

Annual Report

For the year ended
30 June 2024



NZ Windfarms Ltd
POWERED BY NATURE

POWERED BY NATURE

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Purpose

Empowering Sustainable Communities

Values

Honesty

Integrity

Trust

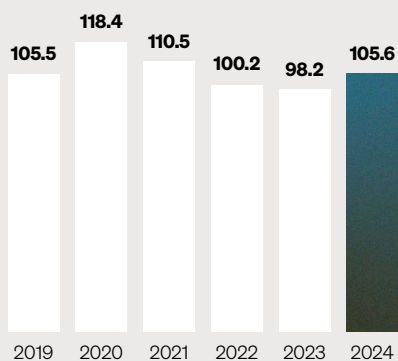
Innovation

Manākitanga, and

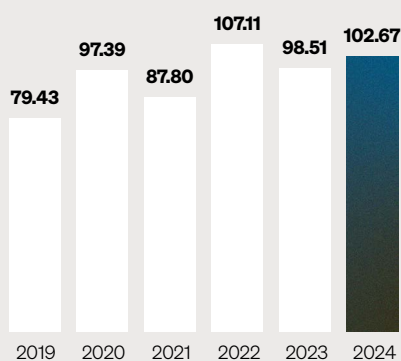
Enjoyment.

Financial Overview

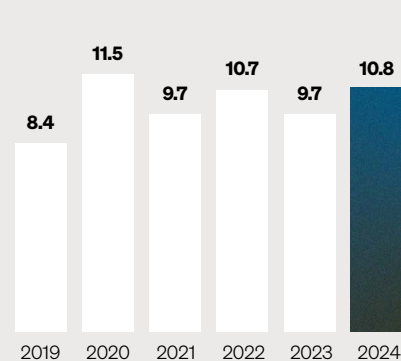
Generation (GWh)



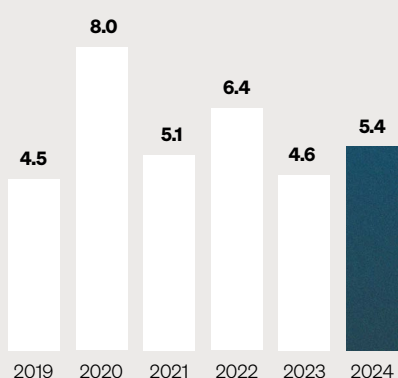
NET Electricity Price (GWAP \$MWh)



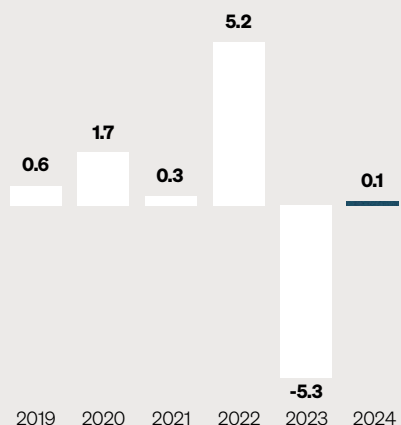
NET Electricity Sales (\$M)



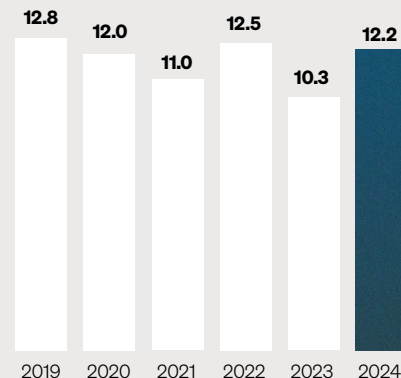
EBITDAF (\$m)



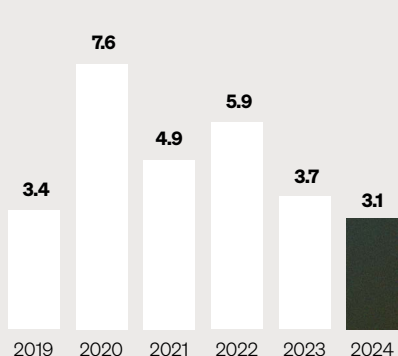
NPAT (\$M)



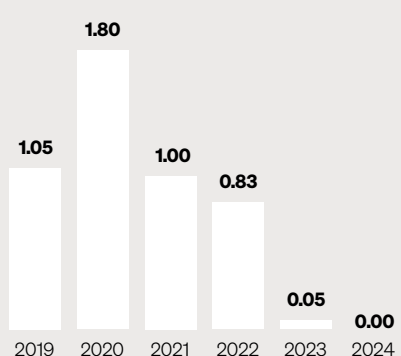
NTA (CPS)



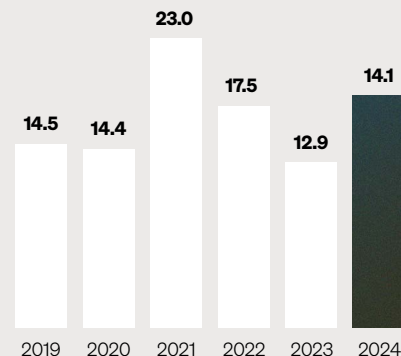
Operating Cash Flow (\$m)



Gross Dividends (cps)



Share Price (CPS) at 30 June



Chair's Review



Dear Shareholders

Year in Review

We will look back on this year as a pivotal one for our Company, achieving not only improved financial results, despite tough wind conditions, but advancing our strategic transition from a wind farm owner-operator to an owner-operator and full-scale developer of renewable energy resources. This supports our contribution to the targets in the New Zealand Emissions Reduction Plan for reducing net greenhouse gas emissions by 2050.

During the year, we made significant progress advancing the repowering of Te Rere Hau windfarm both in terms of design and technical work, as well as preparations to raise equity for the project. Our strategic partnerships continued to strengthen and grow as we identified and advanced future opportunities and optionality beyond Te Rere Hau in terms of developing new projects.

Working with our shareholders

A feature of the year has been working with our shareholders as we made strategic decisions about the future. Receiving shareholder approval for our repower transactions, and the share placement to enable our joint venture with Meridian was a major step forward for the company. This project is not only New Zealand's first repower of a significant windfarm but will also involve the first decommissioning of an existing farm, expanding NZ Windfarms' expertise and capabilities.

We will continue to keep shareholders informed on this journey in terms of this strategic transition as well as the new investment opportunities it will offer. Growing the skills and expertise of our Company in the renewal electricity market will continue to create future value for shareholders.

Transition to a low carbon economy

During the year, the government improved regulatory clarity while confirming medium and long-term policy settings underpinning the country's transition to a low carbon economy. The government's provision of fast track consenting for renewable development was welcomed as was the confirmation of the cancellation of the proposed Onslow pumped hydro project which was creating significant investment uncertainty in the sector.

Improved clarity comes from knowing New Zealand's 2050 emissions reduction targets remain a key focus, but the transition poses significant challenges. To support this, there is a need to find and increase the supply of electricity produced from renewable energy. However, this year has underscored the risks to the stability of this transition. Hydro storage is currently at very low levels, straining our electricity supply during this dry period. As we progress, maintaining reliable renewable hydro generation baseload during extended dry periods will be a continual challenge, reinforcing the essential role of thermal generation in the transition.

New Zealand needs to continue to focus on this to maintain the confidence of consumers as well as its trading partners. As carbon accountability becomes increasingly important in all sectors, the incentive for new renewable development is stronger than ever.

Market position

Regulatory and market trends are strengthening our Company's position in the market, justifying continued investment and a broadening of our position. To achieve New Zealand's emissions reduction targets, a new windfarm of scale needs to be built every year until 2050.¹ As an experienced windfarm operator and developer, this creates a number of opportunities for us.

Progress on our Aokautere Extension Project, as part of our Te Rere Hau Repower, offers a considerable increase in the expected generation output which is now projected to be around seven times the existing output. On 26 August 2024, the Expert Consenting Panel released a decision to approve the Aokautere Extension Project.

¹ Based on the analysis in the Boston Consulting Group report - <https://www.bcg.com/publications/2022/climate-change-in-new-zealand>

To achieve New Zealand's emissions reduction targets, a new windfarm of scale needs to be built every year until 2050.

Alongside this, during the year we progressed strategic partnerships to identify and scope additional opportunities that are now under consideration and assessment. These include two major wind farm projects for which we have lodged applications to be listed under Schedule 2A of the new fast track consenting bill.

We hope to be able to share more detail on these with shareholders later in the year. What these projects underscore is that there is a range of future opportunities for our Company in terms of further expanding our skills and experience.

Market dynamics suggest strong incentives for renewables development. Higher electricity prices arising from hydro levels under pressure, as well as decisions around Tiwai Point, provide tailwinds for new investment. However, there are also risks and challenges within our ten-year planning horizon, including diminishing gas stocks to provide firming, and additional grid investment to enable delivery of renewable electricity throughout the country.

Board and governance update

This year has also been one of further change and development in the governance and management of the business. In particular, the Board thanks Neal Barclay (Meridian CEO) for his short but impactful tenure on the Board from December 2023 to June 2024.

Neal made a valuable contribution to our partnership with Meridian for the repower of Te Rere Hau windfarm and demonstrated Meridian's support as a significant shareholder in the company. His departure in June 2024 was to ensure no perceived risk of conflict of interest given NZ Windfarm's interest in a number of other potential opportunities.

The Board was delighted that David Prentice accepted the role of Chief Executive of our Company when Warren Koia resigned the role in March 2024 after five years at the helm. The Board is very pleased to have David join us and help lead the next phase and build on what has been achieved so far in the re consenting of the world class Te Rere Hau wind site.

Acknowledgements

In a year as busy and productive as this one, the Board extends its thanks and appreciation to you as shareholders for your ongoing support of the Company. I would also like to extend my gratitude to our Directors and staff for their dedication and exceptional efforts throughout the year, which have been instrumental in driving NZ Windfarms' success.

In particular on behalf of the Company, I'd like to extend our thanks to former CEO Warren Koia. During his five years as CEO, the business made strong progress. This included the implementation and development of the Company's corporate strategy which led to the successful fast track consent of Te Rere Hau wind farm, the partnership arrangement with Meridian Energy to repower the wind farm, and the completion of a placement and underwritten pro-rata renounceable rights issue to bolster the Company's financial stability and fund the investigation of future growth opportunities.

Warren built robust relationships with all our key stakeholders, enhancing the Company's reputation. His financial management and commitment to budgetary discipline have been essential in driving profitability and enhancing value for shareholders. His leadership not only navigated a number of operational challenges but also laid a strong foundation for future growth and success.

The coming year will see the Company continue its transition into an owner-operator and full-scale developer of renewable electricity, and we look forward to keeping our shareholders informed as we bring forward new opportunities for investment and growth.

Thank you

Craig H. Stobo

Chair

Chief Executive's Review



Dear Shareholders

It's my pleasure to report to you at the conclusion of our financial year 2024. We continue to support the decarbonisation of our sector through the development of renewable energy in New Zealand. Although I've not long been in the role, the pace of development in our Company, and the prospects for progress in the coming years are exciting.

Overview

We achieved a strong financial performance in FY24 with EBITDAF up 17% on prior year to \$5.4m. We also continued our positive health, safety and wellbeing performance with nil recordable lost time injuries during the year.

We continue to make good progress on the Te Rere Hau repower project. NZ Windfarms and Meridian are jointly developing the project, which involves replacing 91 two-bladed Windflow Technology turbines with much larger 3-bladed turbines. This initiative represents the first substantial windfarm decommissioning and repowering project in New Zealand.

Earlier this year we were also pleased to announce that the Environmental Protection Authority had appointed an Expert Consenting Panel to consider the Company's application for resource consents for the Aokautere Extension on the Te Rere Hau repower. On 26 August 2024, the Expert Consenting Panel released a decision to approve the Aokautere Extension Project.

If constructed, the combination of the Te Rere Hau repower site and the Aokautere extension will enable us to generate at significantly lower windspeeds and potentially

increase our annual output seven-fold. We continue to work with Meridian to fine tune the detailed design and further optimise the layout.

Beyond these projects, the Company continues to identify and scope additional renewable energy opportunities with agreements in principle with a development partner on two major wind farm projects. In both cases, we have lodged applications to be listed under Schedule 2A of the new fast track consenting bill.

Key Company Metrics

The following are our key financial metrics:

- **Net Electricity Revenue¹ of \$10.8m, up 12%** (2023: \$9.7m)
- **Net Electricity Price GWAP of \$102.67 MWh, up 4%** (2023: \$98.51 MWh)
- **Generation of 105.6GWh, up 8%** (2023: 98.2 GWh)
- **Average wind speed of 9.3m/s, up 3%** (2023: 9.0 m/s)
- **Availability of 96.9%** (2023: 95.5%)
- **EBITDAF² of \$5.4m** (2023: \$4.6m) **and within guidance range**
- **Net Profit After Tax (NPAT³) to \$0.15m** (2023: - \$5.3m)
- **Operating Cash Flow⁴ of \$3.1m, down 17%** (2023: \$3.7m)
- **Net cash of \$0.7m, and \$5.8m of term deposit investments**
- **\$6.9m headroom available in the BNZ committed credit facility**
- **Dividends remain paused to fund strategic growth workstreams**

¹ Net Electricity Revenue = electricity sales + gain on realised derivatives – loss on realised derivatives.

² EBITDAF – Earnings before interest, tax, depreciation, amortisation, fair value adjustments, non-recurring costs and share in profit/(loss) from joint ventures. EBITDAF is a non-GAAP measurement. The Company utilises EBITDAF to provide shareholders with a view of underlying operational earnings on a like-for-like basis over time. EBITDAF is a common measure utilised by listed companies. Please note NZ Windfarms definition may be different to others in the market. Five main adjustments are netted for EBITDAF calculation purposes to more easily compare profit or loss between financial periods; impairments, nonrecurring opex costs, a loss on disposal of PPE, unrealised gain on derivatives and share in profit/(loss) from joint ventures.

³ NPAT = Net (Loss) Profit after tax. This is referred to as total comprehensive income and profit (loss) after tax in the financial statements.

⁴ Operating cashflow is referred to as net cash inflow (outflow) from operating activities in the financial statements.

If constructed, the combination of the Te Rere Hau repower site and the Aokautere extension will enable us to generate at significantly lower windspeeds and potentially increase our annual output seven-fold.

Financial result

Our continued focus on efficient and sustainable operations has delivered a solid result for the 2024 financial year. Net electricity revenue was \$10.8m, an increase of 12% over the previous financial year supported by a strong generation of 105.6 GWh (2023: 98.2 GWh).

We were able to achieve higher availability throughout the year at 96.9% (2023: 95.5%), which is above our OEM benchmark of 95.0% but just below the industry benchmark of 97.0%.

Our Variable Volume Fixed Price Agreements (VVFPA) helped deliver a Net Electricity Price GWAP at \$102.67 MWh (2023: \$98.51 MWh). During the year we agreed in principle new VVFPA's with Meridian Energy Limited which means we will be 100% hedged through to Final Investment Decision (FID) on the Te Rere Hau repower.

FY24 EBITDAF was \$5.4m up 17% on the prior year and was a strong performance for the company. Net profit after tax for the year was \$0.15m, a 103% increase from the previous year.

Total bank debt at the end of FY24 was nil (2023: \$7.6m) with \$6.9m headroom available on its BNZ committed credit facility to draw down if required.

The Company is continuing to pause dividends to re-invest in its strategies for future growth.

Variable volume fixed price agreement

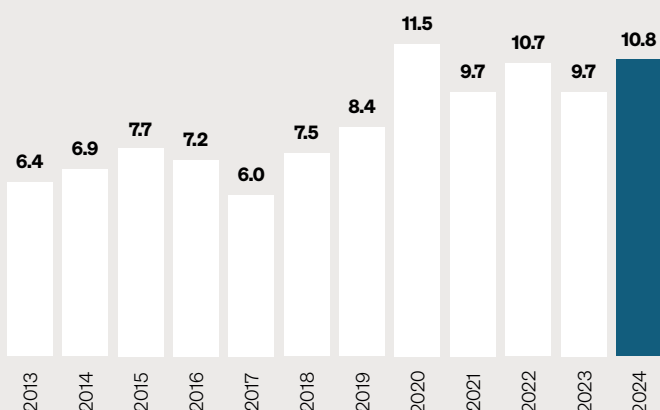
Throughout the year we have continued to establish greater forward-looking price certainty for the business using VVFPA, a hedging strategy that adds considerable value and effectively manages our exposure to price fluctuation in the wholesale market.

On 27 June 2024, the company announced that it had agreed in principle a fixed price variable volume contract for difference (CFD) with Meridian for 50% of output from Te Rere Hau windfarm from October 2024 to December 2024, and 100% of output from January 2025 to March 2025.

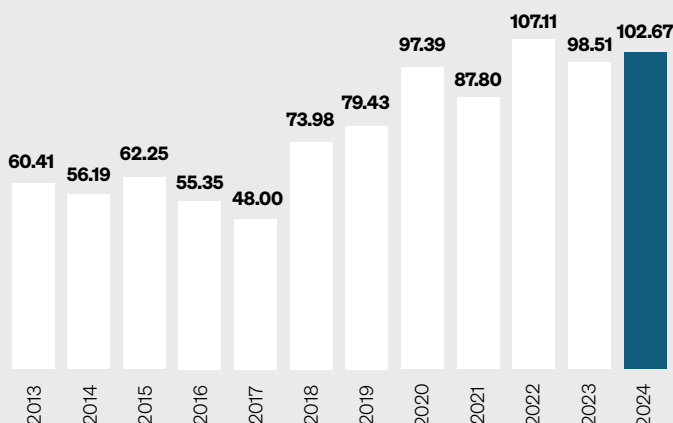
In addition, a separate CFD has been agreed with Meridian for 100% of output for the period from April 2025 to FID on the Te Rere Hau repower (but no later than September 2025). Importantly this agreement allows a degree of flexibility, despite the uncertainty of duration or volume for Meridian, representing excellent value to NZ Windfarms' shareholders.

We are currently working through the process of finalising these at the timing of writing. Once these arrangements are confirmed, NZ Windfarms will be 100% hedged through to FID.

Net Electricity Revenue (\$m)



Net Electricity Price (GWAP \$MWh)



Modelling demonstrates that the larger, more modern turbines would significantly improve our capacity from 26.4% for our current fleet to close to 50% for a new fleet which for onshore wind would be world leading.

Te Rere Hau Repower

During the year, we partnered with Meridian Energy for the repowering of Te Rere Hau windfarm. The site is well recognised as being one of the best wind resources in New Zealand.

A notable aspect of the project will be the decommissioning of our existing Te Rere Hau wind farm, marking a first for New Zealand. The brownfield site offers significant advantages over a greenfield site. Most notably, it provides the ability for construction crews to begin work immediately upon financial close without the need to pioneer site access first as well as having 20 years of operational wind data.

