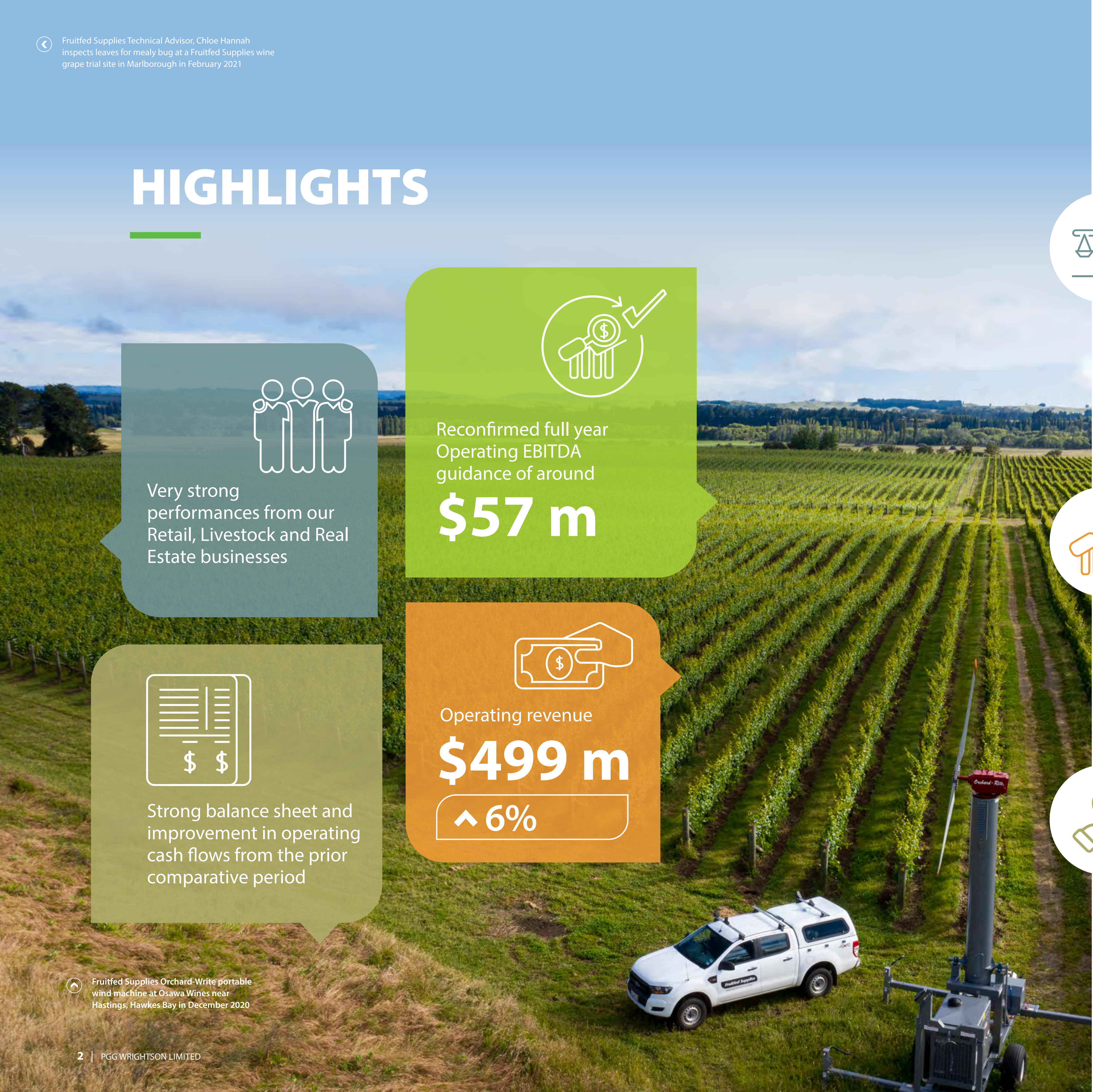
PGG Wrightson

Half Year Report

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Helping grow the country



Fruitfed Supplies Technical Advisor, Chloe Hannah inspects leaves for mealy bug at a Fruitfed Supplies wine grape trial site in Marlborough in February 2021

HIGHLIGHTS

Very strong performances from our Retail, Livestock and Real Estate businesses

Reconfirmed full year Operating EBITDA guidance of around

$57 m

Strong balance sheet and improvement in operating cash flows from the prior comparative period

Operating revenue

$499 m

^ 6%

NET PROFIT AFTER TAX ("NPAT") OF

$18.0m

^ $5.3m or 41%

OPERATING EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("OPERATING EBITDA") OF

$42.1m

^ $7.4m or 21%

FULLY IMPUTED INTERIM DIVIDEND

12¢/share

Fruitfed Supplies Orchard-Write portable wind machine at Osawa Wines near Hastings, Hawkes Bay in December 2020

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

Stephen Guerin
Chief Executive Officer

Rodger Finlay
Chairman

PGG Wrightson Limited ("PGW" or "the company") delivered a NPAT of $18.0 million from continuing operations which was up 41% on the corresponding period (1H20, $12.8 million).

