Annual Report

For the year ended
30 June 2022

NZ Windfarms Ltd
POWERED BY NATURE

POWERED BY NATURE

NZ Windfarms Limited

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NZ Windfarms Limited

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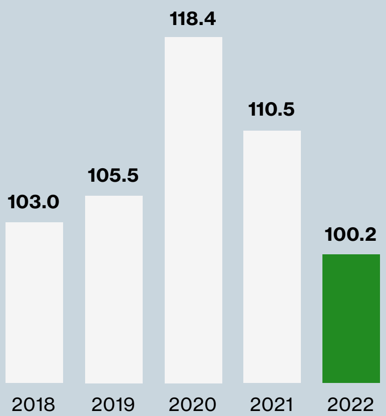
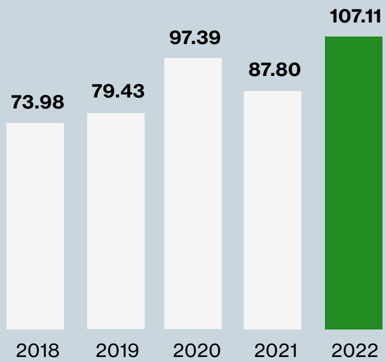
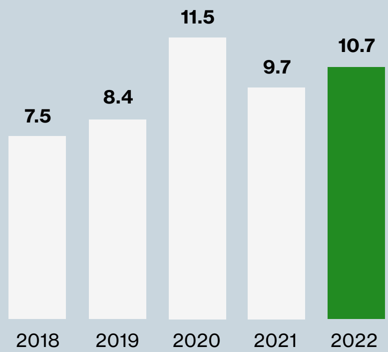
GENERATION (GWh)



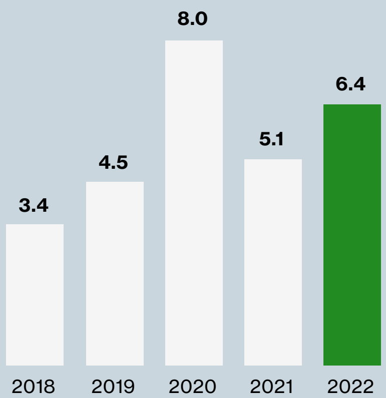
NET ELECTRICITY PRICE (GWAP $MWh)



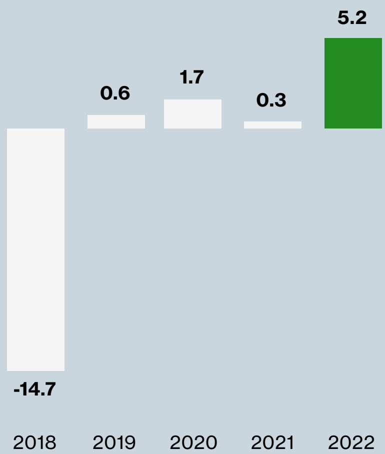
NET ELECTRICITY SALES ($M)



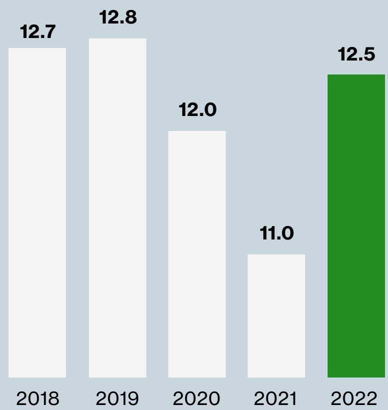
EBITDAF ($M)



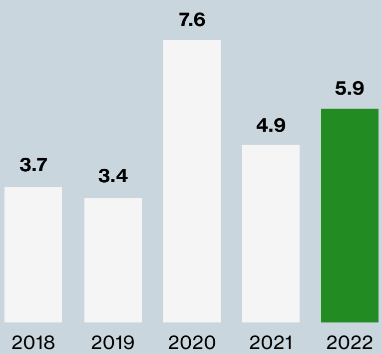
NPAT ($M)



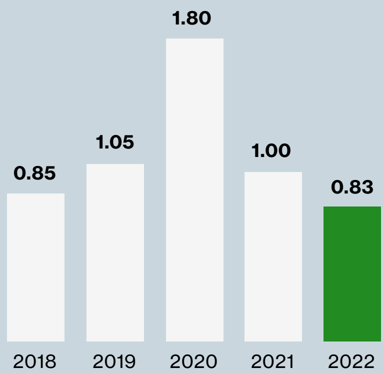
NTA (CPS)



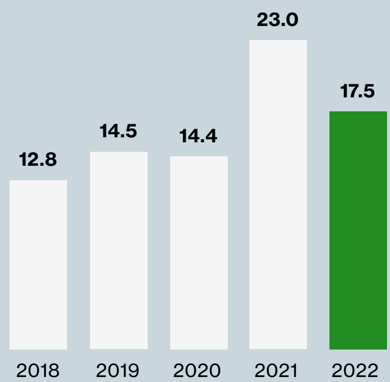
OPERATING CASH FLOW ($M)



GROSS DIVIDENDS (CPS)



SHARE PRICE (CPS) AT 30 JUNE



NZ Windfarms Limited

Chairman's Review

Dear Shareholders,

Kia Ora Koutou Katoa.

It is a privilege to have joined the Board of your company in February of this year as Chair. In this Report I will share with you why I joined NZWF, detail the progress achieved to date, and provide perspectives on the industry in which we operate.

My motivations

When your Acting Chair Christine Spring asked me to consider joining your board I undertook due diligence on your business. I found what you already know: a simple business model -a merchant wind producer; located on a world class 1A wind site at Te Rere Hau; listed on the NZX; a strategy to apply for fast-track consent to replace the existing wind turbines with new technology; and dedicated directors and experienced technical staff.

Additionally, the vagaries of weather have contributed to high spot electricity prices which, with our hedging contracts, have provided strong revenues and profitability for both investing in growth and to pay dividends to shareholders.

All very good, but that was the minimum hurdle for accepting the role. What really attracted me to your board was the advantages you have of being independent and privately owned with access to capital on a public stock exchange; a small company that is able to move quickly; and a business that should be able to lead and report authentically on our green energy credentials and solutions.

Finally, I am optimistic that by the end of the year we will have visibility of a valuable option for your company-a repowering consent to enlarge the generation capacity of our Te Rere Hau site.

Governance progress so far

My first 90 days was spent respecting and reflecting on what had gone before to build the current platform. Following familiarisation visits to the site, listening to staff and directors, and seeking feedback from clients, investors, suppliers and iwi neighbours the Board has:

- recruited Philip Cory-Wright to the Board. Philip brings important skills to assist us inter alia evaluating the options should we gain the fast-track consent;
- created a Repowering Board Committee and appointed Philip Cory-Wright as the Committee Chair;
- reviewed the board's risk appetite and updated risk assessments and board policies to better guide our governance;
- increased our focus on client and investor needs; and
- completed a strategy day with directors, staff and advisors

Suffice to say there is more governance work yet to be done to articulate our company's purpose, improve our decision making, and to demonstrate value to our stakeholders.

Perspectives on the NZ Energy Industry

The context in which your business operates is important. In 2021 only 41% of NZ's total energy supply was from renewables AND only 28% of total final energy consumption was from renewables. Wind makes up 6% of total renewables generation but only 1.6% of final energy consumption. (MBIE 2021 data).

Electricity generation from renewables was 82% in 2021.Natural gas and coal contributed to the balance of electricity generation to meet customer base loads. Surprisingly NZ was a net importer of energy in 2021 including 69% more coal. (MBIE 2021 data).

Your business also operates in an industry -energy- that contributes to long lived gas emissions. Following the NZ Government's commitment to reach net zero emissions of long lived

I am optimistic that by the end of the year we will have visibility of a valuable option for your company – a repowering consent to enlarge the generation capacity of our Te Rere Hau site.

gases by 2050 therefore contributing to limiting global warming to 1.5% above pre industrial levels, the Climate Change Commission (CCC) produced an emission budget demonstration path scenario in June 2021. This has three budget periods to 2035, calling for the proportion of energy consumed from renewable electricity to increase to 50% by 2035 and advocating a 2030 target of 95-98% of electricity generated from renewables.

In response the Government issued its first Emissions Reduction Plan (to 2025) in May 2022. We will be monitoring both the role and evolution of the Emissions Trading Scheme (which is central to carbon pricing and energy use typologies) and the Government's net emission aspirations, comprising its actual gross emissions and their offsets strategy.

The implications of both the CCC advice and the Government's Plans is a realisation of the scale of investment required in the renewables electricity sector. The Market Development Group at the Electricity Authority in its reference case models wind energy rising from 6% to 32% of total renewable generation, or an estimated 150MW per annum of wind generation capacity required every year to 2035 and even more to 2050. NZWF is well placed to contribute early to this scale up.

Increasing intermittent renewables supply as a proportion of total renewables will increase price volatility. This in itself is not of itself a concern. Existing hydro generation can become a buffer to this intermittency. However new investment in renewable generation requires confidence around returns on that investment. The transition to carbon neutral by 2050 is not free. Someone has to pay.

Currently renewables projects face supply side uncertainties stemming from rampant cost inflation and supply chain disruption. Additional supply side uncertainty stems from existing Government policy such as the costs of RMA consenting and its proposed reforms.

While we understand that current higher spot and forward wholesale electricity prices are challenging for consumers, these price signals are critical for encouraging the sustained investment required in renewables. Producers will also continue to develop the tools to manage revenues, and demand side answers can be solved for consumers. The current wholesale electricity market structure has served us well so far. It is critical that it remains the foundation for our energy transition into the future.

Thanks

I would like to thank the outgoing Chair John Southworth for his contribution to the Company, Christine Spring for her stewardship, fellow directors for your guidance, staff for their dedication and shareholders for your support.

Ngā Mihi

Craig Stobo
Independent Chairman

Chief Executive Officer's Review

Dear Shareholders,

Greetings | Kia ora koutou katoa

Overview

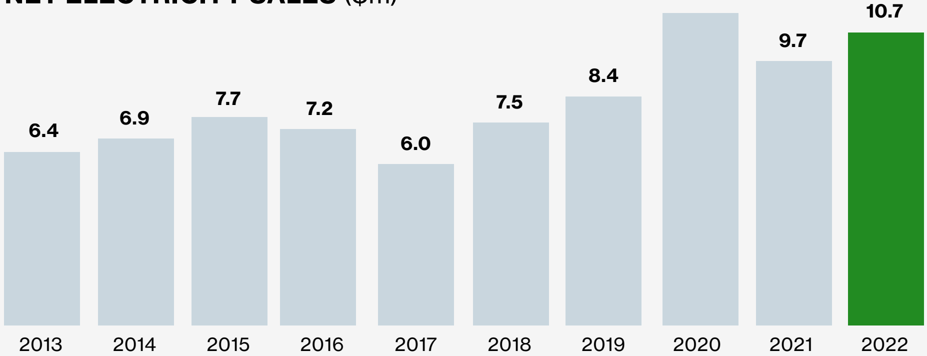
I am pleased to share with you my perspectives on the last financial year. The Company maintained steady operational performance, as well as making significant progress on planning the reconsenting to potentially repower the wind farm. This was highlighted by the successful referral application to the Ministry for the Environment to utilise the COVID-19 Recovery (Fast-track Consenting) Act 2020 (FTCA) process. The next step in this process is to submit a fast-track consent application to the Environmental Protection Authority (EPA). This is expected to occur later this year.

The Company achieved its second-highest EBITDAF[1] thanks to strong electricity prices and sound cost control, despite lower generation caused by lower than normal average wind speeds. Despite these conditions our Variable Volume Fixed Price Agreement (VVFPA) allowed us to maximise returns from our generation assets and smooth electricity price volatility.

The following are our key financial metrics:

- **+10.3%** increase to Net Electricity Revenue[2] (including realised loss on derivatives) of $10.7m (2021: $9.7m)
- **+22.0%** increase to Net Electricity Price GWAP[3] of $107.11 per MWh (2021: $87.80 per MWh)

NET ELECTRICITY SALES ($m)



- **+20.6%** increase to Operating Cash Flow of $5.9m (2021: $4.9m)
- Increased Profit Before Tax of $7.2m (2021: $0.5m)
- Increased Net Profit After Tax of $5.2m (2021: $0.3m)
- Total (unimputed) Dividends of 0.83 cps (2021: 1.00 cps)
- Impairment reversal movement (required by NZ IFRS) of +$2.8m (2021: +$3.m)

Operating in one of the world's leading wind generation locations, our 92 turbines with a capacity of 46 MW produces enough electricity to power around 16,000 homes, and avoiding the roughly 64,000 tonnes of carbon dioxide (equivalent to 23,000 cars on the road) that would be produced were this energy generated by a gas-fired power plant.

EBITDAF Year Ended 30 June 2022

In May 2022, we announced that we expected FY22 EBITDAF towards the bottom end of our $6.5m to $7.5m EBITDAF range. EBITDAF for the year was $6.4m (2021: $5.1m). This was still the second highest EBITDAF level in the Company's history and an increase of +25.5% compared to the prior period.

We hedged electricity prices for the period, maintained operating expenditure within budget (and compared to the prior period), but lower generation weighed on EBITDAF.

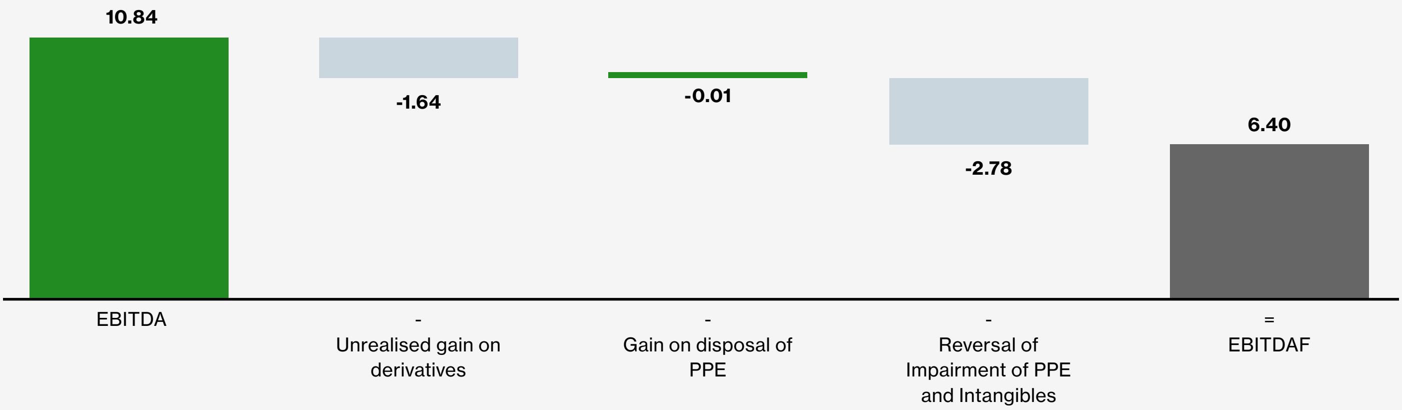
Another La Nina weather pattern saw another year of unusually low wind generation conditions. This weather pattern has varying intensities and has a tendency to bring lower average wind speeds, a higher proportion of easterly winds and dry weather to the southern hydro lake catchment area. The lower average wind speeds resulted in lower than normal annual generation.

