The New Zealand Merino Company Limited
Annual Report — 2024

Glen Lyon Station
Canterbury

Contents

Front cover: Walter Peak Station
Queenstown

Chair's Report

It will come as no surprise to anyone with connections to the agricultural sector that it has been a challenging year for The New Zealand Merino Company (NZM). Consumer spending has remained low and persistently high stock levels throughout the supply chain have put pressure on wool prices.

Whilst NZM's forward contract model and value-add offering have continued to deliver positive returns to our grower suppliers with wool prices at $2-$7 above the commodity market in many cases, the global economic downturn has had a significant impact on the company's earnings, with EBIT for the financial year ended 30 June 2024 ending up at a loss of $2.63 million.

Despite these headwinds, I am proud of how the business has responded to these economic realities and has kept its sights set firmly on the future. When Angus Street joined the business as CEO in August last year, the Board tasked him with putting his energy, capabilities and fresh perspective into leading a comprehensive review of NZM's operations. Along with his senior leadership team, he has risen to the challenge and delivered a comprehensive three-year strategy clearly focused on our future success. I would particularly like to acknowledge Angus and the wider team for their willingness to embrace the uncertainty inherent in this process and to ask the difficult questions required to make sure NZM is in the best position to execute its strategy.

The EpicFibre strategy takes us back to the core of NZM's aspiration, to be the world's leading supplier of ethical wool. It lays out a clear pathway to ensure that our integrity systems remain market leading, so that both brands and growers are supported as they navigate the increasingly complex regulatory environment and unstable markets. With it as our guide, we are investing our resources where they will have the most impact on value creation for all our stakeholders.

With the impending retirement of Matanuku Mahuika and Bill Sutherland the Board undertook a process of reflection, with the assistance of an external governance advisor. We developed a skills matrix of all the current directors and identified some additional competencies that were required in order to support our EpicFibre strategy, namely deep knowledge and experience of retail brands, consumer marketing and supply chain management. These insights were invaluable as we developed a plan to identify successors to Matanuku and Bill.

After a rigorous process which unearthed a number of highly qualified candidates, the Board is delighted to have identified Rosanna Iacono as its candidate for the independent director role to be vacated by Matanuku. She brings significant knowledge of global brands having worked for Nike and Levi's, as well as Jurlique and Sass & Bide closer to home. Her governance experience will also bring a new lens for NZM, with her extensive involvement with circular economy initiatives in Australia.

We are pleased that Richard Subtil from Omarama Station has been nominated for the grower-appointed director role to replace Bill Sutherland. Richard will bring a wealth of insights from a grower and wider perspective to Board discussions, and we look forward to his contribution.

Both possess the tenacity, skill and passion required of hard-working advocates for NZM and our stakeholders.

Amongst all the market turmoil, some things never change. NZM was built on relationships and our deep connections with brands, growers and throughout the supply chain remain our greatest assets – never more so than in tough times.

We also have plenty of reasons to celebrate – despite the challenging market, our contracts are solid and new brand enquiry remains strong. The global shift toward natural fibres is accelerating and new categories are embracing the benefits of wool. As new regulations come into force, both for customers around the globe and our growers at home, NZM maintains its strong head start in its ability to recognise, understand, communicate and meet the demands of a rapidly changing world.

With all this talk of the future, we cannot forget the lessons from the past. I extend my immense gratitude to Matanuku and Bill for their years of service to NZM. Bill leaves a legacy of championing our growers and prioritising sustainable returns and Matanuku's compassionate and informed leadership has left an indelible mark on all of us. Thanks are also due to the other Board members for their guidance and support over the last twelve months.

On behalf of the board, I would like to thank Angus and the whole NZM team for all of their hard work and dedication over the past year. I would also like to acknowledge our shareholders for their ongoing support as we have reconfigured and reset the company. I look forward to reporting back on progress as we enter this next chapter.

Ngā mihi nui,

Kathryn Mitchell
Chair

1. **Kathryn Mitchell**
   Chair
2. **Ben Todhunter**
   Deputy Chair
3. **Matanuku Mahuika**
4. **Bill Sutherland**
5. **Angus Street**
   Chief Executive and Acting Chief Financial Officer
6. **Paul Ensor**
7. **John Penno**
8. **John Maher**

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CEO's Report

As we reflect on the past year, I am filled with immense pride and gratitude for the resilience and dedication shown by our entire team.

In a year marked by economic headwinds and shifting market dynamics, NZM has been able to navigate the significant challenges impacting sales while setting the stage for future growth through a revitalised strategy.

Withstanding economic headwinds

The fashion, apparel and textile industries, like many others, felt the impact of a global economic slowdown. Consumer spending, the lifeblood of our sector, saw continued pressure as governments worldwide implemented tight economic policies to combat inflation.

Whilst the globe is yet to tip into recession, we have seen a shift towards value-seeking behaviour from consumers across all global markets. Shoppers are seeking lower price-tier goods, smaller pack sizes, and turning towards private label goods and 'dupes' (products that mimic features of more premium brands)[1].

The macroeconomic backdrop has also been unpredictable, with elections in the US, UK and EU creating turbulence, along with conflicts in Europe and the Middle East. Geopolitics is the number one concern for fashion industry executives throughout 2024[2].

In response to these economic challenges, that led to reduced margins and unfavorable financial results, NZM has launched a profitability improvement plan as part of our strategic reset. We have identified a range of business efficiency enhancements, operational improvements, cost reductions, new pricing strategies, product offering changes and customer retention tactics that will be incrementally introduced over the next 12 months to restore profitability.

1. RBC Capital Markets: 2024 Global Consumer Outlook: Tough macro shaping consumer behaviors.
2. McKinsey: The State of Fashion 2024: Finding pockets of growth as uncertainty reigns.

In summary, the global economy threw us curveballs, but we stood firm. Our agile approach and sound financial management throughout the year enabled us to navigate turbulent waters, resulting in an improved operating cash flow that permitted the Group to repay some of its trade finance facility, reducing borrowings by $4.5m in the year. This resilience is testament to the robust foundation we've built together over the years.

Sticking to our knitting

In and amongst the uncertainty, the business has undertaken a deep strategic review to optimise and reset to deal with today's market conditions, headwinds on the horizon and the unlocking of new market opportunities.

Our EpicFibre strategy will see us refocusing our efforts towards our core purpose as a global supplier of ethical and sustainable wool. We will operate as supply chain stewards, sourcing wool from growers that are culturally aligned with the philosophy and standards behind our integrity systems, and then market that wool as a branded fibre through value chain partners for ultimate use by brand partners and onto consumers.

We will be brand led, celebrating the stories and legacy of our growers, and focus on establishing differentiated product offerings that allow us to unlock pathways to fair value for raw fibre that will flow back down to growers.

Brand

The value of 27 years of business tenure cannot be understated. The trust that the NZM sourcing programmes have built within the supply chain and with retail communities over almost three decades creates a value that we do not take for granted.

Critical to this continuing is being market focused and customer conscious as we seek to ward off competition in the short-medium term, whilst building a brand proposition that allows fashion, apparel and textile brand partners to obtain additional value.

A report by UNECE shows that 10% of global carbon dioxide emissions come from the fashion industry[3], people are increasingly aware of the carbon footprint caused by clothing production. Additionally, only 25% of people believe that fashion brands are effectively addressing their concerns over the environmental impact of clothing[4].

For these reasons, they are beginning to shop more responsibly and become more discerning in choosing their favourite fashion brands.

As the leading ethical and sustainable sourcing programmes, ZQ and ZQRX are positioned to support the fashion sector to address the mounting pressure and criticism about sustainability and other ethical values.

Our EpicFibre strategy has seen a doubling of investment in our sales and marketing capabilities as we aim to aid brand partners' competitive advantage and brand identity and along with enabling them to address their social responsibility.

Integrity guardians

Central to our value proposition is supporting supply chain and brand partners to deliver beneficial outcomes for climate and nature right from the start of the supply chain.

Having established ZQ, the first ethical wool standard in the world, to require growers to meet strict standards, NZM is placed at the heart of natural fibre supply chain integrity. Our investment has seen us be recognised as global leaders in animal welfare, environmental integrity, social responsibility, fibre quality, and traceability.

3. UNECE: UN Alliance aims to put fashion on path to sustainability.
4. PEFC: Consumer Survey: 'Fashion from Sustainable Forests'.

CEO's Report (continued)

Responding to changing consumer expectations saw NZM launch ZQRX, a regenerative sourcing programme that helps our growers work with nature to continuously improve human, animal and environmental outcomes.

As brand partners seek to meet the ever-increasing regulations placed upon them, our ability to share, map, translate and measure our growers' continuous improvement is going to be critical to our competitive advantage.

Looking to the future: stability, transformation, and growth

As we turn our gaze to the horizon, we have absolute clarity of why we exist and where we want to be:

1. **Stabilising the organisation:** We will consolidate our gains, ensuring that our recent growth is sustainable and that our expanded operations are running smoothly.

2. **Business transformation:** Building on our strategic reset, we will continue to transform our business, targeting new segments and geographies, along with expanding our supply base to stay ahead of the curve.

3. **Building long-term resilience and growth:** Every decision we make will be with an eye towards the future, as we invest in product extension and digital supply chain traceability to deliver stable returns for shareholders.

As I roll into my second year as CEO, I am confident in our ability to face whatever challenges may come our way. Our team's passion, our innovative spirit, and your unwavering support as shareholders form an unbeatable combination.

Thank you for your continued trust and investment in our vision. Together, we're not just navigating the future – we're shaping it.

Angus Street
Chief Executive Officer

Smartwool

Snapshot

People

- Earlier this year we farewelled Chief Financial Officer / Chief Operating Officer, Peter Floris after 23 years of service. Pete has been an integral part of the NZM team and we have benefitted greatly from both his professional skills and his positive impact on the company culture.

- After an in-depth recruitment process, Roger Nuttall has been appointed as NZM's new CFO, joining the team in August 2024. Roger brings a wealth of financial leadership experience developed throughout his 20+ year career in New Zealand and the United Kingdom.

- Teresa Callow, General Manager, People and Culture has been promoted to Chief Operating Officer, utilising her enterprise skills to guide the delivery of NZM's new EpicFibre strategy.

- Corporate Development Manager, Henry Tallott, has stepped into the newly created role of General Manager Integrity Systems. His key focus is to strengthen our programmes' data and systems to ensure that our growers and their wool are in prime position to compete in an increasingly regulated global market.

- We welcomed several new faces to the team including Maria Ryan-Young as Head of Brand and Customer Engagement to lead the refinement of our brand positioning and marketing, and Natalie Norman as Head of Sales and Success to spearhead new business.

- Directors Bill Sutherland and Matanuku Mahuika announced their intentions to retire from the NZM Board and we thank them for their years of service in bringing value to all our stakeholders. They will officially step down at this year's Annual Shareholders Meeting.

- Emily Jones of Matarae Station was appointed for an 18-month term as an Intern Director to the board, commencing the role on 1 January 2024. She has been an asset throughout the year sharing her perspective as a grower and community leader as well as her expert knowledge gained through her role as a researcher at AgResearch.

Demand

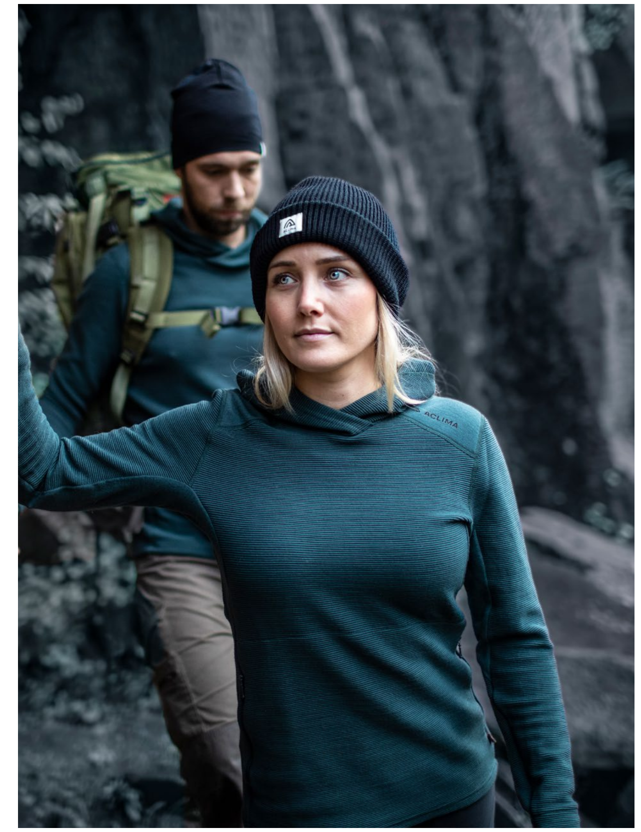
The slowdown in consumer spend coupled with significant inventory backlogs in the supply chain resulted in a challenging FY24 for NZM. While the market remains soft, long-term partners are reporting reasonable sales and new brand enquiry remains positive.

Globally, demand for natural fibres is increasing due to growing consumer preference for sustainable and eco-friendly materials. With a compound annual growth rate of 5.67% this category is projected to reach USD 74.99 billion by 2030[5].

New contracts

- NZM has secured a number of new three-year contracts in FY24, with brands including Rodd & Gunn, Fjällräven, Marimekko and Aclima.

- We have observed substantial growth with performance innerwear label Branwyn, and new contracts are currently being negotiated to meet this demand. This is especially encouraging as Branwyn's 'performance innerwear' represents a new opportunity for merino wool to break into a category traditionally dominated by synthetic materials.



5. Natural Fiber Market Size, Share, Growth & Industry Analysis, By Type (Cellulose-Based, Protein-Based), By End Use (Automotive, Textile, Medical, Furniture, Packaging) and Regional Analysis, 2023-2030.

- Nikke has been our cornerstone, providing excellent contract coverage from 13.2 to 25.7 microns, and its business continues to grow. This year, we saw an 11.4% growth in volume sold into Nikke compared to the 2023 season.

Active outdoor

- In its 2024 Transparency Update, icebreaker announced its commitment to source 100% of its wool from growers using regenerative practices by 2028. A significant vote of confidence in our ZQRX programme and a win for our growers.

- In November 2023, Mons Royale achieved BCorp Certification. This is a testament to its strong commitment to going beyond the product to achieve a culture that dives deep into community and setting a benchmark for continuous improvement.

- Mons Royale also proudly opened a new flagship store in its hometown of Wānaka, a true representation of the brand and a home for its local community.

- New ZQRX brand partner Ulvang released its first 100% ZQRX merino collection. The Norwegian-based sports and outdoor brand chose ZQRX wool as part of its commitment to go beyond sustainability by understanding the complex interactions between the animals, the earth, the climate, ecology and society.

- Through supply chain partner UPW, English surf brand Finisterre has discovered the benefits of ZQ wool. Finisterre is known for its functional and sustainable products and launched in 2003 to meet the unique needs of hardy British surfers.

- German merino high performance brand Tom Fyfe has signed up as a brand partner and is in the process of transitioning its core collection to ZQRX. The company is a family business with over 100 years of experience in yarn finishing, using hand-selected ZQRX wool fits perfectly with its sustainable mindset.

