Pūrongo ā-tau

Annual Report

For the year ended 30 June 2023 | *Mō te tau i mutu i te 30 Hune 2023*

A Rockit™ apple orchard near Havelock North, Hawke's Bay.

2023 FINANCIAL YEAR

Performance Highlights

Tau Pūtea 2023 | Ngā Whakatutukitanga Hira

Net profit after tax ("NPAT") of

$17.5m

$6.8m or 28%*

Operating EBITDA of

$61.2m

$6.0m or 9%*

Second strongest trading performance at an EBITDA level for PGW since the divestment of PGG Wrightson Seeds Ltd.

Revenue of

$975.7m

$23.0m or 2%*

Revenue growth with margins broadly in line with the prior comparative period.

Fully imputed dividends for the year of

22¢/share

PGW paid 12 cps interim dividend on 4 April 2023 and declared a final 10 cps dividend on 15 August 2023.

Cover image: PGG Wrightson Store Manager, Olivia Callaghan, discusses on-farm drainage with Andrew Law, Farm Manager of North Range Partnership, an intensive sheep and beef breeding and finishing block in Castlerock near Lumsden, Southland.

* Compared to FY22.

PGW GROUP STRATEGIC

Results and Measures

Ngā Otinga Rautaki me Ngā Whakaritenga a te Rōpū PGW

1 Earnings Before Interest and Taxes
2 Consumer Price Index
3 Total Recordable Injury Frequency Rate
4 Net Promoter Score

Financial Growth Measures

KPI:
Normalised EBIT[1] growth exceeding CPI[2]

FY23 result:

↓21.3%

EBIT excluding non-operating, impairment and fair value gains/(losses)

FY22 was +29% growth above CPI. High inflationary costs and a subdued real estate market were the key drivers in the reduction for FY23 (FY23 was 15.3% lower than FY22). These combined with the June 2023 CPI rate of 6% resulted in the target being missed by 21.3%.

KPI:
Total shareholder return exceeding 10% p.a.

FY23 result:

0%

FY22 TSR was +38%. Low levels of farmer confidence and a volatile market have in turn impacted investor confidence. PGW's share price closed on 30 June 2022 at $4.38 vs 30 June 2023 at $4.09. Dividends paid in FY22 were 30cps vs 28cps in FY23.

Safety Performance Measure

KPI:
Safety and wellbeing TRIFR[3]

FY23 result:

↑17%

since FY20 baseline

An improvement of -3% was recorded in FY23 compared to FY22. However, overall PGW missed the objective of improving by >30% by end FY23 vs the FY20 baseline and is setting a new objective to reflect our revised H&S strategy and roadmap.

Customer Experience Measure

KPI:
Target incremental improvement in PGW Group NPS[4]

FY23 result:

Stable

from previous year's NPS survey

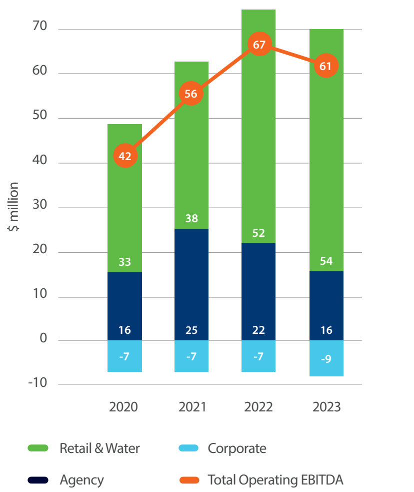
PGW Group NPS has remained flat on last year. These results align with generally very low rural confidence levels as recorded in recent sentiment surveys. Research indicates that competitor NPS scores have declined on average over this period.

Fruitfed Supplies Technical Horticultural Representative, Mike Treloar, discusses late season disease control with Shane Day, Vineyard Manager at Rose Family Vineyards near Blenheim, in Marlborough.

Financial Performance

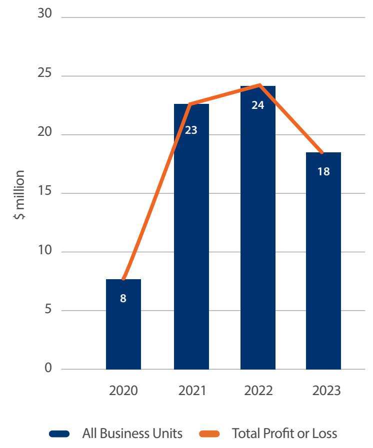
Whakaaturanga Pūtea

Operating EBITDA

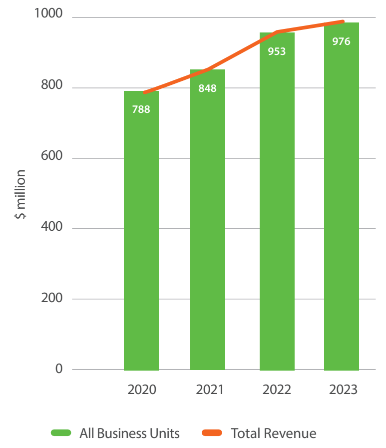


Four-year summary post divestment of PGG Wrightson Seeds Ltd.

Profit or Loss



Revenue



Share Price Post Share Consolidation (NZ$)

Contents | *Ngā Kaupapa*

Calendar | *Maramataka*

Annual Shareholders' Meeting	25 October 2023
Half-year earnings announcement	20 February 2024
Year-end earnings announcement	13 August 2024

Sustainability | *Toitūtanga*

As part of our commitment to sustainability, this annual report is printed using soy-based inks, no chemicals have been used in the process of platemaking and the Annual Report is printed on environmentally responsible paper, produced using Elemental Chlorine Free (ECF), third party certified pulp from responsible sources, and manufactured under the strict ISO14001 Environmental Management System.

Acting Chair and Chief Executive Officer's report

Te Pūrongo a te Heamana Whakakapi me te Tumuaki

Financial Performance | *Whakaaturanga Pūtea*

	2023 $M	2022 $M	2021 $M	2020 $M
Revenue	**975.7**	952.7	847.8	788.0
Gross Profit	**252.8**	248.5	223.2	204.0
Operating EBITDA	**61.2**	67.2	56.0	42.2
Net Profit After Tax	**17.5**	24.3	22.7	7.7
Net Cash Flow from Operating Activities	**25.5**	23.7	57.7	31.5

Stephen Guerin
Chief Executive Officer

U Kean Seng
Acting Chair

PGG Wrightson Limited ("PGW", "the Group", or "the Company") delivered Operating Earnings before Interest, Tax, Depreciation, and Amortisation (Operating EBITDA) for the year ended 30 June 2023 of $61.2 million. Net profit after tax (NPAT) was $17.5 million.

Trading performance | *Te Mahi Tauhokohoko*

Against a challenging backdrop, PGW delivered strong results for the financial year. Although Operating EBITDA of $61.2 million was down $6.0 million or nine per cent and NPAT of $17.5 million was down $6.8 million or 28 per cent, revenue grew to $975.7 million and was up $23.0 million or two per cent compared to the prior year. These results were realised with margins broadly in line with the comparative period. This is the second strongest trading performance for the business since the PGG Wrightson Seeds Ltd divestment which was bettered only by last year's record result.

The resilient performance of PGW in volatile market conditions is perhaps the most pleasing aspect of the result. Strong operating performance was generated by most business units with Livestock, Wool, and Water all experiencing solid demand. Rural Supplies and Fruitfed Supplies again experienced a standout performance. The exception was our Real Estate business which continues to operate in difficult market conditions.

Macro trading conditions for the year have been volatile with increasing input costs and inflationary pressures, falling commodity returns for our clients, and a wet and cold spring delivering frosts which affected a number of crops. Two cyclones through late summer also resulted in significant crop and rural infrastructure damage in the North Island.

In the context of these market conditions, we are heartened by the performance of the business and what has been achieved this financial year. We are proud of the way our team responded to the demands experienced in their regions and the extraordinary efforts of many in the way they supported each other, our clients, and their communities in need.

Business highlights | *Ngā Kaupapa Pakihi e Tāpua Ana*

Since the launch of our refreshed Max Rewards loyalty programme in November 2022, membership growth has been steady with noticeable increases in applications following agricultural show events. As well as a brand new look, our clients have an enhanced shopping experience, membership tiers, and access to wider member benefits as part of the programme. The Max Rewards programme differentiates our client offering in the competitive agribusiness market.

The Business Improvement Programme to simplify our IT systems made good progress with its first phase successfully implemented on schedule in July 2023. The main component of the programme is expected to be completed in FY24. The benefits expected from the consolidation of systems and renewal of processes are greater efficiency, flexibility, better utilisation of our data, and security.

During the financial year PGW's property maintenance requirements were transitioned to a specialist facilities manager. Using a specialist facilities provider to engage contractors to undertake property related works provides efficiencies and enhances our capacity to deliver professional repairs and maintenance work with a greater degree of compliance assurance.

PGW Group Strategy | *Rautaki Rōpū a PGW*

The implementation of our PGW Group Strategy remains a key focus with execution of initiatives linked to our eight strategic priorities. Our strategy centres around our 'why', being proud of our respected history in the New Zealand agri-sector while concentrated on the future and growth opportunities for PGW Group. Ultimately our strategy is to provide superior service and offerings to our clients and consistent growth to our shareholders. This will be achieved by working alongside our clients and advancing the technical expertise we provide to help grow their businesses. The depth of the relationships we have with our clients positions us well to meaningfully contribute to their farming and growing operations and these relationships based on trust and past experience become even more important in challenging market conditions.

Over the course of the last year we undertook an assessment of each business unit and corporate function's strategic initiatives and performance indicators and tracked these through at a PGW Group level. This exercise served to gauge the pace of progress and the desired outcomes of our strategic objectives and reset these as we look to the next three to five years.

For several years we have tracked and reported against several published Results and Measures as part of our PGW Group Strategy. The measures track our performance in relation to financial performance, safety performance, and customer experience. These measures cover three important areas where we want to grow and improve. This year's results have been impacted by more challenging operating conditions and we comment on each in turn:

Financial Performance Measures: Our internal financial performance measures include two key indicators. Firstly, we target growth through the cycles in excess of Consumer Price Index (CPI). This is measured by comparing our normalised Earnings Before Interest and Tax (EBIT) growth against the CPI. During FY23 we recorded a normalised EBIT growth of -21.3 per cent. We normalise EBIT by excluding non-operating gains/(losses) and impairment and fair value gains/(losses).

A second financial measure that we target is to achieve a Total Shareholder Return* (TSR) exceeding 10 per cent per annum.

** Total Shareholder Return (TSR) is calculated based on the movement in share price during the financial year, plus the dividend (cents per share) paid, divided by the opening share price.*

Loyalty Programme

SINCE THE LAUNCH OF OUR REFRESHED MAX REWARDS LOYALTY PROGRAMME IN NOVEMBER 2022, MEMBERSHIP GROWTH HAS BEEN STEADY.

TSR is calculated annually based on the movement in our share price plus the dividends paid. The TSR for FY23 was flat at zero per cent, underperforming our target. The business maintained a steady dividend at 96 per cent of NPAT and 22 cents per share for FY23 which compares favourably to the market.

Health & Safety Measure: The health, safety, and wellbeing of our people is of critical importance to PGW. To track our safety performance, we measure our Total Recordable Injury Frequency Rate (TRIFR) performance so we can demonstrate continuous improvement in our safety outcomes. PGW's TRIFR rate for FY23 was 26.47 and the Lost Time Injury Frequency Rate (LTIFR) rate for FY23 was 6.62. These calculations are based on contracted hours worked by permanent and temporary employees, using a base of 1 million hours. This provides us with an opportunity to address and improve this figure in future years, noting the increase on our FY20 baseline can in part be explained by an increased focus in FY23 on identification and reporting of injuries in PGW's Health and Safety System, Risk Manager, as part of PGW's ongoing safety journey.

Customer Experience Measure: A key feature of PGW's success as a business is the trust our clients place in our company, people, and brand. Given customer experience is so important to our continued success as a business, a key objective in our strategy is to target incremental improvement in our PGW Group Net Promoter Scores (NPS). NPS is a commonly used measurement of customer satisfaction and loyalty which is based on a customer's likelihood to recommend a service or business. In FY23 our PGW Group NPS was stable, and in line with the FY22 result we achieved. We consider this is a reasonable and understandable result given the current challenges that are weighing heavily on farmer confidence and sentiment - such as a high inflation, increased interest rates, softening returns, and in some regions the impact of severe weather events.

Market conditions | *Ngā Āhuatanga o te Mākete*

The resilience of farmers and growers has again been tested this year. The year was in many ways a story of two halves with broadly positive market fundamentals and relatively benign climatic conditions supporting farm and orchard production in the first half. The second half proved more challenging with inflationary pressures having an impact globally, a softening in primary export commodity pricing and several regions impacted by damaging cyclonic weather events together with very wet conditions experienced through much of the country.

A range of surveys showed farmer confidence levels have been tracking at historically low levels, exacerbated by increased uncertainty caused by a number of factors. Stubbornly high levels of inflation have led to increases in on-farm and on-orchard input costs. Inflation is also causing central banks to raise interest rates which have increased finance costs while the easing in farmgate commodity prices has reduced profitability. Farmers and growers also have concerns about regulation, compliance costs, climate change policy, and the upcoming general election heightens uncertainty across all sectors.

Some of the country's main horticulture regions were particularly impacted by the adverse weather events that affected a number of crops. Overall apple, kiwifruit, and grape harvests were lower but quality issues, especially for apples and kiwifruit improved compared to the previous season. PGW is well positioned to support our clients in their recovery work as they address the damage to their businesses.

On the positive side, good soil moisture levels have set farmers up for a promising spring with good growing conditions anticipated.

Fonterra's recent reductions in the forecast payout in response to the global milk price falls puts additional financial pressure on dairy farmers. However, Fonterra is more positive about the long-term outlook for dairy as milk production from key exporting regions is flat compared to last year.

Land use change from farming to carbon forestry has reduced the national beef herd and sheep flock in recent years, although conversions should slow with the introduction of new rules governing farm-to-forestry conversions. The resource consent process will allow local councils to determine which land can be used for plantation and carbon forests.

Although consumer demand from China has been slower than anticipated, it is expected to recover towards the end of the year. Demand from the rest of the world for New Zealand's primary food products is growing as consumers recognise the importance of food provenance. Access to labour is improving and shipping delays have eased. Input costs are starting to decrease, driven by lowering inflation and the recent decrease in fertiliser prices. Remarkable progress has been made through the programme to eradicate M. bovis with no current infections and no properties under investigation.

New Zealand's Free Trade Agreement with the United Kingdom came into effect at the end of May 2023. The deal with the European Union was signed in July 2023 and it is anticipated that it will enter into force in the first half of 2024. These deals increase access to these markets and over time remove tariffs which will deliver better export earnings for New Zealand.

Top: PGG Wrightson Wool Operations Representative, Hine Mullany, with Bloch & Behrens Senior Wool Buyer/Trader, Mark Hunter, appraising wool growers lots prior to the auction at the PGW Wool Store in Christchurch, Canterbury.
Photo credit: Alan Gibson, Gibson Images.

Centre: Fruitfed Supplies Technical Horticultural Representative, Stephen Hall, discusses the stage of the cucumber crop and how light levels affected this season's crop with Arie van der Houwen, owner of House of Taste near Pukekohe, Auckland.

Below: PGG Wrightson Technical Field Representative, Scott Daubney, discusses new grass establishment with Mitchell Coombe, Managing Director of TCG Agriculture, at his Tatua dairy farm, near Tatuanui, Waikato.

Top: PGG Wrightson Customer Service Representative, Ella Quinlan, and PGG Wrightson Trainee Technical Field Representative, Sarah Wilson perform a stock check for the daily stock cycle counts in the Wanganui Rural Supplies store, Wanganui.

Centre: Fruitfed Supplies Technical Advisor, Catherine James, discusses the biological insecticide products for controlling caterpillars in lettuce with Taylor Leabourn, Agronomist for LeaderBrand near Bombay, Auckland.

Below: PGG Wrightson Wool Handler driving an electric fork truck in the PGW Wool Store in Christchurch, Canterbury.

Photo credit: Alan Gibson, Gibson Images.

Our people | *Ā Mātau Tāngata*

At 30 June 2023 PGW had 1,572 permanent and temporary (fixed term) employees and 323 casual and commission agents, totalling 1,895 people.

Our people are the heart of our business and our efforts continue to ensure PGW is not only a great place to work, but also develops great people who have a place within the heart of our clients and the local communities where we operate.

Investing in our people is a strategic imperative for PGW as we support and develop our team members to be able to deliver on our strategy. Three key pillars of Leadership & Expertise, Safe & Certain, and Recognition provide the anchors of our People & Safety strategy. We have revitalised our Learning & Development and technical training programmes and have made ongoing improvements to our safety resources and systems. In the past year we concentrated on leadership development, health, safety and wellbeing culture, leadership and fundamentals, sales training, team culture, and a wide range of eLearning courses.

We have also delivered on providing opportunities for those showing strength in leadership early on in their careers and those who have displayed the skills and aptitude to enhance their careers by working as part of cross-functional teams on our Business Improvement Programme. In re-invigorating our programme of offshore study tours, we also seek to widen the horizons for our team members who demonstrate superior attitude and technical expertise in their roles.

Some of the country's

MAIN HORTICULTURE REGIONS WERE PARTICULARLY IMPACTED BY THE ADVERSE WEATHER EVENTS THAT AFFECTED A NUMBER OF CROPS.

Health, safety, and wellbeing | *Te Hauora, te haumarutanga, me te toiora*

PGW continues to take a disciplined approach to controlling our critical risks and our revised Health, Safety, & Wellbeing roadmap and resourcing model has made significant progress this past year by engaging and learning from those who are closest to our critical risks.

It is also encouraging to see an increase in our people going above and beyond in their contributions to health, safety, and wellbeing which has been demonstrated through receiving excellent examples of innovative solutions and initiatives from across our business when nominating colleagues for our bi-monthly Executive Safety Leadership Award.

Sustainability | *Toitūtanga*

Guided by the Environment and Sustainability pillar within the PGW Group Strategy, PGW was pleased to release its Sustainability Strategy to 2030 (Te Rautaki mō e Toitūtanga). This strategy establishes PGW's positioning on a range of key Environmental, Social, and Governance (ESG) issues, as well as targets around greenhouse gas (GHG) emissions, fleet management, energy efficiency, and other social and governance metrics.

PGW has committed to reduce its operational (scope 1 & 2) GHG emissions by 30% by FY30 from its FY21 baseline. As part of this commitment, PGW has undertaken a comprehensive process to calculate its current and historic emissions profile, including seeking external assurance. PGW has identified its largest sources of emissions and put in place a series of strategic actions to address these over time.

PGW has also committed to transparency through public reporting and has aligned this annual report to the Global Reporting Initiative (GRI) Standards. The GRI Standards assist organisations to understand and communicate their impacts on a range of issues such as climate change, human rights, and corruption (see pages 38 to 59).

Cyclone Gabrielle | *Huripara Gabrielle*

The damage caused to our clients from Cyclone Gabrielle and Northland flooding this year has been substantial, with the effects and recovery going to be felt for a number of years to come. It was sobering seeing the devastation the storm has caused but it was heartening to see that the fabric of our rural communities is strong and resilient.

Our local teams did a fantastic job supporting and helping our clients and growers, often while having to deal with their own personal impacts. We also had a lot of staff from around the country travel to the affected areas to help the local teams and provide additional support where needed. Our people have been amazing and continue to demonstrate how PGW plays a big part in our communities as well as looking out for each other.

We worked in conjunction with Ag Proud and Federated Farmers to capture donations for distribution to the Rural Support Trusts in the impacted areas. Our retail stores and livestock saleyards collected approximately $32,000 which was distributed to the Rural Support Trust and Federated Farmers who were on the ground doing great work to support those in need. Internally, PGW raised over $115,000 from employees and other donations (see page 56).

Cashflow and debt | *Te Kapewhiti me te Nama*

PGW recorded operating cash flows during the year of $25.5 million, which was $1.8 million higher than the prior year, impacted by higher income tax payments on last year's exceptional result together with higher funding costs.

PGW invested in working capital during the year, including implementation of our strategy to grow GO-STOCK resulting in a balance of $74.0 million at 30 June 2023, an increase of $7.9 million or 12 per cent from 30 June 2022. Inventories were $5.5 million higher than 30 June 2022 which reflects higher prices due to inflationary pressures.

Capital expenditure of $17.1 million was $8.4 million higher than 30 June 2022. This increase was driven by the significant investment in our IT Systems Business Improvement Programme, which includes both operating expenditure and capital expenditure components, and is due to go-live in the 2024 financial year.

The longer-term outlook is positive,

WITH THE MINISTRY FOR PRIMARY INDUSTRIES PROJECTING STEADY GROWTH FOR NEW ZEALAND'S PRIMARY EXPORTS AND REVENUE PROJECTED TO REACH $62 BILLION BY 2027.

Top: PGG Wrightson Salesperson, Real Estate, Stephen Hautler discusses the 'table top' strawberry production system with Dot Bissett prior to the successful sale of the Wee Red Barn near Masterton, Wairarapa.

Centre: PGG Wrightson Technical Advisor, Rose Baker, and Service Electrician, Kurt Pienaar, discussing the progress on their customers pivot irrigators winter servicing for the season.

Below: PGG Wrightson's Fairlie Rural Supplies Store.

Our net interest-bearing debt was $65.3 million as at 30 June 2023, an increase of $32.5 million from the prior comparative period. In December 2022 we increased our banking facility limits by $30 million to provide prudent headroom and to also fund potential growth opportunities.

Distributions | *Ngā Utu Whaipānga*

The Board has declared a fully imputed final dividend for FY23 of 10 cents per share. The dividend will be paid on 3 October 2023 to shareholders on PGW's share register as at 5pm on 15 September 2023. This will effectively bring the total fully imputed dividends for the financial year up to 22 cents per share.

Outlook | *Matapae*

There is a significant degree of volatility in the global economy and international markets currently. New Zealand, like our key trading partner nations, is committed to taming inflation and is matching central banks by lifting interest rates. The effect of this monetary policy is being felt with inflation levels beginning to trend lower but with elevated interest rates raising borrowing costs.

Growth in emerging economies is forecast to increase faster than developed countries. The recent Free Trade Agreements with the United Kingdom and the European Union removes tariffs over time making it easier for our producers to trade in these regions. The longer-term outlook is positive, with the Ministry for Primary Industries projecting steady growth for New Zealand's primary exports and revenue projected to reach $62 billion by 2027. As a market leader in the agricultural sector, PGW is in a strong position to assist our clients grow their businesses as they respond to export demand.

Our country's farmers and growers are renowned for their resourcefulness and their pioneering spirit continues with the creation of new solutions to adapt to climate change and become more efficient. Regardless of the regulatory framework that is ultimately adopted, the primary sector will adapt and continue to enhance its social licence to operate.

It is too soon to forecast trading performance for the year, but we hope to be better placed to provide guidance for FY24 following the start of the important spring trading period at our Annual Shareholders' Meeting in October 2023. In the meantime, we do note the following positive signals:

- PGW continues to pick up market share and we see this in key categories and in new client enquiries and business.
- Maize orders for the coming spring are strong and tracking ahead of the same time last year.
- The viticulture sector had a good harvest and New Zealand wines are in demand internationally with new plantings planned and Fruitfed Supplies is well placed to support growers.

While we are well positioned operationally as we move into the current financial year, we see continuing volatility and softening commodity prices for our clients and an even more challenging macro market conditions out over the short to medium term than experienced in recent years.

Governance changes | *Ngā Panonitanga Mana Whakahaere*

The PGW Board had a number of membership changes over the past year.

Lee Joo Hai stepped down as Chair and a member of the Audit Committee on 4 July 2023. U Kean Seng was appointed Acting Chair and a member of the Audit Committee while Independent Director, Sarah Brown, assumed the role of Deputy Chair. Mr Lee has announced that he will retire from the Board before the October 2023 Annual Shareholders' Meeting, having served as a director since 31 October 2017. The Board acknowledged and thanked Mr Lee for his contributions over his tenure.

At the Annual Shareholders' Meeting on 18 October 2022, Meng Foon and Garry Moore joined the Board as independent directors. Mr Moore is also a member of the Audit Committee

Executive team changes | *Ngā Panonitanga Rōpū Whakahaere*

The PGW Executive team had one change with Peter Moore, General Manager Livestock Ventures and Partnerships, retiring on 30 June 2023.

Acknowledgements | *Ngā whakamihi*

Our positive trading results in the markets we have seen over the past year are a testament to the incredible dedication and resilience of our entire PGW team. Through our 'One PGW' philosophy, our nationwide team pulled together to serve our clients, communities, and each other in some incredibly trying circumstances. It was especially gratifying to witness the tremendous integrity and ingenuity demonstrated by colleagues to support those impacted by the cyclone.

We could not have delivered this outcome without the loyal support of our clients and suppliers in what has been another busy year for the business. Thank you to our shareholders, we are committed to growing the company and appreciate your confidence in us to deliver.

U Kean Seng
Acting Chair

Stephen Guerin
Chief Executive Officer

Board of Directors

Te Poari Tumuaki

U Kean Seng

LLB (Hons), B.Ec

Acting Chair

U Kean Seng was appointed Acting Chair of the PGG Wrightson Limited Board on 4 July 2023 and has been a Director since 4 December 2012. He is a member of the Audit Committee.

He is Head of Corporate and Legal Affairs for Agria Corporation, a role he has held since December 2008. U Kean Seng previously practiced as a partner at Singaporean law firm, Shooklin & Bok LLP, focused on East Asia, and he led a corporate finance team in Allen & Overy Shooklin & Bok, JLV, an international law venture partnership with London based Allen & Overy LLP.

U Kean Seng previously sat as an independent and non-executive director of several public listed corporations. He received a Bachelor of Laws (Honours) degree from Monash University Australia. He is a Barrister and Solicitor, Supreme Court of Victoria, Australia; Advocate and Solicitor, Supreme Court of Singapore and Solicitor of England and Wales. In addition to his extensive legal knowledge, U Kean Seng is also a qualified economist, having completed his degree majoring in Economics and Accounting, B.Ec at Monash University, Australia.

Sarah Brown

BA, LLB, CFInstD

Deputy Chair and Independent Director

Sarah Brown was appointed Deputy Chair of the PGG Wrightson Limited Board on 4 July 2023, is Chair of the Audit Committee, and has been an Independent Director since 30 April 2019.

Sarah is from a rural background, having grown up on a Southland sheep farm. She is a former commercial lawyer who now holds a number of independent director roles, including SBS Bank.

Meng Foon

Independent Director

Meng Foon was appointed to the PGG Wrightson Limited Board on 1 July 2022 as an Independent Director. He has extensive business experience in horticulture, agriculture, private wealth creation, and property development.

Meng is currently Chair of Te Pūkenga Equity Experts Group, Chair of M Y Trust, Director of M Y Gold Investments Limited, and a Trustee of The Arts Foundation. He served as the Mayor of Gisborne from 2001 to 2019 and has held governance roles for several New Zealand entities.

Meng is knowledgeable about best practice organisational structures and operating systems, and he believes that data, science, and technology will help ensure future sustainability in environment and land business profitability.

He has worked with Māori landowners and believes that Māori land businesses are important contributors to the leadership of Aotearoa. He aha te mea nui o te ao – he Tangata, inclusive people and relationships are the success of all things he does.

Lee Joo Hai

ACA (ICAEW), CPA (Australia), FCCA (UK), CA (ISCA)

Director

Lee Joo Hai has been a Director since 31 October 2017. He was appointed as an Independent Director of Agria Corporation in November 2008.

Mr Lee has more than 30 years' experience in accounting and auditing. He was a partner of an international public accounting firm in Singapore until his retirement from the firm in 2012. He has serviced clients in the manufacturing, hospitality, insurance, insurance broking, and other service industries. His clients included large multinational corporations and listed entities. His professional memberships include those of the Institute of Chartered Accountants in England and Wales, CPA (Australia), ACCA (UK), Institute of Directors of both Hong Kong and Singapore. Mr Lee also sits on the Board of several listed companies in Singapore and one in Hong Kong.

Mr Lee will retire from the Board of PGG Wrightson Limited effective 24 October 2023.

Garry Moore

B.Com, M.B.A, C.A.

Independent Director

Garry Moore was appointed to the PGG Wrightson Limited Board on 1 July 2022 and is a member of the Audit Committee.

Garry was raised on farms in rural Mid-Canterbury before attending Canterbury University. He brings a wealth of finance knowledge with 40 years of extensive investment advisory experience together with trustee and corporate governance experience in rural services, viticulture, pastoral farming, and education.

He is a registered Financial Service Provider and a former member of the national Forsyth Barr Investment Committee. Garry is Chair of DairyCool Limited and South Canterbury based farm owner Burnett Valley Trust. He is a past Chair of St Andrew's College, Greystone Wines, and the Canterbury Branch of the NZ Institute of Chartered Accountants.

Dr Charlotte Severne

MSc, PhD (Geology), ONZM

Independent Director

Dr Charlotte Severne was appointed to the PGG Wrightson Limited Board on 18 June 2021 as an Independent Director. She is also Chair of PGG Wrightson's Health, Safety and Environment Committee.

Charlotte (Tūwharetoa, Tūhoe) was a commercial scientist and executive for 20 years. She was also Deputy Vice Chancellor at both Lincoln and Massey Universities.

In 2017 she received an ONZM for her contribution to Science and Māori. In 2018 she was appointed The Māori Trustee, with various governance and agency roles for whenua Māori across New Zealand.

