

# Minutes of the Annual Shareholders Meeting of PGG Wrightson Limited (PGW) held virtually on

## Tuesday, 18 October 2022 commencing at 9:30am

<b>Board members present</b>	Sarah Brown (Meeting Chair and Independent Director), Joo Hai Lee (Chair); U Kean Seng (Director); Garry Moore (Independent Director) and Dr C Severne (Independent Director).
<b>In attendance</b>	<p>S Guerin (Chief Executive Officer); J Daly (GM Corporate Affairs and Company Secretary); P Scott (Chief Financial Officer).</p> <p>Also in attendance: P Moore (GM Livestock Ventures &amp; Partnerships), R Shearer (GM Human Resources); P Newbold (GM Real Estate &amp; Livestock) G Edwards (GM Wool), Martyn Phillips (Regional Manager), Peter Dickie (Group Marketing Manager).</p> <p>Ernst &amp; Young (Auditors) Bruce Loader attending online. 35 registered shareholders and approximately 27 guests and staff.</p>
<b>Apologies</b>	N Berry (GM Retail and Water).
<b>Introductory Matters</b>	The Chair advised that a quorum was present, opened the meeting, welcomed the Shareholders, and introduced the Directors and acknowledged the Executive team, and auditor Bruce Loader from Ernst & Young.
<b>Notice of Meeting</b>	The Chair confirmed that the Notice of Annual Meeting was sent to all shareholders on 20 September 2022.
<b>Process for Participation in Virtual / Hybrid Meeting</b>	The Chair outlined the procedural and technical arrangements to enable shareholders to participate in the meeting online.
<b>Minutes of Previous Shareholder Meetings</b>	The Chair advised that the minutes of the previous Annual Shareholders Meeting held on 6 December 2021 were approved as a true and correct record of the meeting on 22 February 2022 and these were posted on the investor centre section of the PGW website.
<b>Annual Report and Financial Statements</b>	<p>The Chair noted that the financial statements and the reports of the Directors and Auditors for the year ending 30 June 2022 were set out in the company's Annual Report.</p> <p>The Annual Report was forwarded to shareholders who had requested a copy on 20 September 2022 and was available at the meeting and on the company's website.</p>
<b>Proxies and Postal Votes</b>	It was noted that 342 shareholders had appointed proxies for the purposes of the meeting in respect of approximately 37 million shares.
<b>Chairman's Address</b>	<p>The Chair addressed the meeting and noted the following performance highlights (referenced against the prior year):</p> <ul style="list-style-type: none"> <li>➤ Operating EBITDA was \$67.2 million was an outstanding result, up \$11.1 million or twenty per cent on last years' strong result.</li> <li>➤ Net profit after tax was \$24.3 million, up \$1.6 million or seven per cent.</li> <li>➤ Operating revenue was \$952.7 million, an increase of \$104.9 or 12.4 per cent.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Gross profit of \$248.5 million, was an increase of 11.3 per cent.</li> <li>➤ Net Cash Flow from Operating Activities of \$23.7m, which was down 58.9 per cent</li> <li>➤ Total Shareholder Returns of +38 per cent.</li> <li>➤ Fully imputed dividends for the year of 30 cents per share.</li> </ul> <p>These results were a record for the business and were an outcome the PGW team was very proud of, especially after a challenging year at many levels. Like all businesses, PGW had to navigate managing COVID-19 protocols, dealing with a high proportion of health-related staffing absences, responding to supply chain challenges, and resourcing the business in an extremely tight labour market.</p> <p>It was noted that these results were achieved as a result of significantly higher revenue of \$952.7 million, up \$105 million or 12 per cent from FY21, with margins remaining broadly in line with the prior year.</p> <p>It was noted that as part of the Group Strategy refresh PGW had targeted three Results and Measures areas to track performance. These measures relate to PGW Group's financial performance, safety performance, and customer experience. The measures cover three important areas where PGW wishes to grow and improve. These measures were noted as follows:</p> <p><b>Financial Performance Measures:</b> 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. For FY22 PGW achieved a normalised EBIT growth of 36%, which is 29% above CPI. EBIT is normalised by excluding non-operating items, impairments and fair value gains / losses.</p> <p>A second financial measure that PGW targets is to achieve a Total Shareholder Return (TSR) exceeding 10 per cent per annum. TSR is calculated annually based on the movement in our share price plus the dividends paid. The TSR for FY22 was +38 per cent and significantly exceeded our KPI by +28 per cent.</p> <p><b>Health &amp; Safety Measure:</b> The health, safety, and wellbeing of our people is of critical importance to us. To track our safety performance, we measure our Total Recordable Injury Frequency Rate (known as TRIFR) performance so we can demonstrate continuous improvement in our safety outcomes. For FY22 PGW achieved a TRIFR reduction of three per cent versus our FY20 baseline. This reflects well on our Group wide focus to continue to improve on our safety performance outcomes.</p> <p><b>Customer Experience Measure:</b> 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, an 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. For FY22 PGW achieved a positive five point improvement in PGW Group's NPS from FY21's customer research. This positive result is consistent with PGW's objective to continually strive for incremental improvement.</p>
Chief Executive Officers' Address	<p>The Chief Executive addressed the meeting and provided an operational overview of the year, and the following matters were noted:</p> <ul style="list-style-type: none"> <li>➤ PGW recorded operating cash flows during the year of \$23.7 million which benefited from our strong Operating EBITDA performance.</li> <li>➤ As a business PGW invested in working capital during the year, including growing our range of GO-STOCK receivables to \$66.1 million at 30 June</li> </ul>