- Chinese trail-running brand Outopia has seen great success with its ZQ range and was featured as number eight on Tmall China's list of fastest growing outdoors, sports and yoga brands. A highlight of this year was having the Outopia team out filming a campaign video on Flock Hill Station, a significant investment in sharing ZQ with the world.

- For the fifth year in a row, consumers in Sweden recognised Fjällräven as the country's most sustainable clothing and fashion brand in the 2024 Sustainable Brand Index. A key aspect of Fjällräven's sustainability work is producing its products with as little environmental impact as possible.

Luxury

- Untouched World launched its refurbished flagship store in Christchurch with a formal opening by the Rt Hon Prime Minister Christopher Luxon. The Prime Minister highlighted the benefits that working sustainably can bring, not only to the earth but also to business.

- Untouched World was announced as a winner of the Global Conscious Brand Awards by Consider Beyond. This award was established to spotlight brands worldwide that contribute to the positive transformation of our planet and communities.

- Loro Piana invested heavily in filming content with its New Zealand growers. Expert crew members travelled from Italy to spend a week on farm, aided by New Zealand filmmakers, to capture footage celebrating the origin of the brand's merino wool fibre.

- John Smedley was granted a Royal Warrant of Appointment by His Majesty King Charles III as a manufacturer of fine knitwear. The company is involved with a number of charities supported by His Royal Highness the King and Her Majesty the Queen including The Campaign for Wool, to champion the benefits of sustainable and natural fibres.

- Rewoolution introduced the Otamatapaio Station 1993 Limited Edition Collection, celebrating the pivotal acquisition of its first of three New Zealand properties where the company embraced merino farming tradition. This distinctive series of garments is crafted from Reda Active fabrics and each piece features an NFC tag, allowing consumers to connect with the farms in New Zealand and deepen the bond between the product and its origin.
- New York-based ZQRX brand partner Another Tomorrow welcomed Angelina Jolie as a Strategic Advisor. Angelina's deep humanitarian commitment and her expansive vision are a source of inspiration to Another Tomorrow as it seeks to redefine a responsible and resilient future for fashion.

Lifestyle

- Iconic brand Rodd & Gunn launched its first 100% ZQRX product, showing its enthusiasm with significant marketing support. The collection is a wonderful celebration of the brand's New Zealand heritage, passion for quality products and commitment to regeneratively farmed wool.
- Smalls Merino won Gold at 'The Green Awards' by City Kids London Magazine for 2023. The Judges loved the brands' traceability and attention to sustainable details not only in their designs but across every stage of production.
- Swanndri has continued its biodegradation experiment at The Wandle, bringing its customers along for the journey of an OG bush shirt returning its nutrients to the soil at one of its supplying properties. Since it was buried in 2022, the Swanni has demonstrated significant visible degradation and has been a wonderful proof-point for consumers.
- Kiwi icon Swanndri has launched ZQRX clothing labels, demonstrating its deep commitment to the regenerative programme and bringing the story to life.

- Everlane is a cult favourite for its modern basics and commitment to sustainability and this year dedicated its Black Friday Fund to an impact project across eight of its supplying properties. Growers are taking part in workshops, receiving one-on-one property-specific advice from experts and learning measurement techniques they can utilise in the future.
- For the first time in 30 years, glerups has launched a new product, the Langdal. This sneaker-style shoe is made from glerups signature blend of Gotland and New Zealand wool.

Supply chain

- At the Pitti Filati showcase in Florence, UPW introduced three of its most iconic yarns - New England, Mirage, and Hero – now made with ZQ-certified wool. The range exemplifies UPW's unwavering dedication to excellence, sustainability and traceability and makes it easier than ever for brands to source ZQ.
- Alongside supplying its quality fabrics to some of the world's most sought-after high fashion brands, Nikke now supplies more than 100 schools with uniforms made from ZQ wool. This relationship goes beyond the uniforms themselves as many schools are teaching students about the origin of the fibre they are wearing, sheep farming in New Zealand and the special relationship between Nikke, NZM and our growers.
- In November, luxury Italian textile maker and dedicated supply chain partner Reda celebrated a momentous 30 years of farm ownership in Aotearoa with an event at its first station, Otamatapaio, which the company has owned since 1993.

- This year marks the fifth edition of Reda's Corporate Sustainability Report. This report shows Reda's commitment to promote change through sustainable innovation, environmental awareness and social progress, ensuring a stable and secure future for the next generation.
- At Outdoor ISPO we co-presented 'Crafting a Sustainable Future' with Suedwolle as part of the Sustainability Hub by GreenroomVoice. Ronald Gerbeth (Suedwolle) and Mackenzie Muir (Customer Success Manager, NZM) spoke together on the benefits of merino wool and how we can work collaboratively with like-minded partners to make sustainable sourcing easier than ever for brands.

Textiles and furnishings

- Best Wool has invested in equipment to make the first fully recyclable carpet backing line in the world. This is a significant step for its woollen carpet range as a great drawcard for new business.
- Yvar Monasch, Managing Director of Best Wool visited New Zealand growers in November 2023 and captured content to demonstrate his company's deep connection to raw materials.
- Yarn spinner and manufacturer Rathi Woollen, visited New Zealand to meet with growers. Rathi Woollen is India's number one importer of raw carpet-grade wool, and its current focus is on increasing the percentage of its wool that is sourced from New Zealand. The company is committed to responsible sourcing and is very impressed with NZM growers' dual certification to ZQ and the Responsible Wool Standard (RWS).

New materials

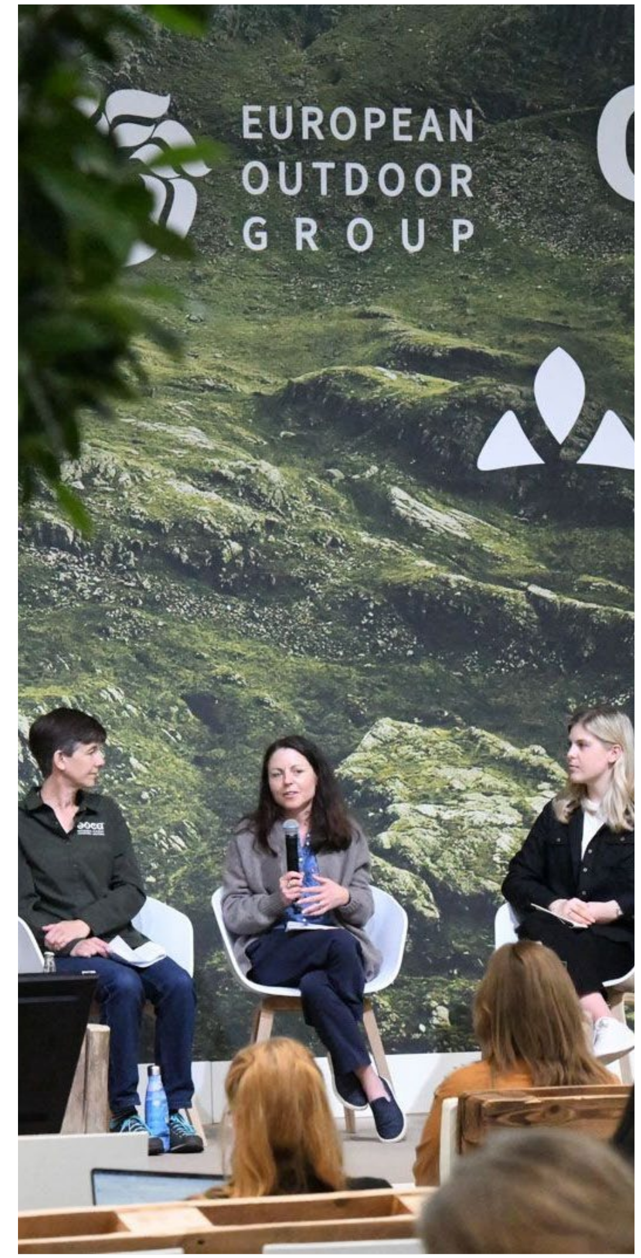
- After a successful incubation phase with NZM, strong wool polymer composite company Shear Edge has entered its next phase and announced its intention to list an IPO within the next 10 years. New investors Ben and Jana Thomas alongside founder Logan Williams are set on accelerating the commercialisation of the business with a new model selling licenses to use its patented technology.

Industry engagement

- Chief Customer Officer, Dave Maslen, appeared on the panel 'Harvesting Success: Unveiling the Role of Standards for Regeneration' at the Better Cotton Conference in Istanbul.
- Customer Success Manager, Mackenzie Muir, spoke at multiple European tradeshows, including panels on biodiversity with Hanna Denes (Textile Exchange) and Tanya Bascombe (EOCA), and 'The Power of Purpose' with Neil Baker (icebreaker) and Denise Anderson (Smartwool).

Market outlook

While inventory backlogs and subdued consumer spending continue to impact wool prices, key partners are reporting success in emerging markets indicating that demand increases are on the horizon. We expect that shoppers' continued gravitation towards natural fibres over synthetics and incoming sustainability legislation across the European Union will prove to be strong drivers for growth. NZM is exploring a number of opportunities to increase volumes with current customers, onboard new brands and expand outside of the traditional wool categories.



Supply

The NZM farm group represents 693 ZQ growers across New Zealand, Australia and South Africa with 70 per cent of growers committed to the ZQRX regenerative wool programme. In FY24 NZM procured 16,042 tonnes (greasy) certified ZQ wool, with ZQ wool accounting for circa 20 per cent of global ethical wool production. This year, 76% of wool sold on contract was through the ZQRX programme, representing 14% growth over the last two years.

Despite difficult market conditions, NZM has continued to deliver pricing to grower suppliers that reflects the value of their ZQ and ZQRX wool above that being sold in traditional commodity auctions. A weakened New Zealand Dollar has also created opportunities for many brands to lock in demand for future seasons while retaining a strong price for our growers.

Impact funding

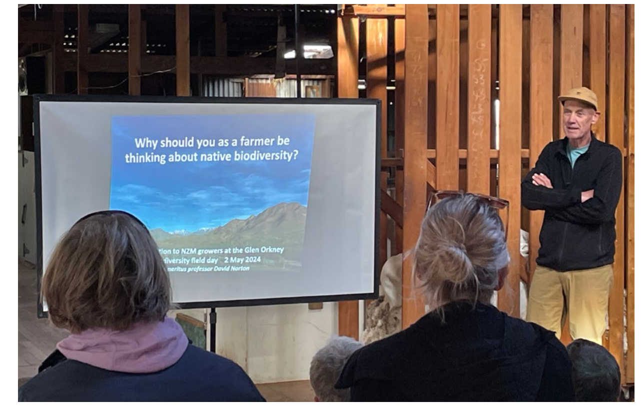
- Fjällräven has committed to funding a single-property project focused on biodiversity outcomes, in fitting with its mantra 'leave base camp better than you found it'.
- NZM funded follow-up Ecological Outcome Verification assessment for the 36 properties that had previously undergone baselining. 24 farms have seen measurable improvement in their Ecological Health Index (EHI) providing verifiable evidence of healthier soil as the outcome of implementing regenerative farming practices.
- Additional impact funding investment from VF Corporation and Everlane will extend our soil health monitoring and expert education programmes to a new cohort of growers, focusing building their capability to manage and measure their own soil health.

Integrity systems

- NZM's ZQRX team has developed a comprehensive biodiversity strategy and will now look to develop the indicators and metrics that will quantify the benefits of our growers' stewardship to brand customers.
- After last year's successful launch of the Grower Series, NZM has doubled down on connecting growers directly with experts in land health and biodiversity. In FY24, 169 growers participated in field days in both New Zealand and Australia to grow knowledge and capability.
- Drawing on insights from scaled carbon calculations, we are now focusing on refining and future proofing our methodology and offering support to growers as the standards governing reporting become more concrete. Recent pilots with Ruminati, Carbon Crop and Downforce Technologies represent the exciting potential for verifiable net emissions at the farm level.

ZQ community

- Our grower event at the Wānaka A&P Show was the flagship to a programme of 29 off-farm social and networking events across New Zealand and Australia, with over 1,300 attendees across all events. 10 of these events were co-hosted with brand partners keen to celebrate the special bonds they share with their growers.
- 18 workshops were hosted across New Zealand and Australia, focusing on biodiversity, soil health, pain relief and clip preparation. With over 200 cumulative attendees throughout the year, these events are a wonderful example of the collaboration and knowledge sharing avenues made possible by our ZQ community.



- We established a Future Growers Group as a new channel to enable the next generation of growers to provide their own insights, collaborate to meet the challenges of opportunities of a changing market and learn from industry leaders. This cohort of 10 growers from New Zealand and two from Australia met for the first time in Christchurch and has since collaborated in online sessions facilitated by NZM staff on a range of topical issues.

Industry support

- Once again, NZM proudly partnered with neXtgen Agri to host its annual neXtgen Muster. This event gives young farmers (18-35) the opportunity to network and train with industry experts.

- After the success of last year's inaugural NZM Wool Classer Scholarship, two more promising classers are undergoing training to hone their craft. Skilled classers are crucial to the New Zealand wool industry and for NZM growers having the right skills in the shed can make the difference between meeting contract specs and not.

- The VF-One Wool Shearing and Wool Handling Cadetship has been running successfully since it launched in 2020. FY24 saw six talented shearers and four keen wool handlers complete the programme.

- NZM offers space in our Christchurch office for external industry groups to meet and host events. In FY24 our facilities were used on 56 days by organisations important to our grower community.

- As part of VF Corporations yearly grower tour, an auction in Bendigo raised $11,531 NZD for Rural Aid Australia.

- Nikke continued its sponsorship of the Child Cancer Fleece Competition and auction.

- NZM sponsored, or otherwise supported, 29 agricultural and community events including A&P Shows, Two-Tooth competitions and Surfing for Farmers.

- For the second year we offered a student from Marcus Oldham College, Australia's independent agricultural and equine business management college, a placement within NZM with Isla Salmon joining us in September 2023.

Industry engagement

- CEO, Angus Street presented at the annual International Wool Textile Organisation Conference on the topic of Repositioning New Zealand's strong wool to a global audience. He also attended a working group at Parliament House which connected farmers and industry leaders in the strong wool sector.

- Chief Customer Officer, Dave Maslen spoke at the Regenerative Agriculture Conference in Western Australia and at Rabobank Global Masterclass hosted at Mt Nicholas Station.

Market outlook

NZM is not immune to the widely reported decline in sheep numbers across both New Zealand and Australia, however the impact on wool volumes has been offset by the onboarding of new growers to our programmes.

The onboarding of Australian growers was paused in the previous financial year due to lowered demand, we are now increasing our efforts in preparation for growth. Our partnership with AWN continues to introduce the benefits of ZQ and ZQRX across Australia and we have expanded our efforts to include other Australian brokers.