Executive Team

Ngā Kaihautū

Stephen Guerin

Nick Berry

Julian Daly

Grant Edwards

Peter Newbold

Peter Scott

Rachel Shearer

Stephen Guerin

Chief Executive Officer

Stephen was appointed Chief Executive Officer (CEO) of PGG Wrightson Limited in June 2019. Stephen is a director of several Group subsidiaries and a Director of the PGG Wrightson Employee Benefits Plan Trustee Limited. He holds a Bachelor of Business Studies (Accounting) from Massey University and is a member of the Institute of Directors and Chartered Accountants Australia & New Zealand. Stephen is also a Director of Safer Farmers and a director on a community charity board.

Prior to this appointment as CEO, Stephen was responsible for all aspects of the Retail & Water group business which includes the Rural Supplies, Fruitfed Supplies, Agritrade, and Water businesses. He has worked for PGG Wrightson Limited and its predecessor companies since 1988.

Nick Berry

General Manager Retail & Water

Nick was appointed General Manager Retail & Water in August 2019. Nick joined PGG Wrightson Limited as New Business Growth Manager for Agritrade in 2014 and through his five-year period with Agritrade, he grew the business substantially.

Before joining PGG Wrightson Limited, Nick was General Manager at RD1 for eight years and prior to that he was National Operations Manager. Nick has an extensive track record of experience at general management level. Nick's strengths are leadership, business management, along with strong sales and service focus, backed up with a strong affinity for retail and the agribusiness sector.

Julian Daly

General Manager Corporate Affairs (Company Secretary)

Julian is responsible for the Group Strategy, Marketing, Legal, Corporate Communications, Business Services, and Investor Relations functions for PGG Wrightson Limited. He is also Company Secretary and previously held a number of responsibilities including, General Manager of PGG Wrightson Real Estate Limited and Internal Audit. Julian has broad operational involvement across the business and is Chair of the Credit Committee and Risk Committee, director of several Group subsidiaries and a Director of the PGG Wrightson Employee Benefits Plan Trustee Limited.

He is a former General Counsel of DB Breweries Limited and has previously worked for law firms in the Middle East and New Zealand. Outside of his PGG Wrightson Limited role, Julian also has a number of governance and voluntary positions, including as a Director of Trade Aid New Zealand, Chair of Selwyn House School and as a Citizens Advice Bureau community lawyer.

Grant Edwards

General Manager Wool

Grant was appointed as General Manager Wool in October 2017. He is responsible for all aspects of the Wool business including procurement, logistics, sales, and wool export. Grant holds a Bachelor in Agriculture Science from Lincoln University majoring in Wool Science.

He began his career in Livestock with Reid Farmers Limited in the mid-1980s, and then joined their Wool Business. He held the position of Wool Manager at Reid Farmers and Pyne Gould Guinness Limited. More recently Grant held a role with PGG Wrightson Limited as General Manager Regions. Grant has spent over 20 years directly in the wool industry and states, "once you have a passion for wool it never leaves."

Peter Newbold

General Manager Livestock & Real Estate

Peter is General Manager Livestock & Real Estate. Peter has led the PGG Wrightson Limited Real Estate business since September 2013 and he took responsibility for PGG Wrightson Limited Livestock in October 2020. Peter was previously General Manager of New Zealand Sotheby's International Realty.

Peter was employed by Wrightson Limited from 1995-2005, during which time he held a range of roles including Marketing Manager and Business Development Manager. Prior to this, he had an extensive career in retail ownership, management, and franchising.

Peter Scott

Chief Financial Officer

Peter was appointed as PGG Wrightson Limited's Chief Financial Officer in March 2015 and leads the finance and technology functions. Peter started his career at Fletcher Challenge and has broad multinational experience, spending five years in Scandinavia where he was the Vice President of Accounting and Tax for Norske Skog, a large global newsprint and magazine paper producer.

He relocated to Australia in 2005 and was appointed to the lead finance role for Norske Skog's Australasian region. In 2008, Peter joined Gloucester Coal Limited, an Australian Securities Exchange listed mining company as the Chief Financial Officer. In 2010 he joined the majority shareholder Noble Group, a leader in managing the supply chain of agriculture, energy, metals, and mining resources, headquartered in Hong Kong and listed in Singapore. He was the Chief Financial Officer for Noble Group in Australia.

Rachel Shearer

General Manager People & Safety

Rachel joined PGG Wrightson Limited in 2016 and is responsible for our Group People & Safety strategy. She leads the functional teams of Health, Safety & Wellbeing, Human Resources, Remuneration & Reward, Learning & Development, Payroll, HR Information Systems and Shared Services. She is a member of the Institute of Directors and is PGW's Executive Director of bidr®.

Rachel is a former GM Human Resources at Solid Energy New Zealand Limited, after time spent as a human resource consultant both abroad and in her hometown of Christchurch, specialising in organisational design, workforce planning and business transformation.

Retired

Peter Moore

General Manager Livestock Ventures & Partnerships

Peter retired from the role of General Manager Livestock Ventures & Partnerships effective 30 June 2023.

Māori Agribusiness

Te Pakihi Ahuwhenua Māori

At PGW we are working hard to recognise and embrace Māori culture as part of our Aotearoa New Zealand identity which is reflected in our client base and our PGW whānau.

Our specialist Māori Agribusiness team liaises with our Māori agribusiness clients and engages with PGW colleagues across the company to ensure that technical expertise and industry matauranga (knowledge) are provided as they strive to assist Māori farmers and growers in the effective kaitiakitanga (guardianship) of their land.

Our dedicated Iwi Relationship Managers, most fundamental guiding principle is tikanga (Māori societal lore) and they focus on building enduring whanaungatanga (relationships) to tautoko (support) and hautū (guide) our Māori agribusiness clients to align their farming practices with environmental values.

We demonstrated our commitment to our Māori Agribusiness clients by growing the team with the addition of a new Iwi Relationship Manager during the year.

For some time, our Iwi Relationship Managers have provided training and assistance to our clients and communities, and this has been expanded across the company. An important aspect of the team's role is to share, communicate, and educate the wider PGW business on these principles and help grow our cultural competency of te ao Māori. The Māori Agribusiness team partnered with the PGW Learning and Development Team to create a series of online modules which enable everyone to access training and knowledge around basic te reo Māori, tikanga values, and cultural practices to assist in their day-to-day roles.

PGW's own karakia (prayer) was created and gifted to PGW by Ron Walters, Iwi Relationship Manager, and his nephew. The karakia provides protection for everyone, improves the goodwill of a gathering, and enhances a favourable outcome for everyone. The karakia creates a spiritual bond between papatūānuku (land), rangi (sky), wai (water), and hau (wind), and binds these elements together (see below).

PGW is proud sponsor of the Ahuwhenua Trophy, Te Puni Kōkiri Excellence in Māori Farming and Horticulture Award, which acknowledges and celebrates Māori agricultural and horticultural excellence (see page 56).

Above: PGG Wrightson Iwi Relationship Manager, Mike Pritchard, discusses the condition of the breeding cows with Lance Limmer, Farm Manager, and Shaun Limmer.

Below: PGG Wrightson Iwi Relationship Manager, Mike Pritchard, discusses the water feasibility study and farm environmental plan with representatives from Water Matters, Te Puni Kōkiri, Koru Asset Development Group, and Okapu Farm, together with James Mahara, Chairman of Okapu F2 Trust.

Both photos are taken at Okapu F2 Trust Kawhia, Waikato.

Karakia Timatanga

Opening Prayer

Tuia ki te rangi	Bind to the sky
Tuia ki te papa	Bind to the earth
Tuia ki te moana	Bind to the sea
Tuia ki te tangata e noho nei	Bind all those who gather here
Haere mai te tī	Welcome one
Haere mai te tā	Welcome all
Mauri tau ai ki waenganui tenei	May calm bestow amongst our
huihuinga tūturu whakamaua	meeting today
kia tina, tina!	Behold, attention
Hui e, taiki e!	Here we gather!

PGG Wrightson, Matamata Rural Supplies Store Manager Matt Stachurski, discusses the calves' development with Bryan Elliott owner of Hinuera Farm Limited near Matamata, Waikato.

Te arotake i te tau

The year in review

PGW has two operating groups: Retail & Water and Agency

E rua ngā rōpū whakahaere o PGW: *Hokohoko me te Wai me te Umanga*

PGG Wrightson Technical Specialist in Agronomy, Joseph Watts, discusses the health of a maize crop with Ed White, owner of Barnsdale Farm near Makaretu, Central Hawke's Bay.

Retail & Water group | *Rōpū Hokohoko me te Wai*

$785.3M
Revenue ▲ 3.0%

$54.1M
Operating EBITDA ▲ 3.0%

The Retail & Water business incorporates Rural Supplies, Fruitfed Supplies, Water, and Agritrade. Retail & Water's Operating EBITDA was an impressive $54.1 million and up $1.6 million on the prior year or three per cent. Revenue of $785.3 million, was up $24.0 million or three per cent.

This financial year has been another record year for our Retail & Water businesses. Increased sales were recorded in the animal health, fencing, general merchandise, and horticultural merchandise categories. We transacted increased business volumes with the same level of staff which is something we are very proud of and testament to the commitment of our team members.

Our clients appreciate the superior technical ability of our people who are backed by our dedicated Research and Development team and the advanced technological platforms they utilise. We will continue to build on this point of difference to ensure we maintain and increase our market share.

International travel recommenced after COVID-19 travel restrictions with visits to our suppliers in America, Europe, Australia and Singapore, as well as an agronomy and study tour in South America. These trips are crucial to the business to ensure that we are at the forefront of new research and products coming to the market, to foster and reforge relationships with our suppliers and overseas partners, and to create favourable trading partnerships.

During the financial year we invested in the personal development for our teams with targeted training on sales growth, performance, financials, planning and sales conversations. These workshops provide the opportunity for teams to learn more about the financial performance of their region and their store, how they can contribute and initiatives in other stores.

Technical investments included a fridge sensor trial with Spark Internet of Things (IoT) to help safeguard products in our care such as animal health vaccines, horticultural pheromones, and deer velvet. These products must be kept at controlled temperatures to comply with our assurance obligations and digitalising the process reduces wastage and improves reliability. The success of the trial has led to a company wide rollout being approved.

Global supply chain disruptions following the pandemic caused us to carry higher levels of inventory to ensure we could provide our clients with the right products at the right time. Elevated inventory levels caused some challenges with storage and working capital management. As international shipping delays are easing there is more certainty regarding deliveries, and we have adjusted inventory levels given that we do not need to carry the same quantities of buffer stock as was considered necessary in the prior year.

As part of our continual store improvement programme, our Richmond store relocated to a new purpose-built building. This new store provides an enhanced client experience and a better working environment with improved safety aspects. Our Retail & Water property pipeline includes a move to new stores for our Timaru Rural Supplies and Water Teams, refurbishments for our Waimate and Geraldine stores, and a number of other building initiatives are currently in early stages. Enhancing our retail footprint allows us to accommodate growth, expand existing product ranges, stock new products, and meet the future needs of our clients. This continual investment is a demonstration of our commitment and support to our local communities.

The online sales channel has continued its growth with pleasing performance in the apparel and general merchandise categories. Improvements in user experience and promotional activity were contributing factors to an uplift in sales for the third consecutive year. We continue to see a positive flow-on impact on in-store cash sales by raising awareness of PGW's extensive product range.

Fruitfed Supplies Technical Horticultural Representative, Richard Griffiths, discusses the benefits of the Future Orchard Production Systems with Todd Blackman, Havelock Sector Orchard Manager for Rockit Management Services at a Rockit™ apple orchard near Havelock North, Hawke's Bay.

Rural Supplies | *Ngā Whakaratonga Taiwhenua*

Rural Supplies recorded its best performance ever, exceeding last year's record result, with strong sales across a range of categories. We have continued to grow market share across a range of categories and delivered an outstanding result in a shrinking market. To achieve growth on last year is an exceptional result given the climatic challenges and demonstrates the strength of our Rural Supplies business.

Our people are passionate and motivated to go the extra mile for our hardworking clients. We are winning new business and seeking opportunities with key accounts in animal health, forestry, and the ever-changing landscape of our traditional business.

Our Marketing Team launched a brand awareness and growth campaign titled, 'Working alongside you, every season of the year', which focuses on our people and their passion to help grow our clients' businesses, and our steadfast support of our local communities. This coming spring a new campaign will promote our technical offering and the value our Technical Field Representatives can offer working alongside our clients.

Fruitfed Supplies | *Ngā Whakaratonga ā-Huawhenua*

The wet spring contributed to additional Ag chem sales in our winery and horticultural merchandise business. Our market share also increased in the vegetable sector which is an important area we have targeted for growth.

The damage caused by spring frosts and floods across parts of the North Island and the impacts from Cyclone Gabrielle in the Tairāwhiti and Hawke's Bay regions will impact the Fruitfed Supplies business over the next few seasons. However, the long-term outlook for horticulture remains positive.

25yrs

Crop Monitoring business
CELEBRATED ITS 25-YEAR ANNIVERSARY

Our Fruitfed Supplies strategic plan focuses on adapting to changes in the industry, capitalising on category growth, and how we can proactively and strategically adapt to land use change. We are proud of our reputation as leaders, with industry organisations approaching us to assist them and provide solutions.

Fruitfed Supplies extended its messaging from the Fruitfed Supplies brand campaign focusing on its innovative capabilities and extensive research and development product trials that support the horticultural sector. This was alongside showcasing the crop monitoring and extension teams who work closely with growers nationwide to transfer technical knowledge into the field. The campaign provided the opportunity to launch a dedicated Fruitfed Supplies Facebook page, and amongst many channels, used digital airport billboards in the main horticultural regions to increase brand awareness.

Our Blenheim branch received its second BRCGS audit after becoming accredited in 2021. We received an AA rating which is the highest rating possible in an on-site audit. Having such an esteemed globally recognised Food Safety Certification verifying our quality and product safety systems has important advantages for our clients.

Fruitfed Supplies won the Indevin/Villa Maria Legends Supplier Award at their annual prizegiving. There were many nominations and the final three were invited to their awards dinner. This is a great piece of recognition from a large client who mentioned our excellent service and staff, our BRCGS certification and our hard work through vintage with the high demand for product in a difficult season.

The Crop Monitoring business celebrated its 25-year anniversary. The Crop Monitoring Scouts provide a valuable service to our clients in the field or orchard monitoring for pests, diseases, and beneficial insects across a range of crops (see pages 36 to 37).

Our Water technicians
COMPLETED CERTIFIED TRAINING WITH VALLEY IRRIGATION

Water | *Wai*

The Water business' strategic focus is to add value to our clients' businesses by growing service delivery and the best technical advice. We are the market leader with the most technically skilled workforce as verified by Valley and the only current Valley Certified Field Technicians and Certified Valley Designers in the country.

Supply chain issues have eased and we have delivered a number of pivots on farm. Service revenue has remained consistent. Our Sales and Design crew are actively targeting irrigator upgrade options and enquiries for infill irrigation are increasing, specifically where clients see the benefit of fixed grid solutions.

Agritrade | *Tauhokohoko Ahuwhenua*

Agritrade, our wholesale business division, celebrated its 10-year anniversary in September 2022 and showed good growth over this period. This past financial year has seen another lift in sales revenue with growth across horticultural inputs and animal health products. Our range continues to expand as suppliers look to us to supply product given our large logistics function and growing reach to merchants and vets across the country.

2023 provided an opportunity to review and improve the Agritrade business structure to deliver further independence and provide greater focus as we continually look to profitably grow our wholesale business and increase efficiencies.

In addressing sustainability through our logistics supply chain, we are working with our suppliers to assist in reducing their freight carbon emissions. We have also reduced our reliance on LPG through the rollout of electric forklifts and have been working with Agrecovery on customer-focused plastic recycling solutions.

Agency group | *Rōpū umanga*

$188.8M
Revenue ▼ 0.05%

$16.1M
Operating EBITDA ▼ 26.0%

PGG Wrightson Business Development Manager, Jess Davies, and PGG Wrightson Livestock Representative, Richard Lamb, discuss GO-LAMB with client James Cooper, owner of Laurieston Enterprises Limited near Taupō, Waikato.

Our Agency group incorporates the Livestock, Wool and Real Estate businesses. Operating EBITDA was $16.1 million and was down $5.8 million on the prior year's strong result or 26 per cent. Revenue was $188.8 million, which was broadly in line with the prior year's result, down just $0.6 million.

Livestock | *Ngā Kararehe*

Our Livestock business achieved a solid performance in a difficult market. Whilst there were challenges through softer sheep pricing, significant wet weather events in the North Island, and declining tallies in some stock lines, there were also positive outcomes for the year. The wet conditions contributed to greater pasture growth than normal which created unseasonal trading during the summer and autumn periods.

Revenues received for cattle were robust, with higher prices received compared to the prior year. This was driven by healthy pricing achieved throughout the year which was assisted by abundant feed and increases in export volumes. Sheep pricing was below expectations throughout much of the year as demand was slow to recover in our key export markets.

Declines in some tallies were experienced due to land use change, especially with conversion of sheep and beef properties to carbon forestry. This is anticipated to slow due to new regulation covering farm-to-forestry conversions.

GO-STOCK, our grazing programme which frees up capital in order for farmers to invest in other areas of their businesses, achieved another record year with the highest balances recorded in terms of values and tallies. GO-BEEF, including the new GO-BEEF PRIME offering, and GO-STOCK DAIRY performed well. During FY23, two significant milestones were reached with over 350,000 cattle and 2.3 million lambs purchased through GO-STOCK since its launch during the 2016 financial year.

bidr® is New Zealand's virtual saleyard, offering real-time live auctions. During the period bidr®'s database of buyers grew to over 9,500 users. This growth is driven by continued demand for online bidding and livestreaming of cattle sales at saleyards and on-farm auctions. bidr® hosted over 900 auctions during FY23, including regular weekly sales at 10 saleyards.

bidr®'s 100% online offering continues to see an uptake in niche sheep and beef genetics and elite dairy sales. FY23 saw the fruition of developments implemented the prior year, particularly with new auction capabilities enabling online buyers to 'pick' individual animals for purchase from a pen containing multiple animals. This has proved popular with the dairy and ram markets.

The Deer and Velvet business delivered a strong performance, recording its best result ever. This was achieved through increases in volumes traded with South Korean health food customers. China's extended shutdown caused slower sales which reduced prices on the prior year. With all velvet stock sold and exported, it remains a profitable income stream for deer clients and continues to grow in both production and quality.

The Genetics business achieved some outstanding results with its bull sales. The team is investigating the value add of a 'beef over dairy' strategy which will benefit dairy farmers seeking genetics that shorten gestation, maximise ease of birth, and increase profitability of cattle.

bidr – first dairy herd forward contract
SOLD ON-LINE

PGG Wrightson Livestock Representatives, Gareth Williams from Taihape, Maurice Stewart from Feilding, and Bjorn Andersen from Dannevirke, selling a pen of two-tooth sheep at the Feilding Saleyards in Feilding, Manawatū.

Into the hills in Tekapo, Canterbury, photographed by Harry Railton for the PGG Wrightson Landmarks Photo Collection.

Success in saleyards from a through-put perspective, especially in the North Island, flowed through to on-farm sales. During the period National Saleyards Limited was successfully established. This is a new entity to operate several jointly owned saleyards across the North Island.

Technological innovations included the enhancement of agOnline, which is the most viewed rural website in the country. The online Blue Notebook was upgraded and creates more options for our agents to transact and source information digitally.

PGW's young talented livestock auctioneers achieved a trifecta by winning first, second, and third in the 11th annual Heartland Bank Young Auctioneers Competition at Canterbury Park in November 2022.

Wool | *Wūru*

Overall, the wool business had a solid year with total bales procured into stores in line with last year. Wool growers continue to be negatively impacted by coarse wool prices. PGW Wool had another steady fine wool season, growing market share supported by high value long-term merino contracts with growers.

While the challenges of navigating international supply chains have eased, the impacts of Cyclone Gabrielle continue to pose a daunting challenge to the New Zealand wool supply chain. WoolWorks New Zealand Limited's Awatoto wool scour was impacted by flooding and remediation work is expected to complete by the end of the year.

As wool's natural and sustainable fibre story grows stronger, consumers are beginning to appreciate the environmental benefits of the product. PGW is an active proponent of the advantages of wool and continues to invest in the business.

PGW extended its wool contract business by linking wool growers with manufacturers both domestically and internationally. We also received increased enquiries from domestic and international retail brands. We expect that rising demand for organic wool will see growers supported by price increases in time. In the latter part of the financial year we saw a significant number of overseas clients visiting our shores to get on farm and meet our wool growers. A key focus of clients is to better understand the supply chain for wool production and farming practices.

Our Wool Integrity NZ™ Programme provides assurances that our wool has been ethically grown. During the year we released our Wool Integrity marketing video "From New Zealand woolsheds to the world". The story follows the wool journey, beginning on-farm and finishing up on the other side of the world where it has been manufactured into high-quality products. The campaign highlights how PGW Wool and our export subsidiary Bloch & Behrens supports growers to produce an ethical fibre that is grown to world leading farm standards, while also connecting them to the global market.

We are proud that our Wool Trainee, Hine Mullany, was named Dux of PGW's Academy Programme. Hine's dissertation sought to improve the clip, particularly the wool colour, of a Canterbury grower.

PGW Wool extended its support to the Campaign for Wool's "Wool in Schools" initiative where mobile "Wool Sheds" travel across New Zealand, visiting primary and intermediate schools to educate children about the wonders of wool.

Real Estate | *Hokohoko Whenua*

The real estate market has experienced one of the toughest years in some time with high interest rates, stricter regulatory requirements, softening commodity prices, and uncertainty regarding the outcome of the general election in October 2023 all contributing to negative sentiment.

This was reflected in operating results for PGW's Real Estate with the decline in market activity leading to significantly fewer sales being made than in the prior financial year. On the positive side, we maintained our market share and increased share in some regions.

Whilst it was pleasing to see PGW Real Estate involved in some large rural properties being transacted, this did not offset the low sale volumes experienced throughout the year, particularly in the lifestyle property market. Sales within Canterbury, King Country, and Otago remained robust, particularly for rural properties, however this was negated by sales in the North Island being negatively impacted by the significant number of adverse weather events.

The wool for the 54,000 tennis balls
USED AT WIMBLEDON IS SUPPLIED BY PGW'S WOOL GROWERS.

Tennis balls made with wool supplied by PGG Wrightson's wool growers.

Looking forward to the busy spring season, we have a lot of activity in the pipeline with appraisals and listings booked in with higher activity in the sheep and beef, cropping, and horticulture categories. We anticipate that properties sold for carbon farming will slow and will revert to more traditional values and volumes, especially in areas of the North Island.

We launched the refreshed PGW Real Estate website which has a contemporary design that provides easy accessibility and enhances user navigation.

PGW Real Estate expanded its profile in Wairarapa and Central Hawke's Bay through the acquisition of a real estate business with several branches which contributed to increasing our overall market share.

Highest property value sale of $35 million

Photo credit: 3 Kings Cherries

3 KINGS CHERRIES
SINCE 1921
CLYDE VALLEY

3 Kings Cherries Reigns Supreme

The 'Three Kings' rock formations sit on the mountains above the Clutha River and overlook the Clyde dam and across the valley to the orchard that carries their name. They were aptly named by Peter Paulin in the 1980s.

The Paulin family has been growing fruit in Central Otago for more than 100 years since Robert Paulin bought his first Clyde valley orchard in 1921. Robert's grandson, Tim Paulin, used to run in the foothills of the Dunstan mountains in his rugby playing days and he noticed there were warm patches of air on this particular piece of land. Tim explains, "20 years ago we put some data loggers out and found that in general it was warmer on frosty nights but in a snow event it was about the same as the surrounding area but didn't get the killer frost. The sloping land means that most of the cold air drains out which are perfect conditions for growing fruit."

In 2017 Tim was part of a syndicate that purchased the sheep farm where he used to run, and 3 Kings Cherries orchard was founded. Tim spent the next few years clearing the land and planting cherry trees. The 42-hectare canopy orchard will produce 400 tonnes of Fulfar, Kootenay, Lapin, Regina, Staccato, Stella, and Sweetheart cherries each year when at full production.

Tim's long-standing relationship with Fruitfed Supplies began when he started working in orchards in Central Otago in 1996. Since then Tim has worked with a number of Fruitfed Supplies Technical Horticultural Representatives (THRs). Blair Deaker, Tim's current THR, has supported Tim for five years. Tim says, "I've always worked with Fruitfed Supplies and I've had a very good relationship with its THRs and its always gone well. The premium export cherry market is extremely competitive, and I have confidence that Blair will deliver what I need when I need it. I can rely on Blair to be one step ahead, anticipating my needs in advance. Everything turns up when I need it, especially when requiring critical sprays, as you need to know that you've got them coming before you require them".

Tim has designed an efficient operation with the orchard's irrigation which runs on solar and is gravity fed. He can control the system from his phone and monitor the flow rate and how much water has been used at any point in time. His spray programme monitoring is digitised, he can see on screen the rows that have been sprayed and if any have been missed or doubled up on, removing wastage. "Blair does the soil tests for me and from there we then discuss the fertiliser requirements. I've planted clover for its nitrogen fixation properties along with other grasses."

Mowed grass is thrown under the trees to increase the soil organic matter and suppress weeds which also helps to retain soil moisture. Additionally, there is no clean raking under the trees which allows the wood to breakdown into organic matter in a more sterile environment, thus improving soil health.

A new packing facility was built in 2020 with state-of-the-art technology and processes. The packhouse was built as close to the trees as possible so cherries are picked and packed in one day. The processing system uses optical recognition to detect the shape, colour, size and complexion and a 360-degree view of each cherry provides exceptional accuracy. Processing occurs at extraordinary speeds of up to 30 cherries per second or approximately four tonnes per hour. "This allows us to strip pick the crop which is more economical as we don't rely on the pickers to sort the cherries, the accurate processing system does it for us. The whole process is a lot more precise now and we're making sure we're getting the right money for the right sized cherries," says Tim.

Blair enjoys working with Tim and the initiatives undertaken to run as sustainably as possible. Blair says, "Being a new orchard allows Tim to be at the leading edge of development and I enjoy being challenged by different growing techniques such as a trial with closely planted trees (1m apart), that is only growing fruit close to the trunk, so producing more cherries per hectare and requires fewer pickers and pruners. This is especially important now that labour has become such a major cost factor in growing."

Working with Fruitfed Supplies

Blair Deaker joined Fruitfed Supplies in 2018 and is a THR servicing horticultural and viticultural clients across Central Otago. Blair has been a grower himself and enjoys the challenges that come from the different crops, locations, and climate. Blair says, "Every grower has different goals on their blocks which keep things interesting, as what works for someone might not work for another or a grower may transition from a conventional to a biodynamic block. I enjoy my relationships with growers, and helping where I can so they can achieve their end goals, whether it be cherries or grapes."

Left and upper right: Fruitfed Supplies Technical Horticultural Representative, Blair Deaker, assesses potential fruit drop in the cherries with Tim Paulin, Managing Director of 3 Kings Cherries near Dunstan, Central Otago.

Below right: 3 Kings Cherries new packing facility. *Photo credit: 3 Kings Cherries.*

Aquila
Sustainable Farming

Aquila Sustainable Farming's Organic Odyssey

Aquila Sustainable Farming Limited farms 5,500 cows across six certified organic dairy farms totalling 2,970 hectares and an additional four leased blocks of 1,260 hectares throughout Southland's fertile, flat to rolling countryside.

The properties were purchased in 2011 by Aquila Capital, a German investment management company that places sustainability at the heart of its value system. The farms were converted to organic in 2016 which provides Aquila some downside income protection as there is a fixed guaranteed premium for the organic milk above the conventional milk price. The Aquila farms now milk 90% A2 cows, providing another premium on top.

Being an organic dairy farm requires tighter oversight as not all of the tools that are available on conventional farms are accessible to organic farms. Although the farms are run independently by a farm manager, they are supported by Aquila's management team. Jess Craig, Aquila's General Manager, assists the managers with organic compliance requirements to ensure continued certification. Jess says, "We must adhere to strict criteria to keep our organic status so a huge focus for us relates to good animal health and highly fertile cows. We introduced Scandinavian Red genetics into the herd which are strong in these traits and our 2022/23 season was the first year we had Scandinavian heifers coming into the herd. Training and support are also very important and that's what we provide to the farm managers. We were delighted to represent farming and win the Workplace Wellbeing Award at the Southland Business 2021 Excellence Awards."

PGG Wrightson Livestock Representative, Roddy Bridson, discusses condensed calving spread with Strahan McCallum, Aquila Operations Manager, at Glencairn near Lumsden, Southland. *Photo credit: Alicia Keown Photography*

Photo credit: Aquila Sustainable Farming

Photo credit: Aquila Sustainable Farming

Photo credit: Open Country Dairy

Aquila and PGW's relationship began when the Group took ownership of the farms, however Strahan McCallum, Aquila's Operations Manager, has a relationship with PGW dating back to the mid-1990s with PGW's predecessor company, Reid Farmers. Strahan has worked with PGW's Livestock Representative, Roddy Bridson, since 2012 and they have achieved a lot over the years.

Both Jess and Strahan agree the transition from A1 to A2 cows, which Roddy implemented, was a highlight for Aquila. Strahan says, "Over that period Roddy arranged the sale of 2,000 A1 cows and went out to the market and purchased 2,000 A2 cows. The relationship with Roddy and his selection of quality cows have been extremely good. Roddy and I travelled all around the country buying cows, he was very organised putting good group profiles in front of us, and he was with us all the way. He's got a huge passion for it which makes the job a lot easier when you're dealing with someone. PGW's nationwide dairy network was also very supportive of our programme." Jess adds, "Roddy communicates really well and that's the biggest thing for us. He really used his networks when sourcing buyers for our A1 stock and good quality A2 stock for us."