Our strong half year results reflect well on the health of the business and the performance of our people as they continue to deliver for our customers in the agri-sector that is the powerhouse of New Zealand's economy. It is particularly pleasing to be able to report that our Operating EBITDA for the six months to 31 December 2020 was $42.1 million; up 21% on the same period last year (1H20, $34.7 million).

Afourer Mandarins at Sherwood Agriculture Limited in Gisborne in September 2020

"FRUITFED SUPPLIES IS DIVERSIFIED ACROSS A RANGE OF CROPS AND CONTINUES TO ADAPT TO OUR CUSTOMER AND MARKET NEEDS."

Retail & Water

The first six months of the 2021 financial year provided a very good start with all business units within Retail and Water trading ahead of the corresponding period last year. Operating EBITDA for this group was $35.8 million (up15%) and revenue was $413.4 million (up 8%) on the solid performance in the first half last year.

The superior technical ability of our staff and our very stable rep force, who are well supported by our expert technical and R&D teams, have contributed to an increase in market share. Growth has also been supported by the uptake in our new PGW eCommerce offering which was launched in June 2020. While online orders are a relatively small channel for us at this time we are seeing orders come in from all corners of the country which serves to increase the awareness of our product range, as well as influencing in-store purchases and attracting new customers.

In Rural Supplies we have seen solid growth across most categories. The outlook for our Rural Supplies business is tempered with sheep and beef farmers cautious about the meat company schedules which are back on last year. However, dairy farmers are more positive with solid pay-outs expected.

The forecast remains very positive for our Fruitfed Supplies business with positive returns for the sector and stability in prices being obtained by our growers. Crops not affected by the recent weather events are in good health, with harvest for a number of significant crops underway or commencing shortly.

The horticultural sector continues to be buoyant, experiencing good yields, profitable returns, and a positive outlook, which is driving investment and further development. Our market leading Fruitfed Supplies business is diversified across a range of crops and continues to adapt to our customer and market needs.

We are heartened by the improvement in our Water business in its first half trading results following our restructure of the business undertaken at the beginning of this financial year. It is pleasing to see these early positive signs and we see room for further gains for our Water business as we focus on growing our service offering.

We are conscious of the challenges in international supply chains given widespread disruption caused by the impacts of COVID-19. We are remaining vigilant in this space and doing what we can to mitigate supply risks for our Agritrade wholesale and retail businesses. Our stores have reviewed their forecasts and stock levels and are ordering for early delivery to assist with continuity of supply in coming months.

"GROWTH HAS ALSO BEEN SUPPORTED BY THE UPTAKE IN OUR NEW PGW ECOMMERCE OFFERING WHICH WAS LAUNCHED IN JUNE 2020."

Susan Soppet, Waikato
– 2020 Landmarks Photo Collection

"WITH CAPITAL AVAILABLE TO SUPPORT GROWTH OF OUR GO-STOCK LIVESTOCK GRAZING PROGRAMME, WE HAVE INCREASED THE PROMOTION OF OUR GO-STOCK OFFERING."

GO-STOCK

Agency

Trading for our Agency group delivered an Operating EBITDA of $9.5 million for the first six months of the 2021 financial year, an increase of 44% compared with the same period last year, and revenue was $84.8 million, in-line with the same period last year.

With many parts of the country coming out of drought conditions we saw a number of farmers rebuilding their capital stock numbers. Buoyant prices and widespread rain throughout the South Island created good conditions with plenty of feed on-farm stimulating farmer confidence.

Strong global demand for dairy persists with farmgate prices continuing to rise and underpin confidence in dairy sector.

With capital available to support growth of our GO-STOCK livestock grazing programme for trading and finishing beef and sheep, we have increased the promotion of our GO-STOCK offering. With good demand for this popular livestock trading solution we expect to see further demand and utilisation of GO-STOCK.

bidr® continues its commitment to offering buyers and sellers of livestock a seamless online experience whether they are bidding on-farm or at a saleyard auction. Following the launch of the on-farm hybrid auctions for on-farm/auctioneer sales, bidr® announced it will expand into livestreaming auctions at saleyards from April 2021.

Uncertainty around global markets and the effects of COVID-19 are causing farmers to take a more conservative approach than normal in the cattle and lamb trading space. The venison market has also been affected with schedules having been reduced by over half with most companies only processing if they have orders.

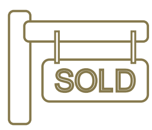
All three categories of our PGW Real Estate business including rural, lifestyle, and residential experienced the strongest six months of sales in the past six years. Every sector of rural, particularly sheep and beef, grazing, and finishing properties experienced significant activity with dairy farms also enjoying heightened interest.

The outlook for real estate for the second half of the financial year remains positive subject to the availability of listings, especially within the lifestyle and residential sectors. We anticipate there will be a steady flow of rural properties with new rural listings coming to the market ahead of the traditional autumn selling period.

PGW Wool continues to proactively navigate through depressed crossbred wool prices, associated international demand challenges, and supply chain issues accentuated by impacts of the global pandemic. Despite these challenges, Operating EBITDA for PGW Wool was up modestly compared to the same period last year.

