PGG Wrightson

Te Pūrongo mō te Tau Haurua

Half Year Report

For the six months ended 31 December 2023 | *Mō ngā marama e ono ki te 31 o Tīhema 2023*

Helping grow the country

Fruitfed Supplies Technical Horticultural Representative, Kath Lee-Jones and PGG Wrightson Technical Field Representative, Conor Robertson check seed placement and population in a newly planted carrot crop with Ricky Deadman, Grower, Snokist Carrots and his daughter, Willa, near Ohakune, Manawatū-Wanganui.

Performance Highlights

Ngā Whakatutukitanga Hira

Cover image: Fruitfed Supplies Technical Horticultural Representative, Tim Mounsey, discusses bud break with Mike Saunders, Viticulture Manager, Greystone Wines near Waipara, Canterbury.

Net profit after tax ("NPAT") of

$12.7m

$8.4m or 40%

Operating EBITDA of

$36.6m

$11.2m or 24%

Revenue of

$560.9m

$24.9m or 4%

Chair and Chief Executive Officer's report

Te Pūrongo a te Heamana me te Tumuaki

Stephen Guerin
Chief Executive Officer

Garry Moore
Chair

- **Updated Operating EBITDA guidance of around $50 million for financial year to 30 June 2024.**
- **The PGW Board has by a majority determined PGW will reinvest capital back into growing the business by suspending the interim dividend in order to avoid adding debt in the face of rising interest costs. The Board considers PGW has performed well against difficult market conditions and the restraints impacting the primary sector and wider economy. It recognises uncertainties remain and that it is prudent to wait until the full financial year is complete before reviewing the dividend payout ratio (if any).**
- **Recent levels of dividend have been at the upper end of the payout ratio for the sector and are not sustainable.**

PGG Wrightson Limited ("PGW", "the Group" or "the Company") has traded solidly during the first half of the financial year in materially more challenging market conditions than experienced in recent years. Factors such as elevated levels of inflation and interest rates on rising debt levels, together with subdued demand and softer returns in most of New Zealand's key primary export commodities, have all contributed to create a more demanding environment for many of PGW's farmer and grower clients and we note that there is generally a strong correlation between the fortunes of our clients and PGW.

In terms of the key metrics, PGW delivered operating earnings before interest, tax, depreciation, and amortisation ("Operating EBITDA") of $36.6 million (down $11.2 million or 24 per cent compared to the prior corresponding period). Revenue was $560.9 million (down $24.9 million or 4% per cent) and net profit after tax (NPAT) from continuing operations was $12.7 million (down $8.4 million or 40 per cent versus the prior period).

This half year result can be described as steady in the context of the headwinds the sector and the wider economy face. Our Retail & Water segment nevertheless traded well compared to the record high for the comparative period. Our Agency segment results were again impacted by the weak real estate market and softer commodity pricing particularly in sheep and lamb markets where prices were back 28 per cent year-on-year.

In response to the trading conditions PGW has been actively managing and reducing spend in a range of cost areas. At the same time, we have seen increases in costs through supplier price rises as evidenced by CPI increases.

Favourable climatic conditions in Australia in recent years have seen farmers build up their flocks, with sheep numbers estimated to be at their highest in 15 years. However, recent dry conditions in Australia have resulted in record numbers going to slaughter and were up more than 16 per cent from the previous year. This excess supply has negatively impacted farmgate sheep meat prices on both sides of the Tasman.

It is useful to look at this result in the context of PGW's performance through the economic cycles over recent years and we refer to our half-year results at an Operating EBITDA, revenue and NPAT level over the previous five years. Please refer to performance highlights on page 5.

PGW's Total Shareholder Return (gross) versus S&P/NZ50 (gross)

From 13 August 2019 (post share consolidation) to 31 December 2023, rebased to 100, includes dividends. Source: IRESS

It is also informative to highlight PGW's total shareholder return baselined against the S&P/NZ50G index over this period. PGW has seen a total shareholder return movement of +93.08 per cent since the share consolidation in August 2019 following the sale of the PGW seeds business. This compares favourably to the S&P/NZ50G index movement of +8.44 per cent over the same period.

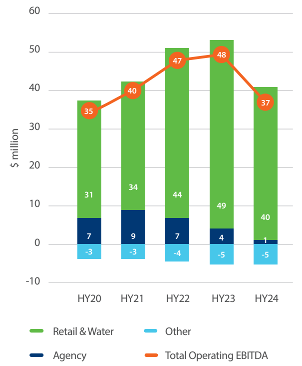
Despite the challenging environment PGW's dedicated and knowledgeable team continue to deliver first class service and products to our clients, who appreciate the tailored advice they receive from our trusted store teams and reps in their fields and orchards.

Financial Performance

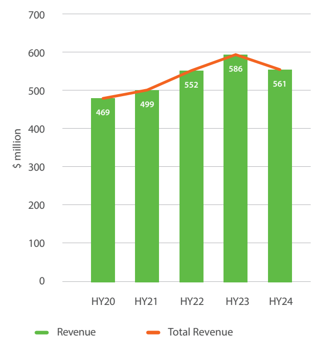
Whakaaturanga Pūtea

First Half Financial Year Five Year Summary

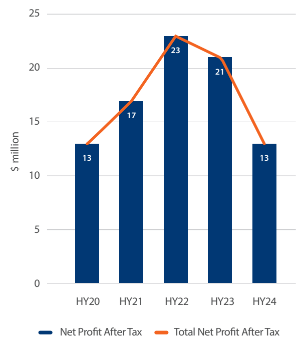
Operating EBITDA



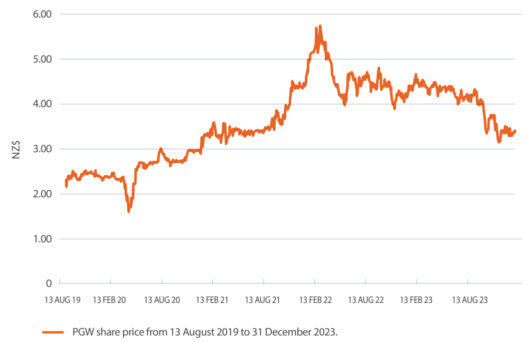
Revenue



Net Profit After Tax



Share Price Post Share Consolidation



Five-year summary post divestment of PGG Wrightson Seeds Ltd.

Total may not equal due to rounding.

Operating EBITDA: 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. PGW has used non-GAAP profit measures when discussing financial performance in this presentation. For a comprehensive discussion on the use of non-GAAP profit measures, please refer to the policy "Non-GAAP Accounting Information" available on our website www.pggwrightson.co.nz.

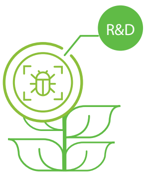
Other: Other (non-operating segment) relates to certain Group Corporate activities including Governance, Finance, Treasury, Risk and Assurance, and other support services (including corporate property services and marketing).

PGG Wrightson Technical Field Representative, Gerard McCarthy, inspects a fodder beet paddock to check how the cattle are transitioning onto the crop with Maddy Calder, Farm Manager, Tarras Farms near Tarras, Central Otago.

