
MARLIN GLOBAL LIMITED
INTERIM FINANCIAL STATEMENTS CONTENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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MARLIN GLOBAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	6 months ended 31/12/20 unaudited \$000	6 months ended 31/12/19 unaudited \$000
Interest income		4	10
Dividend income		276	357
Net changes in fair value of financial assets and liabilities	2	32,359	14,426
Foreign exchange losses on cash and cash equivalents	3	(385)	(10)
Total net income		32,254	14,783
Operating expenses	4	(3,555)	(1,864)
Operating profit before tax		28,699	12,919
Total tax expense		(2,855)	(550)
Net operating profit after tax attributable to shareholders		25,844	12,369
Total comprehensive income after tax attributable to shareholders		25,844	12,369
Basic earnings per share	6	15.99c	8.39c
Diluted earnings per share	6	15.36c	8.36c

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

MARLIN GLOBAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

		<i>Attributable to shareholders of the Company</i>		
	Notes	Share Capital \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 July 2019 (audited)		133,382	7,227	140,609
Comprehensive income				
Net operating profit after tax		0	12,369	12,369
Other comprehensive income		0	0	0
Total comprehensive income for the period ended 31 December 2019		0	12,369	12,369
Transactions with shareholders				
Dividends paid	5	0	(5,774)	(5,774)
Shares issued from treasury stock under dividend reinvestment plan	5	9	0	9
New shares issued under dividend reinvestment plan	5	2,345	0	2,345
Total transactions with shareholders for the period ended 31 December 2019		2,354	(5,774)	(3,420)
Balance at 31 December 2019 (unaudited)		135,736	13,822	149,558
Balance at 1 July 2020 (audited)		138,119	18,045	156,164
Comprehensive income				
Net operating profit after tax		0	25,844	25,844
Other comprehensive income		0	0	0
Total comprehensive income for the period ended 31 December 2020		0	25,844	25,844
Transactions with shareholders				
Shares issued for warrants exercised	5	28,651	0	28,651
Dividends paid	5	0	(7,230)	(7,230)
New shares issued under dividend reinvestment plan	5	2,847	0	2,847
Total transactions with shareholders for the period ended 31 December 2020		31,498	(7,230)	24,268
Balance at 31 December 2020 (unaudited)		169,617	36,659	206,276

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

MARLIN GLOBAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31/12/20 unaudited \$000	30/06/20 audited \$000
SHAREHOLDERS' EQUITY		206,276	156,164
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents		7,359	2,640
Trade and other receivables		149	1,593
Financial assets at fair value through profit or loss	2	203,693	155,638
Current tax receivable		0	58
Total Current Assets		211,201	159,929
Non-current Assets			
Deferred tax asset		0	1
Total Non-current Assets		0	1
TOTAL ASSETS		211,201	159,930
LIABILITIES			
Current Liabilities			
Trade and other payables		2,147	3,309
Financial liabilities at fair value through profit or loss	2	23	457
Current tax payable		2,755	0
Total Current Liabilities		4,925	3,766
TOTAL LIABILITIES		4,925	3,766
NET ASSETS		206,276	156,164

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



A B Ryan
Chair
17 February 2021



C A Campbell
Chair of the Audit and Risk Committee
17 February 2021

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

MARLIN GLOBAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Notes	6 months ended 31/12/20 unaudited \$000	6 months ended 31/12/19 unaudited \$000
Operating Activities			
Sale of listed equity investments		38,094	15,482
Interest received		4	11
Dividends received		278	366
Other losses incurred		(386)	(14)
Purchase of listed equity investments		(61,243)	(11,970)
Operating expenses		(3,206)	(1,377)
Taxes paid		(42)	(382)
Net settlement of forward foreign exchange contracts		6,938	20
Net cash (outflows)/inflows from operating activities	7	(19,563)	2,136
Financing Activities			
Proceeds from warrants exercised		28,651	0
Dividends paid (net of dividends reinvested)		(4,383)	(3,420)
Net cash inflows/(outflows) from financing activities		24,268	(3,420)
Net increase/(decrease) in cash and cash equivalents held		4,705	(1,284)
Cash and cash equivalents at beginning of the period		2,640	2,941
Effects of foreign currency translation on cash balance		14	8
Cash and cash equivalents at end of the period		7,359	1,665

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

Note 1 Basis of Accounting

Reporting Entity

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

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

Basis of Preparation


The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the International Accounting Standard 34 *Interim Financial Reporting* and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the Company's annual financial report for the year ended 30 June 2020.


The impact of COVID-19 was assessed during the preparation of these interim financial statements and whether there were any indicators affecting the Company's ability to operate as a going concern. No indicators were identified, and the Company remains a going concern.

These interim financial statements cover the unaudited results from operations for the six months ended 31 December 2020.

