
MARLIN GLOBAL LIMITED
FINANCIAL STATEMENTS CONTENTS
FOR THE YEAR ENDED 30 JUNE 2022

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MARLIN GLOBAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
Interest income		29	6
Dividend income		629	612
Net changes in fair value of investments	2	(59,169)	77,688
Other income/(losses)	3	38	(244)
Total (loss)/income		(58,473)	78,062
Operating expenses	4	2,775	6,556
Operating (loss)/profit before tax		(61,248)	71,506
Total tax (benefit)/expense	5	(821)	2,326
Net operating (loss)/profit after tax attributable to shareholders		(60,427)	69,180
Total comprehensive (loss)/income after tax attributable to shareholders		(60,427)	69,180
Basic (losses)/earnings per share	7	(31.34c)	39.55c
Diluted (losses)/earnings per share	7	(31.34c)	38.60c

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

MARLIN GLOBAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

		<i>Attributable to shareholders of the Company</i>		
	Notes	Share Capital \$000	Retained Earnings/ (Accumulated Deficits) \$000	Total Equity \$000
Balance at 1 July 2020		138,119	18,045	156,164
Comprehensive income				
Net operating profit after tax		-	69,180	69,180
Total comprehensive income for the year ended 30 June 2021		-	69,180	69,180
Transactions with shareholders				
Shares issued for warrants exercised	6 (c)	28,652	-	28,652
Costs relating to warrants issued		(14)	-	(14)
Dividends paid	6 (d)	-	(15,859)	(15,859)
New shares issued under dividend reinvestment plan	6 (e)	6,258	-	6,258
Total transactions with shareholders for the year ended 30 June 2021		34,896	(15,859)	19,037
Balance at 30 June 2021		173,015	71,366	244,381
Comprehensive income				
Net operating (loss) after tax		-	(60,427)	(60,427)
Total comprehensive (loss) for the year ended 30 June 2022		-	(60,427)	(60,427)
Transactions with shareholders				
Shares issued for warrants exercised	6 (c)	5,666	-	5,666
Dividends paid	6 (d)	-	(18,702)	(18,702)
New shares issued under dividend reinvestment plan	6 (e)	7,176	-	7,176
Total transactions with shareholders for the year ended 30 June 2022		12,842	(18,702)	(5,860)
Balance at 30 June 2022		185,857	(7,763)	178,094

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

MARLIN GLOBAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
SHAREHOLDERS' EQUITY		178,094	244,381
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	10	2,609	5,102
Trade and other receivables	8	1,238	111
Financial assets at fair value through profit or loss	2	175,620	246,851
Total Current Assets		179,467	252,064
Non-current Assets			
Deferred tax asset	5	880	-
Total Non-current Assets		880	-
TOTAL ASSETS		180,347	252,064
LIABILITIES			
Current Liabilities			
Trade and other payables	9	276	3,227
Financial liabilities at fair value through profit or loss	2	1,977	2,277
Current tax payable	5	-	2,179
Total Current Liabilities		2,253	7,683
TOTAL LIABILITIES		2,253	7,683
NET ASSETS		178,094	244,381

These financial statements have been authorised for issue for and on behalf of the Board by:

R A Coupe
Chair
22 August 2022

C A Campbell
Chair of the Audit and Risk Committee
22 August 2022

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

MARLIN GLOBAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$000	2021 \$000
Operating Activities			
Sale of listed equity investments		116,463	85,825
Interest received		29	6
Dividends received		630	643
Other income		43	-
Other expenses		-	(240)
Purchase of listed equity investments		(92,507)	(105,043)
Operating expenses		(6,857)	(5,120)
Taxes paid		(2,238)	(88)
Net settlement of forward foreign exchange contracts		(12,194)	7,433
Net cash inflows/(outflows) from operating activities	10	3,369	(16,584)
Financing Activities			
Proceeds from warrants exercised		5,666	28,652
Warrant issue costs		-	(14)
Dividends paid (net of dividends reinvested)		(11,526)	(9,601)
Net cash (outflows)/inflows from financing activities		(5,860)	19,037
Net (decrease)/increase in cash and cash equivalents held		(2,491)	2,453
Cash and cash equivalents at beginning of the year		5,102	2,640
Effects of foreign currency translation on cash balance		(2)	9
Cash and cash equivalents at end of the year	10	2,609	5,102

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

Note 1 Basis of Accounting

Reporting Entity

Marlin Global Limited ("Marlin" or "the Company") is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company's registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit entities, and International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars. Where relevant, prior year comparatives have been reclassified to conform with current year financial statement presentation. Where there has been a material restatement of comparative information the nature of, and the reason for the restatement is disclosed in the relevant notes.

