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**MARLIN GLOBAL LIMITED**  
**FINANCIAL STATEMENTS CONTENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**MARLIN GLOBAL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$000	2020 \$000
Interest income		6	16
Dividend income		612	635
Net changes in fair value of financial assets and liabilities	2	77,688	26,421
Other income/(losses)	3	(244)	(134)
<b>Total net income</b>		<b>78,062</b>	<b>26,938</b>
Operating expenses	4	(6,556)	(4,348)
<b>Operating profit before tax</b>		<b>71,506</b>	<b>22,590</b>
Total tax expense	5	(2,326)	(33)
<b>Net operating profit after tax attributable to shareholders</b>		<b>69,180</b>	<b>22,557</b>
<b>Total comprehensive income after tax attributable to shareholders</b>		<b>69,180</b>	<b>22,557</b>
<b>Basic earnings per share</b>	7	<b>39.55c</b>	<b>15.17c</b>
<b>Diluted earnings per share</b>	7	<b>38.60c</b>	<b>15.09c</b>

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

**MARLIN GLOBAL LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

*Attributable to shareholders of the  
Company*

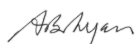
	Notes	Share Capital \$000	Retained Earnings \$000	Total Equity \$000
<b>Balance at 1 July 2019</b>		<b>133,382</b>	<b>7,227</b>	<b>140,609</b>
<b>Comprehensive income</b>				
Net operating profit after tax		0	22,557	22,557
Other comprehensive income		0	0	0
<b>Total comprehensive income for the year ended 30 June 2020</b>		<b>0</b>	<b>22,557</b>	<b>22,557</b>
<b>Transactions with shareholders</b>				
Warrant issue costs	6	(2)	0	(2)
Dividends paid	6	0	(11,739)	(11,739)
New shares issued under dividend reinvestment plan	6	4,730	0	4,730
Shares issued from treasury stock under dividend reinvestment plan	6	9	0	9
<b>Total transactions with shareholders for the year ended 30 June 2020</b>		<b>4,737</b>	<b>(11,739)</b>	<b>(7,002)</b>
<b>Balance at 30 June 2020</b>		<b>138,119</b>	<b>18,045</b>	<b>156,164</b>
<b>Comprehensive income</b>				
Net operating profit after tax		0	69,180	69,180
Other comprehensive income		0	0	0
<b>Total comprehensive income for the year ended 30 June 2021</b>		<b>0</b>	<b>69,180</b>	<b>69,180</b>
<b>Transactions with shareholders</b>				
Shares issued for warrants exercised	6	28,652	0	28,652
Warrant issue costs	6	(14)	0	(14)
Dividends paid	6	0	(15,859)	(15,859)
New shares issued under dividend reinvestment plan	6	6,258	0	6,258
<b>Total transactions with shareholders for the year ended 30 June 2021</b>		<b>34,896</b>	<b>(15,859)</b>	<b>19,037</b>
<b>Balance at 30 June 2021</b>		<b>173,015</b>	<b>71,366</b>	<b>244,381</b>


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

**MARLIN GLOBAL LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Notes	2021 \$000	2020 \$000
<b>SHAREHOLDERS' EQUITY</b>		<b>244,381</b>	<b>156,164</b>
Represented by:			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	5,102	2,640
Trade and other receivables	8	111	1,593
Financial assets at fair value through profit or loss	2	246,851	155,638
Current tax receivable	5	0	58
<b>Total Current Assets</b>		<b>252,064</b>	<b>159,929</b>
<b>Non-current Assets</b>			
Deferred tax asset	5	0	1
<b>Total Non-current Assets</b>		<b>0</b>	<b>1</b>
<b>TOTAL ASSETS</b>		<b>252,064</b>	<b>159,930</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	3,227	3,309
Financial liabilities at fair value through profit or loss	2	2,277	457
Current tax payable	5	2,179	0
<b>Total Current Liabilities</b>		<b>7,683</b>	<b>3,766</b>
<b>TOTAL LIABILITIES</b>		<b>7,683</b>	<b>3,766</b>
<b>NET ASSETS</b>		<b>244,381</b>	<b>156,164</b>