Accounting Policies

The Company has applied consistent accounting policies in the preparation of these interim financial statements as for the 2020 full year financial statements. Accounting policies that are relevant to an understanding of the interim financial statements are designated by a  symbol.

Critical Judgements, Estimates and Assumptions

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

Authorisation of Interim Financial Statements

The Marlin Board of Directors authorised these interim financial statements for issue on 17 February 2021.

No party may change these interim financial statements after their issue.

Note 2 Financial Assets and Liabilities at Fair Value Through Profit or Loss



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

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

The fair value of forward foreign exchange contracts is determined through valuation techniques using spot exchange rates and forward points supplied by The World Markets Company PLC via Refinitiv.

	31/12/20 unaudited \$000	30/06/20 audited \$000
Financial assets and liabilities at fair value through profit or loss		
Financial Assets:		
International listed equity investments	202,185	155,625
Forward foreign exchange contracts	1,508	13
Total financial assets at fair value through profit or loss	203,693	155,638
Financial Liabilities:		
Forward foreign exchange contracts	23	457
Total financial liabilities at fair value through profit or loss	23	457

The notional value of forward foreign exchange contracts held at 31 December 2020 was \$96,467,937 (30 June 2020: \$76,609,790).



All equity investments held by Marlin are categorised as Level 1 and all forward foreign exchange contracts are classified as Level 2 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy during the period (31 December 2019: none).

MARLIN GLOBAL LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Note 2 Financial Assets and Liabilities at Fair Value Through Profit or Loss (continued)

	6 months ended 31/12/20 unaudited \$000	6 months ended 31/12/19 unaudited \$000
Net changes in fair value of financial assets and liabilities		
International listed equity investments	36,185	14,672
Foreign exchange losses on equity investments	(12,693)	(603)
Gains on forward foreign exchange contracts	8,867	357
Net changes in fair value of financial assets and liabilities	32,359	14,426

Note 3 Foreign exchange losses on cash and cash equivalents

Foreign exchange losses on cash and cash equivalents	(385)	(10)
Total foreign exchange losses on cash and cash equivalents	(385)	(10)

Note 4 Operating Expenses

Management fees (note 8)	1,150	944
Performance fees (note 8)	1,866	533
Administration services (note 8)	79	79
Directors' fees (note 8)	88	86
Brokerage	152	41
Investor relations and communications	90	64
Custody and accounting fees	21	13
NZX fees	29	28
Professional fees	9	26
Fees paid to the auditor:		
Statutory audit and review of financial statements	18	15
Non assurance services ¹	2	0
Regulatory expenses	4	7
Other operating expenses	47	28
Total operating expenses	3,555	1,864

¹ Non-assurance services relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor (31 December 2019: Nil).

Note 5 Shareholders' Equity

Share Capital

Marlin has 187,712,148 fully paid ordinary shares on issue (30 June 2020: 151,897,797). All ordinary shares rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Buybacks

Marlin maintains an ongoing share buyback programme. In the six month period to 31 December 2020, Marlin did not acquire any shares (31 December 2019: nil) under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were no shares held as treasury stock at balance date (30 June 2020: nil).

Warrants

On 7 November 2019, 37,252,688 new Marlin warrants were allotted and quoted on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (6 November 2019). On 6 November 2020, 33,399,590 warrants valued at \$28,723,647, less issue costs of \$73,125 (net \$28,650,522), were exercised at \$0.86 per warrant, and the remaining 3,853,098 warrants lapsed.

Dividends

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

	2020 \$000	Cents per share		2019 \$000	Cents per share
25 Sep 2020	3,129	2.06	26 Sep 2019	2,830	1.93
18 Dec 2020	4,101	2.20	19 Dec 2019	2,944	1.99
	7,230	4.26		5,774	3.92

MARLIN GLOBAL LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Note 5 Shareholders' Equity (continued)

Dividend reinvestment plan

Marlin has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the period ended 31 December 2020, 2,414,761 ordinary shares totalling \$2,847,380 (31 December 2019: 2,514,044 ordinary shares totalling \$2,354,142) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Marlin before the next record date.

Note 6 Earnings per Share

	6 months ended 31/12/20 unaudited	6 months ended 31/12/19 unaudited
Basic earnings per share		
Profit attributable to shareholders of the Company (\$'000)	25,844	12,369
Weighted average number of ordinary shares on issue net of treasury stock ('000)	161,658	147,383
Basic earnings per share	15.99c	8.39c
Diluted earnings per share		
Profit attributable to shareholders of the Company (\$'000)	25,844	12,369
Weighted average number of ordinary shares on issue net of treasury stock ('000)	161,658	147,383
Diluted effect of warrants on issue ('000)	6,635	656
	168,293	148,039
Diluted earnings per share	15.36c	8.36c