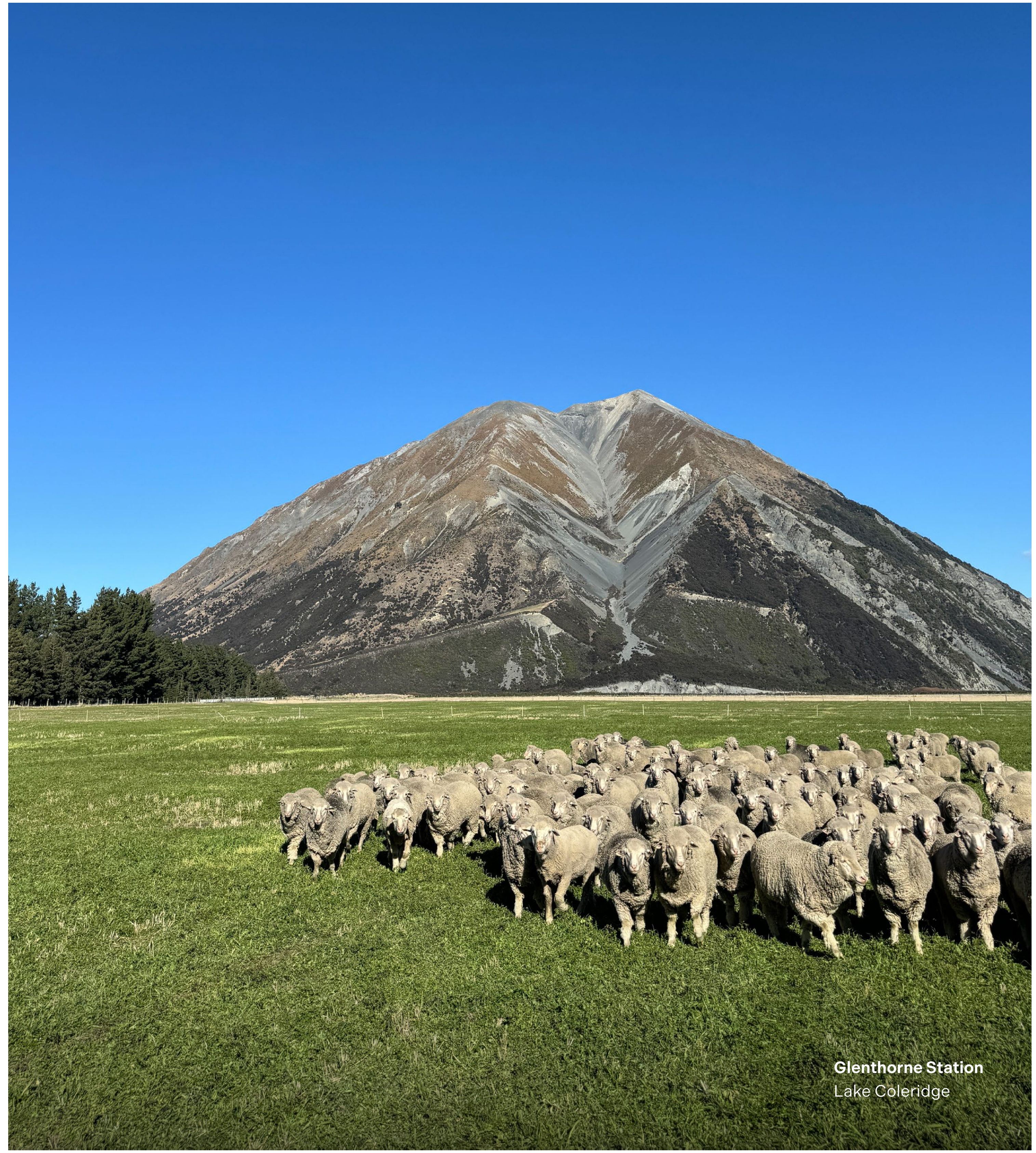
Subsidiaries

SILERE alpine origin merino

- Silere is listed on Ocado, the UK's largest online digital retailer, its 12% market share and young consumer profile are ideal for attracting new consumers to the premium lamb category. Silere has a cult consumer following and its listings boast the highest star rating across all product categories.
- Silere has been heavily promoted in East Malaysia alongside Pure South as a superior retail option. This has included instore sampling in CCK Local, a premium retail chain in the region.
- Some of New Zealand's most beloved eateries continue to celebrate Silere on their menus including the iconic Duke of Marlborough, New Zealand's first legal hotel located on the waterfront of Russell in the Bay of Islands.

glerups New Zealand

- glerups invested in penetrating the Australian market, including attending trade shows in Sydney and Melbourne. The team has secured stockists in Victoria, NSW, Western Australia and Queensland and achieved a 55% increase in sales in Australia compared to FY23.
- glerups New Zealand received its first Shopify Milestone Award.
- Three much-awaited new colours launched in New Zealand and Australia (North Sea, Sand and White).
- glerups introduced Shop Pay to its e-commerce platform, expanding its sales channels.
- The New York Times ranked glerups high on its list of the best slippers calling them 'the most durable, breathable, and supportive pair of wool slippers we've ever tested—with the most attractive, well-proportioned look.'



Glenthorne Station
Lake Coleridge

Acting CFO's Report

Key Points

-$2.63 million
EBIT[6]

-$3.29 million
NPAT

$5.91 million
Positive net operating cashflow

115,000
Bales sold

The 2024 financial year has been extremely challenging with global economic headwinds negatively impacting NZM's sales and profit. With this outcome being expected, a strategic review was completed and profitability improvement plan launched.

Building on the foundations of 27 years of excellence, NZM is well positioned to operate through these challenging times and expects to deliver stronger shareholder returns into the future.

During the year, we farewelled long-standing executive Pete Floris and recently welcomed Roger Nuttall into the business as our new Chief Financial Officer.

Business performance

The NZM Group has recorded a net profit after tax (NPAT) result of a $3.29 million loss which was within the market guidance for an anticipated loss in the range of $3.2 to $4.3 million.

6. EBIT is profit before income tax with net finance costs added back.

Bank interest costs of $1.68 million have been incurred reflecting higher interest rates and stock being held for longer periods.

The Group's loss before interest and tax was $2.63 million.

The result represents a post-tax return on year-end shareholder equity for the year of -11.3%

The total volume of wool sold decreased by 9,500 bales or 7.6% compared to last year, with a reduction of 10,700 fine wool bales given reduced global demand and a small increase of 1,200 strong wool bales coming from the further development of existing markets.

The reduction in fine wool bales transacted was a deliberate action in response to softening sales to ensure we kept alignment between supply and demand. The end result saw procurement from NZ suppliers decline by 2.7%, whilst procurement from suppliers in Australia and South Africa declined by 16.6%.

On the back of reduced wool bales transacted and sold the total operating revenue was $130.5 million, a 24% reduction from last year reflecting the challenging market. Gross profit was $16.5 million, 18% down on the previous year.

Cash from operations improved in the year, with a net cash inflow of $5.91m (compared to a net cash outflow of $7.68m in the prior year). This improved operating cash flow allowed the Group to repay some of its trade finance facility, reducing borrowings by $4.5m in the year.

Year-end equity as a percentage of total assets is up four percentage points to 59%.

Dividend

In line with the current dividend policy, the Board determined that there will not be a dividend paid this year.

Share trading

Slowed trading on the Unlisted Securities Exchange (USX) continued with 29,263 NZMC shares traded during the year, within a range of $3.50 to $5.00. This compares to 107,000 traded on the USX in the previous year. The closing price on 30 June 2024 was $3.50.

Market outlook

The impacts of the economic downturn continue to persist, however, there are market segments that are starting to show signs of recovery. NZM is focused on securing opportunities where they exist and making headway in moving excess fibre through the supply chain.

We are seeing promising growth throughout Asia, with Japan and China as key highlights. The Asian markets contrast with EU and luxury where consumer behaviour and price sensitivity are roadblocks to be overcome before we can expect significant price movement.

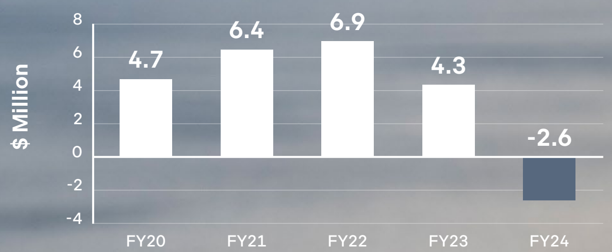
Green shoots of demand can be seen in the active outdoor, athleisure and furnishing segments and NZM is working to increase volumes in these markets with both existing and new customers.

NZM's EpicFibre strategy launched late in FY24 provides a clear pathway back to profitability and growth, with long-term stability as a priority.

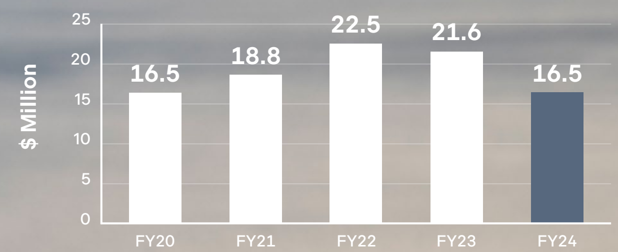
Angus Street
Acting Chief Financial Officer

Key Financial Information – 5 year trends

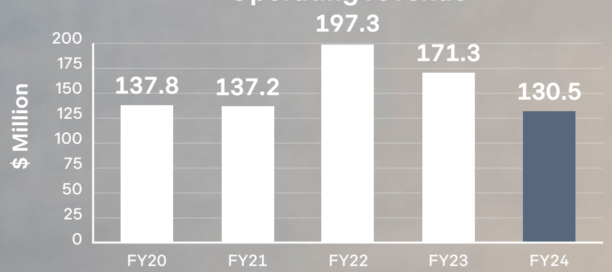
Earnings before interest and tax



Gross profit



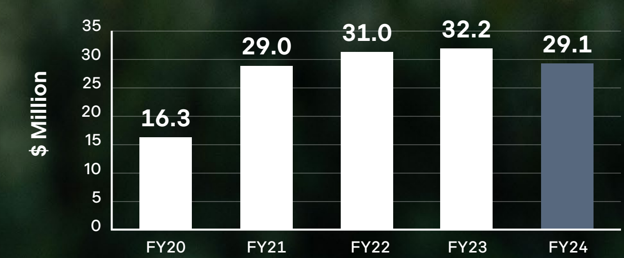
Operating revenue



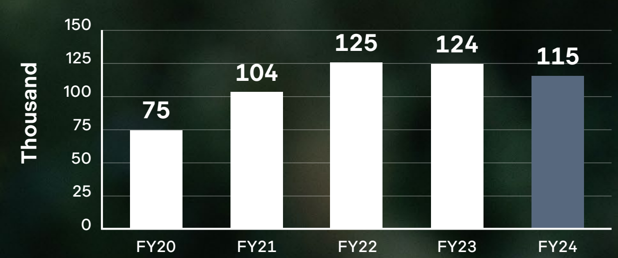
Operating cash flow

Dividend declared

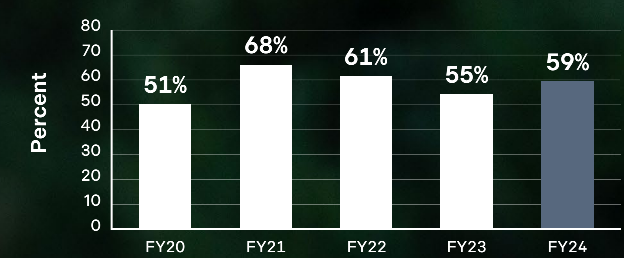
Total equity



Bales sold



Equity as a percentage of total assets



Walter Peak Station
Queenstown

Group Directory

As at 30 June 2024

Nature of Business	Wool Marketing, Sales and Innovation
Registered Office	Level 2, 123 Victoria Street, Christchurch
Directors	Kathryn Mitchell (Chairman) Ben Todhunter (Deputy Chairman) Bill Sutherland Paul Ensor Matanuku Mahuika John Penno John Maher
Auditors	Ernst & Young, Christchurch
Bankers	ASB Bank, Christchurch
Solicitors	Chapman Tripp, Christchurch Minter Ellison Rudd Watts, Auckland
Share Registrar	MUFG Pension & Market Services, Ashburton
Business Location	Level 2, 123 Victoria Street, Christchurch

Directors’ Statement

The Directors are responsible for preparing the consolidated financial statements and ensuring that they comply with New Zealand Generally Accepted Accounting Practice and fairly represent the financial position of The New Zealand Merino Company Limited and its subsidiary as at 30 June 2024 and the results of the operations and cash flows of the Group for the year ended on that date.

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

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

The Directors consider that they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the consolidated financial statements for The New Zealand Merino Company Limited and its subsidiary for the year ended 30 June 2024.

For and on behalf of the Board of Directors:

Kathryn Mitchell
Chairman

30 August 2024

Paul Ensor
Chairman, Audit & Risk Committee

30 August 2024

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2023 $000	**2024 $000**
Revenue	1	171,313	**130,513**
Cost of sales		(151,111)	**(114,046)**
Gross profit		20,202	**16,467**
Other income	2	6,136	**4,658**
Finance income	3	2	**4**
Share of profit/(loss) of investments in joint ventures	11	35	**(33)**
Gain from investments in other entities	11	-	**163**
Other income		6,173	**4,792**
Procurement and selling expenses	4	(5,297)	**(5,499)**
Marketing expenses	4	(6,544)	**(7,906)**
Innovation expenses	4	(2,789)	**(3,309)**
Administrative expenses	4	(5,553)	**(6,553)**
Share-based arrangements	27,28	(1,312)	**49**
Other expenses	4	(524)	**(670)**
Loss from investments in other entities	11	(58)	**-**
Finance expenses	3	(1,499)	**(1,974)**
Expenses		(23,576)	**(25,862)**
Profit / (loss) before income tax		2,799	**(4,603)**
Income tax (expense) / income	5	(1,086)	**1,310**
Profit / (loss) after tax		1,713	**(3,293)**
Profit / (loss) attributable to:			
Shareholders of the company		1,713	**(3,293)**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Gains / (losses) from cash flow hedges		194	**462**
Income tax relating to other comprehensive income	10	(143)	**(394)**
		51	**68**
Total comprehensive income / (loss)		1,764	**(3,225)**
Total comprehensive income attributable to:			
Shareholders of the company		1,764	**(3,225)**
Earnings per share (cents)			
Basic earnings per share	17	32.29	**(63.86)**
Diluted earnings per share	17	32.18	**(63.86)**

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2023 $000	**2024 $000**
ASSETS			
Current assets			
Cash and cash equivalents	6	560	**857**
Trade and other receivables	7	25,844	**16,331**
Inventories	8	17,415	**15,972**
Current tax asset	10	229	**802**
Derivative financial instruments	16	139	**207**
Total current assets		44,187	**34,169**
Non-current assets			
Property, plant and equipment	9	1,746	**1,447**
Investments in joint ventures	11	92	**59**
Investments in other entities	11	32	**44**
Deferred tax assets	10	909	**1,826**
Intangible assets and goodwill	13	6,526	**6,673**
Derivative financial instruments	16	14	**342**
Right-of-use assets	23	4,788	**4,656**
Total non-current assets		14,107	**15,047**
Total assets		58,294	**49,216**
LIABILITIES			
Current liabilities			
Trade finance facility	15	14,500	**10,000**
Current portion of share-based long-term incentive provision	28	775	**-**
Trade and other payables	14	3,865	**3,518**
Income tax payable		-	**14**
Derivative financial instruments	16	1,066	**730**
Lease liabilities	23	648	**792**
Total current liabilities		20,854	**15,054**

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Financial Position (continued)

As at 30 June 2024

	Note	2023 $000	**2024 $000**
Non-current liabilities			
Derivative financial instruments	16	57	**148**
Lease liabilities	23	5,228	**4,954**
Total non-current liabilities		5,285	**5,102**
Total liabilities		26,139	**20,156**
Net assets		32,155	**29,060**
EQUITY			
Share capital	17	8,458	**8,458**
Share-based arrangements reserve	18	(104)	**-**
Retained earnings	19	24,500	**20,839**
Cash flow hedge reserve	19	(699)	**(237)**
Total equity		32,155	**29,060**

For and on behalf of the Board of Directors, who authorised the issue of the financial report on 30 August 2024.