The operating expenses include GST where it is charged by other parties as it cannot be reclaimed.

Foreign Currency Transactions and Translations

Foreign currency transactions are converted into New Zealand dollars using exchange rates prevailing at transaction date. Foreign currency assets and liabilities are translated into New Zealand dollars using the exchange rates prevailing at the balance date.

Foreign exchange gains or losses relating to the financial assets and liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets and liabilities".

Foreign exchange gains and losses relating to cash and cash equivalents, trade and other receivables, and trade and other payables are presented in the Statement of Comprehensive Income within "Other income/(losses)".

Accounting Policies

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a **i** symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

There are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.

Financial Reporting by Segments

The Company operates in a single operating segment, being international financial investment.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic investment or resource allocation decisions.

There has been no change to the operating segment during the year.

Critical Judgements, Estimates and Assumptions

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements are designated by a **j** symbol in the notes to the financial statements. There were no material estimates or assumptions required in the preparation of these financial statements.

Authorisation of Financial Statements

The Marlin Board of Directors authorised these financial statements for issue on 22 August 2022.

No party may change these financial statements after their issue.

Note 2 Investments at Fair Value Through Profit or Loss

i Given that the investment portfolio is managed, and performance is evaluated, on a fair value basis in accordance with a documented investment strategy, Marlin has classified all of its investments at fair value through profit or loss.

ii Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of financial assets and liabilities are recognised in the Statement of Comprehensive Income.

Note 2 Investments at Fair Value Through Profit or Loss (continued)

Financial assets at fair value through profit or loss comprise international listed equity investment assets and forward foreign exchange contracts with positive value.

Financial liabilities at fair value through profit or loss comprise forward foreign exchange contracts with negative value.

Forward foreign exchange contracts can be used as economic hedges for equity investments against currency risk. They are accounted for on the same basis as those investments and are recognised at their fair value.

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

The fair value of listed equity investments traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread for a particular investment, in which case the bid price will be used to value the investment.

The fair value of forward foreign exchange contracts is determined by using valuation techniques based on spot exchange rates and forward points supplied by a reputable pricing vendor.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used in an active market, the investments are categorised as Level 1. When significant inputs derived from observable market data are used, the investments are categorised as Level 2. If significant inputs are not based on observable market data, they are categorised as Level 3.

j All listed equity investments held by Marlin are categorised as Level 1 and all forward foreign exchange contracts are classified as Level 2 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy during the year (2021: none).

There were no financial instruments classified as Level 3 at 30 June 2022 (2021: none).

Investments at Fair Value through Profit or Loss	2022 \$000	2021 \$000
Financial Assets:		
International listed equity investments	175,544	246,847
Forward foreign exchange contracts	76	4
Total financial assets at fair value through profit or loss	175,620	246,851
Financial Liabilities:		
Forward foreign exchange contracts	1,977	2,277
Total financial liabilities at fair value through profit or loss	1,977	2,277
Net changes in fair value of investments		
International listed equity investments	(68,035)	79,980
Foreign exchange gains/(losses) on equity investments	20,688	(7,897)
(Losses)/gains on forward foreign exchange contracts	(11,822)	5,605
Net changes in fair value of investments through profit or loss	(59,169)	77,688

The fair value of 14 stocks was determined using the bid price (2021: 6 stocks).

The notional value of forward foreign exchange contracts held at 30 June 2022 was \$91,940,677 (2021: \$113,445,741).

Note 3 Other Income/(Losses)	2022 \$000	2021 \$000
GST refund (note 11(a)(ii))	-	198
Foreign exchange gains/(losses) on cash and cash equivalents and outstanding settlements	38	(442)
Total other income/(losses)	38	(244)

MARLIN GLOBAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 4 Operating Expenses	2022	2021
	\$000	\$000
Management fee (note 11(a)(i))	1,695	2,607
Performance fee (note 11(a)(i))	-	2,883
Administration services (note 11(a)(i))	159	159
Directors' fees (note 11(b))	187	176
Custody, accounting and brokerage	364	397
Investor relations and communications	134	132
NZX fees	61	60
Professional fees	39	41
Fees paid to the auditor:		
Statutory audit and review of financial statements	48	38
Non-assurance services ¹	-	2
Regulatory fees	23	16
Other operating expenses	65	45
Total operating expenses	2,775	6,556

¹ Non-assurance services in the prior year relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor.