Roddy enjoys working with Aquila's team and felt a huge sense of achievement assisting Aquila transition to A2 cows. Roddy says, "Aquila is a big company, and I am interested in the diversity of the organic farms. It's rewarding working across all the farms and being involved in the normal day-to-day farm activities. Working with Strahan is gratifying, and I appreciate that when he makes a decision he sticks to it, he's a man of his word. I like dealing with the six managers and I have different relationships with each of them."

Working with PGG Wrightson

Roddy Bridson joined PGW as a Livestock Representative in 2005 servicing dairy clients in the Southland district. Being in the agricultural industry for his lifetime, Roddy is passionate about livestock and enjoys building connections with likeminded people. Roddy gets great satisfaction from meeting his client's needs, he says, "Becoming part of your client's business is a real privilege and helping them to reach their farming goals is very satisfying."

Agritrade Celebrates 10 Years

Agritrade is PGW's wholesale business division which manufactures, sells, and distributes key brands and products to improve farm and grower production. The wholesale business was established ten years ago as it was becoming increasingly difficult to import small orders of product and some international suppliers were considering exiting the New Zealand market.

Agritrade started as a small operation in Christchurch and has grown nationwide with large warehouses in the North Island and South Island and 13 third party logistic (3PLs) distribution centres throughout the country. Products cover the areas of agronomy, animal health and nutrition, land development, water and irrigation, and crop and orchard management. Bulk products are imported to ports near Agritrade's warehouses in Rolleston and Hamilton and its nationwide 3PLs where they are stored so they are close to where they are required. This provides distribution efficiencies saving freight costs, emissions, and delivering products to clients faster. The distribution centres' orders are controlled by batch, and store employees operate scanners using the first in, first out method.

Agritrade distributes over 125 different brands and over 3,000 active items to the marketplace and completes more than 36,000 orders per annum, equating to over 200,000 lines of products. There are approximately 65 people in the business with a diverse range of skills from marketing, sales, procurement, manufacturing, customer services, and logistics.

Agritrade has strong relationships with leading local and international manufacturers. As the business has expanded, new suppliers with innovative products have been added to the range. Agritrade is the distributor for Nexan, a New Zealand company which supplies animal health products including Vetmed, Cervidae, Centramax and Active+, as well as Horizon Agresources (NZ). It is also the exclusive New Zealand distributor for the Italian bio-stimulant plant nutrition company, Valagro. Aquaspec is a wholesaler to the irrigation industry and works with leading brands to bring quality irrigation, water reticulation, and plumbing components to the country. Time Capsule® is Agritrade's proprietary animal health product which it owns, manufactures, markets, and distributes. The Time Capsule® zinc animal health treatment capsule provides protection for facial eczema in sheep and cattle, which is caused by a fungal infection affecting the liver.

All these specialised products are available to PGW's clients through its Rural Supplies and Fruitfed Supplies stores, with various ranges available through other farm supply stores and veterinary clinics throughout the country. Retailers are supported by Agritrade Territory Managers who provide high-quality technical advice and support across the range of products.

Agritrade redistributes other products, including Prydes EasiFeed horse food, through its supply chains, and Mars dog and cat food and MaxCare calf milk powder through PGW's Rural Supplies stores. This provides PGW's retail stores with breakbulk distribution, logistical efficiencies, tactical procurement, and support of some private labels.

Agritrade's National Manager, Shane McDowall, says, "since Agritrade's formation 10 years ago the business has grown exponentially to where it is now providing a diverse range of products throughout the country. We are experiencing strong growth in animal health, horticultural, and winery products. We've come a long way in our first 10 years, so I am excited about what we can achieve in the next 10 years."

Agritrade Warehouse Manager, Lizzie Ross, and Agritrade Distribution Manager, Nathan Dargan, discuss the distribution centre's state of play and staff rundown at the Rolleston Warehouse in Rolleston, Canterbury.

Agritrade's Time Capsule® boluses postproduction.

Working with Agritrade

Shane McDowall joined PGW in 2005 as the Commercial Manager looking after the Retail business. Being born and raised in the deep south, Shane has a strong affinity with the rural sector and has been involved in many parts of the PGW business over his tenure. Shane is a passionate leader and gets great satisfaction out of driving efficiencies and improving value for both the business and the customer. Shane says "we have a fantastic team within Agritrade and have come a long way in a short period of time. I have been particularly impressed with the focus on growing the culture of the team. This will ensure as a business we can continue to build on a strong customer service culture and further grow the business."

25 years of Crop Monitoring

This year, the Fruitfed Supplies Crop Monitoring division marks its 25th anniversary.

Top: Fruitfed Supplies Crop Monitoring Coordinator, Anton Herselman, monitoring for pests of concern and beneficial insects on avocado orchard in Bay of Plenty.

Lower left: Fruitfed Supplies Crop Monitoring Coordinator, Pete McNaughton, checking a trap for insect pests on a blackcurrant farm in Canterbury.

Lower right: Fruitfed Supplies Crop Monitoring Manger, Anna Graham, checking for suspected downy mildew under the microscope in discoloured grape berries.

The Crop Monitoring Service, as it was then called, was established as a business unit of Fruitfed Supplies at the end of 1997. The aim was to help growers with early detection of pests and diseases and move away from calendar spraying. Collecting data on which pests and diseases were present in orchards and vineyards by monitoring regularly meant growers could apply crop protection products when needed, not according to a schedule.

It was the first professional crop monitoring service of its kind in New Zealand and offered growers the support of an independent service with well-trained monitoring scouts. At the time, then Regional Manager Garth Davis described Crop Monitoring as probably the biggest change in the industry for 50 years.

With Linda Haughey at the helm, the new crop monitoring team started work in around 160 ha of Hawke's Bay pipfruit. By 2001, there were 60 Crop Monitoring Scouts working in 2000 ha of crops for 600 growers across Gisborne, Hawke's Bay, Bay of Plenty, Pukekohe, Manawatu, and the South Island. By 2003, they were working in 14 different crop types, both conventionally and organically grown.

Linda and the Crop Monitoring team worked with industry sector bodies to ensure Crop Monitoring programmes fit with sector growing guidelines and ever-changing market requirements.

"Growers faced market pressure to justify spray use then, just as they do now," says Linda who studied agricultural and environmental science in Ireland, specialising in integrated crop management and biological controls. "We saw that developing more sustainable growing practices would benefit both growers and our environment. They would also meet the expectations we could see would be placed on growers in the future. From an economic and sustainability point of view, why spray if you don't need to? We also recognised there were many beneficial insects present in crops which played a role in keeping pest populations down. Spraying at targeted times help protect those beneficials."

Fruitfed Supplies Crop Monitoring Manger, Anna Graham, monitoring for pests and disease in grapes at a vineyard in Marlborough.

Now under the leadership of Blenheim-based Dr Anna Graham, the Crop Monitoring business continues to grow with Scouts in eight regions. As well as collecting field data on pests, diseases and beneficial insects, Scouts can monitor and record catch data from pheromone traps which are utilised in a range of crops to help determine the optimal time to apply sprays. Scouts can offer a full service from placing traps in the correct locations across a crop, and replenishing bases and caps in accordance with trap monitoring guidelines.

Anna says, "As international markets demand greater traceability and transparency within the food supply chain, growers are faced with mandatory crop monitoring to meet the requirements of specific export markets. Our Crop Monitoring service is designed to meet these standards according to the crop."

"Our programmes also adhere to GLOBALGAP recommendations which aim to reduce the use of chemical inputs alongside world food safety standards."

Fruitfed Supplies Scouts use a digital tool to record what they observe in the field. From there, reports are generated for growers and any audit requirements they have to meet due to compliance and market access. The programme provides readily available digital reports on insect, disease and weed pressure levels as proof of application after applying crop protection products.

Working with Fruitfed Supplies

Anna Graham joined Fruitfed Supplies in 2021 as a Crop Monitoring Coordinator servicing viticultural and horticultural clients across Marlborough and Tasman. Anna recently became the Crop Monitoring Manager, with oversight over Fruitfed's nationwide crop monitoring programme in pipfruit, grapes, avocados, vegetables, citrus and berries. She enjoys the challenges that come from the different crops, locations, and climate. Anna says, "Every year has different pest and disease challenges and new technology which keep things interesting. I enjoy working with the Coordinators and Scouts in each region who provide data to growers to help them effectively manage pests and diseases."

Fruitfed Supplies R&D Technical Advisor, Karen McCallum, discusses a trial on onion thrips in mature onions with Jason Easton, owner of Easton Agriculture and in partnership with McBain Farms in Wakanui near Ashburton, Canterbury.

Te Toitūtanga a PGG Wrightson

Sustainability at PGG Wrightson

PGW strives to be 'Leaders in the Field' and recognises the need to balance issues of environmental, social, cultural and economic sustainability in order to make a valuable contribution to our people, clients, communities and shareholders.

PGW has a rich heritage of more than 170 years working alongside New Zealand farmers and growers to service their on-farm and on-orchard needs. PGW itself was formed in October 2005 through the merger of Pyne Gould Guinness Ltd and Wrightson Ltd. Both founding companies had long histories dating back to 1851 and 1861 and they were themselves the result of many amalgamations through the years. For more information see www.pggwrightson.co.nz under Our Company > Our History.

PGW is a publicly listed company on the New Zealand stock exchange (NZX) with its headquarters located at 1 Robin Mann Place, Christchurch Airport, New Zealand.

PGW is a market leading, full-service agricultural and horticultural supplies and services business operating across the supply chain throughout New Zealand. The business is split between two groups, Retail and Water, and Agency – with their respective business units shown below.

Retail & Water group | *Rōpū Hokohoko me te Wai*

Retail Supplies | Fruitfed Supplies | Water & Irrigation | Agritrade

Agency group | *Rōpū Umanga*

Livestock | Wool | Real Estate

Retail & Water | *Rōpū Hokohoko me te Wai*

Rural Supplies, Fruitfed Supplies, Water & Irrigation | *Ngā Whakaratonga Taiwhenua, Ngā Whakaratonga ā-Huawhenua, Te Wai me te Whakamākūkū*

The PGW Retail store network includes PGW's Rural Supplies and Fruitfed Supplies brands, and Water & Irrigation. PGW offers a range of products and services across farming and horticulture, sourcing directly from New Zealand and international based suppliers, as well as through PGW's, wholesale division, Agritrade. Alongside the retail network is a team of technical experts specialising in supplies to the agricultural and horticultural sectors, water and irrigation, as well as offering a range of specialised services including agronomy, soil science, animal health, animal nutrition, crop specialists, crop monitoring, irrigation solutions and broader technical advice. PGW is an agent for Ballance Agri-Nutrients for the sale of fertilisers and has a key business relationship with Valmont Industries through the design, sale and servicing of precision irrigation solutions from Valley Irrigation.

Agritrade | *Tauhokohoko Ahuwhenua*

Agritrade is PGW's wholesale distributor business division. Agritrade represents rural, horticulture and water ranges and brands sourced from around the world with Europe, America, Australia, China and India being the main sources. Agritrade sells its products through PGW's retail stores, as well as to other retailers and distributors who then on sell these products to farmer and grower clients directly.

Agency | *Rōpū Umanga*

Livestock | *Ngā Kararehe*

PGW is the largest nationwide stud and livestock business, providing agency services for the sale and purchase of livestock through auction, private sale, on farm sales and specialist stud stock sales. PGW also offers a number of innovative services and products including bidr® (New Zealand's virtual saleyard offering real-time, live auctions online), agOnline (a key source of livestock listings across the country to facilitate private sales), GO-STOCK (a grazing contract alternative to finance, which assists farmers to manage cashflow) and Defer-A-Bull (allowing farmers to secure a bull with no upfront cost or repayments until the bull is sold).

Wool | *Wūru*

PGW Wool sources wool directly from their network of grower clients. Bloch & Behrens Wool (NZ) Ltd (BBNZ) is a PGW company that procures this wool and arranges for it to be scoured and exported primarily through logistics service providers to worldwide processors, predominantly based in Europe. In turn these manufacturers make products which are sold either directly, or through retail outlets to end consumers. BBNZ provides a transparent supply chain with most products being able to be traced back to the farm. The wool is produced to strict standards and BBNZ is a member of the Global Organic Textile Standard (GOTS), Ecolabel, Responsible Wool Standard (RWS), NZ Farm Assurance Programme (NZFAP) and PGW's own Wool Integrity brand.

Real Estate | *Hokohoko Whenua*

PGG Wrightson Real Estate Limited is a nation-wide non-franchised real estate company assisting clients throughout the country and across the globe to buy and sell New Zealand property. The PGW Real Estate Team specialise in the purchase and sale of farms, rural properties, lifestyle blocks, residential homes and commercial buildings. The team is responsible for around one-third of all New Zealand's farm transactions and has over 170 licensed real estate salespeople.

Strategy | *Rautaki*

The PGW Group Strategy directs our focus on areas where we wish to make progress and differentiate our offering, while strengthening our position as market leader. The group strategic priorities are:

Leverage our Collective Reach	Trade Finance Solutions
Customer Focused Innovation	Environment & Sustainability
Our Differentiated Offering	Our PGW Brand Story
Invest in our People	Our Results & Measures

The strategic priorities are underpinned by our values:

Accountability	Leadership	Integrity	Smarter	Teamwork

Sustainability Reporting | *Te Pūrongo Toitū*

Reporting on sustainability is a crucial component of our commitment to transparency. PGW reports annually on our material sustainability-related activities and performance across all its subsidiaries. The content of this reporting is in accordance with the GRI Standards, including the application of the GRI Reporting Principles:

Accuracy	**Clarity**	**Completeness**	**Timeliness**
Balance	**Comparability**	**Sustainability context**	**Verifiability**

This reporting has been informed by a formal materiality assessment that was undertaken in 2022 to determine and prioritise which environmental, social, and governance (ESG) factors are important to our key stakeholders and material to our business objectives and activities. The concept of 'double materiality' was applied, which looked across both the impact 'on' the business as well as the impacts 'of' the business. These allow for an understanding of the two-way interaction between PGW and the wider social and environmental context of our operations.

The information contained in this report covers the period from 1 July 2022 to 30 June 2023 and aligns with the reporting period for PGW's financial reporting. This report contains no restatements or revisions of previously reported information, covers the operations of all PGW listed entities and has not been externally assured. The PGW Board reviews and approves the content contained within this annual report. If you have any questions regarding the content of this report, please contact enquiries@pggwrightson.co.nz

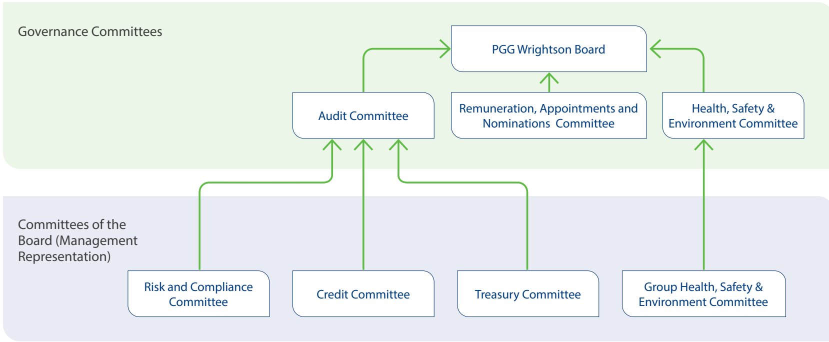
The following key issues were identified as the most material and ranked according to both the stakeholder and business impacts:

Material Topic	Pillar	Definition
Workplace Health & Safety	S	Our commitment to looking after our people and providing a safe and healthy work environment.
Product Traceability, Assurance & Lifecycle Management	E / G	The role PGW plays in the value chain and product story of its customers and partners makes transparency and traceability a critical ethical, environmental and strategic factor. This encompasses certification and traceability throughout the supply chain, supporting ethical and sustainable practices across the whole product lifecycle.
Waste and Hazardous Materials	E	Managing and reducing the hazardous materials and their impacts on the natural environment.
Greenhouse Gas Emissions and Decarbonisation	E	Our strategies and actions to reduce GHG emissions within our portfolio, as well as the transition to a low carbon future and managing the impacts of climate change.
Partnerships and Supporting Communities	S	Making a positive contribution toward a diverse, skilled, future focused workforce and inclusive culture across the New Zealand rural sector, as well as the sites and communities in which we operate.
Ecological Impacts of Agri-Chemicals	E	Managing and informing our customers of the potential ecological impacts of the products we develop, purchase, market and sell.
Compliance with Legal & Regulatory Requirements	G	Managing compliance with local and national environmental regulations and market expectations.

Pillars: E = Environmental, S = Social, G = Governance

Organisational Governance | *Te mana whakahaere ā-whakahaere*

PGW governance is set out in the PGW Constitution and Corporate Governance and Board Charter, which comply with the principles of the NZX Listing Rules and Corporate Governance Code (17 June 2022). A summary of the high-level governance structures that contribute to decision making are shown below.



The composition of the Board, being PGW's highest governance body and its committees are set by PGW's Board Charter and each specific governance committee has terms of reference or charters relevant to its operational responsibilities and objectives.

The Chief Executive Officer is the primary officer responsible for reporting to the Board on operational matters. This can include communication of day-to-day activities, critical concerns, advancing the collective knowledge, skills and experience on sustainable development, or impacts on economy, environment and people. Recording of these matters is contained within the minutes of the PGW Board meetings.

Ultimately PGW's shareholders are responsible for evaluating the performance of the PGW Board through the director elections at the Annual Shareholders' Meeting (ASM) conducted every year. Minutes of the ASM are available at www.pggwrightson.co.nz under Investor Centre > Annual Shareholders' Meeting.

More information and disclosures relating to PGW corporate governance can be found under the Corporate Governance and Board Charter section of this report.

Policy | *Kaupapahere*

PGW operates a framework of policy documents to ensure responsible business conduct across all operations. These include meeting fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. PGW defines three levels of policy classification:

- Governance policies which cover responsibilities of the Board are approved by the PGW Board.
- Group wide policies are the responsibility of management and are approved by either the Chief Executive Officer or the Chief Financial Officer.
- Business unit specific policies may operate independently at the business unit level and are approved by the General Managers.

Responsibility for embedding the policy commitments sit with the leaders of each business unit. All staff are made aware of policies through the induction process and substantial changes to policies are communicated to all staff. Our corporate governance policies are:

• Audit Committee Charter	• Code of Conduct	• Constitution
• Continuous Disclosure Policy	• Corporate Governance Code	• Diversity and Inclusion Policy
• Environment Policy	• Health Safety and Environment Committee Charter	• Non-GAAP Accounting Policy
• Remuneration and Appointments Charter	• Health, Safety and Wellbeing Policy	• Securities Trading Policy
• Sustainability Policy		

Copies of these policies are publicly available on: www.pggwrightson.co.nz/sustainability

PGW has had no significant instances of non-compliance with laws and regulations within the financial year to 30 June 2023. PGW continues to enhance frameworks to support compliance activities across business operations.

United Nations Sustainable Development Goals | *Ngā Whāinga Whanaketanga Toitū a te Kotahitanga o Ngā Iwi o te Ao (UN SDGs)*

PGW has assessed the United Nations Sustainable Development Goals (SDGs) for their application across the business. The SDGs are a collection of 17 interlinked objectives designed to serve as a blueprint for peace and prosperity for people and the planet. The 17 SDGs were mapped against our group strategy, material topics and business activities – the following goals were identified where PGW can contribute to the goals at a target level:

SDG	PGW Contributions
2 ZERO HUNGER	Through the products that we sell and technical expertise we provide, PGW contributes to productivity (2-3), resilience (2-4) and genetic diversity (2-5) of agricultural practices and crops.
3 GOOD HEALTH AND WELL-BEING	Creating an environment where our people are supported and encouraged to perform to their best, PGW promotes good health (3-8) and wellbeing (3-4) within communities in which we operate.
5 GENDER EQUALITY	PGW's objectives to support diversity and inclusion across the business promotes the full participation of women in decision making and leadership (5-5).
8 DECENT WORK AND ECONOMIC GROWTH	PGW has strong market presence throughout New Zealand, contributes to economic productivity (8-2), full employment, equal pay (8-5), protection of labour rights, safe working environments (8-8) and the removal of modern slavery from our supply chains (8-7).
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Agritrade's activities enhances research within the sector (9-5), while the PGW Technical Team offers technical expertise through to our clients and communities (9-4) (this is a point of difference in the market).
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	PGW (in partnership with organisations such as AgRecovery) aims to reduce the volumes of waste generated and improve diversion rates (12-5), encouraging those in our upstream and downstream supply chains to adopt sustainable practices and reporting (12-6).
13 CLIMATE ACTION	PGW is strengthening the resilience and adaptive capacity to respond to a changing climate (13-1) and reducing operational GHG (13-2) and raising awareness (13-3).
15 LIFE ON LAND	Through the promotion and sale of biological product(s) research and development PGW assists in reducing the degradation of natural habitats (15-5). Through the sale of pest control products and herbicides PGW is reducing the impacts of invasive species (15-8).
17 PARTNERSHIPS FOR THE GOALS	PGW has strong partnerships with key suppliers and is a member of a number of agriculture sector bodies (17-16), encouraging strong public-private partnerships (17-17).

Memberships and Associations | *Ngā Mematanga me ngā Hononga*

PGW recognises the importance of active contributions to the industries where we participate. Industry memberships and associations are important to ensure the best interests of the participants are being represented, to encourage market growth, foster talent, collaborate, and support technical innovations. PGW is currently a member or associated with the following entities:

- AgRecovery
- Animal & Plant Health New Zealand
- Business Leaders Health and Safety Forum
- Campaign for Wool
- Deer Industry of New Zealand
- International Wool Textile Organisation
- National Council of New Zealand Wool Interests Incorporated
- New Zealand Association of Accredited Employers
- New Zealand Council of Wool Exporters
- New Zealand Elk and Wapiti Society
- New Zealand Farm Assurance Programme (Wool Member)
- New Zealand Stock & Station Association
- New Zealand Wool Brokers Association
- Plasback
- Real Estate Institute of New Zealand
- Safer Farms
- Wool Research Organisation of New Zealand

Stakeholder Engagement | *Te Whai Wāhitanga o te Hunga Whaipānga*

PGW takes the following approach to stakeholder engagement:

Stakeholder	Why they are important	Ways we engage	Key issues
Employees	PGW has over 1,800 employees, casual, and commission agents and we recognise that the best outcomes are achieved when we focus on our people. We use a range of approaches to engage with our employees who are distributed across New Zealand.	• Email • Intranet • CEO Update • Face to face meetings • Phone calls and messages • Team meetings	• Health and safety • Performance • Development and training • Sustainability
Customers	As a large agricultural and horticultural supplies business, our customers are the most important part of our value chain. PGW must ensure the goods and services provided continually meet and exceed the needs of our customers.	• Day to day interactions through the course of business • Email • Social media	• Value-for-money offering • Range of products • Technical advice and expertise
Suppliers	Supplier relationships are critical to ensure high quality products continue to reach our clients in the quantities and timeliness required.	• Supplier meetings • Conferences • Category management meetings	• Cost pressures • Sustainability in the supply chain
Shareholders	Shareholders are the owners of the company; they have invested capital and have a high level of interest in PGW's operations and performance.	• Annual Reports • Annual Shareholders' Meetings • NZX Announcements • Website updates	• Governance • Financial results
Communities	PGW has operations located across New Zealand, with our presence most visible in rural communities where we are often one of the largest supplies stores. Maintaining relationships in these communities is vital to ensuring PGW maintains a social licence to operate.	• Provision of essential goods and services • Media releases • Fundraising, sponsorship and donations • Rural events • Customer interactions	• Community relationships • Environment and Sustainability • Company involvement and contribution • Recruitment and jobs
Iwi	As PGW operates across New Zealand, we must ensure our operations are consistent with our stakeholder and community Te Tiriti o Waitangi expectations. PGW plays an important role in ensuring ahuwhenua (industrious cultivation of land) principles are upheld. This is through engagement with industry stakeholders and strongly representing Māori agribusiness through business relationships, guided by tikanga (Māori societal lore) and the focus on building enduring whanaungatanga (relationships) to tautoko (support) and hautū (guide) Māori agribusiness clients.	• Dedicated Māori Agribusiness Team • Māori agribusiness hīkoi • Sponsorship of the Ahuwhenua Awards • Represent Māori agribusiness with industry stakeholders	• Farming practices • Technical knowledge and skills transfer • Land management practices • Value-for-money offering • Range of products
Industry, partnerships and memberships	PGW understands the importance of supporting people and the markets in which we operate. These provide opportunities to share and develop ideas. PGW also provides expert knowledge, advice and support to achieve industry objectives.	• Active participation in industry advisory panels • Co-sponsor industry conferences • Membership associations • Scholarships	• Development of market opportunities for products • Support to governmental bodies and industry groups • Representation in government policy development

PGG Wrightson Rural & Lifestyle Sales Consultant, Real Estate, Brent Irving looking out over a sheep and beef property where the vendor sold 160 hectares and leased the remaining 450 hectares which assisted three younger families into farm ownership and growing their respective farming operations, near Heriot, Otago.

Statement from Stephen Guerin

Te Tauākī nā Stephen Guerin

TUMUAKI | CHIEF EXECUTIVE OFFICER

At PGW we are dedicated to *'Helping grow the country'* through our commitment to protecting the natural environment for future generations.

We recognise the impact of climate change and believe the sector has an important role in improving production efficiencies, contributing to the reduction in emissions and adapting to a changing climate. As one of New Zealand's largest and oldest agribusinesses, we have an important sustainability role to play in influencing our suppliers and assisting our customers in reducing their emissions.

The last financial year has been pivotal for progress in sustainability at PGW, we are proud to announce that the Board approved an inaugural Sustainability Strategy which sets in place a number of objectives and targets for the organisation.

Critically the organisation has set an emissions reduction target to reduce operational emissions (scope 1 & 2) by 30% by FY30 from a FY21 baseline. Alongside this target, PGW is also targeting improved energy efficiency across retail stores, improvements in vehicle fleet efficiency, improved utilisation of recycling programmes, cultivating a strong safety and wellbeing culture, and transparency in reporting.

PGW has employed a dedicated resource to address sustainability for the organisation, to ensure PGW is well positioned to address the risks and opportunities associated with a changing climate. This will also provide cohesion in our approach to environmental, social and governance matters across our diverse business.

We are excited about the release of the Aotearoa Circle's agri-sector climate change scenarios and the adaptation roadmap, which will help ensure the sector has a strong future focus. We look forward to working within the new climate-related disclosures legislative framework.

The content of this reporting has been reported in accordance with the GRI Standards and this report forms a critical part of our transparency to our stakeholders.

Stephen Guerin
Chief Executive Officer

Environmental Sustainability | *Taiao*

Energy and Emissions | *Te Pūngao me ngā Tukuwaro*

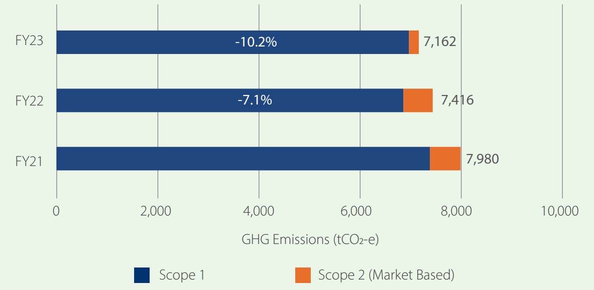
PGW recognises that climate change is a major threat to life on this planet and believes that the agricultural and horticultural sectors have an important role to improve production efficiencies and reduce GHG emissions.

PGW has committed to reducing its operational (scope 1 & 2) emissions by 30% in absolute terms by FY30, based on its FY21 baseline. To measure against this commitment, PGW has undertaken a comprehensive process to calculate the GHG emissions from its operations. PGW has undertaken a formal scope and boundary assessment to ensure the inventory meets the reporting principles outlined in the GHG Protocol. Ernst & Young Limited issued an unqualified limited assurance opinion over the GHG emissions inventories for the years ended 30 June 2021, 30 June 2022 and 30 June 2023 (the "Subject Matter"), as disclosed in the 2023 GHG Disclosure Report, available at www.pggwrightson.co.nz/sustainability.

		FY21	FY22	FY23
Category	**Business Activity**	tCO_2-e	tCO_2-e	tCO_2-e
Direct Emissions				
Stationary Combustion				
	Diesel used for heating	36	29	21
	Natural gas used for heating	9	9	7
Mobile Combustion				
	Diesel used in fleet vehicles	6,984	6,487	6,604
	Petrol used in fleet vehicles	70	66	72
	LPG used in forklifts	46	49	43
Fugitive Emissions				
	HFCs used in AC and refrigeration	212	212	212
Indirect Emissions				
Imported Energy				
	Electricity consumption (location based)*	623	564	372
	Electricity consumption (market based)*	623	564	204
Total Direct and Indirect Emissions (market based)		**7,980**	**7,416**	**7,162**
Emissions Intensity (tCO2-e/$1M NZD Revenue)		**9.41**	**7.78**	**7.34**

* Location based and market based emissions disclosures follow the GHG Protocol accounting methodologies, PGW began purchasing certified renewable energy in FY23. More information can be found in the PGW GHG Disclosure Report.

PGW GHG Emissions (Scope 1&2, Market Based)



Reported percentage reduction in GHG emissions taken from the FY21 baseline year.