Retail & Water group *Rōpū Hokohoko me te Wai*

Retail Supplies | Fruitfed Supplies | Water & Irrigation

The Retail & Water business incorporates Rural Supplies, Fruitfed Supplies, Water, and Agritrade. Operating EBITDA for Retail & Water was $40.0 million (down $9.0 million), and revenue was $478.3 million (down $21.7 million) on the prior corresponding period.



During the period we introduced our

self-funded research and development (R&D) model.

Farm and orchard spending indicators across the board continue to point downward. Although farmer and grower confidence has improved over the period, investment intentions have fallen to their weakest since the 1980s (excluding the first COVID-19 lockdown). This is a result of high interest rates, inflation, and a decline in both meat and milk commodity prices due to softer demand in export markets and the ongoing impact of Cyclone Gabrielle for our North Island clients in both the rural and horticulture sectors.

The professionalism and superior advice, service, and technical ability of our people continues to reinforce client loyalty and attract new customers and underpins pleasing market share growth. We continue to build on PGW's reputation of providing the best technical advice in our market and our customer research demonstrates strongly that this focus and market differentiating factor resonates well with our clients and remains a key component of our strategy as we hold and grow our market competitiveness.

In several sales categories, we have seen growth on last year's record result. The standout range being General Merchandise which is continuing to grow year-on-year. This is a strong indicator that we are seeing an increase in foot traffic through our stores which is a testament to our team's culture and client centric focus. Our goal of having the best trained people in the industry is widely understood and well recognised by our clients.

Customer Focused Innovation is one of our strategic pillars and we continue to invest in this area. One such example is the successful trial run last year with Spark IoT, and where we have now started rolling out fridge and freezer sensors across our business. These sensors help safeguard key products in our care such as animal health vaccines, horticultural pheromones, and deer velvet that must be kept at set temperatures. By digitalising the process, we reduce the cost of wastage and provide our clients with greater quality assurance.

During the period we introduced our self-funded research and development (R&D) model. We currently have a strong footprint in horticultural R&D and will expand this to the rural sector of our business, focusing on systems, programmes, and product focused R&D. Initial R&D trials have now been selected and trial work has begun.

We commenced a refresh of the Retail and Water strategy. The focus of the strategy is to capitalise on the growth in market share, providing the best products and high levels of service and advice to clients in an ever-changing landscape, and rearticulating our goals over the next three years.

The focus of our marketing campaign this year is on the value we add to our clients' businesses, looking at the whole farm and orchard approach taken by our Technical Field and Horticultural Representatives. Client testimonials are the main component of this campaign, demonstrating the positive impact our approach has on our clients and their business operations.

We continue to invest in our store network which further demonstrates our commitment to rural New Zealand and supporting farmers and growers.

PGG Wrightson Technical Field Representative, Jaimee Elder, discusses plans for the coming season with Chris Pont, Owner, Wainuka Run near Otautau, Southland.

PGG Wrightson Technical Field Representative, Tony Sanders, checks the trough fittings in the new stock water system with Philip Smith, Farm Manager, Cairnhill Limited near Becks, Central Otago.

PGG Wrightson Technical Field Representative, Hamish McCallum, tests the soil ahead of planting a maize paddock with Brad Powell, Owner, Ridgeline Farms near Palmerston North, Manawatū-Wanganui.

PGG Wrightson Technical Field Representative, Belinda Wilson, checks for weeds in the new grass with Matthew Barclay, Lessee, Te Rata Farms near Hāwera, Taranaki.

Geraldine Rural Supplies new bulk warehouse extension.

Our Timaru Retail store and Water branch relocated to new purpose-built buildings on a single site. The Geraldine Rural Supplies store has also recently opened a new bulk warehouse extension. These modernised buildings provide better customer and working environments and improved flow of products between the retail areas and bulk warehouses, improving operational and safety outcomes. A number of other building initiatives are currently in early stages, with work about to commence on the new Ohakune Rural Supplies and Fruitfed Supplies store, as well as a major upgrade of the retail area in our Waimate store.

Rural Supplies

Ngā Whakaratonga Taiwhenua

The predicted impacts of the early onset of the El Niño dry season across the country did not materialise through the spring period, with a lot of rain for most areas during the critical spring months and with a prevalence of cooler temperatures. This led to increased grass cover and good feed reserves. The flow on effect is reduced sales of stockfood and summer brassicas.

Our goal of having the best trained people in the sector is evident in the growth of our Animal Health offering where we are taking a proactive approach relating to the onset of drench resistance. Drench resistance is accelerating and the financial impact on sheep and beef farmers will be significant. PGW has proactively moved to get ahead of this challenge and provide market leading support and advice to our clients on this topic. We have begun building the awareness of our frontline staff on the issue, increasing our knowledge of how best to manage drench resistance through farm management practices and build "toolboxes" that will allow our teams to assist clients.

Fruitfed Supplies

Ngā Whakaratonga ā-Huawhenua

The result for the first half was impacted by Cyclone Gabrielle, which occurred in February 2023. A number of our clients in Gisborne and Hastings lost large areas of crop and therefore required less product in the new season. Many clients lost their entire seasons crop last year causing cash flow impacts. Due to falling returns and the impact of the cyclone we have seen a slowing of horticultural development over the last 12 months as growers look to consolidate their existing businesses and remediate properties.

Returns in some sectors have been softer. The apple, avocado and kiwifruit industries have experienced weaker demand and declining returns, with prices for some crops at levels not seen for several years. These falling returns have seen the amount clients spend on some product lines reduce.

At the same time, we see land use change as some growers diversify their portfolios and investing in other regions, increasing opportunities across the core categories that we supply our clients.

Water & Irrigation

Te Wai me te Whakamākūkū

PGW Water has continued to invest in specific field training for our technicians. This has increased client referrals with new and returning customers across our service branches due to our team's increased field operational skillset.

Some staff vacancies were difficult to fill at the beginning of the period as we lifted our expectations of employee skillsets, but we have started to see an increase in quality applicants.

Agritrade

Tauhokohoko Ahuwhenua

Agritrade, our wholesale business division, commenced a review of its business strategy with a focus on areas that generate value growth. The primary emphasis to date has been about optimising the supply chain dynamics with a goal of reducing customer order frequency and adding minimum order volumes. This reduction enhances operational efficiency by reducing operational overheads, greenhouse gas emissions and enhances customer service. Additionally, the focus has extended to identifying and addressing non-profitable products to ensure that our inventory better aligns with market demands and continues to contribute meaningfully to our revenue. These refinements of our model aims to position our wholesale business for sustained growth in the evolving landscape.

Tensions in the key Red Sea trade route are contributing to longer shipping times and higher freight costs for some products. Shipping companies are diverting trade from the Red Sea and the Suez Canal. Supply chain pressures like those seen during COVID-19 could return if the conflict continues for product shipped via these routes.

Agency group *Rōpū umanga*

Livestock | Wool | Real Estate

Our Agency group includes Livestock, Wool, and Real Estate. Agency delivered an Operating EBITDA of $1.4 million for the first six months of the 2024 financial year, a reduction of $2.2 million compared with the same period last year. Revenue was $81.6 million, down $3.1 million compared to the prior period.

GO-STOCK returns were up significantly

compared to the prior period, reflecting the attractiveness of the product to clients.