Note 5 Taxation

Marlin is a Portfolio Investment Entity ("PIE") for tax purposes.



Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid (or refundable). Deferred tax (if any) is recognised as the difference between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.

Taxation expense is determined as follows:	2022	2021
	\$000	\$000
Operating (loss)/profit before tax	(61,248)	71,506
Non-taxable realised gain on financial assets and liabilities	(41,312)	(28,628)
Non-taxable unrealised (loss)/gain on financial assets and liabilities	88,762	(43,221)
Fair Dividend Rate income	11,029	8,965
Exempt dividends subject to Fair Dividend Rate	(626)	(616)
Non-deductible expenses and other	284	307
Forfeit of tax credits	179	-
Prior period adjustment	-	(1)
Tax losses utilised	-	(4)
(Loss for tax purposes)/taxable income	(2,932)	8,308
Tax at 28%	(821)	2,326
<i>Taxation expense comprises:</i>		
Current tax	50	2,327
Deferred tax	(871)	-
Prior period adjustment	-	(1)
Total tax (benefit)/expense	(821)	2,326
Current tax balance		
Opening balance	(2,179)	58
Current tax movements	-	(2,327)
Tax paid	2,179	-
Credits used	-	88
Losses utilised	-	2
Current tax (payable)/receivable	-	(2,179)

MARLIN GLOBAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 5 Taxation (continued)	2022 \$000	2021 \$000
Deferred Tax Balance		
Opening balance	-	1
Current year losses	871	-
Tax credits	9	(1)
Other	-	-
Deferred tax asset	880	-

j A deferred tax asset is recognised only if it is probable that future tax profits will be available to utilise against the deferred tax asset.

Imputation Credits

The imputation credits available for subsequent reporting periods total \$1 (2021: \$2,179,877). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 30 June 2022.

Note 6 Shareholders' Equity

a. Share Capital



Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the Company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Marlin has 200,605,735 fully paid ordinary shares on issue (2021:190,259,965). All ordinary shares rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

b. Buybacks

Marlin maintains an ongoing share buyback programme. For the year ended 30 June 2022, Marlin did not acquire any shares (2021: nil) under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were no shares held as treasury stock at balance date (2021: nil).

c. Warrants

On 20 May 2022, 4,817,168 warrants valued at \$5,684,258, less exercise costs of \$17,904 (net \$5,666,354), were exercised at \$1.18 per warrant, and the remaining 42,439,702 warrants lapsed.

On 6 November 2020, 33,399,590 warrants valued at \$28,723,647, less exercise costs of \$71,879 (net \$28,651,768), were exercised at \$0.86 per warrant, and the remaining 3,853,098 warrants lapsed.

d. Dividends



Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Marlin Board.

Marlin has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2022 \$000	Cents per share		2021 \$000	Cents per share
24 Sep 2021	4,795	2.52	25 Sep 2020	3,129	2.06
17 Dec 2021	4,864	2.54	18 Dec 2020	4,101	2.20
25 Mar 2022	4,800	2.49	26 Mar 2021	4,149	2.21
23 Jun 2022	4,243	2.13	25 Jun 2021	4,480	2.37
	18,702	9.68		15,859	8.84

Note 6 Shareholders' Equity (continued)

e. Dividend Reinvestment Plan

Marlin has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 30 June 2022, 5,528,602 ordinary shares totalling \$7,175,802 (2021: 4,962,578 ordinary shares totalling \$6,258,001) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Marlin before the next record date.

Note 7 Earnings per Share



Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

	2022	2021
Basic Earnings per Share		
Net operating (loss)/profit after tax attributable to shareholders of the Company (\$'000)	(60,427)	69,180
<u>Weighted average number of ordinary shares on issue net of treasury stock ('000)</u>	<u>192,821</u>	<u>174,940</u>
Basic (losses)/earnings per share	(31.34c)	39.55c
Diluted Earnings per Share		
Net operating (loss)/profit after tax attributable to shareholders of the Company (\$'000)	(60,427)	69,180
Weighted average number of ordinary shares on issue net of treasury stock ('000)	192,821	174,940
Diluted effect of warrants ('000)	-	4,262
	<u>192,821</u>	<u>179,202</u>
Diluted (losses)/earnings per share	(31.34c)	38.60c

Note 8 Trade and Other Receivables



Trade and other receivables are classified as financial assets at amortised cost and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.