STRONGEST 6 MONTHS OF REAL ESTATE SALES ACROSS RURAL, LIFESTYLE AND RESIDENTIAL CATEGORIES IN

6 yrs



Fruitfed Supplies Technical Horticultural Representative, Stuart Paull discusses ornamental cuttings with Adriana Barada at Ambrosia Nurseries in Prebbleton, Canterbury in September 2020

60 + TRIALS CONDUCTED

250 INDIVIDUAL TREATMENTS

PERFORMED BY PGW TECHNICAL TEAM

40 + INTERNAL VIRTUAL TRAINING SESSIONS

HELD ACROSS THE COUNTRY TO UPDATE AND INFORM THE BUSINESS ON THE HEALTHY WATER WAYS LEGISLATION.

Cashflow and Debt

Cashflow from operating activities saw a $3.9 million inflow, an $18.8 million improvement on the prior period's result. Capital expenditure was $1.5 million, $3.0 million lower than the comparative period, with cashflows from the disposal of property, plant, equipment, and investments totalling $0.5 million.

Net interest bearing debt as at 31 December 2020 was $39.2 million, which was 34% lower than 31 December 2019. PGW renewed and extended its bank facilities during the period.

Dividend

Following the strong performance of the business over the first half the Board declared a fully imputed interim dividend of 12 cents per share which will be paid on 24 March 2021 to shareholders on PGW's share register as at 5pm on 3 March 2021.

Environment and Sustainability

During the first half of the financial year the Retail Environmental Strategy group has been involved in a range of projects. They studied and summarised the new Healthy Water Ways legislation and ran more than 40 internal virtual training sessions across the country, updating and informing many members of our business units about the immediate changes to policy and the effect it will have on our customers and their operations.

The team also worked on recycling initiatives within our store network, with our new Alexandra Fruitfed Supplies and Rural Supplies store being set up as a trial site for new environmentally beneficial practices around waste management.

At a national level, the team has contributed to various bodies in developing sustainability policies by contributing to and interacting with the Ministry for Primary Industries, the Ministry for the Environment, the Environment Protection Authority, and Agrecovery.

PGG Wrightson Technical Field Representative, Allister Gauldie inspects a kale crop with Richard Blackmore at Birch-Holm Holdings Limited in Seaward Downs, Southland in December 2020

Safety and Wellbeing

Leading Safety undertook a PGW Group wide Safety and Wellbeing Review in July 2020 to assess PGW's progress in our approach to safety and wellbeing in the areas of strategy, framework, culture, and compliance. The findings have helped to reshape our Safety and Wellbeing Strategy and Roadmap, which will be a focus for the remainder of FY21 and beyond.

A key objective of our Safety and Wellbeing strategy is to ensure our senior leaders visibly demonstrate their commitment in this area through their actions. Two activities our senior leaders are actively participating in at our sites are Leadership Safety Walks and conducting Critical Control Checks to learn and understand what can be done to help improve our safety performance. These are designed to engage with team members in the field by observing how work is done and how effective our controls (identified from our Critical Risk Standards) have been implemented to keep our people safe.

As part of our culture of learning, we also reviewed our response to the announcement of the global COVID-19 pandemic and lockdowns. It was pleasing to learn our people considered our response to the COVID-19 lockdowns were managed very well and with many valuable lessons learnt. Most pleasingly, the review highlighted the talents of our people, with a recurring theme that there was a willingness to just get on and do what was required in some challenging and uncertain conditions. The key recommendations to ensure PGW is better prepared for subsequent lockdowns (or other large scale disruptive events) have been taken on board to aid preparedness. A number of actions have been implemented, including a refresh of our Business Continuity Policy and business resilience initiatives.

Our COVID-19 Response Working Group remains in place and meets regularly to monitor developments and consider developments as they arise.

New Insurance JV Offering

PGW has entered into a new joint venture relationship in recent days with BrokerWeb Risk Services Limited ("BWRS") who will take customer referrals and provide leading insurance broking services to PGW's customers and the wider rural community.

The relationship has a strong strategic fit for us given that BWRS already has a solid presence in the rural sector and our association will provide an excellent opportunity to deliver another important and tailored service to our customer base. BWRS's brokers have local knowledge, access to market-leading insurance products, and risk advice that our customers will benefit from. Both PGW and BWRS place customers at the centre of everything we do and focus on building enduring relationships by working together and delivering outstanding service.

Outlook

Global markets continue to support New Zealand's primary exports while international supply chains may pose some challenges in the short to medium term. Following the roll out of vaccines in our trading market countries we anticipate these will ease over time. With these dynamics at play we are seeing reasonable confidence from our farmer and grower customers and remain optimistic about the prospects for the sector. Although there will always be unforeseen events, PGW and the country are in a stronger position than we were at the outbreak of the virus to navigate these.

The Directors are very pleased with the progress achieved in the first half and the financial performance of the business. We remain cautiously optimistic about the remainder of the financial year and believe the company is well placed to deliver our 2021 full year Operating EBITDA guidance of around $57 million.

