PGG Wrightson

Half Year Report

For the six months ended 31 December 2021

Helping grow the country

Some images in this report were taken at COVID-19 Alert Level 1 or 2, or under the COVID-19 Protection Framework.

Please note that PGW is following government guidelines for operation during COVID-19. For more information on our protocols please visit www.pggwrightson.co.nz/our-company/covid-19-support

Cover image

PGG Wrightson Technical Horticultural Representative for Fruitfed Supplies, Patsy Matthews, inspects the healthy root system of a lettuce grown through a hydroponic system with Lisa Dale-Low, co-owner of Waikawa Fresh, near Manakau, Kāpiti Coast.

HIGHLIGHTS

NET PROFIT AFTER TAX
$22.5m
^ $5.5m or 32%

OPERATING EBITDA
$47.4m
^ $7.8m or 20%

REVENUE
$552.4m
^ $53.0m or 11%

INTERIM DIVIDEND
14 c/share

RETAIL & WATER
Achieved strongest
First half trading

AWARD NOMINATION
Deloitte Top 200 Finalist
'Most Improved Performance

LIVESTOCK
Launched two new GO-STOCK products
GO-BEEF PRIME and GO-DAIRY MAX & LIGHT

CORPORATE
Refreshed PGW website
With improved navigation

TOTAL SHAREHOLDER RETURNS* OF
+55%

REAL ESTATE
Record rural sales results

Orari Gorge Station during their on-farm lamb and ewe sale, north of Geraldine, South Canterbury.

* Total Shareholder Return (TSR) is calculated based on the movement in share price during the 6 months to 31 December 2021, plus the dividend (cents per share) paid, divided by the opening share price.

Stephen Guerin Chief Executive Officer **Rodger Finlay** Chairman

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

PGG Wrightson Limited ("PGW", "the Group" or "the Company") delivered Operating earnings before interest, tax, depreciation, and amortisation ("Operating EBITDA") of $47.4 million (up $7.8 million or 20%). Revenue was $552.4 million (up $53.0m or 11%) and NPAT from continuing operations was $22.5 million, up 32% on the corresponding period.

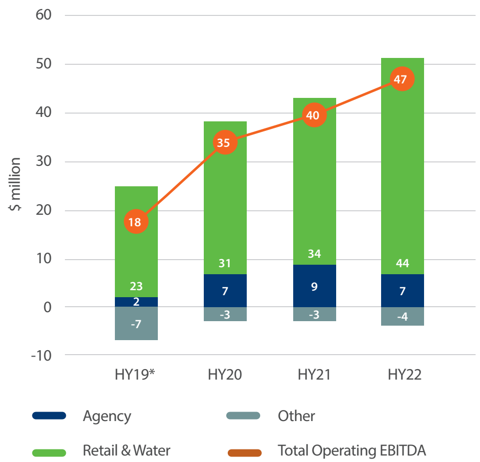
These record results for PGW are extremely pleasing and reflect excellent performance of the business over the period. Our impressive results are a testament to the incredible efforts of all staff in a very disruptive half year.

During the period we launched our strategy reset and outlined our PGW Group Strategic Priorities that will direct our focus, differentiate our offering, and strengthen our position as a market leader in our sector.

FINANCIAL PERFORMANCE

OPERATING EBITDA

First Half Financial Year Four Year Summary

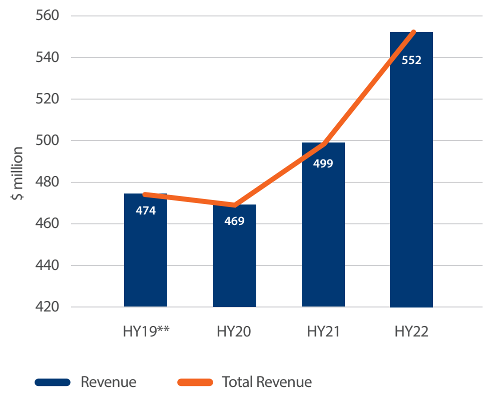


Four year first half Operating EBITDA summary post divestment of PGG Wrightson Seeds.

* HY19 prior to introduction of NZ IFRS 16 – *Leases*.

REVENUE

First Half Financial Year Four Year Summary



** Excluding PGG Wrightson Seeds divested in 2019.

SHARE PRICE

Post Share Consolidation

PGW share price from 12 August 2019 to 31 December 2021.

Hass avocados at Twin Coast Orchard, near Pukenui, north of Kaitaia, Northland.

Retail & Water

Retail Supplies | Fruitfed Supplies | Water & Irrigation

The first six months of the 2022 financial year have resulted in the strongest first half trading for Retail and Water on record. All businesses traded well ahead of last year which included new highs for some months. Operating EBITDA for the Retail & Water group was $43.7 million (up $10.1 million or 30%) and revenue was $469.0 million, (up $55.6 million or 13%) on the strong performance in the first half last year.