Kathryn Mitchell
Chairman

30 August 2024

Paul Ensor
Chairman, Audit & Risk Committee

30 August 2024

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Note	Share capital $000	Retained earnings $000	Cash flow hedge reserve $000	Share-based arrangements reserve $000	Non-controlling interest $000	**Total equity $000**
Balance at 1 July 2022		8,458	23,198	(893)	244	4	**31,011**
Profit for the year	19	-	1,713	-	-	-	**1,713**
Other comprehensive income	19	-	-	194	-	-	**194**
Total comprehensive income		-	1,713	194	-	-	**1,907**
Share-based arrangements	18, 19	-	1,796	-	(348)	-	**1,448**
Disposal of subsidiary	12	-	-	-	-	(4)	**(4)**
Dividend	30	-	(2,207)	-	-	-	**(2,207)**
Balance at 30 June 2023		8,458	24,500	(699)	(104)	-	**32,155**
Balance at 1 July 2023		8,458	24,500	(699)	(104)	-	**32,155**
Profit for the year		-	(3,293)	-	-	-	**(3,293)**
Other comprehensive income	19	-	-	462	-	-	**462**
Total comprehensive income		-	(3,293)	462	-	-	**(2,831)**
Share-based arrangements	18	-	-	-	(264)	-	**(264)**
Share-based arrangement transfer to retained earnings	18	-	(368)	-	368	-	**-**
Balance at 30 June 2024		8,458	20,839	(237)	-	-	**29,060**

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2023 $000	**2024** **$000**
Net operating cash flows			
Cash provided from:			
Receipts from customers		163,575	**144,362**
Other external funding	2	531	**40**
Interest income received	3	2	**4**
		164,108	**144,406**
Cash applied to:			
Payments to suppliers and employees		(166,146)	**(135,996)**
Share-based arrangements	27	(1,247)	**-**
Short-term lease payments	23	(93)	**(97)**
Income tax payments		(2,800)	**(429)**
Interest paid	3	(1,203)	**(1,681)**
Interest paid on leases	3	(296)	**(293)**
		(171,785)	**(138,496)**
Net cash from / (used in) operating activities	20	(7,677)	**5,910**
Net investing cash flows			
Cash provided from:			
Gain on sale of investments		-	**150**
		-	**150**
Cash applied to:			
Acquisition of intangibles	13	(670)	**(462)**
Purchase of property, plant and equipment	9	(214)	**(25)**
Disposal of subsidiary net of cash		(40)	**-**
		(924)	**(487)**
Net cash from / (used in) investing activities		(924)	**(337)**
Net financing cash flows			
Cash provided from:			
Trade finance facility	15	25,500	**30,300**
		25,500	**30,300**
Cash applied to:			
Trade finance facility	15	(13,500)	**(34,800)**
Dividend	29	(2,207)	**-**
Payments for leases	23	(582)	**(693)**
		(16,289)	**(35,493)**
Net cash from / (used in) financing activities		9,211	**(5,193)**
Net increase / (decrease) in cash balances		610	**380**
Net foreign exchange difference		10	**(83)**
Opening cash and cash equivalents		(60)	**560**
Closing cash and cash equivalents		560	**857**

The accompanying notes form an integral part of these financial statements

Statement of Accounting Policies

For the year ended 30 June 2024

Reporting entity
The consolidated financial statements (financial statements) presented are those of the Group, including The New Zealand Merino Company Limited and its subsidiary Made For Good RX Limited.

The parent company, The New Zealand Merino Company Limited, is a company domiciled in New Zealand, and is registered under the Companies Act 1993 and listed on the Unlisted Securities Exchange.

The New Zealand Merino Company Limited is a FMC reporting entity under the Financial Market Conducts Act 2013 and its financial statements comply with that Act.

The nature of the operations of the business is wool marketing, sales and innovation.

Basis of preparation
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

Representation of comparatives
Where applicable, certain comparatives have been restated to comply with the accounting presentation adopted in the current year to ensure consistency with the current year classification. Areas of restatement include:

- Consolidated Statement of Comprehensive Income – net finance costs are now recognised separately as finance expenses and finance income, and fibre testing expenses have been reclassified from procurement and selling expenses to cost of sales;
- Consolidated Statement of Financial Position – cash and cash equivalents is being recognised exclusive to the trade finance facility which is now recognised as a financial liability; and
- Consolidated Statement of Cash Flows – trade finance facility is recognised under financing activities, and net foreign exchange differences are explicitly recognised.

Basis of consolidation
The Group's financial statements consolidate the financial statements of The New Zealand Merino Company Limited and its subsidiaries, accounted for using the acquisition method, and the results of its associates, accounted for using the equity method. Intercompany transactions and balances between Group companies are eliminated upon consolidation.

Subsidiaries are entities over which the Group has control. Control is achieved when the Group:

- Has power over the entity;
- Is exposed to, or has right to, variable returns from its involvement with the entity; and
- Can use its power to affect returns.

Measurement base
The financial statements are prepared on a historical cost basis, except for derivative financial instruments, and share-based arrangements, which have been measured at fair value, and inventory which has been measured at the lower of cost and net realisable value.

The financial statements are prepared on a going concern basis.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

Presentation currency
These financial statements are presented in New Zealand dollars, which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand, except when otherwise indicated.

Critical judgements in applying accounting policies
In the process of applying the Group's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from direct sources. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements 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 notes:

- Share-based arrangements. Refer to policy (w) and Notes 27 and 28.
- Goodwill impairment assessment. Refer to policy (g) and Note 13.
- Principal versus Agent classification. Refer to policy (l) and Note 1.

Accounting policies

Changes in accounting policies
FRS 44
Amendments to FRS 44 are effective for accounting periods that begin on or after 1 January 2024. FRS 44 amendments require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services using prescribed categories. The Group has early adopted this standard.

New standards and interpretations not yet adopted
There are no new standards or amendments to existing standards that are effective for the year ended 30 June 2024 that have a material effect on the financial statements of the Group. There were also no standards, except for NZ IFRS 18 Presentation and Disclosure in Financial Statements ('NZ IFRS 18') which were issued but not yet effective that could have a material effect on the Group.

NZ IFRS 18
NZ IFRS 18 was issued in May 2024 as a replacement for NZ IAS 1 Presentation of Financial Statements ('NZ IAS 1') and applies to an annual reporting period beginning on or after 1 January 2027. Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- a defined structure for the statements of changes in equity by classifying items into one of the five categories: operating, investing, financing, income taxes, and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances, and

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

- disclosure of management-defined performance measures in a single note together with reconciliation requirements, and
- additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

Material accounting policies

The following specific accounting policies, which materially affect the measurement of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, have been applied in these financial statements:

a. Property, plant and equipment
Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Work in progress is measured at cost, net of accumulated impairment losses.

Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the Consolidated Statement of Comprehensive Income is calculated as the difference between the net sale price and the carrying amount of the asset.

Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Consolidated Statement of Comprehensive Income as an expense when incurred.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis to allocate the cost of an asset, less any residual value, over its useful life. Depreciation is charged to the Consolidated Statement of Comprehensive Income.

The estimated useful lives of property, plant and equipment are as follows:

Office equipment	2 – 14 years
Leasehold improvements	5 – 14 years
Information technology assets	2 – 5 years
Plant and equipment	2 – 14 years

The residual value of assets is reassessed annually. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. Capital expenditure that has been incurred for property, plant and equipment and is not yet available for use is classified as work in progress. Work in progress is not depreciated. The total cost of this work is transferred to the relevant asset category on the completion of the project and then depreciated.

b. Goodwill
Goodwill arising on acquisition represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU) that are expected to benefit from the acquisition in which goodwill arose. Where the value in use of the CGU is less than the carrying amount of the CGU an impairment loss is recognised in the profit and loss and it is not subsequently reversed.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

Goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses, if any.

c. Non derivative financial instruments
Non derivative financial instruments comprise trade and other receivables, investments in other entities, bank overdraft, trade finance facility, loans and borrowings, lease liabilities, and trade and other payables.

d. Intangible assets
Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

An intangible asset is derecognised upon disposal (at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Software is stated at cost and amortised to profit or loss on a straight line basis over the useful life applicable to the software.

The residual value of intangible assets is reassessed annually. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital expenditure that has been incurred for intangible assets and is not yet available for use is classified as work in progress. Work in progress is not amortised. The total cost of this work is transferred to the relevant asset category on the completion of the project and then amortised.

e. Trade and other receivables
Trade and other receivables are measured at amortised cost less any impairment losses. The Group uses the expected credit loss model for all financial assets not held at fair value through profit or loss. For trade receivables, the Group applies the simplified approach in calculating life time expected credit losses with adjustments based on historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Collectability of trade and other receivables is reviewed on an ongoing basis.

Individual debts that are known to be uncollectable are written off when identified. Refer to Note (g) for the impairment policy.

f. Inventories
All inventories of wool are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less costs to sell in the ordinary course of business.

Cost is based on actual cost for all wool purchased and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition.

g. Impairment
Intangible assets are tested for impairment by comparing the estimated recoverable amount with the carrying amount.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

Recoverable amount is the higher of an asset's fair value less costs to sell, and value-in-use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

h. Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic and diluted earnings per shares (EPS) are presented for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the number of shares outstanding to include the effects of all potential dilutive shares.

i. Employee entitlements
Employee entitlements related to salaries and wages and annual leave are recognised when they accrue to employees. In determining the estimated liability for employee entitlements, any entitlements due at balance date are recorded as a current liability.

j. Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

k. Trade and other payables
Trade and other payables are stated at amortised cost.

l. Revenue
The Group recognises revenue from the following major sources:

- Contract and auction sales
- Wool fees and charges

Revenue is measured based on the transaction price allocated to the performance condition within the contract. The Group recognises revenue in the following way:

Contract and auction sales

Revenue is recognised in profit or loss when control has been transferred to the buyer. This represents the point in time at which the Group satisfies its performance obligation to release the wool and the right to consideration becomes unconditional. There are no rights of return or warranties in regards to the sale of wool. The Group is a principal in regards to all sale of wool transactions due to the level of control during the transaction. Only select wool sales incur insurance and freight, the Group is an agent in regards to insurance and freight.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

Wool fees and charges

Wool fees and charges revenue is recognised in profit or loss at the same time as the purchase of wool from suppliers or sale of wool to customers. This represents the point in time at which the Group satisfies its performance obligation to transact the wool and the right to consideration becomes unconditional.

m. Other income

External funding

External funding through government grants and other external parties is recognised when there is reasonable assurance that the entity will comply with the conditions attached and the funding will be received. Other external funding which compensates the Group for expenses incurred is recognised in profit or loss as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When external funding relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Marketing contributions

Marketing contributions are recognised in profit or loss at the point in time that the performance obligations have been met and it is highly probable that a significant reversal will not occur. Performance obligations are considered to be met when the volume of wool sold to parties under the agreements has been accepted through the parties relevant area of their supply chain.

n. Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate when the rate implicit in the lease is not easily determinable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments. The lease liability is remeasured whenever there is a change in the lease term or a change in the lease payment.

Right-of-use lease assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

Lease periods for leased assets are:

Buildings	3 – 14 years
Motor vehicles	3 years
Office equipment	4 years

o. Finance expenses and income

Finance income comprises interest income which is recognised as it accrues using the effective interest method. Finance expenses comprise interest expense on borrowings and lease interest. All borrowing costs are recognised in profit or loss using the effective interest method.

p. Foreign currency transactions

Transactions denominated in foreign currency are translated into New Zealand currency at the spot exchange rate. Amounts receivable and payable in a foreign currency at balance date are translated at the exchange rate at that date. Foreign exchange differences arising on their translation are recognised in profit or loss.

q. Derivative financial instruments

The Group uses foreign exchange contracts to hedge its exposure to foreign exchange risks arising from future sales or purchases of goods in foreign currencies. The Group uses wool futures contracts to hedge its exposure to price risks arising from future sales or purchases of wool.

In accordance with the treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes, however derivatives that do not qualify for hedge accounting are accounted for as trading instruments with their fair value recognised through profit or loss.

Cash flow hedges

The Group designates certain derivatives as cash flow hedging instruments in respect of foreign currency risk and wool price risk.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking various hedge transactions. On an on-going basis the Group documents whether the hedging instrument is effective in offsetting the changes in fair value of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk is not greater than the value changes that result from the economic relationship; and
- The hedge ratio of the hedging relationship is the same as the hedge ratio resulting from the actual quantity of the hedged item and the actual quantity of the hedging instrument.

Sources of hedge ineffectiveness include; credit value adjustments to the hedge instrument, shortfalls in the amount of the expected exposure, and changes in the transaction timing. These sources are considered immaterial risks of hedge ineffectiveness.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

The Group designates the full change in the fair value of forward contracts and futures contracts as the hedging instrument for all its hedging relationships involving forward contracts and futures contracts.

Foreign exchange contracts and wool futures contracts are recognised in the Consolidated Statement of Financial Position at their fair value. Transaction costs are expensed immediately. Where the foreign exchange contracts or wool futures contracts are designated as a hedge, the effective portion of the changes in the fair value of the instrument are initially recognised in the Cash Flow Hedge Reserve, and subsequently transferred to the Consolidated Statement of Comprehensive Income at the point at which the sale and associated debtor are recorded. As soon as the contract is known to be ineffective, the ineffective portion of the foreign exchange contracts or wool futures contracts is reclassified from the Cash Flow Hedge Reserve to profit or loss.

If the Group discontinues hedge accounting for a cash flow hedge the amount accumulated in the cash flow hedge reserve is accounted for as follows;

- The amount remains in other comprehensive income if the future cash flows are still expected to occur, or
- The amount is immediately reclassified to profit or loss as a reclassification adjustment if the future cash flows are no longer expected to occur.

r. Income tax

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

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.

Deferred tax is recognised using the balance sheet method, 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 is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted, or substantively enacted, by the reporting date.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

s. Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

t. Treasury stock

Treasury Stock is the portion of shares that the Group keeps in its own treasury. Treasury Stock arises from a buy-back from shareholders. These

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

shares do not receive dividends, have no voting rights and are not included in shares outstanding calculations.

u. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash on hand and short term deposits with an original maturity of three months or less. These are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents is net of outstanding bank overdrafts as these are considered an integral part of the Group's cash management.

v. Research and development

All research expenditure is recognised in profit or loss as incurred.