Acknowledgements

The growth of the business and the results achieved would not have been possible without the enduring commitment and enthusiasm demonstrated by of all our PGW team. On behalf of the Board and Executive team, we thank our 1,800 exceptional individuals for their extraordinary effort.

We also thank our loyal customers, suppliers, and shareholders for their continued support.

Rodger Finlay
Chairman

Stephen Guerin
Chief Executive Officer

PGG Wrightson Technical Field Representative, Henry Wardell utilises the Greenlight Grower Management (GLGM) crop monitoring app in a field of wheat with Hayden Cowan at H J Cowan in Greta Valley, North Canterbury in September 2020

PGG Wrightson

KEY FINANCIAL DISCLOSURES

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS CONTAINED ON PAGES 12–24 HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS ON 22 FEBRUARY 2021.

Rodger Finlay
Chairman

David Cushing
Director and Audit Committee Chair

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2020

	NOTE	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Continuing operations				
Operating revenue		499,345	788,036	469,403
Cost of sales		(375,960)	(583,855)	(348,811)
Gross profit		123,385	204,181	120,592
Other income		69	300	112
Employee expenses		(59,742)	(113,964)	(61,347)
Other operating expenses		(21,621)	(45,327)	(24,646)
Operating EBITDA		**42,091**	**45,190**	**34,711**
Non-operating gains/(losses)		588	132	(279)
Impairment and fair value gains/(losses)		64	(807)	–
Depreciation and amortisation expense		(14,670)	(29,464)	(14,454)
EBIT		28,073	15,051	19,978
Net interest and finance costs	1	(2,884)	(5,032)	(1,920)
Profit from continuing operations before income tax		25,189	10,019	18,058
Income tax benefit/(expense)		(7,143)	(2,886)	(4,987)
Profit from continuing operations, net of income tax		18,046	7,133	13,071
Discontinued operations				
Results from discontinued operations, net of income tax		(6)	(371)	(315)
Gain on sale of discontinued operations, net of income tax		–	1,078	–
Profit/(loss) from discontinued operations, net of income tax		(6)	707	(315)
Net profit after tax		**18,040**	**7,840**	**12,756**
Profit attributable to:				
Shareholders of the Company		18,040	7,840	12,756
Non-controlling interest		–	–	–
Net profit after tax		**18,040**	**7,840**	**12,756**

Basic & diluted earnings per share (EPS)

	NOTE	UNAUDITED DEC 2020 $	AUDITED JUN 2020 $	UNAUDITED DEC 2019 $
Basic & diluted EPS on issued ordinary shares at the end of period	2	0.239	0.104	0.169
Basic & diluted EPS on issued ordinary shares at the end of period – continuing operations	2	0.239	0.094	0.173
Basic & diluted EPS on a weighted average basis	2	0.239	0.050	0.053
Basic & diluted EPS on a weighted average basis – continuing operations	2	0.239	0.045	0.055

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

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Net profit after tax	**18,040**	**7,840**	**12,756**
Other comprehensive income/(loss):			
Continuing operations			
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments	136	–	–
Remeasurements of defined benefit liability	4,255	(3,942)	2,985
Tax on remeasurements of defined benefit liability	(1,192)	1,104	(836)
Other comprehensive income/(loss) for continuing operations	3,199	(2,838)	2,149
Total comprehensive income for the period	**21,239**	**5,002**	**14,905**
Total comprehensive income attributable to:			
Shareholders of the Company	21,239	5,002	14,905
Non-controlling interest	–	–	–
Total comprehensive income for the period	**21,239**	**5,002**	**14,905**

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

INTERIM SEGMENT REPORT

For the six months ended / as at 31 December 2020

(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* receivables.
- **Retail & Water:** This segment includes the Rural Supplies and Fruitfed Supplies retail operations, PGG Wrightson Water, PGW Consulting, Agritrade, 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:** Other relates to certain Group Corporate activities such as Governance, Finance, Treasury, Risk and Assurance and other support services (including corporate property services) and includes consolidation/elimination adjustments. The Marketing function derives sales revenue from its rewards and on-charging programmes.
- **Discontinued operations:** Relates to PGG Wrightson Seeds Holdings Limited together with its subsidiaries and investments in jointly controlled entities (formerly the Seed and Grain segment) which was sold in May 2019; and PGW Rural Capital Limited (PGWRC) which was established in 2012 to hold and recover certain excluded loans related to the sale of the Group's finance subsidiary, PGG Wrightson Finance Limited. Also includes the Standardbred business (previously included within Agency) which was closed in January 2020.

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 held 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 attributed 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 overdue accounts relate.