PGW has also committed to improving energy efficiency through its network of stores, offices, saleyards and other premises, targeting a 20% improvement by FY30 on an FY21 baseline. The primary sources of energy consumption across PGW's building-based operations comes from the consumption of electricity, with a small volume of fuels used for heating purposes. To address energy consumption across the building portfolio, PGW has undertaken the following actions:

- **Renewable Energy Purchasing:** PGW began purchasing Meridian Energy's Certified Renewable Energy product from April 2023 onwards, supporting the development of renewable energy in New Zealand and demonstrating our commitment to taking climate action. This purchase allows PGW to report zero emissions from electricity using a market-based approach to GHG emissions.

- **LED Lighting Upgrades:** Through a strategic, multi-year approach to upgrading lighting across the building portfolio PGW has seen significant reductions in electricity consumption. PGW has invested in over 40 LED lighting projects since 2017 realising approximately 600,000kWh of electricity savings per year. In FY23 a further five LED lighting upgrade projects were approved under PGW's energy efficiency investment criteria.

PGW is a large user of fleet vehicles across New Zealand due to the nature of our activities and relationships. Many of our staff, such as technical representatives and agency staff require a vehicle to undertake their roles – being physically present on farm, saleyard, wool store, orchard, vineyard or other property. PGW has a total of approximately 700 vehicles within the fleet, as well as a range of internal pool cars available at specific locations for staff.

As fleet emissions comprise the single largest source of emissions within our operational (scope 1 & 2) profile, these must be addressed to make a material impact on our corporate level emissions portfolio. To address this, in FY23 PGW has implemented a range of changes to the vehicle fleet going forward:

- Permanent inclusion of a hybrid option within the vehicle offerings.
- Mandatory improvement in emissions per kilometre (intensity) for all vehicle options during the manufacturer's refresh.
- Tighter vehicle selection criteria to ensure vehicles better match the roles of our staff.

PGW has a small number of electric vehicles available to staff within the pool vehicle offering with dedicated on-site charging . PGW will continue to monitor the improving specifications of electric vehicles, the availability of fast-charging infrastructure and private charging reimbursement options to support a future roll out of electric vehicles within the PGW fleet.

Electric forklifts offer a fantastic fit-for-purpose support vehicle option for our retail, warehousing and wool store operations. The changeover from typical LPG-powered to electric forklifts offer a better solution to our staff through a reduced health and safety risk profile by eliminating manual handling and storage of LPG cylinders, reduced particulate matter within warehouses, lower noise levels and overall GHG emissions. PGW currently has a number of electric forklifts and forktrucks in operation across New Zealand and has a commitment to roll out more, following a successful trial within the Christchurch wool store over the past 12 months.

Water | *Wai*

PGW is not a large user of water within business operations, primarily due to the nature of our activities. Most PGW sites do not have metered water supplies and are unable to meaningfully report on total water usage. Operationally, PGW is not a large consumer of water through day-to-day activities, instead our most material impact on water use is through the Water & Irrigation business operations. PGW Water offers a full-service water package to farmers and growers nationwide, from design, planning, retail sale, maintenance and repair.

PGW Water works with customers across New Zealand to design systems that maximise water efficiency into farming and growing applications. The sale of variable rate irrigation systems allows farmers and growers to have full control over water use, ensuring water is applied both where it is needed and at the rate that is needed. All irrigation system designs are prepared in accordance with Irrigation New Zealand's Irrigation Design Code of Practice to ensure a consistent practice and design approach. In 2023 the PGW Water Sales and Design Engineering Team completed the Valley Technology certification to be recognised as Valley Certified Designers, following closely behind our Valley Certified Service Field Technicians, keeping the team at the forefront of the industry and continually improves the business offering to clients.

Waste | *Ngā Para*

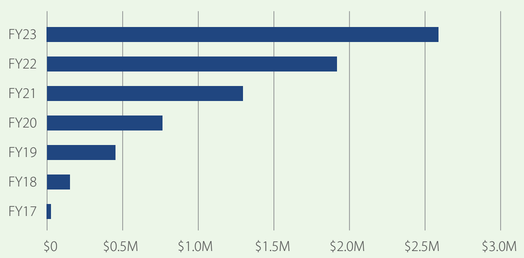
PGW follows the waste hierarchy for the management of resources within operations and assists those in the value chain to do the same. PGW understands the importance of encouraging the development of circularity within the product lifecycle, as well as waste minimisation and diversion where possible.

The PGW waste profile consists of operational waste generated primarily across our network of stores. Data is obtained from a third-party contractor who collects waste from our premises throughout the year. In FY23 our total waste generated was 511 tonnes, with 141 tonnes recycled, representing a 28% recycling rate. There are significant limitations to this disclosure, that the data does not include all waste generated, as some sites are served by local councils without customer-specific volume reporting. PGW aims to improve the data estimation methodologies used to give a more complete picture of the business waste profile.

As a large agricultural and horticultural supplies business, some of PGW's largest impacts are through the impact upstream and downstream in our value chain. Refreshed contractual arrangements require suppliers to ensure packaging is designed for waste minimisation either through a compliant recycling programme or sustainable disposal methods. PGW has been a long-standing partner to Agrecovery, assisting with the diversion of plastics on-farm where it can end up dumped or burned. PGW provides 13 store locations for the recycling of participating containers (up to 60L) and 57 locations for the recycling of small bags (LDPE and woven PP) – to find out the specific locations please visit the Agrecovery webpage at www.agrecovery.co.nz. PGW also supports and promotes Plasback to recycle a range of specific plastics such as bale wrap, silage pit covers, large polypropylene bags, HDPE drums, vineyard nets and polypropylene twine. PGW actively promotes these offers to customers in-store and through digital communications channels.

The provision of technology enables vast operational efficiencies for all organisations and PGW is conscious of the e-waste profile that can be generated from this. PGW maintains ownership of laptops and desktops within the business, with equipment returned to our supplier at the end of its effective life. The supplier then works with a third party who specialises in re-deployment solutions and pursues targets to re-use or recycle 100% of all laptops and workstations. Ancillary equipment, such as monitors, are also owned by PGW and returned to the provider or other third-party social enterprises who specialise in recycling. PGW utilises outsourced datacentre providers, benefiting from the economies of scale, efficient allocation of network assets and significantly reducing the volume of on-site equipment.

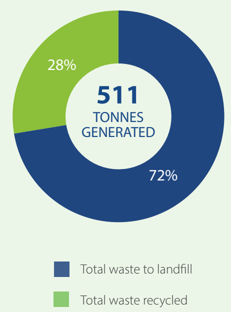
Cumulative LED Lighting Savings (Estimated)



PGG Wrightson supports renewable energy through the purchase of consumption-matched renewable energy certificates. In FY23 the certificates were generated by Meridian Energy at the Benmore Hydro Station.
Photo credit: Meridian Energy.

Plastic agrichemical containers are collected and loaded onto the Agrecovery truck for shredding and recycling.
Photo credit: Agrecovery

PGW Waste Profile FY23 (tonnes)



Social | *Pāpori*

Our people are at the heart of our health and wellbeing commitment. We know that the best outcomes are achieved when we focus on our people. PGW aims to create an environment where our people are supported and encouraged to perform to their best.

Employment Statistics | *Ngā Tauanga Whiwhi Mahi*

At PGW all employees covered by an employment contract are located in New Zealand. PGW does not currently have any employees covered by collective bargaining agreements, with all our employees engaged under individual employment agreements.

The following tables provide a breakdown of PGW workers as at 30 June 2023:

Total number of employees by employment contract (permanent and temporary), by gender

Gender	Permanent	Temporary	Total
Female	681	38	719
Male	825	27	852
Self-described	1		1
Total	**1,507**	**65**	**1,572**

Total number of employees by employment type (full-time and part-time), by gender

Gender	Full-time	Part-time	Total
Female	537	182	719
Male	771	81	852
Self-described	1		1
Total	**1,309**	**263**	**1,572**

** Full-time is classified as 40 hours or above, Part-time is classified as less than 40 hours.*
*** Numbers do not include casual or commission staff.*

In addition to those above, PGW also engages 137 workers on casual arrangements and 186 individuals on independent contractor arrangements bringing the total staff headcount to 1,895.

The following tables provide a breakdown of the new employee hires and turnover for the 12 months to 30 June 2023:

New employee hires by age and gender

Age	Number	As a percentage of total employee numbers
Under 30	154	10%
30-50 years old	139	9%
Over 50 years old	120	8%
Gender		
Female	253	16%
Male	159	10%
Self-described	1	0%
Total	**413**	**26%**

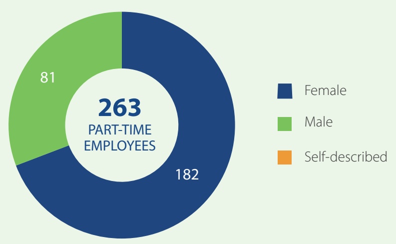
Employee turnover by age and gender

Age	Number	As a percentage of total employee numbers
Under 30	152	10%
30-50 years old	138	9%
Over 50 years old	94	6%
Gender		
Female	217	14%
Male	167	11%
Total	**384**	**24%**

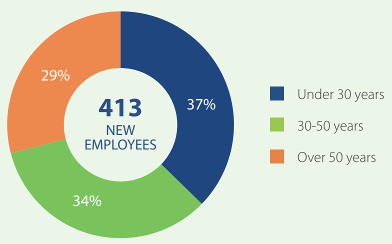
All PGW permanent employees (100%) receive an annual performance review (which has career development factors) as part of PGW's remuneration review process. PGW offers outplacement support to some employees as appropriate, who are exiting PGW for reasons of redundancy and retirement.

Total number of employees, by gender

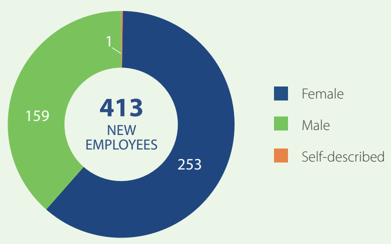
Total number of employees by employment type, by gender



New employee hires by age



New employee hires by gender



Education and Training | *Te Mātauranga me te Whakangungu*

'Grow You. Grow the Country'

PGW is committed to growing our employees through learning and development opportunities, supporting our customers, local communities and seeing that continue for generations to come. Our passionate people, technical expertise and our long heritage within the rural sector is something we are proud of.

PGW recognises the importance of robust learning and development initiatives to the success of our company. PGW offers multiple training programmes across the country, from our core Leadership Programme 'To Lead' to more targeted training for our business units, such as our Sales and Finance Training, and Management Skills workshops. A range of online courses are offered to staff, including mandatory and recommended courses, as well as an open learning library for additional learning. PGW is currently undertaking a significant project to centralise our training and skills database and intends to report the detail of this from FY24 onwards.

The Rural Supplies Technical and Fruitfed Technical Extension teams have developed an internal PGW Technical College. The college is an online learning platform which aims to lift the farming and growing knowledge of the whole business, especially for those staff members with limited primary production experience – it includes courses on animal health, agronomy, fertiliser, grapes, subtropical fruit and much more.

Remuneration and Benefits | *Te Utu me ngā Painga*

PGW operates a consistent, transparent and fairly applied Remuneration Policy and Framework, aligned to our strategy, culture, business objectives and values. This covers all employees, including senior executives and is approved by the Board of Directors.

With our remuneration partner, Strategic Pay, all PGW roles are evaluated using bands or grades, which are then compared against private sector benchmarking. PGW commits to pay all employees at least the equivalent of the living wage (currently $26 per hour). PGW has a series of incentive schemes based around individual performance, company performance and financials. All senior management schemes have safety and strategic components.

The ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) is 12.99. This has been calculated by taking the total compensation of the organisation's highest paid-individual across FY23, divided by the median total compensation for all of the organisation's employees across FY23, excluding the highest-paid individual.

The ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) is 1.0. This has been calculated by taking the percentage increase for the organisation's highest-paid individual for FY22 remuneration year (as paid across the FY23 financial year), divided by the median percentage increase for all of the organisations employees for FY22 remuneration year (as paid across the FY23 financial year), excluding the highest paid individual. The ratio of 1 shows that the percentage increase received by the highest paid individual was exactly equal to the median percentage increase for all of the organisations' employees, for the FY22 remuneration year.

All part-time employees are provided exactly the same benefits as our full-time employees. We do not provide company life insurance cover to temporary (fixed term employees) who are engaged for less than one year.

Parental Leave | *Te Whakamatuatanga ā-Matua*

PGW supports our team members to take time off to raise a family, offering a full range of entitlements based on the length of continuous employment. The range of entitlements offered to the primary carer and partner are an enhancement on the legislative requirements. PGW supports staff returning to work through a paid keeping in touch programme to ensure the employee is able to maintain a continuous connection with the workplace. Additionally, all employees on a period of parental leave are included in all remuneration reviews.

	Female	Male	Self-described
Total number of employees that were entitled to parental leave	773	912	1
Total number of employees that took parental leave*	30	3	0
Total number of employees that returned to work in the reporting period after parental leave ended**	14	1	0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work**	23	1	0

Gender	Return to work rate**	Retention rate**
Female	94%	45%
Male	75%	25%
Total	**91%**	**44%**

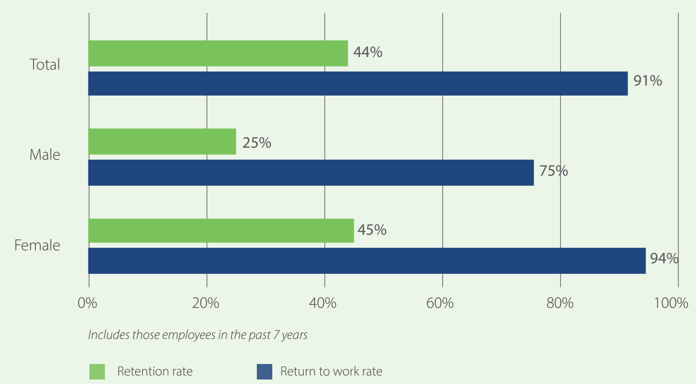
* *Period of parental leave that started between 1 July 2022 – 30 June 2023*
** *Includes those employees in the past 7 years*

Milton Munro, Technical Team Manager, and Matt McLauchlan, Human Resources Business Partner – People & Safety (both standing), with the 2023 Academy participants during their induction workshop.

Fruitfed Supplies Technical Specialist, Elaine Gould, explaining Psa leaf spot symptoms on a kiwifruit leaf to PGG Wrightson Customer Service Representatives, Marika Seabourne and Jo Anderson, at a kiwifruit orchard near Kerikeri, Northland.

PGG Wrightson 'One PGW' Group Induction Training.

Return to work and retention rates of employees that took parental leave, by gender



Health, Safety and Wellbeing | *Te Hauora, te haumarutanga, me te toiora*

We can only achieve our vision to help grow the country when our own team are operating at their best.

PGW has a Health and Safety Management System and is required to operate this to meet the New Zealand Accident Compensation Corporation Accredited Employers Programme (AEP). We continue to embed the implementation of this across the business in line with the Health and Safety at Work Act 2015 (HSWA). The system operates across a number of different industries including Retail, Water, Livestock, Wool, Real Estate and Corporate. This covers all staff, including permanent employees, temporary employees, casual staff and independent contractors. The Health and Safety Management System does not at this stage include all other contractors who may work at PGW – we intend to address this in future years.

Hazards and associated risks at PGW are reported via the health and safety system Risk Manager. External reviews of health, safety and wellbeing practices are conducted from time to time across all business units. Employees are required to regularly review site hazards and note actions in Risk Manager should risks have changed.

PGW has a Group Health, Safety and Environment Committee which oversees the governance of Health, Safety and Wellbeing (HSW) across PGW. This committee is attended by members of the Executive team and Board and reviews the business unit committee's key priorities, sets and signs off standards and reviews progress on HSW initiatives.

PGW continues to develop a work-related health monitoring programme with a focus on ensuring baseline reporting is completed with routine biennial reviews of health to ensure control of risks (ie noise), are adequate.

Building on the previous success of our Zero Incident Process (ZIP) training programme, a Health, Safety and Wellbeing Fundamentals training programme is currently being developed with the first programme to be deployed by the end of 2023. This training programme will initially target all leaders, with a view to every PGW employee attending within a three-year period.

Via our AEP, work is underway to embed intervention support to employees who may suffer sprains and strains both work and non-work related. PGW offers a range of health benefits to employees including mental fitness @ PGW, which includes a four-hour mental health course, influenza vaccinations, physio visits, OCP counselling, together with a range of wellbeing initiatives. Breathing clinics were piloted in FY23, following their success, PGW intends to roll these across the business.

PGW continues to monitor and encourage reporting of HSW hazards and associated risks. PGW proactively participates in industry groups such as Safer Farms, Rural Support Trust, Business Leaders Health & Safety Forum and other organisations to promote HSW across our sector.

There were no fatalities at PGW in FY23 as a result of a work-related injury. As at 30 June 2023, there were 68 Total Recordable Injuries at PGW with 17 Lost Time Injuries for the previous financial year, across all permanent and temporary employees, casuals and independent contractors. These were recorded in Risk Manager. There were two cases of recordable work-related ill health in Risk Manager.

Hazards and associated risks at PGW are reported via Risk Manager. External reviews of HSW practices are conducted from time to time across PGW's business units. Employees are required to regularly review site hazards and note actions in Risk Manager should risks have changed.

PGW established a Wellbeing Action Group in September 2022 to develop the strategic approach to enhance wellbeing at PGW. The wellbeing framework followed by PGW is The Greenhouse (based on the Sir Mason Durie Te Whare Tapa Wha model), with a strong roof and walls, and the right environment, the plants in our greenhouse can flourish. The Greenhouse illustrates the different dimensions of wellbeing (purpose, mental, physical, environment, connection and financial) that are needed to be supported to thrive.

The Greenhouse wellbeing framework

Critical Risks | *Ngā Tūraru Mātāmua*

Inherent in the nature of the operations of an agricultural and horticultural supplies business are the presence of risks to people, animals and the environment. As part of PGW's commitment to health and safety, a comprehensive risk management framework is applied across the business to eliminate and minimise risks as far reasonably practicable. Not all risks are equal in terms of their potential for causing significant injury, illness, or fatality. Focusing on the risks which could cause the greatest harm to people, even if they may occur less frequently, provides a safer work environment for everyone.

A critical risk is a hazard or task that has the potential to cause one or more fatalities, or permanently disabling injuries or illnesses, if control is lost. This includes events that have a low probability but could have extreme consequences.

The critical risks for PGW are:

- Cranes and Load Lifting
- Driving Vehicles
- Electricity
- Energised Machinery
- Excavation
- Hazardous Substances
- Hot Work
- Mobile Plant
- People or Objects Falling from Height
- Psychological and Social Stressors
- Working with Animals

For each critical risk, there is a programme of work led by a Programme Manager, who is supported by a Programme Team. The Programme Team is made up of a range of people from all levels of the business. By tapping into the knowledge and experience of our workforce, we ensure the controls we specify are pragmatic and fit-for-purpose.

Sponsorships | *Ngā Tautoko ā-Pūtea*

PGW has always prided itself in building genuine enduring relationships with our communities through the support of a range of fundraising activities, critical services, wellbeing initiatives and local events. As our people live and work alongside our clients the positive contributions that PGW makes can extend from sponsorships through to volunteering or even just lending a hand.

IHC Calf & Rural Scheme

2023 marked 41 years of partnership between PGW and IHC through the Calf & Rural Scheme. Over the 41 years, more than $41m has been fundraised to have a positive impact on the lives of people with intellectual disabilities and their families in rural communities around New Zealand.

PGW celebrated by going 'Pink for a Week' in June, including a skydive fundraiser from the PGW General Manager People & Safety. The purpose of these events was to raise the profile of the Calf & Rural Scheme and encourage donations. IHC's Calf & Rural Scheme encourages farmers to pledge livestock to the cause and when they are sold the sale price is donated to IHC. Farmers can also choose to donate a virtual calf in the form of a donation at a market value of an animal.

Cyclone Gabrielle has affected many people, including those living in IHC Supported Living homes. IHC was able to quickly mobilise and get supplies out to these homes in affected areas. This included Calf & Rural Scheme funded activity boxes full of board games, art supplies and craft materials to keep people entertained during the bad weather. In addition to this, IHC supported the distribution of food and hygiene products to people with intellectual disabilities in rural areas where some of these items were in very short supply.

Two dairy beef calves donated to the 2023 IHC Calf & Rural Scheme.
Photo credit: Katherine Bates, Rainbow Lea Farms.

PGW's Amberley team goes pink for IHC.

PGW's presence at the 2023 Mystery Creek Fieldays.

Ahuwhenua Trophy

PGW is proud to be a silver sponsor of the Ahuwhenua Trophy, Te Puni Kōkiri Excellence in Māori Farming and Horticulture Award for over 10 years. Due to the resurgent impacts of the pandemic, there were two awards ceremonies held in FY23.

- In 2023, the winner of the top Māori horticultural enterprise was awarded to the Wi Pere Trust Horticulture for their diverse operation across three separate orchards.
- In 2022, the winner of the top Māori sheep and beef farm was also awarded to the Wi Pere Trust with the success of their large farming operation at Te Karaka, near Gisborne.

Cash for Communities

Since 2011, PGW has partnered with Ballance Agri-Nutrients to bring the Cash for Communities programme, designed to support rural schools, clubs, charities and other community organisations across New Zealand. PGW and Fruitfed Supplies account holders, who purchased participating Ballance Agri-Nutrients fertiliser on their account between 1 September and 30 November 2023 could nominate a cause vital to their community. To date, almost $700,000 has been raised.

For the FY23 year, community organisations Canterbury Westpac Rescue Helicopter ($2,639), North Canterbury Rural Support Trust ($1,615), and Southland Charity Hospital ($1,539) received the highest donations, demonstrating how farmers and growers feel access to medical care and mental health support is important to their communities.

Cyclone Gabrielle Relief

In February 2023 Cyclone Gabrielle impacted the North Island, the most serious weather event to hit New Zealand since 1968 and causing billions of dollars in damage. In the aftermath of this event the PGW National Response Group was put into action to coordinate the business response in supporting our people, clients and local communities.

The PGW response included:

- Supporting our staff as volunteers of national response groups (such as Red Cross).
- Continuing to pay for staff as they respond to individual circumstances.
- Generous donations received from clients and the public through our retail stores and saleyards raising over $35,000 for Rural Support Trust and Federated Farmers.
- Internally PGW raised over $115,000 through employee and corporate donations. This included two relief auctions in person and one online (via bidr®). With the generosity of our suppliers PGW raised a further $34,760 for the Rural Support Trust in Northland and the East Coast/Tairāwhiti regions.
- Facilitating donation platforms through Ag Proud and saleyard or on-farm paddock sales.
- Supporting individual payroll donations.
- Providing key supplies such as fencing, water tanks and piping into affected areas.
- Providing wellbeing support options to affected people and their families.

Land Search and Rescue

PGW is proud to support Land Search and Rescue New Zealand, who is celebrating 90 years helping the lost, the missing and the injured. Many of our staff and customers regularly enjoy our country's great outdoors and this is a way that PGW can demonstrate our support for this important community service that saves lives. A number of our employees are Land Search and Rescue volunteers who dedicate their time to training, maintaining their competencies, and responding to emergency situations when they arise.

Land Search and Rescue has 3,500 trained volunteers, who are members of 63 Land Search and Rescue Groups, covering the length and breadth of New Zealand. Land Search and Rescue participates in suburban, urban, wilderness and rural search and rescue operations, underground search and rescue operations in caves or other natural underground areas, shoreline search and rescue operations linked to marine incidents, in canyons, and on mountains.

National Shearing Circuit

The 2022-23 season of the National Shearing Circuit marks 20 years of the involvement of PGW, one of the longest-standing naming sponsorships in New Zealand sport.

Shearers compete for points over five rounds, starting in Alexandra in October with the fine wool section; moving to full wool hoggets in Waimate; Corriedales in Christchurch in November; lambs in Rangitikei on Waitangi Day; and concluding in Pahiatua later in February with second shears. Marlborough's Angus Moore is the 2023 PGG Wrightson Vetmed National Shearing Circuit champion.

PGW Academy

The PGW Academy, established in 2006, focuses on developing talent within the company. Since its inception more than 270 employees have completed the programme and have proceeded to enrich PGW, our clients' businesses, and the wider agricultural and horticultural industries.

In February PGW welcomed the 20 inductees into the 2023 PGW Academy. Inductees are provided support throughout the programme, encouraged to connect with their peers and are provided tips and points from past Academy participants. Participants cover a diverse range of topics, from horticulture to dairy and from livestock to farm and orchard management. These workshops are run by our Retail Technical Team with engagement from some of PGW's strategic partners such as Ballance Agri-Nutrients, PGG Wrightson Seeds, and Datamars.

Young Horticulturalist of the Year

Fruitfed Supplies is proud to be a sponsor of the Young Horticulturalist Competition, encouraging excellence and achievement by the industry's up and coming young people. Fruitfed Supplies has supported the competition as a partnering sponsor from the outset.

Run by the Royal NZ Institute of Horticulture Education Trust, the Young Horticulturist Competition sees representatives of seven horticultural sectors challenged over a two-day grand final held at the New Zealand Bloodstock Centre in Karaka. Participants were assessed on their performance in an array of business and practical challenges. The 2022 winner was Regan Judd of Hawke's Bay.

bidr® Charity Auctions

bidr® facilitated a range of online and hybrid auctions to support rural community groups, youth breeding societies, and local fundraisers. Most notably, bidr® held an auction for the NZ Deer Farmers' Association to support flood-affected farmers in Hawke's Bay. This sale of a range of supplier donated goods was completed solely online. Donations were received from the deer industry and the auction raised $117,000.

Helensville Rugby Club receiving funds from the Cash for Communities programme, photo featuring Jon Schellingerhout (Ballance Agri-Nutrients), Louise Nasmith (Helensville Rugby Football Club) and Sophie Holst (PGG Wrightson).

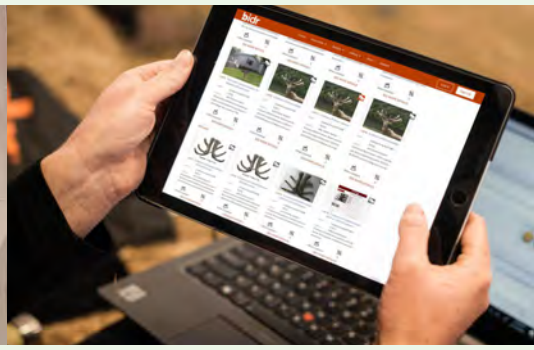
The Iwi Relationship team and local PGW staff with the Ahuwhenua Trophy at a 2023 Ahuwhenua field day.

Denver Palmer, Key Account Manager for the Lower North Island, was stranded in his local community of Te Pohue after Cyclone Gabrielle destroyed the roads. Denver pitched in to those in need and delivered food parcels and organised farm supplies from the PGW Rural Supplies Taupō store for local farmers. *Photo credit: Denver Palmer.*

Land Search and Rescue Field team at the Tautuku Cup 2021. *Photo credit: Brent Hollow.*

Marlborough's Angus Moore is the 2023 PGG Wrightson Vetmed National Shearing Circuit champion. *Photo credit: Pete Nikolaison, Golden Shears Media Group.*

bidr®'s online auction with the NZ Deer Farmers Association for deer farmers affected by Cyclone Gabrielle.



Governance | *Mana Whakahaere*

PGW applies the Policies-Actions-Results method to its sustainability management system. This approach is an application of the Plan-Do-Check-Act framework promoted by the International Organisation for Standardisation (ISO). This approach supports continuous improvement across all sustainability action areas for PGW.

PGW's Sustainability Strategy | *Te Rautaki mō te Toitūtanga a PGW*

In May 2023 the PGW Board approved PGW's Sustainability Strategy to 2030 (Te Rautaki mō e Toitūtanga). Our Sustainability Strategy addresses three pillars – focusing on stewardship of our environment, support of our people and communities, and corporate citizenship. The strategy was developed with input from across the business, addressing the sustainability issues that are the most material to our stakeholders and business objectives.

Environment	Social	Governance
PGW is committed to reducing the environmental impact of our operations, influencing its suppliers and assisting our customers in reducing their impacts. PGW is committed to maintaining and exceeding environmental compliance in our operations.	PGW is committed to making a positive and meaningful contribution to the communities in which we operate. Our people are key members of their rural communities. As a result, we have been part of, and we have supported rural communities for multiple generations.	PGW is committed to demonstrating excellence in corporate governance by acting with integrity and transparency in all dealings. PGW will uphold high standards of ethical behaviour and accountability through comprehensive corporate reporting standards.

PGW has committed to a number of goals within the Sustainability Strategy including:

- Reducing operational (scope 1 & 2) emissions by 30% by FY30 from a FY21 baseline.
- Expanding reporting to cover supply chain (scope 3) emissions, while working with suppliers to reduce emissions and set targets.
- Other targets include improving energy efficiency across PGW properties, improving vehicle fleet efficiency, improving utilisation of recycling programmes, cultivating a strong safety and wellbeing culture, and transparency in reporting.

The full version of the Sustainability Strategy is available on our website: www.pggwrightson.co.nz/sustainability

Sustainability Policy | *Te Kaupapahere Toitū*

As part of PGW's Group Strategic Priorities to embed sustainability into everything we do, a new Sustainability Policy has been developed and approved for the business. The Sustainability Policy is the first major governance initiative to be implemented under the Sustainability Strategy. It provides a clear and unambiguous statement of our position on a range of ESG issues including energy, emissions, diversity and inclusion, human rights, labour, environment and anti-corruption.

PGW applies the Policies-Actions-Results method to its sustainability management system.