Development expenditure which is directly attributable to the design, testing, and implementation of identifiable and unique intangible products controlled by the Group and which meet the recognition criteria are recognised as intangible assets. Where development expenditure has been recognised as an intangible asset it is stated at cost and amortised on a straight-line basis over the period of expected benefits. Amortisation begins at the date of recognition of the intangible asset, excluding capital work-in-progress. All other development expenditure is recognised in profit or loss as incurred.

w. Share-based arrangements

Equity-settled share-based arrangements with employees of the Group and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at grant date of the equity-settled share-based arrangements is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity.

For cash-settled share-based arrangements, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. The fair value determined at grant date of the cash-settled share-based arrangement is expensed over the vesting period. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. The Group recognises any reduction in the fair value of cash-settled share-based arrangements through profit or loss.

x. Statement of cash flows

The Consolidated Statement of Cash Flows is prepared exclusive of Goods and Services Tax ('GST'). Operating activities represent all transactions and other events that are not investing or financing activities. Investing activities are those activities relating to the acquisition and disposal of investments and any other property, plant and equipment. Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing the Group's equity capital.

Statement of Accounting Policies (continued)

For the year ended 30 June 2024

y. Subsidiaries

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at fair value, which is calculated as the sum of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, at acquisition date, in exchange for control of the acquiree.

Acquisition related costs are recognised in profit or loss as incurred. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date of acquisition or up to the date of disposal as appropriate.

z. Investments in joint ventures

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group accounts for investments in joint ventures using the equity method of accounting. All investments in joint ventures are initially recognised in the Consolidated Statement of Financial Position at cost and subsequently increased or decreased to recognise the Group's share of profit or loss.

The investments in joint ventures share of profit or loss is recognised in profit or loss.

aa. Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses. A segment's operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group currently operates as one reportable segment and discrete financial information is not provided on a geographical or product basis. The operating results are reviewed at a Group level.

Notes to the Financial Statements

For the year ended 30 June 2024

1. Revenue

The Group derives revenue as a principal in the following major product lines.

	2023 $000	**2024 $000**
Contract revenue		
Fine wool	103,224	**60,409**
Strong wool	19,117	**19,561**
	122,341	**79,970**
Auction revenue		
Fine wool	31,115	**32,188**
Strong wool	2,481	**2,926**
	33,596	**35,114**
Wool fees and charges revenue	15,376	**15,429**
Total revenue	171,313	**130,513**

Two customers (2023: three customers) individually contribute more than 10% to total revenue.

2. Other income

	2023 $000	**2024 $000**
Other external funding	531	**40**
Marketing contributions	4,248	**3,727**
Exchange gains	22	**-**
Management fees	552	**481**
Insurance income	254	**-**
Other income	529	**410**
	6,136	**4,658**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

3. Finance expenses / income

	2023 $000	2024 $000
Finance expenses		
Interest expense	1,203	**1,681**
Interest expense on leases	296	**293**
	1,499	**1,974**
Finance income		
Interest income	2	**4**
	2	**4**

4. Expenses

	2023 $000	2024 $000
The following items of expenditure are included in procurement and selling expenses		
Wool-related expenses (logistics, insurance)	4,077	**4,132**
Travel	688	**447**
Communications and grower engagement	321	**680**
Premises expenses and motor vehicles	211	**240**
	5,297	**5,499**
The following items of expenditure are included in marketing expenses		
Employee benefit expense	5,370	**6,033**
Marketing activities	616	**939**
Travel	418	**538**
Grower auditing	140	**396**
	6,544	**7,906**
The following items of expenditure are included in innovation expenses		
Employee benefit expense	2,155	**2,232**
Science and innovation projects	553	**988**
Travel	81	**89**
	2,789	**3,309**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

4. Expenses (continued)

	Note	2023 $000	2024 $000
The following items of expenditure are included in administration expenses			
Employee benefit expense		1,961	**2,216**
Office and operational expenses		821	**1,237**
Premises expenses		644	**688**
Professional services		804	**587**
Information technology		485	**653**
Directors' fees		357	**397**
Directors' expenses		120	**101**
Insurance		329	**436**
Provision for doubtful debts		-	**203**
Travel		32	**35**
		5,553	**6,553**
The following items of expenditure are included in other expenses			
Depreciation		319	**323**
Amortisation of other intangible assets		138	**217**
Loss on sale of fixed assets / intangible assets		6	**-**
Loss on disposal of subsidiary		20	**-**
Exchange losses		-	**110**
Donations		41	**20**
		524	**670**
Personnel expenses (salaries & employer contribution to Kiwisaver included in marketing expenses, innovation expenses and administrative expenses)			
Salaries		8,579	**10,125**
Share-based arrangements	27	816	**-**
Share-based long-term incentives	28	496	**-**
Kiwisaver and superannuation employer contributions		333	**356**
		10,224	**10,481**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

5. Income tax

	2023 $000	**2024 $000**
Income tax expense		
Current income tax – New Zealand	(1,164)	**-**
Current income tax – Australia	(20)	**(16)**
Relating to origination and reversal of temporary differences and tax losses recognised	93	**1,313**
Adjustments in respect of New Zealand current income tax of previous years	13	**7**
Adjustments in respect of Australian current income tax of previous years	(8)	**6**
Income tax expense reported in the Statement of Comprehensive Income	(1,086)	**1,310**
Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate		
Accounting profit before tax from continuing operations	2,799	**(4,603)**
Plus after tax (profit) / loss of joint venture	(35)	**33**
	2,764	**(4,570)**
At the statutory income tax rate of 28%	(774)	**1,280**
Adjustments in respect of New Zealand current income tax of previous years	13	**7**
Adjustments in respect of Australian current income tax of previous years	(8)	**6**
Current income tax charge – Australia	(20)	**(16)**
Deferred tax adjustment	(29)	**4**
Permanent differences	(268)	**29**
Aggregate income tax (expense) / income	(1,086)	**1,310**
Imputation credit balance		
Balance at the beginning of the year	4,162	**6,266**
Imputation credits attached to dividends received/(paid)	(858)	**-**
Income tax paid for prior year	2,962	**554**
Balance at the end of the year	6,266	**6,820**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

6. Cash and cash equivalents

	2023 $000	**2024 $000**
Cash	560	**857**
	560	**857**

Working capital facility

During the year the Group maintained an overdraft facility of up to ($000) $3,000 (2023: $3,000). At balance date the Group is not utilising the overdraft facility (2023: nil) and has ($000) $3,000 of undrawn overdraft facility available (2023: $3,000). The Group also holds cash surpluses in foreign currency accounts. The Group has a Business Visa limit of ($000) $500 (2023: $500).

The facilities were secured by a General Security Agreement over the assets and undertakings of The New Zealand Merino Company Limited.

7. Trade and other receivables

	2023 $000	**2024 $000**
Trade receivables	24,748	**15,153**
Prepayments	1,096	**1,178**
	25,844	**16,331**

The Group's trade receivables are amounts due from customers for goods and service performed in the ordinary course of business. Normal terms of trade for Auction receivables are 11 days after date of the Auction, and for Contract revenue a number of forward dates are in place to align with customers supply chain requirements. All trade receivables other than Auction and Contract revenue are due 20th of the following month of the invoice. The value of foreign currency denominated trade and other receivables is as follows ($000) AUD $4,147 (NZD $4,503), USD $1,699 (NZD $2,628) (2023: AUD: $1,727 (NZD $1,878), USD $454 (NZD: $689).

The Group uses the expected credit loss model to determine impairment of trade receivables. The model is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general conditions, and an assessment of both the current as well as the forecast conditions at the reporting date. As at 30 June 2024 there is an impairment within trade receivables of ($000) $203 (2023: nil).

Included in trade receivables are debtors which are past due at balance date, as payment has not been received, and for which no provision has been made as there has not been a significant change in credit quality and the amounts are considered to be fully recoverable.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

8. Inventories

	2023 $000	2024 $000
Stock of wool	17,415	**15,972**

The cost of inventories recognised as an expense during the year in respect of continuing operations was ($000) $114,046 (2023: $151,111).

The cost of inventories recognised as an expense includes ($000) $623 (2023: $450) in respect of write-downs of inventory to net realisable value.

Stock on hand as at 30 June 2024 with an age of greater than one year is ($000) $833 (2023: $293).

9. Property, plant and equipment

	Office equipment $000	Leasehold improvements $000	Information technology assets $000	Plant and equipment $000	Work in progress $000	Total $000
Cost and valuation						
Balance at 1 July 2022	545	2,035	761	100	-	**3,441**
Additions	48	108	57	-	1	**214**
Disposals	(61)	(1)	(36)	(77)	-	**(175)**
Balance at 30 June 2023	532	2,142	782	23	1	**3,480**
Balance at 1 July 2023	532	2,142	782	23	1	**3,480**
Additions	13	-	12	-	-	**25**
Work in progress	-	-	-	-	(1)	**(1)**
Disposals	-	-	-	-	-	**-**
Balance at 30 June 2024	545	2,142	794	23	-	**3,504**
Accumulated depreciation						
Balance at 1 July 2022	(333)	(564)	(594)	(38)	-	**(1,529)**
Depreciation for the year	(40)	(183)	(94)	(2)	-	**(319)**
Disposals	59	1	32	22	-	**114**
Balance at 30 June 2023	(314)	(746)	(656)	(18)	-	**(1,734)**
Balance at 1 July 2023	(314)	(746)	(656)	(18)	-	**(1,734)**
Depreciation for the year	(44)	(199)	(79)	(1)	-	**(323)**
Disposals	-	-	-	-	-	**-**
Balance at 30 June 2024	(358)	(945)	(735)	(19)	-	**(2,057)**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

9. Property, plant and equipment (continued)

	Office equipment $000	Leasehold improvements $000	Information technology assets $000	Plant and equipment $000	Work in progress $000	Total $000
Carrying amounts						
At 1 July 2022	212	1,471	167	62	-	**1,912**
At 30 June 2023	218	1,396	126	5	1	**1,746**
At 30 June 2024	187	1,197	59	4	-	**1,447**

10. Deferred tax

Movements in deferred tax:

2024 $000	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
Gross deferred tax asset / (liability)				
Employee entitlements	194	18	-	**212**
Other accrual	1	-	-	**1**
Capital contribution to tenant fitout	6	8	-	**14**
Net lease liabilities	208	10	-	**218**
Tax effect of losses recognised	-	1,233	-	**1,233**
Derivative financial instruments	272	-	(180)	**92**
Share-based arrangements	228	(14)	(214)	**-**
Provision for doubtful debts	-	56	-	**56**
Total deferred tax asset	909	1,311	(394)	**1,826**

2023 $000	Opening balance	Charged to income	Charged to other comprehensive income	Closing balance
Gross deferred tax asset / (liability)				
Employee entitlements	258	(64)	-	**194**
Other accrual	6	(5)	-	**1**
Capital contribution to tenant fitout	(2)	8	-	**6**
Net lease liabilities	180	28	-	**208**
Income in advance	13	(13)	-	**-**
Derivative financial instruments	347	-	(75)	**272**
Share-based arrangements	157	139	(68)	**228**
Total deferred tax asset	959	93	(143)	**909**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

11. Investments in other entities

(i) Joint ventures

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Alpine Origin Merino Limited (AOML)
AOML is jointly owned by The New Zealand Merino Company Limited (50%), and Alliance Group Limited (50%) and is incorporated in New Zealand. AOML is focused on the marketing of fine wool sheep meat. AOML's place of business is in New Zealand.

The financial year end date of AOML is 30 September. This was the reporting date established when AOML was incorporated, and a change of reporting date is not permitted in AOML.

The Group's share of profits in AOML has been previously equity accounted for. AOML has undertaken no direct transactions during the year, with all transactions undertaken by Alliance Group Limited. There are no unrecognised accumulated losses within AOML as at 30 June 2024 (2023: nil). The Group ceased equity accounting in 2018. The carrying amount of AOML was reduced to zero due to share of losses in prior years and no direct activity in the period. There is no share of profit or losses for the year ended 30 June 2024 (2023: nil).

There is no assessed impairment associated with the investment in AOML as at 30 June 2024 (2023: nil).

Glerups New Zealand Limited (GNZL)
GNZL is jointly owned by The New Zealand Merino Company Limited (50%) and Aktieselskabet Glerups.dk ApS (50%). GNZL is incorporated in New Zealand. GNZL is focused on the marketing and distribution of Glerups indoor shoes within New Zealand and Australia. The financial year end date of GNZL is 30 June.

The Group's share of profits in GNZL is being equity accounted.

There is no assessed impairment associated with the investment in GNZL as at 30 June 2024.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

11. Investments in other entities (continued)

(i) Joint ventures (continued)

2024 $000	Total assets	Total liabilities	Revenues	**Profit / (loss)**
GNZL	825	705	1,161	**(66)**
Ownership interest (50%)	413	353	581	**(33)**

2023 $000	Total assets	Total liabilities	Revenues	**Profit / (loss)**
GNZL	480	294	1,184	**70**
Ownership interest (50%)	240	147	592	**35**

The carrying value of GNZL at 30 June 2024 is ($000) $59 (2023: $92).

(ii) Other interests

	Principal activity	Principal place of business	Date of incorporation	% of ownership 2023	**% of ownership 2024**
Keravos Limited	Natural fibre innovation	New Zealand	21/10/2020	10.0%	**0.0%**
Sheep Included Limited	Production and retail	United Kingdom	27/02/2018	0.4%	**0.2%**

Keravos Limited
On 21 October 2020 The New Zealand Merino Company Limited incorporated a company, Keravos Limited, owned 80% by The New Zealand Merino Company Limited and 20% by the inventor of the Keravos technology, Logan Williams. Keravos Limited has a 30 June balance date.

On 1 July 2022 the Group sold a 70% shareholding in Keravos Limited and retained a 10% shareholding. This resulted in the cessation of accounting for Keravos Limited as a subsidiary in the consolidated statements for the year ended 30 June 2023. This resulted in a loss of $20 ($000) in other expenses attributable to the former controlling interest, and the removal of ($000) $4 attributable to the non-controlling interest in the Consolidated Statement of Changes in Equity during the year ended 30 June 2023.

On 31 January 2024 the Group sold the remaining 10% shareholding in Keravos Limited. The sale of the shares in Keravos Limited has resulted in a gain on sale of the investment of ($000) $150 during the year ended 30 June 2024.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

12. Subsidiary companies

	Principal activity	Principal place of business	Date of incorporation	Equity holding 2023	**Equity holding 2024**
Made For Good RX Limited	ESG technology platform	New Zealand	26/05/2022	100.0%	**100.0%**

Made For Good RX Limited
On 26 May 2022 The New Zealand Merino Company Limited incorporated a company, Made For Good RX Limited. Made For Good RX Limited is 100% owned by The New Zealand Merino Company Limited. Made For Good RX Limited has a 30 June balance date.

Made For Good RX Limited has been incorporated for the purpose of extending the regenerative agricultural strategic initiatives of the Group.