Commodity prices in general and across the sector for New Zealand primary exports remain positive. Whilst a degree of volatility in international markets continues with disrupted supply chains, inflationary pressures and a global pandemic, our business is diversified and continues to adapt to our clients' and market needs. Our focus remains to add value to our clients' businesses by supplying products and services and providing the best technical advice.

Our market share remains strong in our key market segments, and we continue to pursue targeted growth. We remain focused on our clients and our strong culture, and our technical expertise is recognised by our clients as a key point of difference. We continue to see new clients coming into stores or contacting our rep force and asking them to come on farm or orchard.

As a business, PGW has responded to the current market dynamics in actively seeking to mitigate supply risks and by keeping stakeholders informed. We have seen clients buying products earlier than usual to either lock in lower prices or secure product availability. The cost of moving products through the supply chain is increasing due to inflated freight charges. To ease the supply chain risks, we have been sourcing products earlier and are carrying more inventory, as well as working closely with our suppliers on product forecasts and availability.

Rural Supplies

Rural Supplies results were even better than that of the strong prior comparative period for both revenues and Operating EBITDA. We had good growth in most categories, especially the key agronomy areas. Market share gains continue and the team enjoys welcoming new clients in our stores. Some of the increased growth is attributed to sales being pulled forward due to the uncertainty of supply, price increases, and COVID-19 pandemic uncertainty. Farmers are being prudent making sure they have product when they will need it.

While all sectors are enjoying increased returns some have been softer due to increased input costs.

Fruitfed Supplies

The first six months trading for Fruitfed Supplies has seen continued strong growth. Favourable climatic conditions in the key spring period have resulted in most crops being in good health with positive yields expected. These market and environmental factors continue to attract investment and development into the horticultural industry. As these developments come into production, we are seeing increased demand for the products and technical services we provide to the sector.

Water

Continued technical training of our Sales and Service teams throughout the winter of 2021 is delivering results with increased client retention and referrals. This technical training is a continued focus of our Rural Water business as we see irrigation componentry becoming more advanced. It is anticipated that we will continue to see supply chain delays in sourcing some water and irrigation componentry during the next 18 to 24 months.

Agritrade

Our Agritrade wholesale business division has had a good first six months with key products and categories all performing well. This is particularly pleasing given the supply chain disruptions that were encountered throughout 2021 and have continued into 2022.

The Agritrade team continues to work diligently to get the required products into New Zealand and out into the rural network in a timely manner. Whilst this has usually meant planning our requirements much further in advance and landing products earlier, it has also given us some opportunities as we have seen other products in short supply or unavailable in the New Zealand market.

PGG Wrightson Technical Horticultural Representative, Jesse Clark, completing a spray recommendation on Greenlight Farm Management for an onion crop near Pukekohe, South Auckland.

PGG Wrightson Real Estate Salesperson, Karen Hennessy, walks over a lifestyle block near Darfield, Canterbury, with the successful purchasers.

Agency

Livestock | **Wool** | **Real Estate**

Trading for our Agency group delivered an Operating EBITDA of $7.4 million for the first six months, (a reduction of $1.9 million compared with the same period last year), and revenue was $82.2 million which was slightly lower than the prior comparative period.

Livestock

The first six months activity has been impacted by wet weather conditions in the North Island, COVID-19 restrictions including saleyards being closed during Alert Level 4. There was a small decline in sheep and cattle numbers although stock values were strong during the period. We have an impressive cohort of young auctioneers progressing through the ranks. Of the eight contestants vying for the 10th annual Heartland Bank Young Auctioneers' Competition, four were representing PGW. PGW secured a quinella, taking out first and second place, and it is pleasing to see such a talented group of auctioneers coming through.

We continued to re-invest in the business through upgrades to our saleyard network and investment in new technologies to assist our agents better service their clients.

Our Velvet business has seen some shipping challenges late in the second quarter but overall strong velvet pricing and an improvement in venison prices bodes well for the year ahead.

Two new GO-STOCK products were launched in recent months to meet the demands of our clients. Our new GO-BEEF PRIME and GO-DAIRY MAX & LIGHT products are proving popular and contributed to the overall GO-STOCK balance increasing by over $5 million compared to the comparative period. A lot of clients use the product year-on-year which is a welcome signal that GO-STOCK is seen by many as an integral part of their farming operations.

bidr®'s hybrid auctions are seeing growing usage with dairy herd dispersals and deer sales, in addition to the stud bull and ram sales. Since the launch of saleyard livestreaming during the last six months, bidr®'s user base has grown by 30 percent, which is mainly due to commercial buyers that value the nationwide reach.

