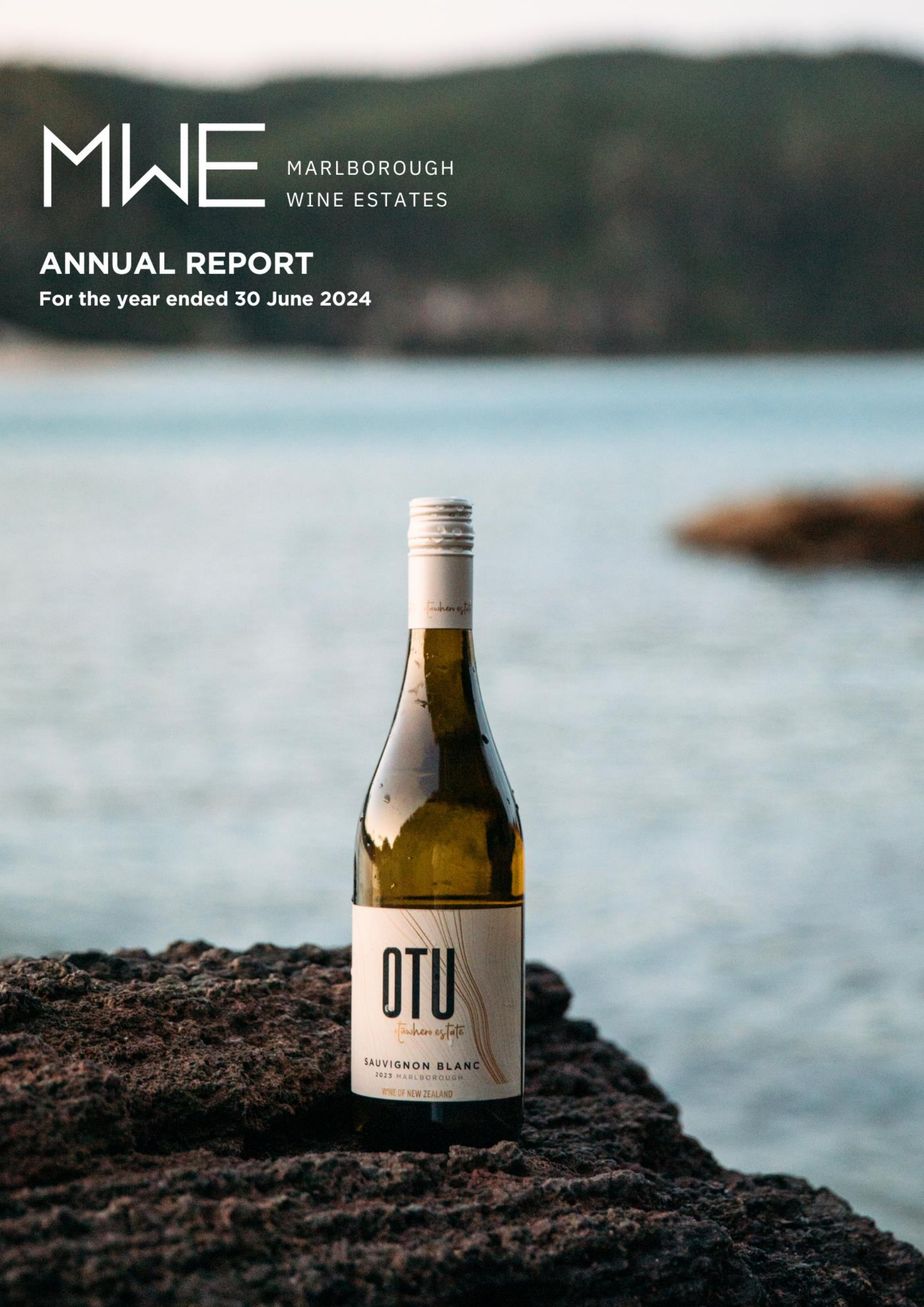
MWE MARLBOROUGH WINE ESTATES

ANNUAL REPORT

For the year ended 30 June 2024



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The Otuwhero Estate is set on remote, and exposed coastal terroir in the Awatere Valley which is cooler, windier and drier than the main Wairau Valley of Marlborough. This terroir naturally de-vigours the vines resulting in low yields of small, intensely flavoured berries which deliver vibrant, zesty and distinctive wines.

OTU is named after the ancient Otuwhero river which runs through our estate.

OUR WINES

The OTU brand and our wines reflect an authentic expression of our place. They are crafted from our rugged wild coast terroir and deliver bold intensity and distinctly memorable wines. Every glass of OTU wine sustainably captures the spirit of the wild Marlborough coast, where our Sauvignon Blanc thrives in the windswept sea air and clean mountain water.

The wines are crafted to appeal to engaged wine consumers, and the new generation of wine drinkers coming through – who are ready to discover modern, sustainable and adventurous wine brands.

OUR VINEYARDS

Marlborough Wine Estates owns and operates three vineyards comprising 149 planted hectares of Sauvignon Blanc and Pinot Noir located in the Awatere Valley in Marlborough.

Supply of other varieties in the range is sourced from contracted growers in both Marlborough and Hawkes Bay.

ACCOLADES AND TOP REVIEWS IN FY24

OTU ESTATE SAUVIGNON BLANC 2023

National Wine Awards of Aotearoa NZ

National Wine Awards of Aotearoa NZ

James Suckling

OTU ESTATE PINOT GRIS 2023

Wine Enthusiast

James Suckling

Cuisine Magazine

OTU LIMITED RELEASE SAUVIGNON BLANC 2023

Wine Orbit 95/100

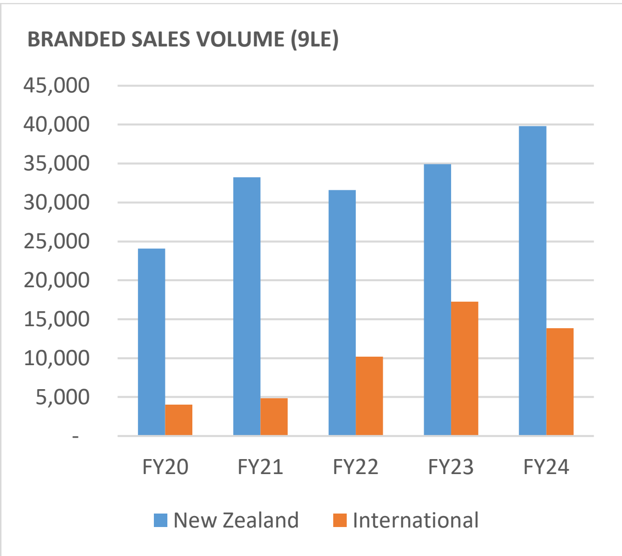
James Suckling

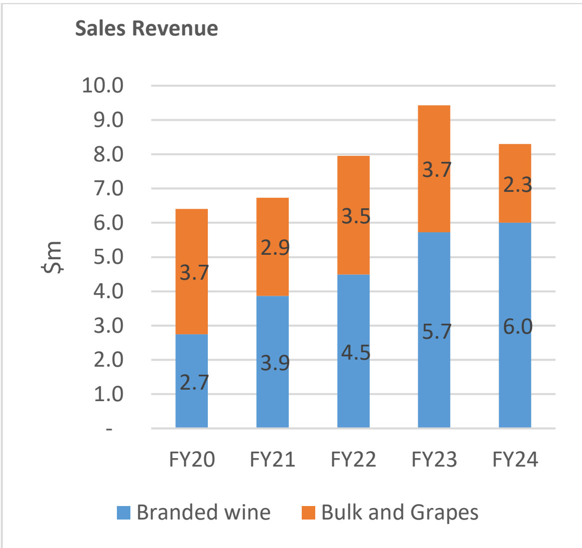
OTU LIMITED RELEASE ROSÉ 2023

Wine Orbit 93/100

FY24 HIGHLIGHTS

- New Zealand branded sales revenue up by 16.7%, volume up by 14%, overall branded sales revenue up by 5%, volume up by 2.9%.
- A low yield for 2024 vintage due to the weather conditions, significantly reduced the profitability.
- Adequate inventory on hand to support further branded sales growth.
- The total industry export volumes grew in the second half of FY24 vs same period in FY23, positioning the industry for better performance in FY25.
- Expansion of MWE's global distribution network remains the priority for the business.





EXECUTIVE CHAIRMAN AND CEO'S REVIEW

For the year ended 30 June 2024

Continued Focus on Distribution and Branded Sales

MWE's continued focus on growing its distribution and premium branded wines saw branded sales revenues and volumes increase by 5% and 2.9% in FY24 respectively.

This pleasing outcome was driven by broader distribution in New Zealand, which resulted in an increase of 16.7% in branded sales revenue, offset by lower shipments to international markets.

International Markets

This has been a challenging year for the New Zealand wine industry, as global customers reduced inventory levels and adjusted purchasing patterns as global shipping patterns have normalised, which led to a decline in packaged wine export volumes compared to the previous year.

Export volumes during the second half of FY24 exceeded the last three years reflecting continued consumer demand in key markets, which position the industry well for a stronger export performance in FY25.

The US market remains the largest export wine market for New Zealand wine at 100m litres, a reduction of 6% on the prior year. The OTU brand has been imported into the US market for just over two years and has continued to expand its distribution, now sold in over 30 states. The on-premise segment of the US market has slowed down during FY24 and we are working with our importer to broaden our in-market distribution into retail and grocery markets now the OTU brand has established a distribution base.

In Canada, the OTU brand was selected for releases across two varieties by the Liquor Control Board of Ontario, and further two more releases have been selected for FY25. OTU Sauvignon Blanc is also now distributed in Manitoba.

In the UK market, there were significant in-market headwinds due to excise tax increases and recessionary pressures, which led the overall UK market to a 12% volume decrease. Despite this OTU's exported volume to UK has increased slightly by 4% compared to the prior year. We are working with our distributor on programmes to drive broader distribution, as the reduced vintage from 2024 harvest will present more opportunities for OTU to grow in UK, despite being a more mature market.

New Zealand Market Remains Strong

The OTU wine brand is continuing its growth in the premium price segment in the New Zealand grocery market[1], where our wines are consistently ranked inside the top 10 in both revenue and volume.

During FY24, New Zealand's total wine consumption volume decreased by 7.9%, primarily due to challenging market conditions and rising prices. Despite these headwinds, OTU wines continued to find favour with consumers of premium wines, with MWE's New Zealand sales volume growing by 14% compared to the last financial year, showcasing the resilience and growth potential of MWE's brands.

A Small 2024 Vintage

The 2024 harvest has delivered grapes of exceptional quality, with the warm and dry conditions leading to an earlier harvest in fully ripe and excellent condition.

However, as previously reported, the Marlborough region experienced extremely dry conditions across the growing season and recorded its lowest rainfall for the 9 months to February in 94 years, with the conditions continuing throughout March. The dry conditions and variable weather conditions during flowering last year slowed vine growth and impacted bunch and berry size and weight.

[1] Nielsen data June 2024

As a result of these growing conditions the harvest from MWE's vineyards reduced 32% on long term average yields and 36% on last year. The lower yield and reduced grape prices had a significant impact on MWE's profitability in this financial year.

Consequently, MWE reduced its bulk wine sales in FY24 and this together with the harvested grapes will enable the group to pursue growth of its branded wine sales in domestic and international markets for the year ahead.

We remain positive about the future for our brands. The long term demand and supply equations remains favourable, as New Zealand wine remains one of the only categories showing growth in many major export markets.

Financial Performance

For the year ending 30 June 2024, MWE reported revenue of $8.35 million, marking a 11.4% decrease from the previous year. This decline was primarily driven by reduced bulk wine sales and slower international shipments, with external grape sales slightly lower than in the previous year.

As noted above, the smaller vintage yield resulted in a higher cost of sales which together with the reduced bulk wine sales had a significant impact on profitability, reflected in gross profit falling from $3.63 million to $0.64 million.

As a result, the Group posted a net loss of $3.3 million after tax, compared to a profit of $295,000 in FY23. A tax asset of $0.72m, has not been recorded, however will be available to offset against future profits. The Group also experienced a net cash outflow of $2 million from operating activities given the lower revenues, compared to an inflow of $619,000 in FY23.

As in prior years, the group commissioned a valuation on the vineyards held, which resulted in a decrease of $2.82 million for FY24. This is compared to an increase of $1.05 million in the previous year.

Vineyard valuation movement ($000)

FY21	FY22	FY23	FY24
3,180	8,861	1,049	(2,819)

Outlook

The MWE team remain focused on building a robust branded wine business, expanding its international distribution network, and enhancing profitability in the coming years. The OTU brand continues to be well received in domestic and global markets, and our team are focussed on our market development strategies.

The reduced yield in the 2024 vintage presents additional growth opportunities in key export markets for New Zealand wine, as New Zealand maintains a strong presence and momentum with sales to consumers in most key international markets increasing year on year. MWE continues to focus on growing premium branded wine revenue in both New Zealand and overseas markets and is working closely with its importing and distribution partners to drive continued growth in these critical markets.

The Board would like to thank our team, suppliers, business partners and shareholders for their continued support over the last year.

We look forward to a stronger and improved FY25.

Min Jia
Chairman

Conan Wang
Acting Group Chief Executive Officer

RESPONSIBLE BUSINESS

As a proud New Zealand winegrower, we understand that the beauty of our land and the vitality of our vineyards are the cornerstones of our exceptional wines. We're committed to caring for, protecting and nurturing our environment for generations to come. And we know that our consumers care too.

Sustainability = Care, and Care equals Quality, Craft & Flavour

Sustainability is about caring for the future based on what we do today.
Caring for the environment and the community in which we live and work, and caring about the craft of grape growing and winemaking.
In the Awatere Valley Marlborough we are lucky to have some of the freshest air and cleanest water in the world.
We believe that great wine is made in the vineyard, so if you care for your vineyard then nature will reward you with great flavours and quality in your wines.

This is why we are committed to sustainability for the long term and have been since our vineyards were planted more than 15 years ago.

Water Conservation

We only use water as needed through carefully monitored drip irrigation and that water used is taken from the river at high flow times in winter and stored in our reservoirs for use in the summer months.

Recyclable Packaging & lighter weight bottle

All our packaging is recyclable, 75% of our bottles are made from recycled glass and lighter in weight, and our label paper & cartons are sourced only from renewable sources.

