn these manufacturers make products which are sold either directly, or through retail outlets, to end consumers. B&B provides a transparent supply chain with the vast majority of products being able to be traced back to the farm. The wool is produced to strict standards and B&B is a member of the Global Organic Textile Standard (GOTS), Ecolabel, Responsible Wool Standard (RWS), NZ Farm Assurance Programme (NZFAP) and PGW's own Wool Integrity™ brand.		
	102-13	Membership of associations	PGW and its people recognise that it is important to be active members in, and to give back to, the industries in which we participate in order to grow talent, collaborate, and introduce new technical innovations. PGW or its people are a member of: • Animal & Plant Health New Zealand • Agrecovery • Business Leaders' Health & Safety Forum • Campaign for Wool • Global Organic Textile Standard (GOTS) – Quality Assurance • International Wool Textile Organisation (IWTO) • Mid Northern Beef & Lamb Farmer Council • National Council of New Zealand Wool Interests Incorporated • New Zealand Association of Accredited Employers (NZAAE) • New Zealand Council of Wool Exporters • New Zealand Deer Farmers Association • New Zealand Elk and Wapiti Society • New Zealand Farm Assurance Programme • New Zealand Stock & Station Association • New Zealand Wool Brokers Association • Real Estate Institute of New Zealand • Responsible Wool Standard (RWS) – Quality Assurance • Safer Farms • Wool Research Organisation of New Zealand		
Strategy	**102-14**	Statement from senior decision-maker	Annual Report: Environment, Social, and Governance Reporting	38	
Ethics and Integrity	**102-16**	Values, principals, standards, and norms of behaviour	Company Profile: Our Purpose, Our Vision, Our Strategy, Our Values	3-4	PGW Company Profile
			Annual Report: PGW Group Strategy	8	
	102-17	Mechanisms for advice and concerns about ethics	Annual Report: Corporate Governance and Board Charter: Principle 1 - Code of Ethical Behaviour Internally PGG Wrightson has the following policies regarding ethics: Code of Conduct, Fraud Prevention and Response Policy, Whistle Blower Policy and Conflict of Interest	91-92	
Governance	**102-18**	Governance structure	Annual Report: Corporate Governance and Board Charter: Principle 2 - Board Composition & Performance incorporating PGG Wrightson's Board Charter	93-94	
			Annual Report: Corporate Governance and Board Charter: Principle 3 - Board Committees	94-95	
			PGG Wrightson has Board committees responsible for governance, these include and are not limited to: Audit Committee and Remunerations & Appointments Committee		

GRI Content Index continued

Kaupapa Pūrongo Aowhānui haere tonu

GRI STANDARD	DISCLOSURE	REFERENCE	PAGE	URL
General Disclosures continued				
Governance continued	**102-19** Delegating authority	Annual Report: Corporate Governance and Board Charter: Principle 3 - Board Committee	94-95	
		PGG Wrightson website: Corporate Governance and Board Charter	7	Corporate Governance Code
		PGG Wrightson website: Environment, Social and Governance - Remuneration and Appointments Charter	3	Remuneration and Appointments Charter
		Internally PGG Wrightson has a Delegation of Authority Policy (DLA)		
	102-21 Consulting stakeholders on economic, environmental, and social topics	Annual Report: Corporate Governance and Board Charter: Principle 4 - Reporting & Disclosure	96	
		Annual Report: Corporate Governance and Board Charter: Principle 8 - Shareholder Rights & Relations	98	
	102-22 Composition of the highest governance body and its committees	Annual Report: Corporate Governance and Board Charter: Principle 2 - Board Composition & Performance incorporating PGG Wrightsons Board Charter	93-94	
		Annual Report: Statutory Disclosures	99-103	
	102-24 Nominating and selecting the highest governance body	PGW Company Constitution		PGW Company Constitution
		Annual Report: Corporate Governance and Board Charter: Principle 2 - Board Composition & Performance incorporating PGG Wrightsons Board Charter	93-94	
	102-25 Conflicts of interest	PGG Wrightson website: Environment, Social and Governance - Code of Conduct Internally PGG Wrightson has a Conflict of Interest Policy		Code of Conduct
	102-35 Remuneration policies	Annual Report: Corporate Governance and Board Charter: Principle 5 - Remuneration PGG Wrightson Website: Environment, Social and Governance - Remuneration & Appointments Committee Charter Internally PGG Wrightson has a Remuneration Policy	96	REM Charter June 2019
	102-36 Process for determining remuneration	PGG Wrightson Website: Environment, Social and Governance - Remuneration & Appointments Committee Charter Internally PGG Wrightson has a Remuneration Policy		REM Charter June 2019
Reporting Practices	**102-45** Entities included in the consolidated financial statements	Annual Report: Notes to the Consolidated Financial Statements - 25 Reporting Entity	80	
	102-50 Report period	1st July 2021 - 30 June 2022		
	102-51 Date of most recent report	Annual Report: 30 June 2022		
	102-52 Reporting cycle	Annual		
	102-53 Contact point for questions regarding the report	enquiries@pggwrightson.co.nz		
	102-54 Claims of reporting in accordance with the GRI Standards	Annual Report: Environment, Social and Governance	37	
	102-55 GRI content index	GRI Content Index	107-112	
	102-56 External assurance	This report has not been externally assured, however we are committed to continually improving our sustainability reporting		