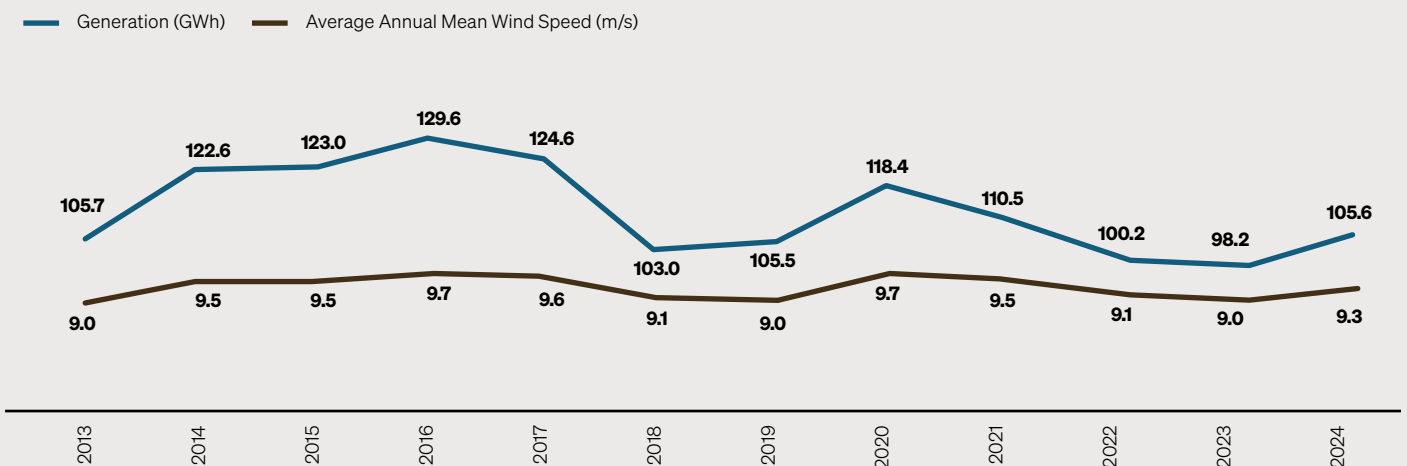
Modelling demonstrates that the larger, more modern turbines would significantly improve our capacity from 26.4% for our current fleet to close to 50% for a new fleet which for onshore wind would be world leading. This provides the potential to supply daily electricity for up to 100,000 households.

Repowering the windfarm by installing fewer, larger turbines will reduce noise, enhance visual uniformity, and improve reliability, thereby reducing the effects on our near neighbours throughout the wind farm’s operational life. This focus on reducing effects is central to our commitment to our local iwi partners and neighbouring communities, highlighting the importance we place on these relationships and maintaining our social license to operate.

We have signed an agreement with Transpower to design the grid connection and the land for the transmission corridor has also been secured.

We are progressing all aspects of the work required to make a fully informed final investment decision which we anticipate will be made in Q2 2025.

Generation (GWh) and Average Mean Wind Speed (m/s)



Beyond existing operations, the Company is focused on identifying and developing new opportunities.

Aokautere Extension Project

This year saw the appointment of an Expert Panel to consider our application for consent for the Aokautere Extension to the Te Rere Hau wind farm. This application is for a further nine new turbines which are capable of delivering an additional 46 MW of installed capacity and will enable us to seamlessly integrate this project into the broader Te Rere Hau windfarm repower project.

On 26 August 2024, the Expert Consenting Panel released a decision to approve the Aokautere Extension Project.

NZ Windfarms & Meridian Joint Venture

Following shareholder approval at our Special Shareholders Meeting in December 2023, NZ Windfarms formalised its joint venture (JV) with Meridian for the repower of Te Rere Hau. As part of that agreement, NZ Windfarms will partly fund its share of equity through the sale of existing project assets to the JV (e.g. land, consents, development expenditure). The remainder will be funded through an equity raise and the Company is currently working on this.

On 25 October 2023, the Company issued 43,209,500 ordinary shares to Meridian Energy Limited as part of the joint venture agreement and welcomed Meridian as a significant shareholder.

In addition, as part of the underwriting agreement in the separate rights issue, Meridian was issued a further 24,450,777 new shares not taken up under the rights offer, equating to an additional capital sum of \$3,789,870 which was settled on 1 December 2023.

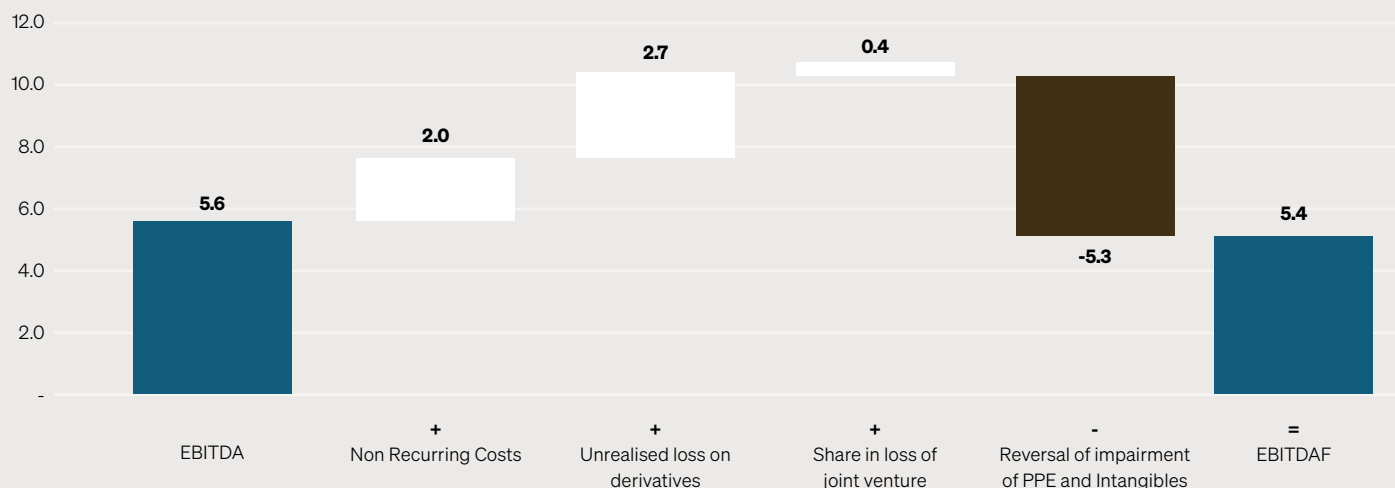
Strategy update

Beyond existing operations, the Company is focused on identifying and developing new opportunities.

We have agreement in principle with a development partner to develop two further significant site opportunities, and also have other projects in various stages of investigation.

Negotiations are well-progressed but remain commercially in confidence. However, at such time as investment decisions are made or commercial agreements reached, we will provide a further update to shareholders.

EBITDAF Waterfall chart for FY24 (\$m)



The Company is committed to minimising our impact on the environment whilst maintaining our social licence to operate in an environmentally and socially responsible manner.

Health, Safety & Wellbeing

The health, safety and wellbeing of our people is always a key focus for everyone in the Company, from the Board and senior leadership team through to our team members and our external suppliers and partners.

In FY24, there were nil recordable lost time injuries (2023: nil). We continue to support our people to ensure they go home safely at the end of every day and our commitment is to do everything we can and continually improve our processes to ensure safety and wellbeing remains at the core of our operating practice.

During the year we continued to work with staff around engagement, fairness and inclusion and wellbeing to ensure we address any issues and identify opportunities for improvement in our work environment.

Sustainability

The Company is committed to minimising our impact on the environment whilst maintaining our social licence to operate in an environmentally and socially responsible manner. This year, we undertook a TOITU audit and certification around greenhouse gas emissions inventory and management.

The purpose of this is to provide baseline measurements which allows us to monitor and mitigate the environmental impacts associated with our operations. This underpins our commitment to align with the net zero 2050 goals as part of the TOITU framework.

Purpose and Values

The Company completed its first full year operating under its Purpose and Values, established last year through a collaborative process involving all levels of the organisation and external stakeholders.

Our strong performance this year has no doubt been enhanced by these guiding principles for decision-making and the integrity of our relationships.

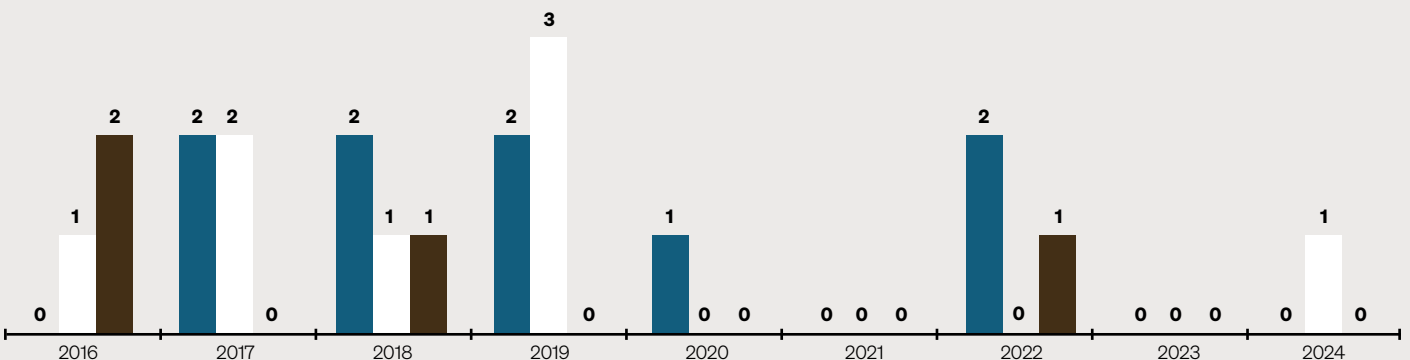
Purpose: Empowering Sustainable Communities.

Values: Honesty, Integrity, Trust, Innovation, Manākitanga and Enjoyment.

As we look ahead, our Purpose and Values will be crucial in guiding us through our new investment opportunities, ensuring we create value not only for our business but also for our employees and stakeholders and the communities we work with.

Health and Safety Metrics

■ No treatment ■ First aid only ■ Lost time injuries



We anticipate exciting years ahead as we decommission our existing turbine fleet and repower with larger, more modern technology to improve the output from our world-leading wind resource site at Te Rere Hau.

Outlook and guidance

Based on our EBITDAF forecast for FY25, we estimate the range to be between \$3.0m - \$5.5m.

While there are a number of factors that will determine whether FID occurs or not, for the purposes of providing guidance, the range is based on the assumption that FID occurs sometime in Q2 2025. The range also allows for the scenario where FID is not reached.

The FY25 EBITDAF guidance range is based on an annual production level of between 75 GWh to 106 GWh (depending on the exact date of FID), which is a higher confidence estimate based on a blend of annual averages. Shareholders can monitor actual unaudited financial year to date production data on the company's website www.nzwindfarms.co.nz

Subject to commercial terms on conditional VVFPA's with Meridian, the Company is 100% hedged for FY2025 and 100% hedged through to Final Investment Decision if this is delayed into FY26 (but no later than September 2025).

The net electricity price for FY2025 is estimated at \$116.07 per MWh. This is a blend of VVFPA prices adjusted for location and intermittency factors and weighted by monthly production estimates and hedge ratios.

EBITDAF guidance is provided on the basis of information available at this time, and may be subject to variations, including climatic and other conditions outside the Company's control. Forward electricity generation is based on a mix of recent annual averages adjusted for relevant factors. However, wind generation is inherently variable from one year to the next.

Our priorities for the year ahead are clear

We will continue to efficiently operate our existing assets, seeking to maximise returns, while we progress the repowering of Te Rere Hau and continue to develop other potential windfarm opportunities.

Assuming a successful final investment decision on Te Rere Hau repower, we anticipate exciting years ahead as we decommission our existing turbine fleet and repower with larger, more modern technology to improve the output from our world-leading wind resource site.

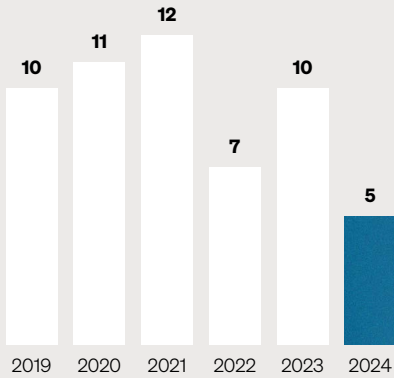
Our commitment is to continue working closely with our stakeholders to make the most of these new investment opportunities, and to deliver growth in future value for all our shareholders.

Thank you

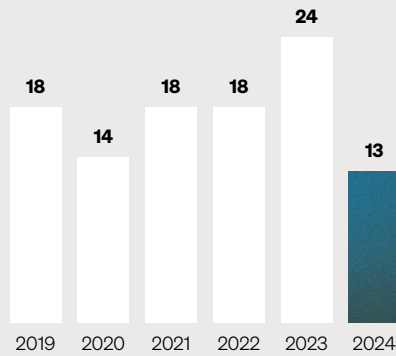
David Prentice
Chief Executive

Operational Overview

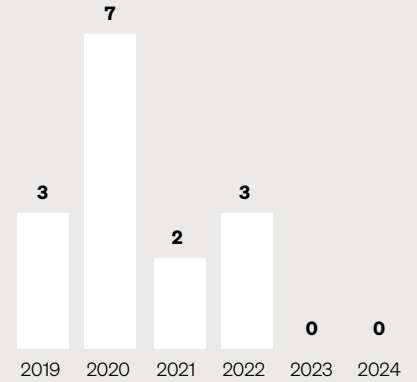
Gearboxes Replaced



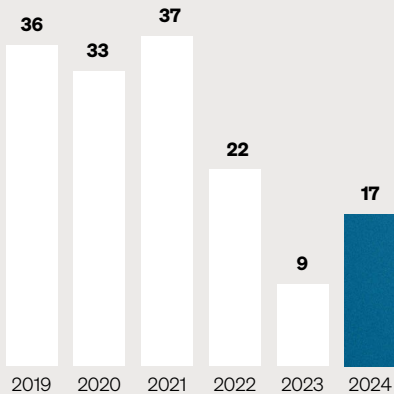
Pitch Bearings Replaced



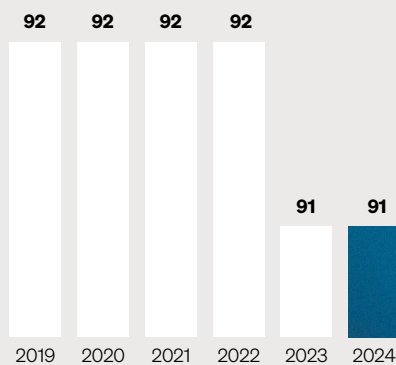
Generators Replaced



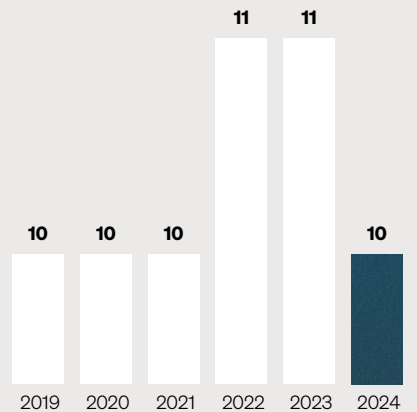
Torque Limiting Pumps Replaced



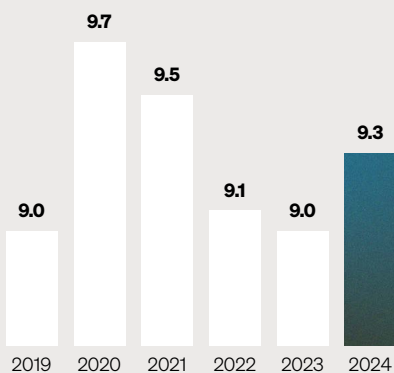
Operational Turbine Fleet



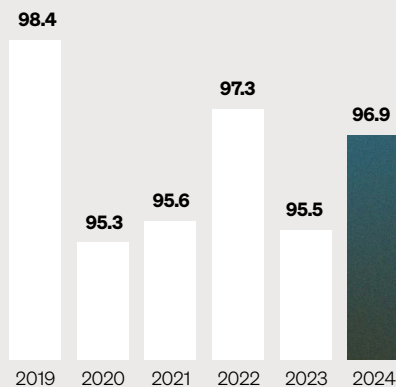
Staff Numbers



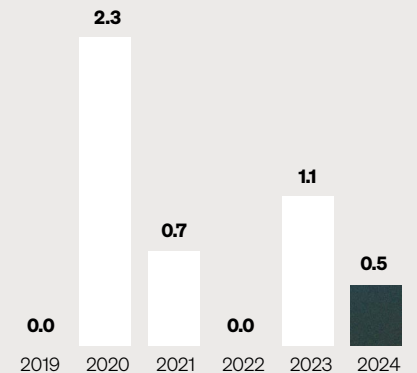
Average Annual Mean Wind Speed (m/s)



Availability (%)

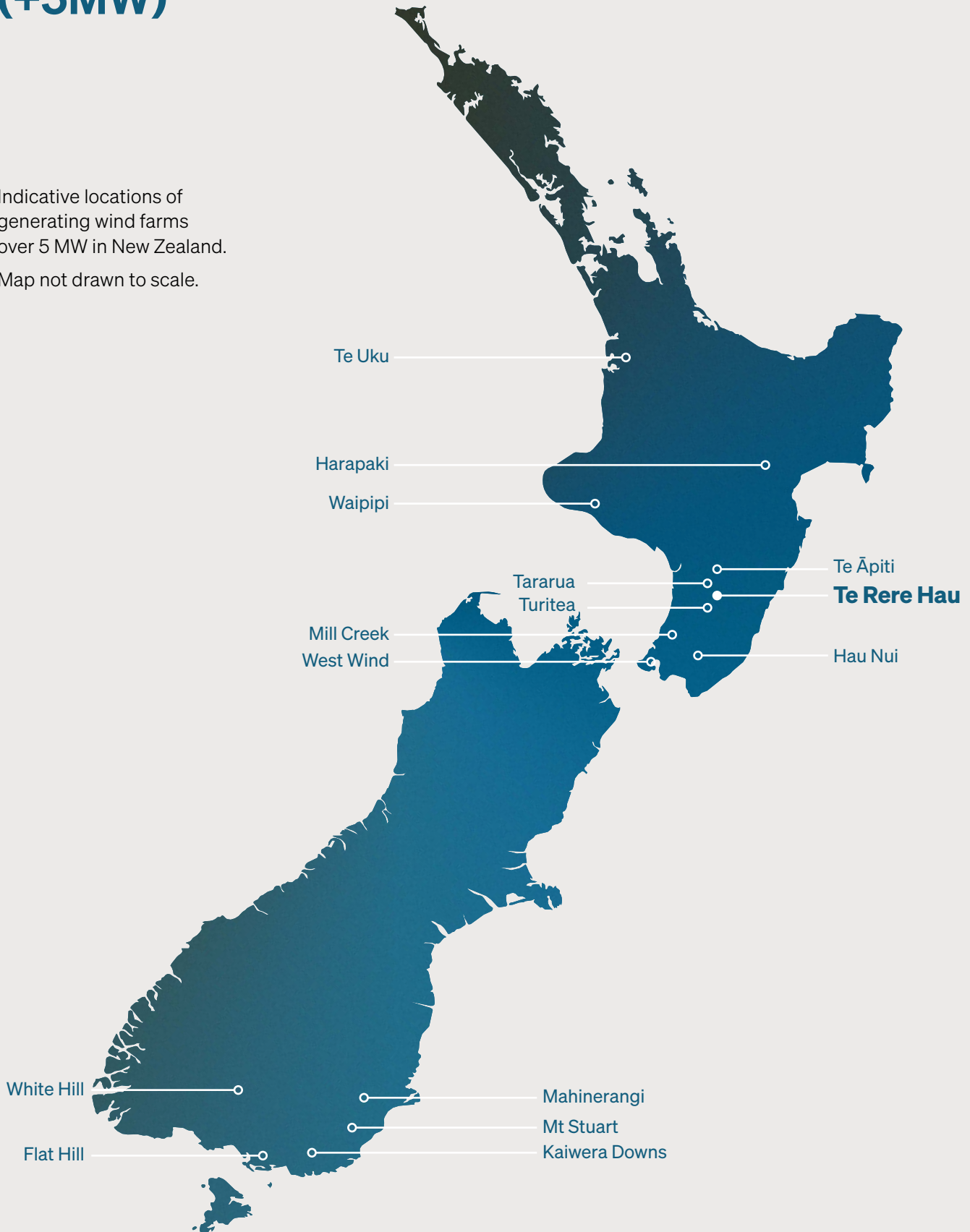


Grid Outage Foregone Generation (GWh)



Wind Farm Locations (+5MW)

Indicative locations of
generating wind farms
over 5 MW in New Zealand.
Map not drawn to scale.