NEW ZEALAND SUSTAINABLE WINEGROWING

OUR BOARD AND LEADERSHIP TEAM

LEADERSHIP CHANGE

Andrew Stafford stepped down as CEO in May 2024. The board extend their sincere appreciation to Andrew for his contribution to the business.

Conan Wang was appointed as the acting CEO.

MIN (JAMES) JIA MBA
Executive Chairman
Appointed 27 June 2016

James is the founder of MWE and its largest shareholder. He is responsible for initiating the Group's strategic direction to the business and driving business performance. James has diverse business and investment experience in both China and New Zealand.

DANNY CHAN BCA(HONS), ACA, CMA, MINSTD
Non-executive Independent Director
Appointed 27 June 2016

Danny is a third generation New Zealand Chinese and an experienced New Zealand director. He holds a number of directorships with private and public companies, as well as numerous companies associated with his private investments in both New Zealand and overseas. Danny is a Chartered Member of the Institute of Directors. He was a Member of the Department of Prime Minister and Cabinet - China Project. Danny has an extensive network of contacts in both New Zealand and Asia and is fluent in Mandarin and Cantonese, as well as very familiar with the protocols of Asian and Western cultures.

CHRISTINE PEARS MINSTD, CA, B COM
Non-executive Independent Director
Appointed 1 October 2020

Christine has over 20 years' experience in senior executive and director roles in public and private capital markets. She is currently the Independent Chair of Franklin Veterinary Services and of Y North Inc, and a Non-executive Director of McKay Limited. Previously she has held CEO roles within the wine and horticulture sectors and Chief Financial Officer roles within an NZX-listed wine company, a large privately owned property group, and in the technology sector.

Christine is a Member of the Institute of Directors and of Chartered Accountants of Australia and New Zealand, and holds a Bachelor of Commerce from The University of Auckland.

CONAN WANG B ENG, B COM, CFA
Acting Chief Executive Officer

Conan is an experienced manager, with a background in customer management and business transformation in the technology sector. He joined MWE in 2016 and has been responsible for the successful development of the branded wine business both in New Zealand and Internationally, which has grown strongly in recent years, and has an in-depth understanding of all operational areas of the business.

WENHAN (ERIC) LI B COM, CPA AUST
Financial Controller

Eric joined the Group in 2012 and has an extensive understanding of the business operations. Eric ensures that MWE complies with its audit requirements, monitors internal controls and advises on budgeting. He is a member of CPA Australia.

MWE MARLBOROUGH WINE ESTATES

FINANCIAL STATEMENTS

For the year ended 30 June 2024

Director’s Responsibility Statement

The Directors present the Annual Report including the consolidated financial statements of Marlborough Wine Estates Group Limited (the ‘Company’) and its subsidiaries (together the 'Group'), for the year ended 30 June 2024 and the auditor's report thereon.

The Directors are responsible for ensuring that the consolidated financial statements present fairly the financial position of the Group as at 30 June 2024 and its financial performance and cash flows for the year ended on that date in accordance with NZ GAAP. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed. The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013. The Directors consider that adequate steps have been taken to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Signed for and on behalf of the Board by:

Signature:

Executive Chairman: Min Jia

Date: 25 September 2024

Signature: D. Chan

Director: Danny Chan

Date: 25 September 2024

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MARLBOROUGH WINE ESTATES GROUP LIMITED

Opinion

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

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

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to note 27 to the consolidated financial statements, which states that the Group anticipated that it would breach a loan covenant during the year, for which a waiver was obtained, and it anticipates that a covenant could be breached in FY25 quarter 4. There is a risk that bank facility renegotiations may not be agreed and potential plans to dispose of a vineyard block may not be realised within an appropriate timeframe. As stated in note 27, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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 have been addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How The Matter Was Addressed in Our Audit
Valuation of land, land improvements and bearer plants	

The Group accounts for land, land improvements and bearer plants under a revaluation model. As disclosed in note 15 to the consolidated financial statements, the Group recorded the following assets at fair value:
 	
• Land of $14.60 million
• Land improvements of $5.19 million
• Bearer Plants of $9.65 million
 	
The Group appointed an independent valuer to undertake the valuation of land, land improvements and bearer plants as at 30 June 2024. The independent valuer used for the current year is different to that engaged in the prior year.
 	
The valuation of land, land improvements and bearer plants has been prepared using a comparative sales approach (“market approach”), where several recent vineyard sales were analysed to establish a range of benchmarks. The benchmarks are adjusted based on size of the land and location held by the Group.
 	
The valuation includes a discounted block of land which is contaminated from the previous use of "Taskforce" herbicide in the area to eradicate Chilean Needlegrass, a pest known to the Marlborough region.
 	
The valuer has considered the key assumptions mentioned above and current market conditions to arrive at an approximate value of for each property, from which the fair value estimate was derived.
 	
The valuation of these assets is considered to be a key audit matter due to the subjective judgements and assumptions in the valuations, including those that related to the impact of the contamination to the value of one vineyard block.
	We have evaluated the appropriateness of the valuation in respect of land, land improvements and bearer plants by performing the following:
	
	• Assessing the independence, objectivity and competence of the valuer.
	• Making inquiries with the valuer to understand the procedures undertaken in respect of the valuation methodology and key assumptions applied in the valuation.
	• Engaging an independent auditor valuation expert to assess:
	    ○ The appropriateness of the valuation methodology used for each asset type;
	    ○ The validity, accuracy and appropriateness of comparative sales transactions used and how these have been applied in deriving the fair value of land, land improvements and bearer plants; and
	    ○ The impact of the contamination as results of the previous use of herbicide “Taskforce” on the valuation of one vineyard block.
	• Challenging the key assumptions made on the valuation including those that relate to:
	    ○ Treatment of biological work in progress;
	    ○ Contamination of one vineyard block; and
	    ○ Valuation uncertainty due to the current economic climate.
	• We have also assessed the appropriateness of the disclosures included in note 15 *Property, plant & equipment* and note 2(l)(ii) *Key sources of judgement of estimation uncertainty*.

<table>
<tr><th>Key Audit Matter</th><th>How The Matter Was Addressed in Our Audit</th></tr>
<tr><td colspan="2">Valuation of inventory</td></tr>
<tr><td>The Group has recognised a total inventory provision of $0.49 million in arriving at a total inventory value of $5.34 million.

Refer to accounting policy note 2(h) and note 11- Inventories to consolidated financial statements.

The Group has a significant level of inventory on hand and significant management judgements are taken regarding the level of inventory which should be considered for provision. Estimates are involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realisable value.

Given the level of significant management judgements and estimates involved, this is considered to be a key audit matter.</td><td>We have evaluated the appropriateness and adequacy of the inventory provision by performing the following:
Assessed the appropriateness of the valuation methodology used for bulk wine inventory and ensured the method aligns with accounting standard and accurately reflects market conditions.
Challenged management with respect to the methodology, the basis for provision and the process with respect to inventory provisioning.
Evaluated the impact of market price fluctuations on the valuation of bulk wine.
Verified on a sample basis, that inventory is valued at the lower of cost or net realisable value at reporting date by comparing the sales prices of inventories subsequent to the reporting date and by also considering current market prices.
We have also assessed the appropriateness of disclosures in note 11 – Inventories and note 2 I (v) Key sources of judgement of estimation uncertainty.</td></tr>
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Other Information

The directors are responsible for the other information. The other information comprises the Annual Report, but does not include the consolidated financial statements and our auditor’s report thereon.

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

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

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

This description forms part of our auditor's report.

Who we Report to

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

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
25 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	Group Year Ended June 2024 $	Group Year Ended June 2023 $
Revenue	3	8,349,358	9,426,455
Cost of sales	11	(7,712,870)	(5,793,153)
Gross profit		636,488	3,633,302
Other operating income	4	130,673	74,257
Selling, marketing and promotion expenses		(1,370,722)	(1,418,610)
Administration and corporate governance expenses		(2,238,929)	(1,418,119)
Profit before tax and finance cost	5	(2,842,490)	870,830
Finance income -financial assets at amortised cost		2,795	1,819
Finance costs	6	(707,906)	(436,442)
Net finance cost		(705,111)	(434,623)
(Loss) / profit for the period before taxation		(3,547,601)	436,207
Tax benefit / (expense)	7	248,160	(141,014)
Profit for the period attributable to shareholders of the company		(3,299,441)	295,193
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	15	(2,818,609)	1,048,971
Income tax on items taken directly to or transferred from OCI	7	141,075	(117,511)
Other comprehensive (loss) / income for the year, net of tax		(2,677,534)	931,460
Total comprehensive (loss) / income for the period attributable to the shareholders of the Company		(5,976,975)	1,226,653
Basic and diluted (loss) / earnings per share	28	(0.011)	0.001

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

Group	Note	Share capital	Capital contribution	Accumulated losses	PPE revaluation reserve	Share-based payment reserve	Total
Balance at 30 June 2022		16,416,098	210,886	(3,372,312)	16,444,420	39,783	29,738,875
Total comprehensive income for the year							
Profit for the period		-	-	295,193	-	-	295,193
Other comprehensive income		-	-	-	931,460	-	931,460
Total comprehensive income for the year		-	-	295,193	931,460	-	1,226,653
Transactions with owners							
Capital contribution via interest free loan	19	-	114,893	-	-	-	114,893
		-	114,893	-	-	-	114,893
Balance at 30 June 2023		16,416,098	325,779	(3,077,119)	17,375,880	39,783	31,080,421
Total comprehensive income for the year							
Loss for the period		-	-	(3,299,441)	-	-	(3,299,441)
Other comprehensive income		-	-	329,199	(3,006,733)	-	(2,677,534)
Total comprehensive (loss) for the year		-	-	(2,970,242)	(3,006,733)	-	(5,976,975)
Transactions with owners							
Capital contribution via interest free loan	19	-	51,182	-	-	-	51,182
		-	51,182	-	-	-	51,182
Balance at 30 June 2024		16,416,098	376,961	(6,047,361)	14,369,147	39,783	25,154,628

The above consolidated statement of changes in equity should be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	Group June 2024 $	Group Jun 2023 $
ASSETS			
Current assets			
Cash and bank balances	9	425,716	417,426
Accounts receivable	13	1,248,850	1,082,550
Inventory	11	5,341,659	6,471,214
Biological work in progress	12	390,203	484,674
Prepayments		66,627	113,899
GST receivable		-	48,282
Income tax receivable		18,864	-
Total current assets		7,491,919	8,618,045
Non-current assets			
Property, plant and equipment	15	30,094,946	34,168,220
Deposits paid		20,000	20,000
Related party loan	23	39,490	44,206
Investments	16	28,365	28,365
Right-of-use assets	20	244,525	96,698
Intangible assets	14	11,734	15,290
Total non-current assets		30,439,060	34,372,779
Total assets		37,930,979	42,990,824
LIABILITIES			
Current liabilities			
Accounts and other payable	17	1,022,029	1,627,705
Employee benefit liabilities	18	96,573	164,011
Contract liabilities		181,440	120,000
Lease liabilities	20	127,046	107,503
Interest bearing borrowings	19	54,412	51,938
Income tax payable		-	52,415
GST payable		15,298	-
Total current liabilities		1,496,798	2,123,572
Non-current liabilities			
Shareholder Loan	19	957,858	1,363,379
Interest bearing borrowings	19	7,267,273	5,077,840
Lease liabilities	20	115,935	17,890
Deferred tax	7	2,938,487	3,327,722
Total non-current liabilities		11,279,553	9,786,831
Total liabilities		12,776,351	11,910,403
Total net assets		25,154,628	31,080,421
EQUITY			
Share capital	8	16,416,098	16,416,098
Capital contribution	19	376,961	325,779
Share-based payment reserve	30	39,783	39,783
PPE revaluation reserve		14,369,147	17,375,880
Accumulated losses		(6,047,361)	(3,077,119)
Total equity		25,154,628	31,080,421

Signed for and on behalf of the board by:

Signature: Signature:

Executive Chairman: Min Jia
Date: 25 September 2024

Director: Danny Chan
Date: 25 September 2024

The above consolidated statement of financial position should be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Note	Group Year Ended June 2024 $	Group Year Ended June 2023 $
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		8,244,498	10,135,781
Other income		130,673	72,552
GST refund		65,420	53,304
Interest received		2,795	1,819
		8,443,386	10,263,456
Cash was disbursed to:			
Payment to suppliers and employees		(9,803,553)	(9,293,526)
Interest paid on loans and borrowings		(582,196)	(340,572)
Interest paid on lease liabilities		(11,972)	(10,079)
Income tax paid		(71,279)	(8)
		(10,469,000)	(9,644,185)
Net cash flow (used in) / generated by operating activities	24	(2,025,614)	619,271
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sales of property, plant and equipment		496,648	4,789
		496,648	4,789
Cash was disbursed to:			
Payments for property, plant and equipment		(142,197)	(606,212)
		(142,197)	(606,212)
Net cash flow generated / (used in) investing activities		354,451	(601,423)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings	24	3,000,000	1,389,430
		3,000,000	1,389,430
Cash was disbursed to:			
Principal paid on lease liabilities		(128,609)	(117,484)
Repayment of shareholder loan	24	(440,000)	-
Repayment of borrowings	24	(751,938)	(1,209,652)
		(1,320,547)	(1,327,136)
Net cash flow generated by financing activities		1,679,453	62,294
Net movement in cash and cash equivalents		**8,290**	**80,142**
Cash and cash equivalents at the beginning of the year		**417,426**	**337,284**
Cash and cash equivalents at the end of the year	9	**425,716**	**417,426**

The above consolidated statement of cash flows should be read in conjunction with the attached notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1 Reporting Entity

These financial statements are for Marlborough Wine Estates Group Limited (the Company) and its subsidiaries (together the Group, or MWE).

The Company and its subsidiaries are incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and the parent company is listed on main board of the New Zealand Stock Exchange ("NZX").

The Company is designated as a Tier 1 for-profit entity for financial reporting purposes.

These financial statements were authorised for issue by the Board of Directors on 25 September 2024.

The principal activities of the Group are grape production and sales, wine making, marketing and sales of premium wine in New Zealand and various export markets.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), and they comply with the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"). The financial statements comply with IFRS® Accounting Standards.