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

  
A B Ryan  
Chair  
23 August 2021

  
C A Campbell  
Chair of the Audit and Risk Committee  
23 August 2021

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

**MARLIN GLOBAL LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$000	2020 \$000
<b>Operating Activities</b>			
Sale of listed equity investments		85,825	66,965
Interest received		6	18
Dividends received		643	648
Other expenses		(438)	(174)
GST refund		198	0
Purchase of listed equity investments		(105,043)	(55,653)
Operating expenses		(5,120)	(2,803)
Taxes paid		(88)	(418)
Net settlement of forward foreign exchange contracts		7,433	(1,906)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>10</b>	<b>(16,584)</b>	<b>6,677</b>
<b>Financing Activities</b>			
Proceeds from warrants exercised		28,652	0
Warrant issue costs		(14)	(2)
Dividends paid (net of dividends reinvested)		(9,601)	(7,000)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>19,037</b>	<b>(7,002)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>2,453</b>	<b>(325)</b>
Cash and cash equivalents at beginning of the year		2,640	2,941
Effects of foreign currency translation on cash balance		9	24
<b>Cash and cash equivalents at end of the year</b>	<b>10</b>	<b>5,102</b>	<b>2,640</b>

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**

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit entities, and International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis, except for financial assets and liabilities at fair value through profit or loss.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars.

The operating expenses include GST where it is charged by other parties as it cannot be reclaimed.

The impact of COVID-19 on the Company's financial statements was considered and, other than the impact of the post COVID-19 recovery on investment fair value gains, there have been no other impacts on the Company's financial reporting.


**Foreign Currency Transactions and Translations**

Foreign currency transactions are converted into New Zealand dollars using exchange rates prevailing at transaction date. Foreign currency assets and liabilities are translated into New Zealand dollars using the exchange rates prevailing at the balance date.

Foreign exchange gains or losses relating to the financial assets and liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets and liabilities".

Foreign exchange gains and losses relating to cash and cash equivalents, trade and other receivables, and trade and other payables are presented in the Statement of Comprehensive Income within "Other income/ (losses)".


**Accounting Policies**

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a  symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

There are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.

**Critical Judgements, Estimates and Assumptions**


The preparation of 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 financial statements. There were no material estimates or assumptions required in the preparation of these financial statements.


**Authorisation of Financial Statements**

The Marlin Board of Directors authorised these financial statements for issue on 23 August 2021.

No party may change these 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.

 Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of financial assets and liabilities are recognised in the Statement of Comprehensive Income.

**Note 2 Financial assets and liabilities at fair value through profit or loss (continued)**

Financial assets at fair value through profit or loss comprise international listed equity investment assets and forward foreign exchange contracts with positive value.

Financial liabilities at fair value through profit or loss comprise forward foreign exchange contracts with negative value.

Forward foreign exchange contracts can be used as economic hedges for equity investments against currency risk. They are accounted for on the same basis as those investments and are recognised at their fair value.

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

The fair value of listed equity 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 by using valuation techniques based on spot exchange rates and forward points supplied by The World Markets Company PLC via Refinitiv.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used in an active market, the investments are categorised as Level 1. When significant inputs derived from quoted prices are used, the investments are categorised as Level 2. If significant inputs are not based on observable market data, they are categorised as Level 3.

**j** All listed 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 year (2020: none). There were no financial instruments classified as Level 3 at 30 June 2021 (2020: none).