Director Profiles

The Directors of NZ Windfarms Limited are:

Craig Stobo Independent Chair



Craig was appointed to the Board in February 2022 and has been Chair since then. He is an independent director and does not hold any shares in the Company.

Craig is a commercially minded entrepreneur who co-launched BT Funds Management, Elevation Capital and the Local Government Funding Agency. He is a former investment banker and CEO of

BT Funds Management. He was appointed Chair of the Financial Markets Authority in 2024 and remains the inaugural Chair of the Local Government Funding Agency.

Craig is a member of the Remuneration & Nomination Committee.

Patrick Brockie Independent Director



Patrick was appointed to the Board in May 2019. He is an independent director and does not hold any shares in the Company.

Patrick is Chief Financial Officer at City Rail Link Limited. City Rail Link is a \$5.5bn project which consists of twin 3.4km rail tunnels underneath Auckland's city centre. Previously he was Head of Loans & Specialised Finance for ANZ from 2010 to 2018. Prior to ANZ, Patrick had a 20-year career with Citibank based in New

Zealand, Singapore, Hong Kong and London. Patrick has extensive experience with debt markets including project and acquisition finance with a strong focus on renewable energy and infrastructure. Patrick was Chair of Infrastructure New Zealand from 2015 to 2018.

Patrick is Chair of the Audit and Risk Committee and is a member of the Remuneration & Nomination Committee.

Christine Spring

Independent Director



Christine was appointed to the Board in March 2021. She is an independent director and does not hold any shares in the Company.

Christine is an independent director of Auckland International Airport and has been since 2014. She is also an independent director of Western Sydney Airport Limited, and Chair of Isthmus Group Ltd. Christine has had an extensive management career,

primarily as a civil engineer and as a senior executive in the aviation sector. She has delivered large capital development projects, including in New Zealand and Australia.

Christine is a member of the Audit & Risk Committee and Chair of the Remuneration & Nomination Committee.

Philip Cory-Wright

Independent Director



Philip was appointed to the Board in April 2022. He is an independent director and does not hold any shares in the Company.

Philip is a professional director and business advisor. He is currently Chair of South Port New Zealand and Papa Rererangi i Puketapu | New Plymouth Airport and a director of Powerco, Matariki Forestry Group and the New Zealand Local Government Funding Agency (LGFA). Philip is a qualified solicitor and a Chartered

Fellow of the New Zealand Institute of Directors.

Philip is a member of the Audit & Risk and Remuneration & Nomination Committees and Chair of the Repower Committee.

Corporate Governance Statement

NZ Windfarms Limited

For the year ended 30 June 2024

This statement is an overview of the Group's main corporate governance policies, practices and processes followed by the Board.

Compliance with NZX Best Practice Code and other guidelines

The NZX Limited Main Board Listing Rules require listed companies to disclose in their annual report whether and to what extent their corporate governance principles materially differ from the NZX Corporate Governance Code ("NZX Code"). NZ Windfarms Ltd ("NZ Windfarms", "the Group" or "the Company") has no significant differences from the NZX Code. The following section summarises the key governance and compliance policies and procedures in place:

Code of Ethics and Conduct

NZ Windfarms expects its Directors and employees to maintain high ethical standards that are consistent with its core values, business objectives and legal and policy obligations. The Directors support the principles set out in the Code of Practice for Directors issued by the Institute of Directors in New Zealand. Whilst recognising that the Code expresses principles and does not purport to determine the detailed course of conduct by Directors on any particular matter, the Directors are committed to the highest standards of behaviour and accountability.

A formal Code of Ethics and Conduct has been adopted by the Board. The Code sets the ethical standards expected of the Directors, employees and contractors of NZ Windfarms and deals specifically with conflicts of interest, receipt and use of corporate information, assets and property, delegated authorities, compliance with applicable laws, regulations, rules and policies, the Company's Whistle-blower's Policy and disciplinary procedures. The Code of Ethics and Conduct is on the Company's website.

Role of the Board of Directors

The Board of Directors is elected by the shareholders and is responsible for the corporate governance of the Group. The Board is the final body responsible for decision making within the Group and maintaining the Group's corporate governance and ethical business practices. The Board of Directors corporate governance responsibilities include overseeing the management of the Company and Group to ensure proper direction and control of NZ Windfarms' activities.

Corporate Governance encompasses the requirement for the Board to discharge such responsibilities, to be accountable to shareholders and other stakeholders for the performance of the Group and to ensure that the Group is compliant with laws and standards.

The Board establishes the corporate objectives of the Group and monitors management's implementation of strategies to achieve the objectives. It is engaged in on-going strategic planning in order to meet the objectives. It provides an oversight of compliance and risk, it measures and monitors management performance and it sets in place the policy framework within which the Group operates.

The Board monitors financial results, comparing them to budgets, annual plans and forecasts, at regular meetings.

The Board has delegated components of its powers to subcommittees of the Board. The ambit of these delegations is documented in the subcommittees' Terms of Reference and by relevant Board resolutions and charters.

Delegation of authority

Where appropriate the Board delegates its authority to the Chief Executive Officer for the day-to-day affairs of NZ Windfarms. Formal policies and procedures exist that detail the delegated authorities and parameters that the Chief Executive Officer and in turn, his direct reports, are able to operate within.

Continuous disclosure obligations

Continuous disclosure obligations in the NZX Limited Main Board Listing Rules require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company complies with these obligations on an on-going basis.

Share trading by Directors and management

The Board has adopted an Insider Trading and Financial Products Dealing Policy that ensures compliance with New Zealand's insider trading laws. The policy requires prior consent by the Chief Executive Officer to any trading by insiders, including all directors and employees of NZ Windfarms. The Chief Executive Officer must obtain the written consent of the Chair of the Board of Directors prior to any trading in securities by the Chief Executive Officer. On receipt of an application for consent from a Director, the Chief Executive Officer must obtain approval from two Directors (neither of whom is the Director applying) prior to any consent being granted.

Treasury Policy

NZ Windfarms has a Treasury Policy to manage interest rate and foreign exchange risks. The policy approves the use of certain instruments for risk management purposes, and it prohibits any activity that is purely speculative in nature. It also sets out details of authorised counter parties, exposure limits, delegated authorities and internal controls.

Electricity Price Hedging Policy

NZ Windfarms has an Electricity Price Hedging Policy for managing the risks associated with hedging electricity prices.

Board composition and membership

In accordance with the Company's Constitution, the Board will comprise not less than three Directors. At year-end, the Board comprised four Directors: a non-executive Chair, and three non-executive Directors, all of whom are independent Directors.

The Board has a broad base of knowledge and experience in energy, engineering, project development, financial management, capital and debt markets, legal compliance and other expertise to meet the Company and Group's objectives.

The Chair is elected by the Board of Directors and it is his role to manage the Board in the most effective manner and to provide a conduit between the Board and the Chief Executive Officer. He has no significant external commitments that conflict with this role. The Company maintains an Interests Register and if necessary, conflicts of interest are recorded in the minutes. Procedures for the operation of the Board, including the appointment and removal of Directors, are governed by the Company's Constitution.

Operation of the Board

The Board meets regularly (usually monthly) for meetings. Key executives attend Board meetings by invitation. For each meeting the Chief Executive Officer prepares a report to the Board that includes a summary of the Company and Group's activities, together with financial reports and wind farm capital expenditure and operational updates. In addition, the Board receives regular briefings on key strategic issues from management.

The Company offers a Director's induction programme for newly appointed Directors. All Directors have advice of Board policies and procedures, Company Constitution, the Board timetable and Board Committees' Terms of Reference.

Director Attendances at Board and Sub-Committee Meetings in this financial year

	Board Meetings Attended / Meetings Held	Audit & Risk Committee Meetings Attended / Meetings Held	Repower Committee Meetings Attended / Meetings Held	Remuneration & Nomination Committee Meetings Attended / Meetings Held	Due Diligence Committee Meetings Attended / Meetings Held
Craig Stobo	8 of 8	3 of 3	2 of 2	1 of 1	4 of 4
Patrick Brockie	8 of 8	3 of 3	2 of 2	1 of 1	4 of 4
Christine Spring	8 of 8	3 of 3	2 of 2	1 of 1	4 of 4
Philip Cory-Wright	8 of 8	2 of 3	2 of 2	1 of 1	4 of 4
Neal Barclay (appointed 20 December 2023 and resigned 19 June 2024)	3 of 4	1 of 3	N/A	N/A	N/A

Chief Executive Officer

The Board is responsible for the evaluation of the Chief Executive Officer against his key performance objectives and is responsible for the setting of these objectives on a periodic basis and ensuring that they are appropriate measurable targets.

The Chief Executive Officer provides financial and risk reports to the Audit and Risk Committee, which meets at least three times per annum.

The role of Chief Financial Officer has been outsourced to Naylor Lawrence & Associates Ltd (NLA), a Palmerston North based accounting firm.

Independence of Directors

To be independent a Director must, in the opinion of the Board, be removed from any relationship or business that could materially interfere or be reasonably perceived to materially interfere with the exercise of his or her independent judgement.

It has been determined by the Board that Patrick Brockie, Christine Spring, and Philip Cory-Wright are independent directors. Craig Stobo is also considered an independent, non-executive Chair.

All Directors are required to immediately advise if any new relationships could interfere with such independence and so enable the Board to consider and determine the materiality of the relationship. These relationships are noted in the Interests Register which is updated at each monthly Board meeting.

Rotation of Directors

The rotation of directors is governed by the Company's Constitution and NZX Listing Rules. Any retiring directors are eligible for re-election at the Annual General Meeting.

Directors and Officers Diversity

At 30 June 2024 there were six (2023: six) Directors and Officers. The gender composition is shown in the table below.

	2024	2023
Gender Diversity		
Directors – female	1	1
Directors – male	3	3
Officers – female	0	0
Officers – male	2	2

Board Committees

The following standing committees have been established to assist in the execution of the Board's responsibilities. Each of these committees has a charter outlining its responsibilities and objectives:

Audit and Risk Committee

The Audit and Risk Committee at the end of the financial year comprised Patrick Brockie (Chair), Craig Stobo, Christine Spring, and Philip Cory-Wright.

The Audit and Risk Committee is responsible for monitoring the on-going effectiveness of risk management activities. The Committee monitors trends in the Group's risk profile and considers how the business manages or mitigates key risk exposures. It implements risk management through its business processes of planning, budgeting, investment, project analysis and operations management.

The Committee also monitors and oversees the quality of financial reporting and financial management. In order to achieve this the Committee considers accounting and audit issues and makes recommendations to the Board of Directors as required and monitors the role, responsibility and performance of the external auditor. The function of the Audit and Risk Committee is to assist the Board in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 2013 on matters relating to the Group's accounting practices, policies and controls relevant to the financial position, and to liaise with external auditors on behalf of the Board of Directors.

The Chief Executive Officer, GM Operations and Development, and Naylor Lawrence & Associates Ltd attend Committee meetings by invitation as does the external auditor when required.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee at the end of the financial year comprised Christine Spring (Chair), Patrick Brockie, Craig Stobo and Philip Cory-Wright. The Remuneration & Nomination Committee has two purposes. The first is to review Directors' fees, the Chief Executive Officer's remuneration package and performance, and the policy for remuneration of senior management. These reviews form the basis of recommendations to the Board. Details of Directors' remunerations are set out under the section headed Directors remuneration. The second purpose is to ensure the Company has formal and transparent processes for the nomination and appointment of Directors and to identify any skill gaps to ensure diversity and experience on the Board.

Repower Committee

The Repower Committee at the end of the financial year comprised of Philip Cory-Wright (Chair). The Repower Committee's purpose is to monitor and oversee the progress of the Repower project, on behalf of the Board, working with appointed consultants.

Due Diligence Committee

The Due Diligence Committee during the financial year comprised of Patrick Brockie (Chair), Craig Stobo, Christine Spring and Philip Cory-Wright. The Due Diligence Committee's purpose is to ensure that the Company complies with the FMCA with respect to its involvement in, and the documents it prepares in connection with the Rights Issue. This committee ceased during the financial year, prior to the reporting date.

Joint Venture - Project Control Group

A Project Control Group has been established to oversee the management of the Repower Project including coordination of the Development Services Providers, monitoring progress against the Development Business Plan and Budget, updating the Joint Venture Board on delivery, mitigating delays, and handling other delegated matters. The Project Control Group reports into the Joint Venture and has at least one representative from NZ Windfarms Limited and Meridian Energy Limited.

Conflicts of interest

If conflicts of interest exist in any transaction then a Director must declare their conflict of interest and not exercise their right to vote in respect of such matters. The Company maintains an Interests Register which is updated at each Board meeting.

Audit governance and independence

The work of the External Auditor is limited to audit and related work only and the Company is committed to auditor independence. The Board, through the Audit and Risk Committee, annually reviews the independence and objectivity of the External Auditor. No employees or partners of the auditor's firm hold shares in the Company and the External Auditor confirms annually its commitment to strict procedures to ensure independence.

Representatives of the Company's External Auditor are invited to attend the Annual General Meeting.

Reporting and disclosure

Annual and Interim six-monthly reports are published in accordance with the requirements of the *Companies Act 1993*, the *Financial Reporting Act 2013* and the NZX Limited Main Board Listing Rules and are communicated on a periodic basis to all shareholders. The Annual Report is audited.

A Company website is maintained and contains regular updates to shareholders. The Annual and Interim reports are available online at our website www.nzwindfarms.co.nz

Shareholder relations

The Board's policy is to ensure that shareholders are informed of all major and strategic developments affecting the Company and Group's state of affairs. All major disclosures are posted on the Company's website on a timely basis. The Company releases all material information via the NZX website under its continuous disclosure requirements.

Directors' Shareholdings as at Year-End

Directors' disclosure of their shareholdings pursuant to Section 148 of the Companies Act 1993 and the NZX Listing Rules at year-end are listed below:

Name of Related Party	Relationship	Shares 30 June 2023	Movement	Shares 30 June 2024
Craig Stobo	Director	0	0	0
Patrick Brockie	Director	0	0	0
Christine Spring	Director	0	0	0
Philip Cory-Wright	Director	0	0	0
Neal Barclay (appointed 20 December 2023 and resigned 19 June 2024)	Director	0	0	0

Statutory Information

NZ Windfarms Limited

For the year ended 30 June 2024

Interests Register

In accordance with the Companies Act 1993 the Company maintains an Interests Register in which the particulars of certain transactions and matters involving Directors are recorded. The following table summarises details of entries made in the Interests Register during the financial year.

Director	Period	Counterparty	Nature of Interest
Craig Stobo	Full year	NZ Local Government Funding Agency	Chairperson
		Financial Markets Authority	Chairperson
		NZWL-TRH Limited	Chairperson
		TRH Services Limited	Chairperson
		NZWF SPV GP Limited	Chairperson
		Precinct Properties New Zealand*	Chairperson
		Saturn Portfolio Management*	Chairperson/Shareholder
		Elevation Capital Management*	Chairperson/Shareholder
Patrick Brockie	Full year	World Vision New Zealand	Trustee
		City Rail Link Limited	Employee
		NZWL-TRH Limited	Director
		TRH Services Limited	Director
Christine Spring	Full year	Auckland International Airport Limited	Director
		Isthmus Group Limited	Chairperson
		Western Sydney Airport Limited	Director
		NZWL-TRH Limited	Director
		TRH Services Limited	Director
Philip Cory-Wright	Full year	Papa Rererangi i Puketapu New Plymouth Airport	Chairperson
		South Port New Zealand Limited	Chairperson
		Powerco Group	Director
		Matariki Forestry Group	Director
		NZ Local Government Funding Agency	Director
		NZWL-TRH Limited	Director
		TRH Services Limited	Director
		NZWF SPV GP Limited	Director
		Te Rere Hau Holdings Limited	Director
		Te Rere Hau Limited	Director
Neal Barclay	Part year (appointed 20 December 2023 and resigned 19 June 2024)	Meridian Energy Limited	Chief Executive/Shareholder
		NZWL-TRH Limited*	Director
		TRH Services Limited*	Director

* Cessation of an interest is marked with an asterisk.

NZX Waivers

The NZX Limited Main Board Listing Rules require listed companies to disclose in their Annual report a summary of all waivers granted and published by NZX within the twelve months preceding the date two months before the date of the publication of the Annual Report. There were no waivers granted by NZX in the reporting period.

On 27 June 2024 NWF entered into a conditional VVFPFA with Meridian Energy Limited. This transaction is considered material due to its size and the involvement of a related party. As a result, a waiver from Listing Rule 5.1.1 was sought and granted on 15 August 2024 by NZ RegCo. The waiver permits NWF to proceed with the agreement without breaching listing requirements.

Directors Remuneration

Directors' fees total \$426,400 (2023: \$402,480) per annum. As at 30 June 2024 remuneration levels are: The Board Chair receives \$166,400 per annum and the remaining directors (with exception of non-remunerated Director Neal Barclay) receive a base fee of \$72,800 per annum. The Chair of the Audit and Risk Committee receives an additional \$10,400 per annum and the other members of the Audit and Risk Committee receive an additional \$5,200 per annum. The Chair of the Repower Committee receives an additional \$20,800 per annum. Membership of any other standing committees does not attract any additional fees.

The following table summarises the Directors' remuneration for the year ended 30 June 2024:

Director	Director Fees (\$)
Craig Stobo	166,400
Patrick Brockie	83,200
Christine Spring	78,000
Philip Cory-Wright	98,800
Neal Barclay (appointed 20 December 2023 and resigned 19 June 2024)	–

No other benefits were received by the Directors of the Company. Reimbursements of appropriate costs (mainly travel to meetings) were made.

Directors Indemnity and Insurance

The Company has Directors' and Officers' Liability insurance of \$20,000,000 (2023: \$20,000,000) in the aggregate.

Subsidiaries

The following persons held the office of Director of NZ Windfarms Limited's subsidiaries as at 30 June 2024. No Director of any subsidiary received any Director fees or other benefits as a Director of the subsidiary companies.

NZWL-TRH Limited (100% owned): Craig Stobo (Chair), Patrick Brockie, Christine Spring and Philip Cory-Wright.

TRH Services Limited (100% owned): Craig Stobo (Chair), Patrick Brockie, Christine Spring and Philip Cory-Wright.

NZWF SPV GP Limited (100% owned): Craig Stobo (Chair), Philip Cory-Wright.

Stock Exchange and Current Credit Rating Status

The Company's shares are listed on the NZX.

NZ Windfarms does not currently have an external credit rating.

Employee Remuneration

Details of the salary ranges for employees or former employees of the Group receiving remuneration and benefits in excess of \$100,000 for the year ended 30 June were as follows:

Remuneration range	Employees 2024	Employees 2023
\$520,000 - \$529,999	1	0
\$300,000 - \$309,999	1	1
\$230,000 - \$239,999	0	1
\$160,000 - \$169,999	1	0
\$150,000 - \$159,999	0	1
\$140,000 - \$149,999	1	1
\$130,000 - \$139,999	3	1
\$120,000 - \$129,999	2	2
\$110,000 - \$119,999	0	1
\$100,000 - \$109,999	1	0

Total remuneration above includes all benefits.

Long Term and Short Term Incentives

Long-term incentive plan (LTI Plan)

The Chief Executive Officer and the General Manager Operations and Development participate in the company's LTI plan.

The performance rights scheme holds share-rights in trust for a three-year vesting period and is based on two performance conditions for FY24. At the end of the vesting period and where agreed performance conditions are met, the LTI rights result in shares being transferred to participating employees. The LTI rights value is a 25% of the participating employee's base salary.

Refer to Note 18 for further detail on the LTI plan.