The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2022	2021
	\$000	\$000
Related party receivable (note 11(a)(ii))	1,130	-
Other receivables and prepayments	108	111
Total trade and other receivables	1,238	111

Note 9 Trade and Other Payables



Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.



The trade and other payables' carrying values are a reasonable approximation of fair value.

	2022	2021
	\$000	\$000
Dividends payable	29	28
Related party payable (note 11(a)(i))	201	3,152
Other payables and accruals	46	47
Total trade and other payables	276	3,227

Note 10 Cash and Cash Flow Reconciliation

Cash and Cash Equivalents



Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks.

	2022 \$000	2021 \$000
Cash - New Zealand Dollars	2,434	4,606
Cash - International Currency	175	496
Cash and cash equivalents	2,609	5,102

Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities

Net operating profit after tax	(60,427)	69,180
Items not involving cash flows:		
Unrealised losses/(gains) on cash and cash equivalents	2	(9)
Unrealised losses/(gains) on revaluation of investments	88,762	(43,220)
Unrealised (gains)/losses on forward foreign exchange contracts	(372)	1,828
	88,392	(41,401)
Impact of changes in working capital items		
(Decrease) in trade and other payables	(2,951)	(82)
(Increase)/decrease in trade and other receivables	(1,127)	1,482
Change in current and deferred tax	(3,059)	2,238
	(7,137)	3,638
Items relating to investments		
Amount paid for purchases of investments	(92,507)	(105,043)
Amount received from sales of investments net of realised gains/losses	87,242	49,529
Net amount paid on settlement of forward foreign exchange contracts	(12,194)	7,433
Movements in unsettled purchases of investments	-	1,519
Movements in unsettled sales of investments	-	(1,439)
	(17,459)	(48,001)
Net cash inflows/(outflows) from operating activities	3,369	(16,584)

Note 11 Related Party Information



Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

a. Fisher Funds Management Limited

Fisher Funds Management Limited ("Fisher Funds" or "the Manager") is an entity that provides key management personnel services to Marlin by virtue of its management agreement.

In return for the performance of its duties as Manager, Fisher Funds is paid the following fees:

Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Marlin shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

Performance fee: Fisher Funds may earn an annual performance fee of 10% plus GST of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 5%) subject to achieving the High Water Mark ("HWM"). The total performance fee amount is subject to a cap of 1.25% of the adjusted net asset value (prior to performance fees) and is settled fully in cash.

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

Note 11 Related Party Information (continued)

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 60 days of the balance date.



Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income in line with a typical operating expense.

Administration fee: Fisher Funds provides corporate administration services and a fee is payable monthly in arrears.

(i) Fees Earned and Payable:

	2022	2021
	\$000	\$000
Fees earned by the Manager for the year ended 30 June		
Management fees	1,695	2,607
Performance fees	-	2,883
Administration services	159	159
Operating expenses	1,854	5,649

For the year ended 30 June 2022, the Manager did not achieve a return in excess of the performance fee hurdle return and the HWM (2021: excess returns of \$62,049,218 were generated). Accordingly, the Company has not expensed a performance fee (2021: Performance fee of \$2,883,200 was expensed).

Fees payable to the Manager at 30 June

Management fees	188	255
Performance fees	-	2,884
Administration services	13	13
Related party payables	201	3,152

(ii) Other Income Earned and Credit Note

Income received from the Manager for the year ended 30 June 2021

On 30 April 2021, Fisher Funds received a GST refund plus use of money interest (UOMI) from the Inland Revenue Department ("IRD"). The refund relates to the period 1 April 2004 to 31 July 2009 when the Manager applied 15% GST on management fees, when a subsequent assessment confirmed the Manager was entitled to charge only 1.5% GST on management fees. The total GST refund received by the Manager on behalf of Marlin is \$197,560, being overcharged GST refunded of \$193,598 and plus UOMI of \$3,962.

The GST refund was received by Marlin in May 2021.

The GST refund and UOMI was excluded from any performance fee calculation, consistent with how they have been treated in the past given they were not performance related income for the year.