The Group is a Financial Markets Conduct (FMC) reporting entity under the Financial Markets Conduct Act 2013. These consolidated financial statements have been prepared in accordance with the requirements of Financial Markets Conduct Act 2013 and are compliant with Companies Act 1993.

Changes in accounting policies

Standards and interpretations effective in the current year

The following Standards and Amendments to NZ IFRS, which are relevant to the Group's financial statements, and became effective mandatorily for the annual periods beginning on or after 1 January 2023, were adopted by the Group from 1 July 2023. The adoption of these have not and will not lead to any change in the Group's accounting policies with measurement or recognition impact on the period presented in these financial statements:

- Amendments to NZ IAS 1 - Disclosure of Accounting Policies. The amendments to NZ IAS 1 Presentation of Financial Statements requires disclosure of material accounting policy information, instead of significant accounting policies. The amendments provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. The amendments have no effect on the measurement or presentation of any items in the Consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.
- Amendments to NZ IAS 8 - Definition of Accounting Estimates. The amendments to NZ IAS 8 added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The amendment had no effect on the consolidated financial statements of the Group.
- Amendments to NZ IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - The amendments clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g., a lease in the scope of NZ IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. The amendments had no effect on the consolidated financial statements of the Group.

Standards and interpretations effective in future periods

Certain new Standards, Interpretations and Amendments to existing standards have been published that are mandatory for later periods and which the Group has not early adopted. The key items include:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

• Amendments to NZ IAS 1 - Classification of Liabilities as Current or Non-current Liabilities with Covenants. The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Effective for annual periods beginning on or after 1 January 2024.
• Amendments to NZ IFRS 16 - Lease Liability in Sale and Lease. The amendment to NZ IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Effective for annual periods beginning on or after 1 January 2024.
• Amendments to NZ FRS 44 - Disclosure of Fees for Audit Firms' Services - The amendment aims to address concerns about the quality, and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. - Effective for annual periods beginning on or after 1 January 2024.
• NZ IFRS 18 - Presentation and Disclosure in Financial Statements. This will supersede NZ IAS 1 Presentation of Financial Statements and is intended to improve comparability and transparency in the presentation of financial statements – mandatory for annual periods beginning on or after 1 January 2027.

The Group’s management have completed an initial assessment of the new standards and do not expect the adoption of these standards to have a material financial impact on the financial statements of the Group but may affect disclosure.
The Group's management do not expect any other standards issued by the New Zealand Accounting Standards Board (NZASB) or IASB, but not yet effective, to have a material impact on the Group.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis except for Biological work in progress, Land and Land improvements (vineyards) which have been measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is the functional currency of the Company, its subsidiaries and the presentation currency of the Group. All figures are rounded to the nearest whole dollar.

Accounting estimates & judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. Refer to Note 2(l) for further information.

(b) Revenue Recognition

Sales of grapes and wine

The primary source of revenue for the Group is from the sales of grapes harvested and the sale of wines produced. Revenue on sales of goods is recognised at the point in time the performance obligation is satisfied. The Group consider the performance obligation is satisfied when control of goods has transferred being when the goods have been delivered to the customer or free on board (FOB) port/delivery point or as otherwise contractually determined. A contract liability is recognised when a payment received prior to the performance obligation being satisfied. Revenue will be recognised and the corresponding amount will be moved from contact liability when the performance obligation is satisfied.

(c) Interest income & expenses, and other income

Interest income and expense

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

Other income

Other income is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(d) Goods and Services Tax

With the exception of accounts receivable and payable, all items are stated exclusive of Goods and Services Tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

(e) Foreign Currencies

At reporting date, foreign monetary assets and liabilities are translated into the functional currency at the closing exchange rate and exchange variations arising from these translations are recognised in profit or loss.

Transactions in foreign currencies are translated into New Zealand currency at the rate of exchange ruling at the transaction date or a rate approximating that rate.

(f) Property, Plant and Equipment

The Group has applied the revaluation model for land, land improvements, and bearer plants, and these are valued at fair value less accumulated depreciation and impairment losses. Fair value is determined on the basis of an independent valuation prepared by external valuation experts annually. Fair value is determined by reference to market-based evidence, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land improvements and bear plants include all costs incurred in planting grape vines and developing vineyards, dams and irrigation systems, including direct material and direct labour. These are not depreciated until the integrated vineyard asset reaches full commercial production which is typically three years after planting.

Revaluations

Revaluation increases are recognised in other comprehensive income and accumulated as a separate component of equity in the property, plant, and equipment (PPE) revaluation reserve.

All other items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Any resulting impairment losses are recognised as an expense in profit or loss.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in profit or loss and is calculated as the difference between the sale price and the carrying value of the item. On disposal of a revalued item of property, plant and equipment, the balance of the revaluation reserve related to that asset if any is transferred to retained earnings.

Depreciation is provided for on a straight line or diminishing value basis on all tangible property, plant and equipment other than land.

Rates used during the current and prior year were:

- Land improvements - Straight line (25 years) and Diminishing value (2.0% - 13.5%)
- Bearer plants - Straight line (25 - 35 years)
- Computer equipment - Diminishing value (50.0%)
- Motor vehicles - Diminishing value (13.0% - 30.0%)

(g) Financial instruments

Financial assets

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents, deposit paid and related party loan in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. The deposit paid and related party loan are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

The Group applies the ECL model to measure impairment on its financial assets:

Simplified ECL Model: Applied to trade receivables, using a provision matrix based on historical loss rates adjusted for future risks.

General 3-Stage ECL Model: Applied to other financial assets.
Stage 1: Assets not significantly increased in credit risk since initial recognition.
Stage 2: Assets that have shown a significant increase in credit risk but are not yet credit impaired.
Stage 3: Assets considered credit impaired.

The Group considers factors such as changes in credit ratings, macroeconomic conditions, and repayment patterns to determine whether there has been a significant increase in credit risk. If there is any significant increase in credit risk or objective evidence of impairment in relation to any of the debt instruments (eg trade receivable) since initial recognition, the Group would need to recognise lifetime expected credit loss for those instruments.

Financial assets at fair value are carried in the consolidated statement of financial position at fair value with changes in fair value recognised profit or loss. The Group's financial assets measured at fair value comprise the investment in Blind River Irrigation Limited (note 16).

Financial liabilities

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are initially recognised at fair value and then carried at amortised cost, and due to their short-term nature, they are not discounted.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis and includes the fair value less cost to sell of the grapes, the agricultural produce, at the time the grapes are harvested in accordance with NZ IAS 41 Agriculture (note 11). Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(i) Income Tax

The charge for current income tax expense is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is calculated on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.
No deferred tax is recognized for all temporary difference associated with investment in subsidiaries for following reasons: (1) the parent is able to control the timing of the reversal of the temporary difference; and (2) it is probable that the temporary difference will not be reverse in the foreseeable future.

(j) Agriculture (biological assets produce and biological work in progress)

All costs incurred in maintaining agricultural assets are recognised in profit or loss. Costs incurred in deriving produce from a future harvest are capitalised and treated as biological work in progress in the Statement of Financial Position. Since there are no direct quotes or market prices accessible and the fair value of the Biological work in progress can only be reasonably determined upon harvest, therefore it is measured at cost.

The fair value less costs to sell of picked grapes is recognised in profit or loss as a gain/loss on harvested grapes at the point of harvest when these are transferred to inventories. The fair value of grapes is referenced to market prices for grapes in the local area, at the time of harvest. This becomes the deemed 'cost' for inventory valuation purposes.

(k) Intangible assets

i. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

Amortisation rates used during the current and prior year:

- Trademarks - Straight line (10 years)
- Website - Diminishing value (40.0%)

(l) Key sources of judgement of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Fair value of grapes at the point of harvest (refer to note 10)

The fair value less costs to sell of grapes at the point of harvest is determined by reference to market prices for each variety of grape grown in the local area at the time of harvest. The Group performs a final calculation for certain grape sales when the final regional grape price is published by NZWG, typically in February of the following year. Any difference between the cost and fair value is recognized in the statement of profit and loss under cost of sales. Based on this valuation technique these fair values are included in Level 2 in the fair value hierarchy.

ii. Fair value of land and land improvement (refer to note 15)

The fair value of land, land improvements, and bearer plants is determined by an independent valuer. The fair value is determined under the principle of highest and best use at reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is determined by direct reference to recent market transactions on arm’s length terms for vineyards comparable in size, location and varietal mix to those held by the Group. To determine the fair value the independent valuer uses valuation techniques which are inherently subjective and involve estimation. The Directors consider that market data exists to support this basis of valuation. Based on these valuation techniques these fair values are included in Level 3 in the fair value hierarchy.

One of Group's vineyard block is contaminated by herbicide "Taskforce" which was used over the recent years to control the Chilean Needle grass. None of the currently producing area was impacted by the contamination. A large portion of the affected area is ineffective land which was sold in this year.

iii. Effective interest rate for interest-free shareholder loan (refer to note 19)

The Group obtained an interest-free loan from the majority shareholder which was refinanced in June 2024 to have a maturity date of October 2025. The loan was discounted to fair value, with the discounted amount being recorded as capital contribution. The Group determined the effective interest rate to be 8.41% in June 2024, based on a mix of its current bank borrowings interest rate, Inland Revenue prescribed rate and unsecured loan rates.

iv. Deferred tax loss assets (refer to note 7)

The recognition of tax loss assets involves significant estimates and judgments. Management has assessed the likelihood of future taxable profits against which these losses can be utilised. This assessment required careful consideration of various factors, including future business plans, economic conditions, and industry trends for wine businesses. Given the inherent uncertainty of vineyard yield and its impact on future taxable profits, there is a risk that the actual financial performance may differ from the estimates made. This could result in the non-recognition of tax loss assets that could have been utilised or the recognition of assets that may not be fully realisable. However, these tax loss assets remain available for the Group to offset against future taxable profits when the Group’s financial performance improves. The recognition of these tax loss assets will be reassessed in future periods when it becomes probable that sufficient taxable profits will be available, supported by convincing evidence.

v. Impairment of inventory (refer to note 11)

The net realisable value of inventory represents the estimated selling price in the ordinary course of business, less the estimated costs of completion, selling and distribution. The Group identified excess bulk wine volumes, and the carrying value of this inventory was impaired to reflect the current estimated market price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

3 Revenue

	Year Ended June 2024 $	Year Ended June 2023 $
Grape sales	1,453,691	1,614,054
Bulk wine sales	882,822	2,085,817
Branded sales	6,012,845	5,726,584
	8,349,358	9,426,455

Prices of certain grape sale agreements are based on the Marlborough district regional average price (MDA) which will become available sometime in the following financial year. The Group uses its best estimation of transaction prices for each agreement to record the revenue. Adjustment, if any, will be made when official regional price is published. A geographical analysis of the sales revenue was provided in the note 29 - Segment Reporting.

4 Other Income

	Year Ended June 2024 $	Year Ended June 2023 $
Lease of farmland - operating lease	2,955	3,546
Government grants	53,271	7,809
Office lease - operating lease	20,000	42,675
Others	54,447	20,227
	130,673	74,257

5 Expenses

	Year Ended June 2024 $	Year Ended June 2023 $
Specific expenses included in profit / (loss) before tax and finance cost for the year:		
Wages and salaries	1,389,202	1,256,512
Kiwisaver contribution	33,595	29,301
Directors Fees (note 23)	154,000	134,000
Contractor payment	285,634	248,860
Depreciation - includes right-of-use assets (note 15 and 20)	983,169	884,484
Amortisation (note 14)	3,556	3,757
Foreign exchange losses	10,738	2,429
Audit of the prior year financial statements - BDO Auckland	-	8,015
Audit of the current year financial statements - BDO Auckland	107,573	99,330

6 Interest Expense and Financing Cost

	Year Ended June 2024 $	Year Ended June 2023 $
Interest expense on financial liabilities at amortised cost	695,934	426,363
Interest expense on lease liabilities (note 20)	11,972	10,079
	707,906	436.442

The above Interest expense on financial liabilities at amortised cost includes non-cash interest expense of $85,661 incurred from shareholder loan (note 19) for the year ended in 30 June 2024 (June 2023: $63,658).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

7 Taxation

	Year Ended June 2024 $	Year Ended June 2023 $
(a) Income tax recognised in profit and loss		
Current tax expense - current year	-	52,100
Deferred tax movement	(248,160)	88,914
Income tax (benefit) / expense as reported in P&L	(248,160)	141,014
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before taxation	(3,547,601)	436,207
Income tax @ 28%	(993,328)	122,138
Permanent differences	25,006	18,876
Future benefit of tax losses not recognised	720,162	-
Income tax (benefit) / expense as reported in P&L	(248,160)	141,014

The Group has not recognized a deferred tax asset of $720,162 related to unused tax losses, as the generation of taxable profits in the near future is not considered certain (note I(iv)).

	Year Ended June 2024 $	Year Ended June 2023 $
(b) Income tax - Comprehensive Income		
Deferred tax on items taken directly to or transferred from OCI (note 7(d))	(141,075)	117,511
	(141,075)	117,511
(c) Imputation credits are as follows:		
Balance available for use in subsequent reporting periods	720,684	720,684

The above amounts represent the imputation credit balance as at the end of reporting period, it was generated from the payment of income tax in the previous periods. No dividends were paid in FY24 and prior periods.

(d) Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	Year Ended June 2024 $	Year Ended June 2023 $
Deferred tax (liability)	(2,938,487)	(3,327,722)
	(2,938,487)	(3,327,722)

June 2023	Opening balance $	Recognised in profit or loss $	Recognised in other comprehensive income $	Closing balance $
Deferred tax assets/(liabilities) in relation to:				
Land improvement at fair value	(3,385,429)	147,193	(117,511)	(3,355,747)
Property, plant & equipment	(43,327)	(7,137)	-	(50,464)
Accrued expenses	56,726	3,286	-	60,012
Inventory provision	29,765	(19,056)	-	10,709
Tax losses	207,904	(207,904)	-	-
Lease Liability	52,215	(24,089)	-	28,126
Right of use Asset	(39,151)	18,793	-	(20,358)
	(3,121,297)	(88,914)	(117,511)	(3,327,722)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

7 Taxation (continued)

June 2024	Opening balance $	Reclassification & adjustments (note 15) $	Recognised in profit or loss $	Recognised in other comprehensive income $	Closing balance $
Deferred tax assets/(liabilities) in relation to:					
Land improvement at fair value	(3,355,747)	2,576,195	(37,304)	120,474	(696,382)
Bearer plants	-	(2,576,195)	120,162	20,601	(2,435,432)
Property, plant & equipment	(50,464)	-	40,089	-	(10,375)
Accrued expenses	60,012	-	(6,250)	-	53,762
Inventory provision	10,709	-	139,663	-	150,372
Lease liability	28,126	-	39,909	-	68,035
Right of use Asset	(20,358)	-	(48,109)	-	(68,467)
	(3,327,722)	-	248,160	141,075	(2,938,487)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the deferred tax benefit will be realised.