Short-term incentive plan (STI plan)

The short-term incentive plan provides for an additional component to the Chief Executive Officer and the GM Operations and Developments' annual remuneration and is payable in cash on successful attainment of performance objectives. The value of each short-term incentive is 25% of the participating employees' annual base salary.

Company component

In FY24 the company component made up 30% of the STI plan and is based on company-wide performance in two areas. A varying proportion of the STI will be paid depending on the number of health and safety occurrences. The second element of the company component is based on a specific financial target - annual earnings before interest, taxation, depreciation, amortisation and fair value adjustments (EBITDAF). If EBITDAF is greater than or equal to the EBITDAF guidance range issued at the start of the year, the target will have been met.

Executive team component

In FY24 the executive team component made up 55% of the STI plan and is based on the executive team delivering specific strategic growth workstreams. For FY2024 these related to the delivery of the fast track consent for the TRH repower and providing strategic growth opportunities such as The Aokautere Extension Project.

Individual component

In FY24 the individual component made up the other 15% of the STI plan and is based on the participating employee's individual performance. Each participating employee has specific measures in place to determine achievement or non-achievement each year.

Shareholder Information

NZ Windfarms Limited

For the year ended 30 June 2024

The ordinary shares of NZ Windfarms Limited are listed on the New Zealand Stock Exchange's Market (NZX). The information in the disclosures below has been taken from the Company's share register as at 9 August 2024.

Twenty Largest Ordinary Shareholders

Shareholder	Address	Shares	% of Issued Capital
Meridian Energy Limited	Wellington	72,743,748	19.99
New Zealand Depository Nominee	Wellington	44,481,427	12.22
Robert Alexander Stone	Singapore	41,000,000	11.27
Hsu Cheng Yang	Auckland	14,320,000	3.94
Custodial Services Limited	Tauranga	10,824,864	2.97
Accidental Compensation Corporation	Wellington	10,225,172	2.81
MMC Queen Street Nominees Ltd Acf Salt Long Short Fund	Auckland	9,331,696	2.56
Leveraged Equities Finance Limited	Wellington	6,200,000	1.70
Po Hui Chi	Auckland	3,800,000	1.04
Craig Earl Gregory Bowler	Waiuku	3,059,056	0.84
Wilhelm Wolfgang Rehfus	Takaka	3,000,000	0.82
New Zealand Permanent Trustee Limited	Wellington	2,625,000	0.72
Anthony John Anselmi & Ross Michael Alleman	Auckland	2,566,667	0.71
Angela Crafer & Kw Crafer Trust Company Limited	Auckland	2,150,000	0.59
FNZ Custodians Limited	Wellington	2,107,638	0.58
Sheng Fei Wang	Auckland	1,850,000	0.51
Michael Andrew Neil	Warkworth	1,800,000	0.49
Frederick Kilner Stone	Auckland	1,500,000	0.41
Michael Gervai	Auckland	1,500,000	0.41
Michael Joseph Connor & Constance Kathleen Connor	Auckland	1,500,000	0.41

Holding Ranges	Number of holders	Shares	% of Issued Capital
1 to 1,000	235	156,100	0.04
1,001 to 5,000	756	2,421,078	0.67
5,001 to 10,000	471	3,708,892	1.02
10,001 to 50,000	1,010	25,987,760	7.14
50,001 to 100,000	273	20,435,358	5.62
100,001 and over	278	311,191,504	85.52
Totals		363,900,692	100%

Substantial Security Holder Notices

This information is given in accordance with the *Financial Markets Conduct Act 2013*. The Company holds substantial security notices from the following parties as at 30 June 2024:

Shareholder	Number of shares directly held	%
Meridian Energy Limited	72,743,748	19.99
New Zealand Depository Nominee	44,481,427	12.22
Robert Alexander Stone	41,000,000	11.27

The total number of issued voting securities as at 30 June 2024 was 363,900,692 (2023: 288,063,584).

Auditor Remuneration

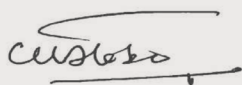
BDO Auckland has continued to act as auditors of the Company. Refer to note 3 for further information on auditor remuneration for the year ended 30 June 2024. The audit fees paid related to the audit of the annual consolidated financial statements. No other engagements have been performed by BDO Auckland.

Donations

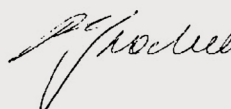
No donations have been made during the year.

Directors' Statement

The Annual Report is dated 28 August 2024 and is signed on behalf of the Board by:



Craig Stobo
Chair



Patrick Brockie
Director

Environmental Sustainability

NZ Windfarms Limited

For the year ended 30 June 2024

Introduction

NZ Windfarms is committed to minimising its effect on the environment whilst maintaining our social licence to operate in an environmentally and socially responsible manner. Environmental sustainability ensures our natural and shared resources are available to future generations and that we have a positive impact on the environments and communities we work in.

Sustainability is a fundamental component of how we operate and is embedded in our business through our company purpose and values. In addition, through effective governance, we aim to mitigate risk while ensuring full compliance with environmental and regulatory obligations. We also recently updated our sustainability policy (available on our website at www.nzwindfarms.co.nz) which we continually refine and evolve.

This year, we also undertook a TOITU audit and certification around greenhouse gas emissions inventory and management. The purpose of this is to provide baseline measurements which allows us to monitor and mitigate the environmental impacts associated with our operations. This underpins our commitment to align with the net zero 2050 goals as part of the TOITU framework.

NZ Windfarms follows the Global Reporting Initiative (GRI) standards for sustainability reporting. This report provides an overview of our environmental, social, and governance (ESG) performance for the year 2024, based on a number of key indicators of greenhouse gas emissions including biodiversity protection, health and safety, employee engagement, community involvement, corporate governance, and business ethics.

Environmental Performance

NZ Windfarms' core business is to produce renewable energy from wind, which has a low environmental impact and contributes to the mitigation of climate change. As part of our operations, we consider greenhouse gas emissions and biodiversity protection activities and strive to minimise our environmental footprint.

- **Greenhouse gas emissions:** Our greenhouse gas emissions reflect our efforts to reduce our carbon intensity and align with the Paris Agreement goals. We have implemented several measures to reduce emissions such as optimising our wind farm operations and improving energy efficiency.
- **Biodiversity protection:** Te Rere Hau wind farm is located in an area of high ecological value, and we are committed to protecting and enhancing the biodiversity of the site. Several measures have been implemented to avoid, minimise, and mitigate the potential impacts of our operations on the flora and fauna, such as conducting bird and bat monitoring, implementing a pest control programme, and restoring native vegetation.

Social Performance

NZ Windfarms social performance reflects our commitment to the health, safety, and well-being of our employees and the communities in which we operate. We strive to create a positive and inclusive work culture and a strong social licence to operate.

- **Health and safety:** Our health and safety performance is excellent, with no fatalities, lost time injuries, or serious incidents reported in 2024. We have implemented several measures to ensure the health and safety of our workers, such as providing regular training, conducting risk assessments, and encouraging proactive reporting. We use both leading and lagging KPI's to monitor effectiveness.
- **Employee engagement:** Several measures have been implemented to enhance employee engagement, such as offering competitive remuneration and benefits, providing career development opportunities, implementing a company days scheme to enhance work/life balance and fostering a culture of recognition and feedback.
- **Community involvement:** We continue to engage with our local communities, including iwi partners.

Governance Performance

NZ Windfarms' governance performance reflects our commitment to the highest standards of corporate governance and business ethics. The Company strives to ensure the accountability, transparency, and integrity of its business practices.

- **Corporate governance:** NZ Windfarms' corporate governance structure as at 30 June 2024 consisted of a board of directors, three board committees, and a senior management team. The board of directors comprised four members, of whom all were independent, and one was female. The board committees were audit and risk, remuneration and nomination, and repowering.
- **Business ethics:** Our business ethics performance was exemplary, with no breaches of our code of conduct or policies reported. The code of conduct sets out the principles and expectations for the ethical behaviour of our directors, employees, and contractors. The policies cover areas such as anti-corruption, anti-competitive practices, human rights, and whistleblowing.

Conclusion

NZ Windfarms' ESG report for 2024 demonstrates our strong performance and continuous improvement in the areas of environmental, social, and governance responsibility. We are proud of our achievements and contributions to the sustainable development of New Zealand.

We welcome any feedback and suggestions from our stakeholders and invite them to reach out at info@nzwindfarms.co.nz

Analysis of Material Movements

(FY24 to FY23)

NZ Windfarms Limited

For the year ended 30 June 2024

The following section highlights some of the most notable material movements observed from FY24 to FY23.

Consolidated Statement of Comprehensive Income

	2024 \$	2023 \$	Variance \$	Remarks
Total Revenue and Income	\$15,460,476	\$11,558,023	\$3,902,453	<p>The increase in revenue can mainly be attributed to an increase in net electricity revenue from FY23 to FY24. The following are key reasons for the increase:</p> <ul style="list-style-type: none"> – Generation: Wind generation of 106GWh generated in the 12 months to June 2024, was greater than the 98GWh generated in the 12 months to June 2023. – Change in fair value of energy hedges: FY24 has seen a decrease of \$12.69m in the change in fair value of energy hedges from a profit of \$6.03m in 2023, to a loss of \$6.9m in 2024. A change in accounting policy resulted in combining both the realised and unrealised energy hedges, which in FY23 were disclosed separately. In the 12-month period to Jun 2024 the VVFPAs resulted in a realised loss of \$4.2m, compared to a realised gain of \$4.0m in the prior year. This is mainly due to spot prices being significantly higher than the VVFPAs prices in FY24, and increased generation of 7.86GWh.

	2024 \$	2023 \$	Variance \$	Remarks
Total Operating Expenses (Excluding Impairment)	\$14,763,255	\$5,771,961	\$8,991,294	<p>Operating expenditure (excluding impairment) has increased by 156% from FY23 to FY24. The key drivers behind the increase in operating expenditure are:</p> <ul style="list-style-type: none"> – Repowering consultancy costs: Costs of \$1.6m incurred in FY24 (2023: \$0.48m) towards the repowering work programme, which include expenditure to finalise commercial terms with Meridian Energy Limited (for example the investment agreement, power purchase agreement and development services agreements) and on-going advisory support in obtaining lender interest and terms for the required financing for the repower. – Consultancy costs – development opportunities: Costs of \$0.43m have been incurred in FY24 towards non-repower development opportunities. These costs mainly are attributed to feasibility studies carried out during FY24 (2023: nil). – Change in fair value of energy hedges: FY24 has seen a decrease of \$12.69m in the change in fair value of energy hedges from a gain of \$6.03m in 2023, to a loss of \$6.9m in 2024. The loss is included within the operating expenditure of the Group.
(Reversal of impairment) / Impairment of PPE and Intangible assets	(\$5,299,189)	\$7,836,895	(\$13,136,084)	<p>In FY24, the Group had a reversal of impairment (non-cash) of \$5.3m, whereas FY23 had an impairment loss of \$7.8m.</p> <p>See note 17 for more detail.</p>
Depreciation and Amortisation	\$5,150,041	\$4,709,789	\$440,252	<p>Depreciation and Amortisation expense has increased by 9.3% from FY23 to FY24.</p> <p>This increase can be attributed to the following key factors:</p> <ul style="list-style-type: none"> – Turbines and towers, Electrical and Foundations remaining useful life: FY24 includes accelerated depreciation on turbines and towers, Electrical and Foundations as a result of a reduction in their useful lives effective from 1 July 2023.

Consolidated Statement of Financial Position

	2024 \$	2023 \$	Variance \$	Remarks
Total Assets	\$55,457,198	\$47,703,499	\$7,753,699	<p>Total assets increased 16.2% from FY23 to FY24 due to the following reasons:</p> <ul style="list-style-type: none"> – Injection of capital from Meridian enabling \$5.8m of term deposit investments in place at reporting date. – \$3.6m investment in the 50-50 joint venture with Meridian Energy Ltd, which was entered into in December 2023, to repower and extend the Te Rere Hau wind farm. – The increase in fixed assets, is primarily due to the impairment reversal recognised in FY24 of \$5.3m, compared to an impairment recognised in the prior year. Additionally, the accelerated depreciation applied to the turbines, foundations, and electrical asset classes has further contributed to the decrease. This accelerated depreciation has resulted in a higher depreciation expense compared to FY23, reflecting the Group's reassessment of the useful lives and residual values of these assets.
Total Liabilities	\$6,913,536	\$11,120,436	(\$4,206,900)	<p>Reduction in total liabilities are largely driven by the following key points:</p> <ul style="list-style-type: none"> – Term Loan: The BNZ loan facility decreased from \$7.57 million in FY23 to \$0 in FY24, following the complete repayment of the BNZ debt facility during FY24. – Derivative liability: The \$3.4 million increase from FY23 is primarily due to high spot prices and volatile forward prices, which impacted our mark-to-market calculations. These fluctuations significantly influenced the valuation of our derivatives.
Dividends Paid	–	\$864,416	(\$864,416)	Dividends decreased from FY23 and are currently paused until further notice, as the Group assesses future capital requirements to transition from solely managing a single wind farm to developing a broader range of renewable energy projects.
Operating Cashflow	\$3,099,162	\$3,724,855	(\$625,693)	The decrease in operating cash flows from FY24 to FY23 by \$626k is primarily attributed to increased payments to suppliers for consultancy costs. These costs were incurred in connection with the repower and other development projects, which are essential to the company's long-term strategic initiatives.

Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

Statement of Profit or Loss and Other Comprehensive Income

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Revenue			
Electricity sales revenue		15,126,257	5,497,067
Renewable Energy Certificate Revenue		164,092	–
Total Revenue		15,290,349	5,497,067
Income			
Net change in fair value of energy hedges	14	–	6,031,508
Other Income		136,730	1,043
Land lease		33,397	28,404
Total Income		170,127	6,060,956
Total		15,460,476	11,558,022
Operating expenses			
Administration expenses		330,665	270,004
Audit fees	3	118,073	129,686
Directors' fees	18	426,400	402,480
Employment expenses	4	2,013,414	1,738,843
Insurance		432,426	406,583
Variable lease and rental expenses	20	17,508	7,994
Legal and consulting expenses		654,561	430,413
Net change in fair value of energy hedges	14	6,954,165	–
Impairment of property, plant and equipment	6, 17	–	7,309,839
Impairment of intangible assets	7, 17	–	527,056
Reversal of impairment of property, plant and equipment	6, 17	(4,952,845)	–
Reversal of impairment of intangible assets	7, 17	(346,344)	–
Loss on disposal of property, plant and equipment		–	228,739
Te Rere Hau Wind Farm operational expenses		1,524,851	1,526,599
Other operating expenses		245,189	148,377
Non-consenting development costs		1,614,246	482,243
Consultancy costs - development opportunities		431,757	–
Total Operating expenses		9,464,066	13,608,856
Profit/(Loss) before interest, tax, depreciation and amortisation		5,996,410	(2,050,833)

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Depreciation and amortisation			
Depreciation of property, plant and equipment	6	4,778,221	4,350,285
Depreciation of right-of-use assets	20	50,304	37,988
Amortisation of intangible assets	7	321,516	321,516
Total Depreciation and amortisation		5,150,041	4,709,789
Profit/(Loss) before interest and tax		846,369	(6,760,622)
Interest			
Interest income on financial assets at amortised cost		196,490	114,035
Interest expense on liabilities at amortised cost	20, 21	(266,415)	(598,809)
Net Interest		(69,925)	(484,774)
Share of post-tax profits of equity accounted joint ventures			
Share of Te Rere Hau Project Limited Partnership	9	(426,910)	–
Total Share of post-tax profits of equity accounted joint ventures		(426,910)	–
Profit/(Loss) before tax		349,534	(7,245,396)
Income tax (benefit)/expense			
Income tax (benefit)/expense	1	203,240	(1,945,365)
Total Income tax (benefit)/expense		203,240	(1,945,365)
Net Profit/(Loss) after tax		146,294	(5,300,031)
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to the Profit or Loss			
Building Revaluation (net of tax)		59,553	–
Road Revaluation (net of tax)		–	1,649,349
Total Items that will not be reclassified to the Profit or Loss		59,553	1,649,349
Total Other Comprehensive Income		59,553	1,649,349
Total Comprehensive Income			
Total Comprehensive Income/(Loss)		205,847	(3,650,682)
Earnings per share			
Basic earnings per share	12	0.0004	(0.0184)
Diluted earnings per share	12	0.0004	(0.0184)

These financial statements should be read in conjunction with the notes to the financial statements.

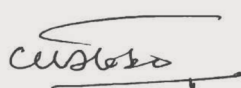
Consolidated Statement of Financial Position

NZ Windfarms Limited

As at 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Assets			
Current Assets			
Cash and cash equivalents	15	722,838	1,580,199
Investments	16	5,796,755	–
Trade and other receivables	5	2,107,933	1,186,768
Inventories		960,018	909,567
Income tax receivable		18,372	–
Total Current Assets		9,605,916	3,676,534
Non-Current Assets			
Property, plant and equipment	6	38,476,600	37,027,399
Intangible assets	7	2,368,132	4,894,660
Right-of-use assets	20	112,387	162,691
Finance lease receivable		–	8,262
Deferred tax asset	2	1,693,566	1,933,954
Investments in equity-accounted joint ventures	9	3,200,597	–
Total Non-Current Assets		45,851,282	44,026,965
Total Assets		55,457,198	47,703,499
Liabilities			
Current Liabilities			
Trade, other payables and accruals	10	1,724,546	988,062
Derivative liabilities - current portion	14	5,011,082	1,586,778
Income received in advance		10,614	–
Lease liabilities - current portion	20	28,260	51,679
Term loan - current portion	21	–	1,219,227
Total Current Liabilities		6,774,502	3,845,746
Non-Current Liabilities			
Derivative liabilities - non-current portion	14	–	752,311
Term loan - non-current portion	21	–	6,355,084
Lease liabilities - non-current portion	20	139,034	167,295
Total Non-Current Liabilities		139,034	7,274,690
Total Liabilities		6,913,536	11,120,436
Net Assets		48,543,662	36,583,063
Equity			
Share capital	11	118,759,753	107,005,000
Accumulated losses		(73,220,111)	(73,366,405)
Revaluation reserves		3,004,020	2,944,467
Total Equity		48,543,662	36,583,063

The consolidated financial statements were authorised on behalf of the NZ Windfarms Limited Board of Directors on 28 August 2024:



Craig Stobo
Chair



Patrick Brockie
Director

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Equity			
Share Capital			
Opening Balance		107,005,000	107,005,000
Issuance of shares	11	11,754,753	–
Closing Balance		118,759,753	107,005,000
Accumulated losses			
Opening Balance		(73,366,405)	(67,202,180)
Net Profit/(Loss) after tax		146,294	(5,300,031)
Transactions with owners of the Company in their capacity as owners			
Dividends paid		–	(864,194)
Total Transactions with owners of the Company in their capacity as owners		–	(864,194)
Closing balance		(73,220,111)	(73,366,404)
Reserves			
Opening balance		2,944,467	1,295,118
Revaluation surplus (net of tax)		59,553	1,649,349
Closing balance		3,004,020	2,944,467
Total Equity		48,543,662	36,583,063

These financial statements should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Consolidated Statement of Cash Flows			
Operating Activities			
Cash was received from:			
Trading revenue		14,500,677	5,751,566
Settlement of derivative	14	–	4,178,992
Interest received		196,490	114,035
Renewable energy certificate revenue		164,092	–
Cash was applied to:			
Settlement of derivative	14	(4,282,172)	–
Payments to suppliers and employees		(7,237,900)	(5,749,523)
Interest paid		(242,025)	(570,215)
Net cash inflow from Operating Activities	13	3,099,162	3,724,855
Investing Activities			
Cash was received from:			
Proceeds from investments in term deposits	16	10,532,419	–
Cash was applied to:			
Purchase of property, plant and equipment	6	(1,191,867)	(1,040,687)
Purchase of intangible assets - capital WIP	7	(775,387)	(1,135,727)
Investment in joint arrangements	9	(300,010)	–
Investment in term deposits	16	(16,326,050)	–
Net cash outflow from Investing Activities		(8,060,895)	(2,176,414)
Financing Activities			
Cash was provided from:			
Drawdown of BNZ loan	21	–	1,350,000
Proceeds from the issue of shares	11	11,754,753	–
Cash was applied to:			
Repayment of Lease Liability	20	(63,000)	(37,710)
Repayment of BNZ loan	21	(7,587,381)	(2,096,720)
Dividends paid	11	–	(864,194)
Net cash Inflow/(Outflow) from Financing Activities	13	4,104,372	(1,648,624)
Net decrease in cash and cash equivalents		(857,361)	(100,183)
Cash and cash equivalents, beginning of period		1,580,199	1,680,382
Cash and cash equivalents, end of period	15	722,838	1,580,199

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Reporting Entity and Statutory Base

NZ Windfarms Limited (the “Company”) is incorporated in New Zealand under the Companies Act 1993, it is a FMC reporting entity under the Financial Markets Conduct Act 2013, and is listed on the New Zealand Stock Exchange (the “NZX”). The Company is in the business of operating wind power generation assets for the purpose of generating and selling renewable electricity. The Company operates solely within New Zealand.