The introduction of 'picks and run-outs', a common way of selling livestock in saleyards and at on-farm auctions, means that functionalities that bidr® did not previously offer are now available online. An insurance offering has been added so that clients requiring insurance for higher value animals can access insurance cover at the point of purchase.

Real Estate

The first half of the financial year saw substantial growth in rural sales especially during the second quarter. It is the best result for rural sales we have seen in many years and has been significant in heartland rural areas. Our market share increased throughout the country, especially in the South Island with some significant results.

There has been an increase in land sales greater than $10 million within all sectors which has not been evident in the marketplace for some time. We have seen good interest in all sectors from perspective buyers, and sheep and beef properties continue to be in high demand. Our buyer pool for all sectors is more diverse than previous years which indicates positive interest in the rural sector.

Our Lifestyle and Residential sales are on par with the prior comparative period which is encouraging especially given the shortage of listings and the competitive environment we are operating in. We have experienced good growth in key provincial locations throughout both islands which is a testament to our experienced salesforce. COVID-19 did challenge some of our northern operations with restrictions placed on movements and operating rules.

Wool

The merino wool season was well supported by garment trade contracts and solid auction prices. However, crossbred wool values continue to be depressed and are accentuated by shipping challenges and impacts of the pandemic felt in manufacturing and retail markets worldwide. The team continues to support grower clients faced with tough market conditions.

Wool Integrity NZ™ brand relationships continue to grow with New Zealand farmers and overseas clients. Bloch & Behrens Wool (NZ) Limited, PGW's subsidiary export company, saw growth in export volumes compared to the same period last year. The team is working on several new initiatives and the price premiums obtained for our organic wool supply arrangements have contributed to the increasing number of clients. It is pleasing to note the increasing awareness of wool's natural, sustainable, and biodegradable attributes from our overseas clients.

PGG Wrightson National Dairy Specialist - Livestock, Jamie Cunninghame, viewing the Kaimatarau Jersey herd with Lindsay Pedley, co-owner/breeder of Kaimatarau Jersey Stud, near Rongotea, Manawatu.

PGG Wrightson Livestock Representatives, Rod Sands and Rob Harvey, drafting Romney ewes into their lines for the annual on-farm Orari Gorge Station sale, north of Geraldine, South Canterbury.

Cashflow and Debt

Cashflow from operating activities saw a $17.0 million outflow, following investments in working capital including the carrying of higher levels of inventory and higher tax payments. Capital expenditure was broadly in line with the prior comparative period at $1.7 million.

Net interest-bearing debt as at 31 December 2021 was $46.9 million. PGW renewed and extended its bank facilities for a three-year term in late 2021.

Dividend

Following the pleasing performance of the business over the first half of the financial year the Board declared a fully imputed interim dividend of 14 cents per share which will be paid on 1 April 2022 to shareholders on PGW's share register as at 5pm on 28 March 2022.

Environment and Sustainability

Fruitfed Supplies is the largest supplier to New Zealand's wine industry and during the period our Blenheim store was awarded AA level British Retail Consortium Global Standards (BRCGS) Certification for our winery products.

As an important part of the supply chain, we follow thorough processes to ensure that our manufacturers and suppliers have globally recognised food safety credentials that are externally audited. To maintain and build our market it is imperative that we meet the needs of our clients in this regard. By gaining BRCGS Certification we are demonstrating our commitment to our clients, and it is a distinct advantage in securing new business. Over time, we aim to replicate this certification to all our winery serving Fruitfed Supplies' sites.

Our stores in Marlborough and Hawke's Bay worked alongside Agrecovery, New Zealand's growing rural recycling programme, to trial free plastic recycling of specific ag-chem and nutrient bags made from Low Density Polyethylene. This initiative of offering more sustainable alternatives of disposal enhances services to our clients and strengthens our commitment to the environment. Following the success of the trial, recycling these bags is now available in these two regions and will be extended nationwide in the future.

PGG Wrightson Senior Customer Service Representative, Ewan Richmond, and Customer Service Representative, Mandy Sanders, recycling at the new purpose built store in Alexandra, Central Otago.

Safety and Wellbeing

Our COVID-19 Response Working Group has continually evaluated and determined the steps we take as an organisation to ensure the ongoing safety and wellbeing of our people and clients in response to the evolving risks and challenges the pandemic presents.

The PGW Academy, established in 2006, focuses on developing talent within the company to expand employees' knowledge base and grow their expertise. Since its creation over 270 people have participated in the programme and have gone on to enrich PGW and the wider agricultural and horticultural industries. Alongside our Trainee programmes, the Academy is one of our key platforms for fostering talent within PGW and we are encouraged with the high calibre of talent these programmes attracted. Developing the expertise and knowledge of our people is a key priority that is aligned with our strategy of being the market leader in our technical offering and support.