8 Equity

Share capital	Jun 2023 Shares	Jun 2023 $
Balance of ordinary share capital at 1 July 2022	296,234,115	16,416,098
Balance at 30 June 2023	296,234,115	16,416,098

	June 2024 Shares	June 2024 $
Balance of ordinary share capital at 1 July 2023	296,234,115	16,416,098
Balance at 30 June 2024	296,234,115	16,416,098

Share-based payment reserve	June 2024 Shares	June 2023 Shares
Balance of share based payment reserve at 1 July	720,000	720,000
Balance at 30 June	720,000	720,000
Total number of shares on issue as at 30 June 2024	296,954,115	

At 30 June 2024, share capital comprised 296,234,115 authorised and issued shares (June 2023: 296,234,115) which are fully paid and 720,000 shares issued (June 2023: 720,000) under the Group's Employee Share Ownership Plan (ESOP) are not paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company and on any written resolution and rank equally with regards to the Company’s residual assets. Ordinary shares have no par value.

Proportionate rights for the holders of unpaid shares issued under ESOP- until a Share is fully paid it shall have the same rights and privileges as an Ordinary Share but only in the proportion to which it has been paid up. For example, if a Share is 50% paid up it will confer half of a right to vote on a poll at a meeting of shareholders and a right to receive half of the amount of any dividend paid on an Ordinary Share. However, the Shares will carry identical rights to Ordinary Shares in terms of entitlements to participate in any issue of equity (including securities convertible into equity capital) in the Company. Refer to (note 30) for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

9 Cash and bank balances

	Year Ended June 2024 $	Year Ended June 2023 $
Cash at bank (ANZ Bank, BNZ Bank and Industrial Commercial Bank of China)	425,716	417,426
	425,716	417,426

Cash and cash equivalents comprise cash on hand and cash at bank. There are no term deposits at year end. The interest rate applicable on cash at bank as at 30 June 2024 is 2.75% (June 2023: 2.75%)

10 Biological asset produce
The Group grows grapes to sell and use in the production of wine, as a part of normal operations. Vineyards are located in Marlborough, New Zealand. Grapes are harvested between March and April each year.

At 30 June 2024, the Group held approximately 296 hectares (June 2023: 336 hectares) of land owned by the Company in Marlborough, New Zealand (June 2023: 336) and the total producing area is 149 hectares (June 2023: 149) across three separate vineyard blocks.

During the year ended 30 June 2024, the Group harvested 1,215 tonnes of grapes (June 2023: 1,902) from MWE's own vineyards. The grapes harvested are recognised at fair value less costs to sell at the point of harvest after taking into consideration various market factors, as well as reviewing the district average price report for grapes of similar quality and variety. Any difference between cost and fair value is included within the statement of financial performance as cost of sales. A fair value loss of $576,971 was included in the cost of sales for the 2024 vintage grapes for the year ended 30 June 2024 (June 2023: a fair value gain of $1,799,742). Refer to note 12 for recognition of the biological transformation between the time of harvest and reporting date.

11 Inventories

	Year Ended June 2024 $	Year Ended June 2023 $
Bottled wine	1,453,033	1,522,646
Bulk wine	3,798,006	4,859,567
Dry goods	90,620	89,001
Total wine in inventory and work in progress (net of impairment)	5,341,659	6,471,214
Impairment of Inventory		
Balance as at 1 July	38,251	106,305
Provision provided during the year	489,704	38,251
Inventory written off during the year	(38,251)	(106,305)
Balance as at 30 June	489,704	38,251

Inventories are valued at the lower of cost or net realizable value, with cost calculated on a FIFO basis. The grapes (biological asset produce) is adjusted to fair value at the point of harvest. This fair value then becomes the basis for inventory costs. In addition to the fair value adjustment included in the cost of sales (note 10), the total cost of sales includes $7,135,899 (June 2023: $7,592,895), representing expenses related to grape growing, procurement, delivery, and materials.

Cost of sales can be reconciled as follows:

	Year Ended June 2024 $	Year Ended June 2023 $
Cost of goods sold	7,135,899	7,592,985
Grape fair value loss / (gain)	576,971	(1,799,742)
	7,712,870	5,793,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

12 Biological work in progress

	Year Ended June 2024 $	Year Ended June 2023 $
Biological work in progress	390,203	484,674

Biological work in progress movement		
Balance as at 1 July	484,674	923,663
Growing costs added to Bio WIP before harvest	2,711,758	2,347,030
Grape value (loss) or gain arising from change in fair value	(576,971)	1,799,742
Decrease due to harvest	(2,563,029)	(4,493,893)
Capitalised to young vines being developed (note 15)	(56,432)	(576,543)
Growing costs related to next harvest	390,203	484,674
Balance as at 30 June	390,203	484,674

The Group grows and harvests grapes. Harvesting of grapes is from March to April each year. The growth on the vines in the period from harvest to 30 June 2024 cannot be reliably measured due to the lack of market information and the variables in completing the biological transformation process between the time of harvest and the reporting date. The cost of agricultural activity in the period to 30 June 2024 has been recognised as Biological work in progress for the next harvest. This assumes the cost of the agricultural activity approximates the fair value of the biological transformation that has occurred in that period. The value of Biological work in progress at reporting date was $390,203 (June 2023: $484,674).

13 Accounts Receivable

	Year Ended June 2024 $	Year Ended June 2023 $
Trade receivables	1,286,196	1,082,550
Expected credit loss provision	(37,346)	-
	1,248,850	1,082,550

The standard credit terms on sales of goods given to domestic branded wine customers are 20th of the month following the issue of invoice. Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer. For overseas and other major customers, credit quality is assessed individually. Clients with customised purchase orders might receive a different payment term, normally not longer than 180 days.

As of 30 June 2024, there were 8 customers who represent more than 5% of the total balance of trade receivables individually (June 2023: 6 customers).

Payment due schedule from major customers as of 30 June 2024	Total Receivable amount $	Current $	Less than 30 days past due $	30 to 60 days past due $	More than 60 days past due $
Customer 1	199,261	199,261	-	-	-
Customer 2	192,278	175,509	-	-	16,769
Customer 3	171,713	171,713	-	-	-
Customer 4	136,046	-	136,046	-	-
Customer 5	118,580	71,627	46,953	-	-
Customer 6	87,872	87,872	-	-	-
Customer 7	74,692	-	-	-	74,692
Customer 8	74,565	74,565	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

13 Accounts Receivable (continued)

Payment due schedule from major customers as of 30 June 2023	Total Receivable amount $	Current $	Less than 30 days past due $	30 to 60 days past due $	More than 60 days past due $
Customer 1	442,560	442,560	-	-	-
Customer 2	168,893	168,893	-	-	-
Customer 3	165,742	165,742	-	-	-
Customer 4	120,033	117,155	1,708	301	869
Customer 5	99,349	99,349	-	-	-
Customer 6	90,037	90,037	-	-	-

The Group determines expected credit losses on receivables using a provision matrix, estimated based on historical credit loss experience by past due status, adjusted for future risk changes. In determining the historical loss rate for these ageing buckets, the Group reviewed bad debts written off over the past five years and identified the amount as immaterial (June 2023: $nil). Accordingly, the historical loss rate applied at 30 June 2024 was 0% (June 2023: 0%). MWE also reviews receivables with a forward-looking view, This year, the Group recognizes a $37,346 expected credit loss provision (June 2023: $nil) for one particular overseas customer. The debtor holds an undiscounted balance of $74,629, which was overdue by more than 180 days as of the reporting date. Although the historical default rate for this customer has been 0% over the past five years, the management team made a forward-looking adjustment and applied a 50% default rate to this individual customer. This adjustment will not affect the Group's overall provision matrix.

The expected credit loss provision for accounts receivable is as follows.

Accounts receivable as of 30 June 2024	Total $	Current $	Less than 30 days past due $	30 to 60 days past due $	More than 60 days past due $
Trade receivables	1,286,196	948,054	196,300	16,766	125,076
Provision for expected credit losses	(37,346)	-	-	-	(37,346)

Accounts receivable as of 30 June 2023	Total $	Current $	Less than 30 days past due $	30 to 60 days past due $	More than 60 days past due $
Trade receivables	1,082,550	968,921	89,869	19,415	4,345
Provision for expected credit losses	-	-	-	-	-

14 Intangibles

(a) Cost and accumulated amortisation	Trademarks $	Website $	Total $
Cost:			
Balance as at 1 July 2022	29,128	12,410	41,538
Additions for the year	-	-	-
Balance at 30 June 2023	29,128	12,410	41,538
Balance at 30 June 2024	29,128	12,410	41,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

14 Intangibles (continued)

	Trademarks	Website	Total
Amortisation and impairment losses:	**$**	**$**	**$**
Balance as at 1 July 2022	12,762	9,729	22,491
Additions for the year	2,685	1,072	3,757
Balance at 30 June 2023	15,447	10,801	26,248
Amortisation for the year	2,913	643	3,556
Balance at 30 June 2024	18,360	11,444	29,804

(b) Carrying amount	Trademarks $	Website $	Total $
June 2023			
Cost	29,128	12,410	41,538
Accumulated amortisation and impairment loss	(15,447)	(10,801)	(26,248)
Balance at 30 June 2023	13,681	1,609	15,290
June 2024			
Cost	29,128	12,410	41,538
Accumulated amortisation and impairment loss	(18,360)	(11,444)	(29,804)
Balance at 30 June 2024	10,768	966	11,734

15 Property, plant & equipment

Year ended 30 June 2023	Land at fair value $	Land improvements at fair value $	Computer equipment at cost $	Tools, equipment & Sheds at cost $	Motor vehicles at cost $	Total $
Cost or fair value (before depreciation)						
Balance at 1 July 2022	16,774,526	18,089,332	20,394	628,080	232,012	35,744,344
Additions for the year	-	872,337	4,674	290,035	84,287	1,251,333
Transfer from ROU assets (note 20)	-	-	-	47,837	123,198	171,035
Disposal for the year	-	-	-	-	(30,435)	(30,435)
Revaluation gain	629,289	419,682	-	-	-	1,048,971
Balance at 30 June 2023	17,403,815	19,381,351	25,068	965,952	409,062	38,185,248
Accumulated Depreciation:						
Balance at 1 July 2022	-	2,736,728	15,472	353,676	135,540	3,241,416
Depreciation for the year	-	677,509	3,688	80,285	43,506	804,988
Depreciation reversed for disposal	-	-	-	-	(29,376)	(29,376)
Balance at 30 June 2023	-	3,414,237	19,160	433,961	149,670	4,017,028
Carrying amount:						
Cost or fair value	17,403,815	19,381,351	25,068	965,952	409,062	38,185,248
Accumulated depreciation	-	(3,414,237)	(19,160)	(433,961)	(149,670)	(4,017,028)
Carrying amount at 30 June 2023	17,403,815	15,967,114	5,908	531,991	259,392	34,168,220

Of the above $677,509 depreciation for land improvements, $501,408 was classified to cost of sales and $176,461 was capitalised into Biological work in progress as this were directly attributable to grapes growing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

15 Property, plant & equipment(continued)

Year ended 30 June 2024	Land at fair value $	Land improvements at fair value $	Bearer plants at fair value $	Computer equipment at cost $	Tools, equipment & Sheds at cost $	Motor vehicles at cost $	Total $
Cost or fair value (before depreciation)							
Balance at 1 July 2023	17,403,815	19,381,351	-	25,068	965,952	409,062	38,185,248
Reclassification	-	(12,721,470)	12,721,470	-	-	-	-
Additions for the year	-	101,134	56,432	2,391	25,242	-	185,199
Transfer from ROU assets (note 20)	-	-	-	-	7,514	-	7,514
Disposal for the year	(489,199)	-	-	-	-	(55,406)	(544,605)
Revaluation loss	(2,314,769)	(430,264)	(73,576)	-	-	-	(2,818,609)
Balance at 30 June 2024	14,599,847	6,330,751	12,704,326	27,459	998,708	353,656	35,014,747
Accumulated Depreciation:							
Balance at 1 July 2023	-	3,414,237	-	19,160	433,961	149,670	4,017,028
Reclassification	-	(2,541,481)	2,541,481	-	-	-	-
Depreciation for the year	-	269,734	511,666	3,169	89,448	39,614	913,631
Depreciation reversed for disposal	-		-	-	-	(10,858)	(10,858)
Balance at 30 June 2024	-	1,142,490	3,053,147	22,329	523,409	178,426	4,919,801
Carrying amount:							
Cost or fair value	14,599,847	6,330,751	12,704,326	27,459	998,708	353,656	35,014,747
Accumulated depreciation	-	(1,142,490)	(3,053,147)	(22,329)	(523,409)	(178,426)	(4,919,801)
Carrying amount at 30 June 2024	14,599,847	5,188,261	9,651,179	5,130	475,299	175,230	30,094,946

During FY24, bearer plants were reclassified from "Land Improvements at Fair Value" to a separate category. Now, land improvements include trellises, dams, irrigation infrastructure, and similar assets. The prior year figures have not been reclassified due to limitations in last year's vineyard valuation report, which prevent the Company from accurately estimating the value and movement of bearer plants for FY23. This reclassification has no impact on depreciation or the total carrying amount of property, plant, and equipment (PPE) if bearer plants had been separated for FY23.

The three separate titled vineyards blocks, located in Marlborough, are subject to a registered charge in favor of ICBC Bank, securing the loan balance of $7.3 million (note 19) as of the reporting date. Additionally, an asset loan balance of $77,840 is secured against the corresponding vineyard equipment (note 19).

Of the above depreciation, $781,400 for Bearer plants and land improvements, $585,458 was classified to cost of sales and $195,942 was capitalised into Biological work in progress as this were directly attributable to grapes growing.