The Group consolidated financial statements comprise the results of the Company and its subsidiaries (the “Group”) and the results of the Group’s equity accounted joint ventures. For the purposes of complying with generally accepted accounting practice in New Zealand (“NZ GAAP”), the Group is a Tier 1 for-profit entity.

Basis of Preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), IFRS® Accounting Standards and the requirements of the Financial Markets Conduct Act 2013.

The financial statements are presented in New Zealand dollars (\$) which is the Company’s functional currency and Group’s presentation currency, rounded to the nearest dollar.

Measurement Base

The measurement base adopted in the preparation of these financial statements is historical cost, except for derivative financial instruments, which are measured at fair value, and revalued property, plant and equipment.

Critical Accounting Estimates and Judgments In Applying Accounting Policies

In the process of applying accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable in the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

In particular, information about areas with significant risk or material adjustment in the 12 months from the reporting date and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following accounting policies and noted:

- Recognition of deferred tax asset – note 2.
- Revaluation – accounting policy, note 6.
- Impairment and useful life of property, plant and equipment - accounting policies, notes 6 and 17.
- Capitalisation of resource consenting costs and repower development costs – note 7.
- Impairment and useful life of intangible assets – accounting policy, notes 7 and 17.
- Classification of joint arrangements, note 9.
- Fair value of derivative financial instruments – accounting policy, note 14.
- Classification of renewable energy certificate revenue.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Changes in accounting policies

New standards that have been adopted in the annual financial statements for the year ended 30 June 2024 but have not had a significant impact on the Group are:

- Disclosure of Accounting Policies (Amendments to NZ IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Material Judgements*)
- Definition of Accounting Estimates (Amendments to NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12 *Income Taxes*)

Disclosure of Accounting Policies (Amendments to NZ IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Material Judgements)

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

Disclosure of Accounting Estimates (Amendments to NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments to NZ IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to NZ IAS 12 Income Taxes)

The amendments to NZ IAS 12 clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g., a lease in the scope of NZ IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments have no material effect on the measurement or presentation of any items in the Consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

During the year ended 30 June 2024, the following changes to adopted accounting policies were made:

Property, Plant and Equipment

As at 30 June 2024, the Group changed its accounting policy in respect of the Buildings asset class from historical cost to fair value. Per this change in policy under NZ IAS 16 *Property, Plant and Equipment*, the net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense. This change in accounting policy will only apply prospectively, meaning past financial statements are not adjusted for this change.

There have been no other changes in accounting policies. The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Change in presentation of realised energy hedge balances

During the current period, the Group has made adjustments to the classification and presentation of realised energy hedge balances. This follows a change in interpretation of NZ IFRS 9 *Financial Instruments* and its requirements.

In previous years, the Group has accounted for and disclosed realised energy hedge balances as follows:

In the Consolidated Statement of Profit or Loss and Other Comprehensive Income, these were classified separately as gross "Gain/(Loss) on unrealised derivatives" and "Gain/(Loss) on realised derivatives" as part of operating revenue.

In the Consolidated Statement of Financial Position, accruals in relation to realised energy hedges were shown as derivative liabilities or derivative asset lines, depending on whether the accrual was receivable or payable.

Our practice aligned with peers in the New Zealand energy sector and meant that the impact of risk management activities (hedges) were presented in the same places as the risk hedged.

This practice does not comply with NZ IFRS 9 and therefore it must be discontinued.

As a result, we have amended the classification of realised energy hedge balances in both the current and comparative periods.

The main impact is:

In the Consolidated Statement of Profit or Loss and Other Comprehensive Income, we have reclassified 'Gain on realised and unrealised derivatives' (separately) to 'Net change in the fair value of energy hedges'.

New standards, interpretations and amendments not yet effective

In April 2024 the International Accounting Standards Board issued a new standard, IFRS 18: *Presentation and Disclosure in Financial Statements*. The objective of the standard is to set out the overall requirements for presentation and disclosures in the financial statements. The new standard introduces new requirements on presentation within the statement of profit or loss by introducing new subcategories. It also requires disclosure of management defined performance measures and includes new requirements for aggregation and disaggregation of financial information on the face of the primary statements and in the supporting notes. The Group is currently assessing the impact of the new standard, as it will have a material impact on the presentation of the financial statements.

In April 2024 the International Accounting Standards Board issued amendments to NZ IAS 1: *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments are effective for the Group from 1 July 2024 and will not materially impact the financial statements.

The Group is not aware of any other standards issued but not yet effective that would materially affect the amounts recognised or disclosed in the financial statements.

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by all companies within the Group.

Basis of consolidation

Subsidiaries are those entities controlled directly by NZ Windfarms Limited. Control is achieved where the Company has the power over the investees; is exposed to, or has rights, to variable returns from its investment in the investees, and has the ability to use the power to affect returns.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Revenue recognition

Revenue is generated from the sale of renewable energy to the wholesale market, which is governed by a contract. There is a single performance obligation, being the sale of electricity. There is a standalone selling price for the sale of electricity.

Electricity revenue is recognised over time when control has transferred to the customer. This takes place when electricity is delivered to the national grid.

Revenue from renewable energy certificates (RECs) is recognised in line with NZ IFRS 15. The Group recognises income from the sale of RECs when control/title of the certificates has transferred to the buyer, which occurs upon the delivery and acceptance of the certificates. The revenue recognised reflects the consideration to which the Group expects to be entitled in exchange for these certificates. All RECs were sold to an overseas counterparty based in Singapore. Certificates are not held as an asset as they are not expected to be sold in the future.

Energy derivatives

Energy derivatives are recognised on the fair value unrealised/realised gain/(loss) of 'contracts for difference' with NZ-based counterparties.

Refer to note 22 for further information on market electricity price risk and the Group's strategies to manage this risk.

Interest

Interest income and expenses are recognised on an accrual basis using the effective interest method.

Other Income

Other income consists of employee costs oncharged to the Joint Venture.

Taxation

Current tax expense

The taxation expense or benefit charged to the consolidated statement of profit or loss and other comprehensive income represents the sum of the current tax payable and deferred tax.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Tax losses are recognised when future utilisation of the losses is probable.

Deferred tax assets and liabilities

Deferred tax is recognised providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are generally recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period in which the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the reporting date.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined principally on the weighted average price basis. Inventories include finished good consumable items. The inventories are consumed in the process of generating electricity.

Property, plant and equipment

All property, plant and equipment are initially recorded at cost and other than land, buildings and roads, are depreciated in equal instalments over the estimated economic lives of the assets. For constructed assets, depreciation commences when construction is completed and where appropriate, the asset is available for use in the manner intended by management.

Subsequent to initial recognition, land, buildings and roading are carried at the revalued amount, which is the fair value at the date of the revaluation, less impairment.

Any revaluation surplus is recognised in Other Comprehensive Income unless it reverses a revaluation decrease of the same asset previously recorded in the Consolidated Statement of Comprehensive Income. Any revaluation deficit is recognised in the Consolidated Statement of Comprehensive Income unless it directly offsets a previous surplus in the same asset in other comprehensive income.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Independent valuations are performed at regular intervals to ensure that the carrying amount does not differ materially from the asset's fair value at the reporting date.

Judgement is used in determining the remaining economic useful lives of property, plant and equipment, and no change has been noted in FY24.

The economic lives of each item of property, plant and equipment, with the exception of land, has been estimated for the current and prior period as follows:

	FY23
• Office equipment	5 years
• Buildings	25 to 40 years
• Plant and equipment	5 to 10 years
• Motor vehicles	4 years
• Foundations	20 to 32 years
• Electrical	20 to 50 years
• Roothing	50 years
• Wind turbines (including tower, blades and components)	5 to 32 years

The economic useful lives are reviewed annually and appropriately adjusted when there is a material difference from those currently used.

All assets, other than land, buildings and roads, are included at acquisition cost less subsequent accumulated depreciation and accumulated impairment losses.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Intangible assets

Intangible assets are recognised if it is probable that expected future economic benefits relating to the intangible assets will accrue to the Group and the cost is able to be reliably measured.

Intangible assets are carried at cost less impairment and accumulated amortisation (recognised over the estimated useful lives of the assets). Intangible assets not yet available for use are shown as capital work in progress (WIP).

The useful lives have been estimated as follows:

- Land use consents and wind rights – 35 years
- Wind farm grid connection rights – 20 years

The Group applies the straight line amortisation method. There have been no changes to the economic useful life of Intangible assets in FY24.

The Group capitalises the direct costs associated with obtaining land use resource consents to build wind farms. Capitalised costs include external direct costs of services consumed, including expert advice directly associated with the land use consents, payroll and direct payroll-related costs for employees (including contractors) directly associated with the project. Land use resource consents and other intangible assets, are initially recorded at cost, less amortisation calculated on a straight line basis and accumulated impairment losses.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability.

Nature of leasing activities (in the capacity as lessee)

The group is party to three wind right agreements for the Te Rere Hau Wind Farm Eastern Extension, one agreement maturing in June 2030 and two agreements maturing in May 2034, all with rights of renewal. The landowners own the land on which 17 installed turbines are located. Under the agreements, in return for the wind farm rights, the group pays the landowners lease payments based on electricity output and electricity revenue generated from the 17 turbines located on the land. These variable payments are exempted under NZ IFRS 16 and expensed as costs are incurred.

In 2023, the group entered into three additional land leases to enable the Te Rere Hau Repowering and the Aokautere Extension Project. Once the wind right agreements are exercised, one agreement will be for a term maturing in May 2034, the second and third agreements have an initial term of 25 years from the exercise date. All three agreements have rights of renewal. In addition, a conditional sale and purchase agreement for 8.5 hectares and a conditional long-term easement have been entered into to enable the construction of new transmission assets for the repowering project. There are no turbines or transmission infrastructure installed on this land at present.

No new lease agreements have been entered into in the year ended 30 June 2024.

Of the four lease agreements in place, three of the agreements have both a fixed payment component, as well as the variable payment component mentioned above. The remaining agreement consists solely of fixed payments. The percentages in the table below reflect the current proportions of lease payments that are fixed.

30 June 2024	Lease contract number	Fixed payments
Leases with fixed payments	4	100%
30 June 2023	Lease contract number	Fixed payments
Leases with fixed payments	4	100%

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Financial instruments - initial and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under NZ IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial 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 on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, investments and trade and other receivables.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

The Group's financial assets at fair value through profit or loss includes derivative assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECL's) for all debt instruments not held at fair value through profit or loss. ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of liabilities at amortised cost, net of directly attributable transaction costs.

The Group's amortised cost financial liabilities include trade and other payables that have a contractual obligation, lease liabilities, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other financial liabilities

This is the category most relevant to the Group. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings, lease liabilities and trade and other payables that have a contractual obligation.

Financial liabilities at fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for economic hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

The Group's financial liabilities at fair value through profit or loss include derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Employee benefits

Short term employee entitlements

Accruals are made for benefits accruing to employees in respect of wages, salaries, KiwiSaver contributions, annual leave, sick leave, STI and LTI payments when they are expected to be wholly settled within 12 months and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

The accruals are presented as current employee entitlement liabilities in the Consolidated Statement of Financial Position and the expense is recognised as employees perform services that entitle them to remuneration.

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2024

The group makes monthly contributions to Health and Life insurance plans for employees. These contributions are recognised as an employee benefit expense in profit or loss in the month the contribution is made.

Long term employee entitlements

Long-term employee entitlements are benefits that employees accrue over a period exceeding 12 months. These entitlements include the LTI share-based payment for the Chief-Executive and GM Operations and Development. These entitlements are not expected to be wholly settled within the 12-month period following the reporting date.

Payments to defined contribution plans

Obligations for contributions to KiwiSaver plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Impairment of non-financial assets

At each reporting date, the carrying amounts of property, plant and equipment assets, intangible assets and right-of-use assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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.

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

After impairment, if the recoverable amount of an asset (cash generating unit) is estimated to be more than its carrying amount, the carrying amount of the asset (cash generating unit) is increased to its recoverable amount to the maximum extent had the asset not been previously impaired. A reversal of impairment is recognised as a gain immediately in the profit and loss.

Statement of cash flows

Cash and cash equivalents include cash on hand, in banks and investments in short term (less than 90 days) money market instruments. The following terms are used in the statement of cash flows:

- Operating activities are the principal revenue generating activities of the Group and other activities that are not investing or financing activities. Interest paid and interest received is disclosed as operating cashflows.
- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash and cash equivalents.
- Financing activities are the activities that result in changes to the size and composition of the contributed equity and borrowings.

Goods and services tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of trade receivables and payables, which include invoiced GST.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
1. Income tax expense			
Net Profit Before Tax		349,534	(7,245,396)
Expected tax expense at 28%		97,870	(2,028,711)
Adjustments for non-deductible expenses and non-assessable income			
Other non-deductible expenses		126,753	82,544
Reinstatement of tax depreciation on commercial buildings		–	2,229
Impact of removal of tax depreciation on commercial buildings		59,886	–
Prior period adjustments		(81,269)	–
Other		–	(1,427)
Total Adjustments for non-deductible expenses and non-assessable income		105,370	83,346
Total tax expenses		203,240	(1,945,365)
Represented by:			
Current tax			
Current tax on profits for the year		(13,988)	–
Adjustment for current tax of prior periods		–	–
Total Current tax		(13,988)	–
Deferred Tax			
Origination and reversal of temporary differences		298,497	(1,945,365)
Adjustments for deferred tax of prior periods	2	(81,269)	–
Total Deferred Tax	2	217,228	(1,945,365)
Total Tax expense		203,240	(1,945,365)

On 28 March 2024 the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act passed into law. The Act removed depreciation deductions for tax purposes for industrial and commercial buildings with an estimated useful life of 50 years or more, with effect from the 2024/25 income tax year. Application of the enacted tax law has resulted in a \$59,886 increase in the recognition of deferred tax expense in the Statement of Comprehensive Income and a corresponding increase to the deferred tax liability recognised in the Statement of Financial Position.

Tax losses included in the table above have been recognised as deferred tax assets (Refer note 2).

Tax on each component of other comprehensive income is as follows:

Gain on revaluation (after tax)			
Gain on revaluation (before tax)		82,712	2,290,763
Tax on revaluation		(23,159)	(641,414)
Total Gain on revaluation (after tax)		59,553	1,649,349

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Tax loss			
Tax loss from previous years		17,731,745	19,989,641
Prior period adjustment to tax loss from previous year		290,247	–
Tax loss for the year		4,664,086	389,553
Tax loss utilised within the group		(3,852,896)	(2,647,449)
Tax loss carried forward		18,833,182	17,731,745

Imputation credit account

Dividends paid by New Zealand resident companies may include imputation credits representing the taxation already paid by the Group on the profits distributed. New Zealand resident shareholders may claim a tax credit equal to the value of the imputation credit attached to the dividends. Overseas shareholders in general are not entitled to claim the benefit of imputation credits.

The Company has no imputation credits as it is currently utilising assessed tax losses brought forward and as such has not been required to pay income tax.

2. Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

As at 30 June

Deferred tax assets		5,355,140	5,062,832
Deferred tax liabilities		(3,661,574)	(3,128,878)
Deferred tax assets (net)		1,693,566	1,933,954

Movement in temporary differences during the year

Opening balance

Property, plant and equipment		(3,081,011)	(5,021,649)
Right-of-use assets		(47,867)	(37,811)
Employee benefits		36,630	41,183
Lease liability		61,313	51,179
Losses		4,963,889	5,597,100
Tax assets/(liabilities)		1,932,954	630,002

Recognised in profit (loss)

Property, plant and equipment		(525,935)	2,582,051
Right-of-use assets		16,398	(10,056)
Employee benefits		(1,624)	(4,553)
Lease liability		(14,470)	10,134
Losses		308,402	(632,211)
Movement in temporary differences		(217,229)	1,945,365

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

	Notes	2024 (\$)	2023 (\$)
Recognised in equity			
Property, plant and equipment		(23,159)	(641,414)
Movement in temporary differences		(23,159)	(641,414)
Closing balance			
Property, plant and equipment		(3,630,105)	(3,081,011)
Right-of-use assets		(31,468)	(47,867)
Employee benefits		35,006	36,630
Lease liability		46,842	61,313
Losses		5,273,291	4,964,889
Tax assets/(liabilities)		1,693,566	1,933,954

On 28 March 2024 the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act passed into law. The Act removed depreciation deductions for tax purposes for industrial and commercial buildings with an estimated useful life of 50 years or more, with effect from the 2024/25 income tax year. Application of the enacted tax law has resulted in a \$59,886 increase in the recognition of deferred tax expense in the Statement of Comprehensive Income and a corresponding increase to the deferred tax liability recognised in the Statement of Financial Position.

Utilisation of the Group's recognised tax losses is considered probable as it is expected that sufficient tax profits will accrue in future periods. The ability to utilise the losses is also dependent on meeting certain Inland Revenue rules, including those in respect of shareholder continuity.

The tax depreciation applicable to the Wind Farm assets is significantly higher than the accounting depreciation in the early years of the project. This reflects the diminishing value method of depreciation applied for tax purposes. As this tax depreciation charge reduces over time, taxable profits are expected to be earned, as modelled in the impairment testing process.

3. Fees paid to auditor

Audit of financial statements	118,073	129,686
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No other fees were paid to auditors.

4. Employment expenses

Wages and salaries	1,865,780	1,649,044
KiwiSaver Contributions	60,407	47,065
Temporary Staff Fees	35,182	130
Fringe Benefit Tax	30,377	27,018
Other employee benefits	21,668	15,585
Total Employment expenses	2,013,414	1,738,843

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

		2024 (\$)	2023 (\$)
5. Trade and other receivables			
Trade Debtors			
Trade Debtors		1,727,997	918,878
Total financial assets other than cash and cash equivalents measured at amortised cost	22	1,727,997	918,878
Prepayments			
Prepayments		379,936	231,029
GST Receivable		–	36,862
Total Trade and other receivables		2,107,933	1,186,768

Of the trade debtors nil (Prior year: nil) relate to balances not received by their due date, and all remain current within 30 days (Prior year: all current within 30 days). The net carrying value of trade receivables is considered a reasonable approximation of fair value.

As at year-end, there is no impairment of the Group's trade debtors (Prior year: nil).