<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Financial Assets:</b>		
International listed equity investments	246,847	155,625
Forward foreign exchange contracts	4	13
<b>Total financial assets at fair value through profit or loss</b>	<b>246,851</b>	<b>155,638</b>
<b>Financial Liabilities:</b>		
Forward foreign exchange contracts	2,277	457
<b>Total financial liabilities at fair value through profit or loss</b>	<b>2,277</b>	<b>457</b>
<b>Net changes in fair value of financial assets and liabilities</b>		
International listed equity investments	79,980	25,047
Foreign exchange (losses)/gains on equity investments	(7,897)	4,920
Gains/(losses) on forward foreign exchange contracts	5,605	(3,546)
<b>Net changes in fair value of financial assets and liabilities through profit or loss</b>	<b>77,688</b>	<b>26,421</b>

The fair value of 6 stocks was determined using the bid price (2020: 7 stocks).

The notional value of forward foreign exchange contracts held at 30 June 2021 was \$113,445,741 (2020: \$76,609,790).

<b>Note 3 Other income/(losses)</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
GST refund (note 11)	198	0
Foreign exchange losses on cash and cash equivalents and outstanding settlements	(442)	(134)
<b>Total other losses</b>	<b>(244)</b>	<b>(134)</b>

**MARLIN GLOBAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

<b>Note 4 Operating expenses</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Management fee (note 11)	2,607	1,897
Performance fee (note 11)	2,883	1,582
Administration services (note 11)	159	159
Directors' fees (note 11)	176	175
Brokerage	298	191
Investor relations and communications	132	101
Custody and accounting fees	99	55
NZX fees	60	56
Professional fees	41	44
Fees paid to the auditor:		
Statutory audit and review of financial statements	38	36
Non-assurance services <sup>1</sup>	2	2
Regulatory fees	16	14
Other operating expenses	45	36
<b>Total operating expenses</b>	<b>6,556</b>	<b>4,348</b>

<sup>1</sup> Non-assurance services relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor.

**Note 5 Taxation**

Marlin is a Portfolio Investment Entity ("PIE") for tax purposes.




Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid (or refundable). Deferred tax (if any) is recognised as the difference between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.

<b>Taxation expense is determined as follows:</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Operating profit before tax</b>	<b>71,506</b>	<b>22,590</b>
Non-taxable realised gain on financial assets and liabilities	(28,628)	(20,676)
Non-taxable unrealised gain on financial assets and liabilities	(43,221)	(8,792)
Fair Dividend Rate income	8,965	7,300
Exempt dividends subject to Fair Dividend Rate	(616)	(632)
Non-deductible expenses and other	307	208
Forfeit of tax credits	0	326
Prior period adjustment	(1)	(207)
Tax losses utilised	(4)	0
<b>Taxable income</b>	<b>8,308</b>	<b>117</b>
<b>Tax at 28%</b>	<b>2,326</b>	<b>33</b>
<i>Taxation expense comprises:</i>		
Current tax	2,327	0
Deferred tax	0	0
Forfeit of tax credits	0	91
Prior period adjustment	(1)	(58)
<b>Total tax expense</b>	<b>2,326</b>	<b>33</b>
<b>Current tax balance</b>		
Opening balance	58	(327)
Prior period adjustment	0	58
Current tax movements	(2,327)	0
Tax paid	0	327
Credits used	88	0
Losses utilised	2	0
<b>Current tax (payable)/receivable</b>	<b>(2,179)</b>	<b>58</b>



**MARLIN GLOBAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Note 5 Taxation (continued)	2021 \$000	2020 \$000
<b>Deferred tax balance</b>		
Opening balance	1	0
Current year losses	0	0
Tax credits	(1)	
Other	0	1
<b>Deferred tax asset</b>	<b>0</b>	<b>1</b>


 A deferred tax asset is recognised only if it is probable that future tax profits will be available to utilise against the deferred tax asset.

**Imputation credits**

The imputation credits available for subsequent reporting periods total \$2,179,877 (2020: \$nil). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 30 June 2021.

**Note 6 Shareholders' Equity**

**Share Capital**

 Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the Company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Marlin has 190,259,965 fully paid ordinary shares on issue (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. For the year ended 30 June 2021, Marlin did not acquire any shares (2020: 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 (2020: nil).