1 EBITDAF - Earnings before interest, tax, depreciation, amortisation, and fair value adjustments. EBITDAF is a non-GAAP measurement. The Company utilises EBITDAF to provide shareholders with a view of underlying operational earnings on a like-for-like basis over time. EBITDAF is a common measure utilised by listed companies. Please note NZ Windfarms definition may be different to others in the market. Please refer to the EBITDAF waterfall chart on page 7 for a reconciliation of EBITDAF to the audited financial statements.

2 Net electricity revenue – electricity sales less realised (loss)/gain on derivatives.

3 Net GWAP – Generation weighted average price with realised financial derivatives netted off gross revenue.

EBITDAF WATERFALL CHART FOR FY22 ($m)



The dry weather over the southern hydro catchment areas showed in below average southern lake levels and higher overall electricity prices, particularly in the second half of the financial year. Medium to long term forward electricity prices have remained elevated likely as a result of higher carbon prices, higher inputs into thermal generation and market pricing indicating the likelihood of Tiwai point aluminium smelter remaining beyond the current electricity contract end date.

Revenue, Generation and Availability

Revenue continued to be supported by our VVFPA and underpinned by buoyant electricity prices during the latter part of the financial year.

Generation was down on last year at 100.2 GWh (2021: 110.5 GWh), prompting a downward revision of guidance at mid-year, as low wind conditions persisted, ending the year with generation 15% below forecast. Our wind resource, represented by average mean wind speed, was 9.1 m/s (2021: 9.5 m/s).

Availability was higher at 97.3% (2021: 95.6%), above our OEM benchmark of 95.0% and above the industry benchmark of 97.0% (2021: underperformed).

Variable Volume Fixed Price Agreement (VVFPA) and Interest Rate Derivatives

The Company continued to benefit from our VVFPA's. Fixing forward electricity prices enabled us to take a prudent approach to our expenditure, including the management and maintenance of our turbine fleet.

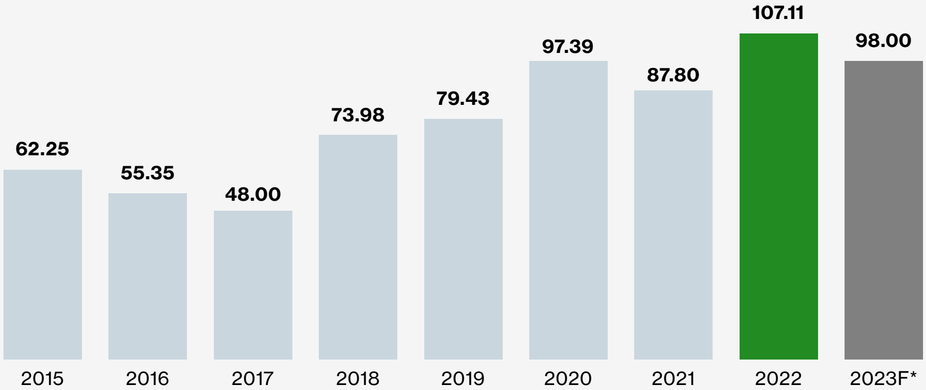
Derivatives relate to the accounting treatment of the VVFPA's and our fixed rate interest swaps.

Realised derivative losses of $0.06m (2021: realised loss of $5.9m) were a result of the VVFPA price levels being slightly lower on average than the realised spot electricity prices.

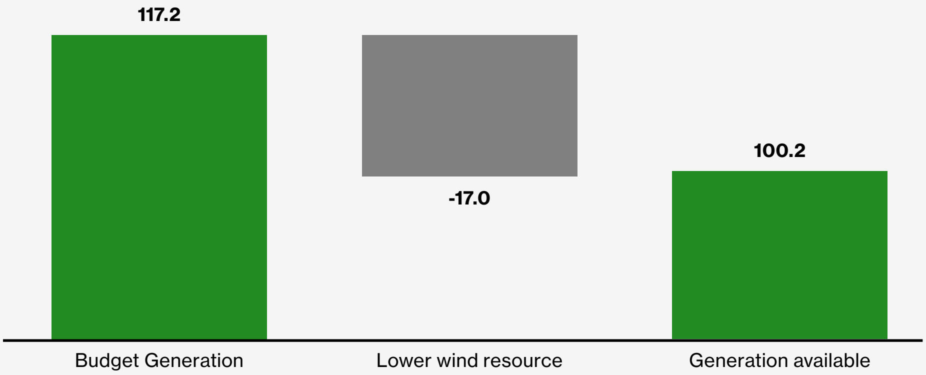
A large unrealised derivative gain was recognised as revenue this year $1.6m (2021: unrealised loss $4.4m). This unrealised gain +$1.6m represents the difference between the opening mark to market balance sheet liability $5.8m and the closing balance liability $4.2m. The mark to market balance sheet values are liabilities because the forward VVFPA price levels were below market observable prices (with adjustments) at 30 June 2022.

The Company maintained steady operational performance, as well as making significant progress on planning the reconsenting to potentially repower the wind farm.

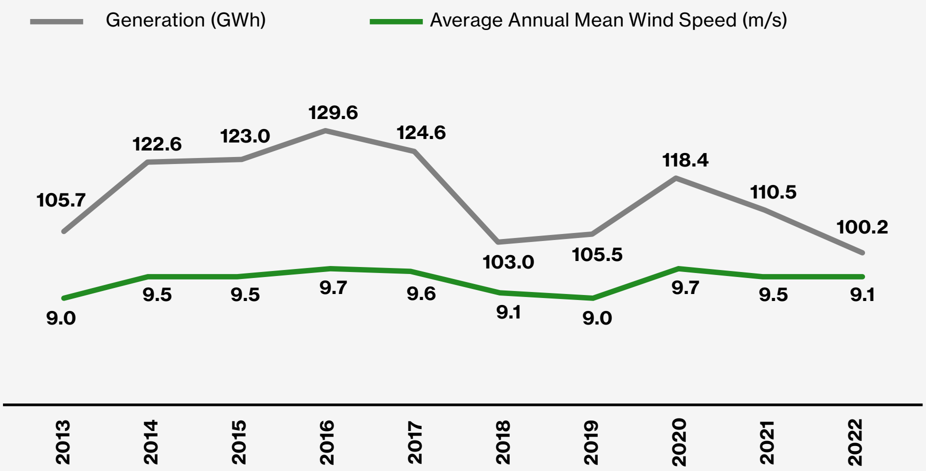
NET ELECTRICITY PRICE (GWAP $MWh)



GENERATION WATERFALL CHART FOR FY22 (GWh)



GENERATION (GWH) AND AVERAGE MEAN WIND SPEED (M/S)



Operating Expenditure

Operating expenditure (net of non-cash adjustments and derivatives) for FY22 was 3.4% below the prior year at $4.4m (2021: $4.6m). This was driven by less wear and tear on the fleet as a result of the lower wind resource this year. We established an asset management plan (AMP) during the financial year to evaluate our key assets. The AMP takes a long-term view of our infrastructure assets and considers both risk and return frameworks to deliver appropriate levels of service and to maintain certain asset condition levels. The AMP underpins our remaining useful life assumptions and long-term operating and capital expenditure forecasts.

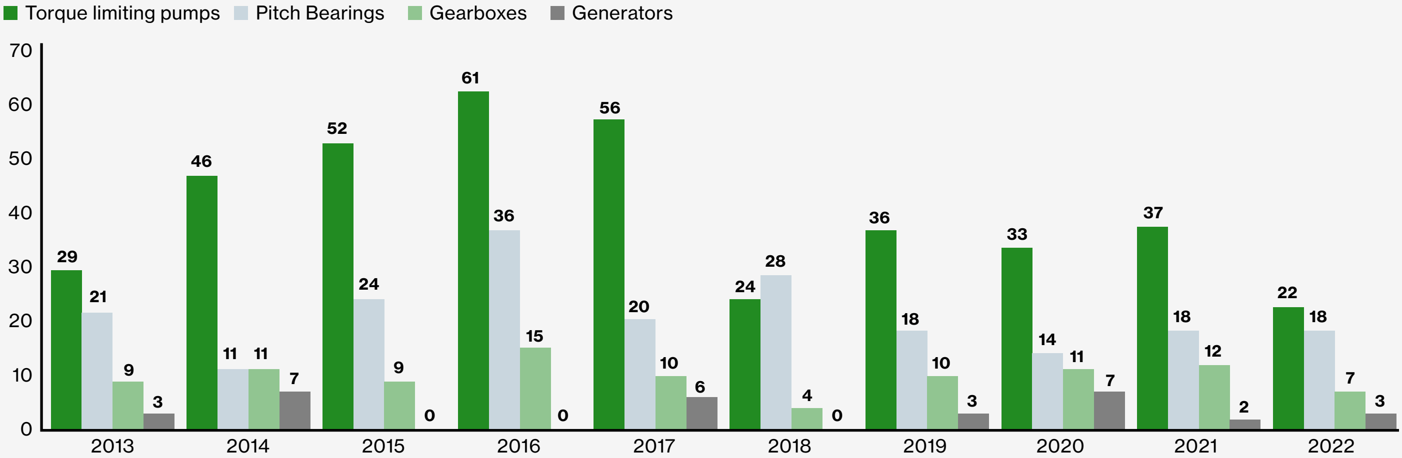
The AMP will be especially useful going forward as we seek to mitigate rising costs of maintenance as components of many types face steep price increases in the current inflationary environment. We carried out further non-destructive testing (NDT) on towers, foundations and blades, on a sampling basis, continuing the programme implemented last year.

Consenting Process and Potential Repower

Permission was gained during the year for the Company to seek resource consents for our re-power project under the FTCA. This process is only available for selected Shovel Ready Projects, which demonstrate that they meet the purpose of the Act in support of economic recovery following the COVID-19 pandemic. It does not replace or circumvent the current Resource Management Act 1991 environmental test, but it provides alternative pathways for speeding up decisions on resource

* FY23F Net GWAP Electricity Prices in the chart are forecast estimates. The other periods relate to actual financial information. A description of both forward net electricity prices in this chart are discussed in the "FY23 EBITDAF Guidance" Section.

KEY COMPONENTS REPLACED



consents. The Ministry for the Environment estimates that successful applicants have on average saved 15 months of consenting time by utilising the FTCA process.

The next step in this process is to submit a fast-track consent application to the EPA later on this year. This is a major workstream for a small Company, working with a team of independent experts to engage with affected parties and to finalise the proposed design, layout, and the development of a resource consent application and assessment of environmental effects.

Costs related to the consenting workstream are held in a capital work in progress account under intangible assets on the balance sheet and are excluded from EBITDAF. Costs incurred to date are $1.45m with additional costs to be incurred this year. These will likely be capitalised, but it is dependent on the final outcome of the consent decision and relevant accounting standards. A portion of undrawn bank debt up to $1.4m is available to partially fund resource consenting costs. This may be drawn down in part or in full.

The potential to repower our Te Rere Hau wind farm is an exciting prospect which would increase the amount of energy generated each year and reduce operating and capital costs per unit of energy produced. In addition, new turbines would offer a range of benefits in terms of noise reduction, visual uniformity, and improved reliability. Not only would this provide economic benefits to the community during construction, it would also continue throughout the operational life of the wind farm. Individual turbine numbers would reduce by a factor of three, but with higher tower and tip heights.

It is important to note that this project is a repower and not a greenfield development like other potential projects around the country. The site is already operational, we understand the geotechnical nuances of the site, roads are already constructed on the existing wind farm (albeit some new access roads will be required and some will require upgrading), and we have existing assets that can be reused such as buildings and the switchyard. This will create project cost benefits and de-risk aspects of construction compared to other greenfield developments.

A successful fast-track consent will create valuable strategic options. The Board will consider these very carefully in order to maximise value for shareholders. We will share additional thoughts once a consenting decision has been finalised.

Key Component Replacements

The accompanying chart highlights the key components replaced over the last ten years. Improvements made to our asset management and maintenance programme over this period are showing through. Capital expenditure was below budget this year. However, if additional throughput was available in the supply chain, management would have carried out additional key component replacements.

Distributions and Dividend Policy

This year saw dividends paid out in line with the Company's dividend policy adopted last year to pay out quarterly dividends of between 70% to 100% of free cash (subject to carve outs). The Board has announced a final unimputed dividend for the year of 0.25 cps (2021: 0.45 cps) to be paid on 22 September 2022.

This follows distributions related to the 2022 financial year on 31 Dec 2021 of 0.15 cps (unimputed), 4 April 2022 of 0.23 cps (unimputed), and 22 June 2022 of 0.20 cps (unimputed). Total unimputed dividends for FY22 are 0.83 cps (2021: 1.00 cps).

The potential to repower our Te Rere Hau wind farm is an exciting prospect which would increase the amount of energy generated each year and reduce operating and capital costs per unit of energy produced. In addition, new turbines would offer a range of benefits in terms of noise reduction, visual uniformity, and improved reliability.

Bank Funding and Capital Structure

The company increased its debt facility with the Bank of New Zealand during the year and refinanced the entire amount to 8 April 2025. The terms are the same, except for slightly higher quarterly principal repayments of $0.30m (2021: $0.24m) The company put the extra debt towards partially funding the purchase of 80 hectares of land that it had previously leased (+$0.6m in new debt) and also left an undrawn debt facility available to potentially cover a portion of the reconsenting costs (up to $1.4m). The company still leases a total of 241 hectares of land from three landowners. (2021: 321 hectares from four landowners).