Fees receivable from the Manager 30 June

Management fee credit note	1,130	-
Related party receivable	1,130	-

Fisher Fund's management fee was calculated and invoiced at 1.25% of gross asset value, with a balance date adjustment to reduce the management fee to 0.75% of gross asset value (30 June 2021: no adjustment) as the gross return underperformed the NZ 90 Day Bank Bill Index by 24.7%. As a result of the management fee adjustment which had been accrued in the accounts during the year, Fisher Funds raised a credit note for \$1,129,932 at balance date which will be used by the Company to cover future monthly management fees.

Note 11 Related Party Information (continued)

b. Directors

Marlin considers its Board of Directors ("Directors") key management personnel. Marlin does not have any employees.

During the financial year the Directors earned fees for their services of \$187,113 (2021: \$176,247). The Directors' fee pool is \$157,500 (plus GST, if any) for the year ended 30 June 2022 (30 June 2021: \$157,500 + GST). There were no Director fees payable at the end of the period (30 June 2021: nil). Directors' fees exceed the pool due to the Company temporarily having five directors during the year between the appointment of David McClatchy (1 July 2021) and the retirement of Carmel Fisher (6 August 2021).

The Directors held shares in the company as at 30 June 2022 which total 0.11% of total shares on issue (30 June 2021: 3.23%). The reduction in Director shareholding is a result of changes in Directors during the period. The Directors did not hold warrants in the Company as at 30 June 2022 as there were no warrants on issue (30 June 2021: 3.25%).

Dividends of \$28,860 (30 June 2021: \$486,741) were also received by the Directors as a result of their shareholding during the period.

c. Investment Transactions with Related Parties

Off-market transactions between Marlin and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). Purchases for the year ended 30 June 2022 totalled \$169,224 (2021: \$1,105,088) and sales totalled \$7,322,161 (2021: \$494,166).

Note 12 Financial Risk Management

The Company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, credit risk and liquidity risk.

The Management Agreement between Marlin and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, forward foreign exchange contracts, trade and other receivables and trade and other payables.

Market Risk

All equity investments present a risk of loss of capital, often due to factors beyond the Company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection, diversification, and daily monitoring of the market positions. For corporate governance purposes there is also regular reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The country in which Marlin's exposure is 10% or greater of the portfolio is the United States 90% (2021: United States 88%).

Price Risk

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. There were no companies individually comprising more than 10% of Marlin's total assets as at 30 June 2022 (2021: Meta Platforms Inc comprised 11%).

Interest Rate Risk

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing foreign currency and New Zealand bank accounts. The Company is therefore exposed to the risk of changes in interest income from movements in both international and New Zealand interest rates. There is no hedge against the risk of movements in interest rates.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company holds assets denominated in international currencies and it is therefore exposed to currency risk as the value of assets held in international currencies will fluctuate with changes in the relative value of the New Zealand dollar. The Company mitigates this risk by entering into forward foreign exchange contracts as and when the Manager deems it appropriate. At any time during the year the portfolio may be hedged by an amount deemed appropriate by the Manager.

Note 12 Financial Risk Management (continued)

Market Risk (continued)

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes arising from market risk exposure at 30 June as follows:

		2022 \$000	2021 \$000
Price risk ¹			
International listed equity investments	Carrying value	175,544	246,847
	Impact of a 20% change in market prices: +/-	35,109	49,369
Interest rate risk ²			
Cash and cash equivalents	Carrying value	2,609	5,102
	Impact of a 1% change in interest rates: +/-	26	51
Currency risk ³			
Cash and cash equivalents	Carrying value	175	496
	Impact of a +10% change in exchange rates	(16)	(45)
	Impact of a -10% change in exchange rates	19	55
International listed equity investments	Carrying value	175,544	246,847
	Impact of a +10% change in exchange rates	(15,959)	(22,441)
	Impact of a -10% change in exchange rates	19,505	27,427
Forward foreign exchange contracts	Carrying value	(1,901)	(2,273)
	Impact of a +10% change in exchange rates	8,358	10,378
	Impact of a -10% change in exchange rates	(10,216)	(12,684)
Net foreign currency payables/receivables	Carrying value	86	101
	Impact of a +10% change in exchange rates	(8)	(9)
	Impact of a -10% change in exchange rates	10	11

¹ A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

² A variable of 1% was selected as this is a reasonably expected movement based on historical volatility. The percentage movement for the interest rate sensitivity relates to an absolute change in interest rate rather than a percentage change in interest rate.