**Warrants**

On 17 May 2021, 47,256,870 new Marlin warrants were allotted, and quoted on the NZX Main Board on 18 May 2021. One new warrant was issued to all eligible shareholders for every four shares held on record date (14 May 2021). The warrants are exercisable at \$1.28 per warrant, adjusted down for dividends declared during the period up to the exercise date of 20 May 2022. Warrant holders can elect to exercise some or all of their warrants on the exercise date. The net cost of issuing the warrants of \$13,644 is deducted from share capital.

On 6 November 2020, 33,399,590 warrants valued at \$28,723,647, less exercise costs of \$71,879 (net \$28,651,768), were exercised at \$0.86 per warrant, and the remaining 3,853,098 warrants lapsed.

**Dividends**

 Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Marlin Board.

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

	2021 \$000	Cents per share		2020 \$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	2,943	1.99
26 Mar 2021	4,149	2.21	27 Mar 2020	3,043	2.04
25 Jun 2021	4,480	2.37	26 Jun 2020	2,923	1.94
	<b>15,859</b>	<b>8.84</b>		<b>11,739</b>	<b>7.90</b>

**Note 6 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 year ended 30 June 2021, 4,962,578 ordinary shares totalling \$6,258,001 (2020: 5,262,385 ordinary shares totalling \$4,738,947) 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 7 Earnings per Share**



Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

	2021	2020
<b>Basic earnings per share</b>		
Profit attributable to shareholders of the Company (\$'000)	69,180	22,557
Weighted average number of ordinary shares on issue net of treasury stock ('000)	174,940	148,671
<b>Basic earnings per share</b>	<b>39.55c</b>	<b>15.17c</b>
<b>Diluted earnings per share</b>		
Profit attributable to shareholders of the Company (\$'000)	69,180	22,557
Weighted average number of ordinary shares on issue net of treasury stock ('000)	174,940	148,671
Diluted effect of warrants ('000)	4,262	778
	179,202	149,449
<b>Diluted earnings per share</b>	<b>38.60c</b>	<b>15.09c</b>

**Note 8 Trade and Other Receivables**



Trade and other receivables are classified as financial assets at amortised cost and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.



The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2021	2020
	\$000	\$000
Dividends receivable	0	2
Unsettled investment sales	0	1,441
Other receivables and prepayments	111	150
<b>Total trade and other receivables</b>	<b>111</b>	<b>1,593</b>

**Note 9 Trade and Other Payables**



Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.



The trade and other payables' carrying values are a reasonable approximation of fair value.

	2021	2020
	\$000	\$000
Dividends payable	28	0
Related party payable (note 11)	3,152	1,761
Unsettled investment purchases	0	1,511
Other payables and accruals	47	37
<b>Total trade and other payables</b>	<b>3,227</b>	<b>3,309</b>

**Note 10 Cash and Cash Flow Reconciliation**

**Cash and Cash Equivalents**



Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks.

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Cash - New Zealand dollars	4,606	989
Cash - International currency	496	1,651
<b>Cash and Cash Equivalents</b>	<b>5,102</b>	<b>2,640</b>

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

<b>Net operating profit after tax</b>	<b>69,180</b>	<b>22,557</b>
<b>Items not involving cash flows:</b>		
Unrealised gains on cash and cash equivalents	(9)	(24)
Unrealised gains on revaluation of investments	(43,220)	(8,792)
Unrealised losses on forward foreign exchange contracts	1,828	1,640
	<b>(41,401)</b>	<b>(7,176)</b>
<b>Impact of changes in working capital items</b>		
(Decrease)/increase in trade and other payables	(82)	3,069
Decrease/(increase) in trade and other receivables	1,482	(1,446)
Change in current and deferred tax	2,238	(386)
	<b>3,638</b>	<b>1,237</b>
<b>Items relating to investments</b>		
Amount paid for purchases of investments	(105,043)	(55,653)
Amount received from sales of investments	85,825	66,965
Net amount paid on settlement of forward foreign exchange contracts	7,433	(1,906)
Realised gains on investments	(36,296)	(19,267)
Increase/(decrease) in unsettled purchases of investments	1,519	(1,519)
Decrease in unsettled sales of investments	(1,439)	1,439
	<b>(48,001)</b>	<b>(9,941)</b>
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(16,584)</b>	<b>6,677</b>