<table>
<tr><th>GRI STANDARD</th><th>DISCLOSURE</th><th>REFERENCE</th><th>PAGE</th><th>URL</th></tr>
<tr><td colspan="5">Economic</td></tr>
<tr><td>Economic</td><td>201-1 Direct economic value generated and distributed</td><td>Annual Report: Consolidated Financial Statements</td><td>41-50</td><td></td></tr>
<tr><td colspan="5">Environmental</td></tr>
<tr><td>Energy</td><td>302-1 Energy consumption within the organisation</td><td>We have established a process for capturing information required to calculate energy consumption and our initial calculations have undergone a peer review and GAP analysis.</td><td></td><td></td></tr>
<tr><td>Emissions</td><td>305-1 Direct (Scope 1) GHG emissions</td><td>We have established a process for capturing information required to calculate emissions and our initial calculations have undergone a peer review and GAP analysis.</td><td></td><td></td></tr>
<tr><td></td><td>305-2 Energy indirect (Scope 2) GHG emissions</td><td>We have established a process for capturing information required to calculate emissions and our initial calculations have undergone a peer review and GAP analysis.</td><td></td><td></td></tr>
<tr><td></td><td>305-3 Other indirect (Scope 3) GHG emissions</td><td>We have established a process for capturing information required to calculate emissions and our initial calculations have undergone a peer review and GAP analysis.</td><td></td><td></td></tr>
<tr><td colspan="5">Social</td></tr>
<tr><td>Employment</td><td>401-1 New employee hires and employee turnover</td><td>
New employee hires by age group
<table>
<tr><td>Age Group</td><td>Number</td><td>As a percentage of total employee numbers</td></tr>
<tr><td>Under 30 years</td><td>179</td><td>12%</td></tr>
<tr><td>30-50 years old</td><td>176</td><td>11%</td></tr>
<tr><td>Over 50 years old</td><td>129</td><td>8%</td></tr>
<tr><td>Total</td><td>484</td><td>31%</td></tr>
</table>
New employee hires by gender
<table>
<tr><td>Gender</td><td>Number</td><td>As a percentage of total employee numbers</td></tr>
<tr><td>Female</td><td>276</td><td>18%</td></tr>
<tr><td>Male</td><td>208</td><td>13%</td></tr>
<tr><td>Total</td><td>484</td><td>31%</td></tr>
</table>
Employee turnover by age group
<table>
<tr><td>Age group</td><td>Number</td><td>As a percentage of total employee numbers</td></tr>
<tr><td>Under 30</td><td>114</td><td>7%</td></tr>
<tr><td>30-50 years old</td><td>122</td><td>8%</td></tr>
<tr><td>Over 50 years old</td><td>166</td><td>11%</td></tr>
<tr><td>Total</td><td>402</td><td>26%</td></tr>
</table>
Employee turnover by gender
<table>
<tr><td>Gender</td><td>Number</td><td>As a percentage of total employee numbers</td></tr>
<tr><td>Female</td><td>197</td><td>13%</td></tr>
<tr><td>Male</td><td>205</td><td>13%</td></tr>
<tr><td>Total</td><td>402</td><td>26%</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td></td><td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td><td>All part-time employees are provided the same benefits as our full time employees. We do not provide life insurance to temporary (fixed term employees) who are engaged for less than 1 year.</td><td></td><td></td></tr>
</table>