Other costs such as non-operating gains/losses, impairment and fair value gains/losses, net interest and finance costs, income tax expense and the results of discontinued operations are not fully allocated by the Group across the operating segments. The Group Governance, Finance, Treasury, and Risk and Assurance 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 2020

(c) Operating Segment Information

	AGENCY			RETAIL & WATER			OTHER			DISCONTINUED OPERATIONS			TOTAL		
	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Sales revenue	33,474	72,154	36,083	401,233	604,409	373,827	1,065	2,816	1,815	–	–	–	435,772	679,379	411,724
Commission revenue	48,944	88,770	46,232	51	97	62	62	112	60	–	–	–	49,057	88,979	46,354
Construction contract revenue	–	–	–	11,749	13,640	8,423	–	–	–	–	–	–	11,749	13,640	8,423
Interest revenue on *Go* livestock receivables	2,018	4,258	2,106	–	–	–	–	–	–	–	–	–	2,018	4,258	2,106
Debtor interest charges	341	659	375	388	962	497	20	159	(76)	–	–	–	749	1,780	796
Total external operating revenues	84,777	165,841	84,796	413,421	619,108	382,809	1,147	3,087	1,799	–	–	–	**499,345**	**788,036**	**469,403**
Operating EBITDA	**9,482**	**15,706**	**6,572**	**35,808**	**34,729**	**31,120**	**(3,199)**	**(5,245)**	**(2,981)**	**–**	**–**	**–**	**42,091**	**45,190**	**34,711**
Non-operating gains/(losses)	52	78	6	765	31	251	(229)	23	(536)	–	–	–	588	132	(279)
Impairment and fair value gains/(losses)	60	243	–	–	(1,425)	–	4	375	–	–	–	–	64	(807)	–
Depreciation and amortisation expense	(4,346)	(8,907)	(4,347)	(8,317)	(16,388)	(8,000)	(2,007)	(4,169)	(2,107)	–	–	–	(14,670)	(29,464)	(14,454)
EBIT	5,248	7,120	2,231	28,256	16,947	23,371	(5,431)	(9,016)	(5,624)	–	–	–	28,073	15,051	19,978
Net interest and finance costs	(535)	(1,672)	(605)	(1,645)	(3,062)	(1,571)	(704)	(298)	256	–	–	–	(2,884)	(5,032)	(1,920)
Profit/(loss) from continuing operations before income tax	4,713	5,448	1,626	26,611	13,885	21,800	(6,135)	(9,314)	(5,368)	–	–	–	25,189	10,019	18,058
Income tax benefit/(expense)	(1,275)	(1,686)	(400)	(7,727)	(3,707)	(5,963)	1,859	2,507	1,376	–	–	–	(7,143)	(2,886)	(4,987)
Profit/(loss) from continuing operations, net of income tax	3,438	3,762	1,226	18,884	10,178	15,837	(4,276)	(6,807)	(3,992)	–	–	–	18,046	7,133	13,071
Profit/(loss) from discontinued operations, net of income tax	–	–	–	–	–	–	–	–	–	(6)	707	(315)	(6)	707	(315)
Net profit/(loss) after tax	**3,438**	**3,762**	**1,226**	**18,884**	**10,178**	**15,837**	**(4,276)**	**(6,807)**	**(3,992)**	**(6)**	**707**	**(315)**	**18,040**	**7,840**	**12,756**
Segment assets	143,349	184,714	178,352	381,579	241,827	373,837	18,915	32,872	18,011	7	–	2	543,850	459,413	570,202
Assets held for sale	–	–	23	63	40	218	–	–	2,003	–	–	–	63	40	2,244
Total segment assets	**143,349**	**184,714**	**178,375**	**381,642**	**241,867**	**374,055**	**18,915**	**32,872**	**20,014**	**7**	**–**	**2**	**543,913**	**459,453**	**572,446**
Total segment liabilities	**(57,770)**	**(87,481)**	**(68,867)**	**(255,441)**	**(145,907)**	**(255,068)**	**(52,760)**	**(69,345)**	**(75,055)**	**–**	**(18)**	**–**	**(365,971)**	**(302,751)**	**(398,990)**

(d) Impact of NZ IFRS 16

Below are additional disclosures to provide comparative information for reporting periods prior to the introduction of NZ IFRS 16 (i.e. periods prior to 1 July 2019).

	AGENCY			RETAIL & WATER			OTHER			DISCONTINUED OPERATIONS			TOTAL		
	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Operating EBITDA including NZ IFRS 16	9,482	15,706	6,572	35,808	34,729	31,120	(3,199)	(5,245)	(2,981)				42,091	45,190	34,711
Less NZ IFRS 16 adjustments:															
Other operating expenses	3,606	7,300	3,630	6,495	12,773	6,317	711	1,671	916	–	–	–	10,812	21,744	10,863
Operating EBITDA excluding NZ IFRS 16	**5,876**	**8,406**	**2,942**	**29,313**	**21,956**	**24,803**	**(3,910)**	**(6,916)**	**(3,897)**	**–**	**–**	**–**	**31,279**	**23,446**	**23,848**