Livestock

Ngā Kararehe

High on-farm inflation, softer commodity prices, and elevated interest rates have led to subdued purchasing from farmers which reduced volumes of livestock being traded, particularly North Island cattle and dairy. Poor lamb prices have squeezed commission revenue, with weaker Chinese demand and increased Australian supply causing prices to fall.

Our strong relationships with our clients contributed to maintaining our market share throughout these tough times. During the period we grew our supply chain partnerships and increased volumes.

GO-STOCK returns were up significantly compared to the prior period, reflecting the attractiveness of the product to clients. It remains a popular product for our clients, assisting them with their cash management and allowing capital to be used elsewhere.

bidr®'s growth in the first half of the year was assisted by the installation of weekly saleyard auctions at Stratford and Taranaki, as well as an increase in the number of on-farm hybrid auctions for commercial sheep and beef in the North Island. Many were inaugural sales and a replication of the traditional on-farm auction model in the South Island.

Despite a turbulent global situation, New Zealand's deer market is holding its own and remaining profitable reflecting the high-quality product. Our Velvet business has continued to grow, with significant new contracts agreed with both local and international buyers. China announced late in 2023 that imported velvet will need to be dried before it can be classified as a Traditional Chinese Medicine. This will require a different approach given that New Zealand exports mainly frozen velvet which can be more cost-effectively processed in China and presents some uncertainty for the 2024/25 season. Government officials are engaged in constructive discussions to have a classification and a pathway that the industry is hopeful will have potential longer-term benefits.

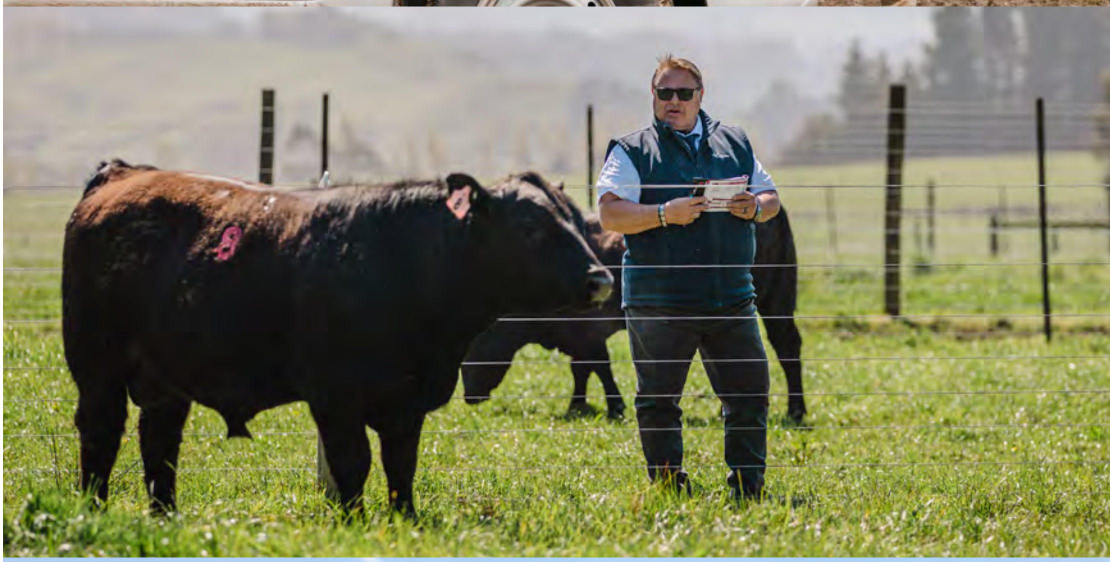
We progressed the roll-out of new technology by improving the technical information our reps can access on their tablets in the field.

Wool

Wūru

The total number of wool bales sold was ahead of the same period last year. Although prices for strong wool remain suppressed, it was encouraging to note increases in prices compared to last season. Top quality, well-prepared crossbred fleeces command premiums. Our market share especially in the fine wool market has grown on the back of profitable contracts offered to growers.

PGG Wrightson Area Livestock Manager, Brad Osborne and National bidr® Manager, Liam Beattie discuss the latest market pricing from across the country before inspecting cattle at the Mahuta Herefords Annual Bull Sale near Glen Murray, Waikato.



PGG Wrightson Livestock Representative, Simon Luoni, inspects a bull's structure and temperament ahead of the one-year bull sale at Te Mania Angus near Cheviot, North Canterbury.

PGG Wrightson Livestock Representative, Sam Wright, sells a line of 2-tooth Romdale ewes at the Stortford Lodge Ewe Fair with Livestock Representatives Brenton Giddens and Matt Lorck in Hastings, Hawke's Bay.
Photo credit: Suz Bremner, AgriHQ.

Wool Integrity™ online store sales up approximately **4,000%**

We grew our wool contract business which links wool growers with manufacturers domestically and internationally and provides growers with surety of price. We saw increased enquiries from domestic and international retail brands with a number of overseas clients visiting. Their focus is to better understand the supply chain with particular emphasis on the outlook for New Zealand wool production and farming practices.

Our wool exporting subsidiary, Bloch & Behrens Wool (NZ) Limited, increased its Wool Integrity NZ™ brand profile nationwide collaborating with Hyundai Country Calendar and giving away generous vouchers redeemable at the Wool Integrity store. These initiatives increased the online sales and total orders, and improved customer return rates.

Supporting the wool industry is important to our business. We continue our sponsorship and support of the Wool in Schools programme where two mobile interactive classrooms known as "Wool Sheds" travel around the country promoting the virtues of wool. The PGG Wrightson Vetmed National Shearing Circuit commenced in October, with five rounds of competition across the country.

Real Estate

Hokohoko Whenua

The New Zealand Real Estate market has endured a difficult time. North Island sales in particular have been low with the volume of transactions significantly back on the business transacted in FY21 and FY22. However, during the period there were four sales greater than $10 million in the South Island and residential sales in the lower South Island have exceeded expectations.

There is increased activity in dairy farms with higher levels than those seen in the past few years. Orchards have seen an upturn in interest with more properties poised to come on the market in autumn. Within the rural sector the most challenged area is sheep and beef farms where values look to be reset.

The Tauranga office relocated to new premises in Te Puna which offers the benefits of a modern building and an increased brand profile in the area.

PGG Wrightson Livestock National Genetics Manager, Callum Stewart, discusses breeding lines, productivity and temperament with Lindsay Johnstone, owner of Ranui Angus near Kai Iwi, Wanganui.

PGG Wrightson Real Estate Salesperson, Jacqui Campion, discusses the potential of the large property near Palmerston North with Jan Davis, Owner, Kyrewood, Manawatu.

PGG Wrightson Wool Operations Representative, Hine Mullany and PGG Wrightson Wool Representative, Doug McKay inspect the condition of the wool with Stew Gunn, Farm Manager, Brooksdale Station near Springfield, Canterbury.

MAX rewards

Loyalty Programme

continues to attract new members, current members retained and high engagement on redemptions

Cashflow and Debt

Te Kapewhiti me te Nama

Cashflow from operating activities saw a $6.8 million outflow; a $28.1 million improvement compared to the prior comparative period.

Although Operating EBITDA was $11.2 million lower than the comparative period the build in working capital for the Group of $36.1 million was $33.4 million lower than the prior six-month period. The Group received good collections from customers with overdue rates lower than 31 December 2022. In addition, income tax payments were also $7.7 million lower than the prior period, which included income tax payments on the record FY22 financial performance. Financing costs were $1.4 million higher as a consequence of higher interest rates.