Supply Chain Traceability | *Te haurapa i te ara tukutuku*

Traceability is the ability to trace the source, origin or production conditions of raw materials and final products. As PGW is a prominent part of the supply chain to the agricultural and horticultural sectors, traceability is fundamental to the integrity of our business operations and to maintain the trust of our clients. PGW works within both legislative and voluntary frameworks regarding product traceability, including the:

- National Animal Identification and Tracing Act 2012
- Animal Products Act 1999
- Agricultural Compounds and Veterinary Medicines Act 1997
- Food Act 2014
- Wine Act 2003
- BRCGS Food Safety Standards (voluntary)

The Quality Assurance Team and the relevant business units drive compliance to these frameworks, including monitoring, sampling, batch tracking, traceability exercises and product recall simulations. The comprehensive suite of activities and supporting systems provide our clients with assurance and confidence over the products we provide.

Agricultural Chemicals | *Ngā matū ahuwhenua*

Agricultural chemicals are compounds that are applied directly to plants to protect from weeds, pests and diseases, as well as the promotion of growth. In New Zealand the importation, manufacturing, sale and use is administered by the Agricultural Compounds and Veterinary Medicines Act 1997, the Biosecurity Act 1993, HSWA and the Hazardous Substances and New Organisms Act 1996. PGW is a responsible provider of agricultural chemicals to clients in the agricultural and horticultural sectors working within the legislative frameworks.

Many agricultural chemicals are also classified as hazardous substances and need to be appropriately stored and administered. Risk assessments and controls are in place to minimise the inherent risks associated with the substances. Controls can include (but are not limited to) handling licences, emergency preparedness plans, segregation, separation, bunding and spill kits. Where practical, PGW promotes the use of integrated pest management with clients, encouraging the use of prevention control methods prior to chemical applications. Where chemicals are to be used, the appropriate application method is promoted to ensure accurate quantities can be applied.

Climate Change Risks and Opportunities | *Te Panonitanga o te Āhuarangi - Ngā Tūraru me ngā Āheinga*

To ensure that PGW remains future focused we are deepening our understanding of the risks and opportunities that are likely to arise in future climate change scenarios. We aim to achieve this through a comprehensive risk-based approach of the likely physical and transitional impacts associated with a changing climate.

PGW's approach is guided by the New Zealand climate-related disclosures legislation and will utilise the agri-sector climate change scenarios resources from the Aotearoa Circle. PGW was involved in the development of these sector-based resources through a series of workshops in 2022.

PGW is a climate-reporting entity for the purposes of the Financial Markets Conduct Act 2013. The company will release its group climate statement in accordance with the timelines defined in the Aotearoa New Zealand Climate Standards.

Incident Management Plan | *Te Mahere Whakahaere Takunetanga*

In 2023 PGW developed an Incident Management Plan, which serves as a high-level framework for management of significant events, incidents or crises. The document assists the existing incident management team functions and ensures a continuity of business function and service delivery for our customers. The Plan sets our criteria surrounding incident management activation, the allocation of roles and responsibilities, recovery strategies and reporting.

Fruitfed Supplies Technical Horticultural Representative, Alastair Reed, discusses a new speculative venture into organic bananas with Adam Alexander, Director of Cultivate Horticulture, near Aongatete, Bay of Plenty.

Gisborne vineyard in East Coast, photographed by Sarah Curtis for the PGG Wrightson Landmarks Photo Collection.

Bird's eye view in Mid/ South Canterbury photographed by Lauren Korstrom for the PGG Wrightson Landmarks Photo Collection.

PGG WRIGHTSON LIMITED

Ngā Whakapuakanga Pūtea Hira

Key Financial Disclosures

Consolidated Financial Statements for the year ended 30 June 2023

Ngā Tauākī ā-Pūtea Tōpū mō te tau i mutu i te 30 Hune 2023

PGG Wrightson Salesperson, Real Estate, Trevor Kenny, and Kay and Martyn Watkins discuss the sale of their dairy farm which resulted in a successful sale, near Tirau, Waikato.

PGG WRIGHTSON LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

The Directors are responsible for ensuring that the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2023 and the financial performance and cash flows for the year ended on that date.

The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all of the relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Directors are pleased to present the consolidated financial statements for PGG Wrightson Limited and its controlled entities (together the "Group") set out on pages 63 to 102 for the year ended 30 June 2023.

The consolidated financial statements contained on pages 63 to 102 have been authorised for issue on 14 August 2023.

For and on behalf of the Board.

U Kean Seng
Acting Chair

Sarah Brown
Director and Audit Committee Chair

PGG Wrightson

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

	NOTE	2023 $000	2022 $000
Operating revenue	1	975,692	952,700
Cost of sales	2	(722,849)	(704,181)
Gross profit		252,843	248,519
Other income		502	334
Employee expenses		(137,561)	(132,874)
Other operating expenses	3	(54,590)	(48,826)
Operating EBITDA	27(C)	**61,194**	**67,153**
Non-operating gains/(losses)	4	327	699
Impairment and fair value gains/(losses)	5	51	(2,182)
Depreciation and amortisation expense		(28,063)	(28,024)
EBIT	27(C)	**33,509**	**37,646**
Net interest and finance costs	6	(9,573)	(5,089)
Profit before income tax		23,936	32,557
Income tax expense	7	(6,418)	(8,271)
Profit net of income tax		17,518	24,286
Net profit after tax attributable to Shareholders of the Company		**17,518**	**24,286**

Basic & diluted earnings per share (EPS)

	NOTE	2023 $	2022 $
Basic & diluted EPS	8	0.232	0.322

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

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	NOTE	2023 $000	2022 $000
Net profit after tax attributable to Shareholders of the Company		**17,518**	**24,286**
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss			
Changes in fair value of equity instruments	28	9	7
Remeasurements of defined benefit asset/liability	18	1,059	(2,522)
Tax on remeasurements of defined benefit asset/liability	7	(297)	706
Total other comprehensive income/(loss) for the period		771	(1,809)
Total comprehensive income for the period attributable to Shareholders of the Company		**18,289**	**22,477**

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

PGG WRIGHTSON LIMITED

SEGMENT REPORT

For the year ended / as at 30 June 2023

A. Operating segments

The Group has two primary operating segments, Agency and Retail & Water, which are the Group's strategic divisions. These operating segments operate within New Zealand.

The two operating segments offer different products and services, and are managed separately because they require different skills, technology and marketing strategies. Within each segment, further business unit analysis may be provided to management where there are significant differences in the nature of activities. The Chief Executive Officer or Chairman of the Board reviews internal management reports on each strategic business unit on at least a monthly basis.

The Group's segments are described below:

- **Agency:** This segment derives its revenue primarily from commissions in respect of rural Livestock, Wool and Real Estate transactions. This segment also derives revenue from wool and velvet product sales, and interest revenue from its Go livestock receivables (refer to Note 12 *Go livestock receivables* for further explanation regarding this programme).
- **Retail & Water:** This segment includes the Rural Supplies and Fruitfed Supplies retail operations, Agritrade, PGG Wrightson Water, PGW Consulting, ancillary sales support and supply chain functions. This segment derives its revenue primarily from the sale of goods as well as the design, installation and servicing of irrigation solutions.
- **Other (non-operating):** Other relates to certain Group Corporate activities including Governance, Finance, Treasury, Risk and Assurance, and other support services (such as corporate property services and marketing). The Marketing function derives sales revenue from the Group's rewards and on-charging programmes.

Assets and liabilities allocated to each business unit combine to form total assets and liabilities for the Agency and Retail & Water business segments. Certain other assets and liabilities are held at a Corporate level including those for the Corporate functions noted above. Similarly, the profit/loss for each business unit combines to form total profit/loss of the Agency and Retail & Water business segments. Certain other revenues and expenses are recorded at the Corporate level for the Corporate functions noted above.

Corporate cost allocation

The Group allocates certain corporate costs to an operating segment where they can be directly attributed to that segment or using the following methods:

- IT hardware, support, licence and other costs are allocated on a per user basis.
- Property costs which are not directly attributable are allocated on a property space utilisation basis.
- Business operations costs (Accounts Payable, Accounts Receivable, Call Centre) are allocated based on FTE usage by each operating segment or transactional volumes. Credit Services costs are allocated to the operating segment to which the overdue accounts relate.

Other costs such as non-operating gains/(losses), impairment and fair value gains/(losses), net interest and finance costs, 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

SEGMENT REPORT (CONTINUED)

For the year ended / as at 30 June 2023

C. Operating segment information

	AGENCY		RETAIL & WATER		OTHER (NON OPERATING)		TOTAL	
	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000
Sales revenue	87,556	75,061	765,661	746,093	1,286	1,327	854,503	822,481
Commission revenue	93,692	109,208	92	76	95	89	93,879	109,373
Construction contract revenue	–	–	18,031	14,235	–	–	18,031	14,235
Interest revenue on Go receivables	6,573	4,254	–	–	–	–	6,573	4,254
Interest revenue on overdue debtor accounts	523	438	1,151	556	20	(26)	1,694	968
Sublease income	459	410	363	348	190	631	1,012	1,389
Total external operating revenues	188,803	189,371	785,298	761,308	1,591	2,021	975,692	952,700
Operating EBITDA	**16,068**	**21,844**	**54,129**	**52,495**	**(9,003)**	**(7,186)**	**61,194**	**67,153**
Non–operating gains/(losses)	335	695	83	133	(91)	(129)	327	699
Impairment and fair value gains/(losses)	–	(2,970)	–	691	51	97	51	(2,182)
Depreciation and amortisation expense	(8,787)	(8,521)	(16,267)	(16,067)	(3,009)	(3,436)	(28,063)	(28,024)
EBIT	**7,616**	**11,048**	**37,945**	**37,252**	**(12,052)**	**(10,654)**	**33,509**	**37,646**
Net interest and finance costs	(3,857)	(2,843)	(3,779)	(1,665)	(1,937)	(581)	(9,573)	(5,089)
Profit/(loss) before income tax	3,759	8,205	34,166	35,587	(13,989)	(11,235)	23,936	32,557
Income tax benefit/(expense)	(1,170)	(2,197)	(9,707)	(10,194)	4,459	4,120	(6,418)	(8,271)
Profit/(loss) net of income tax	2,589	6,008	24,459	25,393	(9,530)	(7,115)	17,518	24,286
Net profit/(loss) after tax	**2,589**	**6,008**	**24,459**	**25,393**	**(9,530)**	**(7,115)**	**17,518**	**24,286**
Total segment assets	**202,490**	**206,204**	**263,221**	**280,458**	**30,817**	**23,290**	**496,528**	**509,952**
Total segment liabilities	**(82,866)**	**(101,724)**	**(159,709)**	**(180,332)**	**(84,692)**	**(55,212)**	**(327,267)**	**(337,268)**
Capital expenditure (additions to non–current assets)	**6,227**	**5,653**	**6,232**	**7,430**	**12,380**	**3,571**	**24,839**	**16,654**

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

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	NOTE	2023 $000	2022 $000
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		979,878	913,260
Dividends received		5	5
Interest received		8,743	5,321
		988,626	918,586
Cash was applied to:			
Payments to suppliers and employees		(940,906)	(884,560)
Interest paid		(4,565)	(957)
Interest paid on lease liabilities		(3,800)	(3,786)
Income tax paid		(13,846)	(5,623)
		(963,117)	(894,926)
Net cash inflow/(outflow) from operating activities		**25,509**	**23,660**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		579	1,053
Proceeds from disposal of investments		9	7
		588	1,060
Cash was applied to:			
Purchase of property, plant and equipment		(6,453)	(5,926)
Purchase of intangibles		(10,723)	(2,881)
Advance to jointly controlled entity		(170)	–
		(17,346)	(8,807)
Net cash inflow/(outflow) from investing activities		**(16,758)**	**(7,747)**
Cash flows from financing activities			
Cash was provided from:			
Increase in external borrowings and working capital debt	9	32,460	30,000
		32,460	30,000
Cash was applied to:			
Dividends paid to shareholders		(21,712)	(23,331)
Repayment of external borrowings and bank overdraft		–	(2,400)
Repayment of principal portion of lease liabilities		(19,532)	(18,873)
		(41,244)	(44,604)
Net cash inflow/(outflow) from financing activities		**(8,784)**	**(14,604)**
Net increase/(decrease) in cash held		(33)	1,309
Opening cash		4,676	3,367
Cash and cash equivalents	9	**4,643**	**4,676**

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 year ended 30 June 2023

	2023 $000	2022 $000
Net profit after tax	17,518	24,286
Add/(deduct) non–cash/non–operating items:		
Depreciation and amortisation	28,063	28,027
Impairment and fair value losses/(gains)	(51)	2,182
Bad debts written off (net)	451	(633)
Loss/(profit) on sale of assets and investments, and lease terminations	(382)	(763)
Foreign exchange loss/(gain)	(22)	(9)
Deferred tax expense/(benefit)	1,658	(1,797)
Defined benefit expense/(gain)	9	(85)
Other non–cash/non–operating items	71	108
Add/(deduct) movement in working capital items:		
Change in inventories	(5,613)	(20,766)
Change in accounts receivable, Go livestock receivables and prepayments	17,314	(41,909)
Change in trade creditors, provisions and accruals	(21,533)	26,799
Change in other current assets/liabilities	(2,878)	3,776
Add/(deduct) movement in taxation items:		
Change in income tax payable/receivable	(9,096)	4,444
Net cash flow from operating activities	**25,509**	**23,660**

Cash Flows Accounting Policies

In the statement of cash flows, cash receipts and payments on behalf of customers which reflect the activities of the customers rather than those of the Group are reported on a net basis.

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

PGG Wrightson

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	NOTE	2023 $000	2022 $000
ASSETS			
Current			
Cash and cash equivalents	9	4,643	4,676
Short–term derivative assets	10	367	1,547
Trade and other receivables	11	144,656	170,336
Go livestock receivables	12	71,453	65,405
Income tax receivable		1,186	–
Inventories	13	107,533	102,048
Other current assets		3,546	3,130
Total current assets		333,384	347,142
Non–current			
Long–term derivative assets	10	–	17
Deferred tax asset	7	8,721	10,676
Investments in equity accounted investees		320	102
Advance to equity accounted investees		170	–
Go livestock receivables	12	2,570	704
Other investments		340	479
Intangible assets	14	20,214	12,101
Right–of–use assets	15	84,068	93,074
Property, plant and equipment	16	46,741	45,657
Total non–current assets		163,144	162,810
Total assets		**496,528**	**509,952**
LIABILITIES			
Current			
Working capital debt	9	19,960	7,500
Short–term derivative liabilities	10	888	1,009
Accounts payable and accruals	17	164,107	189,290
Short–term lease liabilities	15	18,586	18,229
Income tax payable		–	7,910
Total current liabilities		203,541	223,938
Non–current			
Long–term debt	9	50,000	30,000
Long–term derivative liabilities	10	112	152
Long–term lease liabilities	15	69,769	78,290
Long–term provisions	17	2,769	2,762
Defined benefit liability	18	1,076	2,126
Total non–current liabilities		123,726	113,330
Total liabilities		**327,267**	**337,268**
EQUITY			
Share capital	28	372,318	372,318
Reserves	28	16,158	12,973
Retained earnings/(deficit)	28	(219,215)	(212,607)
Total equity attributable to Shareholders of the Company		**169,261**	**172,684**
Total liabilities and equity		**496,528**	**509,952**

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

Ngā Whakapuakanga Pūtea Tāpiri

Additional Financial Disclosures

Including Notes to the Consolidated Financial Statements for the year ended 30 June 2023

Tae atu ki Ngā Pitopito Kōrero ki Ngā Tauākī Pūtea Tōpū mō te tau i mutu i te 30 Hune 2023

PGG Wrightson Trainee Technical Field / Fruitfed Supplies Technical Horticultural Representative, Kiri Matthews, crop checking an annual clover paddock at Balle Brothers near Matamata, Waikato.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

1 OPERATING REVENUE

	2023 $000	2022 $000
Revenue from contracts with customers		
Sales revenue	854,503	822,481
Commission revenue	93,879	109,373
Construction contract revenue	18,031	14,235
Other operating revenue		
Interest revenue on Go livestock receivables	6,573	4,254
Interest revenue on overdue debtor accounts	1,694	968
Sublease income	1,012	1,389
	975,692	**952,700**

Income Recognition Accounting Policies

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales revenue

Sales revenue comprises the sale value of transactions where the Group acts as a principal; for example, retail store sales, and sales of wool and velvet products. Revenue is measured at the transaction price when control is transferred to which an entity expects to be entitled in exchange for transferring goods or services to a customer. For sale of goods, the transfer of control occurs when the risks and rewards, physical possession and the legal title of the goods have been transferred and accepted by the customer and the customer has a present obligation to make the payment.

Customers may be entitled to discounts or rebates for certain items and/or volumes purchased, under varying categories. These discounts or rebates are defined as variable consideration and are included in the transaction price as a component of operating revenue upon the completion of the Group's performance obligations. These discounts/rebates are contractual in nature and known at balance date, therefore no assumptions or estimates are required.

The Group offers a range of payment terms, and in some cases can be up to 12 months. The Group does not recognise a financing element for sales with terms of 12 months or less.

The Group offers warranties as required by New Zealand law and/or per the terms and conditions of the contracts with customers. The Group recognises the obligations under these warranties as a provision.

Commission revenue

Commission revenue comprises commission for transactions where the Group acts as an agent. For agency commissions, the Group does not take inventory risk or title for inventories, or for the Group's Livestock and Real Estate businesses, biological assets and properties respectively. The Group generates commissions from acting as an agent for organising the sale of livestock or real estate, and from the successful referral of clients to an unrelated insurance partner.

Revenue is recognised at a point in time upon completion of service.

Construction contract revenue

Construction services are provided to customers in the Water business to construct pivots and irrigation systems. Most contracts contain a single performance obligation. The size and duration of the contracts can vary significantly, and customers are invoiced as work progresses. Most contracts are completed within 12 months; therefore, the unearned revenue on these contracts has not been disclosed.

The Group accounts for revenue over time, which best depicts the pattern of transfer of the construction services to the customer. The Group uses an input method to recognise revenue based on a percentage of cost completed. This method involves judgements relating to a contract's expected margin and its stage of completion.

Interest and similar income and expense

The Group recognises the fixed fees charged to customers under its Go programme as interest revenue. Refer to Note 12 *Go livestock receivables* for further explanation regarding this programme. This interest revenue is recognised over the term of the Go contracts which can be for a term of up to 540 days.

The Group also recognises interest revenue on overdue receivables using the effective interest method. Refer to the accounting policies under Note 6 *Net Interest and Finance Costs* for further explanation on the effective interest method.

Sublease income

The Group recognises lease payments received under subleases as income on a straight-line basis over the lease term. Refer to Note 15 *Right-of-Use Assets and Lease Liabilities* for further explanation.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

2 COST OF SALES

	NOTE	2023 $000	2022 $000
Depreciation and amortisation		173	189
Employee benefits (including commissions)		24,654	32,541
Inventories and consumables	13	671,783	648,001
Freight		14,925	12,438
Other		11,314	11,012
		722,849	**704,181**

3 OTHER OPERATING EXPENSES

	2023 $000	2022 $000
Audit of annual financial statements of the Company by EY	336	266
Other Advisory Services provided by EY:		
Facilitation of sustainability materiality assessment	13	21
Cloud computing project assistance	–	18
Employee incentive schemes advisory	30	–
Directors' fees	715	565
Donations	34	7
Increase/(decrease) in provision for impaired trade receivables, Go livestock receivables and contract assets	(252)	(1,109)
Net bad debts written off / (recovered)	703	476
IT & telecommunication costs	15,435	13,372
Marketing	5,359	4,665
Motor vehicle costs	7,555	7,012
Travel costs	4,446	2,317
Rental and operating lease costs	958	901
Occupancy costs (excluding rental and operating lease)	5,202	5,672
Other staff costs	7,690	7,442
Other expenses	6,366	7,201
	54,590	**48,826**

4 NON-OPERATING GAINS/(LOSSES)

	2023 $000	2022 $000
Gain on sale of property, plant and equipment	382	763
Other non-operating gains/(losses)	(55)	(64)
	327	**699**

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

5 IMPAIRMENT AND FAIR VALUE GAINS/(LOSSES)

	2023 $000	2022 $000
Net impairment reversal/(impairment) – Property, plant and equipment	–	414
Net impairment reversal/(impairment) – Right-of-use assets	–	695
Net impairment reversal/(impairment) – Software Assets	–	(3,384)
Other fair value gains/(losses)	51	93
	51	**(2,182)**

Impairment Accounting Policies

The carrying value of the Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying value of assets and are recognised in profit or loss unless the asset is carried at a revalued amount in accordance with another standard.

Non-financial assets

The carrying amounts of the Group's non-financial assets (other than inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset or the cash-generating unit (CGU) to which the asset relates is estimated. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

6 NET INTEREST AND FINANCE COSTS

	2023 $000	2022 $000
Interest income	485	99
Interest funding expense		
Bank interest on loans and overdrafts	(4,565)	(957)
Bank facility fees	(956)	(875)
	(5,521)	(1,832)
Net interest income/(expense) excluding interest on lease liabilities	(5,036)	(1,733)
Interest on lease liabilities	(3,800)	(3,786)
Foreign exchange gain/(loss)		
Net gain/(loss) on foreign denominated items	300	485
Fair value gain/(loss) on foreign exchange derivatives	(1,037)	(55)
	(737)	430
Net interest and finance income/(expense)	**(9,573)**	**(5,089)**

Interest and Finance Income/Expense Accounting Policies

Interest and similar income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fair value change on foreign exchange derivatives

The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. The Group uses forward foreign exchange contracts to manage these exposures. These derivatives are recorded at their fair value with mark-to-market fair value movements flowing through fair value gain/(loss) on foreign exchange derivatives in the profit or loss. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

7 INCOME TAXES

A. Income tax recognised in profit or loss

	2023 $000	2022 $000
Current tax benefit/(expense)		
Current year	(4,633)	(10,159)
Adjustments for prior years	(126)	91
	(4,759)	(10,068)
Deferred tax benefit/(expense)		
Origination and reversal of temporary differences	(1,790)	1,888
Adjustments for prior years	131	(91)
	(1,659)	1,797
Income tax benefit/(expense)	**(6,418)**	**(8,271)**
Reconciliation		
Profit from continuing operations before income tax	23,936	32,557
Income tax using the Company's tax rate (28%)	(6,702)	(9,116)
Non-deductible expenditure	(232)	(79)
Non-assessable income	75	211
Tax credits	576	686
Over/(under) provided in prior years	5	(3)
Other	(140)	30
Income tax benefit/(expense)	**(6,418)**	**(8,271)**

B. Income tax recognised directly in equity

	2023 $000	2022 $000
Deferred tax on movement of actuarial gains/losses on employee benefit plans	(297)	706
Income tax benefit/(expense) recognised directly in equity	**(297)**	**706**

C. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	ASSETS 2023 $000	ASSETS 2022 $000	LIABILITIES 2023 $000	LIABILITIES 2022 $000	NET 2023 $000	NET 2022 $000
Property, plant and equipment	512	706	–	–	512	706
Intangible assets	–	–	(1,600)	(1,541)	(1,600)	(1,541)
Right-of-use assets	–	–	(23,539)	(26,061)	(23,539)	(26,061)
Lease liabilities	24,739	27,026	–	–	24,739	27,026
Employee benefits	5,548	7,173	–	–	5,548	7,173
Provisions	3,061	3,373	–	–	3,061	3,373
Deferred tax asset/(liability)	**33,860**	**38,278**	**(25,139)**	**(27,602)**	**8,721**	**10,676**

Refer to Accounting Policies – page 76.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

7 INCOME TAXES (CONTINUED)

C. Recognised deferred tax assets and liabilities (continued)

	BALANCE 1 JUL 2021 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2022 $000	RECOGNISED IN PROFIT OR LOSS $000	RECOGNISED IN OTHER COMPREHENSIVE INCOME $000	BALANCE 30 JUN 2023 $000
Property, plant and equipment	565	141	–	706	(194)	–	512
Intangible assets	(2,277)	736	–	(1,541)	(59)	–	(1,600)
Right-of-use assets	(28,298)	2,237	–	(26,061)	2,522	–	(23,539)
Lease liabilities	29,125	(2,099)	–	27,026	(2,287)	–	24,739
Employee benefits	4,762	1,705	706	7,173	(1,328)	(297)	5,548
Provisions	4,296	(923)	–	3,373	(312)	–	3,061
	8,173	**1,797**	**706**	**10,676**	**(1,659)**	**(297)**	**8,721**

D. Unrecognised tax losses and temporary differences

At 30 June 2023, the Group has no unrecognised deferred tax assets relating to tax losses and temporary differences (2022: Nil).

E. Imputation credits

The Group has $6.5 million imputation credits as at 30 June 2023 (2022: $8.1 million).

Income Tax Accounting Policies

Income tax expense comprises current and deferred taxation and is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at the reporting date. Current tax includes any adjustment to tax payable with respect to previous periods. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences relating to subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable they will not reverse in the foreseeable future;
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be recognised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

8 EARNINGS PER SHARE AND NET TANGIBLE ASSETS

A. Earnings per share (EPS)

The calculation of EPS is based on the following profit figures and number of authorised shares.

	ISSUED ORDINARY SHARES		WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	
	2023 000	2022 000	2023 000	2022 000
Issued ordinary shares at 1 July	75,484	75,484	75,484	75,484
Balance at 30 June	**75,484**	**75,484**	**75,484**	**75,484**

There are no dilutive shares or options (2022: Nil).

	2023 $000	2022 $000
Profit (net of tax) attributable to Shareholders of the Company	17,518	24,286

	2023 $	2022 $
Basic & diluted EPS	0.232	0.322

B. Net tangible assets (NTA)

The calculation of NTA per share, which is a required NZX disclosure, is based on the following NTA figure and the Company's issued ordinary shares at the end of the period.

	2023 $000	2022 $000
Total assets	496,528	509,952
Total liabilities	(327,267)	(337,268)
less Intangible assets	(20,214)	(12,101)
less Deferred tax asset	(8,721)	(10,676)
Net tangible assets	**140,326**	**149,907**

	2023 $	2022 $
NTA per issued ordinary shares at the end of period	1.859	1.986

Earnings Per Share Accounting Policies

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the number of shares outstanding to include the effects of all potential dilutive shares.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

9 CASH AND FINANCING FACILITIES

	NOTE	2023 $000	2022 $000
Cash and cash equivalents		4,643	4,676
Current financing facilities	9(A)	(19,960)	(7,500)
Term financing facilities	9(A)	(50,000)	(30,000)
Net interest-bearing (debt)/cash and cash equivalents		**(65,317)**	**(32,824)**
Go livestock receivables	12	74,023	66,109
Net interest-bearing (debt)/cash and cash equivalents after adjusting for Go livestock receivables		**8,706**	**33,285**

A. Financing facilities

The Company has a syndicated facility agreement. On 6 December 2022 the total facility limit was increased by $30.00 million to $160.00 million through an increase in the available term facility limit to $90.00 million. The syndicated facility provides the following:

- Term debt facilities of up to $90.00 million maturing on 6 December 2024. This facility had $50.00 million drawn at 30 June 2023 (2022: $30.00 million drawn).
- Working capital facilities of up to $70.00 million maturing on 6 December 2024 (subject to an annual Clean Down). This facility had $19.96 million drawn at 30 June 2023 (2022: $7.50 million drawn).

The syndicated facilities fund the general commercial activities of the Group, the seasonal fluctuations in working capital and the Go livestock receivables. Interest on these syndicated facilities is determined, based on floating rates (i.e. OCR or BKBM plus a margin).

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, including maximum permissible ratios for debt leverage and operating leverage, together with limits for Go livestock receivables, capital expenditure and asset disposals.

The syndicated facility agreement allows the Group, subject to certain conditions, to enter into additional facilities outside of the Company's syndicated facility. The additional facilities are guaranteed by the security trust. These facilities amounted to $6.77 million as at 30 June 2023 (2022: $6.58 million).

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

10 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses forward foreign exchange contracts to manage its exposure to foreign currency fluctuations. In accordance with the Group's treasury policy, the Group does not hold any of these derivative instruments for trading purposes.

	2023 $000	2022 $000
Derivative assets held for risk management		
Current	367	1,547
Non-current	–	17
	367	1,564
Derivative liabilities held for risk management		
Current	(888)	(1,009)
Non-current	(112)	(152)
	(1,000)	(1,161)
Net derivative asset/(liability) held for risk management	**(633)**	**403**

Derivative Financial Instruments Accounting Policies

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value, and changes therein are generally recognised in the profit or loss. The fair value of forward exchange contracts is based on broker quotes.

Where the Group enters into derivative transactions, these agreements do not meet the criteria for offsetting in the consolidated statement of financial position. The fair value amounts recognised in the consolidated statement of financial position are recorded on a gross basis.