2022, an increase of \$20.2 million or 44 per cent from 30 June 2021. In addition, inventories were \$20.6 million higher than 30 June 2021 which reflects a conscious decision to have product available for clients due to challenges in shipping and supply chain due to the impact of COVID-19 challenges together with higher values of inventory from price increases for the same reasons.

- Net interest-bearing debt was \$32.8 million as at 30 June 2022. PGW renewed and extended its bank facilities for a three-year term in late 2021.
- It was pleasing to see PGW recognised as a finalist in the 2021 Deloitte Top 200 business awards for outstanding change in business performance among New Zealand's largest companies.
- During the year, PGW refreshed its websites and client Online Account Services Portal. The new websites have a consistent contemporary design and provide an improved user experience. Our updated client Online Account Services Portal provides enhanced performance, with the capacity to add new features and functionality over time.
- We also initiated a company-wide Business Improvement Programme that will simplify PGW's IT systems and streamline our processes so we can be more flexible, secure, and efficient when it comes to the fundamentals of our operations and client service.
- Our continued focus on investing in our people to provide them with the tools and competencies to succeed in their roles, sees us introducing a revised People & Safety Strategy in FY23 to best support the refreshed Group Strategy. Three key pillars of Leadership & Expertise, Safe & Certain, and Recognition are the anchors of this strategy and will provide the foundation for the coming three years.
- Our people's 'can do' attitude as we responded to COVID-19's constantly evolving challenges was appreciated as we best managed the changing environment to ensure the ongoing safety and wellbeing of our teams and communities. The pandemic brought disruption to our business in a myriad of ways, and we are proud of our team members' commitment to our business, clients, and communities under demanding circumstances.
- With a revised Safety and Wellbeing roadmap and resourcing model PGW is honouring our commitment to continuous improvement in our vision to embed a safety culture of 'citizenship', whereby safety is a core part of everyone's role and is a shared responsibility.
- Development of our Environment and Sustainability strategy is a PGW Group strategic priority and we have been progressing our sustainability journey. We are working towards determining our environmental and sustainability positioning, objectives and measures, and embedding these in everything we do.
- During the year the Environment, Social, and Governance (ESG) Working Group engaged with colleagues across the business and with our suppliers to determine PGW's carbon emissions. We now have an established process in place to capture our emissions so we can report on these in the future.
- We undertook a Materiality Assessment to determine which ESG factors are most important to our stakeholders and material to our business objectives and activities, as well as our societal and environmental impacts.
- The Fruited Supplies Technical Research and Development (or R&D) team conducted 59 new product trials across the Bay of Plenty, Tasman, Pukekohe, Canterbury regions and here in Hawke's Bay. Nearly a third of all treatments in our R&D trials this year were biologicals which are more environmentally friendly alternatives.