Total debt at the end of FY22 decreased slightly to $8.3m (2021: $9.0m) despite the land purchase. Net debt is $6.6m (2021: $6.5m) and net debt to EBITDAF is 1.03 times (2021: 1.26 times). Net interest cost was $0.16m (2021: $0.13m). The inflationary environment is placing pressure on interest rates and these are being squeezed higher. The Company is in compliance with all its debt covenants (2021: Compliant).

Reversal of Prior Impairments – Non-Cash Adjustments

The Company's annual test as to whether the carrying value of its cash generating assets is appropriate once again determined a reversal of prior impairments of + $2.8m. (2021: reversal of impairment +$3.1m).

This was driven mainly by an increase to the forward power price curve and a change in estimated useful life assumptions but was offset by negative movements in Weighted Average Cost of Capital (WACC) and forward projections of operating and capital expenditures (due to inflationary pressures).

I also highlight two major changes to the remaining useful life assumptions of the current fleet. Instead of assuming a mid-life rebuild in 2031, with that investment underpinning operation out to 2051, we have instead assumed a more likely end-of-life operating mode of forgoing a midlife rebuild and assuming a gradual decline in fleet size between 2031 and 2041 at which point the existing fleet will be decommissioned. Non-destructive testing and monitoring, our newly commissioned asset management plan, forward price path signals and whether or not a repower decision is made, will likely determine the ultimate decommissioning date for the existing fleet. It is our intention to assess the remaining useful life at regular intervals

This is a non-cash accounting adjustment, included in earnings before tax, and spread over the balance sheet carrying values of property plant & equipment and intangible assets. This adjustment is excluded from EBITDAF.

COVID-19

The pandemic continued to impact our operations in two ways: firstly, disrupting our supply chain management for components and other inputs to our business; and, secondly, by splitting staff into separate bubbles to reduce the risk of COVID-19 transmission throughout the small team, something we have thus far avoided. As with most New Zealand businesses this did impact efficiencies during the period. Our team, continued to be innovative and flexible and go the extra mile to protect each other as well as manage unexpected absences arising from COVID-19. Overall, we have continued to perform well considering the challenges of the pandemic to workplace capacity and team cohesion.

Health, Safety, & Wellness and Staffing

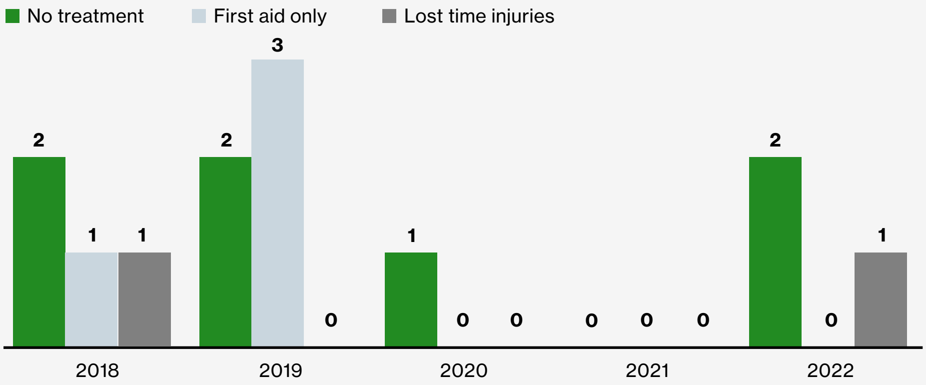
The health, safety and wellbeing of our people is always our top priority. We had only one recordable lost time injury last year (2021: Nil). The LTI was the result of an employee's hand being injured by a pitch rod (large and heavy steel rod) during stowage. Medical care was administered immediately but multi day delays to receive x-rays during the second COVID-19 lock down created the lost time statistic. This LTI did not require WorkSafe involvement. This is still commendable given the high-risk environment we work in, with heavy machinery, testing weather conditions, and working at heights in a remote location. We will continue to do everything we can to ensure the safety of our people and to nurture our strong health and safety culture.

This year we instituted an Employee Assistance Programme which provides company funded professional assistance to staff to enhance wellbeing.

As a relatively small team, the continuity of many team members in key roles is a strength for the Company. This year we promoted two staff members internally to the positions of Site Supervisor and Leading Hand and we filled a newly created entry level technician position externally. This freed up capacity for GM Operations to lead the reconsent workstream, (supported by the Engineer), and partners.

Our ability to achieve a creditable result on the operational front (despite low wind conditions), while simultaneously making good headway on the reconsenting front, all within the boundaries of staff operating bubbles and COVID-19 disruptions, reflects the character and resilience of our small team. My thanks to everyone in the team for their high standards of performance and commitment to the Company.

HEALTH AND SAFETY METRICS



While the transition to renewable energy and a low emissions economy offers enormous opportunity for the company in the coming years, the year ahead will not be without its challenges.

Partnerships

Our partnerships with suppliers, consultants, contractors, local communities and iwi continues to be a key feature of our operation. We are in early-stage discussions with multiple counterparties about mutually beneficial opportunities that could be complementary to the existing operation and potential repower, but also opportunities that are additive. We are grateful to this ecosystem of partners to support our lean and cost-efficient operating model. We remain continually grateful to our communities for the opportunity to access such a valuable wind resource, and we look forward to working with them even more closely as we look to potentially re-power our fleet.

FY23 EBITDAF Guidance

Based on our forecasts for FY23, we estimate EBITDAF in the range of $5.0m - $6.5m.

This is based on a higher confidence (P75) annual production level of 108GWh. In prior years, guidance was based on a P50 annual production confidence level of 117GWh. While we cannot predict the wind, there is some conservatism with this new approach to estimating forward generation. Shareholders can monitor actual unaudited financial year to date production data on the company's website www.nzwindfarms.co.nz

We have recently moved from a 100% hedged position, to a position where a portion of generation may be unhedged during the financial year. The Board has recently adopted an Electricity Price Hedging Policy, providing the flexibility to hedge between a minimum hedge level and 100%, for the next 24 months, enabling a more pro-active approach to managing electricity price risk. The Company's estimated operating expenditure and principal and interest payments will determine the minimum hedge ratio to apply. The Company is 100% hedged to 30 September 2022, and 50% hedged to 30 June 2023. We will progressively move to fill out the balance of the 24 month ahead period to align with the new policy.

The net electricity price for FY23 is estimated at $98 per MWh. This is a blended price of VVFPA prices and estimated electricity spot prices based on ASX futures prices and adjusted for location and intermittency factors and weighted by P75 quarterly production and quarterly hedge ratios.

We expect both capital and operating costs to increase further in the coming year as we move through this inflationary cycle.

EBITDAF guidance is provided on the basis of information available at this time, and may be subject to variations, including climatic and other conditions outside the Company's control. Forward electricity generation is based on an independent expert's determination of P75 generation adjusted for relevant factors. However, wind generation is inherently variable from one year to the next.

Summary

While the transition to renewable energy and a low emissions economy offers enormous opportunity for the company in the coming years, the year ahead will not be without its challenges. The inflationary environment means rising costs for equipment, services and talent which will create headwinds. Combined with the continued pandemic restrictions in some countries and geopolitical issues mean that global supply chains remain under pressure.

Despite the ever present challenges, we have made considerable progress in our planning for repowering our Te Rere Hau wind farm. The fast-track consent application is being finalised, and soon after that outcome is known, we will be in a position to decide on next steps.

We remain dedicated to delivering value for our shareholders and we look forward to the opportunities of the year ahead. Thank you for your continued support.

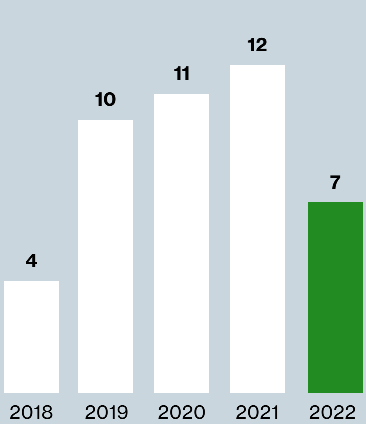
Ngā mihi nui | Thank you

Warren Koia
Chief Executive Officer

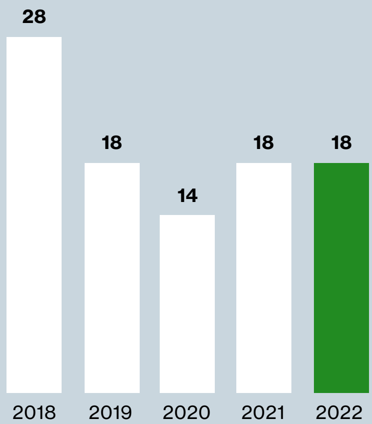
NZ Windfarms Limited

Operational Overview

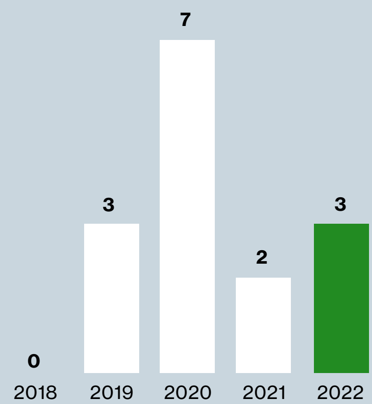
GEARBOXES REPLACED



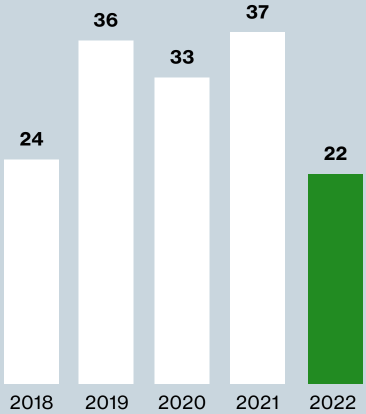
PITCH BEARINGS REPLACED



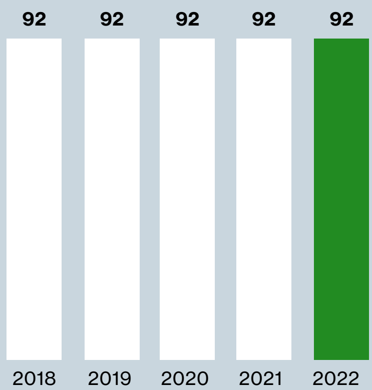
GENERATORS REPLACED



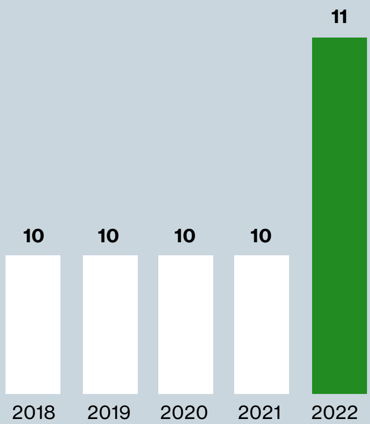
TORQUE LIMITING PUMPS REPLACED



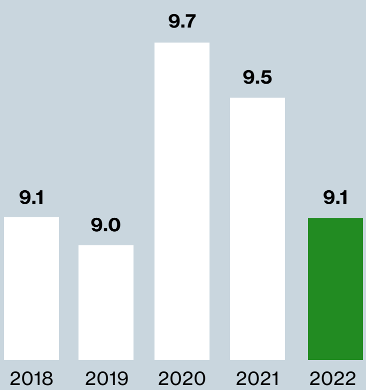
OPERATIONAL TURBINE FLEET



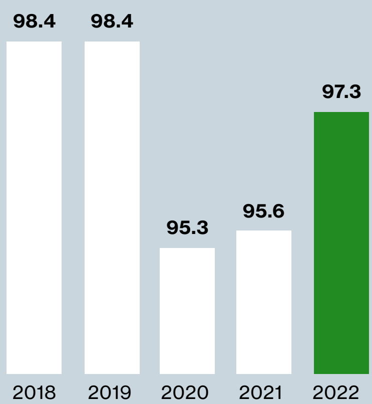
STAFF NUMBERS



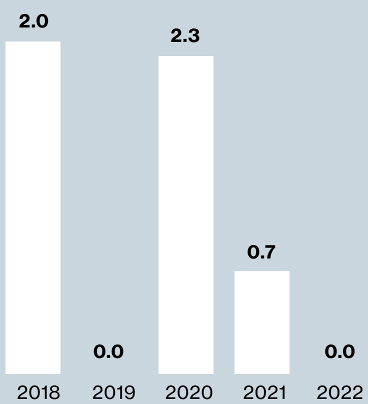
AVERAGE ANNUAL MEAN WIND SPEED (m/s)



AVAILABILITY (%)



GRID OUTAGE FOREGONE GENERATION (GWh)