**Note 11 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 (2020: 15% 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 adjusted net asset value (prior to performance fee) and payment 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.

**Note 11 Related Party Information (continued)**

**(ii) Performance fee (continued):**

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.



Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income in line with a typical operating expense.

For the year ended 30 June 2021, excess returns of \$62,049,218 (2020: \$15,586,074) were generated and the net asset value per share before the deduction of a performance fee was \$1.30 (2020: \$1.04), which exceeded the HWM after adjustment for capital changes and distributions of \$0.92 (2020: \$0.88). Accordingly, the Company has expensed a capped performance fee of \$2,883,200 in the Statement of Comprehensive Income for the year ended 30 June 2021 (2020: \$1,581,986).

**(iii) Administration fee:** Fisher Funds provides corporate administration services and a monthly fee is charged.

<b>Fees earned, accrued and payable:</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Fees earned by and accrued to the Manager for the year ended 30 June</b>		
Management fees	2,607	1,897
Performance fees	2,883	1,582
Administration services	159	159
<b>Total fees earned by and accrued to the Manager</b>	<b>5,649</b>	<b>3,638</b>
<b>Fees payable to the Manager at 30 June</b>		
Management fees	255	166
Performance fees	2,884	1,582
Administration services	13	13
<b>Total amount payable to the Manager</b>	<b>3,152</b>	<b>1,761</b>

**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). Purchases for the year ended 30 June 2021 totalled \$1,105,088 (2020: \$nil) and sales totalled \$494,166 (2020: \$nil).

**GST refund**

On 30 April 2021, Fisher Funds received a GST refund plus use of money interest (UOMI) from the Inland Revenue Department ("IRD"). The refund relates to the period 1 April 2004 to 31 July 2009 when the Manager applied 15% GST on management fees, when a subsequent assessment confirmed the Manager was entitled to charge only 1.5% GST on management fees. The total GST refund received by the Manager on behalf of Marlin is \$197,560, being overcharged GST refunded of \$193,598 and plus UOMI of \$3,962.

The GST refund was received by Marlin in May 2021.

The GST refund and UOMI are excluded from any performance fee calculation, consistent with how they have been treated in the past given they are not performance related income for the year.

**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 (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 30 June 2021 and warrants during the year. The table below shows a reconciliation of opening and closing share holdings and warrant holdings for all directors or their associates:

**Note 11 Related Party Information (continued)**

<b>Directors (continued):</b>	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Opening value of shares held by directors or their associates	3,605	957
Plus shares issued for warrants exercised	664	0
Plus other share purchases	2,011	2,354
Less share sales	0	0
Plus share price movements	3,544	294
<b>Closing value of shares held by directors or their associates</b>	<b>9,824</b>	<b>3,605</b>
Opening value of warrants held by directors or their associates	75	0
Plus new warrants issued and price movements	503	75
Less warrants exercised	(180)	0
<b>Closing value of warrants held by directors or their associates</b>	<b>398</b>	<b>75</b>

Dividends of \$486,741 (2020: \$252,721) were also received by directors or their associates as a result of their shareholding.

**Note 12 Financial Risk Management**

The Company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, credit risk and liquidity risk.

The Management Agreement between Marlin and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, forward foreign exchange contracts, trade and other receivables and trade and other payables.

**Market Risk**

All equity investments present a risk of loss of capital, often due to factors beyond the Company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection, diversification, and daily monitoring of the market positions. For corporate governance purposes there is also regular reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The country in which Marlin's exposure is 10% or greater of the portfolio is the United States 88% (2020: United States 87%).