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

PGG Wrightson

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	NOTE	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		406,796	809,733	387,793
Dividends received		1	17	2
Interest received		2,784	6,622	3,436
		409,581	816,372	391,231
Cash was applied to:				
Payments to suppliers and employees		(402,684)	(772,069)	(400,090)
Lump sum contributions to defined benefit plans (ESCT inclusive)		(563)	–	–
Interest paid		(346)	(923)	(387)
Interest paid on lease liabilities		(2,049)	(4,185)	(2,106)
Income tax paid		(3)	(4,968)	(3,519)
		(405,645)	(782,145)	(406,102)
Net cash inflow/(outflow) from operating activities		**3,936**	**34,227**	**(14,871)**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment and assets held for sale		401	855	760
Proceeds from sale of investments		136	–	–
		537	855	760
Cash was applied to:				
Purchase of property, plant and equipment		(1,503)	(5,419)	(2,293)
Purchase of intangibles		(23)	(6,456)	(2,256)
Investment sale costs		(15)	–	–
		(1,541)	(11,875)	(4,549)
Net cash inflow/(outflow) from investing activities		**(1,004)**	**(11,020)**	**(3,789)**
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings and bank overdraft		–	47,320	57,320
		–	47,320	57,320
Cash was applied to:				
Share repurchase and cancellation		–	(234,000)	(234,000)
Dividends paid to shareholders		–	(12,564)	(5,713)
Repayment of external borrowings and bank overdraft		(9,000)	–	–
Repayment of principal portion of lease liabilities		(9,036)	(17,586)	(8,757)
		(18,036)	(264,150)	(248,470)
Net cash inflow/(outflow) from financing activities		**(18,036)**	**(216,830)**	**(191,150)**
Net increase/(decrease) in cash held		(15,104)	(193,623)	(209,809)
Opening cash		16,868	210,491	210,491
Cash and cash equivalents	3	**1,764**	**16,868**	**682**

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

PGG WRIGHTSON LIMITED

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

For the six months ended 31 December 2020

	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Profit after taxation	18,040	7,840	12,756
Add/(deduct) non-cash/non-operating items:			
Depreciation and amortisation	14,671	29,503	14,478
Impairment and fair value losses	(64)	807	133
Bad debts written off (net)	690	489	75
Reversal of Work-in-Progress expensed in the current period	750	–	–
Loss/(profit) on sale of assets/investments and lease terminations	(579)	(1,259)	(92)
Loss/(profit) from equity accounted investees	1	(8)	5
Foeign exchange loss/(gain)	(32)	135	(72)
Deferred tax expense/(benefit)	1,248	788	1,338
Defined benefit expense/(gain)	(68)	13	(3)
Pension contributions not expensed through profit or loss	(563)	–	–
Other non-cash/non-operating items	21	(302)	(1,301)
Add/(deduct) movement in working capital items:			
Change in inventories	(18,021)	(1,110)	(21,758)
Change in accounts receivable and prepayments	(92,818)	22,825	(102,292)
Change in trade creditors, provisions and accruals	75,719	(22,222)	81,391
Change in income tax payable/receivable	5,888	(3,661)	(271)
Change in other current assets/liabilities	(947)	389	742
Net cash inflow/(outflow) from operating activities	**3,936**	**34,227**	**(14,871)**

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

PGG Wrightson

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	NOTE	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
ASSETS				
Current				
Cash and cash equivalents	3	1,764	16,868	682
Short-term derivative assets		1,425	707	1,089
Trade and other receivables		234,765	122,946	241,598
Go livestock receivables	3	30,582	48,111	38,584
Income tax receivable		–	2,369	–
Inventories		105,136	87,111	107,750
Intangible assets		929	2,056	1,037
Assets classified as held for sale		63	40	2,244
Other current assets		–	4	12
Total current assets		374,664	280,212	392,996
Non-current				
Long-term derivative assets		222	235	454
Deferred tax asset		7,800	10,292	7,802
Investments in equity accounted investees		78	79	66
Other investments		473	471	471
Long-term intangible assets		15,829	17,180	16,081
Right-of-use assets	5	101,905	104,625	110,796
Property, plant and equipment	4	42,942	46,330	43,768
Other non-currrent assets		–	29	12
Total non-current assets		169,249	179,241	179,450
Total assets		**543,913**	**459,453**	**572,446**
LIABILITIES				
Current				
Debt due within one year	3	21,000	30,000	40,000
Short-term derivative liabilities		584	562	365
Accounts payable and accruals		208,328	132,601	221,050
Income tax payable		3,467	–	1,021
Short-term lease liabilities		16,936	16,506	15,681
Total current liabilities		250,315	179,669	278,117
Non–current				
Long-term debt	3	20,000	20,000	20,000
Long-term derivative liabilities		–	45	56
Long-term lease liabilities		87,929	90,398	93,855
Other long-term liabilities		2,776	2,802	4,067
Defined benefit liability		4,951	9,838	2,895
Total non-current liabilities		115,656	123,083	120,873
Total liabilities		**365,971**	**302,751**	**398,990**
EQUITY				
Share capital		372,318	372,318	372,318
Reserves		10,919	7,586	12,573
Retained earnings		(205,296)	(223,202)	(211,435)
Total equity		**177,942**	**156,702**	**173,456**
Total liabilities and equity		**543,913**	**459,453**	**572,446**