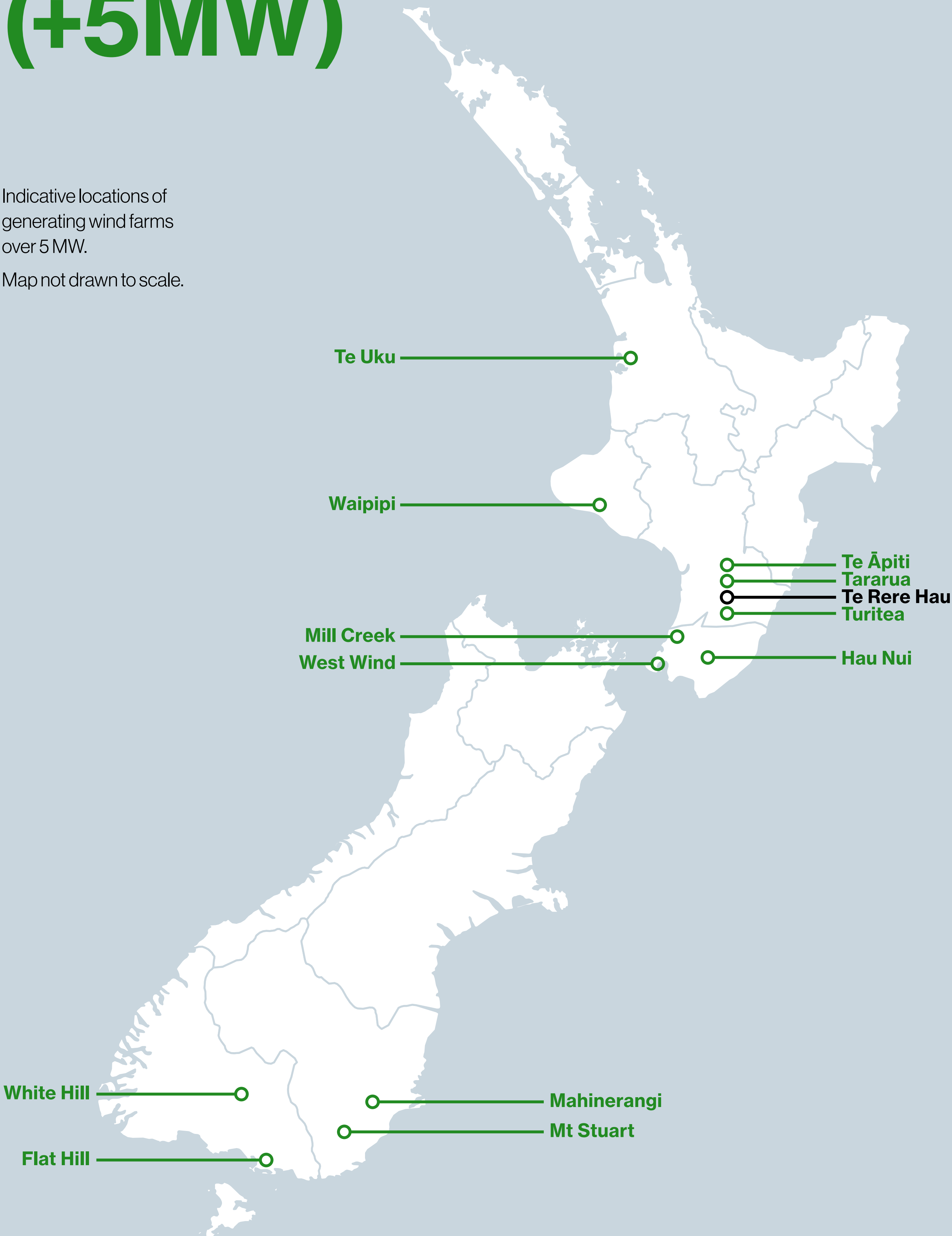


NZ Windfarms Limited

Wind Farm Locations (+5MW)

Indicative locations of generating wind farms over 5 MW.

Map not drawn to scale.



Director Profiles

The Directors of NZ Windfarms Limited are:

Craig Stobo

Independent Chairman

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

Craig is a commercially minded entrepreneur who co-launched BT Funds Management, Elevation Capital and the Local Government Funding Agency. He is a former investment banker and CEO. He is also currently Chair of NZX-listed company Precinct Properties NZ Ltd, Chair of AIG Insurance New Zealand, and remains the inaugural Chair of the Local Government Funding Agency.

Craig is a member of the Remuneration & Nomination and Health & Safety Committees.

Patrick Brockie

Independent Director

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

Patrick is Chief Financial Officer at City Rail Link Limited. City Rail Link is a $4.4bn 3.5km double-track tunnel underneath Auckland's city centre. Previously he was Head of Loans & Specialised Finance for ANZ from 2010 to 2018. Prior to ANZ, Patrick had a 20-year career with Citibank based in New Zealand, Singapore, Hong Kong and London with his last position as Managing Director and Global Head of Export & Agency Finance. Patrick has extensive experience with debt markets including project and acquisition finance with a strong focus on renewable energy and infrastructure. Patrick was Chair of Infrastructure New Zealand from 2015 to 2018.

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

Mark Evans
Independent Director

Mark was appointed to the Board in May 2019. He is an independent director and shareholder in the Company.

Mark has over 30 years self-employed business experience directing, developing, owning and operating a diverse set of businesses across a wide range of business sectors. They include retail, industrial services, commercial property, finance and management consulting and commercial property portfolio restructures. Mark is currently the Managing Director of Site Managers Ltd and Kericrest Properties Ltd.

Mark is a member of the Audit & Risk and Remuneration & Nomination Committees and Chair of the Health & Safety Committee.

Christine Spring
Independent Director

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

Christine is an independent director of Auckland International Airport and has been since 2014. She is also an independent director of Hawkes Bay lines company, Unison, an independent director of Western Sydney Airport Limited, and Chair of Isthmus Group Ltd. Christine has had an extensive management career, primarily as a civil engineer and as a senior executive in the aviation sector. She has delivered large capital development projects, including in New Zealand and Australia

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

Philip Cory-Wright
Independent Director

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

Philip is a professional director and business advisor. He is currently Chairman of Papa Rererangi i Puketapu | New Plymouth Airport and a director of Powerco, South Port New Zealand, Matariki Forestry Group and the New Zealand Local Government Funding Agency (LGFA). His executive career was primarily in investment banking with Southpac and Macquarie. He has advised Auckland Airport, QIC, Powerco, Restaurant Brands and the Higgins Family. Philip is a High Court Solicitor in New Zealand and Victoria and a Chartered Fellow of the New Zealand Institute of Directors.

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

Corporate Governance Statement

NZ Windfarms Limited

For the year ended 30 June 2022

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

Compliance with NZX Best Practice Code and other guidelines

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

Code of Ethics

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

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

Role of the Board of Directors

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

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

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

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

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

Delegation of authority

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

Continuous disclosure obligations

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

Share trading by Directors and management

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

Treasury Policy

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

Electricity Price Hedging Policy

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

Board composition and membership

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

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

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

Operation of the Board

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

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

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

	Board Meetings Attended /Meetings Held	Audit & Risk Committee Meetings Attended / Meetings Held	Health & Safety Committee Meetings Attended / Meetings Held	Remuneration & Nomination Committee Meetings Attended / Meetings Held
Craig Stobo (appointed 1 February 2022)	4 of 4	2 of 2	N / A	N / A
Patrick Brockie	10 of 10	3 of 3	0 of 1	3 of 3
Mark Evans	9 of 9	3 of 3	1 of 1	3 of 3
Christine Spring	10 of 10	3 of 3	1 of 1	3 of 3
Philip Cory-Wright (appointed 1 April 2022)	3 of 3	1 of 1	N / A	N / A
John Southworth (resigned 27 October 2021)	2 of 2	N / A	1 of 1	N / A

Chief Executive Officer

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

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

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

Independence of Directors

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

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

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

Rotation of Directors

One third of Directors are required to retire from office at the annual meeting each year, in accordance with the Company's constitution and the NZX Listing Rules. A retiring Director(s) is eligible for re-election.

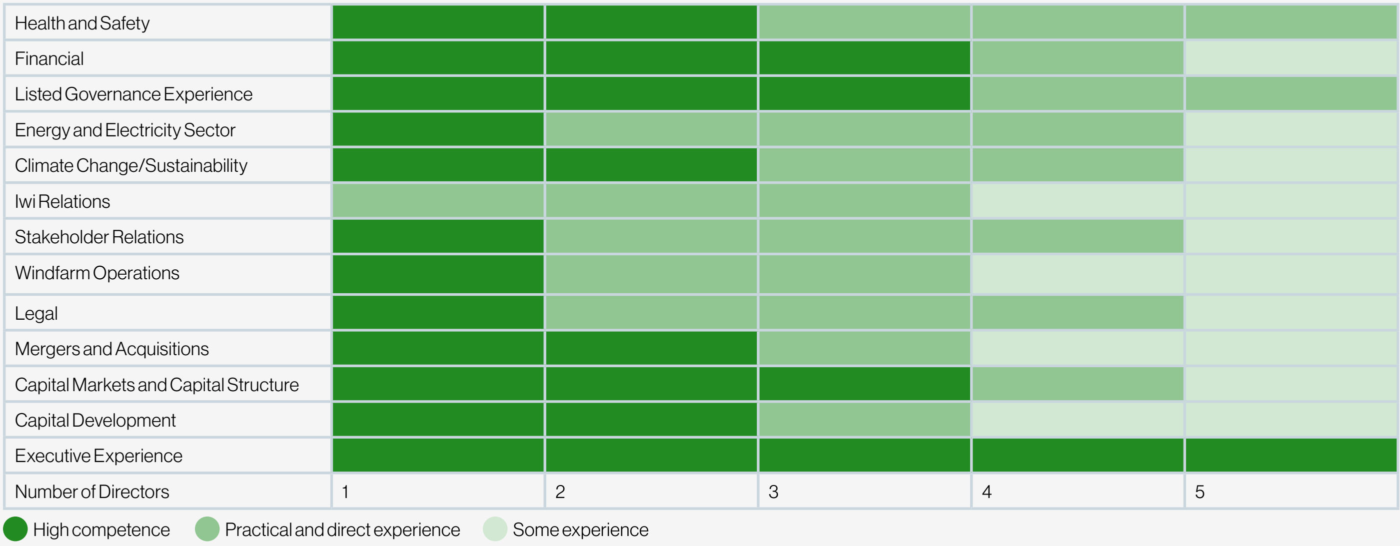
Directors and Officers Diversity

At 30 June 2022 there were seven (2021: six) Directors and Officers. The diversity metrics are shown in the table below.

	2022	2021
Total Directors and Officers	**7**	**6**
Gender Diversity		
Directors – female	1	1
Directors – male	4	3
Officers – female	0	0
Officers – male	2	2
Residence		
Regional	3	4
Main Centre	3	2
Offshore	1	0
Age		
Under 30	0	0
30 to 50	2	2
Over 50	5	4
Tenure		
0–2 Years	3	1
2–5	3	3
Over 5 Years	1	2

Director Skills Matrix

The remuneration and nominations committee has developed a director skills matrix setting out the current mix of skills of the Board. This ensures the Board has the right mix of skills and expertise to meet the specific governance needs of the Company.



Board Committees

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

Audit and Risk Committee

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

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

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

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

Remuneration & Nomination Committee

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

Health & Safety Committee

The Health & Safety Committee at the end of the financial year comprised Mark Evans (Chair), Craig Stobo, Patrick Brockie, Christine Spring and Philip Cory-Wright. The Health & Safety Committee's purpose is to champion and promote health & safety on behalf of the Board and ensuring a proactive culture and practices to create a safe and healthy working environment. The Committee reviews Health & Safety policies, practices and reports to ensure the Company is providing a safe working environment for all employees and contractors, and that it complies with all statutory and regulatory requirements pertaining to Health & Safety.

Repower Committee

The Repower Committee at the end of the financial year comprised of Philip Cory-Wright (Chair). The Repower Committee is an adhoc committee recently formed with the purpose of monitoring and overseeing the progress of the Repower project on behalf of the Board.

No committee meetings were held during the year ended 30 June 2022.

Conflicts of interest

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

Audit governance and independence

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

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

An external auditor has been appointed to perform a number of internal audit functions. The Board, through the Audit and Risk Committee, reviews the independence and objectivity of the internal auditor and is responsible for monitoring the internal audit work plan.

Reporting and disclosure

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

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

Shareholder relations

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

Directors' Shareholdings as at Year-End

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

Name of Related Party	Relationship	Shares 30 June 2021	Movement	Shares 30 June 2022
Craig Stobo	Director	0	0	0
Patrick Brockie	Director	0	0	0
Mark Evans	Director	10,844,988	0	10,844,988
Christine Spring	Director	0	0	0
Philip Cory-Wright	Director	0	0	0

Mark Evans' shares are held as follows:

- Kericrest Properties Limited holds 10,844,988 shares.

Statutory Information

NZ Windfarms Limited

For the year ended 30 June 2022

Interests Register

In accordance with the Companies Act 1993 the Company maintains an Interests Register in which the particulars of certain transactions and matters involving Directors are recorded. The following table summarises details of entries made in the Interests Register during the financial year. Cessation of an interest as at balance date is marked with an asterisk.

Director	Period	Counterparty	Nature of Interest
Craig Stobo	Part year (appointed 1 February 2022)	Precinct Properties New Zealand AIG New Zealand NZ Local Government Funding Agency Saturn Portfolio Management Elevation Capital Management NZWL-TRH Limited TRH Services Limited	Chairperson Chairperson Chairperson Chairperson/Shareholder Chairperson/Shareholder Chairperson Chairperson
Patrick Brockie	Full year	NZWL-TRH Limited TRH Services Limited World Vision New Zealand City Rail Link Limited	Director Director Trustee Employee
Mark Evans	Full year	Winter Pixel Limited NZWL-TRH Limited TRH Services Limited Site Managers Limited Kericrest Properties Limited	Shareholder Director Director Director/Shareholder Director/Shareholder
Christine Spring	Full year	Auckland International Airport Limited Isthmus Group Limited NZWL-TRH Limited TRH Services Limited Unison Contracting Services Limited Unison Networks Limited Western Sydney Airport Limited	Director Chairperson Director Director Director Director Director
Philip Cory-Wright	Part year (appointed 1 April 2022)	Papa Rererangi i Puketapu | New Plymouth Airport Powerco South Port New Zealand Limited Matariki Forestry Group NZ Local Government Funding Agency NZWL-TRH Limited TRH Services Limited	Chairperson Director Director Director Director Director Director
John Southworth	Part year (resigned 27 October2021)	LET Capital Limited NZWL-TRH Limited TRH Services Limited Discovery Asset Limited	Director/Shareholder Director Director Director

NZX Waivers

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

Directors Remuneration

Directors' fees total $330,779 (2021: $301,667) per annum. As at 30 June 2022 remuneration levels are: The Board Chairperson receives $150,000 per annum and the remaining directors receive a base fee of $65,000 per annum. The Chair of the Audit and Risk Committee receives an additional $6,000 per annum and the other members of the Audit and Risk Committee receive an additional $3,000 per annum. Membership of any other standing committees does not attract any additional fees.

The following table summarises the Directors' remuneration for the year ended 30 June 2022:

Director	Director Fees ($)
Patrick Brockie	71,000
Mark Evans	68,000
Christine Spring*	77,938
Craig Stobo (appointment February 2022)	62,500
Philip Cory-Wright (appointed April 2022)	17,000
John Southworth (resigned October 2021)	34,341

* Christine Spring held the position of Interim Chairperson during the period 27 October 2021 to 31 Jan 2022, during which time she received the Board Chairperson remuneration of $106,000 per annum (pro-rata).