The Group does not currently apply hedge accounting.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

11 TRADE AND OTHER RECEIVABLES

	NOTE	2023 $000	2022 $000
Accounts receivable due from unrelated parties		119,774	141,689
Accounts receivable due from related parties	24	1	–
Gross accounts receivable		119,775	141,689
less Provision for impaired debtors		(2,030)	(2,023)
Net accounts receivable		117,745	139,666
Contract assets		3,036	3,132
less Provision for impaired contract assets		–	(119)
Other receivables		19,771	22,217
Prepayments		4,104	5,440
Trade and other receivables		**144,656**	**170,336**
Analysis of movements in provisions for impaired debtors & contract assets			
Balance at beginning of year		(2,142)	(3,251)
Movement in provision		112	1,109
Balance at end of year		**(2,030)**	**(2,142)**

The ageing status of the accounts receivable at the reporting date is as follows:

	TOTAL DEBTORS 2023 $000	PROVISION 2023 $000	TOTAL DEBTORS 2022 $000	PROVISION 2022 $000
Not past due	109,686	(511)	133,914	(205)
Past due 1 – 30 days	4,772	(11)	5,450	(5)
Past due 31 – 60 days	1,803	(9)	370	(22)
Past due 61 – 90 days	1,222	(46)	182	(18)
Past due 90 plus days	2,292	(1,453)	1,773	(1,773)
	119,775	**(2,030)**	**141,689**	**(2,023)**

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

12 GO LIVESTOCK RECEIVABLES

The Group holds receivables in respect of its Go range of livestock products. The Go range allows farmers to defer payment for the purchase of livestock. The counterparty farmer to the Go product is fully exposed to the risks and rewards of ownership of the livestock. To mitigate credit risk, the Group retains legal title to the livestock until its sale. Fee income received in respect of the Go livestock receivables is recognised by the Group as interest income over the respective contract period and is included within operating revenue (refer to Note 1 *Operating Revenue*). Accrued interest income in respect of the Go livestock receivables is included within Other Receivables (refer to Note 11 *Trade and Other Receivables*) and amounts to $2.62 million as at the balance date (2022: $1.75 million).

	2023 $000	2022 $000
Go livestock receivables – Current	71,829	65,921
Go livestock receivables – Non Current	2,570	704
	74,399	66,625
less Provision for impairment – Go livestock receivables	(376)	(516)
	74,023	**66,109**
Analysis of movements in provisions for impaired Go livestock receivables		
Balance at beginning of year	(516)	(142)
Movement in provision	140	(374)
Balance at end of year	**(376)**	**(516)**

The ageing status of the Go livestock receivables at the reporting date is as follows:

	GO LIVESTOCK RECEIVABLES 2023 $000	PROVISION 2023 $000	GO LIVESTOCK RECEIVABLES 2022 $000	PROVISION 2022 $000
Not past due	74,171	(148)	66,304	(195)
Past due 1 – 30 days	–	–	16	(16)
Past due 31 – 60 days	–	–	9	(9)
Past due 61 – 90 days	–	–	3	(3)
Past due 90 plus days	228	(228)	293	(293)
	74,399	**(376)**	**66,625**	**(516)**

Trade and Other Receivables and Go Livestock Receivables Accounting Policies

Recognition and measurement

A receivable without a significant financing component is initially measured at the transaction price and classified as financial assets measured at amortised cost. Accounts receivable includes accrued interest.

Impairment

Specific provisions are maintained to cover identified impaired debtors. Judgement is required in determining the impairment provision.

The Group recognises loss allowances for the expected credit loss (ECL) on Trade and Go livestock receivables. The Group measures loss allowances for trade and Go livestock receivables at an amount equal to lifetime ECL.

When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost and effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. The Group assumes that the credit risk has increased significantly if it is more than 60 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

On a monthly basis, the Group via its Credit Committee, assesses whether Trade and Go livestock receivables are credit-impaired. All individual instruments that are considered significant are subject to this approach. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the debtor.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

13 INVENTORY

	2023 $000	2022 $000
Merchandise	93,278	83,421
Wool & velvet inventory	16,246	20,188
less Provision for inventory write down	(1,991)	(1,561)
	107,533	**102,048**

During the year, inventories of $671.78 million (2022: $648.00 million) are included in cost of sales in the profit or loss (refer to Note 2 *Cost of Sales*). Included within this amount are write-down of inventories of $0.75 million (2022: $1.02 million) to net realisable value and reversals of write-down of $0.57 million (2022: $0.16 million).

Inventories Accounting Policies

Raw materials and finished goods are stated at the lower of cost or net realisable value. Cost is determined on a weighted average cost basis. In the case of manufactured goods, cost includes direct materials, labour and production overheads. Judgement is required in determining the net realisable value for inventories.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

14 INTANGIBLE ASSETS

	SOFTWARE $000	RIGHTS & TRADEMARKS $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
Cost				
Balance at 1 July 2021	26,894	1,916	3,252	32,062
Additions	–	477	3,234	3,711
Transfers	2,382	528	(2,910)	–
Disposals	(1,804)	–	–	(1,804)
Balance at 30 June 2022	**27,472**	**2,921**	**3,576**	**33,969**
Balance at 1 July 2022	27,472	2,921	3,576	33,969
Additions	16	200	10,507	10,723
Transfers	2,712	(624)	(2,088)	–
Disposals	–	–	–	–
Balance at 30 June 2023	**30,200**	**2,497**	**11,995**	**44,692**
Amortisation and impairment losses				
Balance at 1 July 2021	14,948	1,451	–	16,399
Amortisation for the year	2,843	496	–	3,339
Disposals	(1,254)	–	–	(1,254)
Impairment / (Impairment Reversal)	3,384	–	–	3,384
Balance at 30 June 2022	**19,921**	**1,947**	**–**	**21,868**
Balance at 1 July 2022	19,921	1,947	–	21,868
Amortisation for the year	2,143	467	–	2,610
Transfers	625	(625)	–	–
Disposals	–	–	–	–
Balance at 30 June 2023	**22,689**	**1,789**	**–**	**24,478**
Carrying amounts				
At 30 June 2022	7,551	974	3,576	12,101
At 30 June 2023	7,511	708	11,995	20,214

Intangible Assets Accounting Policies

Software

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 1 and 15 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Rights

Manufacturing and production rights are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life between 2 and 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. For intangible assets that have indefinite lives, the recoverable amount is estimated at each reporting date. An impairment loss is recognised in the profit or loss if the carrying amount of an asset exceeds the recoverable amount. Refer to the accounting policy under Note 5 Impairment and Fair Value Gains/(Losses) for further explanation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group leases many assets, including:

- leases of land and buildings from which it conducts operations. These leases range in length from one to fifteen years with various rights of renewal. Where surplus properties are unable to be exited, the Group subleases these properties where possible and derives sublease revenue on a short-term temporary basis.
- leases of motor vehicles and forklifts for use by employees, agents and representatives. These leases range for a period of between three and seven years.

The Group elects not to recognise right-of-use assets and lease liabilities for short-term or low-value property leases. The Group continues to expense lease payments associated with these leases on a straight-line basis.

A. Right-of-use assets

	PROPERTY $000	VEHICLES $000	TOTAL $000
Balance at 1 July 2021	90,090	10,974	101,064
Additions	648	6,733	7,381
Depreciation charge for the period	(14,083)	(5,924)	(20,007)
Reassessments, modifications and terminations	3,253	688	3,941
Net impairment reversal / (impairment)	695	–	695
Balance at 30 June 2022	**80,603**	**12,471**	**93,074**
Balance at 1 July 2022	80,603	12,471	93,074
Additions	557	7,045	7,602
Depreciation charge for the period	(14,161)	(6,291)	(20,452)
Reassessments, modifications and terminations	3,713	131	3,844
Balance at 30 June 2023	**70,712**	**13,356**	**84,068**

B. Lease liabilities

	PROPERTY $000	VEHICLES $000	TOTAL $000
Balance at 1 July 2021	92,814	11,204	104,018
Additions	700	6,733	7,433
Reassessments, modifications and terminations	3,263	679	3,942
Interest on lease liabilities	3,356	429	3,785
Lease payments	(16,358)	(6,301)	(22,659)
Balance at 30 June 2022	**83,775**	**12,744**	**96,519**
Balance at 1 July 2022	83,775	12,744	96,519
Additions	488	7,046	7,534
Reassessments, modifications and terminations	3,702	129	3,831
Interest on lease liabilities	3,103	697	3,800
Lease payments	(16,470)	(6,859)	(23,329)
Balance at 30 June 2023	**74,598**	**13,757**	**88,355**

A maturity analysis of lease liabilities is included in Note 19 *Financial Instruments – Fair Values and Risk Management*.

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. Some of the Group's property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The extension options are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. A reassessment is made subsequently if there is any significant event or significant changes in circumstances within the Group's control. The Group estimates that the potential future lease payments, should it exercise all the extension options, would result in an increase in lease liability of $95.8 million (2022: $93.2 million).

Refer to Accounting Policies – page 85.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

15 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

C. Other disclosures

	NOTE	2023 $000	2022 $000
Amount in the consolidated statement of profit or loss			
Depreciation on right-of-use assets		(20,452)	(20,007)
Interest on lease liabilities	6	(3,800)	(3,786)
Short-term or low-value lease expenses		(888)	(1,081)
Variable lease payments not included in the measurement of lease liabilities		(102)	(168)
Income from sub-leasing right-of-use assets		1,012	1,389
Gain/(loss) arising from sale and leaseback transactions		–	82
Amounts in the consolidated statement of cashflows			
Total cash outflow for leases		(23,332)	(22,659)

Lease Accounting Policies

The Group adopted NZ IFRS 16 Leases from 1 July 2019. The Group assesses at the inception of a contract as to whether the contract is, or contains, a lease as defined in NZ IFRS 16 *Leases*.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group elects not to recognise right-of-use assets and lease liabilities for short-term or low-value leases. The Group continues to expense lease payments associated with these leases on a straight-line basis.

A number of judgements and estimates are made in calculating the right-of-use asset and lease liability amounts. The judgements and estimates include the applicable lease terms (including any rights of renewal expected to be exercised) and the Group's incremental borrowing rate.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and any estimated restoration costs, and less any lease incentives received. These assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the asset's useful life. Right-of-use assets are periodically reduced by impairment losses (if any) and adjusted for certain remeasurements of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable under a residual value guarantee, and any exercise price the Group is reasonably certain to exercise. The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the fund necessary to obtain an asset of similar value in a similar environment under similar terms and conditions.

After the commencement date, lease liabilities are increased to reflect interest on the lease liabilities and reduced to reflect the lease payments made. Interest on lease liabilities is charged to the profit and loss and is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liabilities.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimate of any amount payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

16 PROPERTY, PLANT AND EQUIPMENT

	LAND $000	BUILDINGS $000	PLANT AND EQUIPMENT $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
Cost					
Balance at 1 July 2021	12,730	14,329	56,079	2,654	85,792
Additions	5	510	3,752	1,698	5,965
Transfers	–	–	343	(343)	–
Disposals	(6)	(104)	(582)	–	(692)
Balance at 30 June 2022	**12,729**	**14,735**	**59,592**	**4,009**	**91,065**
Balance at 1 July 2022	12,729	14,735	59,592	4,009	91,065
Additions	–	868	3,378	2,268	6,514
Transfers	–	–	2,785	(2,785)	–
Disposals	(80)	(147)	(1,173)	(1)	(1,401)
Balance at 30 June 2023	**12,649**	**15,456**	**64,582**	**3,491**	**96,178**
Depreciation and impairment losses					
Balance at 1 July 2021	–	4,875	36,290	–	41,165
Depreciation for the year	–	309	4,682	–	4,991
Depreciation recovered to COGS	–	–	189	–	189
Disposals and transfers	–	(4)	(519)	–	(523)
Impairment / (impairment reversal)	–	(414)	–	–	(414)
Balance at 30 June 2022	**–**	**4,766**	**40,642**	**–**	**45,408**
Balance at 1 July 2022	–	4,766	40,642	–	45,408
Depreciation for the year	–	451	4,551	–	5,002
Depreciation recovered to COGS	–	–	173	–	173
Disposals and transfers	–	(52)	(1,094)	–	(1,146)
Balance at 30 June 2023	**–**	**5,165**	**44,272**	**–**	**49,437**
Carrying amounts					
At 30 June 2022	12,729	9,969	18,950	4,009	45,657
At 30 June 2023	12,649	10,291	20,310	3,491	46,741

Capital gains on the sale of property, plant and equipment of $0.38 million were recognised in non-operating items in the current year (2022: $0.76 million gain).

Refer to Accounting Policies – page 87.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, Plant & Equipment Accounting Policies

Recognition and measurement

Capital work in progress is stated at cost, net of accumulated imparment losses. Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, buildings, plant and equipment. Leasehold assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives for the current and comparative periods are between 2 and 40 years for plant and equipment and 50 years for buildings. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Impairment

The carrying amounts of the Group's property, plant & equipment assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. An impairment loss is recognised in the profit or loss if the carrying amount of an asset exceeds the recoverable amount. Refer the accounting policy under Note 5 *Impairment and Fair Value Gains/(Losses)* for further explanation.

17 TRADE AND OTHER PAYABLES

	NOTE	2023 $000	2022 $000
Trade creditors		105,679	123,444
Goods received but not invoiced		5,745	4,891
Contract liabilities		513	4,752
Employee entitlements		19,944	24,643
Accruals and other liabilities		30,061	28,610
Loyalty reward programme	21(A)	1,211	1,190
Other provisions (including product warranty, client claim and make good provisions)	17(A), 17(B)	3,273	4,522
		166,876	**192,052**
Payable within 12 months		164,107	189,290
Payable beyond 12 months		2,769	2,762
		166,876	**192,052**

A. Make good provision on leased properties

During the year, the Group recognised an additional provision of $0.07 million (2022: $0.07 million) in respect of new leased properties which it signed up to. These costs have been capitalised to the right-of-use assets and are amortised over the life of the right-of-use assets. The Group also released $0.05 million (2022: $0.14 million) of provision in respect to leased properties which it exited. At balance date, the balance of the make good provision is $2.66 million (2022: $2.64 million). The Group expects to settle this liability over the next 10-15 years as the leases expire.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

17 TRADE AND OTHER PAYABLES (CONTINUED)

B. Client claims provision

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 balance date, 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 Group recognises a provision for its best estimate of any obligation. The information usually required by NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds of commercial sensitivity, i.e. disclosure may impact the commercial position of the Group.

18 DEFINED BENEFIT ASSET/LIABILITY

The Group makes contributions to the PGG Wrightson Employee Benefits Plan (the Plan), a defined benefit plan that provides a range of superannuation and insurance benefits for employees and former employees. The Plan is registered under the Financial Markets Conduct Act 2013. The Plan is not open to new members. The Plan's retired employees are entitled to receive an annual pension payment payable for their remaining life, and in some cases, for the remaining life of a surviving spouse.

The actuarial calculations for the Plan are undertaken by Michael Chamberlain, a fellow of the New Zealand Society of Actuaries, for MCA NZ Limited.

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000
Present value of funded obligations	(46,609)	(49,165)	(56,172)	(62,563)	(61,624)
Fair value of plan assets	45,533	47,039	56,483	52,725	55,741
Total defined benefit asset/(liability)	**(1,076)**	**(2,126)**	**311**	**(9,838)**	**(5,883)**

A. Movement in net defined benefit asset/(liability)

	DEFINED BENEFIT OBLIGATION		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT ASSET/(LIABILITY)	
	2023 $000	2022 $000	2023 $000	2022 $000	2023 $000	2022 $000
Balance at 1 July	(49,165)	(56,172)	47,039	56,483	(2,126)	311
Included in profit or loss:						
Current service costs	(481)	(489)	–	–	(481)	(489)
Interest costs	(1,881)	(1,098)	1,798	1,105	(83)	7
Included in other comprehensive income:						
Gains/(losses) from change in demographic assumptions	–	(1,418)	–	–	–	(1,418)
Gains/(losses) from change in financial assumptions	1,469	5,324	–	–	1,469	5,324
Experience gains/(losses)	(587)	2,239	–	–	(587)	2,239
Expected return on plan assets	–	–	177	(8,667)	177	(8,667)
Other:						
Employer contributions	–	–	555	567	555	567
Member contributions	(794)	(816)	794	816	–	–
Benefits paid by the plan	4,830	3,265	(4,830)	(3,265)	–	–
Balance at 30 June	**(46,609)**	**(49,165)**	**45,533**	**47,039**	**(1,076)**	**(2,126)**

The Group expects to pay $0.57 million in contributions to the Plan in 2024 (2023: expected $0.47 million and paid $0.56 million). Member contributions are expected to be $0.45 million in 2024 (2023: expected $0.56 million and paid $0.79 million).

As at 30 June 2023, the weighted average duration of the defined benefit obligation (DBO) is 11.5 years for the Plan (2022: 12.0 years).

Refer to Accounting Policies – page 90.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

18 DEFINED BENEFIT ASSET/LIABILITY (CONTINUED)

B. Plan assets

	2023 %	2022 %
Consist of:		
Equities	60	63
Fixed interest	27	29
Cash	13	8
	100	**100**

Plan assets do not include any exposure to the Company's ordinary shares (2022: Nil).

C. Actuarial assumptions at the reporting date

	2023 %	2022 %
Discount rate used – Implied 11.5 year New Zealand Government Bond rate (2022: Implied 12.0 year New Zealand Government Bond rate)	4.73	3.97
Inflation	2.00	2.00
Future salary increases	2.50	2.50
Future pension increases	1.65	1.65

	2023 MALE YEARS	2023 FEMALE YEARS	2022 MALE YEARS	2022 FEMALE YEARS
Assumptions regarding future mortality rates based on published statistics and experience:				
Longevity at age 65 for current pensioners	21	24	21	24
Longevity at age 65 for current members aged 45	23	25	23	25

D. Sensitivity analysis

The sensitivity of the DBO to changes in the weighted principal assumptions is:

	2023 DBO (INCREASE) / DECREASE WITH INCREASE IN ASSUMPTION $000	2023 DBO (INCREASE) / DECREASE WITH DECREASE IN ASSUMPTION $000	2022 DBO (INCREASE) / DECREASE WITH INCREASE IN ASSUMPTION $000	2022 DBO (INCREASE) / DECREASE WITH DECREASE IN ASSUMPTION $000
Discount rate (0.50% movement)	886	(932)	1,082	(1,180)
Salary growth rate (0.50% movement)	(47)	47	(49)	49
Pension growth rate (0.25% movement)	(280)	419	(541)	492
Life expectancy (1 year movement)	(1,352)	1,585	(1,475)	1,524

Refer to Accounting Policies – page 90.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

18 DEFINED BENEFIT ASSET/LIABILITY (CONTINUED)

Employee Benefits Accounting Policies

Defined benefit plans

The Group's net obligation with respect to defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the lower of the net assets of the plan or the current value of the contributions holiday that is expected to be generated.

Remeasurement of the net defined benefit asset/liability, which comprise actuarial gains and losses and the return on plan assets, are recognised directly in other comprehensive income and the defined benefit plan reserve in equity. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the undiscounted amount of short-term employee benefits expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

Provisions made with respect to employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group with respect to services provided by employees up to reporting date. Remeasurements are recognised in profit or loss in the period in which they arise.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

A. Accounting classifications and fair values

The tables below set out the Group's classification of each class of financial assets and liabilities, and their fair values.

	FAIR VALUE THROUGH PROFIT OR LOSS $000	AT AMORTISED COST $000	TOTAL CARRYING AMOUNT $000	FAIR VALUE $000
2023				
Financial assets				
Cash and cash equivalents	–	4,643	4,643	4,643
Derivative assets	367	–	367	367
Trade and other receivables and contract assets	–	140,552	140,552	140,552
Go receivables	–	74,023	74,023	74,023
Other investments	–	340	340	340
	367	**219,558**	**219,925**	
Financial liabilities				
Debt	–	(69,960)	(69,960)	(69,960)
Derivative liabilities	(1,000)	–	(1,000)	(1,000)
Trade creditors	–	(105,679)	(105,679)	(105,679)
Goods received but not invoiced	–	(5,745)	(5,745)	(5,745)
Lease liabilities	–	(88,355)	(88,355)	
	(1,000)	**(269,739)**	**(270,739)**	
2022				
Financial assets				
Cash and cash equivalents	–	4,676	4,676	4,676
Derivative assets	1,564	–	1,564	1,564
Trade and other receivables and contract assets	–	164,896	164,896	164,896
Go receivables	–	66,109	66,109	66,109
Other investments	–	479	479	479
	1,564	**236,160**	**237,724**	
Financial liabilities				
Debt	–	(37,500)	(37,500)	(37,500)
Derivative liabilities	(1,161)	–	(1,161)	(1,161)
Trade creditors	–	(123,444)	(123,444)	(123,444)
Goods received but not invoiced	–	(4,891)	(4,891)	(4,891)
Lease liabilities	–	(96,519)	(96,519)	
	(1,161)	**(262,354)**	**(263,315)**	

The Group's banking facilities are based on floating interest rates. Therefore, the fair value of the banking facilities equals the carrying value.

Refer to Accounting Policies – page 96.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

A. Accounting classifications and fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	LEVEL 1 $000	LEVEL 2 $000	LEVEL 3 $000	TOTAL $000
2023				
Derivative assets	–	367	–	367
Derivative liabilities	–	(1,000)	–	(1,000)
2022				
Derivative assets	–	1,564	–	1,564
Derivative liabilities	–	(1,161)	–	(1,161)

B. Financial management risk

The Group's primary risks are those of liquidity and funding, credit and market (foreign currency, price and interest rate) risks.

The Group is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore, takes on controlled amounts of risk when considered appropriate. The Board of Directors is responsible for the review and ratification of the Group's systems of risk management, internal compliance and control, code of conduct and legal compliance. The Board maintains a formal set of delegated authorities (including policies for credit and treasury) that clearly define the responsibilities delegated to Management and those retained by the Board. The Board approves these delegated authorities and reviews them annually.

The following management committees review and manage key risks:

- The Senior Management Team meets regularly to consider new and emerging risks, review actions required to manage and mitigate key risks, and to monitor progress.
- The Credit Committee, comprising of management appointees, meets regularly to review credit risk, account limits and provisioning.

Management formally reports on all aspects of key risks to the Audit Committee at least two times each year.

(i) Liquidity and funding risks

Liquidity risk is the risk that the Group will encounter difficulties in raising funds at short notice to meet commitments associated with financial instruments. Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds.

The Group manages liquidity risk by forecasting daily cash requirements and future funding requirements, and maintaining an adequate liquidity headroom. The Group monitors its liquidity daily, weekly and monthly and maintains appropriate liquid assets and committed bank funding facilities to meet all obligations in a timely and cost efficient manner. The Group has a policy of funding diversification and utilises a banking syndicate to limit concentration risk in relation to liquidity and funding. The funding policy augments the Group's liquidity policy with its aim to ensure the Group has a stable diversified funding base without over-reliance on any one market sector.

The objectives of the Group's funding and liquidity policy is to:

- Ensure all financial obligations are met when due;
- Provide adequate protection, even under crisis scenarios; and
- Achieve competitive funding within the limitations of liquidity requirements.

Refer to Accounting Policies – page 96.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial management risk (continued)

(i) Liquidity and funding risks (continued)

Contractual maturity analysis

The following schedule analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date (reported on an undiscounted basis). History demonstrates that such accounts provide a stable source of long term funding for the Group.

	CONTRACTUAL CASH FLOW				
	WITHIN 12 MONTHS $000	1 TO 5 YEARS $000	BEYOND 5 YEARS $000	TOTAL $000	AMOUNT IN BALANCE SHEET $000
2023					
Debt	25,460	52,292	–	77,752	69,960
Derivative liabilities	888	112	–	1,000	1,000
Trade creditor	105,679	–	–	105,679	105,679
Goods received but not invoiced	5,745	–	–	5,745	5,745
Lease liabilities	21,895	56,169	21,770	99,834	88,355
	159,667	**108,573**	**21,770**	**290,010**	**270,739**
2022					
Debt	7,942	30,037	–	37,979	37,500
Derivative liabilities	1,009	152	–	1,161	1,161
Trade creditors	123,444	–	–	123,444	123,444
Goods received but not invoiced	4,891	–	–	4,891	4,891
Lease liabilities	21,655	58,210	32,396	112,261	96,519
	158,941	**88,399**	**32,396**	**279,736**	**263,315**

Changes in liabilities arising from financing activities

	1 JUL 2022 $000	CASHFLOW $000	CHANGES IN FAIR VALUE $000	LEASE MODIFICATIONS $000	30 JUN 2023 $000
Debt	37,500	32,460	–	–	69,960
Lease liabilities	96,519	(19,532)	–	11,368	88,355
Total liabilities from financing activities	**134,019**	**12,928**	**–**	**11,368**	**158,315**

	1 JUL 2021 $000	CASHFLOW $000	CHANGES IN FAIR VALUE $000	LEASE MODIFICATIONS $000	30 JUN 2022 $000
Debt	9,900	27,600	–	–	37,500
Lease liabilities	104,018	(18,873)	–	11,374	96,519
Total liabilities from financing activities	**113,918**	**8,727**	**–**	**11,374**	**134,019**

(ii) Credit risk

Credit risk is the potential for loss that could occur as a result of a counterparty failing to discharge its obligations. This may be due to extreme weather events or volatility in commodity prices.

Refer to Accounting Policies – page 96.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial management risk (continued)

Concentrations of credit risk

Financial instruments which potentially subject the Group to concentrations of credit risk principally consist of bank balances, trade receivables, Go receivables, other receivables, other investments and forward foreign exchange contracts. The Group places its cash with three major trading banks. Concentrations of credit risk with respect to trade and Go receivables are limited due to the large number of customers included in the Group's farming customer base in New Zealand.

(iii) Market risk

Market risk is the potential for change in the value of balance sheet positions caused by a change in the value, volatility or relationship between market risks and prices. Market risk arises from the mismatch between assets and liabilities, both on and off balance sheet. Market risk includes price, foreign currency and interest rate risk which are explained as follows.

Concentrations of market risk

The Group has exposure to commodity pricing risk on Wool/Velvet inventories and forward Wool/Velvet sales and purchase contracts. This is mitigated by the Group having policies around unmatched positions. Other inventory is of merchandise nature and the Group has a range of suppliers or has entered into long-term supply agreements.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies and exposure to movements in foreign currency arises from these activities. The Group manages this risk by using forward foreign exchange contracts to hedge foreign currency risks as they arise.

Foreign currency exposure risk

The Group's exposure to foreign currency risk is summarised below. The notional forward exchange cover includes forward foreign exchange contracts entered into to economically hedge forward sale and purchase commitments.

	GBP NZ$000	USD NZ$000	AUD NZ$000	EURO NZ$000
2023				
Cash and cash equivalents	–	–	–	553
Trade receivables	62	128	(1)	1,959
Trade creditors	(842)	(11,675)	(606)	(2,397)
Net balance sheet position	**(780)**	**(11,547)**	**(607)**	**115**
Forward exchange contracts on balance sheet items and forward sale and purchase commitments				
Notional forward exchange cover	5,567	17,446	1,089	18,685
Net unhedged position	**(6,347)**	**(28,993)**	**(1,696)**	**(18,570)**
2022				
Cash and cash equivalents	–	2	–	–
Trade receivables	938	2,008	899	4,175
Trade creditors	(1,198)	(17,018)	(1,561)	(2,091)
Net balance sheet position	**(259)**	**(15,008)**	**(662)**	**2,084**
Forward exchange contracts on balance sheet items and forward sale and purchase commitments				
Notional forward exchange cover	(5,239)	8,591	(547)	(14,006)
Net unhedged position	**4,980**	**(23,599)**	**(115)**	**16,090**

Refer to Accounting Policies – page 96.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

19 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial management risk (continued)

(iii) Market risk (continued)

Interest rate risk

Floating rate borrowings are used for general funding activities. Interest rate risk is the risk that the value of financial instruments and the interest margin will fluctuate as a result of changes in market interest rates. The risk is that financial assets may be repriced at a different time and/or by a different amount than financial liabilities.

This risk is managed by operating within approved policy limits using an interest rate duration approach. Interest rate swaps, interest rate options and forward rate agreements may be used to hedge the floating rate exposure as deemed appropriate. The Group had no interest rate derivatives at balance date (2022: Nil).

Interest rate repricing schedule

The following tables include the Group's liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	WITHIN 12 MONTHS $000	1 TO 2 YEARS $000	OVER 2 YEARS $000	NON INTEREST BEARING $000	TOTAL $000
2023					
Debt	19,960	50,000	–	–	69,960
Derivative liabilities	–	–	–	1,000	1,000
Trade creditors	–	–	–	105,679	105,679
Goods received but not invoiced	–	–	–	5,745	5,745
	19,960	**50,000**	**–**	**112,424**	**182,384**
2022					
Debt	7,500	30,000	–	–	37,500
Derivative liabilities	–	–	–	1,161	1,161
Trade creditors	–	–	–	123,444	123,444
Goods received but not invoiced	–	–	–	4,891	4,891
	7,500	**30,000**	**–**	**129,496**	**166,996**

Sensitivity analysis

The Group's treasury policy effectively insulates earnings from the effect of short-term fluctuations in either foreign exchange or interest rates. Over the longer term however, permanent changes in foreign exchange rates and interest rates will have an impact on profit. A 2% change in interest rate has been applied as it is considered a reasonably possible change (2022: 2%). The sensitivity of net profit after tax for the period to 30 June 2023 and 30 June 2022, and shareholders equity at that date, to reasonably possible changes in conditions is shown below.

	INTEREST RATES INCREASE BY 2% 2023 $000	INTEREST RATES INCREASE BY 2% 2022 $000	INTEREST RATES DECREASE BY 2% 2023 $000	INTEREST RATES DECREASE BY 2% 2022 $000
Increase/(decrease) in net profit after tax and shareholders' equity	(1,255)	(608)	1,131	494

Other market risks such as pricing and foreign exchange are not considered likely to lead to material change over the next reporting period. The Group's financial assets and liabilities are predominantly held in NZD. For this reason, a sensitivity analysis of these market risks is not included.

C. Capital management

The capital of the Group consists of share capital, reserves, and retained earnings. The policy of the Group is to maintain a strong capital base so as to maintain investor, creditor and market confidence while providing the ability to develop future business initiatives. This policy has not been changed during the period.

Refer to Accounting Policies – page 96.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

19 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

Non-Derivative Financial Instruments Accounting Policies

(i) Non-derivative financial assets

Non-derivative financial assets comprise cash and cash equivalents, trade and other receivables, Go livestock receivables and investments in equity and debt securities.