Had land, land improvements, and bearer plants been recognized under the historic cost model, their carrying amounts would have been $6,556,695, $2,940,364, and $4,338,832, respectively. For June 2023, the carrying amounts under the historic cost model were $6,716,695 for land and $7,531,398 for land improvements (including bearer plants).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

15 Property, plant & equipment (continued)

Revaluation of land, land improvements and bear plants

The land, land improvements and bearer plants were valued at fair value under the principle of highest and best use (viticulture purposes) by Colliers (June 2023: Alexander Hayward Limited), registered independent valuer on 30 June 2024. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The revaluation of land and land improvements are carried out on a frequent basis.

Land and land improvements at fair value is determined by a comparable sales valuation approach where a number of recent vineyard sales were analysed to establish a range of relevant value benchmarks for land and land improvements' components. The valuer has determined a value range for vineyard land structures and vines of between $170,000 to $215,000 / planted hectare (June 2023: $183,000 to $233,000/ha). The main benchmarks applied are listed below:
*Planted land value of $70,000 - $110,000 / ha (June 2023: $90,500 - $120,000 / ha).
*Headlands land value of $35,000 - $87,000 / ha (June 2023: n/a).
*Balance non-productive land value of $3,000 - $6,000 / ha (June 2023: $3,000 - $8,000 / ha).
*Added value of vines and structures of $68,000 - $85,000 / planted ha (June 2023: $76,000 - $90,000 / ha).

The Valuer has determined an adopted rate based on comparable transactions adjusted for the specific characteristics of the viticulture land. The land value increase as the adopted land value rate per hectare increases, and vice versa. The land improvement value increase as the adopted value of vines and structures per hectare increases, and vice versa. The valuation includes inputs which are adjusted for the size, location and varietal mix held by the Group. Based on these valuation techniques these fair values are included in Level 3 in the fair value hierarchy. The value allocated specifically to dams and other infrastructures included in land improvements (other than grapes vines) is based on the estimated cost to replace the assets on a like for like basis.

In addition, one of the Group's vineyard blocks is contaminated by herbicide "Taskforce" which was used over recent years to control Chilean Needle grass. None of the currently producing area was impacted by the contamination. A large portion of the affected area is ineffective land which was sold in this year.

16 Investments - FVTP&L

The Group has 7.8% ownership in Blind River Irrigation Limited (BRIL) and has advanced funds to the company. This gives the Group the right to draw water from Blind River Irrigation Limited. The value of the share was supported by the Net Assets value of BRIL, MWE assessed the Net Asset of BRIL as at June 2024, which has not moved materially from prior year, therefore no gain/(loss) on investment was recognised in the current year (June 2023: nil). Based on this valuation technique the fair value is included in Level 3 in the fair value hierarchy. MWE has received no dividend from this investment for the year (June 2023: nil).

	Year Ended June 2024 $	Year Ended June 2023 $
Investments in equity	28,365	28,365
	28,365	28,365

17 Trade and other payables

	Year Ended June 2024 $	Year Ended June 2023 $
Trade payables	761,618	1,362,532
Other payables and accruals	260,411	265,173
	1,022,029	1,627,705

Trade payables are non-interest bearing and are generally settled within 30 days. As a result of their short-term nature, trade payables and accruals are not discounted. The carrying amount disclosed above is a reasonable approximation of fair value. No interest rate is applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

18 Employee benefit liabilities

	Year Ended June 2024 $	Year Ended June 2023 $
Leave payables	39,236	49,977
Remuneration payables	57,337	114,034
	96,573	164,011

19 Borrowings

	Year Ended June 2024 $	Year Ended June 2023 $
ICBC bank loan	7,243,845	5,000,000
Shareholder loan	957,858	1,363,379
Asset loan	77,840	129,778
	8,279,543	6,493,157
Current	54,412	51,938
Non-current	8,225,131	6,441,219
	8,279,543	6,493,157

On December 18, 2014, the Group entered into a loan agreement with ICBC, secured by a registered charge over all current and future assets of the Group. The loan, refinanced in June 2023, has a total facility amount of $8.0 million, consisting of a core debt facility of $5.0 million and a revolving debt facility of $3.0 million. The weighted average interest rate on the loan is 8.96% as of June 2024 (June 2023: 7.54%). The revolving debt facility offers flexibility for repayment and re-borrowing up to $3.0 million, with interest calculated monthly on the outstanding balance. Interest on the core debt facility is calculated and paid quarterly. Both facilities are set to mature in July 2026.

During FY24, $3 million was drawn down from the revolving debt facility, and $0.7 million was repaid. As of June 30, 2024, the total bank loan balance is $7.24 million, with an additional $0.7 million available for further drawdown on these facilities.

Due to a significant yield drop from the Group's vineyards this year, the Group's performance fell below one of the covenant levels agreed with the bank. However, the Group obtained a waiver of this breach prior to year end and the waiver remains in place for the next four quarters, to 31 March 2025 until the next harvest. The Group has assessed the impact of the amendments to NZ IAS 1 on the classification of its borrowings from FY25 onwards. Based on this assessment, the Group believes that the amendments will not affect the classification of this loan.

The loan from the major shareholder, originally valued at $1.5 million, is unsecured, interest-free, and subordinated to all other creditors. The loan, extended to mature in October 2025, was discounted to fair value on 30 June 2024, with the difference recognized as a capital contribution. The Group recognized a non-cash interest expense of $85,661 for FY24, increasing the loan balance (June 2023: $63,658). The company repaid $440,000 this year, adding $51,182 to the capital contribution. As of 30 June 2024, the capital contribution balance was $376,961 (June 2023: $325,779).

	June 2024 $	June 2023 $
Shareholder loan face value	1,060,000	1,500,000
Shareholder loan fair value	957,858	1,363,379
Non-cash interest for the period	85,661	63,658

The Group entered into an asset loan agreement in FY23 for $189,430 to purchase vineyard equipment, the loan will be fully off paid in 3 years with 36 monthly instalments, and the effective interest is 4.64%. The loan is secured by the assets purchased under this agreement (note 15). As at 30 June 2024, the asset loan balance was $77,840 (June 2023: $129,778).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

20 Leases

(a) Right-of-use assets
The Group leases office space, vineyard equipment, and motor vehicles, with lease terms ranging from 3 to 6 years.

	Office Premises	Equipment & Motor vehicles	Total
	$	$	$
Year ended 30 June 2023			
Cost			
Balance at 1 July 2022	350,497	352,375	702,872
Disposals for the year	-	(9,223)	(9,223)
Transfer to PPE (note 15)	-	(293,559)	(293,559)
Balance at 30 June 2023	350,497	49,593	400,090
Accumulated Depreciation:			
Balance at 1 July 2022	(210,669)	(141,890)	(352,559)
Depreciation for the year	(67,117)	(12,379)	(79,496)
Depreciation reversed for disposal	-	6,139	6,139
Depreciation reversed for transfer to PPE	-	122,524	122,524
Balance at 30 June 2023	(277,786)	(25,606)	(303,392)

The ROU assets with a cumulative net value of $171,035 reached to the end of the term, the Group chose to keep the assets and they were transferred to PPE(note 15).

	Office Premises	Equipment & Motor vehicles	Total
Carrying amount:			
Cost	350,497	49,593	400,090
Accumulated depreciation	(277,786)	(25,606)	(303,392)
Carrying amount at 30 June 2023	72,711	23,987	96,698
Year ended 30 June 2024			
Cost			
Balance at 1 July 2023	350,497	49,593	400,090
Additions for the year	79,357	165,000	244,357
Disposals for the year	(23,301)	-	(23,301)
Transfer to PPE (note 15)	-	(21,950)	(21,950)
Balance at 30 June 2024	406,553	192,643	599,196
Accumulated Depreciation:			
Balance at 1 July 2023	(277,786)	(25,606)	(303,392)
Depreciation for the year	(68,747)	(20,269)	(89,016)
Depreciation reversed for disposal	23,301	-	23,301
Depreciation reversed for transfer to PPE	-	14,436	14,436
Balance at 30 June 2024	(323,232)	(31,439)	(354,671)

The ROU assets with a cumulative net value of $7,514 reached to the end of the term, the Group chose to keep the assets and they were transferred to PPE(note 15).

	Office Premises	Equipment & Motor vehicles	Total
Carrying amount:			
Cost	406,553	192,643	599,196
Accumulated depreciation	(323,232)	(31,439)	(354,671)
Carrying amount at 30 June 2024	83,321	161,204	244,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

20 Leases (continued)

(b) **Lease liabilities**

	Office Premises $	Equipment & Motor vehicles $	Total $
Year ended 30 June 2023			
Lease liability as at 1 July 2022	186,592	56,285	242,877
Additions	-	-	-
Interest for the period	6,019	4,060	10,079
Lease payments made	(92,050)	(35,513)	(127,563)
Carrying amount 30 June 2023	100,561	24,832	125,393
Current	92,621	14,882	107,503
Non-current	7,940	9,950	17,890
Total	100,561	24,832	125,393
Year ended 30 June 2024			
Lease liabilities as at 30 June 2023	100,561	24,832	125,393
Additions for the year	79,357	166,840	246,197
Interest for the period (note 6)	3,454	8,518	11,972
Lease payments made	(94,729)	(45,852)	(140,581)
Carrying amount 30 June 2024	88,643	154,338	242,981
Current	81,630	45,416	127,046
Non-current	7,013	108,922	115,935
Total	88,643	154,338	242,981

	Year Ended June 2024 $	Year Ended June 2023 $
The maturity of lease liabilities is as follows:		
Less than one year	127,046	107,503
One to two years	44,770	17,890
Two to three years	71,165	-
	242,981	125,393

21 Contingent Liabilities

There were no contingent liabilities or any outstanding litigation against the Group as at 30 June 2024 (June 2023: nil).

22 Capital Commitments

There was no capital expenditure commitment as at 30 June 2024 (June 2023: $165,000).

23 Related Party Disclosures

(a) **Identity of related party**

The Group has a related party relationship with its key management personnel. All members of the Group are considered to be the related parties of the Parent, Marlborough Wine Estates Group Limited (MWE). This includes the subsidiaries identified below. This has remained the same as last year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

23 Related Party Disclosures (continued)

Subsidiaries	Principal Activity	Proportion of ownership	Accounting balance date	Jurisdiction
Marlborough Vineyard Group Limited	International Marketing	100%	30 June	New Zealand
Otuwhero Trustee Limited	Wine production, sales and marketing	100%	30 June	New Zealand
O:TU Investments Limited	Vineyards operation	100%	30 June	New Zealand
MB Wine Limited	Music Bay trademark	100%	30 June	New Zealand

The Group has related party relationship with the entity below:

Hunan Xinmeisheng Food Co., Ltd.	Min Jia, the founder, major shareholder and director of MWE, owns Hunan Xinmeisheng Food Co., Ltd which sells, distributes and markets MWE's wine in China.
Lily Investments 227 Ltd	Min Jia, director of MWE, is a director and shareholder Lily Investment 227 Ltd.
Blind River Irrigation Ltd	The Group holds 7.8% ownership in Blind River Irrigation Ltd.
Lily Investment 265 Trustee Limited	Min Jia, director of MWE, is a beneficiary of Lily Investment 265 Trust.
The Digital Cafe Ltd	Danny Chan, director of MWE, is a shareholder in The Digital Cafe Ltd.
OTU Australia Pty Ltd	Catherine Ma, alternate director of MWE, is a close relative of the director of OTU Australia Pty Ltd.
Move Logistics Group Ltd	Danny Chan, director of MWE, was a director in Move Logistics Group Ltd until October 2023.

(b) Transactions with related party

All related party trading transactions were on standard terms and conditions.

	Total Value		Asset/(liability)	
	2024	2023	2024	2023
	$	$	$	$
Wine sales				
Hunan Xinyoumeisheng Food Co., Ltd	51,531	319,835	61,816	90,037
Lily Investment 265 Trustee Limited	14,703	-	-	-
OTU Australia Pty Ltd	140,299	-	32,316	-
Others				
Lily Investments 227 Limited (for office rent)	-	2,845	-	-
Lily Investments 265 Trust (for office rent)	20,000	39,830	-	9,815
Lily Investments 265 Trust (for staff salary)	20,000	15,000	-	(17,250)
Lily Investments 265 Trust (for vehicle purchase)	-	17,391	-	-
Blind River Irrigation Limited (for water usage)	60,883	29,672	(30,049)	(21,661)
Move Logistic Group Ltd (freight and storage)	89,894	35,827	(8,020)	(5,579)
The Digital café Limited (marketing)	34,200	25,231	-	(2,300)

Transactions with Directors and Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly. The key management personnel are the directors and senior officers of the Group. The share options program for key personnel was disclosed in note 30.

	Total Value		Asset/(liability)	
	2024	2023	2024	2023
	$	$	$	$
Directors' Fees				
Min Jia (Executive Chairman)	30,000	10,000	(833)	(833)
Danny Chan	62,000	62,000	(17,825)	(17,825)
Christine Pears	62,000	62,000	-	-
Total Director' Fees	154,000	134,000	(18,658)	(18,658)

The balance at year-end represents the director fee payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

23 Related Party Disclosures (continued)

	Total Value		Asset/(liability)	
	2024	2023	2024	2023
	$	$	$	$
Senior officers' compensation (excludes directors)				
Short-term employee benefits	693,202	614,356	(20,780)	(15,371)
Total senior officers' compensation (excludes directors)	693,202	614,356	(20,780)	(15,371)

The balance at year-end represents annual leave balance. Refer to (note 30) for details of share based payments relating to senior officers.

	Year Ended June 2024	Year Ended June 2023
	$	$
Shareholder loan - Min Jia	1,363,379	1,414,614
Amount owed to Min Jia at 1 July	(440,000)	-
Amount repaid during the year	85,661	63,658
Non-cash interest payment	(51,182)	(114,893)
Fair value adjustment for the loan	957,858	1,363,379
Amount owed to Min Jia at 30 June (note 19)		

	Year Ended June 2024	Year Ended June 2023
	$	$
Amounts owing from Blind River Irrigation Limited (BRIL):		
Amount owing at 1 July	44,206	48,005
Amount withdrawn during the year	(4,716)	(3,799)
Amount owing at 30 June	39,490	44,206

The loan owning from BRIL was mainly generated via share split and buyback scheme in June 2021. It was designed to offset some future water payments to BRIL. No interests are expected to receive for this loan.