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

Directors Indemnity and Insurance

The Company has Directors' and Officers' Liability insurance of $20,000,000 (2021: $20,000,000) in the aggregate.

Subsidiaries

The following persons held the office of Director of NZ Windfarms Limited's subsidiaries as at 30 June 2022. No Director of any subsidiary received any Director fees or other benefits as a Director of the subsidiary companies.

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

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

Stock Exchange and Current Credit Rating Status

The Company's shares are listed on the NZX.

NZ Windfarms does not currently have an external credit rating.

Employee Remuneration

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

Remuneration range	Employees 2022	Employees 2021
$250,000 - $300,000	1	1
$200,000 - $250,000	1	1
$150,000 - $200,000	0	0
$100,000 - $150,000	6	5

Total remuneration above includes all benefits.

Long Term and Short Term Incentives

Long-term incentive plan (LTI Plan)

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

The performance rights scheme holds share-rights in trust for a three-year vesting period and is based on two performance conditions. At the end of the vesting period and where agreed performance conditions are met, the LTI rights result in shares being transferred to participating employees. The LTI rights value is a range between 6% to 10% of the participating employee's base salary. While targets have been defined, final payment remains at the discretion of the board.

The receipt of the shares is contingent on achievement of two shareholder return metrics. 50% of the shares granted under the plans is reliant on the company's relative total shareholder return. These shares will vest depending on the relative performance to a peer group of energy companies. For the other 50% of shares granted under the plans, these shares will vest if the total shareholder return is equal to or more than the company's cost of equity plus 1%. These metrics are measured annually to align with the financial year from 1 July to 30 June and will be available for consideration of payment after the 2024 annual results have been delivered.

Short-term incentive plan (STI plan)

The short-term incentive plan provides for an additional component to the Chief Executive and the GM Operations' annual remuneration and is payable in cash on successful attainment of performance objectives. The value of each short-term incentive ranges between 20% and 25% of the participating employees' annual base salary. While targets have been defined, final payment remains at the discretion of the board and is only available for consideration of payment after the 2022 annual results have been delivered.

Company component

The company component makes up 50% of the STI plan and is based on company-wide performance in two areas. A varying proportion of the STI will be paid depending on the number of health and safety occurrences. The second element of the company component is based on a specific financial target - annual earnings before interest, taxation, depreciation, amortisation and fair value adjustments (EBITDAF). If EBITDAF is equal to the identified budget, the target will have been met.

Individual component

The individual component makes up the other 50% of the STI plan and is based on the participating employee's individual performance. Each participating employee has specific measures in place to determine achievement or non-achievement each year.

Shareholder Information

NZ Windfarms Limited

For the year ended 30 June 2022

The ordinary shares of NZ Windfarms Limited are listed on the New Zealand Stock Exchange's Market (NZX). The information in the disclosures below has been taken from the Company's share register as at 10 August 2022.

Twenty Largest Ordinary Shareholders

Shareholder	Address	Shares	% of Issued Capital
New Zealand Depository Nominee	Wellington	44,500,208	15.45
Robert Alexander Stone	Singapore	40,500,000	14.06
Hsu Cheng Yang	Auckland	12,700,000	4.41
Kericrest Properties Limited	Kerikeri	10,844,988	3.76
Custodial Services Limited	Tauranga	7,781,064	2.70
LET Capital Number 1 Limited	Wellington	5,139,360	1.78
Po Hui Chi	Auckland	3,800,000	1.32
Leveraged Equities Finance Limited	Wellington	3,676,425	1.28
National Nominees New Zealand Limited	Auckland	3,134,769	1.09
Craig Earl Gregory Bowler	Waiuku	3,059,056	1.06
Wilhelm Wolfgang Rehfus	Takaka	3,000,000	1.04
Anthony John Anselmi & Ross Michael Alleman	Auckland	2,566,667	0.89
Accident Compensation Corporation	Wellington	1,951,018	0.68
Michael Andrew Neil	Warkworth	1,736,141	0.60
Frederick Kilner Stone	Auckland	1,660,735	0.58
Sheng Fei Wang	Auckland	1,640,000	0.57
FNZ Custodians Limited	Wellington	1,326,681	0.46
Sarah Caroline Laurenson	Wellington	1,263,334	0.44
Leigh Morgan & Edward Oswald Morgan	Whangarei	1,202,410	0.42
David Walter Iles	United States	1,121,022	0.39

Holding Ranges	Number of holders	Shares	% of Issued Capital
1 - 1,000	255	174,738	0.06
1,001 - 5,000	840	2,783,686	0.97
5,001 - 10,000	504	4,091,704	1.42
10,000 - 50,000	1,118	28,956,854	10.05
50,001 - 100,000	292	22,207,560	7.71
Greater than 100,000	285	229,849,042	79.79
Totals	**3,294**	**288,063,584**	**100.00**

Substantial Security Holder Notices

This information is given in accordance with the *Financial Markets Conduct Act 2013*. The Company holds substantial security notices from the following parties as at 30 June 2022:

Shareholder	Number of shares directly held	%
Robert Alexander Stone	40,500,000	14.06

The total number of issued voting securities as at 30 June 2022 was 288,063,584 (2021: 288,063,584).

Auditor Remuneration

BDO Auckland has continued to act as auditors of the Company. Refer to note 2 for further information on auditor remuneration for the year ended 30 June 2022. The audit fees paid related to the audit of the annual consolidated financial statements. No other engagements have been performed by BDO Auckland.

Donations

No donations have been made during the year.

Directors' Statement

The Annual Report is dated 29 August 2022 and is signed on behalf of the Board by:

Craig Stobo
Chairman

Patrick Brockie
Director

Environmental Sustainability

NZ Windfarms Limited

For the year ended 30 June 2022

NZ Windfarms Limited is dedicated to minimising the impact of its operations on the environment.

NZ Windfarms Limited is committed to minimising its effect on the environment whilst protecting our social license to operate in an environmentally and socially responsible manner. Our business, our people, our customers and our communities rely on New Zealand's natural resources, and it's crucial we look after them. Environmental sustainability ensures our natural and shared resources are available to future generations. We want to have a positive impact on the environments in which we work in and also the communities we share those environments with.

By good governance we are minimising risk, whilst making sure that we are meeting all our environmental and regulatory obligations, doing what's right for the land and environment. We are always striving to 'do better' and to search for innovative ways to reduce our carbon footprint.

The organisation is on a journey to establish science-based targets to make meaningful carbon emission reductions across our operations. We have high aspirations to be a leader in this area. Sustainability is a fundamental component of our collective DNA and this will be embedded in our people and business through refinements to our corporate vision, values and purpose statements. We look forward to sharing this work in the near future.

Community Wellbeing

We are privileged to live, work and grow our families in our community. Our philosophy is to 'be the neighbour you'd want to have'. We live, work and operate in communities, and we know our actions impact on the people and environment around us. To us, this means respecting the rights of others, ensuring the safe and best practice operation of our site, and making a positive contribution to the communities we call home.

We work hard to understand the needs and aspirations of our local communities, and to ensure they understand how our business works - and how we tick as people too. We engage with stakeholders in our local communities year-round and we encourage all feedback. This includes a formal complaint process embedded in our operational reporting system. We proactively engage with near neighbours, local authorities and local iwi to maintain continued support for ongoing operations and potential repowering opportunities in the future. We are committed to working collaboratively with all stakeholders to form partnerships for mutual benefit to assist in creating a sustainable future for New Zealand. This is fundamental to the long-term success of our business.

Climate Change

Momentum to limit the extent and impacts of climate change continues to grow globally. This includes the projected physical impacts of climate change and the transitional risks such as regulatory change and shifting consumer behaviour.

Resilience and agility is key as we strive to limit the impacts of greenhouse gas emissions by harnessing wind energy to support Government targets to decarbonise the electricity sector. We are well placed to support the transition to a low emissions economy and will closely monitor climate change policy developments.

The proposed climate-related financial disclosures for listed companies adds further impetus, and means NZ Windfarms will identify, assess, take action, and disclose material climate-related financial risks to our stakeholders and investors in the future.

Reducing Carbon Emissions

Renewable energy output will support the decarbonisation of the energy sector. We will benefit our communities, and also create opportunity to grow demand for renewable energy which as a generator we are positioning ourselves to meet. We will prioritise adapting our generation assets to mitigate climate change impacts and build resilience.

NZ Windfarms is reviewing its operations, processes and supply chain to identify areas where we can measure and reduce carbon emissions. NZ Windfarms' current carbon impact is primarily diesel for vehicles and through indirect sources (such as transportation of stock and components).

Environmental Compliance

The Company's Te Rere Hau wind farm operates within the constraints of three resource consents outlining the operation, maintenance, and decommissioning activities. These consents contain multiple conditions that protect the natural environment. These are actively managed for compliance and in the past year, there were no environmental incidents. We have continued to implement environmental management plans for all our activities. We are guided by best practice and a continuous improvement philosophy to enhance environmental outcomes.

We have continued to implement environmental management plans for all our activities in physical environments, in keeping with our continuous improvement philosophy and guided by incident investigation recommendations on risk reduction and environmental improvement opportunities. This ensures robust works planning through early engagement across our operations team.

The Te Rere Hau Wind Farm produces enough clean energy each year to power about 16,000 homes or in excess of 50% of households in Palmerston North.

To generate the same amount of energy, a gas-fired power plant would emit roughly 64,000 tonnes of carbon dioxide, the same as an additional 23,000 cars on the road.

Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
Income			
Electricity sales revenue		10,790,955	15,609,031
Gain on unrealised derivatives	13	1,638,991	–
Other Income		72,495	–
Land lease		28,404	31,734
Total Income		**12,530,845**	**15,640,765**
Operating expenses			
Administration expenses		231,428	195,542
Audit fees	2	67,984	51,376
Directors' fees	16	330,779	301,667
Employment expenses	3	1,457,952	1,350,130
Insurance		358,227	292,285
Variable lease and rental expenses	18	37,310	76,728
Legal and consulting expenses		547,725	373,114
Realised loss on derivatives	13	54,066	5,910,596
Unrealised loss on derivatives	13	–	4,382,523
Reversal of impairment of property, plant and equipment	5, 15	(2,638,120)	(2,972,359)
Reversal of impairment of intangible assets	6, 15	(145,834)	(157,498)
Loss/(Gain) on disposal of property, plant and equipment	5	(13,440)	81,169
Te Rere Hau wind farm operational expenses		1,243,920	1,801,046
Other operating expenses		157,501	149,299
Total Operating expenses		**1,689,499**	**11,835,617**
Profit before interest, tax, depreciation, and amortisation		**10,841,346**	**3,805,148**
Depreciation and amortisation			
Depreciation of property, plant and equipment	5	3,006,931	2,757,234
Depreciation of right-of-use assets	18	13,356	13,356
Amortisation of intangible assets	6	311,966	291,341
Total Depreciation and amortisation		**3,332,253**	**3,061,931**
Profit before interest and tax		**7,509,093**	**743,217**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
Interest			
Interest income on financial assets at amortised cost		15,848	5,049
Interest expense on liabilities at amortised cost		(280,505)	(246,963)
Net Interest		**(264,658)**	**(241,914)**
Profit before tax		**7,244,436**	**501,303**
Income tax expense (benefit)			
Income tax expense (benefit)	1	2,073,855	189,620
Income tax expense (benefit)		**2,073,855**	**189,620**
Net profit after tax		**5,170,581**	**311,683**
Other Comprehensive Income			
Items that will not be reclassified to the Profit or Loss			
Land Revaluation	5	1,295,118	–
Total Items that will not be reclassified to the Profit or Loss		**1,295,118**	**–**
Total Other Comprehensive Income		**6,465,699**	**311,683**

	Notes	2022 ($)	2021 ($)
Earnings per share			
Basic earnings per share	11	0.0179	0.0011
Diluted earnings per share	11	0.0179	0.0011

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

Consolidated Statement of Financial Position

NZ Windfarms Limited

As at 30 June 2022

	Notes	2022 ($)	2021 ($)
Assets			
Current Assets			
Cash and cash equivalents	14	1,680,382	2,506,298
Trade and other receivables	4	1,357,439	1,971,158
Inventories		910,944	898,360
Total Current Assets		**3,948,765**	**5,375,815**
Non-Current Assets			
Property, plant and equipment	5	45,584,809	42,746,389
Intangible assets	6	4,536,299	3,249,856
Deferred tax	8	630,002	2,703,857
Right-of-use assets	18	135,037	148,394
Total Non-Current Assets		**50,886,147**	**48,848,496**
Total Assets		**54,834,912**	**54,224,311**
Liabilities			
Current Liabilities			
Trade and other payables	9	1,070,151	1,637,026
Derivative liability	13	4,191,605	5,830,596
Lease liabilities - current portion	18	13,015	13,015
Term loan - current portion	19	1,205,882	946,154
Total Current Liabilities		**6,480,653**	**8,426,791**
Non-Current Liabilities			
Term loan - non-current portion	19	7,086,555	8,015,442
Lease liabilities - non-current portion	18	169,766	182,785
Total Non-Current Liabilities		**7,256,321**	**8,198,227**
Total Liabilities		**13,736,974**	**16,625,018**
Net Assets		**41,097,938**	**37,599,293**
Equity			
Share capital	10	107,005,000	107,005,000
Accumulated losses		(67,202,180)	(69,405,707)
Revaluation Reserve - Land		1,295,118	–
Total Equity		**41,097,938**	**37,599,293**

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

Consolidated Statement of Changes in Equity

NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
Equity			
Share Capital			
Opening Balance		107,005,000	107,005,000
Closing Balance		**107,005,000**	**107,005,000**
Accumulated losses			
Opening Balance		(69,405,707)	(66,126,596)
Total Income (Loss) for the period		5,170,581	311,683
Transactions with owners of the Company in their capacity as owners			
Employee share options forfeited - transferred from employee share option reserve, net of tax	10	–	10,004
Dividends paid	10	(2,967,055)	(3,600,797)
Closing Balance		**(67,202,180)**	**(69,405,707)**
Reserves			
Employee share option reserve			
Opening Balance		–	13,894
Share options forfeited - transferred to accumulated losses		–	(13,894)
Total Employee Share Options Reserve		**–**	**–**
Asset Revaluation Reserve			
Revaluation Surplus – Land	5	1,295,118	–
Closing Balance		**1,295,118**	**–**
Total Reserves		**1,295,118**	**–**
Total Equity		**41,097,938**	**37,599,293**