	<ul style="list-style-type: none"> <li>➤ Our Real Estate business experienced the highest volume of rural sales in a decade, a 16 per cent increase in rural sales for the year versus FY21</li> <li>➤ A summary was provided in relation to PGW's business operations throughout the Hawkes Bay Region.</li> <li>➤ A summary of the two operating groups, Retail &amp; Water and Agency was provided.</li> </ul>
<b>First Quarter FY2023</b>	<p>The Chief Executive provided up update on trading performance for the first quarter of the current financial year.</p> <p>After the very wet winter, it was noted that soil moisture levels were ranging from between normal to well above normal across much of the country. This has delayed some planting, the application of some inputs and the installation of capital equipment such as wind machines. Otherwise, the Retail and Water businesses have had a solid start to the year.</p> <p>Trading for the Livestock business was pleasing given the wet ground conditions with good volumes of animals traded in all classes across both islands. PGW Livestock has also seen good support for our GO-STOCK grazing contracts.</p> <p>The forecast normalisation of spring conditions with warmer temperatures and less rainfall will be welcomed by our clients and the business. PGW is well positioned to assist our farmer and grower clients with their cultivation needs as they gear up their operations and we move towards the warmer production months.</p> <p>The Real Estate business had experienced reduced activity in the Lifestyle and Residential markets compared to the strong performance during same period last year. Farm sales are continuing to hold up in value.</p>
<b>Forecast Outlook Update</b>	<p>The Chair provided up update on the forecast outlook.</p> <p>The positive run for most New Zealand agri sectors looks likely to continue through the remainder of 2022 calendar year and into the coming year. However, inflationary pressures on input costs will likely impact on-farm profits, and exporters will still need to navigate high shipping costs and challenging logistics.</p> <p>While input prices are increasing, rising food prices are expected to be beneficial overall for New Zealand's agricultural sector. Most agricultural industries are facing similar pressures to other businesses, including a tight labour market and disruption to production from ongoing challenges presented by the pandemic. Labour shortages are constraining production, including limiting fruit harvesting and leading to delays in meat processing.</p> <p>These macro-economic factors, coupled with concerns relating to the raft of regulatory and compliance change impacting the sector have shown through in adverse farmer sentiment surveys.</p> <p>On balance, while we remain cautiously optimistic about the financial year ahead there are mixed signals in the macroeconomic environment.</p> <p>Consumers in export countries want high-quality and safe food that our farmer and grower clients produce. Both beef and spring lamb schedules are forecast to remain positive and dairy commodity pricing strong.</p> <p>However, we have seen a cool and wet start to spring and, in some areas, late season frosts, which have resulted in a delay in early demand for inputs. Farmer concerns regarding the proposed agricultural emissions scheme and other regulation are also negatively impacting on-farm sentiment.</p>



	<p>All these factors are contributing to increased levels of uncertainty. Overall, though, we consider that the macroeconomic indicators for the New Zealand agricultural sector remain positive.</p> <p>Trading for the first quarter has been broadly in line with expectations including a subdued real estate market. While it remained early in the financial year, PGW was forecasting an Operating EBITDA result for the financial year to 30 June 2023 of around \$62 million. While this is back from last year's very strong Operating EBITDA result of \$67.2 million, it is based upon our current assessment of a less certain operating environment.</p>
<b>Questions and Discussions</b>	At the conclusion of the presentations the Chair invited Shareholders at the meeting to question, discuss, or comment on the management or other aspects of the Company.
<b>Business of Meeting</b>	
<b>A. Election of Director</b>	It was noted that the Board recommended the election of Meng Foon and Garry Moore and the re-election of Sarah Brown. The Board had determined that all three of Meng Foon, Garry Moore and Sarah Brown were Independent Directors for the purposes of the NZX Listing Rules.
<b>B. Auditors Remuneration</b>	A motion was put to the meeting to authorise the Board to fix Ernst & Young's remuneration as the PGW's auditor.
	All items of business were moved as separate resolutions and put to a poll of Shareholders undertaken by Computershare.
<b>Poll Results</b>	<p>The results of the resolutions put to the meeting were as follows:</p> <p><b><i>Election and Re-election of Directors:</i></b></p> <p><b>Resolution 1:</b> Meng Foon was elected an Independent Director.  Votes for: 36,883,947 (99.51%)  Votes against 181,433  Abstained: 49,035</p> <p><b>Resolution 2:</b> Garry Moore was elected as an Independent Director.  Votes for: 37,025,986 (99.89%)  Votes against 42,180  Abstained: 46,249</p> <p><b>Resolution 3:</b> Sarah Brown was re-elected as an Independent Director.  Votes for: 37,048,011 (99.94%)  Votes against 23,538  Abstained: 42,866</p> <p><b><i>Confirmation and Remuneration of Auditors:</i></b></p> <p><b>Resolution 4:</b> The reappointment of Ernst &amp; Young as PGW's auditors was noted and shareholders voted to authorise PGW's Directors to fix Ernst &amp; Young's remuneration for the current financial year for the purposes of section 207S of the Companies Act 1993.  Votes for: 36,902,253 (99.62%)  Votes against 140,156  Abstained: 71,006</p>
<b>General Business</b>	<p>No items of General Business were raised.</p> <p>The Chair invited Shareholders to ask questions relating to any other matters that may be brought before the meeting and there were none.</p> <p>The Chair closed the meeting.</p>
<b>Closure</b>	The meeting closed at 10:45am

Confirmed as a correct record of that meeting on the 5<sup>th</sup> day December 2022.

A handwritten signature in dark ink, consisting of a series of loops and a long horizontal stroke, positioned above a horizontal line.

Chair