	Year Ended June 2024	Year Ended June 2023
	$	$
Other related party transactions during the year		
Wine purchased by shareholders and senior officers during the year	664	2,204
Payments reimbursed to senior officers and shareholders for business related expenses during the year	5,322	27,797

All shareholder loan balances are interest free and are not repayable within 12 months of signing the financial statements. No amounts owed by related parties have been written off or forgiven during the year. All other related party balances are repayable within 12 months.

The loan from shareholder is unsecured and has been subordinated in favour of all other creditors of the company. The shareholder loan is not due for repayment for the following 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

24 Notes to Cashflow Statement

		Year Ended June 2024 $	Year Ended June 2023 $
a)	*Reconciliation of net (loss) / profit after tax to net cash flow from operating activities:*		
	Net (loss) / profit after tax	(3,299,441)	295,193
	Add: Non-cash items		
	Amortisation	3,556	4,472
	Depreciation on PPE and ROU assets	1,002,652	816,250
	Interest expense on shareholder loan	85,661	63,658
	Deferred tax movement recognised in profit and loss (note 7(d))	(248,160)	88,914
	Loss on disposal of PPE assets	18,547	-
	Prepayment classified to borrowings	(56,155)	-
	Other non-cash adjustment	(17,899)	2,094
	(Increase)/decrease in assets:		
	(Increase) / Decrease in accounts receivables	(166,300)	589,326
	Decrease / (Increase) in GST receivable	63,580	53,304
	Decrease / (Increase) in inventory	1,129,555	(1,394,504)
	Decrease / (Increase) in biological work in progress	94,471	438,989
	Decrease / (Increase) in deposit paid	-	26,625
	Decrease / (Increase) in prepayments	47,272	(47,886)
	Increase / (Decrease) in liabilities:		
	(Decrease) / Increase in trade payables	(605,676)	55,023
	(Decrease) / Increase in employee benefit liabilities	(67,438)	32,264
	Increase / (Decrease) in revenue received in advance	61,440	120,000
	(Decrease) / Increase in tax paid	(71,279)	52,092
	Items reclassified to investing activities	-	(576,543)
	Net cash provided by operating activities	**(2,025,614)**	**619,271**

b) *Reconciliation of liabilities arising from financing activities*

	June 2024		June 2023	
	Borrowings $	Lease Liabilities $	Borrowings $	Lease Liabilities $
Balance at 1 July	6,493,157	125,393	6,364,614	242,877
Lease liabilities recognised	-	246,197	-	-
Principal paid on lease liabilities - cash flow	-	(128,609)	-	(117,484)
Proceed from borrowings- cash flow	3,000,000	-	1,389,430	-
Principal paid on shareholder loan - cash flow	(440,000)	-	-	-
Repayment of borrowings - cash flow	(751,938)	-	(1,209,652)	-
Fair value adjustment for shareholder loan	(51,182)	-	(114,893)	-
Interest - non cash	85,661	-	63,658	-
Prepayment classified to borrowings	(56,155)	-	-	-
Balance at 30 June	8,279,543	242,981	6,493,157	125,393

25 Financial Risk Management
The Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk.

(a) Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are currently not managed as the foreign currency exposure is not material enough to warrant the use of foreign exchange contracts and foreign exchange option contracts. Forward foreign exchange contracts and foreign exchange option contracts will be used in the future as the Group's foreign currency exposure increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

25 Financial Risk Management (continued)

(b) Credit risk

Credit risk is managed on a regular basis. Credit risk arises from outstanding receivables from debtors. As part of the Group's financial risk policy, limits on exposures have been set and are monitored on a regular basis. Credit risk is therefore not significant. The Group does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with. Credit risk also arises from cash and cash equivalents and deposits which is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international agencies. The maximum exposure to credit risk is to the extent of the balance of the carrying amount of financial assets recorded in the financial statements

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flow and matching the maturity of profiles of financial assets and liabilities. The Group will consider additional funding options through loans or equity when required.

(d) Cash flow risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the undiscounted contractual maturity date. Interest payable has been calculated at reporting date rates, assuming bank borrowings at reporting date are held to maturity. The Group will consider additional funding options through loans or equity when required.

June 2024	Carrying amount	Total undiscounted amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other Payables	1,022,029	1,022,029	1,022,029	-	-	-
Bank Borrowings	7,300,000	7,972,208	620,500	7,351,708	-	-
Shareholder Loan	957,858	1,060,000	-	1,060,000	-	-
Lease Liability	242,981	261,190	138,670	50,337	72,183	-

June 2023	Carrying amount	Total undiscounted amount	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade Payables	1,627,705	1,627,705	1,627,705	1,627,705	-	-
Bank Borrowings	5,000,000	6,275,000	425,000	425,000	5,425,000	-
Shareholder Loan	1,363,379	1,500,000	-	1,500,000	-	-
Lease Liability	125,393	128,834	110,804	18,030	-	-

(e) Foreign currency risk

Foreign currency denominated assets and liabilities at reporting date are:

	Year Ended June 2024 $	Year Ended June 2023 $
Trade & other receivables	125,715	168,893
Exposure at reporting date	125,715	168,893

The Group is mainly exposed to Canadian dollars (CAD) and Australian dollars (AUD) during the year. As at 30 June 2024, the Group has a trade receivable balance of $77,766 denominated in CAD (June 2023: CAD $136,327), and $29,475 denominated in AUD(June 2023: AUD$0.00). The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date. The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the listed percentage change in foreign currency rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

25 Financial Risk Management (continued)

	June 2024		June 2023	
	NZD +10% $	NZD -10% $	NZD +10% $	NZD -10% $
Pre tax profit / (loss)	(10,920)	13,346	(15,354)	18,766

(f) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Financing activities are evaluated regularly with assistance of independent advice to align with interest rate views and defined risk appetite; ensuring optimal economic strategies are applied or protecting interest expense through different interest rate cycles.

If interest rates had been 300 basis point (or 3% interest rate) higher/lower and all other variables were held constant, the Group's profit for the year and equity would be decrease/increase by $198,632 (June 2023: $150,000). This is mainly attributable to the Group's exposure to interest rates on its variable borrowing. The Official Cash Rate (OCR) increased significantly from 0.25% in September 2021 to 5.5% by June 2023 and remained at 5.5% as of June 2024. The 3% sensitivity rate used reflects management's assessment of potential changes in interest rates.

(g) Categories of financial assets and liabilities

The table below shows the carrying amount and fair values (except where carrying amount approximates fair value) of the Group’s financial assets and financial liabilities.

June 2024	Financial assets at amortised cost $	Financial assets at fair value through profit and loss $	Financial liabilities at amortised cost $	Total $
Cash and bank balances	425,716	-	-	425,716
Accounts receivable	1,248,850	-	-	1,248,850
Deposit paid	20,000	-	-	20,000
Related party loan	39,490	-	-	39,490
Financial assets at fair value through profit and loss	-	28,365	-	28,365
Total financial assets	**1,734,056**	**28,365**	**-**	**1,762,421**
Non-financial assets				36,168,558
Total assets				**37,930,979**

	Financial assets at amortised cost $	Financial assets at fair value through profit and loss $	Financial liabilities at amortised cost $	Total $
Liabilities				
Trade and other payable	-	-	1,022,029	1,022,029
Shareholder loan	-	-	957,858	957,858
Interest bearing borrowings	-	-	7,321,685	7,321,685
Total financial liabilities	-	-	**9,301,572**	**9,301,572**
Non-financial liabilities				3,474,779
Total liabilities				**12,776,351**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

25 Financial Risk Management (continued)

June 2023	Financial assets at amortised cost $	Financial assets at fair value through profit and loss $	Financial liabilities at amortised cost $	Total $
Cash and bank balances	417,426	-	-	417,426
Accounts receivable	1,082,550	-	-	1,082,550
Deposit paid	20,000	-	-	20,000
Related party loan	44,206	-	-	44,206
Financial assets at fair value through profit and loss	-	28,365	-	28,365
Total financial assets	**1,564,182**	**28,365**	**-**	**1592,547**
Non-financial assets				41,398,277
Total assets				**42,990,824**

	Financial assets at amortised cost $	Financial assets at fair value through profit and loss $	Financial liabilities at amortised cost $	Total $
Liabilities				
Trade and other payable	-	-	1,627,705	1,627,705
Shareholder loan	-	-	1,363,379	1,363,379
Interest bearing borrowings	-	-	5,129,778	5,129,778
Total financial liabilities	**-**	**-**	**8,120,862**	**8,120,862**
Non-financial liabilities				3,789,541
Total liabilities				**11,910,403**

(h) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt and equity of the Group.

26 Subsequent events

There have been no other subsequent events since the reporting date which would impact these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

27 Going concern

In preparing the financial statements, the Directors and management have assessed the Group's ability to continue as going concern, particularly considering the financial performance of the Group, and the anticipated breach of bank covenants. In making this assessment, both Directors and management conducted a comprehensive review of the financial position of the Group, the carrying value of its assets, and the forecast cashflow needs.

For the year ending 30 June 2024, MWE reported a net loss after tax (before property revaluation) of $3.3 million. During the last quarter of the financial year, it was anticipated that one of the banking covenants would be breached, and a waiver was obtained from the bank before year-end, valid until 31 March 2025. The Group anticipates that the covenant could be breached in FY25 Q4 if an extended waiver is not secured.

The Directors reviewed MWE's FY24 financial performance, noting challenges stemming from a temporary decline in international shipments and yield reductions due to adverse weather conditions. These factors led to drops in revenue and profitability but are viewed as isolated incidents. The Directors consider these setbacks to be short-term, with recovery in the industry and robust domestic growth forecasted, MWE remains confident in its ongoing viability and prospects.

The directors have concluded that it is appropriate to continue to prepare these financial statements on a going concern basis after considering the following:

- The Directors have approved the Group's cash flow forecasts which show it can manage cashflows and meet all working capital trading obligations as they fall due, being no less than 12 months from the date of signing these financial statements. The Directors acknowledge that there are uncertainties relating to actual trading results meeting forecasts. Predominantly results vary because of market conditions and external factors such as weather, which can impact the level of yields achieved.
- In response to the anticipated covenant breach, the Directors have assessed the Group's finance strategy following the expiration of the current waiver. The available options include seeking an extension of the current waiver or renegotiation of covenants with the current banking partner or obtaining alternative financing.
- In the event of cash flow forecasts not being sufficient and refinancing not being secured, the Group has the potential to dispose of part or all of a vineyard block. The sale proceeds could generate enough cash to fully or partially repay the bank loan. The independent valuation report dated June 2024, assesses the market value of the Group's three vineyard blocks is approximately $29.7 million, and the Group's net assets total around $25.2 million.

However, there is a risk that bank facility renegotiations may not be agreed or asset sales realised within an appropriate timeframe. These conditions give rise to a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. If the going concern assumption is not valid, the consequence is the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that MWE could achieve financial forecasts and successfully securing the ongoing banking facilities given its substantial asset portfolio. The Group has the ability to sell part or all of a vineyard block without impacting operations and the execution of its branded wine sales strategy. The Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

28 Earnings Per Share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	June 2024 Number	**June 2023 Number**
Number of ordinary share at 1 July	296,234,115	296,234,115
Ordinary shares issued and paid during the period	-	-
Number of ordinary share at 30 June	296,234,115	296,234,115
Weighted average number of ordinary shares	296,234,115	296,234,115

	Year Ended June 2024	**Year Ended June 2023**
Profit / (Loss) attributable to equity holders of the Company (in dollars)	(3,299,441)	295,193
Weighted average number of ordinary shares on issue	296,234,115	296,234,115
Basic earnings / (loss) per share (in dollars)	(0.011)	0.001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

28 Earnings Per Share(continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share (DEPS) is based on profit/(loss) attributable to equity holders of the Company and a weighted average number of ordinary shares whether issued or able to be issued during the year. As the Company reported a loss for the year, share options have been excluded from the DEPS calculation. In the prior year (June 2023), share options were included in the DEPS calculation.

	Year Ended June 2024	Year Ended June 2023
Profit / (Loss) attributable to equity holders of the Company (in dollars)	(3,299,441)	295,193
Weighted average number of ordinary shares used in the calculation of basic earnings per share	296,234,115	296,234,115
Weighted average number of share options	-	720,000
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	296,234,115	296,234,115
Diluted earnings / (loss) per share (in dollars)	(0.011)	0.001

29 Segment Reporting

The Group operates in the wine industry and is considered to operate in a single segment.

The Group operates in one principal geographical area - Marlborough, New Zealand. During the financial year, majority of Group's sales were generated from suppling products to customers based in New Zealand, North America, UK/Europe and Australasia. At reporting date, the Group held all non-current assets in Marlborough, New Zealand.

The below represents a geographical analysis of sales:

	Year Ended June 2024 $	Year Ended June 2023 $
Sales		
New Zealand and Oceania	6,551,623	6,259,683
North America (USA and Canada)	933,614	1,664,426
UK / Europe	407,983	922,869
Australasia	456,138	579,477
Total (note 3)	8,349,358	9,426,455

For the year ended 30 June 2024, there were 2 customers (30 June 2023: 2 customers) who individually accounted for greater than 10% of the Group's total sales. The sales amount to these customers in total was $4.03 million (30 June 2023: $3.85 million). The following table shows the sales amount to those customers.

	Year Ended June 2024 $	Year Ended June 2023 $
Customer A	2,875,050	2,442,797
Customer B	1,151,389	777,917
Total	4,026,439	3,220,714

30 Employee benefits

Share options programme (equity - settled)

On 31 January 2016 the Group established a share option programme that entitled directors and key management personnel and staff to purchase shares in the Company. Under this programme, holders of vested options are entitled to purchase shares at $0.20 per share. The key terms and conditions related to the grants under this programme are as follows. As at 30 June 2024, 720,000 options are still outstanding and fully vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024

30 Employee benefits (continued)

Grant Date	Number of instruments outstanding	Vesting conditions
2016/3/2	300000	Fully vest in 5 years, 1/5th vest on each anniversary of the grant date subject to the holder continuing to be employed by the Group (Service Condition only). The options expire 10 years from the grant date and they will be cancelled if not exercised and fully paid at expiry date (02/03/2026).
2016/3/3	420,000	Fully vest in 5 years, 1/5th vest on each anniversary of the grant date subject to the holder continuing to be employed by the Group (Service Condition only). The options expire 10 years from the grant date and they will be cancelled if not exercised and fully paid at expiry date (03/03/2026).