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

Consolidated Statement of Cash Flows

NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
Consolidated Statement of Cash Flows			
Operating Activities			
Cash was received from:			
Trading revenue		11,534,164	14,988,227
Derivative gain realised	13	–	–
Interest received		15,848	5,049
Cash was applied to:			
Derivative loss realised	13	(54,066)	(5,910,637)
Payments to suppliers and employees		(5,307,232)	(3,951,244)
Interest paid		(280,505)	(233,117)
Net cash inflow from Operating Activities	12	**5,908,209**	**4,898,278**
Investing Activities			
Cash was received from:			
Sale of property, plant and equipment		109,565	–
Cash was applied to:			
Purchase of property, plant and equipment		(1,989,896)	(1,568,509)
Purchase of intangible assets - capital WIP		(1,186,220)	–
Net cash outflow from Investing Activities		**(3,066,551)**	**(1,568,509)**
Financing Activities			
Cash was provided from:			
Drawdown of BNZ loan		600,000	–
Total cash inflow from Financing Activities		**600,000**	**–**
Cash was applied to:			
Repayment of Lease Liability	18	(13,019)	(12,302)
Repayment of BNZ loan	19	(1,287,500)	(946,154)
Dividends paid	10	(2,967,055)	(3,600,797)
Net cash outflow from Financing Activities		**(4,267,574)**	**(4,559,253)**
Net decrease in cash and cash equivalents		**(825,916)**	**(1,229,484)**
Cash and cash equivalents, beginning of period		2,506,298	3,735,782
Cash and cash equivalents, end of period	**14**	**1,680,382**	**2,506,298**

Signed for and on behalf of the Board as at 29 August 2022:

Craig Stobo
Chairman

Patrick Brockie
Director

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

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2022

Reporting Entity And Statutory Base

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

The Group consolidated financial statements of NZ Windfarms Limited as at the end of the reporting period comprise the Company and its 100% owned subsidiaries: NZWL - TRH Limited and TRH Services Limited (the "Group"). For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a Tier 1 for-profit entity.

Basis Of Preparation

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

The financial statements are presented in New Zealand dollars which is the Group's functional currency and presentation currency, rounded to the nearest dollar.

Measurement Base

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

Critical Accounting Estimates And Judgments In Applying Accounting Policies

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

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

- Revaluation of Land - accounting policy, note 5.
- Impairment and useful life of property, plant and equipment - accounting policies, notes 5 and 15.
- Capitalisation of Resource Consenting costs - note 6.
- Impairment and useful life of intangible assets - accounting policy, notes 6 and 15.
- Recognition of deferred tax asset - note 8.
- Fair value of derivative financial instruments - accounting policy, note 13.

Changes in accounting policies

New standards that have been adopted in the annual financial statements for the year ended 30 June 2022 but have not had a significant impact on the Group are:

- COVID-19-Related Rent Concessions (Amendments to NZ IFRS 16); and
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to NZ IFRS 9, NZ IAS 39, NZ IFRS 7, NZ IFRS 4 and NZ IFRS 16).

Statement of Accounting Policies

NZ Windfarms Limited

For the year ended 30 June 2022

During the year ended 30 June 2022, the following changes to adopted accounting policies were made:

Property, Plant and Equipment

As at 30 June 2022, the Group changed its accounting policy to revalue the land asset class from historic cost to fair value at the date of revaluation. Per this change in policy under NZ IAS 16, the net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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

New standards, interpretations and amendments not yet effective

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

Accounting Policies

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

Basis of consolidation

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

The Group financial statements are prepared from the financial statements of the Company and its subsidiaries using the purchase method of consolidation. All significant inter-company transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated on consolidation.

Revenue recognition

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

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

Energy futures derivatives

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

Refer to note 20 for further information on market electricity price risk and the Company's strategies to manage this risk.

Interest

Interest income and expenses are recognised on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of the financial asset or liability or, when appropriate, a shorter period to the net carrying amount of the financial instrument.

Taxation

Current tax expense

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

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

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

Deferred tax assets and liabilities

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

Inventories

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

Property, plant and equipment

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

Subsequent to initial recognition, land is carried at the revalued amount, which is the fair value at the date of the revaluation.

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

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

Judgement is used in determining the remaining useful life of property, plant and equipment

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

- Office equipment - 5 years
- Buildings, plant and equipment - 5 to 40 years
- Motor vehicles - 4 years
- Foundations - 50 years
- Electrical - 20 to 50 years
- Roading - 50 years
- Wind turbines (including tower, blades and components) - 5 to 40 years

All assets are included at acquisition cost less subsequent accumulated depreciation and accumulated impairment losses.

As disclosed in Note 15 the useful life of the wind farm has reduced from 29 to 19 years which will impact the economic life and residual values of most of the property, plant and equipment. The estimated impact of this change on the depreciation charge in FY23 is impracticable to estimate at this time.

Intangible assets

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

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

The useful lives have been estimated as follows:

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

The Group applies the straight line amortisation method.

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

Leases

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate used determined by the group's incremental borrowing rate on commencement of the lease. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability at commencement date of the lease, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease which is equal to the remaining economic life of the assets.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated terms increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use assets is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

The group is party to three wind right agreements for the Te Rere Hau Wind Farm Eastern Extension, one agreement maturing in July 2029 and two agreements maturing in March 2035, all with rights of renewal. The landowners own the land on which 17 installed turbines are located. Under the agreements, in return for the wind farm rights, the group pays the landowners lease payments based on electricity output and electricity revenue generated from the 17 turbines located on the land. These variable payments are exempted under NZ IFRS 16 and expensed as costs are incurred.

The group was a party to a further wind right agreement for the Te Rere Hau Wind Farm Eastern Extension due to mature in July 2029, with rights of renewal. This agreement ceased in April 2022, when the group purchased the land from the landowner. The lease agreement consisted of variable payments only and as such was exempted under NZ IFRS 16.

The percentages in the table below reflect the current proportions of lease payments that are fixed.

30 June 2022	**Lease contract number**	**Fixed payments**
Leases with fixed payments	3	100%
30 June 2021	**Lease contract number**	**Fixed payments**
Leases with fixed payments	3	100%

Financial instruments - initial and subsequent measurement

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's amortised cost financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

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

Other financial liabilities

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

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

This category generally applies to interest-bearing loans and borrowings, and trade and other payables.

Financial liabilities at fair value through profit or loss

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

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

Derecognition

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

Employee benefits

Short term employee entitlements

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

The accruals are presented as current employee entitlement liabilities in the balance sheet and the expense is recognised as employees perform services that entitle them to remuneration.

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

Payments to defined contribution plans

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

Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

Statement of cash flows

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

Operating activities are the principal revenue generating activities of the Group and other activities that are not investing or financing activities. Interest paid and interest received is disclosed as operating cashflows.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash and cash equivalents.

Financing activities are the activities that result in changes to the size and composition of the contributed equity and borrowings.

Goods and services tax (GST)

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

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
1. Income tax expense			
Net Profit Before Tax		7,244,436	501,303
Expected tax expense at 28%		**2,028,442**	**140,365**
Adjustments for non-deductible expenses and non-assessible income			
Other non-deductible expenses		3,202	1,191
Reinstatement of tax depreciation on commercial buildings		2,229	(19,297)
Prior period adjustment		39,986	67,361
Total Adjustments for non-deductible expenses and non-assessible income		**45,417**	**49,255**
Total tax expenses		**2,073,859**	**189,620**
Represented by:			
Current tax			
Current tax on profits for the year		–	–
Adjustment for current tax of prior periods		–	–
Total Current tax		**–**	**–**
Deferred Tax			
Origination and reversal of temporary differences		2,033,873	122,259
Adjustments for deferred tax of prior periods		39,986	67,361
Total Deferred Tax	8	**2,073,859**	**189,620**
Total Tax expense		**2,073,859**	**189,620**

Tax losses included in the table above have been recognised as deferred tax assets (Refer note 8).

	2022($)	2021 ($)
Tax loss		
Tax loss from previous years	24,196,186	20,344,224
Tax loss for the year	–	5,550,929
Tax loss utilised within the group	(4,206,545)	(1,698,967)
Tax loss carried forward	**19,989,641**	**24,196,186**

Imputation credit account

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

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

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2022

	2022 ($)	2021 ($)

2. Fees paid to auditor

Audit of financial statements	67,984	51,376
Total Fees paid to auditor	**67,984**	**51,376**

	2022 ($)	2021 ($)

3. Employment expenses

Wages and salaries	1,377,353	1,199,259
KiwiSaver Contributions	39,105	36,564
Temporary Staff Fees	446	81,015
Fringe Benefit Tax	25,523	20,188
Other employee benefits	15,524	13,104
Total Employment expenses	**1,457,952**	**1,350,130**

	2022 ($)	2021 ($)

4. Trade and other receivables

Trade Debtors	1,180,791	1,823,102
Prepayments	176,648	148,055
Total Trade and other receivables	**1,357,439**	**1,971,158**

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

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

5. Property, plant and equipment

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

	Land $	Office equipment $	Buildings, plant & equipment $	Motor vehicles $	Foundations $	Electrical $	Roading $	Wind turbines $	TOTAL $
Cost:									
Balance at 1 July 2021	3,300,000	442,992	1,523,629	477,456	4,447,656	21,097,384	4,953,795	76,308,713	112,551,625
Additions	658,954	45,950	100,157	211,044	-	-	28,611	948,888	1,993,604
Disposals	-	-	-	(166,656)	-	-	-	(837,557)	(1,004,213)
Revaluation	1,295,118	-	-	-	-	-	-	-	1,295,118
Balance at 30 June 2022	**5,254,072**	**488,942**	**1,623,786**	**521,844**	**4,447,656**	**21,097,384**	**4,982,406**	**76,420,044**	**114,836,134**

	Land $	Office equipment $	Buildings, plant & equipment $	Motor vehicles $	Foundations $	Electrical $	Roading $	Wind turbines $	TOTAL $
Depreciation and impairment:									
Balance at 1 July 2021	-	441,617	881,178	378,016	2,633,620	8,541,682	3,039,482	53,889,182	69,804,776
Reversal of impairment	-	-	-	-	(100,821)	(333,289)	(117,029)	(2,086,981)	(2,638,121)
Accumulated depreciation on disposals	-	-	-	(110,828)	-	-	-	(811,433)	(922,261)
Depreciation	-	29,784	57,654	50,576	47,741	322,225	72,932	2,426,018	3,006,930
Balance at 30 June 2022	**-**	**471,401**	**938,832**	**317,764**	**2,580,540**	**8,530,618**	**2,995,385**	**53,416,786**	**69,251,325**
Carrying amount at 30 June 2022	**5,254,072**	**17,541**	**684,954**	**204,080**	**1,867,116**	**12,566,766**	**1,987,021**	**23,003,258**	**45,584,809**

At 30 June 2022, the Group carried out a review of the carrying values of its assets in accordance with NZ IAS 36 - Impairment of Assets and as a result previous impairments of $2,638,121 were reversed. Note 15 provides further information.

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2022

Land Revaluation

Land asset valuations were independently assessed by BakerAg NZ Ltd in FY22 using a direct sales comparison approach for the agricultural value of the land plus a discounted cash flow methodology taking into account the royalties, assumed at 2%, that can be earned from it to derive the estimated market value. The Company have updated the BakerAg valuation to reflect the revised remaining useful life of the windfarm. The existing windfarm is assumed to be fully decommissioned at the end of FY2041, with a gradual reduction in operational turbines over the period FY2032 to FY2041. Note 15 provides further detail on the revised remaining useful life assumption.

As the fair value of land is determined using inputs that are unobservable, the company has categorised Land as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 – Fair Value Measurement. If land were measured using the cost model, the 2022 carrying amount would be $3,958,954 as at 30 June 2022.

	Land $	Office equipment $	Buildings, plant & equipment $	Motor vehicles $	Foundations $	Electrical $	Roading $	Wind turbines $	TOTAL $
Cost:									
Balance at 1 July 2020	3,300,000	441,212	1,523,629	477,320	4,447,656	21,097,384	4,953,795	75,777,817	112,018,353
Additions	-	1,780	-	136	-	-	-	1,566,593	1,568,509
Disposals	-	-	-	-	-	-	-	(1,035,697)	(1,035,697)
Balance at 30 June 2021	**3,300,000**	**442,992**	**1,523,629**	**477,456**	**4,447,656**	**21,097,384**	**4,953,795**	**76,308,713**	**112,551,165**

	Land $	Office equipment $	Buildings, plant & equipment $	Motor vehicles $	Foundations $	Electrical $	Roading $	Wind turbines $	TOTAL $
Depreciation and impairment:									
Balance at 1 July 2020	-	434,267	822,841	329,386	2,703,304	8,601,037	3,102,389	54,981,204	70,974,429
Impairment	-	-	-	-	(114,943)	(372,797)	(132,656)	(2,351,962)	(2,972,359)
Accumulated depreciation on disposals	-	-	-	-	-	-	-	(954,528)	(954,528)
Depreciation		7,350	58,337	48,630	45,258	313,442	69,749	2,214,468	2,757,234
Balance at 30 June 2021	**-**	**441,617**	**881,178**	**378,016**	**2,633,620**	**8,541,682**	**3,039,482**	**53,889,182**	**69,804,776**
Carrying amount at 30 June 2021	**3,300,000**	**1,375**	**641,991**	**99,440**	**1,814,036**	**12,555,702**	**1,914,313**	**22,414,531**	**42,746,389**

6. Intangible assets

Changes in the net carrying amount of intangible assets follow:

	Land use consent and wind rights $	Grid connection $	Capital WIP $	TOTAL $
Cost:				
Balance at 1 July 2021	1,737,360	5,522,157	–	7,259,517
Additions	–	–	1,452,574	1,452,574
Balance at 30 June 2022	**1,737,360**	**5,522,157**	**1,452,574**	**8,712,091**
Amortisation and impairment:				
Balance at 1 July 2021	400,987	3,608,673	–	4,009,660
Amortisation	42,138	269,828	–	311,966
Reversal of impairment	–	(145,834)	–	(145,834)
Balance at 30 June 2022	**443,125**	**3,732,667**	**–**	**4,175,792**
Carrying amount at 30 June 2022	**1,294,235**	**1,789,490**	**1,452,574**	**4,536,299**

At 30 June 2022, the Group carried out a review of the carrying values of its assets in accordance with NZ IAS 36 - Impairment of Assets and as a result previous impairment of $145,834 was reversed in the year. Note 15 provides further information.