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

Lavender at Ambrosia Nurseries in Prebbleton, Canterbury in September 2020

PGG Wrightson

ADDITIONAL FINANCIAL DISCLOSURES

INCLUDING NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

1 NET INTEREST AND FINANCE COSTS

	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Interest income	17	579	529
Interest funding expense			
Bank interest on loans and overdraft	(347)	(923)	(381)
Other interest expense	–	–	(7)
Bank facility fees	(510)	(683)	(305)
	(857)	(1,606)	(693)
Net interest income/(expense) excluding interest on lease liabilities	(840)	(1,027)	(164)
Interest on lease liabilities	(2,049)	(4,183)	(2,105)
Foreign exchange gain/(loss)			
Net gain/(loss) on foreign denominated items	(723)	502	(113)
Fair value gain/(loss) on foreign exchange derivatives	728	(324)	462
	5	178	349
Net interest and finance income/(expense)	**(2,884)**	**(5,032)**	**(1,920)**

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

	UNAUDITED DEC 2020 000	AUDITED JUN 2020 000	UNAUDITED DEC 2019 000
Issued ordinary shares at the end of reporting period	**75,484**	**75,484**	**75,484**
Weighted average number of ordinary shares			
Issued ordinary shares at the beginning of reporting period	75,484	754,839	754,839
Ordinary shares issued due to 2:1 share split	–	663,845	573,348
Ordinary shares repurchased and cancelled	–	(663,845)	(573,348)
Ordinary shares reduced due to 1:10 share consolidation	–	(597,460)	(516,013)
Weighted average number of ordinary shares outstanding during the reporting period	**75,484**	**157,379**	**238,826**

	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Profit net of tax attributable to Shareholders of the Company	18,040	7,840	12,756
Profit from continuing operations (net of tax) attributable to Shareholders of the Company	18,046	7,133	13,071
Net tangible assets			
Total assets	543,913	459,453	572,446
Total liabilities	(365,971)	(302,751)	(398,990)
less intangible assets	(16,758)	(19,236)	(17,118)
less deferred tax	(7,800)	(10,292)	(7,802)
Net tangible assets	**153,384**	**127,174**	**148,536**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

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

	UNAUDITED DEC 2020 $	AUDITED JUN 2020 $	UNAUDITED DEC 2019 $
Basic EPS on issued ordinary shares at the end of period	0.239	0.104	0.169
Basic EPS on issued ordinary shares at the end of period – continuing operations	0.239	0.094	0.173
Basic EPS on a weighted average basis	0.239	0.050	0.053
Basic EPS on a weighted average basis – continuing operations	0.239	0.045	0.055
NTA per issued ordinary shares at the end of period	2.032	1.685	1.968

3 CASH AND FINANCING FACILITIES

	UNAUDITED DEC 2020 $000	AUDITED JUN 2020 $000	UNAUDITED DEC 2019 $000
Cash and cash equivalents	1,764	16,868	682
Current financing facilities	(21,000)	(30,000)	(40,000)
Term financing facilities	(20,000)	(20,000)	(20,000)
Net interest-bearing (debt)/cash and cash equivalents	**(39,236)**	**(33,132)**	**(59,318)**
Go livestock receivables	30,582	48,111	38,584
Net interest-bearing (debt)/cash and cash equivalents after adjusting for *Go* livestock receivables	**(8,654)**	**14,979**	**(20,734)**

Financing facilities

During the period, the Company renegotiated its syndicated bank facility. The amended facility, which commenced on 9 November 2020, provides the following:

- Term debt facility of $60.00 million maturing on 2 November 2022
- Working capital facilities of up to $70.00 million maturing on 2 November 2022 (subject to an annual Clean Down)

The syndicated facilities fund the general corporate 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 $6.58 million as at 31 December 2020.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

4 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the period to 31 December 2020, the Group acquired assets with a cost of $0.75 million (30 June 2020: $5.42 million, 31 December 2019: $2.29 million).

Disposals

The Group disposed of assets with a net book value of $1.93 million during the period to 31 December 2020 (30 June 2020: $0.71 million, 31 December 2019: $0.52 million), resulting in a gain on disposal of $0.61 million (30 June 2020 Gain: $0.15 million, 31 December 2019 Gain: $0.08 million).

5 RIGHT-OF-USE ASSETS

Additions, modifications & reassessments

During the period to 31 December 2020, the Group had lease additions of $4.49 million (30 June 2020: $17.14 million, 31 December 2019: $10.80 million). Lease modifications and reassessments resulted in an increase in right-of-use assets of $2.26 million (30 June 2020 Decrease: $0.54 million, 31 December 2019 Increase: $0.88 million).

Terminations

During the period to 31 December 2020, the Group had lease terminations which resulted in a reduction in right-of-use assets of $0.40 million (30 June 2020: Nil, 31 December 2019: Nil).

6 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A. PGG Wrightson Loyalty Reward Programme

The Group recognises a provision for the expected level of points redemption from the PGG Wrightson Loyalty Reward Programme. As at 31 December 2020, the balance of live points which does not form part of the recognised provision total $0.09 million (30 June 2020: $0.09 million; 31 December 2019: $0.09 million). Losses are not expected to arise from this contingent liability.