Capital expenditure was $6.9 million, an increase of $0.7 million versus 31 December 2022 and included investment in our Business Improvement Programme.

The Group paid the FY23 final dividend of 10 cents per share, or $7.8 million in October 2023.

Net interest-bearing debt was up $1.4 million compared to 31 December 2022 at $96.9 million.

The Group renewed and extended its bank facilities in December 2023. The renewed facilities have a term ending in February 2026 and now provide total facility limits of $185.0 million, an increase of $25.0 million allowing for future growth opportunities including GO-STOCK.

Distributions

Hua pakihi ki te hunga whai pānga

Given the current challenges faced in the sector and broader economy and the impacts these have had on our business, the PGW Board has determined not to pay an interim dividend. The Board considers that this is an appropriate and prudent measure to take at the present time. At a broader level the PGW Board is also assessing its ongoing dividend payout ratio given the need to strike the right balance between sustainable distributions for shareholders whilst retaining sufficient earnings in the best interests of the company to allow it to effectively execute upon its strategy.

People and Safety

Ngā Tāngata me te Haumarutanga

As a business we are determined to improve our safety performance. In advancing our Health, Safety and Wellbeing (HSW) strategy we continue to focus on our key critical risks whilst improving our team members HSW skills, competence, and mindsets. To assist with this a new HSW Fundamentals training programme has been developed to provide all team members with the fundamentals of how we view safety at PGW alongside the key roles played as an organisation, and as team members.

We have also made progress in reducing risk across three of our highest risk areas (Working with Animals, Driving Vehicles and Mobile Plant) by ensuring those closest to these risks are intimately involved in designing relevant safety controls.

We continue to reap the benefits of investing in our people through our Academy, Technical College, and Sales Training programmes. Alongside our well-regarded leadership capability development programme, we have deployed a series of roadshows to enhance management skills across our leaders.

Our strong employment brand sees us continue to attract and retain high calibre team members.

Business Improvement Programme

Hōtaka Whakapiki Pakihi

We continue with the implementation of significant investment (both operating expenditure and capital expenditure) in our company-wide Business Improvement Programme to simplify PGW's IT systems. This programme will simplify our technical IT environment and standardise business processes, providing benefits of greater efficiency, flexibility and better utilisation of our data.

During the period Batch Tracking for some products and Retail Pricing projects were completed. A comprehensive batch tracking service provides traceability allowing us to trace the source, origin, or production conditions of raw materials and final products and differentiates us from our competitors and will be extended to our full range in the next financial year. We updated our retail pricing system to Microsoft D365, a cloud-based portfolio, which improves operational efficiency.

Max Rewards Loyalty Programme

Whiwhinga Mōrahi pono hōtaka

It has been just over one year since the Max Rewards loyalty programme was re-launched, and the team is pleased to see the positive impacts of the programme with new members joining, current members being retained, and high engagement on redemptions.

The Max Rewards stand has been a popular feature in our PGW marquees at National Fieldays held at Mystery Creek in Waikato and the New Zealand Agricultural Show in Christchurch, Canterbury.

The team will delve further into member acquisition, member retention, further opportunities with internal stakeholders, programme development, and implementing new reporting over the next 12 to 18 months.

Governance changes

Ngā Panonitanga Mana Whakahaere

The PGW Board had a recent change to its membership. U Kean Seng stepped down as Acting Chair on 16 February 2024, while remaining a Director and a member of the Audit Committee. Independent Director and a member of the Audit Committee, Garry Moore assumed the role of Chair.

Outlook and Guidance Update

Whakahoutanga Matapae me te Tohutohu

PGW's outlook remains cautious with the agricultural sector and international marketplace facing various challenges including the impact of El Niño conditions, lower meat pricing (in particular sheep and lamb), higher input costs, softer commodity pricing for primary exports, and subdued demand from our largest export market, China. The carry over impacts of Cyclone Gabrielle together with supply chain issues associated with offshore conflicts and higher interest costs are all contributing to temper the short-term outlook and prospects.

Sheep meat prices are at their lowest range in a decade with high volumes of Australian meat and weaker international demand. Whilst pressure on sheep pricing is anticipated to continue in the near term, there is an expectation we will see improved trading across the major stock types as the countryside dries and the current abundance of grass diminishes. Beef prices are expected to remain stable. Although beef farmers are more optimistic, there is concern about the year ahead which may translate into reduced investment.

Rising dairy prices have improved dairy farmer confidence in recent weeks with Global Dairy Trade auctions recording higher prices and increasing payout expectations. The removal of the remaining dairy tariffs on dairy exports to China allows New Zealand products to enter China duty free and providing an advantage over some international export competitors.

The outlook for horticulture is positive with good kiwifruit, apple and pear crops expected to be harvested. Kiwifruit is predicted to deliver improved quality fruit with higher volumes compared to last year. Wine exports are expected to reduce this season, then increase next season. Overall, horticulture is anticipated to produce stronger export volumes from this year's harvest without the impact of events such as Cyclone Gabrielle, with further growth into next year.

We see some positive signs in the real estate market as we move into 2024. Sentiment is improving, and current indications suggest that sales levels will grow in the months ahead, with more orchards poised to come on the market in autumn.

The NZ - EU Free Trade Agreement will progressively come into effect during 2024 providing improved access to the European markets.

Whilst the factors impacting market sentiment are mixed and slightly pessimistic in the near term, we are confident that PGW remains in a strong position to capitalise on opportunities as they arise and maintain the positive performance trend that PGW has demonstrated over the past five years. The longer-term prospects for the New Zealand primary sector remain strong with the Ministry for Primary Industries projecting steady growth.

While noting the green shoots of a recovery in our clients' confidence in the sector, we remain cautious as to on-farm and on-orchard spend. We see a period of debt reduction by clients given the recent commodity pricing cycle and the ongoing recovery costs related to Cyclone Gabrielle for North Island clients.

On balance, we remain cautious and expect to see subdued activity over the remainder of the financial year. Given the mixed signals in the macroeconomic environment we have revised our forecast Operating EBITDA guidance for the year to 30 June 2024 to around $50 million.

Acknowledgements

Ngā whakamihi

On behalf of the Board and Executive team, we extend our gratitude to our nationwide team of passionate people for their dedication and for delivering exceptional service every day.

We appreciate our suppliers who work with us to navigate ongoing challenging supply chains from some markets and to enable us to meet our clients' needs.

Our clients' enduring support has been pivotal in our success for over 170 years, and we thank you for trusting us. We appreciate your loyalty and fostering the enduring relationships we continue to build over time that allow us to better understand your businesses and improve on our offerings. We will continue to work hard to exceed your expectations and deliver outstanding service.

To our shareholders, we recognise your commitment to PGW. We continue to focus on executing our strategy and delivering sustained value.

Garry Moore
Chair

Stephen Guerin
Chief Executive Officer

Toitūtanga

Sustainability

The 2023 PGG Wrightson Academy cohort admiring the view after a day of on-farm activities at Wilden Station, Moa Flat, Otago.

PGW upholds its commitment to sustainability through the transparency of regular reporting. Over the past half-year, we have made considerable progress on a number of the objectives in the Sustainability Strategy. Below is a list of highlights from the period.