The Capital Work in Progress (WIP) included in the above consists of costs associated with the re-consenting of the Te Rere Hau Wind Farm. The Group capitalises the direct costs associated with obtaining resource consents to build wind farms. The consent costs associated with the repower project are considered pre-development costs which can be capitalised only if and when the project to repower is subsequently approved. As at 30 June 2022, the Fast-track consenting process is well advanced. Approval of the repower resource consent application is expected to provide significant additional value for the Company. If resource consent approval is successfully obtained the Company will consider the fair value of the resource consent at that time.

With a number of key milestones prior to confirming investment decisions, all costs to date directly attributable to the Fast-track resource consent have been classified as WIP on the balance sheet and will be reassessed at each annual reporting period.

	Land use consent and wind rights $	Grid connection $	Capital WIP $	TOTAL $
Cost:				
Balance at 1 July 2020	1,737,360	5,522,157	–	7,259,517
Balance at 30 June 2021	**1,737,360**	**5,522,157**	**–**	**7,259,517**
Amortisation and impairment:				
Balance at 1 July 2020	358,849	3,516,968	–	3,875,817
Amortisation	42,138	249,203	–	291,341
Reversal of impairment	–	(157,498)	–	(157,498)
Balance at 30 June 2021	**400,987**	**3,608,673**	**–**	**4,009,660**
Carrying amount at 30 June 2021	**1,336,373**	**1,913,483**	**–**	**3,249,856**

7. Investment in subsidiaries

	2022	2021
NZWL - TRH Limited	100%	100%
TRH Services Limited	100%	100%

NZWL-TRH Limited and TRH Services Limited are both 100% owned subsidiaries of the Company. NZWL-TRH Limited holds the Group's interest in the Te Rere Hau wind farm. TRH Services Limited is responsible for the operations and maintenance of the turbines at the Te Rere Hau wind farm.

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

8. Deferred tax

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

	2022 ($)	2021 ($)
As at 30 June		
Deferred tax assets	5,689,461	6,858,099
Deferred tax liabilities	(5,059,459)	(4,154,243)
Deferred tax assets (net)	**630,002**	**2,703,856**

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
Movement in temporary differences during the year			
Opening balance			
Property, plant and equipment		(4,112,698)	(2,845,791)
Right-of-use assets		(41,550)	(45,290)
Provisions		28,348	33,797
Lease liability		54,824	58,269
Losses		6,774,932	5,696,382
Tax assets/(liabilities)		**2,703,856**	**2,897,367**
Recognised in profit (loss)			
Property, plant and equipment		(908,956)	(1,266,906)
Right-of-use assets		3,740	3,740
Provisions		12,835	(1,558)
Lease liability		(3,645)	(3,445)
Losses		(1,177,833)	1,078,549
Movement in temporary differences	1	**(2,073,859)**	**(189,620)**
Recognised in equity			
Share options		-	(3,890)
Movement in temporary differences		**-**	**(3,890)**
Closing balance			
Property, plant and equipment		(5,021,649)	(4,112,697)
Right-of-use assets		(37,811)	(41,550)
Provisions		41,183	28,343
Lease liability		51,179	54,824
Losses		5,597,100	6,774,932
Tax assets/(liabilities)		**630,002**	**2,703,857**

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

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

No movements in deferred tax have been recognised directly in equity.

	2022 ($)	2021 ($)
9. Trade and other payables		
Trade payables	746,096	1,110,586
Employee entitlements	161,656	121,671
Accruals	108,366	202,177
GST payable	54,033	202,593
Total Trade and other payables	**1,070,151**	**1,637,026**

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

10. Share capital

As at year-end share capital comprised 288,063,584 ordinary shares (Prior year: 288,063,584). There have been no shares issued or repurchased in the current or comparative year.

The shares are fully paid and have no par value. At 30 June 2022, paid up share capital amounted to $107,005,000 (Prior year: $107,005,000).

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

Dividends

The Directors declared and paid gross dividends of $2,967,055 during the current financial year, amounting to 1.03 cents per share. The dividends paid in the current financial year can be broken down as follows:

- $1,296,286 gross final dividend declared for the year ended 30 June 2021
- $432,095 gross interim dividend declared for the quarter ended 30 September 2021
- $662,546 gross interim dividend declared for the quarter ended 31 December 2021
- $576,127 gross interim dividend declared for the quarter ended 31 March 2022

(Prior year: Dividend of $3,600,797, amounting to 1.25 cents per share).

The dividend of 1.03 cents per share differs from that announced to market of 0.83 cents per share. The 0.83 cents per share figure records dividends to the financial year period to which they relate. It consists of dividends paid 31 Dec 2021 (0.15), 4 Apr 2022 (0.23), 22 June 2022 (0.20) and the final dividend announced today (0.25).

Employee Share Options

All share options previously issued have now expired and none were exercised.

Share options for the year ended 30 June 2022: $0, (Prior year: $13,894).

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NZ Windfarms Limited

For the year ended 30 June 2022

11. Earnings and Net Tangible Assets per share

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

	Notes	2022 ($)	2021 ($)
Earnings per share			
Net profit for the year		5,170,581	311,683
Number of shares on issue over year	10	288,063,584	288,063,584
Basic earnings per share		0.0179	0.0011
Diluted earnings per share		0.0179	0.0011

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

	Notes	2022 ($)	2021 ($)
Net tangible assets per share			
Net assets		41,097,938	37,599,293
Less:			
Intangible assets	6	4,536,299	3,249,856
Deferred tax	8	630,002	2,703,857
Net tangible assets		**35,931,637**	**31,645,580**
Number of shares on issue over year	10	288,063,584	288,063,584
Net tangible assets per share		0.1247	0.1099

The net tangible assets per share is calculated using the total equity less intangible assets and deferred tax attributable to shareholders of the Company as the numerator.

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NZ Windfarms Limited

For the year ended 30 June 2022

	Notes	2022 ($)	2021 ($)
12. Notes supporting the Statement of Cash Flows			
Net profit after tax		5,170,581	311,683
Non-cash items			
Depreciation of property, plant and equipment	5	3,006,931	2,757,234
Depreciation of right-of-use assets	18	13,356	13,356
Amortisation of intangible assets	6	311,966	291,341
Interest expense		–	46,420
Reversal of impairment of property, plant and equipment	5, 15	(2,638,120)	(2,972,359)
Reversal of impairment of intangible assets	6, 15	(145,834)	(157,498)
Loss on disposal of property, plant and equipment	5	(13,440)	81,169
Unrealised loss/(gain) on derivatives	13	(1,638,991)	4,382,523
Provision for taxation	1	2,073,855	189,620
Total Non-cash items		**969,723**	**4,631,806**
Changes in working capital			
Trade and other payables		613,717	267,853
Inventories		(12,584)	361,817
Trade and other receivables		(833,228)	(674,881)
Total Changes in working capital		**(232,095)**	**(45,211)**
Net cash flow from operating activities		**5,908,209**	**4,898,278**

Significant non-cash transactions

Refer to notes 18 and 19 for details of non-cash transactions in the term loan liability and lease liability. Included in the BNZ loan, as outlined in note 19, is amortisation of borrowing costs of $18,341 (2021: $15,271), which is non cash. Included in the lease liability, as outlined in note 18, is interest expense of $10,981 (2021: $11,698), which is non cash.

13. Derivative Financial Instruments

Classification of Derivative Financial Instruments

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

The Group has not applied hedge accounting.

The energy derivatives are measured at fair value on a recurring basis, and have been classified as Level 2 financial instruments. This refers to the determination of fair value from inputs other than unadjusted quoted prices from an active market for identical assets and liabilities, which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The energy derivatives are valued using the forecasted generated volume (refer to note 15 - Output) and the wholesale electricity price paths from the ASX, as explained below.

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

	Level 1		Level 2		Level 3	
	2022 ($)	2021 ($)	2022 ($)	2021 ($)	2022 ($)	2021 ($)
Financial liabilities						
Derivative financial liabilities (fair value through profit or loss)	-	-	4,191,605	5,830,596	-	-

There have been no transfers between levels in the period.

Energy derivatives

The Company's primary means of managing electricity price risk is via a variable volume fixed price agreement (VVFPA). This means that 100% of the Company's generation between 1 July 2022 to 30 September 2022, and 50% of the Company's generation between 1 October 2022 and 30 June 2023 will be sold at a fixed price related to the Company's injection node (TWC2201). These agreements have been reached with two NZ based counter-parties.

In the prior year, 100% of the Company's generation between 1 July 2021 to 30 September 2022, and 25% of the Company's generation between 1 October 2022 and 30 June 2023 was under agreement to be sold at a fixed price related to the Company's injection node (TWC2201).

Interest rate swaps

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

The Company has entered into a $7.3 million IRS with Bank of New Zealand, which matures on 31 March 2023. The price of the IRS is 2.61%. The carrying value of the IRS at 30 June 2022 is $187,629 asset (Prior year: $15,090 liability). Refer to note 19 for information on the Term Loan.

	2022 ($)	2021($)
Results of the transactions with derivative financial instruments:		
Gain (Loss) on realised derivative financial instruments		
Interest swaps		
Net loss on realised interest swaps	(7,776)	(15,048)
VVFPA		
Net (loss) gain realised on VVFPA	(46,290)	(5,895,586)
Total Gain (Loss) on realised derivative financial instruments	**(54,066)**	**(5,910,634)**

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	2022 ($)	2021($)
Gain (loss) on unrealised derivative financial instruments		
Interest swaps		
Net gain (loss) on unrealised interest swaps	202,719	61,859
VVFPA		
Net (loss) gain unrealised on VVFPA	1,436,272	(4,444,382)
Total Gain (loss) on unrealised derivative financial instruments	**1,638,991**	**(4,382,523)**
Unrealised fair value derivative (liabilities) assets	**(4,191,605)**	**(5,830,596)**

The VVFPA has a maturity of 12 months (Prior year: 24 months). All other unrealised derivative financial instruments have a maturity of 12 months (Prior year: 24 months).

	2022 ($)	2021 ($)
14. Cash and cash equivalents		
Operating accounts	77,973	28,218
On call accounts	1,002,409	2,478,080
Short Term Deposits with maturity less than 3 months	600,000	–
Total Cash and cash equivalents	**1,680,382**	**2,506,298**

On call accounts attract interest of 1.95% per annum (Prior year: 0.20%)

15. Te Rere Hau Wind Farm asset impairment

The Group has only one cash generating unit which is the Te Rere Hau wind farm. The 'value in use' method has been used to establish the recoverable value of the assets of the wind farm based on forecast cash flows over the assumed remaining wind farm useful life of 19 years to 30 June 2041 (2021: 29 years to 2051). A salvage value of residual assets is included as a terminal value. During the year ended 30 June 2022, the Group carried out a review of the carrying values of the assets in accordance with NZ IAS 36 – Impairment of Assets.

The value in use calculation resulted in a positive impairment adjustment of $2,783,955 for the year ended 30 June 2022 (Prior year: $3,129,857). The reversal of impairment has been allocated to property plant and equipment and intangible assets (refer to Notes 5 and 6).

The details of the key assumptions to the value in use method are set out below.

Remaining useful life

The remaining useful life of the generating assets is based on an extensive review process completed by the Group during the year ended 30 June 2022 which included engineering design review, input from specialist renewable energy consultants, asset management planning and financial modelling. This review process confirmed that ongoing maintenance of the major turbine components can be undertaken to keep the existing 92 turbines operational until 2031. Financial modelling was used to evaluate the returns on the existing windfarm under various scenarios. As a result it was concluded that the previously adopted mid-life refurbishment assumption to extend the remaining useful life until financial year 2051 no longer produced the optimum outcome. Instead a gradual decommissioning of the turbine fleet is assumed from 2032 onwards, with increased monitoring and utilisation of spare parts from decommissioned turbines to maintain the remaining fleet.

The assumption is that 24 turbines will be decommissioned during the period from financial year 2032 to the end of the useful life of the windfarm which financial modelling scenarios indicated was financial year 2041. The remaining 68 turbine units are then assumed to be fully decommissioned.

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

Electricity price

The wholesale electricity price forecasts are based on the latest PricewaterhouseCoopers (PwC) price path, as at 30 June 2022. The PwC price path is based on the ASX futures curve until December 2025. The medium to long term price path to 2041 is based on assumptions regarding demand, Government policy, decarbonisation and supply. The forecast Long Run Marginal Cost (LRMC) for different generation technologies is weighted by their assumed contribution to supply. The base case price path assumes the Tiwai Point smelter continues to operate or is replaced by other industrial loads. The price path is updated by PwC annually. All prices refer to the Otahuhu price node (OTA).

The Otahuhu node price is reduced by a location discount factor (for the impact of energy transmission losses) and an intermittency discount factor (for the impact of fluctuating weather on wind generation relative to baseload pricing) to estimate the Company's injection node price at Tararua Wind Central.

This year, as part of analysis for the repower opportunity, the Company obtained advice from Energy Link, a specialist consultant to the New Zealand energy industry, that an increasing renewable build including solar and wind projects and decommissioning of thermal plant is likely to increase the intermittency discount over time. As a result, the Company decided that a variable assumption for the combined location and intermittency discount factor was more appropriate. The Energy Link forecasts for the existing windfarm which increased from 11.9% in FY23 to 29.4% FY37, were adopted and 29.4% was then assumed for the remaining years to FY41.

In the prior year a combined location and intermittency discount of 15% was assumed based on historical levels.

Output

Output of the wind farm for the 2022 financial year was 100.2 GWh (Prior year: 110.5 GWh). The average generation output over the last 10 years was 113.8 GWh (normalised to be consistent with current turbine operations).

The forecast assumption is based on a report from DNV, a global technical consultancy to the renewable energy industry headquartered in Norway (previously DNV GL), which estimates the average long term output to be 117.2 GWh. This is unchanged from the previous year.