<table>
<tr><th>GRI STANDARD</th><th>DISCLOSURE</th><th></th><th>REFERENCE</th><th>PAGE</th><th>URL</th></tr>
<tr><td colspan="6">Social continued</td></tr>
<tr><td>Employment continued</td><td>401-3</td><td>Parental leave</td><td>
Total number of employees that were entitled to parental leave, by gender
<table>
<tr><td>Gender</td><td>Total</td></tr>
<tr><td>Female</td><td>544</td></tr>
<tr><td>Male</td><td>753</td></tr>
<tr><td>Total</td><td>1297</td></tr>
</table>
Total number of employees that took parental leave, by gender
<table>
<tr><td colspan="2">Includes those who started their parental leave from 1 July 2021 – 30 June 2022</td></tr>
<tr><td>Gender</td><td>Total</td></tr>
<tr><td>Female</td><td>20</td></tr>
<tr><td>Male</td><td>0</td></tr>
<tr><td>Total</td><td>20</td></tr>
</table>
Total number of employees that returned to work in the reporting period after parental leave ended, by gender
<table>
<tr><td>Gender</td><td>Total</td></tr>
<tr><td>Female</td><td>12</td></tr>
<tr><td>Male</td><td>0</td></tr>
<tr><td>Total</td><td>12</td></tr>
</table>
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender
<table>
<tr><td colspan="2">Includes those employees in the past 7 years</td></tr>
<tr><td>Gender</td><td>Total</td></tr>
<tr><td>Female</td><td>24</td></tr>
<tr><td>Male</td><td>1</td></tr>
<tr><td>Total</td><td>25</td></tr>
</table>
Return to work and retention rates of employees that took parental leave, by gender
<table>
<tr><td colspan="3">Includes those employees in the past 7 years</td></tr>
<tr><td>Gender</td><td>Return to work rate</td><td>Retention rate</td></tr>
<tr><td>Female</td><td>52%</td><td>42%</td></tr>
<tr><td>Male</td><td>75%</td><td>33%</td></tr>
<tr><td>Total</td><td>51%</td><td>43%</td></tr>
</table>
</td><td></td><td></td></tr>
<tr><td>Training and Education</td><td>404-3</td><td>Percentage of employees receiving regular performance and career development reviews</td><td>All PGW permanent employees (100%) receive an annual performance review (which has career development factors) as part of PGW's remuneration review process.

A performance rating must be submitted to progress the remuneration process.</td><td></td><td></td></tr>
<tr><td>Non-discrimination</td><td>406-1</td><td>Incidents of discrimination and corrective actions taken</td><td>PGW had no incidents of discrimination during the reporting period.</td><td></td><td></td></tr>
<tr><td>Local Communities</td><td>413-1</td><td>Operations with local community engagement, impact assessments and development programs</td><td>Annual Report: PGW in the Community</td><td>30-35</td><td></td></tr>
</table>

Corporate Directory | Whaiaronga Rangatōpū

Company number 142962
NZBN 9429040323497

Board of Directors
as at 30 June 2022

Joo Hai Lee
Deputy Chair

Sarah Brown

U Kean Seng

Dr Charlotte Severne

Rodger Finlay
(Resigned 30 June 2022)
Chair

Directors appointed subsequent to 30 June 2022

Garry Moore
(appointed 1 July 2022)

Meng Foon
(appointed 1 July 2022)

Executive Team

Stephen Guerin
Chief Executive Officer

Nick Berry
General Manager Retail & Water

Julian Daly
General Manager Corporate Affairs /Company Secretary

Grant Edwards
General Manager Wool

Peter Moore
General Manager - Livestock Ventures & Partnerships

Peter Newbold
General Manager Livestock & Real Estate

Peter Scott
Chief Financial Officer

Rachel Shearer
General Manager Human Resources

Registered Office

PGG Wrightson Limited
1 Robin Mann Place
Christchurch Airport
Christchurch 8053

PO Box 292
Christchurch 8140
Telephone:
0800 10 22 76 (NZ only)
+64 3 372 0800 (International)
Email: enquiries@pggwrightson.co.nz

Auditors

Ernst & Young
Level 4
93 Cambridge Terrace
PO Box 2091
Christchurch 8140
Telephone: +64 3 379 1870

Managing your shareholding online | Te whakahaere tuihono i tō pānga hea

To change your address, update your payment instructions and to view your investment portfolio, including transactions, please visit:

www.investorcentre.com/nz

General enquiries can be directed to:
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142,
New Zealand

Telephone +64 9 488 8777

Facsimile +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.

Back cover image:
Valley centre pivot equipped with Nelson Rotator sprinklers at Yarrabee Park Limited, near Charing Cross, Canterbury.