Climate Change

To address the current and future business impacts related to climate change, we have assessed three unique climate change scenarios. The scenario analysis exercise looked across the whole business and assessed the potential impacts at a local level. Examples of risks and opportunities noted through this exercise includes the impacts of land use change, supply chain disruption due to extreme weather events, and regulatory and customer requirements. Undertaking this process ensures that PGW continue to exceed stakeholder expectations and improve its resiliency to a changing climate.

Greenhouse Gas Emissions

To address our operational emissions footprint, the first tranche of petrol-hybrids has begun rolling out to our fleet as leases are renewed. Vehicles are an essential tool for staff to get to remote locations, to ensure we can provide timely expertise through technical staff and ensuring our representatives are familiar with the stock, wool or real estate that is brought to market. Addressing the fleet is fundamental for us to meet our 30 per cent reduction target in operational emissions by FY30.

Alongside emissions reduction activities within the fleet , PGW is ensuring all premises are supplied with 100 per cent renewable electricity across New Zealand. PGW purchases Certified Renewable Energy through our partner, Meridian Energy – issuing Renewable Energy Certificates to PGW based on the amount of electricity used on an annual basis. The renewable energy certificate process is managed through the New Zealand Energy Certificate System.

To understand the complete picture of the greenhouse gas emissions footprint within operations, we are actively working on the calculation of scope 3 emissions upstream and downstream within the business value chain. In the past six months we have been reaching out to key partners and suppliers to collect emissions information. This process has been challenging with various levels of data availability from suppliers, reflecting a space that is maturing for a lot of organisations in New Zealand.

Fruitfed Supplies National Manager, Duncan Fletcher, with Young Horticulturist of the Year 2023 award winner, Meryn Whitehead.

PGG Wrightson Store Manager, Rex Madden reviews maize sales numbers and discusses a number of new potential customer opportunities with PGG Wrightson Technical Field Representative, Scott Daubney at the Tatuanui Rural Supplies store, Tatuanui, Waikato.

Partnerships

As a signatory to the Safer Farms, Farm Without Harm strategy, we supported the "Half Arsed Stops Here" campaign which targeted the protection of people from preventable harm and making farms safer places to work and live. PGW CEO, Stephen Guerin, joined the Safer Farms board as he strongly believes that everyone should come home safely at the end of any workday. The messages and actions of Safer Farms align with the messages and actions with the internal PGW family, allowing for shared conversation with our team and clients.

The Agrecovery Product Stewardship Scheme for Woven PP bags launched during the period. PGW is one of the 21 founding brand members of Agrecovery, and we understand our responsibility to address the waste associated with products sold in store. We take a responsible position by voluntarily participating as a brand owner with Fruitfed Supplies, PGW, Valagro, and Agritrade brands being packaged in woven PP bags. Additionally, PGW provides drop-off capability at 53 sites across the country. The woven PP programme helps farmers to manage their farm waste and reduce burning or burying plastic waste on farm. We continue to work with suppliers of products to ensure as many products as possible are sold in packages and containers that can either be recycled or reused.

Within the period PGW become a signatory of the Biosecurity Pledge with Biosecurity New Zealand. This is a Ministry for Primary Industries / Manatū Ahu Matua lead framework for managing the risk of unwanted pests and disease incursions into New Zealand. This partnership aims to help all businesses take a proactive approach to their biosecurity practices. Biosecurity is a major risk to New Zealand's economy and to our business continuity. PGW has strong biosecurity practices in place to mitigate risks, signing the Biosecurity Pledge further reiterates our commitment to biosecurity governance and helps in setting expectations in the supply chain.

PGW has been a member with EcoVadis since 2019, the world's largest supplier sustainability rating tool. As part of this membership, we undertook a sustainability performance scorecard assessment in late 2023, which includes an independent, third-party review. In completing this process, we achieved a significant improvement in the overall sustainability rating, putting it above the agricultural industry benchmark globally. This result was a 40 per cent improvement over the previous score and showing considerable progress, but also providing a number of areas for improvement.

Look Ahead

Looking ahead, we will further strengthen our sustainability governance processes, completing our first Climate Statement under the climate-related disclosures legislation and produce our third GRI Standards aligned annual report.

PGG WRIGHTSON LIMITED

Ngā Whakapuakanga Pūtea Hira

Key Financial Disclosures

For the six months ended 31 December 2023 | *Mō ngā marama e ono ki te 31 o Tīhema 2023*

The Interim Consolidated Financial Statements contained on pages 17–29 have been approved by the Board of Directors on 26 February 2024.

Garry Moore
Chair

Sarah Brown
Director and Audit Committee Chair

Fruitfed Supplies Area Sales Manager, Blair Murdoch, discusses the high quality of the strawberries with Kate Hobson, Owner, Hauora Produce near West Melton, Canterbury.

PGG WRIGHTSON LIMITED

Interim Consolidated Statement of Profit or Loss

For the six months ended 31 December 2023

	NOTE	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Operating revenue		560,878	975,692	585,756
Cost of sales		(425,247)	(722,849)	(441,463)
Gross profit		135,631	252,843	144,293
Other income		124	502	39
Employee expenses		(70,634)	(137,561)	(69,677)
Other operating expenses		(28,503)	(54,590)	(26,811)
Operating EBITDA		**36,618**	**61,194**	**47,844**
Non-operating gains		151	327	333
Impairment and fair value gains		–	51	51
Depreciation and amortisation expense		(14,522)	(28,063)	(13,729)
EBIT		**22,247**	**33,509**	**34,499**
Net interest and finance costs	1	(4,720)	(9,573)	(4,957)
Profit before income tax		17,527	23,936	29,542
Income tax expense		(4,789)	(6,418)	(8,384)
Profit net of income tax		12,738	17,518	21,158
Net profit after tax attributable to Shareholders of the Company		**12,738**	**17,518**	**21,158**

Basic & diluted earnings per share (EPS)

	NOTE	UNAUDITED 6 MONTHS TO DEC 2023 $	AUDITED 12 MONTHS TO JUN 2023 $	UNAUDITED 6 MONTHS TO DEC 2022 $
Basic & diluted EPS	2	0.169	0.232	0.280

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

PGG WRIGHTSON LIMITED

Interim Consolidated Statement of Other Comprehensive Income

For the six months ended 31 December 2023

	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Net profit after tax attributable to Shareholders of the Company	12,738	17,518	21,158
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments	–	9	–
Remeasurements of defined benefit liability	(1,096)	1,059	110
Tax on remeasurements of defined benefit liability	307	(297)	(31)
Other comprehensive income/(loss)	(789)	771	79
Total comprehensive income for the period attributable to Shareholders of the Company	**11,949**	**18,289**	**21,237**

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

Interim Segment Report

For the six months ended / as at 31 December 2023

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 Chairman 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.
- **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):** 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 and income tax expense 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.