13. Intangible assets and goodwill

$000	Goodwill	Trademarks	Computer software	Patents	Work in progress	**Total**
Cost						
Balance at 1 July 2022	5,631	552	753	7	-	**6,943**
Additions	-	206	229	-	-	**435**
Work in progress	-	-	-	-	235	**235**
Disposals	-	(98)	(136)	(7)	-	**(241)**
Balance at 30 June 2023	5,631	660	846	-	235	**7,372**
Balance at 1 July 2023	5,631	660	846	-	235	**7,372**
Additions	-	74	60	-	-	**134**
Work in progress	-	-	-	-	327	**327**
Disposals	-	-	-	-	(98)	**(98)**
Balance at 30 June 2024	5,631	734	906	-	464	**7,735**
Amortisation						
Balance at 1 July 2022	-	(325)	(527)	-	-	**(852)**
Amortisation for the year	-	(18)	(120)	-	-	**(138)**
Disposals	-	8	136	-	-	**144**
Balance at 30 June 2023	-	(335)	(511)	-	-	**(846)**
Balance at 1 July 2023	-	(335)	(511)	-	-	**(846)**
Amortisation for the year	-	(41)	(176)	-	-	**(217)**
Disposals	-	-	-	-	-	**-**
Balance at 30 June 2024	-	(376)	(687)	-	-	**(1,063)**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

13. Intangible assets and goodwill (continued)

$000	Goodwill	Trademarks	Computer software	Patents	Work in progress	**Total**
Carrying amounts						
At 1 July 2022	5,631	227	226	7	-	**6,091**
At 30 June 2023	5,631	325	335	-	235	**6,526**
At 30 June 2024	5,631	358	219	-	464	**6,673**

Goodwill arises due to the acquisition of the assets and business of NZM Disestablishment Limited.

Goodwill has been assessed for impairment by discounting the cash flows expected to occur over five years (including terminal value) in the cash generating unit to which the goodwill is allocated (being the Group) at a post-tax WACC of 12.3% (2023: 11.4%) and a terminal growth rate of 3% (2023: 3%). The analysis is sensitive to the revenue growth rate, terminal growth rate, and discount rate. A reduction of 0.5% in the terminal growth rate and 0.5% change in the discount rate do not result in an impairment.

Trademarks are amortised over the life applicable to each trademark. The life of all current trademarks is 10 years.

Computer software is amortised over a 2-5 year period. All additions to computer software have been separately acquired from external providers.

14. Trade and other payables

	2023 $000	**2024 $000**
Trade payables	2,060	**2,170**
Employee entitlements	1,805	**1,348**
	3,865	**3,518**

Related party payables are detailed in Note 21.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

15. Trade finance facility

	2023 $000	**2024 $000**
Movement in trade finance facility		
Opening balance	2,500	**14,500**
Proceeds from trade finance facility	25,500	**30,300**
Repayments to trade finance facility	(13,500)	**(34,800)**
Closing balance	14,500	**10,000**

The Group has entered into a trade finance agreement with ASB Bank Limited to meet operational cash flow requirements throughout the year. As at 30 June 2024 the Group had available ($000) $2,000 of undrawn trade finance facility (2023: $2,500). The trade finance facility is renegotiated each year and monthly trade finance facility limits are set, the next renegotiation of the trade finance facility is before 30 June 2025.

Interest is payable on the trade finance facility. The floating interest rate at 30 June 2024 is 7.15% (2023: 7.16%).

The trade finance facility is secured under the terms of the Combined Trade Finance Facility Agreement dated 20 October 2020.

The Group is subject to capital requirements imposed by ASB Bank Limited through covenants agreed as part of the trade finance facility agreement. The group met all capital requirements for the year ended 30 June 2023. During the year ended 30 June 2024 the Group obtained a waiver for the interest cover ratio.

The following summarises the key covenants:

- Shareholders funds, total tangible assets less total liabilities, of the Group must not be less than ($000) $8,000 on any date, tested annually on the last day of the financial year,
- Interest cover ratio, EBITDA to total interest costs, is not less than 2.5 times, tested annually on the last day of the financial year; and
- Stock and debtor cover ratio, total stock and debtors to working capital debt and creditors, is not less than 1.2 times, tested monthly.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments

Fair value estimation
The table below analyses financial instruments carried at fair value, by the level of fair value hierarchy. The different levels have been defined as follows:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). Refer to Note 11 (ii) Other interests.

The following table presents the Group's assets and liabilities that are measured at fair value.

2024 $000	Level 1	Level 2	Level 3	**Total balance**
Assets				
Investments in other entities	-	-	44	**44**
Derivative financial instruments	-	549	-	**549**
Total assets	-	549	44	**593**
Liabilities				
Derivative financial instruments	-	878	-	**878**
Total liabilities	-	878	-	**878**

2023 $000	Level 1	Level 2	Level 3	**Total balance**
Assets				
Investments in other entities	-	-	32	**32**
Derivative financial instruments	-	153	-	**153**
Total assets	-	153	32	**185**
Liabilities				
Derivative financial instruments	-	1,123	-	**1,123**
Total liabilities	-	1,123	-	**1,123**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

The net nominal value of forward currency contracts (cash flow hedges) outstanding at balance date was ($000) $43,060 (2023: $14,560). The net nominal value of wool futures (cash flow hedges) outstanding at balance date was ($000) $1,904 (2023: $4,234).

Future cash flows of forward currency contracts are based on bank derived mark to market valuations. Future cash flows of wool futures contracts are based on the exchange quoted forward prices which are not an active market and classified under Level 2 as defined in the fair value hierarchy.

Financial risk and capital management
The Group's capital includes share capital, reserves, and retained earnings.

When managing capital, the Group's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group reviews its capital structure on a regular basis. As the market changes the Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, or issue new shares.

The New Zealand Merino Company Limited's shares are listed on the Unlisted Securities Exchange. During the year the Group did not complete any share issues or share buy-backs.

The Group did not pay a dividend during the year ended 30 June 2024 ($000) (2023: $2,207).

At 30 June 2024 the Group could utilise an overdraft facility of up to ($000) $3,000 (2023: $3,000) and a trade finance facility of up to ($000) $12,000 (2023: $17,000) with ASB Bank Limited. At 30 June 2024 the Group is not utilising the overdraft facility and is utilising ($000) $10,000 (2023: $14,500) of the trade finance facility. The Group also hold cash surpluses in foreign currency accounts. The Group has obtained a trade finance facility and an overdraft facility to cover its cash flow requirements for the 2025 financial year.

The Group is not subject to any externally imposed capital requirements, other than the covenants required under its borrowing agreements. During the year there were no breaches of these covenants.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of derivative financial instruments.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

Material accounting policies
Details of the material accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability, are included in the Statement of Accounting Policies.

(i) Wool price risk
Wool price risk is the risk of a loss to the Group from adverse movements in wool prices where the Group has open sales contract positions.

The Group has entered into wool futures contracts to reduce the impact of spot market price changes on open sales contracts positions.

The average exchange quoted forward price for wool futures at 30 June 2024 is $16.46 per kilogram (2023: $16.51). The total kilograms contracted at 30 June 2024 is 115,000 kilograms (2023: 247,000).

A sensitivity analysis has been conducted on the exchange quoted forward wool price. A 3% increase in the exchange quoted forward wool price would increase the fair value, and total comprehensive income by ($000) $55 (2023: $108) with no effect on profit / (loss) after tax. A 3% decrease in the exchange quoted forward wool price would decrease the fair value, and total comprehensive income by ($000) $58 (2023: $136) with no effect on profit / (loss) after tax.

The following table details the notional principal amounts, fair value and remaining terms of wool futures contracts outstanding as at 30 June 2024:

	Notional principal amount	Fair value	**Notional principal amount**	**Fair value**
	2023	2023	**2024**	**2024**
	$000	$000	**$000**	**$000**
Not later than 1 month	84	(1)	**165**	**(8)**
30-90 days	792	(45)	**828**	**(31)**
91-365 days	2,433	(97)	**647**	**32**
1 year to 5 years	925	(23)	**264**	**(7)**
	4,234	(166)	**1,904**	**(14)**

The fair value of wool futures contracts has been included in the Consolidated Statement of Financial Position as current and non current assets and current and non current liabilities, based on the time to maturity and position the wool futures contract is in as at 30 June 2024.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(ii) Currency risk

Currency risk is the risk of a loss to the Group arising from adverse fluctuations in exchange rates.

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. Where exposures are certain, it is the Group's policy to hedge these amounts as they arise.

The Group is exposed to the currency of Australia (AUD), the United States of America (USD), China (CNY), Europe (EUR) and Japan (JPY). A 1% increase in the contract close out rates would increase the fair value, and total comprehensive income by ($000) $426 (2023: $144) with no effect on profit / (loss) after tax. A 1% decrease in the contract close out rates would decrease the fair value, and total comprehensive income by ($000) $435 (2023: $147) with no effect on profit / (loss) after tax.

At 30 June 2024 the average market rate for AUD foreign exchange contracts is 0.9144 (2023: 0.9103), the average market rate for USD foreign exchange contracts is 0.6166 (2023: 0.6623), the average market rate for EUR foreign exchange contracts is 0.5540 (2023: 0.5586), the average rate for JPY foreign exchange contracts is 89.19 (2023: n.a) and the average rate for CNY foreign exchange contracts is 4.283 (2023: 4.2412).

The following table details the notional principal amounts, fair values and remaining terms of any forward currency contracts outstanding as at the reporting date:

	Notional principal amount	Fair value	**Notional principal amount**	**Fair value**
	2023	2023	**2024**	**2024**
	$000	$000	**$000**	**$000**
AUD Sell				
Not later than 1 month	427	(1)	**2,297**	**(24)**
30-90 days	2,645	(34)	**1,615**	**(34)**
91-365 days	1,726	(10)	**8,189**	**(30)**
1 year to 5 years	-	-	**10,125**	**(27)**
	4,798	(45)	**22,226**	**(115)**
AUD Buy				
Not later than 1 month	(399)	-	**(1,495)**	**(24)**
30-90 days	-	-	**(705)**	**15**
91-365 days	(4,093)	(65)	**(5,663)**	**76**
1 year to 5 years	(771)	(12)	**-**	**-**
	(5,263)	(77)	**(7,863)**	**67**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(ii) Currency risk (continued)

	Notional principal amount	Fair value	**Notional principal amount**	**Fair value**
	2023	2023	**2024**	**2024**
	$000	$000	**$000**	**$000**
USD Sell				
Not later than 1 month	186	(17)	**299**	**(1)**
30-90 days	3,843	(355)	**472**	**(58)**
91-365 days	4,476	(420)	**7,592**	**(459)**
1 year to 5 years	-	-	**16,100**	**200**
	8,505	(792)	**24,463**	**(318)**
USD Buy				
Not later than 1 month	-	-	**(65)**	**-**
30-90 days	-	-	**-**	**-**
91-365 days	-	-	**-**	**-**
1 year to 5 years	-	-	**-**	**-**
	-	-	**(65)**	**-**
CNY Sell				
Not later than 1 month	-	-	**67**	**1**
30-90 days	1,155	92	**-**	**-**
91-365 days	1,895	9	**2,083**	**29**
1 year to 5 years	3,462	9	**2,470**	**28**
	6,512	110	**4,620**	**58**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(ii) Currency risk (continued)

	Notional principal amount 2023 $000	Fair value 2023 $000	**Notional principal amount 2024 $000**	**Fair value 2024 $000**
EUR Sell				
Not later than 1 month	8	-	**20**	-
30-90 days	-	-	-	-
91-365 days	-	-	-	-
1 year to 5 years	-	-	-	-
	8	-	**20**	-
EUR Buy				
Not later than 1 month	-	-	-	-
30-90 days	-	-	-	-
91-365 days	-	-	**(334)**	**(6)**
1 year to 5 years	-	-	-	-
	-	-	**(334)**	**(6)**
JPY Buy				
Not later than 1 month	-	-	**(7)**	**(1)**
30-90 days	-	-	-	-
91-365 days	-	-	-	-
1 year to 5 years	-	-	-	-
	-	-	**(7)**	**(1)**
	14,560	(804)	**43,060**	**(315)**

The fair value of foreign currency contracts has been included in the Consolidated Statement of Financial Position as current and non current assets and current and non current liabilities, based on the time to maturity and position the foreign currency contract is in as at 30 June 2024.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(iii) Credit risk

Credit risk is the risk that a counterparty will default on its obligations, resulting in a financial loss to the Group. Financial assets, which potentially subject the Group to concentration of credit risk, consist principally of cash, bank balances, and trade receivables. The Group's cash equivalents are placed with high credit quality financial institutions.

The Group has adopted a policy of only dealing with creditworthy counterparties and, in the case of trade receivables, for the most part only releasing wool for delivery once it has been paid for as a means of mitigating the risk of financial loss from defaults. The Group's exposures are continuously monitored. The Group measures credit risk based on the expected credit loss model.

Trade receivables consist of a small number of customers. Approximately 65% of trade receivables are due from three customers (2023: Approximately 60% due from three customers).

The credit risk on forward currency contracts with ASB Bank Limited as at 30 June 2024 is nil (2023: nil). The credit risk on wool future contracts with the various counterparties as at 30 June 2024 is nil (2023: nil). All counterparties for forward currency contracts are considered to be of a high quality based on credit ratings. All counterparties for wool futures contracts are assessed based on credit reports and considered to be of a good quality.

Total credit risk was comprised as follows:

	2023 $000	**2024 $000**
Cash	560	**857**
Trade receivables	24,748	**15,153**
Total credit risk	25,308	**16,010**

Collateral and other credit enhancements obtained

The Group does not hold any collateral as security over trade receivables.

Trade receivables that are either past due or impaired

The table on the following page sets out information regarding the ageing of trade receivables. Debts owing in excess of 30 days past their due date are considered past due. These have not been assessed as impaired based on the simplified expected credit loss model.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(iii) Credit risk (continued)

	2023 $000	**2024 $000**
Current	19,935	**11,535**
31-60 days	2,544	**26**
61-90 days	816	**545**
Over 90 days	1,453	**3,047**
	24,748	**15,153**

Renegotiated trade receivables

Specific customers have negotiated extended payment terms with the Group in order to align with their supply chain requirements.

(iv) Interest rate risk

Interest rate risk is the risk that the Group may be affected by changes in the general level of interest rates. The Group is exposed to interest rate risk as it borrows funds at floating interest rates. No interest rate swaps have been entered into during the year.

At 30 June 2024 the interest rate on the trade finance facility is 7.15% (2023: 7.16%). The Group entered into a trade finance facility for 12 months and drawdowns and repays the trade finance facility monthly.

At 30 June 2024 the interest rate on the overdraft facility is 8.68% (2023: 8.03%).

At the reporting date the Group had the following interest-bearing financial instruments which are subject to variable floating interest rates:

	Principal amount 2023 $000	Fair value 2023 $000	**Principal amount 2024 $000**	**Fair value 2024 $000**
Trade finance facility	14,500	14,500	**10,000**	**10,000**
	14,500	14,500	**10,000**	**10,000**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(v) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its liquidity daily, weekly and monthly and maintains appropriate liquid assets and bank funding facilities to meet all obligations in a timely and cost effective manner. Management of liquidity is designed to ensure that the Group has the ability to meet financial obligations as they fall due.