Measurement of fair value

The fair value of the employee share options has been measured using the Black-Scholes formula. The inputs used in measurement of the fair values at grant date of the equity-settled share based payment plan were as follows.

Fair value at grant date	$113,000
Share price at grant date	$0.20
Exercise price	$0.20
Expected volatility (weighted-average)	31.79%
Expected life (weighted-average)	10 years
Expected dividends	0%
Risk-free rate	2.01%-2.47%

The expected volatility in the measurement of fair value at grant date has been based on an evaluation of the historical volatility of a list of comparable listed companies as a proxy for the Company's future volatility. The Company had no trading history as at valuation date.

Reconciliation of the outstanding share options

The number and weighted-average exercise prices of share options under the share option programme were as follows:

	June 2024		June 2023	
	Number of Options	Exercise price	Number of Options	Exercise price
Outstanding at 1 July	720,000	$0.20	720,000	$0.20
Granted during the year	-	N/a	-	N/a
Forfeited during the year	-	N/a	-	N/a
Exercised during the year	-	N/a	-	N/a
Outstanding at 30 June	720,000	$0.20	720,000	$0.20
Exercisable at 30 June	720,000	$0.20	720,000	$0.20

Share-based payment reserve

	June 2024		June 2023	
	Numbers	$	Numbers	$
Outstanding at 1 July	720,000	39,783	720,000	39,783
Share based payment expense	-	-	-	-
Share options forfeited during the year	-	-	-	-
Outstanding at 30 June	720,000	39,783	720,000	39,783

STATUTORY INFORMATION

For the year ended 30 June 2024

1 The name of the directors holding office during the year are:

Marlborough Wine Estates Group Limited	Min Jia Christine Pears Danny Chan
Marlborough Vineyard Group Limited	Min Jia Catherine Ma
Otuwhero Trustee Limited	Min Jia Cong Wang (appointed on 31 May 2024) Andrew Stafford (resigned on 31 May 2024)
O:Tu Investments Limited	Min Jia Cong Wang (appointed on 31 May 2024) Andrew Stafford (resigned on 31 May 2024)
MB Wine Limited	Catherine Ma

2 20 largest shareholdings

The 20 largest shareholdings as at 31 July 2024 are provided in the table below.

No.	Shareholder	No. of shares	% of shares
1	Min Jia	214,637,014	72.28%
2	Mpmb Trustee Limited	25,000,000	8.42%
3	Wen Hui Lin	10,000,000	3.37%
4	Wenhan Li	9,100,000	3.06%
5	Xirong Zhou	8,887,509	2.99%
6	Yefan Hong	5,013,000	1.69%
7	Xiroy Zhou	4,489,606	1.51%
8	Wenhui Lin	2,935,810	0.99%
9	Cong Wang	2,680,000	0.90%
10	New Zealand Depository Nominee	1,891,155	0.64%
11	Jiaxing Li	1,450,000	0.49%
12	Yan Wang	822,000	0.28%
13	Shane David Edmond	490,777	0.17%
14	Ronald William Quinn	450,462	0.15%
15	Chi Yuan	330,000	0.11%
16	Anna Dai	310,000	0.10%
16	Yuanfu Dai	310,000	0.10%
18	Jan Kux	240,000	0.08%
19	Custodial Services Limited	215,390	0.07%
20	Joseph Daniel Botha	213,464	0.07%

3 Distribution of equity securities

The total number of ordinary shares on issue as at 31 July 2024 is 296,954,115. The company has only ordinary shares on issue. Details of the distribution of ordinary shares amongst shareholders as at 31 July 2024 are set out below:

Size of holdings	No. of shareholders	% of shareholders	No. of shares held	% of shares held
Less than 5,000	2,927	88.27%	1,683,814	0.6%
5,000 to 59,999	339	10.22%	4,397,518	1.5%
60,000 to 599,999	39	1.18%	5,857,844	2.0%
600,000 to 999,999	1	0.03%	822,000	0.3%
1,000,000 to 9,999,999	7	0.21%	34,555,925	11.6%
10,000,000 and over	3	0.09%	249,637,014	84.1%
TOTAL	3,316	100.00%	296,954,115	100.0%

STATUTORY INFORMATION
For the year ended 30 June 2024

4 Substantial Security holders

Details of substantial security holders and their total relevant interests in not less than 5% of the total number of ordinary shares on issue in MWE as at 31 July 2024.

Name of substantial shareholders	Nature of relevant interest	No. of shares held	% of shares held
Min Jia	1. Registered Holder	214,637,014	72.28%
	2. Beneficial Owner	25,000,000	8.42%
	3. Relevant Interest	8,800,000	2.96%
Ly Lee	Beneficial Interest as wife of Min Jia	248,437,014	83.66%

5 Directors' shareholding and share dealings

Name of substantial shareholders	Role within MWE	Nature of relevant interest	No. of shares held	% of shares held
Min Jia (James)	Executive Chairman	1. Registered Holder	214,637,014	72.28%
		2. Beneficial Owner	25,000,000	8.42%
		3. Relevant *	8,800,000	2.96%
Danny Chan	Non-executive Director	Registered Holder	135,000	0.05%
Wenham Li (Eric)	Financial Controller	Registered Holder	9,100,000	3.06%
Cong Wang (Conan)	Interim CEO	Registered Holder	2,935,810	0.99%

* The shares giving rise to this relevant interest have been purchased from James Jia by Eric Li, over a loan that James has advanced to Eric. The loan is secured, which gives rise to James' relevant interest.

6 Interested Transactions and Directors' Remuneration

Interested transactions and directors' remuneration details are provided in the note 23 of the consolidated financial statements.

7 Directors' Loan

There is no loan made by the Group to Directors.

8 Employee

The number of employees within the Group receiving remuneration and benefits above $100,000, as is required to be disclosed in accordance with Section 211(g) of the Companies Act 1993, is indicated in the following table:

Remuneration	Year Ended June 2024 Number	Year Ended June 2023 Number
$100,000 - $110,000	-	2
$110,000 - $120,000	1	1
$120,001 - $130,000	2	-
$150,001 - $160,000	1	1
$160,001 - $170,000	1	1
$260,001 - $270,000	1	-

9 Indemnification and insurance of directors and officers

In accordance with section 162 of the Companies Act 1993 and the constitution of the Group, the Group has provided insurance for, and indemnity to Directors and employees of the Group and its subsidiaries for losses from actions undertaken in the course of their duties, unless the liability related to conduct involving lack of good faith.

STATUTORY INFORMATION

For the year ended 30 June 2024

10 Net tangible assets per share

	Year Ended June 2024	Year Ended June 2023
Net tangible assets (in dollars)	25,142,894	31,065,131
Net tangible assets per share (in dollars)	0.085	0.105

11 Donation

During the year ending 30 June 2024 the Group made donations worth of $nil (June 2023: $nil).

12 Auditor remuneration

The auditor of the Group is BDO Auckland (June 2023: BDO Auckland). Amounts received, or due and receivable, by BDO Auckland (June 2023: BDO Auckland) are as disclosed below. No other services were provided by BDO.

	Year Ended June 2024 $	Year Ended June 2023 $
Assurance services		
Audit of the prior year financial statements - BDO Auckland	-	8,015
Audit of the current year financial statements - BDO Auckland	107,573	99,330
Total remuneration	107,573	107,345

CORPORATE GOVERNANCE

For the year ended 30 June 2024

Marlborough Wine Estates Group Limited (MWE) believes in the benefit of good corporate governance and the value it provides for shareholders and other stakeholders. MWE is committed to meeting best practice corporate governance principles, to the extent that it is appropriate for the nature of MWE's operations.

The board of MWE (Board) is responsible for establishing and implementing MWE's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice having regard to applicable laws, the NZX Corporate Governance Code dated 1 April 2023 (Code) and the Financial Markets Authority Corporate Governance – Principles and Guidelines.

This corporate governance statement provides an overview of MWE's governance framework and discloses MWE's practices in relation to the recommendations contained in the Code. The information contained in this corporate governance statement has been prepared in accordance with NZX Listing Rule 3.8.1(a).

MWE regularly reviews its policies, codes and charter documents to ensure the company maintains appropriate governance standards and behaviours that reflect the requirements and best practice under the Code, which are included and referred to in the NZX Listing Rules.

MWE's approach to applying the recommendations outlined in the Code is set out below. This statement is structured in the same order as the principles detailed in the Code and explains how MWE is applying the Code's recommendations.

The Board considers that for the 12 months ended 30 June 2024 (FY24), MWE's corporate governance practices and policies have been appropriately aligned with the Code. Any exceptions are identified within the relevant sections of this governance report.

Principle 1 – Code of ethical behaviour

1.1 Code of Ethics

As part of the Board's commitment to the highest standards of behaviour and accountability, MWE has adopted a code of ethics to guide its directors, and any employees or contractors MWE may have from time to time (MWE People) in carrying out their duties and responsibilities.

MWE's code of ethics is the framework by which MWE People are expected to conduct their professional lives. It is intended to support decision making that is consistent with MWE's values, goals and obligations, rather than to prescribe an exhaustive list of acceptable and non-acceptable behaviour.

The Board approves the code of ethics, which cover a wide range of areas including standards of behaviour, conflicts of interest, proper use of company information and assets, compliance with laws and policies, reporting concerns and receiving gifts.

The code of ethics can be found on MWE's website and is communicated to MWE People as part of their initial and ongoing training. It is expected that MWE People have read and understand each of the ethical expectations as outlined in the code of ethics.

Any person who becomes aware of a breach or suspected breach of the code of ethics is required to report it immediately in accordance with the procedure set out in the code of ethics.

Whistleblower Policy

MWE is committed to supporting MWE People who report potential breaches. This support will be given regardless of whether action is taken in respect of the reported breach. MWE recognises the importance of open channels of communication within MWE, particularly in respect of reasonable concerns surrounding potential breaches of the code of ethics and any laws, regulations, or policies.

MWE does not make political donations.

1.2 Financial Product Trading Policy

MWE supports the integrity of New Zealand's financial markets. This integrity is maintained, in part, through the insider trading laws that apply in New Zealand. MWE's financial product trading policy outlines how those laws apply, as well as the rules that MWE has put in place to ensure those laws are followed by MWE People.

CORPORATE GOVERNANCE
For the year ended 30 June 2024

MWE People must seek approval from MWE's chair of the Board (Chair) or CEO prior to trading in the company's financial products. Generally, approval will only be granted in the 30 day period commencing on the first day of trading after:

• release of MWE's half year results to NZX;
• release of MWE's full year results to NZX; or
• release of a product disclosure statement or cleansing notice for a retail offer of MWE financial products.

The shareholdings of MWE's directors (Directors) and all trading of shares during the year by the Directors is disclosed each year in MWE's annual report
The financial product trading policy can be found on MWE's website.

Principle 2 – Board composition and performance

2.1 Board Charter

The Board operates under a written charter which defines the respective functions and responsibilities of the Board, focusing on the values, principles and practices that provide the corporate governance framework (Charter). The Charter complies with the relevant recommendations in the Code and is reviewed annually.

The Board has overall responsibility for all decision making within MWE. The Board is responsible for the direction and control of MWE and is accountable to shareholders and others for MWE's performance and its compliance with appropriate laws and standards. The Board establishes MWE's objectives, overall policy framework within which the business of MWE is conducted and confirms strategies for achieving these objectives, monitors management's performance and ensures that procedures are in place to provide effective internal financial control. The Board uses committees to address certain matters that require detailed consideration. The Board retains ultimate responsibility for the function of its committees and determines their responsibilities.

2.2 Nomination and appointment of directors

Procedures for the appointment and removal of Directors are governed by the Charter. MWE does not maintain a separate nomination committee, given the current size and nature of MWE's business, rather Director nominations and appointments are the responsibility of the Board.

The Board asks for Director nominations each year prior to the Annual Shareholders' Meeting, in accordance with the constitution of MWE and the NZX Listing Rules. In accordance with the NZX Listing Rules, Directors will retire and may stand for re-election by shareholders at least every three years. A Director appointed since the previous Annual Meeting holds office only until the next Annual Shareholders' Meeting but is eligible for re-election at that meeting.

Directors' selection is based on the value they bring to the Board table including their skills, commercial experience, strategic thinking and general business acumen. The composition of the Board is reviewed regularly to ensure the Board maintains an appropriate balance of skills, experience, and expertise. The Board believes the current Directors offer valuable skill sets and experience to MWE and that each Director has the necessary time available to devote to the position.

Newly elected Directors are expected to familiarise themselves with their obligations under the constitution, MWE's governance documents, including the Board Charter, and the NZX Listing Rules.

2.3 Written Agreements with directors

MWE intends to enter into written agreements with any newly appointed Directors establishing the terms of their appointment.

2.4 Director Information and Independence

The Board comprises five Directors with different backgrounds, skills, knowledge, experience and perspectives. Information about each Director is available at http://www.nzmwe.com/our-team/.

All Directors have had their independence assessed against the Code. Director independence is considered annually. Directors are required to inform the Board as soon as practicable if they think their status as an independent Director has (or may have) changed. Information in respect of Directors' ownership interests and independence is contained in this annual report.

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For the year ended 30 June 2024

2.5 Diversity Policy

MWE welcomes diversity. MWE's approach to diversity is to continually develop an environment that supports equality and inclusion, regardless of difference. MWE has a formal diversity policy and assesses progress against this on an annual basis and is available to view on MWE's website.

For the 12 months ended 30 June 2023, the Board is comfortable that MWE's employment practices and HR processes and practices were in line with the intent of its Diversity Policy. The Board will continue to look to enhance its diversity into the future.

As at 30 June 2024, the gender balance of the Company's directors, officers and all employees and contractors were as follows:

	June 2024			June 2023		
	Female	Male	Total	Female	Male	Total
Directors	1	2	3	1	2	3
Executive	-	3	3	-	5	5
Employees & contractors	8	4	12	11	4	15
Total	9	9	18	12	11	23
Percentage	50%	50%	100%	52%	48%	100%

2.6 Director Training

All Directors are responsible for ensuring they remain current in understanding their duties as Directors. Where necessary, MWE will support Directors to help develop and maintain Directors' skills and knowledge relevant to performing their role.

