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The Directors of Allied Farmers Limited (“Allied Farmers” or “Allied Group”) (**ALF:NZX**) are pleased to report an audited net profit before tax for the year to 30 June 2023 of \$4.071 million (FY22 \$3.556 million), with an audited net profit after tax attributable to Allied Farmers’ shareholders of \$3.338 million (FY22 \$2.876 million) which was an increase of 16.06% from the previous year.

Before commenting on the result, the Allied Board wishes to acknowledge the passing in November 2022 of Mark Franklin. At that time he was Allied Farmers Chair. Mark was a highly experienced and principled businessman, whose strength of leadership and strategic insight was invaluable.

The increased FY23 profit was driven by increased returns from NZ Farmers Livestock (**NZFL**) - largely from veal processing - but offset by lower transaction and performance fees from NZ Rural Land Management (**NZRLM**). A segmental contribution comparison is provided below which reflects the contribution to Allied Farmers of our two principal investments and our holding company operating and financing costs:

Segmental Contribution attributable to Allied Farmers’ Shareholders (\$ 000’s)	FY 2023	FY 2022
NZ Rural Land Management (NZRLM)	1,138	1,624
NZ Farmers Livestock + Finance (NZFL)	2,407	1,722
Allied Farmers (Parent)	(207)	(470)
Allied Farmers NPAT	3,338	2,876

Commentary on the results for NZRLM and NZFL business units are set out in the following sections.

Allied Farmers’ earnings per share (**EPS**) increased by 16.1% to 11.59 cents per share (FY22 9.98cps), and Net Tangible Assets (**NTA**) per share, based on 67.8% direct ownership of NZFL and

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100% ownership of NZRLM, equals \$0.21 per share (FY22 \$0.48 per share).

The acquisition in March this year of the 50% balance of NZRLM led to governance changes, with NZRLM co-founder Richard Milsom appointed Managing Director, and Shelley Ruha accepting the role as Chair to replace retiring Chair, Chris Swasbrook. Allied Farmers's secured external debt funding for the first time in many years to partly fund the acquisition, improving Allied Farmers's capital funding mix.

In FY22 Allied Farmers implemented initiatives to reduce several recurring corporate costs. The full benefit of these recurring cost reductions has been realised in FY23 (noting that the FY23 Parent Company costs include one off advisory costs associated with the NZRLM acquisition and determining the tax loss position).

The Directors will update at the Annual Meeting in November as to whether a dividend will be paid.

New Zealand Rural Land Management (NZRLM) - 100% owned:

NZRLM is the external manager of NZX listed New Zealand Rural Land Company (**NZL**). NZL currently owns 14,847 hectares of rural land and forest estates, an increase of 3,137 hectares during FY23.

On 27 March 2023 Allied Farmers's acquired the 50% of NZRLM not already owned, having exercised its call option on 19 December 2022. The purchase price was \$8.3 million as determined by an independent valuation undertaken by PwC in accordance with the terms of the call option agreement. The purchase price was satisfied by the payment to the vendors of \$6.55 million of cash (funded by a loan from Heartland Bank), and the transfer to the vendors of 1,800,227 NZL shares owned by Allied at their 20-day volume weighted average price prior to completion date of \$0.9721 per share, being a total of \$1.75 million.

Allied Farmers's total acquisition cost for 100% of NZRLM is \$10.8 million (\$2.5 million for the initial 50% in December 2020, and \$8.3 million for the remaining 50%), compared to the PwC valuation of \$16.6 million. Coupled with the return on investment to date, this has been a significantly value accretive investment for Allied.

NZRLM's FY23 income is lower than FY22. During FY22 NZRLM managed the acquisition of a significant number of large-scale assets that generated significant transaction fees for NZRLM, and there was a significant increase in the value of NZL's overall portfolio of +16.7%, from which NZRLM received performance fees. NZL's only acquisition in FY23 was of a forest estate located in Manawatū-Whanganui, resulting in a lower level of income from transaction fees compared to FY22, and a lower percentage increase in the value of the NZL portfolio (also affected by a change in NZL's balance date to 31 December) resulted in a lower level of income from performance fees.

This reduced income was partially offset by an increase in the ongoing management fee income

received by NZRLM for managing the NZL properties.

The performance fees are paid to NZRLM by the issue of NZL shares to the owners of NZRLM. Allied Farmers currently owns 2,803,617 NZL shares (~2% of NZL shares on issue).

Notwithstanding the lower FY23 NZRLM income, Allied is pleased with its performance, particularly given the fee assumptions used in the PWC valuation to determine the consideration paid to acquire the 50% of NZRLM not already owned.

New Zealand Farmers Livestock Limited (NZFL) – 67.8% owned:

Each of the NZ Farmers Livestock business areas – Livestock Agency, Veal and Finance – improved on the prior year to achieve consolidated earnings 41.1% ahead of the prior year.

That said, the performance has been overshadowed by the loss of our livestock agent Mark Howells in a road accident in June. Directors and staff reiterate our deepest sympathies to his family and friends.

The livestock agency business was again challenged, with difficult weather, some reduction in meat and dairy market prospects, the impact of stock processing space constraints, and plenty of grass through the summer making for an unusual year. The business's primary exposure to Cyclone Gabrielle was via our interest in Redshaw Livestock, and it is notable that this team performed extremely well as it supported clients through the major disruptions involved. While slightly behind expectations, the agency business saw encouraging progress on yard market shares, and continued to progress the online auction and other digital developments that are increasingly important tools for our team and clients, and future-proof this core area of our activity.

The veal business, reflecting good product market returns, again returned an excellent result, appreciably ahead of both expectations and last year.

The NZ Farmers Livestock livestock financing activity combines a referral business funded by Heartland Bank and short-term bull, lamb and other livestock financing conducted with the support of our main business banker. We are pleased with progress across all aspects of this business and contemplate ongoing growth in lending, and important support of clients in the challenging farming environment.

The Board wish to thank and acknowledge the hard work and initiative of our NZFL and NZRLM teams over the last year.

Shelley Ruha - Chair