Note 7 Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities

	6 months ended 31/12/20 unaudited \$000	6 months ended 31/12/19 unaudited \$000
Net operating profit after tax	25,844	12,369
Items not involving cash flows		
Unrealised gains on cash and cash equivalents	(14)	(8)
Unrealised gains on revaluation of listed equity investments	(10,965)	(9,975)
Unrealised gains on forward foreign exchange contracts	(1,929)	(337)
	(12,908)	(10,320)
Impact of changes in working capital items		
(Decrease)/increase in trade and other payables	(1,162)	500
Decrease in trade and other receivables	1,444	0
Change in current and deferred tax	2,814	168
	3,096	668
Items relating to investments		
Amount paid for purchases of listed equity investments	(61,243)	(11,970)
Amount received from sales of listed equity investments	38,094	15,482
Net amount received on settlement of forward foreign exchange contracts	6,938	20
Realised gains on listed equity investments	(19,464)	(4,113)
Increase in unsettled purchases of investments	1,519	0
Decrease in unsettled sales of investments	(1,439)	0
	(35,595)	(581)
Net cash (outflows)/inflows from operating activities	(19,563)	2,136

Note 8 Related Party Information



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

Transactions with related parties

The Manager of Marlin is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Management Agreement. In return for the performance of its duties as Manager, Fisher Funds is paid the following fees:

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

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

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

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

For the period ended 31 December 2020, excess returns of \$18,381,322 were generated (31 December 2019: \$5,247,562), and the net asset value per share before the deduction of a performance fee was \$1.11 (31 December 2019: \$1.01) which exceeded the HWM after adjustment for capital changes and distributions of \$0.96 (31 December 2019: \$0.92). Accordingly, the Company has expensed a performance fee of \$1,865,704 in the Statement of Comprehensive Income for the period ended 31 December 2020 (31 December 2019: \$532,627).

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

Fees earned, accrued and payable	6 months ended 31/12/20	6 months ended 31/12/19
Fees earned by and accrued to the Manager for the period ended 31 December	unaudited \$000	unaudited \$000
Management fees	1,150	944
Performance fees	1,866	533
Administration services	79	79
Total fees earned by and accrued to the Manager	3,095	1,556
	31/12/20	30/06/20
	unaudited	audited
	\$000	\$000
Fees payable to the Manager		
Management fees	227	166
Performance fees payable	1,866	1,582
Administration services	13	13
Total fees payable to the Manager	2,106	1,761

Investment transactions with related parties

Off-market transactions between Marlin and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). Sales for the period ended 31 December 2020 totalled \$494,166 (31 December 2019: nil) and no purchases were made (31 December 2019: nil).

Note 8 Related Party Information (continued)

Directors

The directors of Marlin are the only key management personnel and they are paid a fee for their services. The directors' fee pool is \$157,500 (plus GST, if any) per annum (30 June 2020: \$157,500). The amount paid to directors (inclusive of GST for three directors) is disclosed in note 4 under directors' fees (all directors earn a director's fee).

The directors or their associates also held shares in the Company at 31 December 2020 and warrants during the period. The table below shows a reconciliation of opening and closing share holdings and warrant holdings for all directors or their associates:

	6 months ended 31/12/20 unaudited \$000	6 months ended 31/12/19 unaudited \$000
Opening market value of shares held by directors or their associates	3,605	957
Plus shares issued for warrants exercised	664	0
Plus other share purchases	1,997	1,888
Plus share price movements	1,702	310
Closing market value of shares held by directors or their associates	7,968	3,155
Opening market value of warrants held by directors or their associates	75	0
Plus new warrants issued and price movements	105	62
Less warrants exercised	(180)	0
Closing market value of warrants held by directors or their associates	0	62

Dividends of \$205,891 (31 December 2019: \$121,013) were also received by directors or their associates as a result of their shareholding.

Note 9 Net Asset Value

The unaudited net asset value of Marlin as at 31 December 2020 was \$1.10 per share (30 June 2020: \$1.03) calculated as the net assets of \$206,275,708 divided by the number of shares on issue of 187,712,148 (30 June 2020: net assets of \$156,163,981 and shares on issue of 151,897,797).

Note 10 Subsequent Events

On 17 February 2021, the Board declared a dividend of 2.21 cents per share. The record date for this dividend is 4 March 2021 with a payment date of 26 March 2021.

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



Independent auditor's review report

To the shareholders of Marlin Global Limited

Report on the interim financial statements

Our conclusion

We have reviewed the interim financial statements of Marlin Global Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these accompanying interim financial statements of the Company do not present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibility is further described in the *Auditor's responsibility for the review of the interim financial statements* section of our report.

We are independent of the Company in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out agreed-upon procedures for the Company over performance fee calculations. The provision of these other services has not impaired our independence.

Directors' responsibility for the interim financial statements

The Directors of the Company are responsible, on behalf of the Company, for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
17 February 2021

Auckland