Website Refresh

Towards the end of 2021 we launched our refreshed Online Account Services Portal which provides clients access to their statement and invoice details. The refreshed portal provides enhanced functionality, better visibility, and improved site navigation, as well as the opportunity for us to add new features and functionality in the future.

Our new corporate website has a contemporary design, is more intuitive, easier to navigate, and provides an enhanced experience for users. The refreshed website is more representative of the depth and breadth of our business.

Deloitte Top 200

We are proud to have been nominated as a finalist for the 2021 Deloitte Top 200 'Most Improved Performance Award' which recognises an outstanding improvement in performance among New Zealand's largest businesses. In selecting nominees, the judges look at the relative improvement in all performance indicators, the source of the improvement, and other ways the organisation has changed and the impact of these changes.

This nomination represents external validation of the positive results and outcomes that PGW has been achieving and delivering upon for some time. It is nevertheless pleasing to have those successes recognised in this way.

Outlook and Guidance Upgrade

The Directors are pleased with our first half results and are encouraged by the positive outlook for the New Zealand agricultural sectors. There continues to be high overseas demand for red meat, a record pay-out forecast for dairy, and demand for horticultural exports remain buoyant. The Ministry for Primary Industries is predicting New Zealand's food and fibre export values will exceed a new high of $50 billion in the year to 30 June 2022. This context at a macro level provides us with confidence that our clients and the sector are well placed as we look towards the remainder of this financial year and the medium term.

As a business, PGW is performing well and is clear about its strategic priorities. We are executing upon our plans effectively and seeing quality growth in our business and earnings. Based upon this solid platform the Board has determined to raise our full year guidance to 30 June 2022 to around $62 million at an Operating EBITDA level.

Notwithstanding these fundamentals, we remain cautious about the potential impacts of Omicron, continued global supply restrictions, and increases in input costs which could all have some degree of influence on our results.

Acknowledgements

The Board and Executive team are extremely proud of what has been achieved so far this year. The record results are a testament of the continued dedication and resilience of our people and the loyalty of our clients. We thank our shareholders for their faith in our ability to execute our strategic priorities.

Rodger Finlay
Chairman

Stephen Guerin
Chief Executive Officer

PGG Wrightson Technical Field Representative, Darryl Jones, uses Greenlight Farm Management to complete a field inspection on an oat crop, with Jamie Ward, Farm Manager at Otanepae Station owned by Waipapa Trust, near Taupō, Waikato.

Key Financial Disclosures

For the six months ended 31 December 2021

The Interim Consolidated Financial Statements contained on pages 14–26 have been approved by the Board of Directors on 21 February 2022.

Rodger Finlay
Chairman

Sarah Brown
Director and Audit Committee Chair

PGG Wrightson

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2021

	NOTE	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Continuing operations				
Operating revenue		552,373	847,815	499,345
Cost of sales		(416,601)	(624,589)	(377,002)
Gross profit		135,772	223,226	122,343
Other income		21	366	69
Employee expenses		(65,208)	(119,828)	(59,742)
Other operating expenses		(23,157)	(47,735)	(23,084)
Operating EBITDA		**47,428**	**56,029**	**39,586**
Non-operating gains/(losses)		(63)	4,456	588
Impairment and fair value gains/(losses)		75	1,832	64
Depreciation and amortisation expense		(13,529)	(27,283)	(13,555)
EBIT		33,911	35,034	26,683
Net interest and finance costs	1	(2,860)	(5,621)	(2,884)
Profit from continuing operations before income tax		31,051	29,413	23,799
Income tax benefit/(expense)		(8,546)	(6,693)	(6,753)
Profit from continuing operations, net of income tax		22,505	22,720	17,046
Discontinued operations				
Results from discontinued operations, net of income tax		–	(7)	(6)
Profit/(loss) from discontinued operations, net of income tax		–	(7)	(6)
Net profit after tax attributable to Shareholders of the Company		**22,505**	**22,713**	**17,040**

Basic & diluted earnings per share (EPS)

	NOTE	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Basic & diluted EPS on a weighted average basis	2	0.298	0.301	0.226
Basic & diluted EPS on a weighted average basis – continuing operations	2	0.298	0.301	0.226

** Refer to Note 10 for further details on the restatement of the comparative figures.*

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

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Net profit after tax	22,505	22,713	17,040
Other comprehensive income/(loss):			
Continuing operations			
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments	7	136	136
Remeasurements of defined benefit liability	(1,850)	9,620	4,255
Tax on remeasurements of defined benefit liability	518	(2,694)	(1,192)
Other comprehensive income/(loss) for continuing operations	(1,325)	7,062	3,199
Total comprehensive income attributable to Shareholders of the Company	**21,180**	**29,775**	**20,239**

** Refer to Note 10 for further details on the restatement of the comparative figures.*

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

PGG WRIGHTSON LIMITED

INTERIM SEGMENT REPORT

For the six months ended / as at 31 December 2021

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 including Governance, Finance, Treasury, Risk and Assurance and other support services (such as corporate property services and marketing) and includes Group consolidation/elimination adjustments. The Marketing function derives sales revenue from its rewards and on-charging programmes. Other also includes discontinued operations relating to PGW Rural Capital Limited which was established to hold and recover certain excluded loans related to the historic sale of the Group's finance subsidiary, PGG Wrightson Finance Limited.