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

6. Property, plant and equipment

The carrying book value amounts of property, plant and equipment are analysed as follows:

	Land (at revaluation) \$	Roading (at revaluation) \$	Buildings (at revaluation) \$	Office equipment (at cost) \$	Plant & equipment (at cost) \$	Motor vehicles (at cost) \$	Foundations (at cost) \$	Electrical (at cost) \$	Wind turbines (at cost) \$	TOTAL \$
Cost:										
Balance at 1 July 2023	5,254,072	4,197,700	827,094	500,463	796,692	521,844	4,447,656	21,097,384	76,260,479	113,903,385
Additions	–	–	–	6,016	156,605	13,478	–	–	1,015,768	1,191,867
Disposals	–	–	–	–	–	–	–	–	(516,968)	(516,968)
Revaluation	–	–	(237,094)	–	–	–	–	–	–	(237,094)
Balance at 30 June 2024	5,254,072	4,197,700	590,000	506,479	953,297	535,322	4,447,656	21,097,384	76,759,279	114,341,189
	Land (at revaluation) \$	Roading (at revaluation) \$	Buildings (at revaluation) \$	Office equipment (at cost) \$	Plant & equipment (at cost) \$	Motor vehicles (at cost) \$	Foundations (at cost) \$	Electrical (at cost) \$	Wind turbines (at cost) \$	TOTAL \$
Depreciation and impairment:										
Balance at 1 July 2023	–	800,961	310,229	493,031	698,433	370,861	3,055,459	11,650,764	59,496,249	76,875,986
Accumulated depreciation on disposals	–	–	–	–	–	–	–	–	(516,968)	(516,968)
Depreciation	–	188,708	29,541	8,214	41,529	49,110	105,356	726,051	3,629,712	4,778,221
Revaluation	–	–	(319,805)	–	–	–	–	–	–	(319,805)
Impairment (reversal)	–	(580,612)	–	–	–	–	(232,902)	(1,578,311)	(2,561,020)	(4,952,845)
Balance at 30 June 2024	–	409,057	19,965	501,245	739,962	419,971	2,927,913	10,798,504	60,047,973	75,864,589
Carrying amount at 30 June 2024	5,254,072	3,788,643	570,035	5,234	213,335	115,351	1,519,743	10,298,880	16,711,306	38,476,600

At 30 June 2024, the Group carried out a review of the carrying values of its assets in accordance with NZ IAS 36 - Impairment of Assets, which has resulted in a reversal of impairment of PPE of \$4,952,845. Note 17 also provides further information.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

Separation of Asset Classes

During the current financial year, the Group has separated its “Buildings and Plant & Equipment” asset class into “Buildings” and “Plant & Equipment” to facilitate the revaluation of its buildings. This reclassification ensures that the fair value of the buildings is accurately reflected in the financial statements. The revaluation of buildings was conducted by an independent valuer, and the revaluation surplus has been recognised in other comprehensive income and accumulated in equity under the revaluation surplus. Refer to the Buildings Revaluation section below for further detail.

The Plant & Equipment class continues to be measured at cost, less accumulated depreciation and impairment losses. For comparative purposes, the prior year’s figures have also been reclassified to reflect this separation of asset classes.

Buildings Revaluation

Buildings asset valuations were independently assessed by CBRE Limited Ltd on 8 September 2023. The fair value was determined using the Market Approach, which provides an indication of the value by comparing the asset with similar properties that have been sold in the open market. This method considers factors such as location, condition, size, and market trends to arrive at an estimate of what the asset would likely sell for in the current market.

The fair value measurements of the buildings assets have been categorised in the fair value hierarchy as Level 3 and recurring in accordance with NZ IFRS 13 – *Fair Value Measurement*, as the inputs are not observable in the market, and the carrying amount of the assets will reviewed at each reporting period.

The fair value measure is based on the asset’s highest and best use, which does not differ from their actual use.

If building were measured using the cost model, the carrying amount would be \$489,405 as at 30 June 2024.

Road Revaluation

Road asset valuations were independently assessed by Jones Lang LaSalle (JLL) in FY23, based on an inspection date of 25 May 2023. Given the specialised nature of the roading assets and lack of comparable sales data, the fair value has been determined by using a depreciated replacement cost basis. The depreciated replacement cost comprises all costs incurred in purchasing, delivering and installing the roading assets, which includes all project design, supervision, commissioning and insurance costs incurred. The useful life of the roading assets under the depreciated replacement cost basis has been assessed by JLL, with consideration given to the ages and lives of similar assets, research and industry experience.

There has also been no material physical changes in the roading asset between date of inspection and date of valuation, being 30 June 2024. As at 30 June 2024, the Group has assessed there to be no indication that the fair values of the assets have changed significantly since the last revaluations in 2023, and therefore no revaluation has been performed as at 30 June 2024.

The fair value measurements of the roading assets have been categorised in the fair value hierarchy as Level 3 and recurring in accordance with NZ IFRS 13 – *Fair Value Measurement*, as the inputs are not observable in the market, and the carrying amount of the assets will reviewed at each reporting period.

The fair value measure is based on the asset’s highest and best use, which does not differ from their actual use.

Land Revaluation

Land asset valuations were independently assessed by BakerAg NZ Ltd in FY22 using a discounted cash flow methodology taking into account the royalties that can be earned from it to derive the estimated market value. The Group updated the BakerAg valuation to reflect the revised remaining useful life of the windfarm. The existing windfarm is assumed to be fully decommissioned at the end of FY2041, with a gradual reduction in operational turbines over the period FY2032 to FY2041. Note 17 provides further detail on the revised remaining economic life assumption which has been determined to end in FY2036.

As the fair value of land is determined using inputs that are unobservable, the Group has categorised Land as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – *Fair Value Measurement*.

At 30 June 2024, the land value as currently shown in the accounts reflects the fair value at balance date, and as such, a revaluation has not been performed for FY24. The Directors have formed this judgement with reference to movement in the local property market since FY23.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

The FY23 carrying book value amounts of property, plant and equipment are analysed as follows:

	Land (at revaluation) \$	Roading (at revaluation) \$	Buildings, plant & equipment (at cost) \$	Office equipment (at cost) \$	Motor vehicles (at cost) \$	Foundations (at cost) \$	Electrical (at cost) \$	Wind turbines (at cost) \$	TOTAL \$
Cost:									
Balance at 1 July 2022	5,254,072	4,982,406	1,623,786	488,942	521,844	4,447,656	21,097,384	76,420,044	114,836,134
Additions	–	–	–	11,521	–	–	–	1,034,263	1,045,784
Disposals	–	–	–	–	–	–	–	(1,193,828)	(1,193,828)
Revaluation	–	(784,706)	–	–	–	–	–	–	(784,706)
Balance at 30 June 2023	5,254,072	4,197,700	1,623,786	500,463	521,844	4,447,656	21,097,384	76,260,479	113,903,385
	Land (at revaluation) \$	Roading (at revaluation) \$	Buildings, plant & equipment (at cost) \$	Office equipment (at cost) \$	Motor vehicles (at cost) \$	Foundations (at cost) \$	Electrical (at cost) \$	Wind turbines (at cost) \$	TOTAL \$
Depreciation and impairment:									
Balance at 1 July 2022	–	2,995,385	938,832	471,401	317,764	2,580,540	8,530,618	53,416,786	69,251,325
Accumulated depreciation on disposals	–	–	–	–	–	–	–	(959,995)	(959,995)
Depreciation	–	80,084	69,830	21,630	53,097	146,635	892,606	3,086,404	4,350,286
Revaluation	–	(3,075,469)	–	–	–	–	–	–	(3,075,469)
Impairment	–	800,961	–	–	–	328,284	2,227,540	3,953,054	7,309,839
Balance at 30 June 2023	–	800,961	1,008,662	493,031	370,861	3,055,459	11,650,764	59,496,249	76,875,986
Carrying amount at 30 June 2023	5,254,072	3,396,739	615,124	7,432	150,983	1,392,197	9,446,620	16,764,230	37,027,399

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

7. Intangible assets

Changes in the net carrying amount of intangible assets follow:

	Land use consent and wind rights \$	Grid connection \$	Capital WIP \$	TOTAL \$
Cost:				
Balance at 1 July 2023	1,737,360	5,522,157	2,659,507	9,919,024
Additions	–	–	775,387	775,387
Transfers into Joint Venture (refer to note 9)	–	–	(3,326,743)	(3,326,743)
Balance at 30 June 2024	1,737,360	5,522,157	108,151	7,367,668
Amortisation and impairment:				
Balance at 1 July 2023	724,175	4,300,189	–	5,024,364
Amortisation	42,138	279,378	–	321,516
Impairment (reversal)	(175,747)	(170,597)	–	(346,344)
Balance at 30 June 2024	590,566	4,408,970	–	4,999,536
Carrying amount at 30 June 2024	1,146,794	1,113,187	108,151	2,368,132

At 30 June 2024, the Group carried out a review of the carrying values of its assets in accordance with NZ IAS 36 – Impairment of Assets. Note 17 provides further information.

Capital work in progress

During FY24, the Group has incurred costs associated with other development opportunities outside of the Te Rere Hau Repowering Project. All costs directly attributed to consenting applications in relation to these projects, are classified as WIP on the Consolidated Statement of Financial Position. These costs include consent application preparation, legal costs and affects assessments, all of which play a critical role in the consenting applications for the development projects underway.

Feasibility and other consultation costs associated with development opportunities have been expensed in the Consolidated Statement of Comprehensive income as consultation costs - development opportunities.

During FY23, the first of the Fast-track resource consents for the Te Rere Hau repower was granted to construct thirty turbines on existing owned and leased property. In 2024, a second consent application is underway, for the Aokautere Extension Project. An Expert Consenting Panel has been appointed to assess the consent application. A consenting decision is expected in FY25.

During FY24, NWF has transferred \$2,936,109 in development/consent costs and \$391,387 in assets to the joint venture (JV) with Meridian, and along with it transferred the rights to control and obtain all of the benefits from them.

The repowering work programme has incurred expenditure to finalise commercial terms with Meridian Energy Limited (for example the investment agreement, power purchase agreement and development services agreements) and on-going advisory support for the repower project finance debt process. These costs have been expensed in the Consolidated Statement of Comprehensive Income, as non-consenting development costs.

All capital WIP costs reported on the Statement of Financial Position will be reassessed at each annual reporting period.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

	Land use consent and wind rights \$	Grid connection \$	Capital WIP \$	TOTAL \$
Cost:				
Balance at 1 July 2022	1,737,360	5,522,157	1,452,574	8,712,091
Additions	–	–	1,206,933	1,206,933
Balance at 30 June 2023	1,737,360	5,522,157	2,659,507	9,919,024
Amortisation and impairment:				
Balance at 1 July 2022	443,125	3,732,667	–	4,175,792
Amortisation	42,138	279,378	–	321,516
Impairment	238,912	288,144	–	527,056
Balance at 30 June 2023	724,175	4,300,189	–	5,024,364
Carrying amount at 30 June 2023	1,013,185	1,221,968	2,659,507	4,894,660

8. Investment in subsidiaries

Name of entity	Principal activity	Type	Accounting method	Interest held 2024	Interest held 2023
NZWL – TRH Limited	Holds the Group's interest in the Te Rere Hau Wind Farm	Subsidiary	Consolidated within group	100%	100%
TRH Services Limited	Operations and maintenance of Wind Farm	Subsidiary	Consolidated within group	100%	100%
NZWF SPV GP Limited	Investment vehicle in the Te Rere Hau Repower Project	Subsidiary	Consolidated within group	100%	–
NZWF SPV Limited Partnership	Along with Meridian's special purpose vehicle, an initial shareholder of Te Rere Haul Holdings Limited, and limited partner of Te Rere Hau (2023) Limited Partnership	Subsidiary	Consolidated within group	100%	–

The Company's subsidiaries are incorporated in New Zealand and have a 30 June reporting date.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

9. Joint ventures

On 25 October 2023, the Group entered into an Investors' Agreement with Meridian Energy for the redevelopment of Te Rere Hau windfarm. As part of this agreement, the following entities have been incorporated:

Name of entity	Principal activity	Type	Accounting method	Interest held 2024	Interest held 2023
Te Rere Hau Holdings Limited	General partner of Te Rere Hau (2023) Limited Partnership, and sole shareholder of Te Rere Hau Limited	Joint venture	Equity method	50%	–
Te Rere Hau (2023) Limited Partnership	Limited partner of Te Rere Hau Limited Partnership	Joint venture	Equity method	50%	–
Te Rere Hau Limited	General partner of Te Rere Hau Limited Partnership	Subsidiary to Joint Venture	Equity method	50%	–
Te Rere Hau Limited Partnership	Design, development, construction, financing, operation, maintenance, repair and expansion of the redeveloped Te Rere Hau windfarm, and the sale of electricity	Subsidiary to Joint Venture	Equity method	50%	–

The entities above are incorporated in New Zealand and have a 30 June reporting date.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Te Rere Hau Project Limited Partnership. Under NZ IFRS 11 *Joint Arrangements* this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

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NZ Windfarms Limited

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9. Joint ventures (continued)

Summarised financial information in relation to the joint venture is presented below:

	2024 (\$)	2023 (\$)
As at 30 June 2024		
Statement of financial position		
Current assets	248,374	–
Non-current assets	6,855,001	–
Current liabilities	(665,665)	–
Non-current liabilities	(3,384,386)	–
Net assets (100%)	3,053,324	–
Group share of net assets (50%)	1,526,662	–
Reconciliation of net assets (100%)		
Opening net assets	–	–
Partners' contributions	3,907,142	–
Total comprehensive (loss) (100%)	(853,818)	–
Total Reconciliation of net assets (100%)	3,053,324	–
Period ended 30 June		
Statement of comprehensive income		
Income	2,016	–
Loss from continuing operations	(855,834)	–
Total comprehensive (loss) (100%)	(853,818)	–
Group share of total comprehensive (loss) (50%)	(426,910)	–
Dividends received by group from joint venture	–	–
Included in the above amounts are:		
Depreciation and amortisation	–	–
Interest income	2,016	–
Interest expense	(34,582)	–
Income tax expense	(565)	–
Investment in equity-accounted joint ventures		
Te Rere Hau Limited Partnership		
Group share of total comprehensive (loss) (50%)	(426,910)	–
Equity contributions	3,627,507	–
Total Investment in equity-accounted joint ventures	3,200,597	–

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On 21 December 2023, the Group charged to Te Rere Hau Limited Partnership the amount of its repower consent and development costs incurred up to date of the Investors' Agreement amounting to \$2,936,109. The amount was contributed as an unsecured, interest-free loan.

On 21 December 2023, the Group entered into an Asset Transfer Agreement with Te Rere Hau Limited Partnership, pursuant to which it transferred certain assets including option agreements, a sale and purchase agreement and grid connection application. These transfers were completed on 23 February 2024 and the purchase price of \$391,387 forms part of the Group's equity contribution on financial close (when all necessary financial agreements and documents for the project are finalised and executed, expected in FY2025).

On 21 December 2023, the Group also entered into a Development Services Agreement with Te Rere Hau Limited Partnership, which relate to the provision of necessary services to Te Rere Hau Limited Partnership to facilitate the development of the project. These costs are deemed to be contributed as equity to the joint venture.

The Investors' Agreement does not grant rights for either party to specific assets owned by Te Rere Hau Limited Partnership, including in the event of liquidation. If the joint venture is dissolved for any reason, the assets will be liquidated, and proceeds distributed based on the Investors' Agreement. The Investors' Agreement states that distribution will be pro-rata based on the number of partnership units held by each limited partner, resulting in an even 50/50 distribution since an equal number of partnership shares are held.

	Notes	2024 (\$)	2023 (\$)
10. Trade and other payables			
Trade payables and accruals			
Trade payables		1,174,568	553,554
Accruals		164,549	133,368
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	22	1,339,117	686,921
Other payables			
Employee entitlements		249,977	301,140
GST Payable		135,452	–
Total Other payables		385,429	301,141
Total Trade and other payables		1,724,546	988,062

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Trade payables are generally settled within 30 days.

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NZ Windfarms Limited

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11. Share capital

As at year-end share capital comprised 363,900,692 ordinary shares (Prior year: 288,063,584). 75,837,108 shares have been issued during the financial year.

The shares are fully paid and have no par value. At 30 June 2024, paid up share capital amounted to \$118,759,753 (Prior year: \$107,005,000).

On 25 October 2023, the Group announced that it had reached agreement with Meridian Energy Ltd (Meridian) to pursue the development and repower of Te Rere Hau wind farm, subject to conditions including NWF shareholder approval and Final Investment Decision by both parties which includes satisfactory consenting, third party contracting and financing arrangements.

As part of the commercial terms, NWF made a placement of 43,209,500 shares to Meridian, totaling \$6.7m, at a price of \$0.155 per share.

NWF also undertook a pro-rata renounceable 1:8.5 rights issue of shares to existing shareholders at a price of \$0.155 per share, resulting in the issuance of 8,176,831 new shares and raising \$1.3m (Offer). The Offer was underwritten by Meridian with an additional 24,450,777 shares issued, raising a further \$3.8m.

For the year ended 30 June 2024, share capital raised totaled \$11,754,753.

	2024	2024	2023	2023
	Share capital	Number of Shares	Share capital	Number of Shares
	\$		\$	
Opening balance	107,005,000	288,063,584	107,005,000	288,063,584
October 2023 Share Placement MEL	6,697,473	43,209,500	–	–
November 2023 Rights Issue to existing shareholders	1,267,410	8,176,831	–	–
December 2023 Rights Issue MEL underwrite	3,789,870	24,450,777	–	–
Closing balance	118,759,753	363,900,692	107,005,000	288,063,584

As at 30 June 2024, Meridian Energy Ltd held 19.99% shares in the Group.

All ordinary shares are equally eligible to receive dividends and the repayment of capital, and represent one vote at shareholders' meetings of NZ Windfarms Limited.

Dividends

No dividends were declared during the current financial year. (Prior year: Dividend of \$864,194, amounting to 0.30 cents per share).

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NZ Windfarms Limited

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12. Earnings and Net Tangible Assets per share

The basic and diluted earnings per share are calculated using the net result attributable to shareholders of the Company as the numerator.

	Notes	2024 (\$)	2023 (\$)
Earnings per share			
Net profit for the year		146,294	(5,300,031)
Weighted average number of shares on issue over year		336,440,404	288,063,584
Basic earnings per share		0.0004	(0.0184)
Diluted earnings per share		0.0004	(0.0184)

The basic and diluted earnings per share are calculated using the net result attributable to shareholders of the Company as the numerator.

	Notes	2024 (\$)	2023 (\$)
Net tangible assets per share			
Net assets		48,543,662	36,583,063
Less:			
Intangible assets	7	2,368,132	4,894,660
Deferred tax	2	1,693,566	1,933,954
Investments in equity-accounted joint ventures	9	3,200,597	–
Net tangible assets		41,281,367	29,754,450
Weighted average number of shares on issue over year	11	336,440,404	288,063,584
Net tangible assets per share		0.1227	0.1033

The net tangible assets per share is calculated using the total equity less intangible assets and deferred tax attributable to shareholders of the Company as the numerator. The total shares on issue at 30 June 2024 was 363,900,692 (Prior year: 288,063,584).