The Group initially recognises financial assets on the date at which the Group becomes a party to the contractual provisions of the instrument, although trade receivables are initially recognised when they are originated.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, the initial investment includes transaction costs that are directly attributable to the asset's acquisition or origination. The Group subsequently measures financial assets at either fair value or amortised cost.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

– the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes recognised in profit or loss.

However, for investments in equity instruments that are not held for trading, the Group may elect at initial recognition to present gains and losses through other comprehensive income. For instruments measured at fair value through other comprehensive income gains and losses are never reclassified to profit and loss and no impairments are recognised in profit and loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Trade and other receivables and Go livestock receivables

Trade and other receivables and Go livestock receivables are stated at their amortised cost less impairment losses.

(ii) Non-derivative financial liabilities

Interest-bearing borrowings

Interest-bearing borrowings are classified as other financial liabilities and are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subseqently measured at amortised cost using the effective interest method after initial recognition.

(iii) Determination of fair values for non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

20 COMMITMENTS

A. Capital expenditure not provided for

The Group has capital commitments of $3.65 million as at 30 June 2023 (2022: $Nil).

B. Forward purchase commitments

The Group as part of its ordinary course of business enters into forward purchase agreements with wool and velvet growers. These commitments extend for periods of up to 2 years and are at varying stages of execution. There remains uncertainty associated with yield, quality and market price. Therefore, the Group is unable to sufficiently quantify the value of these commitments.

C. Forward sales commitments

The Group as part of its ordinary course of business enters into forward sales agreements with wool and velvet customers. These commitments extend for periods of up to 2 years and are at varying stages of execution. There remains uncertainty associated with yield, quality and market price. Therefore, the Group is unable to sufficiently quantify the value of these commitments.

21 CONTINGENT LIABILITIES

A. PGG Wrightson Loyalty Reward Programme

The Group recognises a provision for the expected level of points redemption from the PGG Wrightson Max Rewards Loyalty Reward Programme. As at balance date, the balance of live points which does not form part of the recognised provision total $0.08 million (2022: $0.10 million). Losses are not expected to arise from this contingent liability. Revenue is deferred until such time as the reward is claimed by the customer.

B. Contingent liabilities

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

22 SEASONALITY OF OPERATIONS

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

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

23 SUBSEQUENT EVENTS

Dividend

On 14 August 2023, the Directors of PGG Wrightson Limited resolved to pay a final dividend of 10 cents per share on 3 October 2023 to shareholders on the Company's share register as at 5.00pm on 15 September 2023. This dividend will be fully imputed.

24 RELATED PARTIES

A. Key management personnel compensation

	2023 $000	2022 $000
Key management personnel compensation comprised:		
Short-term employee benefits	4,493	4,647
Post-employment benefits	135	126
	4,628	**4,773**

Directors fees incurred during the year are disclosed in Note 3 *Other Operating Expenses*.

B. Other transactions with key management personnel

Senior Executives or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these Senior Executives and their related parties transacted with the Group during the reporting period.

The aggregate value of transactions and outstanding balances (on a GST inclusive basis) relating to the Senior Executives and entities over which they have control or significant influence were as follows:

Key management personnel	Transaction	TRANSACTION VALUE 2023 $000	BALANCE OUTSTANDING 2023 $000	TRANSACTION VALUE 2022 $000	BALANCE OUTSTANDING 2022 $000
Nick Berry	Purchase of retail goods and fuel on-charge transactions	2	–	2	–
Julian Daly	Purchase of retail goods	1	–	1	–
Stephen Guerin	Purchase of retail goods and livestock transactions	8	–	21	–
Peter Moore	Purchase of retail goods and fuel on-charge transactions	2	–	3	–
Peter Newbold	Purchase of retail goods and fuel on-charge transactions	42	1	22	–
Peter Scott	Purchase of retail goods and fuel on-charge transactions	3	–	5	–

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

25 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 Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated financial statements of PGG Wrightson for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the provision of goods and services within the agricultural and horticultural sectors.

			OWNERSHIP INTEREST	
SIGNIFICANT SUBSIDIARIES	COUNTRY OF INCORPORATION	DIRECT PARENT	2023 %	2022 %
Bidr Limited	New Zealand	PGG Wrightson Limited	100%	100%
Bloch & Behrens Wool (NZ) Limited	New Zealand	PGG Wrightson Limited	100%	100%
NZ Agritrade Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Investments Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Real Estate Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%
PGG Wrightson Employee Benefits Plan Trustee Limited	New Zealand	PGG Wrightson Limited	100%	100%

26 BASIS OF PREPARATION

A. Statement of compliance

These 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. These consolidated financial statements have also been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

B. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.

C. Functional and presentation currency

These consolidated financial statements are presented in New Zealand dollars ($), which is the functional currency of each of the group entities. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

D. Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and assumptions.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgements made in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note

11 Carrying value of trade and other receivables
12 Carrying value of Go livestock receivables
13 Carrying value of inventories
18 Measurement of defined benefit asset/liability – Key actuarial assumptions

E. Comparative information

Certain comparative amounts have been reclassified to conform with the current period's presentation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

27 OTHER SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

A. Basis of consolidation

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation
Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate at the date that fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising are recognised in profit or loss.

C. Disclosure of non-GAAP financial information

Non-GAAP reporting measures have been presented in the consolidated statement of profit or loss or referenced to in the notes to the consolidated financial statements. The following non-GAAP measures are relevant to the understanding of the Group's financial performance:

- Operating EBITDA represents earnings before net interest and finance costs, income tax, depreciation, amortisation, the results from discontinued operations, impairments and fair value adjustments and non-operating items.
- EBIT represents earnings before net interest and finance costs, income tax expense and the results from discontinued operations.

The Directors and management believe the Operating EBITDA and EBIT measures provide useful information as they provide valuable insight on the underlying performance of the business. They are used internally to evaluate the underlying performance of the business and to analyse trends.

These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

D. Standards issued but not yet effective

There are a number of new standards and interpretations that are issued, but not yet effective, for the year ended 30 June 2023 and have not been applied in preparing these consolidated financial statements. The Group expects to adopt these when they become mandatory. While the impact of these new standards and interpretations have not yet been fully quantified, none are expected to materially impact the Group's consolidated financial statements.

PGG WRIGHTSON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2023

28 CAPITAL AND RESERVES

Share capital
All shares are ordinary fully paid shares with no par value, carry equal voting rights and share equally in any profit on the winding up of the Group.

Realised capital and revaluation reserve
The realised capital reserve comprises the cumulative net capital gains that have been realised. The revaluation reserve relates to historic revaluations of property, plant and equipment.

Defined benefit plan reserve
The defined benefit plan reserve contains actuarial gains and losses on plan assets and defined benefit obligations.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of equity investments elected at fair value through other comprehensive income until the investments are derecognised or impaired. In June 2023 historical fair value losses of $2.40 million, in respect of the Group's investment in BioPacificVentures, were transferred to Retained earnings following the wind-up and receipt of final proceeds from this investment.

Retained earnings/deficit
The retained earnings deficit equals accumulated undistributed profits/losses.

Dividends
The following dividends were declared and paid by the Company.

	PAYMENT DATE	$ PER SHARE
2023 interim dividend – fully imputed	4 April 2023	0.120
2022 final dividend – fully imputed	3 October 2022	0.160
2022 interim dividend – fully imputed	1 April 2022	0.140

Share Capital Accounting Policies

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Repurchase of ordinary shares
When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are cancelled. However, treasury stock for which unrestricted ownership has not yet been transferred are not cancelled.

PGG WRIGHTSON LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	SHARE CAPITAL $000	REALISED CAPITAL AND REVALUATION RESERVES $000	DEFINED BENEFIT PLAN RESERVE $000	FAIR VALUE RESERVE $000	RETAINED EARNINGS/ (DEFICIT) $000	TOTAL EQUITY $000
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	–	–	–	–	24,286	24,286
Other comprehensive income						
Changes in fair value of equity instruments, net of tax	–	–	–	7	–	7
Defined benefit plan actuarial gain/(loss), net of tax	–	–	(1,816)	–	–	(1,816)
Total comprehensive income for the period	**–**	**–**	**(1,816)**	**7**	**24,286**	**22,477**
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(23,331)	(23,331)
Total contributions by and distributions to shareholders	–	–	–	–	(23,331)	(23,331)
Balance at 30 June 2022	**372,318**	**24,662**	**(9,266)**	**(2,423)**	**(212,607)**	**172,684**
Balance at 1 July 2022	372,318	24,662	(9,266)	(2,423)	(212,607)	172,684
Total comprehensive income for the period						
Profit or loss	–	–	–	–	17,518	17,518
Other comprehensive income						
Changes in fair value of equity instruments, net of tax	–	–	–	9	–	9
Defined benefit plan actuarial gain/(loss), net of tax	–	–	762	–	–	762
Total other comprehensive income	–	–	762	9	–	771
Total comprehensive income for the period	–	–	762	9	17,518	18,289
Transactions with shareholders recorded directly in equity						
Contributions by and distributions to shareholders						
Dividends to shareholders	–	–	–	–	(21,712)	(21,712)
Total contributions by and distributions to shareholders	–	–	–	–	(21,712)	(21,712)
Transfer to retained earnings	–	–	–	2,414	(2,414)	–
Balance at 30 June 2023	**372,318**	**24,662**	**(8,504)**	**–**	**(219,215)**	**169,261**

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

Building a better working world

Independent auditor's report to the Shareholders of PGG Wrightson Limited

Opinion

We have audited the financial statements of PGG Wrightson Limited ("the Company") and its subsidiaries (together "the Group") on pages 63 to 102 which comprise the consolidated statement of financial position of the Group as at 30 June 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 63 to 102 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2023 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ernst & Young provides greenhouse gas reporting assurance, employee incentive schemes advisory, and R&D taxation services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Collectability of trade and *Go* receivables

Why significant	How our audit addressed the key audit matter
At 30 June 2023 trade and *Go* receivables totalled $191.8m, representing 39% of Group total assets. This amount is net of the provision for impaired trade and *Go* receivables of $2.4m. We consider this to be a key audit matter because trade and *Go* receivables are a significant component of Group assets and the provision for impaired receivables involves significant judgement. Disclosures in relation to trade and *Go* receivables and their provisions for impairment are included in notes 11 and 12 to the Group financial statements.	Our audit procedures included the following: ▸ obtained an understanding of management's receivables provisioning process; ▸ assessed management's provisioning methods and whether they comply with NZ IFRS 9; ▸ considered the inputs, assumptions and estimates used or made by management; ▸ tested the ageing of receivables by agreeing the recorded ageing of a sample of trade receivables to sales documentation; ▸ considered beef and sheep meat commodity price movements up to and after balance date to assess whether these changes, which are indicative of changes in the value of livestock security held for *Go* receivables, indicated any material increase in the credit risk of *Go* receivables; ▸ considered the appropriateness and sufficiency of the disclosures related to trade and *Go* receivables and the related provisioning.

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Inventory valuation

Why significant	How our audit addressed the key audit matter

Inventory is recorded at the lower of cost and net realisable value. At 30 June 2023 inventory totalled $107.5m, representing 22% of the Group's total assets. This amount is net of a provision for inventory write down of $2.0m.
 	
We consider this to be a key audit matter because inventory is a significant component of Group total assets and the cost of inventory includes an estimation of adjustments to reflect variable pricing arrangements with suppliers. In addition, the assessment of the net realisable value of slow moving, excess and obsolete inventory involves significant judgement related to whether inventory will be sold and at what value.
 	
Disclosures in relation to inventory and inventory provisions are included in note 13 to the Group financial statements.
	Our audit procedures included the following:
	▸ compared a sample of recorded inventory cost to supplier invoices;
	▸ assessed the inputs into, and calculation of, adjustments to inventory cost to take account of variable pricing arrangements with suppliers;
	▸ confirmed with a sample of suppliers the amount of purchases from them subject to variable pricing arrangements for the year, and the amounts receivable from them at year end;
	▸ considered the methods, models, and assumptions used by management in estimating the net realisable value of slow moving, excess and obsolete inventory;
	▸ considered the key inputs into the net realisable value provision calculation including last purchase date, last sale date and volume of sales in the year for selected product lines. We tested these inputs including for a sample of inventory items:
	  ▸ agreeing the last purchase date and last sale date to supporting invoices;
	  ▸ recalculating the annual sales volumes recorded in the inventory system;
	▸ compared the cost of a sample of inventory items to their most recent selling price;
	▸ considered the extent of inventory items sold at negative margins in the year;
	▸ considered the appropriateness and sufficiency of disclosures related to the valuation of inventory.

Information other than the financial statements and auditor's report

The Directors of the Company are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor's report which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Directors' responsibilities for the financial statements

The Directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

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

Ernst + Young

Chartered Accountants
Christchurch
14 August 2023

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PGG WRIGHTSON LIMITED

Mana Whakahaere Rangatōpū me te Tūtohi a te Poari

Corporate Governance and Board Charter

Incorporating Disclosure of Compliance with the NZX Corporate Governance Code

Te Whakauru Mai i Ngā Whakapuakanga Tautuku me Ngā Tikanga Mana Whakahaere Rangatōpū a NZX

PGG Wrightson Real Estate Manager, Peter Wylie, and Jocelyn and Zack Chambers discuss the sale of their sheep and beef farm which resulted in a successful sale near Te Kuiti, Waikato.

Corporate Governance and Board Charter

Mana Whakahaere Rangatōpū me te Tūtohi a te Poari

Introduction

The Board of PGG Wrightson Limited is committed to acting with integrity and expects high standards of behaviour and accountability from all of PGG Wrightson's officers and staff. As part of this commitment, the Board has adopted this Corporate Governance Code which incorporates the Board Charter in section 2 below.

PGG Wrightson complies with the Recommendations in the NZX 17 June 2022 Corporate Governance Code (NZX Code) except where specifically disclosed. PGG Wrightson's next annual report for the year ended 30 June 2024 will report against the NZX 1 April 2023 Corporate Governance Code. This Corporate Governance section is current as at 30 June 2023 and has been approved by PGG Wrightson's Board of Directors.

The Board's primary objective is the creation of shareholder value through following appropriate strategies and ensuring effective and innovative use of PGG Wrightson's resources in providing customer satisfaction. PGG Wrightson will be a good employer and a responsible corporate citizen.

PRINCIPLE 1 – Code of Ethical Behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

1.1 PGG Wrightson Code of Conduct

Directors recognise that it is their role to set high standards of ethical behaviour, model this behaviour and hold management accountable for observing, fostering and delivering high ethical standards throughout the PGG Wrightson Group. Directors and employees are expected to act honestly and in the best interests of PGG Wrightson, as required by law, and taking account of interests of shareholders and other stakeholders.

In compliance with NZX Code Recommendation 1.1, the Board has several documents that codify minimum standards of ethical behaviour, being the Code of Conduct, which is available at www.pggwrightson.co.nz under Our Company > Sustainability; and the Conflict of Interest Policy, Fraud Prevention Policy, Whistle-Blower Policy and the Board Charter outlined in section 2 below.

The Code of Conduct requires all members of the PGG Wrightson Group, including directors and employees, to observe the highest of standards of ethics and conduct, in alignment with these PGG Wrightson Group Values:

Accountability:

- Stand by our word and meet commitments.
- Be accountable to our customers and each other.

Leadership:

- Set standards and exceed expectations.
- Take action and strive to excel.
- Lead through innovation.

Integrity:

- Operate ethically and with integrity.
- Treat others with respect.
- Act professionally.

Smarter:

- Find ways to be more effective and efficient.
- Think, decide and act quickly (without compromising quality).
- Learn from mistakes and celebrate successes.

Teamwork:

- Share knowledge and information.
- Work together to create solutions.
- Think and act as 'One-PGW'.

The Code of Conduct is intended to guide directors and employees in carrying out their duties and responsibilities. It supports decision-making that is consistent with PGG Wrightson's values and obligations, rather than prescribing a complete list of acceptable and unacceptable behaviour. It reflects expectations that directors and employees of the PGG Wrightson Group will:

- Comply with standards including all applicable laws, regulations, codes, policies and procedures and lawful and reasonable directions;
- Behave in a professional manner in a way that upholds the PGG Wrightson Group Values and maintains public confidence in our professionalism, honesty and integrity;
- Use PGG Wrightson resources, assets, time, funds and information only for their authorised/intended purpose;
- Treat customers, suppliers, other PGG Wrightson personnel and third parties with respect, courtesy and dignity and taking account of interests of shareholders and other stakeholders;
- Ensure their own and others' health, safety and wellbeing in the workplace, and protect the environment;
- Avoid and/or disclose any Conflicts of Interest (real or apparent). The PGG Wrightson Group has a detailed Conflicts of Interest Policy which contains good practice guidelines surrounding the identification, disclosure and management of staff conflicts of interest;
- Follow company policy on receiving and giving gifts and gratuities;
- Protect PGG Wrightson Group Assets and comply with our Group Fraud Prevention Policy;
- Give proper attention to all matters and create an open communication environment that results in all material items being brought to the attention of directors and the appropriate management; and
- Protect the confidentiality of and intellectual property rights in all non-public information about our customers, suppliers, PGG Wrightson personnel and business.

The Code of Conduct, and where to find it, is communicated to all staff and is included in regular staff training and inductions.

The Code of Conduct provides mechanisms to report breaches of the Code including unethical behaviour and specifies the disciplinary procedures in place for any breaches. It is the responsibility of the Board to review the Code of Conduct, to implement the Code and to monitor compliance. If there has been a material breach of the Code of Conduct, the Board will be notified by the Chief Executive. No instances of material breaches have been reported.

PGG Wrightson has a Whistle-Blower policy that allows any reports of serious wrongdoing to be made on a protected disclosure basis, which contains a process for direct access to an independent director, to help encourage a culture of promoting ethical behaviour and being able to speak up.

PGG Wrightson maintains a Directors and Officers Interests Register which is regularly updated, documenting interests disclosed by all Board members and senior management. The statutory disclosures section in the 2023 Annual Report is compiled from entries in the Directors Interests Register during the reporting period. Directors may not participate in Board discussions nor vote on matters in which they have a personal interest.

1.2 Securities Trading Policy

In compliance with NZX Code Recommendation 1.2, the Company has a detailed financial product trading policy applying to all Directors and staff which incorporates insider trading restraints, and rules. The Securities Trading Policy, which is available at www.pggwrightson.co.nz under Our Company > Sustainability, specifies that no director or employee may buy or sell PGG Wrightson shares while in possession of inside information. Inside information is material information that is not generally available to the market. The policy also states that Directors and staff in possession of inside information cannot directly or indirectly advise or encourage any person to deal in PGG Wrightson shares. Compliance with the Securities Trading Policy is monitored through the consent process, by education and by notification by PGG Wrightson's share registrar Computershare when any Director or Officer engages in trading activities. Trading in PGG Wrightson shares by Directors and Officers is disclosed to the NZX.

PRINCIPLE 2 – Board Composition & Performance incorporating PGG Wrightson's Board Charter

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

2.1 This section 2 outlines the Board's Charter which is in compliance with NZX Code Recommendation 2.1. The Board is committed to the principle that there should be a balance of independence, skills, knowledge and experience among Directors so that the Board works effectively. Directors are, except where permitted by law, required to act in the best interests of PGG Wrightson and to give proper attention to the matters before them. The Board is satisfied that the Directors commit the time needed to be fully effective in the role. Directors are entitled to seek independent professional advice to assist them in meeting their responsibilities. The Board is responsible for:

- overall governance;
- employing the Chief Executive Officer;
- providing strategic leadership and overseeing the development, adoption and communication of a clear strategy for the business;
- overseeing management's implementation of PGG Wrightson's strategic objectives and performance;
- overseeing accounting and reporting systems (including the external audit) and PGG Wrightson's compliance with its continuous disclosure obligations;
- adopting and reviewing a risk management framework;
- approval of PGG Wrightson's operating budgets/major capital expenditure;
- adoption of PGG Wrightson's remuneration policy and other corporate governance documents; and
- overseeing PGG Wrightson's due diligence and impacts on the economy, environment, and people.

There is a clear understanding of the division of responsibilities between, and the respective roles of, the Board and management. To ensure efficiency, the Board has delegated to the Chief Executive Officer and subsidiary company boards the day to day management and leadership of the PGG Wrightson Group operations. The Company has a formal delegated authority framework and policy that sets out matters reserved for the Board and sub-delegates certain authorities to the Chief Executive Officer and Managers within defined limits.

2.2 In compliance with NZX Code Recommendation 2.2 that every issuer should have a procedure for the nomination and appointment of directors to the Board, this is done as circumstances require. PGG Wrightson has a formal and transparent method for the nomination and appointment of directors to the Board – nominations are publicly called for by notice on the NZX and considered at the Annual Meeting. Checks will be done and key information about a candidate provided to shareholders in the Notice of Annual Meeting, including any material adverse information disclosed in the checks where a candidate is standing for the first time or the term of office if seeking re-election. Directors may be appointed by the Board between Annual Meetings as permitted by the Constitution but are required to seek re-election at the next Annual Meeting. The Constitution contains no provisions for compulsory retirement or a fixed tenure for Directors, although Directors must periodically retire and seek re-election in accordance with the Constitution and NZX Listing Rules.

2.3 In compliance with NZX Code Recommendation 2.3 that an issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment, the Board has a template Director Letter of Appointment available for use which sets out the written expectations of Directors and which is used for all new Directors.

2.4 In compliance with NZX Code Recommendation 2.4, information about each Director is disclosed in the 2023 Annual Report, including a profile of experience, length of service, independence, ownership interests and attendance at Board meetings. As at 30 June 2023 the Board had six Directors. Their experience, qualifications, and the value that the Directors contributed to the Board are listed in the Board of Directors biographies set out on pages 14 to 15 in the 2023 Annual Report. The Board has an appropriate mix of tenure, skills, diversity, and experience. The Board skills matrix below outlines the qualifications, capabilities, tenure, and gender of each member of the Board.

The Board is structured so each Director brings a range of specialist skills and backgrounds, and they contribute relevant knowledge and experience that complements each other. Each Director has expertise that is relevant to the Company's operations and aligns to our strategic goals. The Board comprises four independent Directors and two non-independent Directors.

The Board Skills Matrix identifies the key skill that each Director brings to the Board.

SKILLS / EXPERIENCE	U KEAN SENG DIRECTOR	SARAH BROWN INDEPENDENT DIRECTOR	MENG FOON INDEPENDENT DIRECTOR	LEE JOO HAI DIRECTOR	GARRY MOORE INDEPENDENT DIRECTOR	DR CHARLOTTE SEVERNE INDEPENDENT DIRECTOR
Tertiary Qualifications	LLB (Hons), B.Ec	BA, LLB, CFInstD		ACA (ICAEW), FCPA (Australia), FCCA (UK), FCA (ISCA)	B.Com, M.B.A, C.A.	MSc, PhD (Geology), ONZM
Accounting & Finance	●			●	●	
Agri-business experience		●	●		●	●
Audit & Risk	●	●		●	●	
Government Relations & Regulations			●			●
Health, Safety, & Wellbeing						●
Iwi Relations			●			●
Independent Director		●	●		●	●
Innovation & Technology						●
Legal	●	●				
Listed Company & Markets Experience	●			●	●	
Sustainability			●			●
Tenure as PGW Director (years)	11	5	1	6	1	3
Year joined the Board	FY13	FY19	FY23	FY18	FY23	FY21
Gender	M	F	M	M	M	F

Post 1 July 2023, the current Directors and their experience and qualifications are listed on our website www.pggwrightson.co.nz under Our Company > Our Team. The full Board met seven times during the year ended 30 June 2023, including conference calls and video-meetings. The Board Health, Safety and Environment Committee also convenes during the course of most Board meetings with all Directors attending. Directors also met on other occasions for strategic planning and held conference calls from time to time. The attendance at Board meetings of all Directors who served during the financial year to 30 June 2023 is set out below, including attendance in part:

DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED	NUMBER OF REMUNERATION, NOMINATIONS AND APPOINTMENTS COMMITTEE MEETINGS ATTENDED
Lee Joo Hai	7	4	2
Sarah Brown	7	4	2
Meng Foon	7	0	2
Garry Moore	7	4	2
U Kean Seng	7	0	2
Dr Charlotte Severne	7	0	2

Corporate Governance and Board Charter continued

Mana Whakahaere Rangatōpū me te Tūtohi a te Poari haere tonu

	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2023	PGG WRIGHTSON LTD'S BOARD OF DIRECTORS AS AT 30 JUNE 2022	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2023	PGG WRIGHTSON LTD'S OFFICERS AS AT 30 JUNE 2022	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2023	PGG WRIGHTSON GROUP WORKFORCE* AS AT 30 JUNE 2022
Number of Males	4	3	7	7	852	861
Percentage of Males	67%	60%	88%	88%	54%	56%
Number of Females	2	2	1	1	719	680
Percentage of Females	33%	40%	12%	12%	46%	44%
Number of Self-described	–	–	–	–	1	–
Percentage of Self-described	–	–	–	–	0	–

* Calculation methodology excludes casuals, fixed term employees and independent commission agents/independent contractors.

2.5 In compliance with NZX Code Recommendation 2.5, the Board has a Diversity and Inclusion Policy which is available at www.pggwrightson.co.nz under Our Company > Sustainability. PGG Wrightson recognises that a diverse and inclusive workplace culture will result in enhanced relationships with all stakeholders, better customer service and improved financial performance. The Board has evaluated PGG Wrightson's performance against its Diversity and Inclusion Policy objectives which relate to the working environment, employment and selection opportunities, Board appointment recommendations, equal and fair treatment under employment policies and a culture of diversity and inclusion and considers that these objectives have been met.

The table above lists the numerical quantitative breakdown of the gender composition of PGG Wrightson's Board of Directors and its Officers as at 30 June 2023 and comparative figures for 30 June 2022. An Officer means a person, however designated, who is concerned or takes part in the management of PGG Wrightson Limited's business but excludes a person who does not report directly to the Board or who does not report directly to a person who reports to the Board.

2.6 In compliance with NZX Code Recommendation 2.6, Directors are expected to undertake appropriate training to remain current on how best to perform their duties as a Director of a listed company. Directors are regularly updated on relevant industry and company issues, undertake visits to PGG Wrightson and customer branches and operations, and receive briefings from Executive Managers from all Business Units. Directors are able to attend PGG Wrightson Business Unit conference sessions to further their training.

2.7 In compliance with NZX Code Recommendation 2.7, the Board has a process to regularly assess the performance of each Director, the Board as a whole, and Board Committees.

2.8 In compliance with NZX Code Recommendation 2.8, a majority of the Board are Independent Directors, with four out of the six Directors as at 30 June 2023 being independent as listed in the 2023 Annual report. The current number and independence status of Directors is set out on the Board of Directors section of our website www.pggwrightson.co.nz under Our Company > Our Team. In accordance with NZX requirements, no less than one third of the total number of Directors are required to be Independent Directors. The Board meets this requirement. The Board defines an Independent Director as one who:

- is not an executive of the Company; and
- has no disqualifying relationship within the meaning of the NZX Listing Rules.

The statutory disclosures section in the 2023 Annual Report lists the Company's Directors' independence status. The Board reviews any determination that it makes on a Director's independence on becoming aware of any information that indicates that a Director may have a relevant material relationship. Directors are required to immediately advise of any new or changed relationships so the Board can consider and determine its materiality. Directors' interests including other relevant directorships that they hold are listed on page 119 of the 2023 Annual Report. None of the Directors sit on any PGG Wrightson Group companies apart from the parent company, PGG Wrightson Limited.

2.9 The Board does not comply with NZX Code Recommendation 2.9 as neither the previous Chair nor the current Acting Chair are Independent Directors. The Board has determined that the appointment of a non-independent Chair is nevertheless appropriate given the majority of Independent Directors on the Board and the benefits of having their experience and direct institutional knowledge given their longstanding tenure as Directors of the Company. Both are non-executive Directors.

PRINCIPLE 3 – Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

The Board has delegated some of its powers to Board Committees where it will enhance its effectiveness in key areas while still retaining Board responsibility. As at 30 June 2023 the Board had three standing Committees – the Audit Committee, the Remuneration and Appointments Committee and the Health, Safety and Environment Committee.

The Committees are made up of a minimum of three non-Executive Director members and each Committee has a written Board-approved charter which outlines that Committee's role, rights, responsibilities, membership requirements and relationship with the Board. In compliance with NZX Code Recommendation 2.7, the Board has a process to formally review the performance of each Committee from time to time in accordance with the relevant Committee's written charter. Proceedings of Committees are reported back to the full Board to allow other Directors to question Committee members.

3.1 **Audit Committee**

In compliance with NZX Code Recommendation 3.1, as explained below, the Audit Committee operates under a written charter, membership is majority independent and comprises solely of non-Executive Directors, and the Chair of the Audit Committee Sarah Brown is an Independent Director and is not the Chair of the Board.

The Audit Committee Charter is available on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Sustainability.

The members of the Audit Committee during the year were Sarah Brown (Chair), Garry Moore, and Lee Joo Hai. The majority of the members of the Audit Committee are Independent Directors. No member of the Audit Committee is an Executive Director. The Audit Committee has appropriate financial expertise, with two current members having an accounting or financial background and the other member has a good understanding of financial/accounting principles as per 3.4 of the Audit Committee Charter. The Audit Committee met four times during the financial year.