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 functions continue to be reported outside of the operating segments.

B. Geographical segment

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

PGG WRIGHTSON LIMITED

INTERIM SEGMENT REPORT (CONTINUED)

For the six months ended / as at 31 December 2021

(c) Operating Segment Information

	AGENCY			RETAIL & WATER			OTHER			TOTAL		
	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Sales revenue	30,758	74,022	33,274	460,057	638,622	401,156	759	2,250	862	491,574	714,894	435,292
Commission revenue	49,250	107,685	48,944	50	79	51	53	58	62	49,353	107,822	49,057
Construction contract revenue	–	–	–	8,471	18,950	11,749	–	–	–	8,471	18,950	11,749
Interest revenue on *Go* livestock receivables	1,794	3,805	2,018	–	–	–	–	–	–	1,794	3,805	2,018
Debtor interest charges	239	615	341	242	848	388	(9)	(24)	20	472	1,439	749
Sublease income	201	356	200	169	118	77	339	431	203	709	905	480
Total external operating revenues	**82,242**	**186,483**	**84,777**	**468,989**	**658,617**	**413,421**	**1,142**	**2,715**	**1,147**	**552,373**	**847,815**	**499,345**
Operating EBITDA	**7,409**	**25,179**	**9,261**	**43,728**	**37,533**	**33,657**	**(3,709)**	**(6,683)**	**(3,332)**	**47,428**	**56,029**	**39,586**
Non-operating gains/(losses)	(36)	3,885	52	5	991	765	(32)	(420)	(229)	(63)	4,456	588
Impairment and fair value gains/(losses)	–	917	60	–	589	–	75	326	4	75	1,832	64
Depreciation and amortisation expense	(4,122)	(8,457)	(4,136)	(7,646)	(15,060)	(7,551)	(1,761)	(3,766)	(1,868)	(13,529)	(27,283)	(13,555)
EBIT	3,251	21,524	5,237	36,087	24,053	26,871	(5,427)	(10,543)	(5,425)	33,911	35,034	26,683
Net interest and finance costs	(1,012)	(2,418)	(535)	(1,425)	(2,073)	(1,645)	(423)	(1,130)	(704)	(2,860)	(5,621)	(2,884)
Profit/(loss) from continuing operations before income tax	2,239	19,106	4,702	34,662	21,980	25,226	(5,850)	(11,673)	(6,129)	31,051	29,413	23,799
Income tax benefit/(expense)	(618)	(3,976)	(1,275)	(9,731)	(6,360)	(7,369)	1,803	3,643	1,891	(8,546)	(6,693)	(6,753)
Profit/(loss) from continuing operations, net of income tax	1,621	15,130	3,427	24,931	15,620	17,857	(4,047)	(8,030)	(4,238)	22,505	22,720	17,046
Profit/(loss) from discontinued operations, net of income tax	–	–	–	–	–	–	–	(7)	(6)	–	(7)	(6)
Net profit/(loss) after tax	**1,621**	**15,130**	**3,427**	**24,931**	**15,620**	**17,857**	**(4,047)**	**(8,037)**	**(4,244)**	**22,505**	**22,713**	**17,040**
Segment assets	155,261	184,177	143,349	433,478	245,131	376,311	19,858	23,686	18,270	608,597	452,994	537,931
Assets held for sale	–	–	–	–	40	63	–	–	–	–	40	63
Total segment assets	**155,261**	**184,177**	**143,349**	**433,478**	**245,171**	**376,374**	**19,858**	**23,686**	**18,270**	**608,597**	**453,034**	**537,994**
Total segment liabilities	**(63,751)**	**(101,147)**	**(57,770)**	**(293,475)**	**(155,907)**	**(254,119)**	**(69,086)**	**(22,442)**	**(52,760)**	**(426,312)**	**(279,496)**	**(364,649)**