**Price Risk**

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. One company comprised more than 10% of Marlin's total assets at 30 June 2021 (2020: none). Facebook Inc. comprised 11% (2020: 7%) of Marlin's total assets, and therefore fluctuations in the value of this portfolio company will have a greater impact on the overall investments balance.

**Interest Rate Risk**

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing foreign currency and New Zealand bank accounts. The Company is therefore exposed to the risk of changes in interest income from movements in both international and New Zealand interest rates. There is no hedge against the risk of movements in interest rates.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company holds assets denominated in international currencies and it is therefore exposed to currency risk as the value of assets held in international currencies will fluctuate with changes in the relative value of the New Zealand dollar. The Company mitigates this risk by entering into forward foreign exchange contracts as and when the Manager deems it appropriate. At any time during the year the portfolio may be hedged by an amount deemed appropriate by the Manager.

**Note 12 Financial Risk Management (continued)**

**Market Risk (continued)**

**Sensitivity Analysis**

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes arising from market risk exposure at 30 June as follows:

		<b>2021</b>	<b>2020</b>
		<b>\$000</b>	<b>\$000</b>
<b>Price risk <sup>1</sup></b>			
International listed equity investments	Carrying value	246,847	155,625
	Impact of a 20% change in market prices: +/-	49,369	31,125
<b>Interest rate risk <sup>2</sup></b>			
Cash and cash equivalents	Carrying value	5,102	2,640
	Impact of a 1% change in interest rates: +/-	51	26
<b>Currency risk <sup>3</sup></b>			
Cash and cash equivalents	Carrying value	496	1,651
	Impact of a +10% change in exchange rates	(45)	(150)
	Impact of a -10% change in exchange rates	55	183
International listed equity investments	Carrying value	246,847	155,625
	Impact of a +10% change in exchange rates	(22,441)	(14,148)
	Impact of a -10% change in exchange rates	27,427	17,292
Forward foreign exchange contracts	Carrying value	(2,273)	(444)
	Impact of a +10% change in exchange rates	10,378	6,965
	Impact of a -10% change in exchange rates	(12,684)	(8,512)
Net foreign currency payables/receivables	Carrying value	101	36
	Impact of a +10% change in exchange rates	(9)	(3)
	Impact of a -10% change in exchange rates	11	4

<sup>1</sup> A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

<sup>2</sup> A variable of 1% was selected as this is a reasonably expected movement based on historical volatility. The percentage movement for the interest rate sensitivity relates to an absolute change in interest rate rather than a percentage change in interest rate.

<sup>3</sup> A variable of 10% was selected as this is a reasonably expected movement based on historic trends in exchange rate movements.

**Credit Risk**

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties.

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions and are normally settled within three business days. Dividends receivable are due from listed international companies and are normally settled within a month after the Ex-Dividend date. The Company has cash and forward foreign exchange contracts with banks registered in New Zealand, and internationally, which carry a minimum short-term credit rating of S&P AA- or equivalent.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At balance date, cash at bank was held with counterparties with a credit rating of S&P AA- or equivalent. Trade and other receivables are normally settled within three business days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Other than cash at bank, short term unsettled trades and dividends receivable, there are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

**Note 12 Financial Risk Management (continued)**

**Liquidity Risk**

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity (through daily cash monitoring) to meet working capital and investment requirements. All trade and other payables have contractual maturities of three months or less.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 30 June 2021 (2020: nil).

All derivative financial liabilities held by the Company have contractual maturities of three months or less.

There have been no subsequent events to suggest any issues with satisfying working capital and investment requirements.

**Capital Risk Management**

The Company's objective is to prudently manage shareholder capital (share capital, reserves, retained earnings) and borrowings (if any).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and secure borrowings in the short term.

The Company was not subject to any externally imposed capital requirements during the year.