The following contractual maturities tables detail the Group's exposure to liquidity risk:

2024 $000	Less than 1 year	1-2 years	2-6 Years	**Total**
Financial assets				
Bank	857	-	-	**857**
Trade receivables	15,153	-	-	**15,153**
Investments in other entities	44	-	-	**44**
Derivative financial instruments	207	342	-	**549**
	16,261	342	-	**16,603**
Financial liabilities				
Trade finance facilities	10,000	-	-	**10,000**
Trade payables	2,170	-	-	**2,170**
Derivative financial instruments	730	147	1	**878**
	12,900	147	1	**13,048**

2023 $000	Less than 1 year	1-2 years	2-6 Years	**Total**
Financial assets				
Bank	560	-	-	**560**
Trade receivables	24,748	-	-	**24,748**
Investments in other entities	32	-	-	**32**
Derivative financial instruments	139	9	5	**153**
	25,479	9	5	**25,493**
Financial liabilities				
Trade finance facilities	14,500	-	-	**14,500**
Trade payables	2,060	-	-	**2,060**
Derivative financial instruments	1,066	41	16	**1,123**
	17,626	41	16	**17,683**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

16. Financial instruments (continued)

(vi) Categories of financial instruments

2024 $000	Financial assets / liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through other comprehensive income	Financial assets / liabilities at amortised cost	Total
Assets				
Bank	-	-	857	**857**
Trade receivables	-	-	15,153	**15,153**
Investments in other entities	44	-	-	**44**
Derivative financial instruments	-	549	-	**549**
	44	549	16,010	**16,603**
Liabilities				
Trade finance facility	-	-	10,000	**10,000**
Trade and other payables	-	-	2,170	**2,170**
Derivative financial instruments	-	878	-	**878**
Lease liabilities	-	-	5,746	**5,746**
	-	878	17,916	**18,794**

2023 $000	Financial assets / liabilities at fair value through profit or loss	Financial assets / liabilities at fair value through other comprehensive income	Financial assets / liabilities at amortised cost	Total
Assets				
Bank	-	-	560	**560**
Trade receivables	-	-	24,748	**24,748**
Investments in other entities	32	-	-	**32**
Derivative financial instruments	-	153	-	**153**
	32	153	25,308	**25,493**
Liabilities				
Trade finance facility	-	-	14,500	**14,500**
Trade and other payables	-	-	2,060	**2,060**
Derivative financial instruments	-	1,123	-	**1,123**
Lease liabilities	-	-	5,876	**5,876**
	-	1,123	22,436	**23,559**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

17. Share capital

	2023 $000	**2024 $000**
Opening balance	8,458	**8,458**
Closing balance	8,458	**8,458**
Number of ordinary shares:		
Opening balance	5,304,249	**5,304,249**
Cancelled shares	-	**(147,633)**
Closing balance	5,304,249	**5,156,616**

Treasury stock

During the year ended 30 June 2023 the Group purchased 147,633 shares from three participants under the cash settled share-based arrangements. Refer to Note 28 for details of the cash settled share-based arrangements.

During the year ended 30 June 2024 the Group cancelled 147,633 ordinary shares which were held as treasury stock. Treasury stock does not receive dividends and has no voting rights.

	2023 $000	**2024 $000**
Number of treasury stock shares		
Opening balance	-	**147,633**
Share-based arrangements	147,633	**-**
Cancelled shares	-	**(147,633)**
Closing balance	147,633	**-**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

17. Share capital (continued)

Earnings per share

	2023 $000	2024 $000
Profit attributable to the ordinary shareholders of the Group (basic)	1,713	**(3,293)**
Weighted average number of ordinary shares (basic)	5,304,249	**5,156,616**
Effect of dilution – share options	18,318	**-**
Weighted average number of ordinary shares (diluted)	5,322,567	**5,156,616**
Earnings per share (cents)		
Basic earnings per share	32.29	**(63.86)**
Diluted earnings per share	32.18	**(63.86)**

The diluted earnings per share are basic earnings per share adjusted for contingently issuable shares under the share-based long-term incentive schemes. Refer to Note 29 for further information on share-based long-term incentives.

18. Share-based arrangements reserve

	2023 $000	2024 $000
Opening balance	244	**(104)**
Modification to cash-settled share-based arrangement	(298)	**-**
Share-based arrangement expense	18	**(49)**
Deferred tax on share-based arrangement	(68)	**(215)**
Share-based arrangement transfer to retained earnings	-	**368**
Closing balance	(104)	**-**

19. Reserves

	2023 $000	2024 $000
Cash flow hedge reserve		
Opening balance	(893)	**(699)**
Foreign exchange contracts	384	**(107)**
Wool futures contracts	(190)	**569**
	(699)	**(237)**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

20. Reconciliation of profit before tax to net cash flows from operations

	2023 $000	2024 $000
Profit before tax	2,799	**(4,603)**
Adjustments for:		
Income tax payments	(2,800)	**(429)**
Share of associates retained (surplus) / loss	(35)	**33**
Loss / (gain) on investments in other entities	58	**(163)**
Depreciation	319	**323**
Amortisation of intangible assets	138	**217**
Depreciation on right-of-use lease assets	646	**698**
Loss / (gain) on sale of fixed assets / intangible assets	6	**-**
Share-based arrangements expense	65	**-**
Working capital:		
(Increase) / decrease in inventory	6,285	**1,443**
(Increase) / decrease in accounts receivable / prepayments	(13,255)	**9,513**
Increase / (decrease) in accounts payable	(1,803)	**(1,122)**
Increase / (decrease) in income in advance	(100)	**-**
Net cash from / (used in) operating activities	(7,677)	**5,910**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

21. Related party disclosures

Alpine Origin Merino Limited (AOML)
As at 30 June 2024 the Group owns a 50% share in Alpine Origin Merino Limited (AOML) with the other 50% being owned by Alliance Group Limited. During the year the Group did not pay any expenses or receive any income from AOML due to AOML not directly engaging in any operating activities as these were done through Alliance Group Limited (2023: nil). There are no receivable balances with AOML as at 30 June 2024 (2023: nil).

During the year ended 30 June 2024 the Group has recorded expenses of ($000) $5 (2023: $3) and income of ($000) $60 (2023: $321) with Alliance Group Limited. As at 30 June 2024 the receivable from Alliance Group Limited is ($000) $60 (2023: nil).

Glerups New Zealand Limited (GNZL)
As at 30 June 2024 the Group owns a 50% share in Glerups New Zealand Limited (GNZL). During the year the Group paid expenses of ($000) $6 (2023: $9) to GNZL and received revenue of ($000) $287 (2023: $274) which was a claim for management resources that the Group employed into GNZL. As at 30 June 2024 the receivable from GNZL is ($000) $312 (2023: $268). This comprises management fees for GNZL. As at 30 June 2024 the investment in GNZL is ($000) $59 (2023: $92).

Directors
The Group entered into transactions for the sale and purchase of wool during the course of the year with associated entities who have significant influence over the Group through their appointment of a director to the Group's board. The Group's only related party through associated entities is AWN Rural Pty Limited which became a related party on 1 March 2023 in relation to the Group's director, John Maher. John Maher became a director on this date and was also a director of AWN Food and Fibre Pty Limited, the parent company of AWN Rural Pty Limited. The appointment of John Maher to the Group's board was independent of his directorship of AWN Food and Fibre Pty Limited. From May 2024 John Maher is no longer a director of AWN Food and Fibre Pty. Figures in the below table are only representative of the governing period.

The Group also entered into transactions for the sale and purchase of wool during the course of the year with associated entities of other directors of the Group, which are not deemed related parties.

The Group has not entered into any transactions other than the payment of directors fees directly with any director.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

21. Related party disclosures (continued)

2024 $000	Sales	Purchases	Payables	Receivables
Associated entities	1,154	13,525	-	-

2023 $000	Sales	Purchases	Payables	Receivables
Associated entities	1,734	18,941	53	438

Key management personnel
The Group has not entered into any transactions with key management personnel of the business outside of the employment relationship.

Total remuneration provided to key management personnel in 2024 was ($000) $3,505 (2023: $4,165). Key management personnel refers to the Chief Executive Officer and seven (2023: seven) employees who directly reported to the Chief Executive during the year ended 30 June 2024.

Total remuneration does not include any long-term incentive accruals (2023: ($000) $775). Refer to Note 28 for further details of the share-based long-term incentive arrangements.

Total remuneration provided to directors in 2024 was ($000) $397 (2023: $359).

22. Commitments

Capital commitments
The Group has one capital commitment as at 30 June 2024 of ($000) $193 (2023: nil). This capital commitment is with a third-party supplier in relation to the development and build of new computer software.

In respect of its interest in the Alpine Origin Merino Limited joint venture (refer Note 11), the joint venture had no capital commitments as at 30 June 2024 (2023: nil).

In respect of its interest in the Glerups New Zealand Limited joint venture (refer Note 11), the joint venture had no capital commitments as at 30 June 2024 (2023: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

23. Leases

The Group leases buildings, motor vehicles and office equipment.

The related lease expense for short-term leases is recognised in profit or loss is ($000) $97 (2023: $93).

Information for leases of which the Group is a lessee is presented below:

$000	Buildings	Motor vehicles	Office equipment	Total
Right-of-use asset				
Opening right-of-use asset at 1 July 2022	4,390	323	23	**4,736**
Depreciation charge for the year	(479)	(158)	(9)	**(646)**
Additions to right-of-use assets	194	53	-	**247**
Remeasurement of right-of-use assets	451	-	-	**451**
Closing right-of-use asset at 30 June 2023	4,556	218	14	**4,788**
Opening right-of-use asset at 1 July 2023	4,556	218	14	**4,788**
Depreciation charge for the year	(520)	(166)	(12)	**(698)**
Additions to right-of-use assets	-	277	66	**343**
Remeasurement of right-of-use assets	235	-	-	**235**
Derecognition of right-of-use assets	-	-	(12)	**(12)**
Closing right-of-use asset at 30 June 2024	4,271	329	56	**4,656**

The right-of-use asset depreciation charge for the year of ($000) $495 (2023: $453) has been recognised in administrative expenses and ($000) $203 (2023: $193) has been recognised in procurement and selling expenses in profit and loss.

Lease remeasurement

During the year ended 30 June 2024 the Group remeasured their lease over the premises at 123 Victoria Street, Christchurch. The lease remeasurement of ($000) $235 (2023: $451) has increased the lease asset and lease liability and reflects the variable lease payment adjustment arising from a rent review.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

23. Leases (continued)

$000	Buildings	Motor vehicles	Office equipment	Total
Lease liability				
Opening lease liability at 1 July 2022	5,410	326	24	**5,760**
Decrease in lease liability	(418)	(155)	(9)	**(582)**
Additions to lease liabilities	194	53	-	**247**
Remeasurement of lease liabilities	451	-	-	**451**
Closing lease liability at 30 June 2023	5,637	224	15	**5,876**
Opening lease liability at 1 July 2023	5,637	224	15	**5,876**
Decrease in lease liability	(519)	(164)	(11)	**(694)**
Additions to lease liabilities	-	277	66	**343**
Remeasurement of lease liabilities	234	-	-	**234**
Derecognition of lease liabilities	-	-	(13)	**(13)**
Closing lease liability at 30 June 2024	5,352	337	57	**5,746**

The decrease in lease liability of ($000) $694 (2023: $582) is comprised of cash payments of ($000) $987 (2023: $878) less the associated interest expense on the lease liabilities of ($000) $293 (2023: $296).

The current portion of the lease liability is ($000) $792 (2023: $648). The non-current portion of the lease liability is ($000) $4,954 (2023: $5,228).

	2023 $000	**2024 $000**
Leases maturity analysis		
Not later than one year	932	**1,073**
Later than one year but not later than two years	876	**992**
Later than two years but not later than five years	2,293	**2,434**
Later than five years	3,203	**2,617**
	7,304	**7,116**

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

24. Events after balance date

There are no significant events post balance date.

25. Auditor's remuneration

The auditor of the Group is Ernst & Young Limited.

Ernst & Young was appointed as the Group's auditor effective 1 July 2022 replacing Deloitte, the Group's previous auditor. The 2023 and 2024 amounts reflect payments to Deloitte and Ernst & Young respectively.

Amounts paid or payable to Ernst & Young Limited during the year were:

	2023 $000	**2024** **$000**
Audit of the financial statements	89	**99**
Other services		
Advisory services	-	**32**
Tax compliance services	64	**20**
	153	**151**

The Group's policy is that to ensure independence the Group auditor should not undertake other advisory services to the Group. In 2023 and 2024 fees were paid to Ernst & Young in relation to taxation services and remuneration advisory services, these have now been transitioned to another provider.

26. Contingencies

The Group has no contingent liabilities as at 30 June 2024 (2023: nil). The Group has no contingent assets as at 30 June 2024 (2023: nil).

In respect of its interest in the Alpine Origin Merino Limited joint venture (refer Note 11), the joint venture had no contingent assets or liabilities as at 30 June 2024 (2023: nil).

In respect of its interest in the Glerups New Zealand Limited joint venture (refer Note 11), the joint venture had no contingent assets or liabilities as at 30 June 2024 (2023: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

27. Share-based arrangements – cash settled

On 30 September 2011 The New Zealand Merino Company Limited (the Company) entered into an arrangement with the Chief Executive and three other key management personnel whereby shares in the Company were issued to them in consideration for them foregoing their notional dividend / profit share schemes with the Company.

These shares have restrictions on them which limit the quantity of shares able to be sold over time and the price at which these shares can be sold. As part of these restrictions, and given the limited liquidity in the Company's shares, the agreement with the management shareholders allows them to require the Company to buy-back a percentage of the shares at certain dates based on a contractually agreed formula, as detailed below.

During the 2015 year the board approved changes to the share-based arrangement whereby a percentage of the shares were able to be sold back to the Company on the 1 July 2014 or 1 July 2015. The minimum shareholding required to be held while an employee was also reduced to 20% of the shares issued.

During the 2023 year the board approved changes to the share-based arrangement removing the requirement to hold a minimum percentage whilst being an employee. The basis of this amendment is due to the fact that the key management personnel under the share-based arrangement scheme are substantial shareholders in the Company outside of the scheme.

The following share-based arrangement was in existence during the prior years;

	Number of shares issued	Issue price	Total vested	Percentage able to be sold back to company	Minimum shareholding while an employee
30/09/2011	602,342	$1.48	25%	-	25%
01/07/2012	-	-	35%	-	35%
01/07/2013	-	-	55%	-	55%
01/07/2014	-	-	75%	20%	20%
01/07/2015	-	-	95%	30%	20%
01/07/2016	-	-	100%	50%	20%
01/07/2017	-	-	100%	75%	20%
01/07/2018	-	-	100%	100%	20%
25/11/2022	-	-	100%	100%	0%

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

27. Share-based arrangements – cash settled (continued)

The buy-back value per share is to be calculated based on the following formula:

Value per share	Total equity value / Total shares on issue
Total equity value	Enterprise value Less term debt Plus surplus cash
Enterprise value	Assessed earnings x Earnings multiple
Assessed earnings	Average of three years EBIT; The last two full financial years (audited accounts) The budget / reprojected EBIT in year of notice
Earnings multiple	5

Any vested shares are able to be sold to the Group or on the open market as with other shareholders.