** Refer to Note 10 for further details on the restatement of the comparative figures.*

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

PGG Wrightson

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	NOTE	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		415,764	818,914	406,796
Receipt for the termination of partnering contract, net of costs		–	3,934	–
Dividends received		1	1	1
Interest received		2,296	5,307	2,784
		418,061	828,156	409,581
Cash was applied to:				
Payments to suppliers and employees		(427,767)	(765,212)	(402,684)
Lump sum contributions to defined benefit plans (ESCT inclusive)		–	(563)	(563)
Interest paid		(358)	(646)	(346)
Interest paid on lease liabilities		(1,896)	(4,036)	(2,049)
Income tax paid		(5,043)	(28)	(3)
		(435,064)	(770,485)	(405,645)
Net cash inflow/(outflow) from operating activities		**(17,003)**	**57,671**	**3,936**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment and assets held for sale		46	3,294	401
Proceeds from sale of investments		7	136	136
		53	3,430	537
Cash was applied to:				
Purchase of property, plant and equipment		(1,189)	(5,500)	(1,503)
Purchase of intangibles		(473)	(1,309)	(23)
Investment sale costs		–	(51)	(15)
		(1,662)	(6,860)	(1,541)
Net cash inflow/(outflow) from investing activities		**(1,609)**	**(3,430)**	**(1,004)**
Cash flows from financing activities				
Cash was provided from:				
Increase in external borrowings and bank overdraft		38,100	–	–
		38,100	–	–
Cash was applied to:				
Dividends paid to shareholders		(12,451)	(9,343)	–
Repayment of external borrowings and bank overdraft		–	(40,100)	(9,000)
Repayment of principal portion of lease liabilities		(9,291)	(18,299)	(9,036)
		(21,742)	(67,742)	(18,036)
Net cash inflow/(outflow) from financing activities		**16,358**	**(67,742)**	**(18,036)**
Net increase/(decrease) in cash held		(2,254)	(13,501)	(15,104)
Opening cash		3,367	16,868	16,868
Cash and cash equivalents	3	**1,113**	**3,367**	**1,764**

** Refer to Note 10 for further details on the restatement of the comparative figures.*

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

PGG WRIGHTSON LIMITED

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

For the six months ended 31 December 2021

	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Profit after taxation	22,505	22,713	17,040
Add/(deduct) non-cash/non-operating items:			
Depreciation and amortisation	13,529	27,283	13,555
Impairment and fair value losses	(75)	(1,832)	(64)
Reversal of software capital projects expensed in the current period	–	750	750
Bad debts written off (net)	(178)	67	690
Loss/(profit) on sale of assets/investments and lease terminations	41	(909)	(579)
Loss/(profit) from equity accounted investees	13	–	1
Foreign exchange loss/(gain)	(116)	333	(32)
Deferred tax expense/(benefit)	1,883	(258)	782
Defined benefit expense/(gain)	(91)	35	(68)
Pension contributions not expensed through profit or loss	–	(563)	(563)
Other non-cash/non-operating items	59	83	21
Add/(deduct) movement in working capital items:			
Change in inventories	(30,137)	759	(13,299)
Change in accounts receivable and prepayments	(138,497)	(22,694)	(92,818)
Change in trade creditors, provisions and accruals	106,801	26,468	75,719
Change in income tax payable/receivable	1,621	6,917	4,566
Change in other current assets/liabilities	5,639	(1,481)	(1,765)
Net cash inflow/(outflow) from operating activities	**(17,003)**	**57,671**	**3,936**

** Refer to Note 10 for further details on the restatement of the comparative figures.*

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

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	UNAUDITED DEC 2021 $000	AUDITED JUN 2021 $000	UNAUDITED DEC 2020* $000
ASSETS			
Current			
Cash and cash equivalents	1,113	3,367	1,764
Short-term derivative assets	605	843	1,425
Trade and other receivables	296,772	148,171	234,765
Go livestock receivables	35,805	45,869	30,582
Inventories	111,939	81,498	100,413
Other current assets	1,154	2,842	930
Assets classified as held for sale	–	40	63
Total current assets	447,388	282,630	369,942
Non-current			
Long-term derivative assets	25	–	222
Deferred tax asset	6,808	8,173	8,266
Investments in equity accounted investees	79	92	78
Other investments	475	474	473
Intangible assets	14,905	15,663	14,166
Right-of-use assets	95,618	101,064	101,905
Property, plant and equipment	43,299	44,627	42,942
Defined benefit asset	–	311	–
Total non-current assets	161,209	170,404	168,052
Total assets	**608,597**	**453,034**	**537,994**
LIABILITIES			
Current			
Debt due within one year	18,000	9,900	21,000
Short-term derivative liabilities	494	242	584
Accounts payable and accruals	269,311	158,883	208,328
Income tax payable	5,087	3,466	2,145
Short-term lease liabilities	17,690	17,631	16,936
Total current liabilities	310,582	190,122	248,993
Non-current			
Long-term debt	30,000	–	20,000
Long-term derivative liabilities	52	143	–
Long-term lease liabilities	81,431	86,387	87,929
Other long-term liabilities	2,799	2,844	2,776
Defined benefit liability	1,448	–	4,951
Total non-current liabilities	115,730	89,374	115,656
Total liabilities	**426,312**	**279,496**	**364,649**
EQUITY			
Share capital	372,318	372,318	372,318
Reserves	13,457	14,782	10,919
Retained earnings	(203,490)	(213,562)	(209,892)
Total equity	**182,285**	**173,538**	**173,345**
Total liabilities and equity	**608,597**	**453,034**	**537,994**