³ A variable of 10% was selected as this is a reasonably expected movement based on historic trends in exchange rate movements.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties.

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions and are normally settled within three business days. Dividends receivable are due from listed international companies and are normally settled within a month after the Ex-Dividend date. The Company has cash and forward foreign exchange contracts with banks registered in New Zealand, and internationally, which carry a minimum short-term credit rating of S&P AA- or equivalent.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At balance date, cash at bank was held with counterparties with a credit rating of S&P AA- or equivalent. Trade and other receivables are normally settled within three business days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Other than cash at bank, short term unsettled trades and dividends receivable, there are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

Note 12 Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity (through daily cash monitoring) to meet working capital and investment requirements. All trade and other payables have contractual maturities of three months or less.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 30 June 2022 (2021: nil).

All derivative financial liabilities held by the Company have contractual maturities of three months or less.

There have been no subsequent events to suggest any issues with satisfying working capital and investment requirements.

Capital Risk Management

The Company's objective is to prudently manage shareholder capital (share capital, reserves, accumulated deficits) and borrowings (if any).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and secure borrowings in the short term.

The Company was not subject to any externally imposed capital requirements during the year.

Since announcing a long-term distribution policy in August 2010, the Company continues to pay 2% of average net asset value each quarter.

Note 13 Net Asset Value

The audited net asset value per share of Marlin as at 30 June 2022 was \$0.89 per share (2021: \$1.28), calculated as the net assets of \$178,094,948 divided by the number of shares on issue of 200,605,735 (2021: net assets of \$244,381,374 and shares on issue of 190,259,965).

Note 14 Commitments and Contingent Liabilities

There were no unrecognised contractual commitments or contingent liabilities as at 30 June 2022 (2021: nil).

Note 15 Subsequent Events

Dividend: The Board declared a dividend of 1.85 cents per share on 22 August 2022. The record date for this dividend is 8 September 2022 with a payment date of 23 September 2022.

Subsequent Performance: As at 16 August 2022 the Marlin unaudited net asset value (NAV) had increased to \$205.1m, up 15.2% from 30 June 2022, due to market movements. Marlin reports its unaudited NAV to the NZX on a weekly and monthly basis.

There were no other events which require adjustment to, or disclosure, in these financial statements.



Independent auditor's report

To the shareholders of Marlin Global Limited

Our opinion

In our opinion, the accompanying financial statements of Marlin Global Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: Valuation and existence of listed equity investments. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.



Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of listed equity investments</p> <p>Listed equity investments (the investments) are valued at \$176 million and represent 97% of total assets.</p> <p>Further disclosures on the investments are included in note 2 to the financial statements.</p> <p>This was an area of focus for our audit and an area where a significant proportion of audit effort was directed.</p> <p>As at 30 June 2022, all investments were in companies that were listed on recognised stock exchanges and were actively traded with readily available, quoted market prices. The market prices were quoted in foreign currencies, and were then translated to New Zealand dollars using the exchange rate at 30 June 2022.</p> <p>All investments are held by Trustees Executors Limited (the Custodian) on behalf of the Company. Trustees Executors Limited also provides administration services for the Company.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, its investment portfolio. We obtained confirmation from the Custodian that the Company was the recorded owner of all the recorded investments.</p> <p>We obtained copies of and assessed Trustees Executors Limited’s Internal Controls Reports for Custody, Investment Accounting and Registry services for the period from 1 April 2021 to 31 March 2022. Trustees Executors Limited has confirmed that there has been no material change to the control environment in the period from 1 April 2022 to 30 June 2022.</p> <p>We agreed the price for all investments held at 30 June 2022 and the exchange rate at which they have been converted from foreign currencies to New Zealand dollars to independent third-party pricing sources.</p>

Our audit approach

Overview

Materiality

Overall materiality: \$890,000, which represents approximately 0.5% of net assets.

We chose net assets as the benchmark because, in our view, the objective of the Company is to provide investors with a total return on its assets, taking account of both capital and income returns.

Key audit matters

As reported above, we have one key audit matter, being: *Valuation and existence of listed equity investments*.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, 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 financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to 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 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 ISAs (NZ) and ISAs 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which 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.

The engagement partner on the audit resulting in this independent auditor's report is Philip Taylor.

For and on behalf of:

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

Chartered Accountants

Auckland

22 August 2022