Since announcing a long-term distribution policy in August 2010, the Company continues to pay 2% of average net asset value each quarter.

**Note 13 Net Asset Value**

The audited net asset value per share of Marlin as at 30 June 2021 was \$1.28 per share (2020: \$1.03), calculated as the net assets of \$244,381,374 divided by the number of shares on issue of 190,259,965 (2020: net assets of \$156,163,981 and shares on issue of 151,897,797).

**Note 14 Commitments and Contingent Liabilities**

There were no unrecognised contractual commitments or contingent liabilities as at 30 June 2021 (2020: nil).

**Note 15 Financial Reporting by Segments**

The Company operates in a single operating segment, being international financial investment.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

There has been no change to the operating segment during the year.

**Note 16 Subsequent Events**

The Board declared a dividend of 2.52 cents per share on 23 August 2021. The record date for this dividend is 9 September 2021 with a payment date of 24 September 2021.

On 1 July 2021 Marlin appointed David McClatchy as an independent director. He replaced Carmel Fisher, who retired from the board of directors on 6 August 2021.

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



## Independent auditor's report

To the shareholders of Marlin Global Limited

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### Our opinion

In our opinion, the accompanying financial statements of Marlin Global Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

### What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

Our firm carries out an agreed-upon procedures engagement for the Company in relation to the performance fee calculation. The provision of this service has not impaired our independence as auditor of the Company.

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### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Description of the key audit matter	How our audit addressed the key audit matter
<p><b>Valuation and existence of listed equity investments</b></p> <p>Listed equity investments (the investments) are valued at \$246.8 million and represent 98% of total assets.</p> <p>Further disclosures on the investments are included in note 2 to the financial statements.</p> <p>This was an area of focus for our audit and an area where a significant proportion of audit effort was directed.</p> <p>As at 30 June 2021, all investments were in companies that were listed on recognised stock exchanges and were actively traded with readily available, quoted market prices. The market prices were quoted in foreign currencies, and were then translated to New Zealand dollars using the exchange rate at 30 June 2021.</p> <p>All investments are held by Trustees Executors Limited (the Custodian) on behalf of the Company. Trustees Executors Limited also provides administration services for the Company.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, its investment portfolio.</p> <p>We obtained confirmation from the Custodian that the Company was the recorded owner of all the recorded investments.</p> <p>We obtained copies of and assessed Trustees Executors Limited’s Internal Controls Reports for Custody, Investment Accounting and Registry services for the period from 1 April 2020 to 31 March 2021. Trustees Executors Limited has confirmed that there has been no material change to the control environment in the period from 1 April 2021 to 30 June 2021.</p> <p>We agreed the price for all investments held at 30 June 2021 and the exchange rate at which they have been converted from foreign currencies to New Zealand dollars to independent third-party pricing sources.</p> <p>No matters arose from the procedures performed.</p>

## Our audit approach

### Overview

<b>Materiality</b>	<p>Overall materiality: \$1,221,000, which represents approximately 0.5% of net assets.</p> <p>We chose net assets as the benchmark because, in our view, the objective of the Company is to provide investors with a total return on its assets, taking account of both capital and income returns.</p>
<b>Key audit matters</b>	<p>As reported above, we have one key audit matter, being: <i>Valuation and existence of listed equity investments</i>.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

### **How we tailored our audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements of the Company as a whole, taking into account the structure of the Company, the Company's investments and the accounting processes and controls.

The Company appointed Fisher Funds Management Limited as the Manager to provide investment management services and administration services. The Company's investments are held by the Custodian who also provides accounting services.

In completing our audit, we performed relevant audit procedures over the control environment of the Manager and the Custodian and to support our audit conclusions.

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

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### **Responsibilities of the Directors for the financial statements**

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, 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 financial statements, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (NZ) and ISAs 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

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#### **Who we report to**

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which 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.

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

For and on behalf of:

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants

23 August 2021

Auckland