* *Refer to Note 10 for further details on the restatement of the comparative figures.*

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

PGG Wrightson

Additional Financial Disclosures

Including notes to the Interim Consolidated Financial Statements for the six months ended 31 December 2021

PGG Wrightson Technical Horticultural Representative, Tim Mounsey, discusses Phalaenopsis Orchids with Lenny Arkesteyn, Production Manager at Moffatt's Flower Company, in Halswell, on the outskirts of Christchurch, Canterbury.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

1 NET INTEREST AND FINANCE COSTS

	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020 $000
Interest income	29	63	17
Interest funding expense			
Bank interest on loans and overdraft	(358)	(646)	(347)
Bank facility fees	(420)	(908)	(510)
	(778)	(1,554)	(857)
Net interest income/(expense) excluding interest on lease liabilities	(749)	(1,491)	(840)
Interest on lease liabilities	(1,896)	(4,036)	(2,049)
Foreign exchange gain/(loss)			
Net gain/(loss) on foreign denominated items	160	(217)	(723)
Fair value gain/(loss) on foreign exchange derivatives	(375)	123	728
	(215)	(94)	5
Net interest and finance income/(expense)	**(2,860)**	**(5,621)**	**(2,884)**

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

	UNAUDITED DEC 2021 000	AUDITED JUN 2021 000	UNAUDITED DEC 2020 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	75,484	75,484
Weighted average number of ordinary shares outstanding during the reporting period	**75,484**	**75,484**	**75,484**

	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Profit net of tax attributable to Shareholders of the Company	22,505	22,713	17,040
Profit from continuing operations (net of tax) attributable to Shareholders of the Company	22,505	22,720	17,046
Net tangible assets			
Total assets	608,597	453,034	537,994
Total liabilities	(426,312)	(279,496)	(364,649)
less intangible assets	(14,905)	(15,663)	(14,166)
less deferred tax	(6,808)	(8,173)	(8,266)
Net tangible assets	**160,572**	**149,702**	**150,913**

* *Refer to Note 10 for further details on the restatement of the comparative figures.*

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2021

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

	UNAUDITED 6 MONTHS TO DEC 2021 $000	AUDITED 12 MONTHS TO JUN 2021 $000	UNAUDITED 6 MONTHS TO DEC 2020* $000
Basic EPS on a weighted average basis	0.298	0.301	0.226
Basic EPS on a weighted average basis – continuing operations	0.298	0.301	0.226
NTA per issued ordinary shares at the end of period	2.127	1.983	1.999

3 CASH AND FINANCING FACILITIES

	UNAUDITED DEC 2021 $000	AUDITED JUN 2021 $000	UNAUDITED DEC 2020* $000
Cash and cash equivalents	1,113	3,367	1,764
Current financing facilities	(18,000)	(9,900)	(21,000)
Term financing facilities	(30,000)	–	(20,000)
Net interest-bearing (debt)/cash and cash equivalents	**(46,887)**	**(6,533)**	**(39,236)**
Go livestock receivables	35,805	45,869	30,582
Net interest-bearing (debt)/cash and cash equivalents after adjusting for *Go* livestock receivables	**(11,082)**	**39,336**	**(8,654)**

Financing facilities

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

- Term debt facility of $60.00 million maturing on 6 December 2024
- Working capital facilities of up to $70.00 million maturing on 6 December 2024 (subject to an annual Clean Down)

The syndicated facilities fund the general corporate activities of the Group, the seasonal fluctuations in working capital, and 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 2021.

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

** Refer to Note 10 for further details on the restatement of the comparative figures.*

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2021

4 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the period to 31 December 2021, the Group acquired assets with a cost of $1.19 million (30 June 2021: $5.50 million, 31 December 2020: $0.75 million).

Disposals

The Group disposed of assets with a net book value of $0.03 million during the period to 31 December 2021 (30 June 2021: $2.24 million, 31 December 2020: $1.93 million), resulting in a gain on disposal of $0.02 million (30 June 2021 Gain: $1.05 million, 31 December 2020 Gain: $0.61 million).

5 RIGHT-OF-USE ASSETS

Additions, modifications & reassessments

During the period to 31 December 2021, the Group had lease additions of $2.44 million (30 June 2021: $13.46 million, 31 December 2020: $4.49 million). Lease modifications and reassessments resulted in an increase in right-of-use assets of $2.33 million (30 June 2021 Increase: $2.39 million, 31 December 2020 Increase: $2.26 million).