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	Notes	2024 (\$)	2023 (\$)
13. Notes supporting the Statement of Cash Flows			
Net profit after tax		146,294	(5,300,031)
Non-cash items			
Depreciation of property, plant and equipment	6	4,778,221	4,350,285
Depreciation on right-of-use assets	20	50,304	37,988
Amortisation of intangible assets	7	321,516	321,516
Interest expense		24,390	28,594
Impairment of property, plant and equipment	6	–	7,309,839
Impairment of intangible assets	7	–	527,056
Reversal of impairment of property, plant and equipment	6	(4,952,845)	–
Reversal of impairment of intangible assets	7	(346,344)	–
Loss on disposal of property, plant and equipment	6	–	228,739
Share of Te Rere Hau Project Limited Partnership		426,910	–
Unrealised loss/(gain) on derivatives	14	2,671,993	(1,852,516)
Provision for taxation	1	203,240	(1,945,365)
Total Non-cash items		3,177,385	9,006,136
Changes in working capital			
Trade and other payables		(921,166)	170,671
Inventories		(50,449)	1,377
Trade and other payables		736,484	(153,298)
Income in advance		10,614	–
Total Changes in working capital		(224,517)	18,750
Net cash flow from operating activities		3,099,162	3,724,855

Significant non-cash transactions

Refer to notes 20 and 21 for details of transactions in the lease liability and term loan liability. Included in the BNZ loan, as outlined in note 21, is amortisation of borrowing costs of \$13,070 (Prior year: \$28,594), which is non cash. Included in the lease liability, as outlined in note 20, is interest expense of \$11,320 (Prior year: \$12,290), which is non cash.

Reconciliation of liabilities arising from financing activities

This note provides a reconciliation of the opening and closing balances of liabilities arising from financing activities, including both cash flow and non-cash changes during the financial year.

Description	Opening Balance \$	Cash Flows \$	Non-Cash Movements \$	Closing Balance \$
Share Capital	107,005,000	11,754,753	–	118,759,753
Finance Lease Liability	218,974	(63,000)	11,320	167,294
BNZ Term Loan	7,574,311	(7,587,381)	13,070	–
Total Liabilities from Financing	114,798,285	4,104,372	24,390	118,927,047

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14. Derivative Financial Instruments

Classification of Derivative Financial Instruments

Derivative energy futures, are classified as held for trading and accounted for at fair value through profit or loss. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group has not applied hedge accounting.

The energy derivatives are measured at fair value on a recurring basis, and have been classified as Level 3 financial instruments. This refers to the determination of fair value from inputs other than unadjusted quoted prices from an active market for identical assets and liabilities, which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The energy derivatives are valued using the forecasted generated volume (refer to note 17 - Output) and the wholesale electricity price paths from the ASX.

The fair value hierarchy of financial instruments measured at fair value is provided below.

	Level 1		Level 2		Level 3	
	2024 (\$)	2023 (\$)	2024 (\$)	2023 (\$)	2024 (\$)	2023 (\$)
Financial liabilities						
Derivative financial liabilities (fair value through profit or loss)	–	–	–	2,339,089	5,011,082	–

During FY24, the Group transferred the balance of derivative financial liabilities from Level 2 to Level 3 to better reflect the nature of the instrument and to align with peers in the industry.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial Instrument	Valuation techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Energy Derivative Liabilities	An income approach is used to fair value the instrument. The calculation is based on the volume weighted average node price less strike price, multiplied by the expected power output and then discounted for the time value of money.	Generated volumes based on DNV forecast wind generation.	A decrease in generated volumes would lead to a decrease in fair value. An increase would have the opposite effect.

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The table below provides a reconciliation of the opening and closing balances of Level 3 financial liabilities, along with a summary of the movements during the year:

Movement Description	2024 (\$)
Opening balance as at 1 July 2023	–
Transfers from Level 2 to Level 3	5,011,082
Closing balance as at 30 June 2024	5,011,082

Sensitivity Analysis

An increase in the average price of the underlying contracts of +1% results in an increase in the liability of \$99,847.

A decrease in the average price of the underlying contracts of -1% results in a decrease in the liability of \$99,847.

Liquidity Risk

The table below details the liquidity risk arising from derivative liabilities held by the Group at reporting date.

	Up to 3 months \$	Between 3 and 12 months \$	Between 1 year and 2 years \$	Between 2 and 5 years \$	Total \$
Energy derivatives	3,554,710	1,456,372	–	–	5,011,082
Interest rate swaps	–	–	–	–	–

Energy futures and contracts for differences

The Group's primary means of managing electricity price risk is via variable volume fixed price agreements (VVFPA's). This means that 50% of the Group's generation between 1 July 2023 to 31 December 2023, 100% of the Group's generation between 1 January 2024 and 30 September 2024 and 50% of the Group's generation between 1 October 2024 and 31 December 2024 will be sold at a fixed price related to the Group's injection node (TWC2201). These agreements have been reached with three NZ-based counterparties.

In June 2024, the Group agreed to a conditional fixed price variable volume contract for difference (CFD) with Meridian Energy Limited for 50% of the Group's generation from October 2024 to December 2024, and 100% of output from January 2025 to March 2025. At 30 June 2024, the VVFPA is conditional on NWF and Meridian agreeing an ISDA Schedule for the CFD.

In the prior year, 50% of the Group's generation between 1 July 2023 to 31 December 2023, 75% of the Group's generation between 1 January 2024 and 31 March 2024, 95% of the Group's generation between 1 April 2024 and 30 June 2024, 95% of the Group's generation between 1 July 2024 to 30 September 2024 and 50% of the Group's generation between 1 October 2024 and 31 December 2024 was under agreement to be sold at a fixed price related to the Group's injection node (TWC2201).

Interest rate swaps

When the Group has floating rate debt outstanding it is exposed to movements in interest rates. For floating rate debt there is uncertainty of future cash interest payments. The Group manages these risks through the use of Interest Rate Swaps (IRS) to ensure that the Group has an appropriate amount of fixed and floating interest rate exposure. The risk is monitored by assessing the notional amount of debt on a fixed and floating basis and ensuring this is in accordance with set policies.

As a result of the prepayment of the BNZ loan facility, no Interest Rate Swaps (IRS) are currently in effect. (Prior year carrying value of IRS: nil).

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	2024 (\$)	2023 (\$)
Results of the transactions with derivative financial instruments:		
Gain (Loss) on realised derivative financial instruments		
Interest swaps		
Net loss on realised interest swaps	(10)	172,453
VVFPA		
Net (loss) gain realised on VVFPA	(4,282,171)	4,006,539
Total Gain (Loss) on realised derivative financial instruments	(4,282,181)	4,178,992
	2024 (\$)	2023 (\$)
Gain (loss) on unrealised derivative financial instruments		
Interest swaps		
Net gain (loss) on unrealised interest swaps	–	(187,629)
VVFPA		
Net (loss) gain unrealised on VVFPA	(2,671,992)	2,040,145
Total Gain (loss) on unrealised derivative financial instruments	(2,671,992)	1,852,516
Net change in fair value of energy hedges	(6,954,165)	6,031,508
Unrealised fair value derivative (liabilities) assets	(5,011,082)	(2,339,089)

The VVFPA has a maturity of 6 months (Prior year: 18 months). All other unrealised derivative financial instruments have matured at 30 June 2024 (Prior year: 12 months).

	2024 (\$)	2023 (\$)
15. Cash and cash equivalents		
Operating accounts	24,098	357,565
On call accounts	698,740	1,222,633
Total Cash and cash equivalents	722,838	1,580,199

On call accounts attract interest of 5.35% per annum (Prior year: 4.08%).

	2024 (\$)	2023 (\$)
16. Investments		
Short Term Deposits with maturity less than 3 months	5,796,755	–
Total Investments	5,796,755	–

Term deposits interest rates ranged between 5.28% and 6.23%. for the year ended 30 June 2024.

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17. Te Rere Hau Wind Farm asset impairment

The Group has only one cash generating unit (CGU) which is the Te Rere Hau (TRH) wind farm. The 'value in use' (VIU) method has been used to establish the recoverable value of the assets of the wind farm based on forecast cash flows over the assumed remaining wind farm economic life. A salvage value of residual assets is included as a terminal value. During the year ended 30 June 2024, the Group carried out a review of the carrying values of the assets in accordance with NZIAS 36 – Impairment of Assets.

The VIU calculation indicated that there was a reversal of impairment of \$5,299,189 for the year ended 30 June 2024 (Prior year: impairment of \$7,836,895). The reversal of impairment has been allocated to previously impaired property plant and equipment (\$4,952,945) and intangible assets (\$346,344) (refer to Notes 6 and 7).

The details of the key assumptions to the VIU method are set out below.

First year of cash flow

Rolling forward the VIU calculation by a year, results in the loss of a year of cashflow for the remaining economic life of TRH's generating assets.

Remaining economic life

The remaining economic life of the generating assets is based on an extensive review process completed by the Group during the year ended 30 June 2023 which included engineering design review, input from specialist renewable energy consultants, asset management planning and financial modelling. This review process confirmed that ongoing maintenance of the major turbine components can be undertaken to keep the existing turbines operational for their remaining economic life. The end of economic life is assumed to occur in FY36 (Prior year: FY36). In determining remaining useful life, assumptions have been made regarding the ongoing connection of the wind farm to the grid.

A gradual decommissioning of the current turbine fleet is assumed to commence from FY32 onwards, with increased monitoring and utilisation of spare parts from decommissioned turbines to maintain the remaining fleet.

The existing 91 operating turbines are assumed to have 4 turbines decommissioned during the period from FY32 to the end of economic life of the windfarm in FY36. The remaining 87 turbine units are then assumed to be fully decommissioned for residual salvage value in FY37.

The Group intends to reassess the above assumptions at regular intervals to ensure their continued validity.

Electricity price

The wholesale electricity price forecasts assume the latest PricewaterhouseCoopers (PwC) price path, as at 30 June 2024. The PwC price path is based on the ASX futures curve until the end of calendar year 2027. The medium to long term price path to FY44 is based on PwC's estimates of prices required for new generation to be built to meet forecast electricity demand growth. The forecast Long Run Marginal Cost (LRMC) for different generation technologies is weighted by their assumed contribution to new generation supply. PwC assumes that the Tiwai Point smelter continues to operate during the forecast period due to the strengthening market for green aluminium products and the new commercial agreement announced between its owner, New Zealand Aluminium Smelters Limited, and Meridian Energy. The price path is updated by PwC annually. All prices refer to the Otahuhu node price (OTA).

In order to estimate the Company's injection node price at Tararua Wind Central, the Otahuhu node price is reduced by a location discount factor (for the impact of energy transmission losses) and an intermittency discount factor (for the impact of fluctuating weather on wind generation relative to baseload pricing). The latest forecasts for location and intermittency discount factors were obtained from Energy Link, a specialist consultant to the New Zealand Energy industry, as at 30 June 2024. An increasing renewable build including solar and wind projects and decommissioning of thermal plant is expected to increase the intermittency discount over time. The Energy Link combined discount factors forecast for the existing windfarm, increased from 12.3% in FY25 to 33.6% in FY49, were adopted (Prior year: 18.0% in FY24 to 31.5% in FY48).

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Output

Output of the wind farm for the 2024 financial year was 105.6 GWh (Prior year: 98.2 GWh). The average generation output over the last 11 years was 112.4 GWh (normalised to be consistent with current turbine operations).

The forecast generation output is based on a report from DNV, a global technical consultancy to the renewable energy industry headquartered in Norway. DNV estimated the average long-term output for 92 turbines to be 117.2 GWh. Management has adjusted this estimate for the decommissioning of one turbine, resulting in the forecast average long-term output being 116.7 GWh (Prior year: 116.7 GWh).

Operating costs and capital expenditure

The assumed operating costs and capital expenditure are based on the Group's 2025 budget. This current budget is the latest information available to the Board informed by current year actual costs and the Board's future expectations. Long term inflation is applied to forecast future years.

Turbine expenses and TRH personnel costs are assumed to reduce pro-rata with the assumed declining generating capacity of the windfarm from FY32 onwards on the basis that the Group would seek cost savings to partially offset the impact of declining revenue.

The accounting standard NZ IAS 36 requires that the expenditure of \$0.1m on resource consents for other development projects, which is included in the current year balance sheet as Capital Work in Progress (refer Note 7), is included in the asset base of the CGU assets the VIU is assessed against.

Terminal value

A terminal value is included in FY37 to account for the value expected to be realised from the following residual assets once the windfarm is decommissioned.

The terminal value of land is calculated based on the book value of \$5.3m which is then inflated to \$6.7m. The terminal value of turbines and towers is based on prices and volumes for the scrap values of materials (net of disposal costs) of -\$0.17m which is then inflated to -\$0.22m. The terminal value of infrastructure is \$4.3m based on forecast depreciated book values for roading and buildings plus the estimated disposal value (net of transport costs) for the electrical transformers. Other infrastructure is assumed to have nil residual value.

Long Term Inflation

Long term inflation is based on the mid-point of the Reserve Bank of New Zealand's target range for the Consumer Price Index (CPI) as at 30 June 2024 of 2.00% (Prior year: 2.00%).

Discount rate

The post-tax discount rate used in the impairment model is a weighted average cost of capital (WACC) of 7.97% (Prior year: 7.66%).

Future strategy

The Group has been granted resource consent to repower the wind farm with new turbines and has established a joint venture with Meridian Energy Limited for this project. However, a final investment decision has not yet been made.

Sensitivity to changes in the assumptions

The assumptions set out above have resulted in the VIU calculation in the impairment model indicating a reversal of impairment of \$5,299,189 for the year ended 30 June 2024. However, due to the 12-year operating forecast time horizon (to FY36) and variability of the metrics upon which the key assumptions are based, the valuation is sensitive to any change in the assumptions.

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The following table shows the impact of a plus or minus 1% change in each of the key assumptions.

Assumption	Additional value (impairment)	Additional value (impairment)
	+1% movement	-1% movement
	\$	\$
Electricity price	773,881	(773,881)
Generation output	773,881	(773,881)
Operating costs	(353,735)	353,735
Capital expenditure	(100,634)	100,634
Discount rate	(1,528,739)	1,656,008

The following table shows the impact of a plus or minus 5 year change to the assumed remaining economic life date of FY36:

End of Economic Life Assumption	Additional value (impairment) movement
	\$
Financial Year 2031	(1,907,361)
Financial Year 2036	-
Financial Year 2041	(1,172,639)

There is interrelation between the key assumption inputs. Changes in the assumptions are unlikely to occur in isolation and could coincide with other changes which may also impact the value in use.

18. Related party transactions

Key management

Key management personnel includes the Board of Directors, CEO and GM Operations and Development. Key management personnel short term employee benefits, excluding remuneration to Directors, were \$945,303 during the reporting period ended 30 June 2024 (Prior year: \$675,260). This includes all remuneration including any STI for the year, as well as termination benefits totaling \$87,153 in lieu of the FY 2024 STI and LTI entitlement.

The Chief Executive Officer and the General Manager Operations and Development participate in the company's LTI plan. Under this plan, share-rights are held in trust through a performance rights scheme for a three year vesting period, contingent upon meeting two performance criteria. 50% of the shares granted under the plans are reliant on the company's relative total shareholder return. These shares will vest depending on the relative performance to a peer group of energy companies. For the other 50% of shares granted under the plans, these shares will vest if the total shareholder return is equal to or more than the company's cost of equity plus 1%. These metrics are measured annually to align with the financial year from 1 July to 30 June and will first be available for consideration of payment after the 2024 annual results have been delivered. The LTI rights is 25% of the participating employee's base salary.

The fair value impact of Long-Term Incentive (LTI) arrangements for both the CEO and GM Operations and Development over the three-year vesting period is assessed to be immaterial. This determination is based on factors such as the relative significance of the LTI component within the overall compensation structure.

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Directors' remuneration

Directors' remuneration of \$426,400 was paid and expensed during the reporting period (Prior year: \$402,480).

Joint Venture

On 25 October 2023, the Group entered into an Investors' Agreement with Meridian Energy for the redevelopment of Te Rere Hau wind farm, forming a joint arrangement, classified as a joint venture for accounting purposes. Due to Meridian Energy being a significant shareholder of the Group and having equal representation in the joint venture, it is considered a related party.

On 21 December 2023, the Group transferred from its intangible assets to the joint venture the amount of its development costs (primarily consent costs) incurred up to date of the Investors' Agreement amounting to \$2,936,109. The amount was deemed to be an equity contribution to the joint venture.

On 21 December 2023, the Group entered into an Asset Transfer Agreement with the joint venture, pursuant to which it transferred certain assets including option agreements, a sale and purchase agreement and the grid connection application. These transfers were completed on 23 February 2024 and the purchase price of \$391,387 is intended to form part of the Group's equity contribution on financial close.

On 21 December 2023, the Group also entered into a Development Services Agreement with the joint venture, which relate to the provision of necessary services to the joint venture to facilitate the development of the project. These costs are deemed to be contributed as an unsecured, interest-free loan. At 30 June 2024, the amount owing for these services was \$300,010.

Meridian Energy Limited

Meridian Energy Limited is considered a related party as it is a significant shareholder of the Group and therefore has significant influence. On 27 June 2024, NZ Windfarms announced that it has agreed conditional fixed price variable volume contracts for differences (CFDs) with Meridian Energy Limited. The CFDs were conditional on a waiver from listing rule 5.2.1 (which restricts related party transactions). NZ RegCo has now granted that waiver, so the CFDs are unconditional.

The agreement stipulates:

- 50% of the output from the Te Rere Hau wind farm will be supplied from October 2024 to December 2024.
- 100% of the output will be supplied from January 2025 to March 2025.
- 100% of the output will be supplied from April 2025 until the Final Investment Decision (FID) to be made under the joint venture.

No other transactions occurred with Meridian Energy Limited during the year ended 30 June 2024.

19. Capital commitments

The Group had \$571,658 of capital commitments at year end for inventories and property, plant and equipment (Prior year: \$651,389).

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20. Right-of-Use Assets & Leases

	2024 (\$)	2023 (\$)
Right-of-Use Assets		
Wind right agreements		
Balance at the start of the reporting period	121,682	135,038
Additions	–	–
Depreciation	(13,356)	(13,356)
Balance at the end of the reporting period	108,326	121,682
Land Lease agreements		
Balance at the start of the reporting period	41,009	–
Additions	–	73,903
Sub Lease agreement	–	(8,262)
Depreciation	(36,948)	(24,632)
Balance at the end of the reporting period	4,061	41,009
Total Right-of-Use Assets	112,387	162,691
	2024 (\$)	2023 (\$)

Lease liabilities

Wind right agreements & Land lease agreements		
Balance at the start of the reporting period	218,974	182,781
Additions	–	73,903
Interest expense	11,320	12,290
Lease payments	(63,000)	(50,000)
Balance at the end of the reporting period	167,294	218,974
Total Lease liabilities	167,294	218,974
	2024 (\$)	2023 (\$)

Lease liabilities are made up as follows:

Current portion	28,260	51,679
Non-current portion	139,034	167,295
Total Lease liabilities	167,294	218,974

Refer to note 22 for undiscounted contractual maturity analysis of these lease liabilities.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

	2024 (\$)	2023 (\$)
Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:		
Interest charges for lease liabilities	11,320	12,290
Expense relating to leases of low-value (included in Lease and Rental Expenses)	1,358	1,632
Expense relating to variable lease payments not included in lease liabilities* (included in Lease and Rental Expenses)	16,150	6,362

* Variable lease payments not included in lease liabilities relate to royalty expenses above contracted minimum amounts.

The Group's leases typically include renewal options. The Group must assess whether it reasonably expects (or not) to exercise these when determining the lease term.

There are 3 leases where the Group has assessed it does not reasonably expect to exercise all available renewal options, resulting in potential future lease payments not currently being included in the lease liability recognised for these leases of:

- Period: 20 - 50 years.
- Annual payments: \$2,000 – \$12,000 (based on current lease payments amount)

During the reporting period, lease-related cash outflows amounted to \$63,000 for repayments (2023: \$50,000).

21. Term loan

The Group's current facility with Bank of New Zealand (BNZ) expires on 8 April 2025. The loan is subject to normal competitive commercial interest terms and covenants, including interest cover and leverage ratios. The facility was amended in May 2023 to allow revolving credit with voluntary repayments and draw downs, with the aim of reducing interest expense. The total cost of finance of the loan reflects the 90 day Bank Bill rate plus a margin. At 30 June 2024, the interest rate of the loan at the time it was extinguished was 7.03% (Prior year: 5.47%).