Interim Segment Report (continued)

For the six months ended / as at 31 December 2023

C. Operating segment information

	AGENCY			RETAIL & WATER			OTHER (NON OPERATING)			TOTAL		
	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Sales revenue	40,430	87,556	38,078	471,471	765,661	487,909	868	1,286	891	512,469	854,503	526,878
Commission revenue	36,583	93,692	43,360	62	92	60	50	95	46	36,695	93,879	43,466
Construction contract revenue	–	–	–	6,474	18,031	11,483	–	–	–	6,474	18,031	11,483
Interest revenue on Go livestock receivables	4,003	6,573	2,736	–	–	–	–	–	–	4,003	6,573	2,736
Interest revenue on overdue debtor accounts	333	523	279	387	1,151	378	11	20	10	731	1,694	667
Sublease income	240	459	217	207	363	178	59	190	131	506	1,012	526
Total external operating revenues	**81,589**	**188,803**	**84,670**	**478,301**	**785,298**	**500,008**	**988**	**1,591**	**1,078**	**560,878**	**975,692**	**585,756**
Operating EBITDA	**1,431**	**16,068**	**3,643**	**39,962**	**54,129**	**48,918**	**(4,775)**	**(9,003)**	**(4,717)**	**36,618**	**61,194**	**47,844**
Non–operating gains/(losses)	24	335	328	37	83	37	90	(91)	(32)	151	327	333
Impairment and fair value gains/(losses)	–	–	–	–	–	–	–	51	51	–	51	51
Depreciation and amortisation expense	(4,771)	(8,787)	(4,301)	(8,214)	(16,267)	(8,017)	(1,537)	(3,009)	(1,411)	(14,522)	(28,063)	(13,729)
EBIT	**(3,316)**	**7,616**	**(330)**	**31,785**	**37,945**	**40,938**	**(6,222)**	**(12,052)**	**(6,109)**	**22,247**	**33,509**	**34,499**
Net interest and finance costs	(1,035)	(3,857)	(904)	(2,019)	(3,779)	(2,969)	(1,666)	(1,937)	(1,084)	(4,720)	(9,573)	(4,957)
Profit/(loss) before income tax	(4,351)	3,759	(1,234)	29,766	34,166	37,969	(7,888)	(13,989)	(7,193)	17,527	23,936	29,542
Income tax benefit/(expense)	1,154	(1,170)	374	(8,412)	(9,707)	(10,781)	2,469	4,459	2,023	(4,789)	(6,418)	(8,384)
Net profit/(loss) after tax	**(3,197)**	**2,589**	**(860)**	**21,354**	**24,459**	**27,188**	**(5,419)**	**(9,530)**	**(5,170)**	**12,738**	**17,518**	**21,158**
Total segment assets	**154,251**	**202,490**	**163,080**	**449,395**	**263,221**	**470,419**	**38,701**	**30,817**	**25,360**	**642,347**	**496,528**	**658,859**
Total segment liabilities	**(54,252)**	**(82,866)**	**(58,374)**	**(286,169)**	**(159,709)**	**(295,031)**	**(128,479)**	**(84,692)**	**(123,936)**	**(468,900)**	**(327,267)**	**(477,341)**

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

PGG WRIGHTSON LIMITED

Interim Consolidated Statement of Cash Flows

For the six months ended 31 December 2023

	NOTE	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		441,633	979,878	452,487
Dividends received		1	5	2
Interest received		5,063	8,743	3,595
		446,697	988,626	456,084
Cash was applied to:				
Payments to suppliers and employees		(446,690)	(940,906)	(477,892)
Interest paid		(3,367)	(4,565)	(1,994)
Interest paid on lease liabilities		(1,920)	(3,800)	(1,908)
Income tax paid		(1,553)	(13,846)	(9,260)
		(453,530)	(963,117)	(491,054)
Net cash inflow/(outflow) from operating activities		**(6,833)**	**25,509**	**(34,970)**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment and assets held for sale		147	579	535
Proceeds from disposal of investments		–	9	–
Dividend received from jointly controlled entity		67	–	–
Repayment of loan from jointly controlled entity		–	–	32
		214	588	567
Cash was applied to:				
Purchase of property, plant and equipment		(1,561)	(6,453)	(799)
Purchase of intangibles		(5,347)	(10,723)	(5,421)
Loan provided to equity accounted investee		–	–	(100)
Advance to jointly controlled entity		(20)	(170)	–
		(6,928)	(17,346)	(6,320)
Net cash inflow/(outflow) from investing activities		**(6,714)**	**(16,758)**	**(5,753)**
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings – working capital debt		45,040	32,460	60,500
		45,040	32,460	60,500
Cash was applied to:				
Dividends paid to shareholders		(7,763)	(21,712)	(12,403)
Repayment of external borrowings – long–term debt		(4,810)	–	–
Repayment of principal portion of lease liabilities		(10,256)	(19,532)	(9,566)
		(22,829)	(41,244)	(21,969)
Net cash inflow/(outflow) from financing activities		**22,211**	**(8,784)**	**38,531**
Net increase/(decrease) in cash held		8,664	(33)	(2,192)
Opening cash		4,643	4,676	4,676
Cash and cash equivalents	3	**13,307**	**4,643**	**2,484**

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 six months ended 31 December 2023

	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Profit after taxation	12,738	17,518	21,158
Add/(deduct) non-cash/non-operating items:			
Depreciation and amortisation	14,522	28,063	13,729
Impairment and fair value gains	–	(51)	(51)
Bad debts written off (net)	145	451	178
Loss/(profit) on sale of assets/investments and lease terminations	(111)	(382)	(338)
Foreign exchange loss/(gain)	(442)	(22)	(167)
Deferred tax expense/(benefit)	2,465	1,658	(197)
Defined benefit expense/(gain)	(40)	9	(44)
Other non-cash/non-operating items	(117)	71	272
Add/(deduct) movement in working capital items:			
Change in inventories	(22,588)	(5,613)	(27,150)
Change in accounts receivable, Go livestock receivables and prepayments	(116,400)	17,314	(128,582)
Change in trade creditors, provisions and accruals	98,916	(21,533)	85,170
Change in other current assets/liabilities	3,308	(2,878)	1,740
Add/(deduct) movement in taxation items:			
Change in income tax payable/receivable	771	(9,096)	(688)
Net cash inflow/(outflow) from operating activities	**(6,833)**	**25,509**	**(34,970)**

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

PGG Wrightson

PGG WRIGHTSON LIMITED

Interim Consolidated Statement of Financial Position

As at 31 December 2023

	NOTE	UNAUDITED DEC 2023 $000	AUDITED JUN 2023 $000	UNAUDITED DEC 2022 $000
ASSETS				
Current				
Cash and cash equivalents	3	13,307	4,643	2,484
Short-term derivative assets		474	367	384
Trade and other receivables		294,198	144,656	321,851
Go livestock receivables	3	40,578	71,453	42,470
Income tax receivable		415	1,186	–
Inventories		130,769	107,533	129,717
Other current assets		1,316	3,546	1,188
Total current assets		**481,057**	**333,384**	**498,094**
Non-current				
Long-term derivative assets		331	–	85
Deferred tax asset		6,562	8,721	10,842
Investments in equity accounted investees		376	320	102
Advance to equity accounted investees		20	170	–
Go livestock receivables	3	158	2,570	531
Other investments		508	340	411
Intangible assets		24,692	20,214	16,193
Right-of-use assets	4	83,451	84,068	88,785
Property, plant and equipment	5	45,192	46,741	43,816
Total non-current assets		**161,290**	**163,144**	**160,765**
Total assets		**642,347**	**496,528**	**658,859**
LIABILITIES				
Current				
Working capital debt	3	65,000	19,960	48,000
Short-term derivative liabilities		433	888	665
Accounts payable and accruals		265,312	164,107	273,959
Income tax payable		–	–	7,222
Short-term lease liabilities		20,189	18,586	18,863
Total current liabilities		**350,934**	**203,541**	**348,709**
Non-current				
Long-term debt	3	45,190	50,000	50,000
Long-term derivative liabilities		–	112	53
Long-term lease liabilities		67,899	69,769	73,798
Other long-term liabilities		2,745	2,769	2,809
Defined benefit liability		2,132	1,076	1,972
Total non-current liabilities		**117,966**	**123,726**	**128,632**
Total liabilities		**468,900**	**327,267**	**477,341**
EQUITY				
Share capital		372,318	372,318	372,318
Reserves		15,369	16,158	13,052
Retained earnings		(214,240)	(219,215)	(203,852)
Total equity attributable to Shareholders of the Company		**173,447**	**169,261**	**181,518**
Total liabilities and equity		**642,347**	**496,528**	**658,859**