Operating costs and capital expenditure

The assumed operating costs and capital expenditure are based on the Group's 2023 budget which includes forecasts for the three financial years to 2025. This current budget is the latest information available to the Board informed by current year actual costs and the Board's future expectations. Long term inflation is applied to forecast future years.

Turbine Expenses and TRH Personnel costs are assumed to reduce pro-rata with the assumed declining generating capacity of the windfarm, with decommissioning from financial year 2032 onwards, on the basis that the Group would seek cost savings to partially offset the impact of declining revenue.

The accounting standard NZ IAS 36 requires that the expenditure of $1.45m on the repower resource consent, which is included in the current year balance sheet as Capital Work in Progress, is deducted in the calculation of the impairment value of the existing generating asset. The remaining budgeted expenditure of $0.9 million to complete the repower resource consent application process is also required to be included as a deduction from cash flows in financial year 2023.

Terminal value

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

The terminal value of land is calculated based on the book value of $5.3m which is then inflated to $7.7m (Prior year: $6.0m). The terminal value of turbines and towers is based on prices and volumes for the scrap values of materials (net of disposal costs) of $0.8m which is then inflated to $1.1m (Prior year: nil). The terminal value of infrastructure is $1.7m based on depreciated book values for roading and buildings plus the estimated disposal value (net of transport costs) for the electrical transformers. (Prior year: nil). Other infrastructure is assumed to have nil residual value.

Long Term Inflation

Long term inflation is based on the mid-point of the Reserve Bank of New Zealand's target range for the Consumer Price Index (CPI). The current assumed long-term CPI rate is 2.00% (Prior year: 2.00%).

Discount rate

The pre-tax discount rate used in the impairment model is a weighted average cost of capital (WACC) of 11.40% (Prior year: 8.18%).

Future strategy

The Group is currently seeking resource consent to repower the wind farm with new turbines. The above assumptions regarding output, operating costs and capital expenditure would change significantly if the Group proceeds with this redevelopment project.

Sensitivity to changes in the assumptions

The assumptions set out above have resulted in the value in use in the impairment model indicating a positive impairment adjustment of $2,783,955 for the year ended 30 June 2022. However due to the 19 year forecast time horizon (to financial year 2041) and variability of the metrics upon which the key assumptions are based the valuation is sensitive to any change in the assumptions.

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

Assumption	Additional value (impairment) +1% movement $	Additional value (impairment) -1% movement $
Electricity price	942,661	(942,982)
Generation output	942,661	(942,982)
Operating costs	(413,879)	413,648
Capital expenditure	(116,072)	116,072
Discount rate	(2,118,684)	2,349,974

The following table shows the impact of a plus or minus 5 year change to the assumed remaining economic life date of 2041:

Remaining Useful Life Assumption	Additional value (impairment) movement $
Financial Year 2036	(451,330)
Financial Year 2041	–
Financial Year 2046	(940,568)

16. Related party transactions

Key management

Key management personnel includes the Board of Directors, CEO and GM Operations. Key management personnel short term employee benefits, excluding remuneration to Directors, were $471,443 during the reporting period ended 30 June 2022 (Prior year: $424,568).

Directors' remuneration

Directors' remuneration of $330,779 was paid and expensed during the reporting period (Prior year: $301,667).

17. Capital commitments

The Group had $567,415 of capital commitments at year end for inventories and property, plant and equipment (Prior year:$689,246).

18. Right-of-Use Assets & Leases

	2022 ($)	2021 ($)
Right-of-Use Assets		
Wind right agreements		
Balance at the start of the reporting period	148,394	161,750
Depreciation	(13,356)	(13,356)
Balance at the end of the reporting period	**135,038**	**148,394**
Total Right-of-Use Assets	**135,038**	**148,394**

	2022 ($)	2021 ($)
Lease liabilities		
Wind right agreements		
Balance at the start of the reporting period	195,800	208,102
Interest expense	10,981	11,698
Lease payments	(24,000)	(24,000)
Balance at the end of the reporting period	**182,781**	**195,800**
Total Lease liabilities	**182,781**	**195,800**

	2022 ($)	2021 ($)
Lease liabilities are made up as follows:		
Current portion	13,015	13,015
Non-current portion	169,766	182,785
Total Lease liabilities	**182,781**	**195,800**

Refer to note 20 for undiscounted contractual maturity analysis of these lease liabilities.

	2022 ($)	2021 ($)
Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:		
Interest charges for lease liabilities	10,981	11,698
Expense relating to leases of low-value (included in Lease and Rental Expenses)	4,574	4,409
Expense relating to variable lease payments not included in lease liabilities * (included in Lease and Rental Expenses)	32,736	72,319

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

19. Term loan

In April 2022, the company renewed its facility with Bank of New Zealand (BNZ) for a further three years to 8 April 2025. We also increased the facility to $10m to facilitate the purchase of the Hoeksema site and to provide additional undrawn headroom in the facility as may be required during the repower consenting process. The loan is subject to normal competitive commercial interest terms and covenants, including interest cover and leverage ratios. The total cost of finance of the loan reflects the 90 day Bank Bill rate plus a margin. At 30 June 2022, the total cost of finance of the loan was 1.98% (Prior year: 1.39%).

At year-end the Company was compliant with all covenants. (Prior year: compliant with all covenants).

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

	2022 ($)	2021 ($)
Term Loan		
Balance at the start of the reporting period	8,961,596	9,892,479
Drawn down	600,000	–
Amortisation of borrowing costs	18,341	15,271
Interest expense	156,356	126,064
Loan repayments	(1,443,856)	(1,072,218)
Balance at the end of the reporting period	**8,292,437**	**8,961,596**

	2022 ($)	2021 ($)
Term loan is made up as follows:		
Current portion	1,205,882	946,154
Non-current portion	7,086,555	8,015,442
Total loan	**8,292,437**	**8,961,596**

20. Financial instruments and Risk management

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

Market electricity price risk

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

For any change in average electricity spot price there would be an equal and opposite impact on profit and equity. The sensitivity of changes in average electricity spot prices has an impact on the value in use calculation of the windfarm assets (refer to note 15).

The Company utilises a VVFPA as a tool to manage this risk as discussed in note 13. The principal objective in using economic hedges is to fix revenues by protecting against a reduction in the wholesale price.

A change in the average electricity spot price of $1 per MWh would lead to a $74,100 change in the unrealised energy derivatives held at year-end (Prior year: $169,750).

Concentration of credit risk

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

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

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

Electricity generated from the Te Rere Hau wind farm is sold on the spot market to the Clearing Manager (Energy Clearing House Limited - a 100% owned subsidiary of NZX Limited). The Clearing Manager acts as a broker for all the wholesale market participants, meaning a concentration of credit risk. The Group does not generally require or hold collateral against credit risk.

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

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 4.

Cash in bank

A significant amount of cash is held with the following institution:

		30 June 2022		30 June 2021
	Long-Term Credit Rating (S&P)	Cash at bank ($)	Long-Term Credit Rating (S&P)	Cash at bank ($)
Bank of New Zealand	AA-	1,680,382	AA-	2,506,298

Liquidity risk

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

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

	Up to 3 months $	Between 3 and 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	TOTAL $	Carrying value at reporting date $
Financial liabilities - 2022						
Trade and other payables	270,022	-	-	-	270,022	270,022
Lease liability	6,000	18,000	24,000	200,500	248,500	182,781
Term loan	359,038	1,064,759	1,390,852	6,168,536	8,983,185	8,292,437
Total	**635,060**	**1,082,759**	**1,414,852**	**6,369,036**	**9,501,707**	**8,745,240**

	Up to 3 months $	Between 3 and 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	TOTAL $	Carrying value at reporting date $
Financial liabilities - 2021						
Trade and other payables	323,848	-	-	-	323,848	323,848
Lease liability	6,000	18,000	24,000	224,500	272,500	195,800
Term loan	267,688	798,148	8,154,581	–	9,220,417	8,961,596
Total	**597,536**	**816,148**	**8,178,581**	**224,500**	**9,816,765**	**9,481,244**

Interest rate risk

The Group's finance costs and operating cash flows are affected by changes in market interest rates. The Group has been exposed to interest rate risk as a result of external borrowings. The Group uses Interest Rate Swaps (IRS) to fix an agreed percentage of the interest costs of the Group. This stabilises the Group's debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates.

An increase in the interest rates by 10 basis points would have increased finance costs by approximately $8,332 (Prior year: $8,994). For a decrease in interest rates by 10 basis points there would be an equal but opposite impact on profit and equity.

Capital management

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

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

	Notes	2022 ($)	2021 ($)
Financial instrument classification			
Financial assets			
Assets at amortised cost			
Cash and cash equivalents	14	1,680,382	2,506,298
Trade and other receivables	4	1,180,791	1,823,102
Total Assets at amortised cost		**2,861,173**	**4,329,400**
Total Financial assets		**2,861,173**	**4,329,400**
Financial liabilities			
Liabilities at amortised cost			
Trade and other payables	9	270,022	323,848
Lease liability	18	182,781	195,800
Term loan	19	8,292,437	8,961,596
Total Liabilities at amortised cost		**8,745,241**	**9,481,244**
Liabilities at fair value through profit or loss			
Derivative liability	13	4,191,605	5,830,596
Total Liabilities at fair value through profit or loss		**4,191,605**	**5,830,596**
Total Financial liabilities		**12,936,846**	**15,311,839**

Notes to the Consolidated Financial Statements

NZ Windfarms Limited

For the year ended 30 June 2022

21. Segment analysis

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

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

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

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

22. Significant events subsequent to reporting period end

On 26 August 2022, the Board of Directors approved an unimputed final dividend of 0.25 cents per share to be paid on 22 September 2022.

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

Refer to note 23 for information on the impact of COVID-19.

23. COVID-19 impact

Operational assets provide an 'essential service' and therefore have not been subject to lockdown restrictions. In addition, appropriate protective measures against the spread of COVID-19 were put in place and all staff and suppliers have been kept safe. The Group has not experienced any material impact attributable to COVID-19. Revenue from electricity generation from current operating assets is fully covered by variable volume fixed price agreements through to 30 September 2022 and half covered to 30 June 2023 with two NZ based counterparties, producing positive cashflows which are resilient to short term market fluctuations.

At this point in time, it is not expected that COVID-19 will have a material adverse impact on the Group's ongoing business or the carrying value of its operational assets.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NZ WINDFARMS LIMITED

Opinion

We have audited the consolidated financial statements of NZ Windfarms Limited ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated balance sheet as at 30 June 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

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

Key Audit Matter	How The Matter Was Addressed in Our Audit
Te Rere Hau wind farm asset impairment	
The Group is required to assess at the end of each reporting period whether there is any indication that the wind farm assets may be impaired. If any such indications exist, the Group will estimate the recoverable amount of the assets. Management derives the recoverable amount from a value in use calculation. **We have identified the calculation of the recoverable amount as a significant risk to our audit as the key inputs and assumptions are subject to significant Management judgement and estimation uncertainty.** **Refer to Note 15 (Te Rere Hau Wind Farm asset impairment) of the financial statements.**	• We have had correspondence with Management's valuation expert to understand the valuation methodology adopted. • We have assessed the competence and objectivity of Management's valuation expert. • We have obtained Management's value in use calculation and have evaluated the key inputs and assumptions to consider if Management's calculation is within an appropriate range. These included the remaining economic life of the windfarm, decommissioning plan for operational turbines, electricity prices, output, operating costs, capital expenditure, terminal values for land, infrastructure assets and scrap value of turbines, inflation and discount rate. • We have obtained Management's asset plan, engineering review work, specialist external advice by external experts and financial

modelling prepared to determine the change in remaining economic life of the windfarm and decommissioning plan for operational turbines. We have assessed the competence and objectivity of Management's experts used in this area.

• We have engaged our internal valuation experts to review the mechanics of the value in use calculation against valuation industry techniques, the discount rate used and consider the process used to determine the future electricity pricing.

• We have compared the carrying value of the assets to the recoverable amount determined by the impairment test to identify any impairment losses or reversals of previous impairment losses. The test identified a reversal of impairment of $2.7m for the year ended 30 June 2022 which has been recognised to profit or loss.

• We have reviewed disclosures in the financial statements, including sensitivity analysis, to the requirements of the accounting standard.

Key Audit Matter	How The Matter Was Addressed in Our Audit
Capital Work in Progress (WIP)	
The Group incurred $1.5m of costs associated with the consenting for the re-power of the Te Rere Hau Windfarm. These costs have been capitalised at 30 June 2022. **There is a risk that these costs may not meet the capitalisation requirements of NZ IAS 38 *Intangible Assets* and the impairment requirements of NZ IAS 36 *Impairment of Assets*.** **Refer to Note 6 (intangible assets) and Note 15 (Te Rere Hau Wind Farm asset impairment) of the financial statements.**	• We obtained management's assessment of the Capital WIP costs against the capitalisation requirements of NZ IAS 38 *Intangible Assets*. We critically evaluated the assessment against the standards and best practice. Management has concluded that it is appropriate to capitalise these costs on the basis that it is probable the resource consent will be received. • For a sample of Capital WIP costs, we agreed the cost to supporting documentation, discussed with management about the nature of the transactions, and ensured all relevant costs have been correctly treated in line with the audited capitalisation assessment. • Management have included the cash outflows to complete the resource consent process and the carrying value of the Capital WIP assets in the Te Rere Hau Wind Farm cash generating unit impairment testing. This has been tested for impairment as discussed in the above Key Audit Matter.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

This description forms part of our auditor's report.

Who we Report to

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

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

BDO Auckland

BDO Auckland

Auckland

New Zealand

29 August 2022

Corporate Directory

NZ Windfarms Limited

For the year ended 30 June 2022

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Directors

Craig Stobo (Chairman)
Patrick Brockie
Mark Evans
Christine Spring
Philip Cory-Wright

—

Auditor

BDO Auckland
Level 4, Building A, BDO Centre
4 Graham Street
Auckland, 1010

—

Leadership Team

Warren Koia (Chief Executive Officer)
Adam Radich (General Manager Operations)
Lisa Shaw (Chief Financial Officer - Naylor Lawrence & Associates)

—

Legal

Wynn Williams
Level 25, Vero Centre
48 Shortland Street
Auckland, 1010

—

Share Registrar

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

Link Market Services Limited
Level 30, PwC Tower
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T: +64 9 375 5998
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—

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NZ Windfarms Ltd

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