At 30 June 2024, the total BNZ debt facility balance of \$7,588,235 has been prepaid. The Group was compliant with all loan covenants (30 June 2023: compliant with all loan covenants).

There is a general security interest on all the Group's property and registered first mortgage over property situated at North Range Road, Mangahao, held by BNZ.

Refer to Note 22 for maturity analysis of the term loan.

	2024 (\$)	2023 (\$)
Term Loan		
Balance at the start of the reporting period	7,574,311	8,292,437
Drawn down	–	1,350,000
Amortisation of borrowing costs	13,070	28,594
Principal repayments	(7,587,381)	(2,096,720)
Balance at the end of the reporting period	–	7,574,311

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

	2024 (\$)	2023 (\$)
Term loan is made up as follows:		
Current portion	–	1,219,227
Non-current portion	–	6,355,084
Total loan	–	7,574,311

22. Financial instruments and Risk management

The Group is exposed to a variety of financial, operating and investing risks. Key risks that affect the Group include:

Market electricity price risk

The Group sells electricity on the wholesale spot market. This market sets prices according to demand and supply and accordingly there is uncertainty about the returns that can be achieved from the sale of electricity based on the wholesale electricity spot price.

For any change in average electricity spot price there would be an equal and opposite impact on profit and equity. The sensitivity of changes in average electricity spot prices has an impact on the value in use calculation of the wind farm assets (refer to note 17).

The Group utilises VVFPAs as a tool to manage this risk as discussed in note 14. The principal objective in using economic hedges is to fix the wholesale electricity price.

A change in the average electricity spot price of \$1 per MWh would lead to a \$48,400 change in the unrealised energy derivative held at year-end (Prior year: \$97,464).

Concentration of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

In the normal course of business, the Group incurs credit risk from transactions with financial institutions and other counterparties e.g. for the sale of electricity. Limits on exposures with counterparties have been set and approved by the Board of Directors and are monitored on a regular basis. Financial instruments which potentially subject the Group to credit risk consist of cash, funds on deposit, trade receivables and energy derivatives.

The Group places its cash and funds on deposit with approved registered banks with minimum long-term Standard & Poor's credit rating of AA- with limits on the amount of exposure to any one financial institution.

Electricity generated from the Te Rere Hau wind farm is sold on the spot market to the Clearing Manager (Energy Clearing House Limited). The Clearing Manager acts as a broker for all participants in the wholesale market, which centralises credit risk. The Group usually does not require or hold collateral to manage this credit risk.

The carrying amount of cash and cash equivalents and trade debtors recorded in the financial statements represents the Group's maximum exposure to credit risk.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 5.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

Cash and Investments

Cash and investments are held with the following financial institution:

	30 June 2024		30 June 2023	
	Long-Term Credit Rating (S&P)	Cash at bank (\$)	Long-Term Credit Rating (S&P)	Cash at bank (\$)
Bank of New Zealand	AA-	721,941	AA-	1,579,999
ANZ Bank New Zealand Limited	AA-	5,796,956	AA-	200

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments of its debt instruments. It is the risk that the Group will encounter difficulty meeting its financial obligation associated with financial liabilities as they fall due.

Liquidity risk is monitored by continuously forecasting cash flows and matching them with the maturity profiles of financial assets and liabilities. The table below sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities, compared to the carrying value at reporting date.

	Up to 3 months \$	Between 3 and 12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	TOTAL \$	Carrying value at reporting date \$
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Financial liabilities – 2024

Trade and other payables	1,339,117	–	–	–	–	1,339,117	1,339,117
Lease liability	15,750	40,750	24,000	72,000	80,500	233,000	167,294
Term loan	–	–	–	–	–	–	–
Total	1,354,867	40,750	24,000	72,000	80,500	1,572,117	1,506,411

	Up to 3 months \$	Between 3 and 12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	TOTAL \$	Carrying value at reporting date \$
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Financial liabilities - 2023

Trade and other payables	686,922	–	–	–	–	686,922	686,922
Lease liability	15,750	47,250	37,000	72,000	104,500	276,500	218,974
Term loan	437,606	1,233,599	6,765,387	–	–	8,436,592	7,574,311
Total	1,140,278	1,280,849	6,802,387	72,000	104,500	9,400,014	8,480,207

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

Interest rate risk

When the Group has floating rate debt outstanding it is exposed to movements in interest rates. For floating rate debt there is uncertainty of future cash interest payments. The Group manages these risks through the use of Interest Rate Swaps (IRS) to ensure that the Group has an appropriate amount of fixed and floating interest rate exposure. The risk is monitored by assessing the notional amount of debt on a fixed and floating basis and ensuring this is in accordance with set policies.

As a result of the prepayment of the BNZ loan facility, the Interest Rate Swap (IRS) was terminated on 31 October 2023. Refer to note 21 for further details on the BNZ loan facility.

Capital management

The Group's capital structure includes share capital and retained earnings.

Capital allocation in the business is rigorous; investment in turbine components is only undertaken when there is a clear economic case for that investment. Decommissioned turbines may be recommissioned when electricity pricing provides a return on the capital required.

	Notes	2024 (\$)	2023 (\$)
Financial instrument classification			
Financial assets			
Assets at amortised cost			
Cash and cash equivalents	15	722,838	1,580,199
Investments	16	5,796,755	–
Trade receivables	5	1,727,997	918,878
Total Assets at amortised cost		8,247,590	2,499,076
Financial liabilities			
Liabilities at amortised cost			
Trade payables and accruals	10	1,339,117	686,922
Lease liability	20	167,294	218,974
Term loan	21	–	7,574,311
Total Liabilities at amortised cost		1,506,411	8,480,207
Liabilities at fair value through profit or loss			
Derivative liability	14	5,011,082	2,339,089
Total Liabilities at fair value through profit or loss		5,011,082	2,339,089

Due to their short-term nature, the carrying value of these financial instruments approximates their fair value.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2024

23. Segment analysis

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, CEO and GM Operations, in order to allocate resources to the segment and to assess its performance.

The NZ Windfarms Group operates in one segment, being the generation for sale of renewable electricity to the national grid in New Zealand. Sales of electricity are made via Energy Clearing House Limited (a 100% owned subsidiary of NZX Limited), representing 100% of the Group's trading revenue.

As there is only one reportable segment for the Group the segment profit represents profit earned for the segment after all costs including all administration costs, Directors' fees, salaries, interest revenue, finance costs and income tax expense.

The Board makes resource allocation decisions to this segment based on the expected cash flows and results of Group operations as a whole. No operations were discontinued during the year. For the purposes of monitoring segment performance and allocating resources to the segment, the Board monitors the tangible, intangible and financial assets attributable to the segment. All assets are allocated to the reportable segment.

24. Significant events subsequent to reporting period end

On 27th June 2024 NWF entered into a conditional VVFPFA with Meridian Energy Limited. The agreement, as disclosed in note 18, obtained NZX approval on 15 August 2024.

The agreement may have an impact on the Group's future revenue and operational strategies, aligning with NWF's long-term objectives in the energy sector.

On 26 August 2024, the Expert Consenting Panel released a decision to approve the Aokautere Extension Project.

There are no other material events subsequent to the reporting period that require disclosure in the financial statements.

Notes to the Consolidated Financial Statements

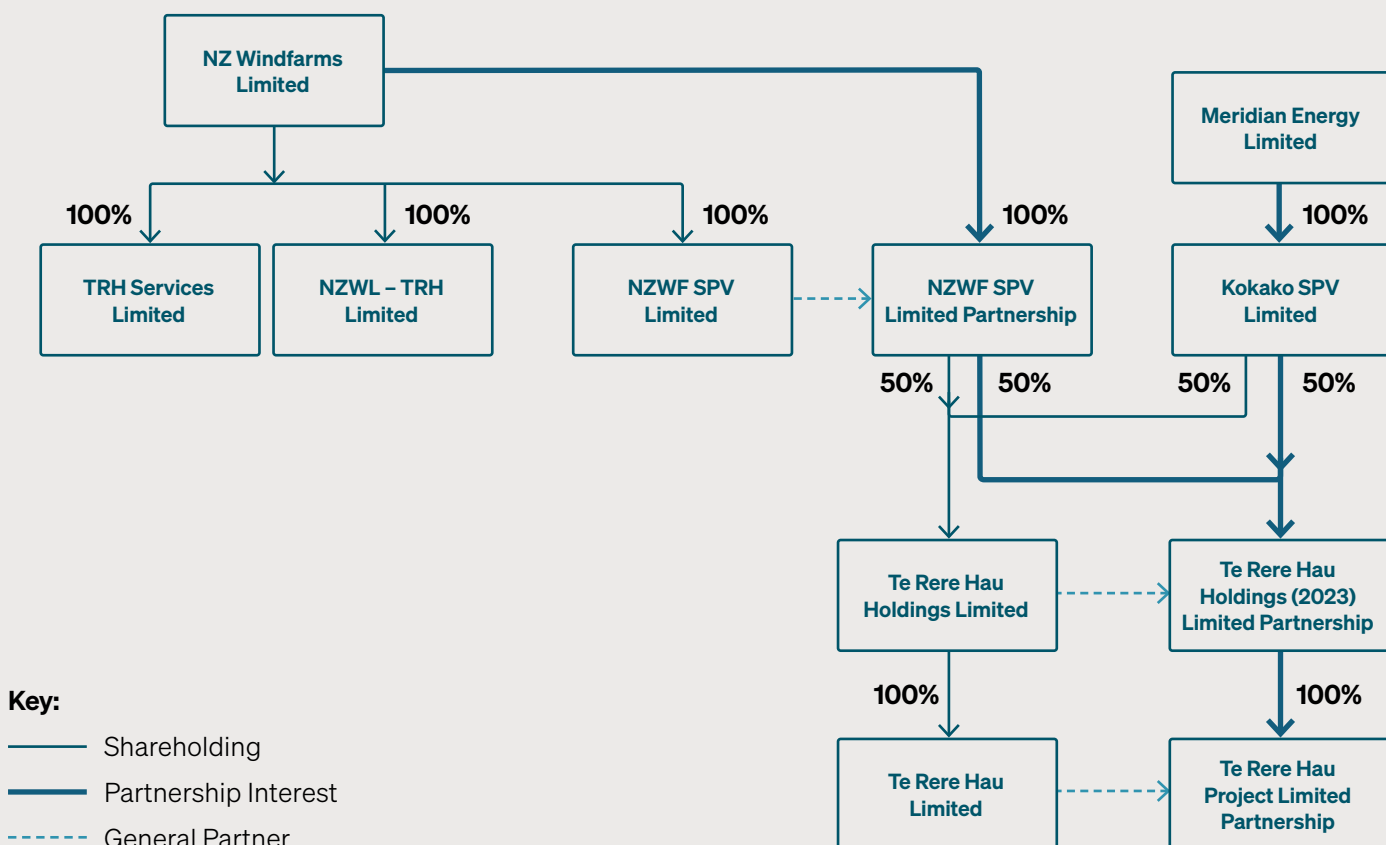
NZ Windfarms Limited

For the year ended 30 June 2024

25. Repower project update

As at 30 June 2024, a number of Limited Partnership (LP) / General Partnership (GP) entities have been established.

- NZ Windfarms equity capital raise entities (NZWF SPV Ltd / NZWF SPV Limited Partnership),
- the repower project investment holding entities (Hold Co) (Te Rere Hau Holdings Ltd / Te Rere Hau Holdings (2023) Limited Partnership), and
- the project development, operation and asset holding entities (Project Co) (Te Rere Hau Ltd / Te Rere Hau Project Limited Partnership).



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NZ WINDFARMS LIMITED

Opinion

We have audited the consolidated financial statements of NZ Windfarms Limited (“the Company”) and its subsidiaries (together, “the Group”), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and IFRS[®] Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

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

Key Audit Matter

How The Matter Was Addressed in Our Audit

Valuation of Te Rere Hau wind farm

The Group is required to assess at the end of each reporting period whether there is any indication that the wind farm assets may be impaired in accordance with NZ IAS 36 *Impairment of Assets*. Following the accumulated impairment of \$45.3m since its inception, countered by increasing forecasted electricity prices; a risk exists in relation to the valuation of the Te Rere Hau wind farm asset.

To determine the level of impairment or reversal of impairment, the Group calculates recoverable amount through a Value In Use ('VIU') model.

We identified the calculation of the recoverable amount as a key audit matter to our audit as the key inputs and assumptions are subject to significant management judgement and estimation uncertainty.

Refer to Note 17 (Te Rere Hau Wind Farm asset impairment) of the consolidated financial statements.

- We have had correspondence with management's valuation expert to understand the valuation methodology adopted.
- We have assessed the competence and objectivity of management's valuation expert.
- We have obtained Management's VIU calculation and have evaluated the key inputs and assumptions to consider if Management's calculation was in line with internal and external data. These included the remaining economic life of the windfarm, decommissioning plan for operational turbines, grid connection renewal, electricity prices, output, operating costs, capital expenditure, terminal values for land, infrastructure assets and scrap value of turbines, inflation and discount rate.
- We have engaged our internal valuation experts to review the VIU calculation against valuation industry techniques, the discount rate used and to consider management basis for determining future New Zealand wholesale electricity price paths.
- We have reviewed management's calculation of the carrying value of the assets to the recoverable amount determined by the impairment test. The test identified an impairment reversal of \$5.3m for the year ended 30 June 2024, which has been recognised to profit or loss.
- We have reviewed disclosures in the consolidated financial statements, including sensitivity analysis, to the requirements of the accounting standard.

Key Audit Matter

How The Matter Was Addressed in Our Audit

Capitalisation of development costs

The Group reports Capital Work in Progress (WIP) additions of \$0.8m and transfers into a joint venture of \$3.3m at 30 June 2024. The Group has incurred costs associated with development opportunities related to the Te Rere Hau Repowering Project as well as other projects.

All costs directly attributed to consenting applications in relation to these projects, are classified as WIP.

The Group has assessed the basis for the transfer of certain capital WIP assets to the Joint Venture in line with the investors' agreement.

We have identified the classification of capitalised costs as a key audit matter, as there is a risk that these costs may not meet the capitalisation requirements of NZ IAS 38 *Intangible Assets* and the impairment requirements of NZ IAS 36 *Impairment of Assets*.

Refer to Note 7 (intangible assets) of the consolidated financial statements.

- We obtained management's assessment of the Capital WIP costs against the capitalisation requirements of NZ IAS 38 *Intangible Assets*. Management has concluded that it is appropriate to capitalise the costs associated with the consenting projects on the basis that Te Rere Hau repower consent has been granted and the Aokautere Expansion and other projects consent application are in progress. We reviewed these assessments against the standards.

- We have obtained the accounting opinion of management's expert which determines the capitalisation policy and assessed it against the requirements of the standard.

- We have assessed the competence and objectivity of management's valuation expert.

- For a sample of Capital WIP costs, we agreed the cost to supporting documentation, discussed with management the nature of the transactions, and assessed whether all relevant costs have been correctly treated in line with the capitalisation policy.

- We have evaluated the titles and amounts transferred to the joint ventures in accordance with the investors' agreement and the guidance provided by management's solicitors

- We have reviewed disclosures in the consolidated financial statements, to the requirements of the accounting standard.

Key Audit Matter

How The Matter Was Addressed in Our Audit

Recognition and measurement of deferred tax asset

The Group continues to recognise a deferred tax asset of \$1.69m predominantly consisting of tax losses carried forward.

The recoverability of the deferred tax asset involves judgement by management about the probability of future taxable profits being sufficient to offset the tax losses.

The Group prepares detailed forecasts for the taxable profits expected to be generated from the wind farm over its life. The key inputs and assumptions to the forecast are subject to significant management judgement and estimation uncertainty, and the extent to which a deferred tax asset should be recognised on the losses is subject to management judgement.

We have identified the Groups assessments as a key audit matter as there are significant

- We have reviewed management's deferred tax calculation and agreed the inputs to supporting documentation.

- We have obtained management's forecasts for taxable profits and critically evaluated the key inputs and assumptions.

- We have evaluated management's assessment that there is a reasonable basis that the Group will be able to generate sufficient taxable profits to utilise the deferred tax asset recognised.

- We have reviewed disclosures in the consolidated financial statements, to the requirements of the accounting standard.

judgments made in assessing whether there will be sufficient future taxable profits to utilise the recognised deferred tax assets.

Refer to Note 2 (deferred tax) of the consolidated financial statements.

Key Audit Matter

How The Matter Was Addressed in Our Audit

Accounting for Joint Ventures

The Group has entered into an agreement with Meridian Energy Ltd (MEL) to pursue the development and repower of Te Rere Hau wind farm. Two Limited Partnerships and two General Partnerships have been established in response to the agreement. Management has concluded the established entities are Joint Ventures.

We have identified the accounting of the established entities as a Joint Venture as a key audit matter due to the judgements involved in determining this classification under NZ IFRS 11 *Joint Arrangements* and the accounting requirements of NZ IAS 28 *Investments in Associates and Joint Ventures*. Furthermore, there is a risk that the accounting for transactions in the joint ventures are not aligned to the Investment Agreement and applicable accounting standards.

Refer to Note 9 (Joint ventures) of the financial statements.

- We obtained management’s assessment of the classification of the established entities against the control requirements of NZ IFRS 11 *Joint Arrangements*. We evaluated the assessment against the standards.

- We obtained management’s assessment of the accounting of the established entities against the requirements of NZ IAS 28 *Investments in Associates and Joint Ventures*. We evaluated the assessment against the standards

- For a sample of costs, we agreed the costs to supporting documentation.

- For assets transferred into the joint ventures we reconciled the movements to transfers in Note 7 (intangible assets) and confirmed that legal rights to assets have been transferred to the joint ventures.

- For remaining assets and liabilities, we agreed the cost to supporting documentation, discussed with management the nature of the transactions, and assessed whether balances have been treated in accordance with the respective standards.

- We have reviewed disclosures in the consolidated financial statements, to the requirements of the accounting standards.

Other Information

The directors are responsible for the Annual Report, which includes information other than the financial statements and auditor’s report.

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

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated 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 ISAs (NZ) 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 decisions of users taken on the basis of these consolidated 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-1/>.

This description forms part of our auditor's report.

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.

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



BDO Auckland
Auckland
New Zealand
28 August 2024

Corporate Directory

NZ Windfarms Limited

For the year ended 30 June 2023

Directors

Craig Stobo (Chair)

Patrick Brockie

Christine Spring

Philip Cory-Wright

Neal Barclay (appointed 20 December 2023 and resigned 19 June 2024)

Leadership Team

David Prentice (Chief Executive Officer)

Adam Radich (General Manager Operations and Development)

Melanie Strydom (Contracted Chief Financial Officer – Naylor Lawrence & Associates)

Registered Office

376 North Range Road

RD 1

Palmerston North 4471

T: +64 6 280 2773

E: info@nzwindfarms.co.nz

Share Registrar

Shareholders with enquiries about transactions, change of address or dividend payments should contact the Share Registrar.

Link Market Services Limited

Level 30, PwC Tower

15 Customs Street West

Auckland, 1010

T: +64 9 375 5998

E: enquiries@linkmarketservices.co.nz

Auditor

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Auckland, 1010

Legal – Corporate

Wynn Williams

Level 25, Vero Centre

48 Shortland Street

Auckland

Legal – Property

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60 Shelley Beach Road

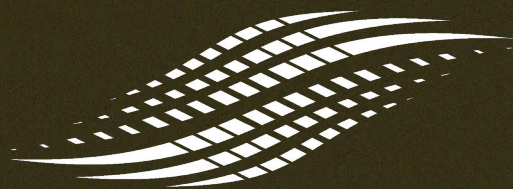
Auckland

Legal – RMA

Vicki Morrison-Shaw

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Matakana



NZ Windfarms Ltd
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