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

PGG WRIGHTSON LIMITED

Ngā Whakapuakanga Pūtea Tāpiri

Additional Financial Disclosures

Including Notes to the Consolidated Financial Statements for the six months ended 31 December 2023

Tae atu ki ngā tuhipoka ki Ngā Tōpūtanga Tauākī Ahumoni Taupua mō te ono marama ki te 31 o Tīhema 2023

PGG Wrightson Technical Field Representative, Jeff McFarlane, discusses the preventive fly treatment for the ewes and the first lamb drench with Frazer Allan, Owner, Glenure Station near Balfour, Southland.

PGG WRIGHTSON LIMITED

Notes to the Interim Consolidated Financial Statements

For the six months ended 31 December 2023

1 NET INTEREST AND FINANCE COSTS

	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Interest income	328	485	201
Interest funding expense			
Bank interest on loans and overdraft	(3,367)	(4,545)	(1,974)
Other interest expense	-	(20)	(20)
Bank facility fees	(485)	(956)	(470)
	(3,852)	(5,521)	(2,464)
Net interest income/(expense) excluding interest on lease liabilities	(3,524)	(5,036)	(2,263)
Interest on lease liabilities	(1,920)	(3,800)	(1,908)
Foreign exchange gain/(loss)			
Net gain/(loss) on foreign denominated items	(281)	300	(134)
Fair value gain/(loss) on foreign exchange derivatives	1,005	(1,037)	(652)
	724	(737)	(786)
Net interest and finance income/(expense)	**(4,720)**	**(9,573)**	**(4,957)**

2 EARNINGS PER SHARE (EPS) AND NET TANGIBLE ASSETS (NTA)

	UNAUDITED 6 MONTHS TO DEC 2023 000	AUDITED 12 MONTHS TO JUN 2023 000	UNAUDITED 6 MONTHS TO DEC 2022 000
Issued ordinary shares at the end of reporting period	**75,484**	**75,484**	**75,484**

	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Profit net of tax attributable to Shareholders of the Company	12,738	17,518	21,158
Net tangible assets			
Total assets	642,347	496,528	658,859
Total liabilities	(468,900)	(327,267)	(477,341)
less intangible assets	(24,692)	(20,214)	(16,193)
less deferred tax asset	(6,562)	(8,721)	(10,842)
Net tangible assets	**142,193**	**140,326**	**154,483**

	UNAUDITED 6 MONTHS TO DEC 2023 $	AUDITED 12 MONTHS TO JUN 2023 $	UNAUDITED 6 MONTHS TO DEC 2022 $
Basic EPS	0.169	0.232	0.280
NTA per issued ordinary shares at the end of period	1.884	1.859	2.047

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 31 December 2023

3 CASH AND FINANCING FACILITIES

	UNAUDITED 6 MONTHS TO DEC 2023 $000	AUDITED 12 MONTHS TO JUN 2023 $000	UNAUDITED 6 MONTHS TO DEC 2022 $000
Cash and cash equivalents	13,307	4,643	2,484
Current financing facilities	(65,000)	(19,960)	(48,000)
Term financing facilities	(45,190)	(50,000)	(50,000)
Net interest-bearing (debt)/cash and cash equivalents	**(96,883)**	**(65,317)**	**(95,516)**
Go livestock receivables	40,736	74,023	43,001
Net interest-bearing (debt)/cash and cash equivalents after adjusting for Go livestock receivables	**(56,147)**	**8,706**	**(52,515)**

Financing facilities

The Company has a syndicated bank facility agreement. The syndicated facilities provide the following:

- Term debt facilities of up to $90.00 million maturing on 6 December 2024. This facility had $45.19 million drawn at 31 December 2023 (30 June 2023: $50.00 million drawn, 31 December 2022: $50.00 million drawn).
- Working capital facilities of up to $70.00 million maturing on 6 December 2024 (subject to an annual Clean Down). This facility had $65.00 million drawn at 31 December 2023 (30 June 2023: $19.96 million drawn, 31 December 2022: $48.00 million drawn).

The syndicated facilities fund the general activities of the Group, the seasonal fluctuations in working capital, and the 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 that are standard for facilities of this nature, including maximum permissible ratios for debt leverage and operating leverage, together with limits for Go 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 $6.77 million as at 31 December 2023.

- Overdraft facilities of $3.00 million. This facility was undrawn at 31 December 2023 (undrawn at 30 June 2023, undrawn at 31 December 2022).
- Guarantee, letters of credit and trade finance facilities of $3.77 million.

On 22 December 2023, the syndicated bank facility agreement was amended and restated with an effective date of 19 January 2024. The amended and restated facility subsequently took effect from 19 January 2024 to provide the following:

- Term debt facilities of up to $100.00 million maturing on 27 February 2026.
- Working capital facilities of up to $85.00 million maturing on 27 February 2026.

Under the amended and restated agreement, the Company continues to grant 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 amended and restated agreement contains various financial covenants and restrictions that are standard for facilities of this nature, including maximum permissible ratios for debt leverage and operating leverage, together with limits for Go receivables, capital expenditure and asset disposals from its effective date.

4 RIGHT-OF-USE ASSETS

Additions, modifications & reassessments

During the period to 31 December 2023, the Group had lease additions of $4.90 million (30 June 2023: $7.60 million, 31 December 2022: $3.24 million). Lease modifications and reassessments resulted in an increase in right-of-use assets of $5.75 million (30 June 2023 Increase: $4.25 million, 31 December 2022 Increase: $1.40 million).

Terminations

During the period to 31 December 2023, the Group had lease terminations which resulted in a reduction in right-of-use assets of $0.61 million (30 June 2023: $0.41 million, 31 December 2022: $0.01 million).

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 31 December 2023

5 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the period to 31 December 2023, the Group acquired assets with a cost of $1.56 million (30 June 2023: $6.51 million, 31 December 2022: $0.86 million).

Disposals

The Group disposed of assets with a net book value of $0.70 million during the period to 31 December 2023 (30 June 2023: $0.25 million, 31 December 2022: $0.10 million), resulting in a gain on disposal of $0.07 million (30 June 2023 Gain: $0.32 million, 31 December 2022 Gain: $0.34 million).