During the year ended 30 June 2023 all vested shares had either been bought-back by the Group or sold on the market. For the year ended 30 June 2023 and upon the buy-back of the shares a fair value adjustment has been recognised which has resulted in an expense of ($000) $816 in the profit or loss. The shares sold on the market has resulted in a modification of vested shares from cash settled to equity settled with ($000) $1,797 of the share-based arrangement provision being transferred to retained earnings. The shares bought-back by the Group has resulted in a payment of ($000) $1,247. The shares bought-back by the Group were held as treasury stock as at 30 June 2023 and have been cancelled in the year ended 30 June 2024. Refer to Note 17 for information on treasury stock.

Fair value of the share-based arrangements

The fair value of share-based arrangements as at 30 June 2024 is ($000) nil (2023: nil).

At 30 June 2024 the number of shares outstanding in the share-based arrangements is nil (2023: nil).

Impact of the share-based arrangement on profit or loss

	2023 $000	**2024** **$000**
Fair value upon settlement of shares bought-back by the Group	334	-
Fair value upon settlement of shares sold on market *	482	-
	816	-

**non-cash expense*

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

28. Share-based arrangements – equity settled

Under the share-based long-term incentive scheme, participants are granted share options which have the potential to be exercised for ordinary shares in the Company. The number of options that will vest is determined by the Group's three year cumulative earnings before interest and tax (EBIT) versus board approved targets for the respective plans ending date and the continuous employment of the participant. These are generally considered to be vesting performance conditions.

Share-based long-term incentive scheme 1

During the year ended 30 June 2021 the Group agreed to a share-based long-term incentive scheme with the Chief Executive Officer and five direct management reports, aligned to the Group's growth goals for the three years ending 30 June 2023. The grant date for the scheme was 30 June 2021.

Modification of share-based long-term incentive scheme 1

During the year ended 30 June 2023, based upon independent advice received, the board modified the settlement of the fully vested share-based long-term incentive scheme from equity settled to cash settled given the lack of liquidity in Company shares.

Upon modification the Group remeasured the scheme based on the black scholes method. Refer to Scheme 1 Modified column below. A further fair value measurement method was then applied to value the cash settlement and this method is equal to the valuation formula of the cash settled share-based arrangements (refer to Note 28). The performance conditions were not modified.

During the year ended 30 June 2023 the fair value of the cash settlement is $775 ($000). The modification resulted in an additional expense of $477 ($000) being recognised in profit and loss and $298 ($000) being transferred from the share-based arrangements equity account to the share-based arrangements provision account.

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

28. Share-based arrangements – equity settled (continued)

Share-based long-term incentive scheme 2
During the year ended 30 June 2022 the Group agreed to a share-based long-term incentive scheme with the Chief Executive Officer and seven direct management reports, aligned to the Group's growth goals for the three years ending 30 June 2024. The finalisation and grant date for the scheme was 9 September 2021.

During the year ended 30 June 2024 no options have vested due to the performance conditions not being met.

Key inputs and assumptions used in the fair value of options:

The fair value of the options has been determined using the Black Scholes option pricing model. Key inputs and assumptions used in deriving the options fair value under each scheme is outlined below.

	Scheme 1		Scheme 2
	Original	Modified	Original
Share price at grant date/modification date	$4.50	$5.59	$5.50
Term (years)	1.92	-	2.81
Exercise price	$3.80	$3.80	$3.96
Dividend yield	7.50%	7.50%	6.18%
Expected volatility	22%	22%	22%
Risk free rate	0.50%	0.50%	1.04%
Weighted average fair value of options granted	$0.53	$1.79	$1.08

Movement in share-based long-term incentive scheme options:

	Scheme 1 number of options	Scheme 2 number of options
Opening balance at 1 July 2022	294,181	146,462
Granted during the year	-	-
Exercised during the year	-	-
Forfeited during the year	(127,397)	(69,647)
Closing balance at 30 June 2023	166,784	76,815
Opening balance at 1 July 2023	166,784	76,815
Granted during the year	-	-
Exercised during the year	-	-
Forfeited during the year	-	(76,815)
Removed due to payment of modification	(166,784)	-
Closing balance at 30 June 2024	-	-

As at 30 June 2024 no options are able to be exercised (2023: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2024

28. Share-based arrangements – equity settled (continued)

Impact of the share-based long-term incentive schemes on profit or loss

	2023 $000	**2024 $000**
Modification to share-based long-term incentive settlement	477	**-**
Fair value of share-based long-term incentive schemes	19	**(49)**
	496	**(49)**

The related movement in deferred tax asset is ($000) ($264) (2023: ($68)) (refer to Note 18). The effect on equity is nil (2023: ($348)) as the share-based arrangements have been transferred to retained earnings.

29. Dividend

The Group did not pay a dividend during the year ended 30 June 2024 ($000) (2023: $2,207, 41.6 cents per share).

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Independent Auditor's Report

To the shareholders of The New Zealand Merino Company Limited

Opinion

We have audited the financial statements of The New Zealand Merino Company Limited (the "Company") and its subsidiaries (together the "Group") on pages 31 to 80, which comprise the consolidated statement of financial position of the Group as at 30 June 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of material accounting policy information.

In our opinion, the consolidated financial statements on pages 31 to 80 present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

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

Basis for opinion

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

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

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

Ernst & Young provides taxation compliance services and remuneration advisory services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Key audit matter

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

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

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Contract and Auction Revenue

Why significant	How our audit addressed the key audit matter
The Group has reported contract revenue of $80.0m and auction revenue of $35.1m in the year ended 30 June 2024. Contract revenue is recognised as income when the wool is released to the customer, and so the right to consideration becomes unconditional, which can depend on shipment terms. Auction revenue is recognised as income when the auction is completed. The timing of shipments, the release of wool to customers and auction dates each impact the appropriate timing of revenue recognition. Substantial revenue transactions occur close to year end which could result in revenue being recognised in the incorrect year. Disclosures relating to revenue are included in note 1 to the Group financial statements and the policies related to revenue recognition are included in note (l) of the statement of accounting policies.	Our procedures in relation to contract and auction revenues included: • Obtaining an understanding of the processes and key controls in relation to recognising revenue. • Considering the revenue recognition policy applied by the Group and assessing its compliance with NZ IFRS 15 Revenue from Contracts with Customers. • Analysing the correlation between the Group's recorded revenue, accounts receivable and cash using data analysis techniques. • Testing a sample of revenue transactions recorded close to balance date to documentation supporting either the wool delivery terms and timing, or when the auction was completed, to assess whether revenue had been recorded in the appropriate period. • Assessing credit memos issued post balance date to consider whether related revenue was correctly recorded. We also assessed the appropriateness and sufficiency of the disclosures relating to contract and auction revenue.

Inventory Valuation

Why significant	How our audit addressed the key audit matter
Inventory is recorded at the lower of cost and net realisable value. At 30 June 2024 inventory totalled $16.0m, representing 32% of the Group's total assets. We consider this to be a key audit matter because inventory is a significant component of Group total assets, and the assessment of net realisable value of inventory includes estimation and judgement related to the value at which inventory will be sold. Disclosures in relation to inventory and inventory provisions are included in note 8 to the Group financial statements.	Our procedures in relation to inventory valuation included: • Obtaining an understanding of the inventory costing and impairment process. • Comparing a sample of inventory's recorded cost to supplier invoices. • Considering the methods, models and assumptions used by management in estimating the net realisable value of inventory. • Considering the key inputs into the net realisable value provision calculation including future sales contract prices and market prices. We also assessed the appropriateness and sufficiency of the disclosures relating to valuation of inventory.

EY
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Information other than the financial statements and auditor's report

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

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

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

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

Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

This description forms part of our auditor's report.

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

Ernst & Young

Chartered Accountants
Christchurch
30 August 2024

Statutory Information

For the year ended 30 June 2024

Employee remuneration

The cash remuneration package of the Chief Executive contains two components:

(a) Base salary + allowance

(b) Kiwisaver

During the year gross remuneration payments to the Chief Executive in the above categories were:

	2024 $000
Base salary + allowance	546
Sign-on fee	147
Bonus	149
Kiwisaver	25

Statutory Information (continued)

For the year ended 30 June 2024

Employee remuneration (continued)

During the year the following number of employees of the Group received total remuneration and other benefits including incentive payments of at least one hundred thousand dollars.

Band ($000)	Number
$100 - $110	3
$110 - $120	4
$120 - $130	9
$130 - $140	1
$140 - $150	4
$150 - $160	2
$160 - $170	2
$180 - $190	1
$190 - $200	3
$200 - $210	2
$210 - $220	1
$230 - $240	1
$250 - $260	1
$270 - $280	1
$310 - $320	1
$350 - $360	1
$390 - $400	1
$440 - $450	1
$730 - $740	1
$860 - $870	1

Statutory Information (continued)

For the year ended 30 June 2024

Directors' disclosures

Directors holding office during the year

The following directors held office during the year ended 30 June 2024:

The New Zealand Merino Company Limited	Originally Appointed
Kathryn Mitchell	04/10/17
Ben Todhunter	17/10/14
Bill Sutherland	12/11/15
Paul Ensor	07/11/19
Matanuku Mahuika	17/06/14
John Penno	15/10/20
John Maher	01/03/23

From May 2024 John Maher is no longer a director of AWN Food and Fibre Pty Limited. From this date the board has determined that John Maher is an independent director and his previous relationship with AWN Food and Fibre Pty Limited will not compromise his independence.

Directors' remuneration

Remuneration paid to directors of The New Zealand Merino Company Limited during the year ended 30 June 2024:

	2023 $000	**2024** **$000**
Kathryn Mitchell	90	**90**
Ben Todhunter	54	**63**
Bill Sutherland	45	**45**
Paul Ensor	54	**54**
Matanuku Mahuika	54	**54**
John Penno	45	**45**
John Maher	15	**46**
	357	**397**

Under the constitution directors' remuneration is set by the board. This is based on independent advice and is reviewed two-yearly. There are no other benefits available for directors.

Statutory Information (continued)

For the year ended 30 June 2024

Directors' disclosures (continued)

Directors' holdings

The following Directors held interests, either directly or indirectly, in securities issued by The New Zealand Merino Company Limited as at 30 June 2024:

	Ordinary shares
The New Zealand Merino Company Limited	
Bill Sutherland	90,000
Ben Todhunter	30,000
Paul Ensor	26,500
Kathryn Mitchell	26,316
John Penno	26,315
Matanuku Mahuika	20,000

Directors are not required to hold securities in The New Zealand Merino Company Limited.

Directors' indemnity and insurance

The Group has given indemnities to, and has effected insurance for, directors and executives of the Group, which indemnify directors and executives against liabilities to other parties that may arise from their position as directors or executives. The indemnity and insurance does not cover liabilities arising from criminal actions.

Entries in the Company's Interests Register

Pursuant to Section 140 (2) of the Companies Act 1993, directors of The New Zealand Merino Company Limited have disclosed interests in the following entities during the year:

Kathryn Mitchell	
Director	Morrison Horgan Limited
Director	Helping Hands Holdings Limited
Director	Chambers @ 151 Limited
Director	Christchurch International Airport Limited
Director	FarmRight Limited
Director	Firsttrax Approvals Limited
Director	Heartland Bank Limited
Director	Heartland Group Holdings
Director	The A2 Milk Company Limited
Chairman	Link Engine Management Limited
Trustee	The Gut Foundation

Statutory Information (continued)

For the year ended 30 June 2024

Entries in the Company's Interests Register *(continued)*

Ben Todhunter	
Director	Cleardale Station Limited
Director	Southern Cross Sheep Limited
Director	StockX Limited
Director	StockX Systems Limited
Director	StockX Nominees Limited
Director	High Bare Peak Limited
Partner	B J Todhunter and D M Field Partnership
Bill Sutherland	
Partner	Benmore Station
Partner	Ahuriri Downs
Director	Benmore Irrigation Company Limited
Chairman	Omarama Saleyards Limited
Paul Ensor	
Director	Glenaan Station Limited
Director	Hemprino Limited
Matanuku Mahuika	
Partner	Kahui Legal
Director	Ngati Porou Windfarms Limited
Director	NPWF Holdings Limited
Director	JP Ferguson Trustee Company Limited
Director	Eastland Group Limited
Director	Eastland Port Limited
Director	Pakihiroa Farms Limited
Director	Eastland Generation Limited
Director	Gisborne Airport Limited
Director	Callaghan Innovation Limited
Director	Ngati Porou Berries Limited
Director	Hauiti Berries GP Limited
Director	Te Tira Toi Whakangao Limited
Advisory Board Member	Futurity Group Limited
Director	New Zealand Trade and Enterprise

Statutory Information (continued)

For the year ended 30 June 2024

Entries in the Company's Interests Register *(continued)*

John Penno	
Chairman	Synlait Milk Limited
Director	Okuora Farms Limited
Director	Okuora Holdings Limited
Chairman	The Pure Food Co Limited
Chairman	Wangapeka River Hops Limited
Director	Leaft Foods Limited
Director	Stem and Stalk Limited
Chairman	Dairy Works Limited
Trustee	John Penno Trust

John Maher	
Chairman	AWN Food and Fibre Pty Limited
Senior Advisor	BGH Pty Limited
Director	goFARM Australia Pty Limited
Director	Regional Livestock Exchange Pty Limited
Director	Muir Group Advisory Board
Director	GrainCorp Limited
Chairman	White Prince Pty Limited

Statutory Information (continued)

For the year ended 30 June 2024

Shareholder information

Top 10 shareholders as at 30 June 2024

Shareholder	Number of ordinary shares	Percentage of holding
AWN Rural Pty Limited	538,352	10.4%
Jeremy Trevor Blake & Rachel Michele Blake & Brett Robin Gamble	330,000	6.4%
FNZ Custodians Limited (holding 1)	245,067	4.8%
FNZ Custodians Limited (holding 2)	138,578	2.7%
The Muller Station Limited	103,844	2.0%
Robert William Butson & Linda Kathleen Butson	99,627	1.9%
Michael Hargadon	95,036	1.8%
Peter Floris	91,545	1.8%
Andrew James Sutherland & William Henry Sutherland	90,000	1.7%
Jonathan Forbes McHardy	81,991	1.6%
	1,814,040	35.1%

Distribution of ordinary shares as at 30 June 2024

Size of holding	Number of shareholders	Percentage of holding	Number of ordinary shares	Size of holding percentage
1 - 5,000	352	62.5%	629,038	12.2%
5,001 - 10,000	104	18.5%	766,327	14.9%
10,001 - 25,000	76	13.5%	1,092,962	21.2%
25,001 - 50,000	16	2.8%	546,910	10.6%
50,001 - 100,000	10	1.8%	765,538	14.8%
Over 100,000	5	0.9%	1,355,841	26.3%
	563	100.0%	5,156,616	100.0%

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