B. Contingent liabilities

The Group receives client claims from time to time as part of the ordinary course of business and these claims are reviewed on a case by case basis to determine validity. As at 31 December 2020, the Group was in the process of reviewing certain claims for the supply of goods which are typically the responsibility of suppliers under terms of trade. The amount of any potential obligation in respect of these claims cannot be estimated with sufficient reliability and therefore, with the exception of the warranty provision of $0.5 million (30 June 2020: $0.4 million), the Group has no provisioning in respect of these claims.

C. Contingent assets

The Group is pursuing a claim against a contractual counterparty for repudiation of contract. The Directors are confident in the validity of the claim, however no receivable has been recognised as at 31 December 2020 as the outcome of the claim remains uncertain.

7 SEASONALITY OF OPERATIONS

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2020

8 SUBSEQUENT EVENTS

Dividend

On 22 February 2021, the Directors of PGG Wrightson Limited resolved to pay an interim dividend of 12 cents per share on 24 March 2021 to the shareholders on the Company's share register as at 5.00pm on 3 March 2021. This dividend will be fully imputed.

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 2020 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. Certain comparative amounts have been reclassified to conform with the current period's presentation, including the treatment of $4.7 million of fuel oncharge revenue and corresponding cost of sales in the December 2019 comparative period that have now been netted, resulting in no change to gross profit or net profit after tax.

These interim consolidated financial statements were approved by the Board of Directors on 22 February 2021.

Standards issued but not yet effective

A number of new standards and interpretations are not yet effective for the period ended 31 December 2020 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 2020

	SHARE CAPITAL $000	REALISED CAPITAL AND REVALUATION RESERVE $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
Balance at 1 July 2019	606,318	24,662	(11,672)	(2,566)	(218,478)	398,264
Total comprehensive income for the period						
Profit or loss	–	–	–	–	12,756	12,756
Other comprehensive income						
Defined benefit plan actuarial gain/(loss), net of tax	–	–	2,149	–	–	2,149
Total other comprehensive income	–	–	2,149	–	–	2,149
Total comprehensive income for the period	–	–	2,149	–	12,756	14,905
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Share repurchase and cancellation	(234,000)	–	–	–	–	(234,000)
Dividends to shareholders	–	–	–	–	(5,713)	(5,713)
Total contributions by and distributions to shareholders	(234,000)	–	–	–	(5,713)	(239,713)
Balance at 31 December 2019	**372,318**	**24,662**	**(9,523)**	**(2,566)**	**(211,435)**	**173,456**
Balance at 1 January 2020	372,318	24,662	(9,523)	(2,566)	(211,435)	173,456
Total comprehensive income for the period						
Profit or loss	–	–	–	–	(4,916)	(4,916)
Other comprehensive income						
Defined benefit plan actuarial gain/(loss), net of tax	–	–	(4,987)	–	–	(4,987)
Total other comprehensive income	–	–	(4,987)	–	–	(4,987)
Total comprehensive income for the period	–	–	(4,987)	–	(4,916)	(9,903)
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(6,851)	(6,851)
Total contributions by and distributions to shareholders	–	–	–	–	(6,851)	(6,851)
Balance at 30 June 2020	**372,318**	**24,662**	**(14,510)**	**(2,566)**	**(223,202)**	**156,702**
Balance at 1 July 2020	372,318	24,662	(14,510)	(2,566)	(223,202)	156,702
Total comprehensive income for the period						
Profit or loss	–	–	–	–	18,040	18,040
Other comprehensive income						
Changes in fair value of equity instruments	–	–	–	136	–	136
Defined benefit plan actuarial gain/(loss), net of tax	–	–	3,063	–	–	3,063
Total other comprehensive income	–	–	3,063	136	–	3,199
Total comprehensive income for the period	–	–	3,063	136	18,040	21,239
Transfer to retained earnings	–	–	134	–	(134)	–
Balance at 31 December 2020	**372,318**	**24,662**	**(11,313)**	**(2,430)**	**(205,296)**	**177,942**

CORPORATE DIRECTORY

Company number 142962
NZBN 9429040323497

Board of Directors for the six months ended 31 December 2020

Rodger Finlay
Chairman

Joo Hai Lee
Deputy Chairman

David Cushing

Sarah Brown

U Kean Seng

Executive Team for the six months ended 31 December 2020

Stephen Guerin
Chief Executive Officer

Peter Scott
Chief Financial Officer

Julian Daly
General Manager Corporate Affairs/ Company Secretary

Rachel Shearer
General Manager Human Resources

Nick Berry
General Manager Retail & Water

Peter Newbold
General Manager Livestock & Real Estate

Grant Edwards
General Manager Wool

Peter Moore
General Manager Livestock Ventures & Partnerships

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Telephone +64 3 363 5600

Managing your shareholding online:

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

www.investorcentre.com/nz

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Telephone +64 9 488 8777

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

PGG Wrightson Real Estate Salesperson, Richard Thomson views a Waingaro property near Raglan with the vendors in September 2020

PGG Wrightson