6 CONTINGENT LIABILITIES

A. PGG Wrightson Max Rewards Loyalty Programme

The Group recognises a provision for the expected level of points redemption from the PGG Wrightson Max Rewards Loyalty Programme. As at 31 December 2023, the balance of live points which does not form part of the recognised provision total $0.08 million (30 June 2023: $0.08 million; 31 December 2022: $0.08 million). Losses are not expected to arise from this contingent liability.

B. Contingent liabilities

The Group may receive 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 obligation in respect of these claims or potential claims cannot be estimated with sufficient reliability.

7 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 is 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.

8 SUBSEQUENT EVENTS

Takaka store fire and insurance recovery

On 11 January 2024, the Takaka Rural Supplies store was signficantly damaged by fire. The fire resulted in $0.52 million charged to cost of sales in January 2024 for the impairment of damaged inventory and associated disposal costs. A further $0.08m of property, plant and equipment was de-recognised in January 2024 due to the fire. The Group is working with it's insurers and it is expected that these claims will be confirmed by 30 June 2024.

Notes to the Interim Consolidated Financial Statements (continued)

For the six months ended 31 December 2023

9 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 Entity for the purposes of the Financial Markets Conduct Act 2013.

The interim consolidated financial statements of PGG Wrightson Limited for the six months ended 31 December 2023 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.

10 BASIS OF PREPARATION

Statement of compliance

These interim 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, and in particular NZ IAS 34 *Interim Financial Reporting*.

These interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements. Unless otherwise specified, the same accounting policies and methods of computation are followed in the interim consolidated financial statements as applied in the Group's latest annual audited consolidated financial statements.

These interim consolidated financial statements were approved by the Board of Directors on 26 February 2024.

Aotearoa New Zealand Climate Standards

The External Reporting Board of New Zealand issued three Climate Standards that set requirements for: Climate-related Disclosures (Aotearoa New Zealand Climate Standard 1 (NZ CS 1)); First-time adoption of Aotearoa New Zealand Climate Standards (NZ CS 2); and General Requirements for climate-related Disclosures (NZ CS 3). These Climate Standards are effective from 1 January 2023, with mandatory assurance required on the Greenhouse Gas emissions to be included in the Climate Statements for the Group's 2025 Annual Report. The Group will adopt the Climate Standards for the year ended 30 June 2024 and may apply adoption provisions permitted under the standards. For the 2023 financial year voluntary Greenhouse Gas emissions disclosures were prepared that followed the principles outlined in the Greenhouse Gas Protocol and ISO 14064-1:2018.

Standards issued but not yet effective

A number of new standards and interpretations are not yet effective for the period ended 31 December 2023 and have not been applied in preparing these interim consolidated financial statements. These standards are not expected to have a material impact on the Group's financial results.

PGG WRIGHTSON LIMITED

Interim Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	SHARE CAPITAL $000	REALISED CAPITAL AND REVALUATION RESERVES $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
Balance at 1 July 2022	372,318	24,662	(9,266)	(2,423)	(212,607)	172,684
Total comprehensive income for the period						
Profit or loss	–	–	–	–	21,158	21,158
Other comprehensive income						
Defined benefit plan actuarial gain/(loss), net of tax	–	–	79	–	–	79
Total other comprehensive income	–	–	79	–	–	79
Total comprehensive income for the period	–	–	79	–	21,158	21,237
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(12,403)	(12,403)
Total contributions by and distributions to shareholders	–	–	–	–	(12,403)	(12,403)
Balance at 31 December 2022	**372,318**	**24,662**	**(9,187)**	**(2,423)**	**(203,852)**	**181,518**
Balance at 1 January 2023	372,318	24,662	(9,187)	(2,423)	(203,852)	181,518
Total comprehensive income for the period						
Profit or loss	–	–	–	–	(3,640)	(3,640)
Other comprehensive income						
Changes in fair value of equity instruments	–	–	–	9	–	9
Defined benefit plan actuarial gain/(loss), net of tax	–	–	683	–	–	683
Total other comprehensive income	–	–	683	9	–	692
Total comprehensive income for the period	–	–	683	9	(3,640)	(2,948)
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(9,309)	(9,309)
Total contributions by and distributions to shareholders	–	–	–	–	(9,309)	(9,309)
Transfer to retained earnings	–	–	–	2,414	(2,414)	–
Balance at 30 June 2023	**372,318**	**24,662**	**(8,504)**	**–**	**(219,215)**	**169,261**
Balance at 1 July 2023	372,318	24,662	(8,504)	–	(219,215)	169,261
Total comprehensive income for the period						
Profit or loss	–	–	–	–	12,738	12,738
Other comprehensive income						
Defined benefit plan actuarial gain/(loss), net of tax	–	–	(789)	–	–	(789)
Total other comprehensive income	–	–	(789)	–	–	(789)
Total comprehensive income for the period	–	–	(789)	–	12,738	11,949
Transactions with shareholders recorded directly in equity						
Dividends to shareholders	–	–	–	–	(7,763)	(7,763)
Total contributions by and distributions to shareholders	–	–	–	–	(7,763)	(7,763)
Balance at 31 December 2023	**372,318**	**24,662**	**(9,293)**	**–**	**(214,240)**	**173,447**

Rārangi Kupu

Glossary

Acronym / Term	Definition
Company	PGG Wrightson Limited
CPI	Consumer Price Index
CPS / ¢/share	Cents Per Share
Group	PGG Wrightson Limited
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortisation
EU	European Union
GRI	Global Reporting Initiative
HSW	Health, Safety and Wellbeing
IT	Information Technology
IoT	Internet of Things
NPAT	Net Profit After Tax
NZ	New Zealand
p.a.	Per Annum
PP	Polypropylene
PGW	PGG Wrightson Limited
R&D	Research and Development
S&P / NZ50G	Standard & Poors / NZ50G Index Gross (inclusive of dividends paid)
TSR	Total Shareholder Return

Whaiaronga Rangatōpū

Corporate Directory

Company number 142962
NZBN 9429040323497

Board of Directors
as at 31 December 2023

U Kean Seng
Acting Chair from 4 July 2023 (stepping down as Acting Chair on 16 February 2024)

Sarah Brown
Deputy Chair from 4 July 2023, Chair of Audit Committee, and Independent Director

Meng Foon
Independent Director

Garry Moore
Audit Committee member and Independent Director (assuming the Chair on 16 February 2024)

Dr Charlotte Severne
Chair of Board Health, Safety and Environment Committee, and Independent Director

Executive Team
as at 31 December 2023

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 Newbold
General Manager Livestock & Real Estate

Peter Scott
Chief Financial Officer

Rachel Shearer
General Manager People and Safety

Registered Office

PGG Wrightson Limited
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Christchurch 8053

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Email: enquiries@pggwrightson.co.nz

Auditors

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

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Takapuna, Auckland 0622

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142, New Zealand

Telephone +64 9 488 8777

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

PGG Wrightson Wool Representative, Graeme Bell, Wool Product & Innovation Manager, Jason Everson, Marketing Co-ordinator, Bella Black, and Bloch & Behrens Senior Wool Buyer and Trader, Mark Hunter, discuss the challenges of farming on the doorstep of one of New Zealand's most visited national parks with Randall Aspinall, Owner, Mt Aspiring Station near Wanaka, Otago.