2.7 Director Performance

In accordance with the Charter and the Code, the Board has established and reviews performance criteria for itself and Directors. The Remuneration Committee reviewed the Director's performance against those criteria annually to ensure Directors are performing to a high standard. The Board recognises that the quality with which it performs its functions is an integral part of the performance of MWE and that there is a strong link between good governance and performance.

2.8 Majority of the Board should be Independent Directors
The majority of MWE's Directors are Independent. The Board comprises two Independent Directors and one non independent Director.

2.9 Independence of the Chair
The Chair is not independent due to his substantial shareholding in the company and the executive duties he carries out on behalf of MWE, which are limited in nature. The Board has processes in place to manage any conflicts.

2.10 Separation of the Chair and CEO

In accordance with the Charter, the Chair and CEO are separate people.

Principle 3 – Board Committees

The Board currently has two standing committees: Audit and Risk, and Remuneration. Each committee operates under a specific charter which is approved by the Board and will be reviewed annually. Any recommendations made by these committees are recommendations to the Board.

Director Meeting Attendance

	Board Meetings	Audit and Risk	Remuneration
Total number of meetings held	8	2	1
Min Jia (Executive Chairman)	7/8	0/2	0/1
Danny Chan	8/8	2/2	1/1
Christine Pears	8/8	2/2	1/1

3.1 Audit and Risk Committee

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee which are to provide assistance to the Board in fulfilling its responsibilities in relation to the company's financial reporting, internal controls structure, risk management systems and the external audit function.

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The audit committee currently comprises of Danny Chan, Christine Pears and Min Jia. Danny Chan and Christine Pears are considered Independent Directors for the purposes of Listing Rule 2.13.2. All members of the Audit and Risk Committee have appropriate financial experience and an understanding of the industry in which MWE operates.

MWE does not comply with recommendation 3.1 of the NZX Corporate Governance Code as an Executive Director is a member of the Audit and Risk Committee. Recommendation 3.1 provides that the Audit and Risk Committee should solely consist of non-executive directors. MWE's Board comprises of only three directors at the current time and the Listing Rules require that the Audit and Risk Committee consist of at least three directors. Accordingly to comply with the Listing Rules it is necessary for an Executive Director to sit on the Audit and Risk Committee. If the Board composition of MWE changes, the Board will review Audit and Risk Committee membership with a view to bringing MWE into compliance with Recommendation 3.1.

The Audit and Risk Committee focusses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance. The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that MWE provides for 5-yearly rotation of either the external auditor or the lead audit partner.

The Audit and Risk Committee provides a forum for the effective communication between the Board and external auditors. The responsibilities of the committee include:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing any recommendations from the audit;
- reviewing any financial information to be issued to the public; and
- ensuring that appropriate financial systems and internal controls are in place.

The Audit and Risk Committee may have in attendance the CEO and/or others including the external auditor as required from time to time.

3.2 Meeting Attendance by Non-Committee Members

Directors who are not members of the Audit and Risk Committee are able to attend the committee meetings as they wish. Employees may only attend those meetings at the invitation of the committee.

3.3 Remuneration Committee

The Remuneration Committee Charter sets out the objectives of the Remuneration Committee which is to set and review the level of directors' remuneration, following the policies set out in the Remuneration Policy. There is an executive director on the remuneration committee, the directors do not participate in the consideration of their own remuneration.

The responsibilities of the committee include:
- reviewing and recommending to the Board the MWE Remuneration Policy for executive and non-executive directors to ensure that the structure of the policy allows MWE to attract and retain directors of sufficient calibre to facilitate the efficient and effective management of MWE's operations;
- annually reviewing and recommending to the Board remuneration packages for all Directors of MWE; and
- establishing appropriate performance criteria, from time to time, for employee incentive plans and making recommendations to the Board.

The Remuneration Committee currently comprises of Christine Pears (Chair), Danny Chan and Min Jia. Danny Chan and Christine Pears are considered Independent Directors for the purposes of Listing Rule 2.13.2. Management is only permitted to attend Remuneration Committee meetings at the invitation of the Remuneration Committee.

3.4 and 3.5 Other Committees

The Board does not have a Nomination Committee. This work is undertaken by the Board as a whole and the nomination process is outlined in the Charter. The Board has no other standing Committees.

3.6 Takeover Response Protocol

The Board has protocols in place that set out the procedure to be followed if there is a takeover offer for MWE. This procedure is set out in the Charter.

CORPORATE GOVERNANCE

For the year ended 30 June 2024

Principle 4 – Reporting and Disclosure

4.1 Continuous Disclosure

The Board focusses on providing accurate, adequate and timely information both to existing shareholders and the market generally. This enables all investors to make informed decisions about MWE.

MWE, as a company listed on the NZX Main Board, has an obligation to comply with the disclosure requirements under the NZX Main Board Listing Rules, and the Financial Markets Conduct Act 2013. MWE recognises that these requirements aim to provide equal access for all investors or potential investors to material price-sensitive information concerning issuers or their financial products. This in turn promotes confidence in the market.

MWE has a written Continuous Disclosure Policy designed to ensure compliance that outlines the obligations of MWE People in order to satisfy these disclosure requirements. MWE's Disclosure Officer (currently the CEO) is responsible forensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the Exchange

4.2 Key Governance Documents

A copy of MWE's key governance policies, codes and charter documents are available on MWE's website at http://www.nzmwe.com/governance-documents/.

4.3 Financial Reporting

MWE believes its financial reporting is balanced, clear and objective. MWE is committed to ensuring integrity and timeliness in its financial and non-financial reporting, ensuring the market and shareholders are provided with an objective view on the performance of the company.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. The Audit and Risk Committee reviews half-yearly and annual financial statements and if necessary, may make recommendations to the Board concerning accounting policies, areas of judgment, compliance with accounting standards, NZX and legal requirements and the results of the external audit.

4.4 Non-financial Reporting

MWE is committed to using its resources responsibly and will look for opportunities to reduce any negative environmental risk or impact from business operations, products and services. The Board encourages diversity and will not knowingly participate in business situations where MWE could be complicit in human rights and labour standard abuses.

MWE discusses its non-financial objectives and its progress against these objectives in shareholder reports, communications and at other investor events during the year including investor presentations and the Annual Shareholders' Meeting.

Given MWE's size, the Board has elected not to adopt a formal environmental, social and governance framework. MWE will continue to assess whether it is appropriate that an ESG framework is adopted for MWE in the future.

The Company remains aware of changes to non-financial reporting standards, particularly changes to climate-related disclosures. MWE's Continuous Disclosure Policy governs the responsibilities and procedures for releasing material information to the market.

Principle 5 – Remuneration

5.1 Directors' Remuneration

In accordance with the NZX Listing Rules, MWE shareholders fix the total remuneration available for Directors. Approval is sought for any increase in the pool available to pay Directors' fees, and any recommendations to shareholders regarding Director remuneration are provided for approval in a transparent manner.

MWE's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. A written Remuneration Policy is available to view on MWE's website.

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Non-executive Directors' remuneration is paid in the form of directors' fees. The current Director fee pool of $300,000 per annum was approved by shareholders at the time of listing in June 2016. The value of the fixed fees will reflect the time commitment of each individual Director and the level of responsibility each have in performing part of the collective duties of the Board. Non-executive directors' do not receive performance based remuneration. MWE recognises the importance of non-executive directors' independence and freedom from any potential or perceived bias in decision making. No sum is paid to a non-executive Director upon retirement or cessation of office.

Executive Directors are paid a base salary. The determination of a base salary for executive Directors is based on responsibilities, individual performance and experience, market data, and, to some extent, performance of MWE and the Group.

Further detail on the Director fees and individual Director remuneration, including a breakdown of remuneration for committee roles and other benefits and fees received by the directors can be found in the Annual Report.

5.2 and 5.3 CEO and Senior Executive Remuneration

The CEO and Senior Executive remuneration consists of a salary (including KiwiSaver contributions from MWE) that is based on responsibilities, individual performance and experience, market data, and, to some extent, performance of MWE and the Group, and participation in MWE's Employee Share Ownership Plan.

In determining the CEO or senior executive's salary, the Remuneration Committee may seek external advice from a recognised and competent source, including an evaluation against comparable peers (i.e. through external remuneration surveys). Where external advice is relied upon in a review of the Director's salaries, any public statement of reliance of this advice should include a summary of the advice and attest to the advisor's independence.

Catherine Ma served as the CEO of MWE until 5 April 2023, in a part-time capacity. Andrew Stafford then joined as CEO on 6 March 2023, serving until 31 May 2024, after which Conan Wang took over as acting CEO.

	CEO	Salary	Benefits and Incentives	Total Remuneration
FY24	Andrew Stafford	268,938	-	268,938
	Conan Wang	13,725	-	13,725

	CEO	Salary	Benefits and Incentives	Total Remuneration
FY23	Andrew Stafford	91,542	-	91,542
	Catherine Ma	54,660	-	54,660

Principle 6 – Risk Management

6.1 Risk Management

The MWE Board is committed to managing risks proactively. Key risk management tools used by MWE include the MWE's risk management framework, MWE's Audit and Risk Committee function and the outsourcing of certain functions to service providers (such as legal and audit). The Audit and Risk Committee reports against, and the MWE Board reviews at least annually, the risk management framework that measures the impact of the risks, the likelihood of occurrence and outlines the practices and processes in place to address and mitigate the identified risk. The material risks facing the business include: financial risks such as interest rate related risks, vineyard risks such as agricultural and labour related risks, and operational risks such as health and safety and climate related risks. MWE manages these risks by continually reviewing its risk mitigation strategies and the MWE Board maintains insurance policies that are considered adequate to meet insurable risks. As the Company expands, the Board will consider whether it is appropriate for a risk management committee to be appointed should the nature and size of the business change in the future.

6.2 Health and Safety

The responsibility for health and safety is viewed as a collective responsibility for the Board. The Board has responsibility for ensuring that MWE maintains a health and safety management system that meets best practice standards to protect the health and safety of employees and contractors engaged by MWE.

Under the health and safety management system, a workplace health and safety report will be presented to the Board as part of the materials prepared for each Board meeting. The report will detail MWE's process for identifying risks to health and safety and a review of any outstanding risks. The Board will then actively ensure that any risks to health and safety are managed.

CORPORATE GOVERNANCE
For the year ended 30 June 2024

The Board recognises the importance of health and safety considerations, and will continue to assess any risks, management and performance in this regard in the future.

Principle 7 – Auditors

7.1 External Auditors

The Audit and Risk Committee makes recommendations to the Board on the appointment of the external auditor as set out in Audit and Risk Committee Charter. The committee also monitors the independence and effectiveness of the external auditor and reviews and approves any non-audit services performed by the external auditor. BDO provided only audit work in FY24. The amount of fees paid to BDO during FY24 is identified in note 5 of the Financial Statement.

BDO has provided the Audit and Risk Management Committee with written confirmation that, in its view, it was able to operate independently during the year.

7.2 Auditor attendance at ASM

The Board considers that MWE's financial statements and audit report is simple and relatively self-explanatory given the size and nature of its current business. Accordingly, the Board does not consider it necessary for the company to follow recommendation 7.2 in the Code, which recommends that the external auditor attend the issuer's annual meeting to answer questions from shareholders in relation to the audit. The Board considers that at present it is in the best interests of shareholders to keep operating costs to a minimum. Should a shareholder have a question regarding the audit which is unable to be answered by the Audit and Risk Committee, the Board will seek a response from the external auditor on an "as required" basis.

7.3 Internal Audit Function

Given the nature of the business of MWE and the internal financial controls MWE has in place, it is not considered necessary to have an internal auditor in addition to the Audit and Risk Committee.

Principle 8 – Shareholder rights and relations

8.1 Information for Shareholders

MWE seeks to ensure that investors understand its activities by communicating effectively with them and providing access to clear and balanced information.

MWE's website http://www.nzmwe.com/ provides an overview of the business and information about MWE. This information includes details of investments, latest news, investor information, key corporate governance information, and copies of significant NZX announcements. The website also provides profiles of the directors and the senior executive team. Copies of previous annual reports, financial statements, and results presentations are available on the website.

Shareholders have the right to vote on major decisions of the company in accordance with requirements set out in the Companies Act 1993 and the NZX Main Board Listing Rules.

8.2 Communicating with Shareholders

MWE endeavours to communicate regularly with its shareholders through its market updates and other investor communications. The company receives questions from time to time from shareholders, and has processes in place to ensure shareholder communications are responded to in a timely and accurate manner. MWE's website sets out appropriate contact details for communications from shareholders, including the phone number and email address of the CEO. MWE provides the opportunity for shareholders to receive and send communications by post or electronically.

8.3 Voting on major decisions

In accordance with the NZX Listing Rules, shareholders have the right to vote on major decisions which may change the nature of the Company. Each shareholder has one vote per share and voting is conducted by polls.

8.4 Additional equity offers

Should MWE consider raising additional capital, MWE will structure the offer having regard to likely levels of shareholder participation and optimising and enhancing the ability to maximise the level of capital raised. The Board will look to give all shareholders an opportunity to participate in any capital raising.

CORPORATE GOVERNANCE

For the year ended 30 June 2024

8.5 Notice of Meeting

MWE seeks to send the annual shareholders notice of meeting and publish it on the company website as soon as possible and at least 20 working days before the meeting each year.

COMPANY DIRECTORY
As At 30 June 2024

Company Registration Number
5639568

Registered office
Level 6, 5-7 Kingdon Street
Newmarket, Auckland Central
New Zealand

Directors
Min Jia (executive chairman)
Christine Pears (independent)
Danny Chan (independent)

Auditors
BDO Auckland
Level 4, BDO Centre
4 Graham Street, Auckland CBD, Auckland 1010
PO Box 2219, Auckland 1140
New Zealand

Solicitors
Duncan Cotterill
Level 2, Chartered Accountants House
50 Custom House Quay, Wellington

Bankers
Industrial Commercial Bank of China (New Zealand) Limited
ANZ Bank Limited
BNZ Bank Limited

Share Registrar
Link Market Services Limited
Level 30, PWC Tower
15 Customs Street West, Auckland 1010