Terminations

During the period to 31 December 2021, the Group had lease terminations which resulted in a reduction in right-of-use assets of $0.33 million (30 June 2021: $0.45 million, 31 December 2020: $0.40 million).

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 2021, the balance of live points which does not form part of the recognised provision total $0.10 million (30 June 2021: $0.09 million; 31 December 2020: $0.09 million). Losses are not expected to arise from this contingent liability.

B. Contingent liabilities

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

7 SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal fluctuations. The Retail businesses' earnings are skewed 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 2021

8 SUBSEQUENT EVENTS

Dividend

On 21 February 2022, the Directors of PGG Wrightson Limited resolved to pay an interim dividend of 14 cents per share on 1 April 2022 to the shareholders on the Company's share register as at 5.00pm on 28 March 2022. 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 2021 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.

Comparative amounts have been restated to conform with the current period's presentation for the treatment of Software as a Service (SaaS) and closing inventory valuation which were restated at 30 June 2021. The impact of the restatement to the comparative 31 December 2020 period is a reduction in NPAT of $1.00 million, the derecognition of $1.66 million of software intangible assets and reduction in closing inventories of $4.72 million with the balance of $3.6 million reducing retained earnings.

Refer to the Groups audited consolidated financial statements for the year ended 30 June 2021 for further disclosures (Note 29) in relation to the restatements.

Management has determined that the COVID-19 pandemic has not significantly impacted the estimates and judgements used on the consolidated statement of financial position as at 31 December 2021. Management will continue to monitor and assess the impacts of future developments of COVID-19, which are highly uncertain and cannot be predicted, on its judgements and estimates.

These interim consolidated financial statements were approved by the Board of Directors on 21 February 2022.

Standards issued but not yet effective

A number of new standards and interpretations are not yet effective for the period ended 31 December 2021 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

PGG WRIGHTSON LIMITED

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	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 2020	372,318	24,662	(14,510)	(2,566)	(226,798)	153,106
Total comprehensive income for the period						
Profit or loss	–	–	–	–	17,040	17,040
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	17,040	20,239
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	–	–
Total contributions by and distributions to shareholders	–	–	–	–	–	–
Transfer to retained earnings	–	–	134	–	(134)	–
Balance at 31 December 2020	**372,318**	**24,662**	**(11,313)**	**(2,430)**	**(209,892)**	**173,345**
Balance at 1 January 2021	372,318	24,662	(11,313)	(2,430)	(209,892)	173,345
Total comprehensive income for the period						
Profit or loss	–	–	–	–	5,673	5,673
Other comprehensive income						
Defined benefit plan actuarial gain/(loss), net of tax	–	–	3,863	–	–	3,863
Total other comprehensive income	–	–	3,863	–	–	3,863
Total comprehensive income for the period	–	–	3,863	–	5,673	9,536
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(9,343)	(9,343)
Total contributions by and distributions to shareholders	–	–	–	–	(9,343)	(9,343)
Balance at 30 June 2021	**372,318**	**24,662**	**(7,450)**	**(2,430)**	**(213,562)**	**173,538**
Balance at 1 July 2021	372,318	24,662	(7,450)	(2,430)	(213,562)	173,538
Total comprehensive income for the period						
Profit or loss	–	–	–	–	22,505	22,505
Other comprehensive income						
Changes in fair value of equity instruments	–	–	–	7	–	7
Defined benefit plan actuarial gain/(loss), net of tax	–	–	(1,332)	–	–	(1,332)
Total other comprehensive income	–	–	(1,332)	7	–	(1,325)
Total comprehensive income for the period	–	–	(1,332)	7	22,505	21,180
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(12,433)	(12,433)
Total contributions by and distributions to shareholders	–	–	–	–	(12,433)	(12,433)
Transfer to retained earnings	–	–	–	–	–	–
Balance at 31 December 2021	**372,318**	**24,662**	**(8,782)**	**(2,423)**	**(203,490)**	**182,285**

CORPORATE DIRECTORY

Company number 142962
NZBN 9429040323497

Board of Directors
As at 31 December 2021

Rodger Finlay
Chairman

Joo Hai Lee
Deputy Chairman

Sarah Brown

U Kean Seng

Dr Charlotte Severne

Executive Team
As at 31 December 2021

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

Registered Office
PGG Wrightson Limited
1 Robin Mann Place
Christchurch Airport
Christchurch 8053

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

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

Managing your shareholding online:

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

www.investorcentre.com/nz

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

enquiry@computershare.co.nz

Private Bag 92119, Auckland 1142, New Zealand

Telephone +64 9 488 8777

Facsimile +64 9 488 8787

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

Back cover image
PGG Wrightson Sales Manager - Real Estate, Craig Bates, and Wendy and Richard Farquhar, vendors of Bellfield, Highcliff, near Dunedin, look across the Otago Peninsular.


PGG Wrightson