The main responsibilities of the Audit Committee are:

- Ensuring effectiveness of the accounting and internal control systems;
- Ensuring the Board is properly and regularly informed and updated on corporate financial matters;
- Monitoring and reviewing the independent and internal auditing practices;
- Recommending the appointment and removal of the external auditor and considering a change in the lead audit partner where the auditors continue in office for a period exceeding five years;
- Ensuring the ability and independence of the auditors to carry out their statutory audit role is not impaired or could reasonably be perceived to be impaired;
- To interface with management, internal auditors and external auditors and review the financial reports, as well as advising all Directors whether they comply with appropriate financial reporting laws and regulations;
- Overseeing matters relating to the values, ethics and financial integrity of PGG Wrightson Group; and
- To report Audit Committee proceedings back to the Board.

The Audit Committee has the authority to appoint outside legal or other professional advisors if considered necessary. The Audit Committee on occasions meets with the internal auditors and external auditors without the management present.

3.2 In compliance with NZX Code Recommendation 3.2, employees only attend Committee meetings at the invitation of the Committee as is considered appropriate.

3.3 **Remuneration, Appointments and Nominations Committee**

In compliance with NZX Code Recommendation 3.3, the Remuneration, Appointments and Nominations Committee operates under a written Charter, and the majority of members are independent directors as the Committee is comprised of the full Board. In compliance with NZX Code Recommendation 4.2 the Charter is available on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Sustainability. The Remuneration, Appointments and Nominations Committee during the financial year was chaired by Lee Joo Hai. The Remuneration, Appointments and Nominations Committee met four times during the financial year as part of a full Board meeting. Employees only attend Committee meetings at the invitation of the Committee as is considered appropriate.

The main responsibilities of the Remuneration, Appointments and Nominations Committee are:

- To undertake an annual performance appraisal of the Chief Executive Officer and review the appraisal of direct reports to the Chief Executive Officer;
- To review compensation policy and procedures, including employee benefits and superannuation, and recommend to the Board remuneration changes for the Chief Executive Officer and direct reports to the Chief Executive Officer;
- To review succession planning and senior management development plans; and
- To report Committee proceedings back to the Board.

The role of the Remuneration, Appointments and Nominations Committee as set out in its Charter will be expanded to include the function of recommending remuneration for Directors to shareholders when recommendations are put forward.

3.4 In relation to NZX Code Recommendation 3.4, the Remuneration, Appointments and Nominations Committee also includes the responsibilities for Board nominations.

3.5 In compliance with NZX Code Recommendation 3.5, the Board has considered but does not think it is currently necessary to have any other Board committees as standing Board committees. Other committees are formed as and when required.

3.6 In relation to NZX Code Recommendation 3.6, if and when necessary, the Board will establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The protocols will disclose the scope of independent advisory reports to shareholders, the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee. The Board does not consider it necessary to establish such protocols in advance as standing protocols but will do so if the need arises.

PRINCIPLE 4 – Reporting and Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

4.1 The Board endorses the principle that it should demand integrity both in financial and non-financial reporting and in the provision by management of information of sufficient content, balance, quality and timeliness to enable the Board to effectively discharge its disclosure duties.

In compliance with NZX Code Recommendation 4.1, the Board has adopted a Continuous Disclosure Policy which is available on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Sustainability. The Company will provide timely and adequate disclosure of information on matters of material impact to shareholders and comply with the continuous disclosure and other listing requirements of the NZX relating to shareholder reporting. PGG Wrightson has established and will maintain processes for the provision of information to the Board by management of sufficient content, quality and timeliness, as the Board considers necessary to enable the Board to effectively discharge its duties.

4.2 In compliance with NZX Code Recommendation 4.2, PGG Wrightson's Code of Conduct, Board and Committee Charters, Diversity and Inclusion Policy and other key governance policies are available to view on PGG Wrightson's website at www.pggwrightson.co.nz under Our Company > Sustainability.

4.3 In compliance with NZX Code Recommendation 4.3, PGG Wrightson considers that its financial reporting is balanced, clear and objective. The Board receives assurances from the Chief Executive Officer and Chief Financial Officer that the Directors' declaration provided in accordance with International Financial Reporting Standards (IFRS) and NZ IFRS is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

4.4 PGG Wrightson considers that its non-financial reporting is informative, contains forward-looking assessment, and aligns with key strategies and metrics monitored by the Board. Non-financial disclosure, including material environmental, economic and social sustainability factors and practices, key risks, risk management and relevant internal controls, is outlined in various sections of the 2023 Annual Report. The Company also communicates through the Interim and Annual Reports, releases to the NZX and media, and on its website at www.pggwrightson.co.nz under Investor Centre.

4.5 PGG Wrightson does not make political donations as a matter of policy.

PRINCIPLE 5 – Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

5.1 The Board is committed to the policy that remuneration of Directors and Officers/Executives should be transparent, fair and reasonable. The Board's Remuneration Policy for Directors is that Directors' fees in aggregate must be formally approved by shareholders. The total fee pool available for Directors is $875,000 approved by shareholders at the 21 October 2005 Annual Meeting. There are no retirement or 'special exertion' benefits paid or available for Directors. In compliance with NZX Code Recommendation 5.1, the statutory disclosures section in the 2023 Annual Report lists the Company's Directors' actual remuneration including any Board Committee fees paid. There are no performance incentives for any Directors. The Board has not elected to create a performance-based Equity Security Compensation Plan. Further the Board supports Directors investing a portion of their Directors' remuneration in purchasing shares in the Company but it does not consider this should be mandatory.

5.2 The Board considers that it partially complies with NZX Code Recommendation 5.2, being that PGG Wrightson's policy for remuneration of Officers outlines the relative weightings of remuneration components and relevant performance criteria. Directors' remuneration does not have performance criteria attached to it. All executive officer remuneration incentives align with financial and non-financial performance measures relating to PGG Wrightson's objectives and are compatible with PGG Wrightson's risk management policies and systems.

5.3 In compliance with NZX Code Recommendation 5.3, the remuneration arrangements in place for the Chief Executive Officer during the year ended 30 June 2023 including disclosure of the base salary, short-term incentive and the performance criteria used to determine performance-based payments, are outlined on page 122 of the 2023 Annual Report.

PRINCIPLE 6 – Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

6.1 In compliance with NZX Code Recommendation 6.1, PGG Wrightson has in place a risk management policy and framework for its business to manage existing risks and to report the material risks facing the business and how these are being managed.

PGG Wrightson has in place a Risk Policy and associated framework for its business. The policy and framework allow the business to manage existing risks and regularly report the material risks to the Board. It is the responsibility of the Board to monitor the effectiveness of the broad risk management processes in place. Directors receive regular reporting on PGG Wrightson Group strategic risks, which include the following areas:

TITLE	GENERAL RISK DESCRIPTION
Biosecurity	Impacts of a biosecurity events / incident response and downstream events (e.g. regulatory response, customer behaviour) and biosecurity compliance requirements.
Disintermediation	Disruptive business model changes in the markets in which PGG Wrighton Group operates.
Liability and claim events	Operational errors and omissions that can lead to liability claims that can potentially impact adversely on PGG Wrightson's performance and reputation.
Portfolio offering	Ensuring that portfolio of goods and services that PGG Wrightson offer keeps pace with the evolving needs of our customers.
Health, Safety and Wellbeing	Proactively addressing the Health, Safety and Wellbeing of our staff, contractors and other stakeholders that have contact and involvement with PGG Wrightson Group's operations.
Information and cyber security	Protecting the confidentiality, integrity and availability of our business systems, including managing vulnerabilities, and ability to respond to cyber-events.
Key people	Proactively managing succession planning and key person risks across our business and operations.
Large scale disaster events	PGG Wrightson Group's business continuity planning and readiness to respond to natural disasters and other material adverse events (e.g. emergencies, crises, business interruption and disasters).
Market attractiveness and customer profitability	PGG Wrightson Group's adaptability and ability to respond to market changes (including land use change, farmer and grower profitability and associated spend patterns).
Land use change – (i.e. farmland conversion to forestry)	PGG Wrightson Group's response planning in relation to large scale conversion of productive land into forestry.
Regulatory compliance	Compliance with current and evolving regulatory requirements.
Environmental sustainability & animal welfare	Adapting to legislative change and ongoing compliance together with evolving market and community expectations on environmental matters.
Climate change	The impact of climate change on PGG Wrightson Group operations (including extreme weather events, fires, water shortages and flooding events etc.).
Environmental, Social, and Governance (ESG)	Responding proactively to ESG reporting and market expectations to ensure PGG Wrightson Group delivers and meets the expectations of its stakeholders.

In discharging the Board's risk management responsibilities, the Board has:

- In conjunction with the Chief Executive Officer, Audit Committee, internal and external audit, set up and monitored rigorous processes for risk management and internal controls to ensure that management prudently and efficiently manage resources, and the identification of the nature and magnitude of the Company's material risks. PGG Wrightson has a comprehensive Group Risk Policy (including Principles, Risk Management Framework, and processes) that aligns with ISO Risk Management Standard;
- Considered the nature and extent of risks the Board is willing to take to achieve its strategic objectives. The Company is committed to the management of risk to achieve sustainability of service, employment and profits, and therefore takes on controlled amounts of risk as considered appropriate;
- In conjunction with the Chief Executive Officer and Audit Committee, reviewed the effectiveness and integrity of compliance and risk management systems within the business. The Board receives and reviews regular reports that includes policies and internal control processes, as well as any developments in relation to key risks. Reports include oversight of the Company's Group risk register and highlight the main risks to the Company's performance and the steps being taken to manage these; and
- Established a separate management Risk and Compliance Committee that is responsible for the oversight of business risks, compliance and business continuity.

The Board maintains insurance coverage with reputable insurers for relevant insurable risks and recently renewed its insurance policies in accordance with the policy approach determined by the Board.

6.2 In compliance with NZX Code Recommendation 6.2, PGG Wrightson has on page 11 of the 2023 Annual Report disclosed how it manages its health and safety risks and has reported on our health and safety risks, performance and management.

PRINCIPLE 7 – Auditors

"The board should ensure the quality and independence of the external audit process."

7.1 In compliance with NZX Code Recommendation 7.1, the Board has established a framework as set out below for the Company's relationship with its external auditors. This includes procedures:

(a) for sustaining communication with the external auditors;

(b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired;

(c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors; and

(d) to provide for the monitoring and approval by the Audit Committee of any service provided by the external auditors other than in their statutory audit role.

The Board subscribes to the principle that it has a key function to ensure the quality and independence of the external audit process. The Board operates formal and transparent procedures for sustaining communication with PGG Wrightson's independent and internal auditors. The Board seeks to ensure that the ability, objectivity and independence of the auditors to carry out their statutory audit role is not compromised or impaired or could reasonably be perceived to be compromised or impaired. The auditors are generally are invited to attend all Audit Committee meetings (except where auditor remuneration or performance is discussed). This attendance also from time to time includes invitations for private sessions between the Audit Committee and the external auditor without management present. In addition, the lead audit partner of the external auditor is rotated at least every five years.

To ensure there is no conflict with other services that may be provided by the external auditors, the Company has adopted a policy whereby the external auditors will not provide any other services unless specifically approved by the Audit Committee.

The external auditors Ernst & Young, and the lead audit partner, were appointed on 13 April 2021 and did provide additional non-audit work to the Group in the year ended 30 June 2023. The remuneration paid by the Group for audit work is disclosed on page 72 of the 2023 Annual Report. The remuneration paid by the Group for non-audit work was $43,000. The nature of the type of non-audit work is disclosed in the audit report. The external auditors confirmed in their audit report on pages 103 to 106 of the 2023 Annual Report that those matters did not impair their independence as auditor of the Group.

7.2 In compliance with NZX Code Recommendation 7.2, the external auditor attends the Annual Meeting to answer questions from shareholders in relation to the audit.

7.3 In compliance with NZX Code Recommendation 7.3, PGG Wrightson's internal audit functions are disclosed here. The internal audit function sits within the Risk and Assurance team, which is comprised of a functional leader and supported by a panel of co-source partners. The internal audit function is responsible for carrying out internal audits in accordance with the internal audit plan approved annually by the Audit Committee. The function reviews and reports on the effectiveness of internal control systems and processes for the Company. Internal audit staff have unfettered access to the Board.

PRINCIPLE 8 – Shareholder Rights & Relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

8.1 While the Company does not have a formal shareholder or stakeholder relations policy, the Board actively fosters constructive relationships with its shareholders, as appropriate. The Board is at all times cognisant of the need to protect and act in the best interests of the Company's shareholders.

In compliance with NZX Code Recommendation 8.1, PGG Wrightson's website www.pggwrightson.co.nz has an Investor Centre where investors and interested stakeholders can access financial and operational information and key corporate governance information. This contains key governance documents and policies, contact details for investor matters, current and past Annual Reports, notices of meetings and other key dates in the investor schedule, the constitution, media releases and NZX announcements, periodic financial information, dividend histories and other information. PGG Wrightson lists its Business Unit descriptions and key activities on its website, and its releases contain information on business goals and performance. The Company encourages shareholder participation at the Annual Meeting, by providing as an item of General Business, the conducting of a shareholder discussion, where a reasonable opportunity is given for shareholders to question, discuss or comment on the management of the Company.

8.2 In compliance with NZX Code Recommendation 8.2, PGG Wrightson allows investors the ability to easily communicate with it, including providing the option to receive communications electronically. The Company has continued to seek to improve shareholder participation, efficiency and cost effectiveness of communication with shareholders by offering them its e-comms programme, where shareholders can elect to receive their security holder communications electronically.

8.3 In compliance with NZX Code Recommendation 8.3, shareholders have the right to vote on major decisions which may change the nature of the Company.

8.4 If PGG Wrightson was seeking additional equity capital in the future, it would consider the recommendation in NZX Code Recommendation 8.4 to offer further equity securities to existing equity security holders of the same class on a pro rata basis and no less favourable terms before further equity securities are offered to other investors.

8.5 In compliance with NZX Code Recommendation 8.5, the shareholders' Notice of Annual Meeting is posted on the website as soon as possible and at least 20 working days prior to meetings.

9 Annual Review

9.1 A review of this Corporate Governance Code and associated processes and procedures is completed on an annual basis to ensure the Company adheres to best practice governance principles (as promulgated by the relevant authoritative bodies) and maintains high ethical standards.

Statutory Disclosures | *Ngā Whakapuakanga ā-Ture*

The following particulars of notices were given by Directors of the Company pursuant to section 140(2) of the Companies Act 1993 for the year 1 July 2022 to 30 June 2023

DIRECTOR	INTEREST	ORGANISATION
Lee Joo Hai	Director	Hyflux Limited
		Agria Corporation
		Agria (Singapore) Pte Limited
		Lung Kee (Bermuda) Holdings Limited
		IPC Corporation Limited
		Agria Asia Investments Limited
Sarah Brown	Director	Horizon Meats NZ Limited
		Blue Sky Meats (Number 1 Limited)
		Blue Sky Meats (NZ) Limited
		Southland Building Society (SBS Bank)
		Southsure Assurance Limited
	Trustee	Southland Boys High School Board of Trustees
		Turnbull Trust
Meng Foon	Chair	MY Gold Investments Ltd
		MY Trust
		Te Pukenga Equity Experts Group
	Trustee	New Zealand Arts Foundation
	Government Appointee	Race Relations Commissioner (resigned 16 June 2023)
Garry Moore	Chair	Dairycool Limited
		Burnett Valley Trust
	Director	Debt Discounting (NZ) Limited
		Garry Moore Limited
		Reflex Nominees Limited
		Flame Corporation Limited
	Trustee	Moore Family Trust
U Kean Seng	Head of Corporate and Legal Affairs	Agria Corporation
Dr Charlotte Severne	Director	Tuaropaki Power Company
		Huakiwi Limited
	Trustee	The Māori Trustee
		Severne Whanau Trust
		Pott Severne Family Trust
	Crown Representative	Ropu Wakahaere Steering Group

Directors' Remuneration

The following persons held office as a Director during the year to 30 June 2023 and received the following remuneration (including the value of any benefits). Fees are not paid for membership of the Remuneration, Appointments and Nominations Committee, or for the Health, Safety & Environment Committee (except for the Chair). Figures are gross, rounded and exclude GST (if any):

DIRECTOR	PGG WRIGHTSON LIMITED DIRECTORS' FEES	AUDIT COMMITTEE FEES	HEALTH & SAFETY COMMITTEE CHAIR FEES	TOTAL REMUNERATION
Lee Joo Hai	$210,000	$10,000	–	$220,000
S Brown	$90,000	$28,750	–	$118,750
M Foon	$90,000	–	–	$90,000
G Moore	$90,000	$10,000	–	$100,000
U Kean Seng	$90,000	–	–	$90,000
Dr C Severne	$90,000	–	$10,000	$100,000

Directors' Shareholdings

As at 30 June 2023 the following Directors of PGG Wrightson Limited held a beneficial interest in shares in PGG Wrightson Limited:

DIRECTOR	REGISTERED HOLDER	NUMBER OF SHARES
S Brown	Sarah Jane Brown & Keith William Brown	11,400
M Foon	Meng Liu Foon	1,000
G Moore	Garry Mervyn Moore & Tanya Gail Moore	20,000
Dr C Severne	Charlotte Marewa Severne, Joachim Helmut Pott and Richard William Lucy as Trustees of the Pott Severne Family Trust	7,500

Lee Joo Hai and U Kean Seng are associated persons of substantial product holder Agria (Singapore) Pte Limited holding 33,463,399 shares.

Directors' Share Transactions

No Directors of PGG Wrightson Limited notified the Company of on-market share transactions between 1 July 2022 and 30 June 2023.

Directors' Independence

The Board has determined that as at 30 June 2023:

- The following Directors are Independent Directors: S Brown, M Foon, G Moore and Dr C Severne
- The following Directors are not Independent Directors by virtue of their association with a substantial product holder: Lee Joo Hai and U Kean Seng

NZX Waivers

There were no NZX Waivers applying to PGG Wrightson Limited during the financial year.

Directors' Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the Constitution of the Company, the Company has insured Directors and Officers against liabilities to other parties that may arise from their positions as Directors and Officers of the Company, Subsidiaries and Associates. This insurance does not cover liabilities arising from criminal actions and deliberate and reckless acts or omissions.

Use of Company Information by Directors

The Board has implemented a protocol governing the disclosure of Company information to its substantial product holders. In accordance with this protocol and section 145 of the Companies Act 1993, Lee Joo Hai and U Kean Seng have given notice that while directors they may disclose certain information to Agria Corporation in order to seek, and inform the Board of, its view as to the governance and operation of the Company and in order to enable Agria Corporation to comply with certain statutory obligations.

Employee Remuneration

Set out below are the numbers of employees of the Company and its subsidiaries who received remuneration and other benefits of $100,000 or more during the year, in their capacity as employees.
The schedule includes:

- all monetary payments actually made during the year, including termination payments and the face value of any at-risk long-term incentives granted, where applicable;
- the employer's contributions to superannuation funds, retiring entitlements, health insurance schemes and other payments to terminating employees (e.g. long service leave); and
- livestock employees who are remunerated on a commission basis and whose remuneration fluctuates materially from year to year. Livestock remuneration includes incentives paid in the current year that were earned in respect of the prior year's performance.

The schedule excludes:

- amounts paid post 30 June 2023 that related to services provided in the 2022/2023 financial year;
- telephone concessions to some employees that can include free telephone line rental, national and international phone calls and online services;
- independent real estate/livestock commission agents; and
- any benefits received by employees that do not have an attributable value.

No employees appointed as a director of a subsidiary company of PGG Wrightson Limited receives or retains any remuneration or other benefits from PGG Wrightson Limited for acting as such.

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$100,000 – $110,000	69
$110,001 – $120,000	56
$120,001 – $130,000	49
$130,001 – $140,000	49
$140,001 – $150,000	36
$150,001 – $160,000	36
$160,001 – $170,000	30
$170,001 – $180,000	22
$180,001 – $190,000	12
$190,001 – $200,000	14
$200,001 – $210,000	4
$210,001 – $220,000	6
$220,001 – $230,000	7
$230,001 – $240,000	8
$240,001 – $250,000	12
$250,001 – $260,000	2
$260,001 – $270,000	4
$270,001 - $280,000	2
$280,001 – $290,000	2

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$290,001 – $300,000	2
$300,001 – $310,000	7
$310,001 – $320,000	3
$320,001 – $330,000	4
$330,001 - $340,000	2
$370,001 – $380,000	2
$400,001 – $410,000	1
$410,001 - $420,000	3
$450,001 - $460,000	1
$480,001 - $490,000	1
$530,001 - $540,000	1
$560,001 - $570,000	1
$590,001 - $600,000	2
$630,001 - $640,000	1
$670,001 - $680,000	1
$840,001 - $850,000	1
$1,000,001 - $1,100,000	1
$1,300,001 - $1,400,000	1
Total	455

Statutory Disclosures continued
Ngā Whakapuakanga ā-Ture haere tonu

The Board's Remuneration, Appointments and Nominations Committee approves the Group's remuneration policy. The Committee also reviews and recommends to the Board for approval the remuneration of the Chief Executive Officer and the remuneration of the executives who report directly to the Chief Executive Officer.

Chief Executive Officer Remuneration

In compliance with the NZX Code Recommendation 5.3, this section lists disclosure of the remuneration arrangements in place for PGG Wrightson's Chief Executive Officer Stephen Guerin. The Board of Directors' general policy for Chief Executive remuneration is payment of a base salary and an annual at-risk short-term incentive. The target amount of the short-term incentive payment is a percentage of base salary, being 20% for the financial year, with the maximum payable being 150% of the target amount. The short-term incentive is payable on the achievement of certain key performance criteria focused on PGG Wrightson's financial performance, strategic objectives and Safety and Wellbeing performance for the respective financial year.

As at 30 June 2023 the total number of PGG Wrightson shares owned by the Chief Executive Officer was 3,842.

The Chief Executive Officer's remuneration relating to the year ended 30 June 2023 is as follows:

	YEAR ENDED 30 JUNE 2023	YEAR ENDED 30 JUNE 2022
Salary payments paid during the year	$1,014,968	$945,128
KiwiSaver employer contribution paid during the year	$38,825	$35,218
Short-term incentive relating to the year, to be paid in the next financial year	$194,974	$279,201
Total remuneration	**$1,248,767**	**$1,259,546**

General Disclosures | *Ngā Whakapuakanga Arowhānui*

Subsidiary Company Directors

The following persons held the office of Director of the respective subsidiaries (as defined in the Companies Act 1993) during the year or part year as indicated on behalf of the Group. Directors appointed (A) or who resigned (R) during the year or part year are indicated. Staff appointments do not receive Director fees or other benefits as a Director. Unless otherwise indicated, Group ownership is 100%.

LEGAL COMPANY NAME	PGG WRIGHTSON APPOINTED DIRECTORS
Agriculture New Zealand Limited*	JS Daly, SJ Guerin
Ag Property Holdings Limited	JS Daly, SJ Guerin
AgriServices South America Limited*	JS Daly, SJ Guerin
Bidr Limited	SJ Guerin, PJ Moore (R), PC Scott, RJ Shearer (A)
Bloch & Behrens Wool (NZ) Limited	JS Daly, SJ Guerin, GW Edwards
National Saleyards Limited (66.67%)	PJ Newbold, PJ Moore (R)
NZ Agritrade Limited	JS Daly, SJ Guerin
PGW Rural Capital Limited*	JS Daly, SJ Guerin
PGG Wrightson Employee Benefits Plan Limited*	CD Adam, JS Daly, SJ Guerin
PGG Wrightson Employee Benefits Plan Trustee Limited	CD Adam, JS Daly, S Guerin, JA O'Neill, PR Drury *(Licensed Independent Trustee)*
PGG Wrightson Investments Limited	JS Daly, SJ Guerin
PGG Wrightson Real Estate Limited	JS Daly, SJ Guerin
PGG Wrightson Trustee Limited*	JS Daly, S Guerin
Sheffield Saleyards Co Limited (53.5%)	RG Nordstrom

* *Company voluntarily removed from the Companies Register on 21 July 2022*

Shareholder Information | *Ngā Mōhiohio Kaipupurihea*

PGG Wrightson Limited is quoted on the New Zealand Stock Market of NZX Limited (code PGW).
As at 30 June 2023, PGG Wrightson Limited had 75,484,083 ordinary shares on issue.

Substantial Product Holders

At 30 June 2023, the following security holders had given notices in accordance with the Financial Markets Conduct Act 2013 that they were a substantial product holder in the Company. The number of shares shown below are as recorded in the Company's share register.

SHAREHOLDER	NUMBER OF SHARES AT 30 JUNE 2023	DATE OF NOTICE
Elders Limited	8,526,245	14 December 2022
Agria (Singapore) Pte Limited	33,463,399	10 April 2019
Agria Group*	33,463,399	17 December 2018

* *Agria Group being Agria Group Limited, Agria Corporation, Agria Asia Investments Limited, Agria (Singapore) Pte Ltd, New Hope International and New Hope Group Co., Ltd as listed in the substantial security product notice.*

Twenty Largest Registered Shareholders

The 20 largest shareholders in PGG Wrightson as at 1 August 2023 were:

SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD
1. Agria (Singapore) Pte Limited	33,463,399	44.33
2. Elders Limited	9,026,128	11.96
3. HSBC Nominees (New Zealand) Limited	1,345,634	1.78
4. New Zealand Depository Nominee Limited	1,111,351	1.47
5. FNZ Custodians Limited	952,601	1.26
7. Custodial Services Limited	662,491	0.88
8. Forsyth Barr Custodians Limited	662,437	0.82
9. Nicolaas Johannes Kaptein	500,962	0.66
10. JBWere (NZ) Nominees Limited	442,909	0.59
11. Citibank Nominees (New Zealand) Limited	407,550	0.54
12. Elizabeth Beatty Benjamin & Michael Murray Benjamin (Michael Benjamin Family a/c)	300,000	0.40
13. H&G Limited	295,000	0.39
14. Ian David McIlraith	230,000	0.30
15. GMH 38 Investments Limited	229,217	0.30
16. Robert Vincent Cottrell & Lesley Maureen Cottrell	202,898	0.27
17. Leveraged Equities Finance Limited	192,417	0.25
18. Totara Grove Investments Limited	180,000	0.24
19. David Mitchell Odlin	178,700	0.24
20. Colin Hugh Notley & Jan Marie Notley	175,000	0.23

Analysis of Shareholdings

Distribution of ordinary shares and shareholdings at 1 August 2023 was:

RANGE	TOTAL HOLDERS	NUMBER OF SHARES	% OF SHARES
1 – 499	5,272	872,507	1.16
500 – 999	1,158	779,032	1.03
1,000 – 1,999	1,161	1,525,105	2.02
2,000 – 4,999	1,175	3,529,886	4.68
5,000 – 9,999	529	3,463,613	4.59
10,000 – 49,999	525	9,413,079	12.47
50,000 – 99,999	37	2,374,910	3.15
100,000 – 499,999	35	6,094,555	8.07
500,000 – 999,999	4	2,484,884	3.29
1,000,000 Over	5	44,946,512	59.54
Total	**9,901**	**75,484,083**	**100.00%**

Registered addresses of shareholders as at 1 August 2023 were:

ADDRESS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
Singapore	9	0.09	33,631,873	44.5
New Zealand	9,642	97.38	31,919,572	42.29
Australia	145	1.46	9,800,206	12.98
Other	105	1.06	132,432	0.17
Total	**9,901**	**100.00%**	**75,484,083**	**100.00%**

GRI Content Index | *Kaupapa Pūrongo Aowhānui*

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Glossary | *Rārangi Kupu*

Acronym / Term	Definition
B&B	Bloch & Behrens
CPI	Consumer Price Index
CPS	Cents Per Share
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortisation
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gas Emissions
GRI	Global Reporting Initiative
HSW	Health, Safety and Wellbeing
ISO	International Organisation for Standardisation
KPI	Key Performance Indicator
LTIFR	Lost Time Injury Frequency Rate
NPAT	Net Profit After Tax
NPS	Net Promotor Score
NZX	New Zealand Stock Exchange
PGW	PGG Wrightson Limited
SDGs	Sustainable Development Goals
TRIFR	Total Recordable Injury Frequency Rate
TSR	Total Shareholder Return
UN SDGs	United Nations Sustainable Development Goals

PGG Wrightson

Corporate Directory | *Whaiaronga Rangatōpū*

Company number 142962
NZBN 9429040323497

Board of Directors
as at 30 June 2023

Lee Joo Hai
Chair (until 4 July 2023, and retires as a Director effective 24 October 2023)

Sarah Brown
(Deputy Chair, Chair of Audit Committee and Independent Director)

Meng Foon
(Independent Director)

Garry Moore
(Audit Committee member and Independent Director)

U Kean Seng
(Acting Chair from 4 July 2023)

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

Executive Team
as at 30 June 2023

Stephen Guerin
Chief Executive Officer

Nick Berry
General Manager Retail & Water

Julian Daly
General Manager Corporate Affairs/ Company Secretary

Grant Edwards
General Manager Wool

Peter Moore
General Manager - Livestock Ventures & Partnerships (retired 30 June 2023)

Peter Newbold
General Manager Livestock & Real Estate

Peter Scott
Chief Financial Officer

Rachel Shearer
General Manager People and Safety

Registered Office

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+64 3 372 0800 (International)
Email: enquiries@pggwrightson.co.nz

Auditors

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Level 4
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PO Box 2091
Christchurch 8140
Telephone: +64 3 379 1870

Managing your shareholding online | *Te whakahaere tuihono i tō pānga hea*

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:
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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 Store Manager, Olivia Callaghan, discusses how the season is going on the farm with Andrew Law, Farm Manager of North Range Partnership, an intensive sheep and beef breeding and finishing block in Castlerock near Lumsden, Southland.

PGG Wrightson

pggwrightson.co.nz