ALLIANCE

FARMERS' PRODUCE

SINCE 1948

ANNUAL REPORT 2024

ALLIANCE GROUP LIMITED

Introduction: Our co-operative

In 1948, a collective of Southland farmers came together to establish Alliance Freezing Company Limited, with the aim of processing and promoting premium-quality meat and associated products to international markets.

The initial processing facility, which remains our largest to this day, was inaugurated in Lorneville in 1960. In 1980, the company underwent a change in ownership structure, transitioning into a proud co-operative.

76 years later, we carry that same sense of pride and dedication into every facet of our operations, including the well-being of our people, the vitality of our rural communities, and the health of the planet.

Our journey, beginning as a small Kiwi enterprise and evolving into a global success story, can be attributed to our unwavering reputation for food excellence.

While our success originates on farms across the country, it is our mission to identify opportunities across the entire supply chain and capture greater market value that sets us apart.

This is why we continuously invest in technology, our people, and robust systems, as we strive to uphold the highest standards of environmental sustainability to ensure this success continues in the years ahead.

We proudly employ 4,600 people across New Zealand, as well as in the United Kingdom, Asia, and the United States.

Our role as a significant employer in the rural communities where we operate is a responsibility we take seriously, and we recognise the privilege of being an integral part of New Zealand's primary sector.

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02

Year in review

Co-operative Performance

LOSS AFTER TAX

($95.8M)

UNDERLYING LOSS AFTER TAX

($47.6M)

ANNUAL TURNOVER

$1.8B

CAPITAL SPEND

$38.9M

Benefits to Shareholders

ADVANCE PAYMENTS MADE TO PLATINUM AND GOLD SUPPLIERS

$30.0M

STORE STOCK FACILITATION

LAMB	993,295
CATTLE	27,592
EWES	103,502
DEER	4,072

03

Chairman & Chief Executive review

Chairman & Chief Executive review

The 2024 financial year has been one of the most challenging periods for Alliance in living memory, testing the resolve and resilience of our people and our farmers.

Throughout the past year, we faced significant pressure on our balance sheet, brought on by ongoing weakness in global markets, reduced livestock volumes, and persistent inflationary pressures.

We have reported a loss after tax of $95.8m, compared to a $70.2m loss for the year ended 30 September 2023. We note that our underlying loss after tax was $47.6m, as outlined in the table below. Our turnover for the year was $1.8 billion, compared to $2 billion for the previous year.

Challenging times often provide a company with the opportunity to reset and forge a stronger future.

We have had a relentless focus on re-building the trust, confidence and loyalty from our farmers so we can achieve our goal of becoming a high-performing business.

Our reset has encompassed the entire organisation, with a particular emphasis on four key areas: enhancing our financial resilience, improving our offering for farmers, optimising our processing network, and investing in technology.

Our commitment to open dialogue with farmers has been critical during this time. We organised 42 woolshed meetings and a series of webinars to hear directly from our farmers and they gave us honest feedback on areas where we needed to do much better.

Farmers were clear they wanted a more simplified schedule and processing sheet, more equitable practices, honest communication, and a stronger balance sheet.

As a company, both the Board and management own these challenges. We are listening and acting.

The table below shows the reconciliation between the reported loss after tax and the underlying loss after tax for the year ended 30 September 2024. This is a non-GAAP performance measure.

	Reported result	**Restructuring** [1]	**Deferred tax** [2]	**Freight costs** [3]	**Underlying result**
	$m	**$m**	**$m**	**$m**	**$m**
Revenue	1,772.2				1,772.2
Cost of sales	(1,739.7)			4.7	(1,735.0)
Gross profit	**32.5**				**37.2**
Financial expenses	(35.7)			0.6	(35.2)
Loss before provisions, and tax	**(69.5)**				**(64.3)**
Restructure and impairment expenses	(51.3)	51.3			-
Loss before tax	**(120.8)**				**(64.3)**
Income tax benefit/(expense)	25.1	(14.4)	7.5	(1.5)	16.7
Loss after tax	**(95.8)**	**36.9**	**7.5**	**3.8**	**(47.6)**

1. Due to the announcement of the plan to close the Smithfield plant, the Group recognised restructuring and impairment expenses, in addition to organisational change restructuring costs already incurred.

2. Relates to derecognition of deferred tax on depreciation relating to buildings as a result of changes in tax legislation.

3. Relates to an adjustment to freight costs spanning a four year period.

FINANCIAL RESILIENCE

Following our 2023 financial result, we signalled the need to strengthen our balance sheet with capital from our farmer-shareholders. Despite prices being lower than previous years, product prices have increased at a faster rate than shareholder equity growth over the past few decades, driving higher working capital demand.

In the last 12 months, we have focused on cost reduction and optimising market pricing and inventory to lower our working capital requirements, and we've made significant progress in these areas.

However, the decline in shareholder equity—from 70 percent in 2017 to 48 percent in 2023—has forced us to make difficult decisions.

We understand the burden of asking our shareholders to reinvest in difficult circumstances. Therefore, we have utilised every available option, including reducing inventory, accelerating global market payments, and cutting operational costs, to alleviate the pressure.

Our financial partners have been supportive of the changes we have made to the company.

Ultimately, the capital raise launched in April was driven by the recognition that our current financial position was no longer sustainable, given the ongoing market challenges. Declining livestock numbers, combined with inflationary pressures, required immediate and decisive action.

The rate of deduction was set to balance maintaining livestock flows, raising capital and meeting the expectations of our banking partners.

While there were mixed views about the level of deductions, we heard the concerns regarding the level of deductions being too high for some farmers in the current economic climate. As a result, we changed the level of deductions in September.

The continued capital raise will enable us to strengthen our balance sheet, manage debt levels, and invest in areas that drive long-term value for our farmer shareholders. By doing so, we will be better positioned to navigate future market volatility while delivering strong returns to our suppliers.

We also appointed Craigs Investment Partners as our investment bank to explore capital-raising options. Given that we won't know the outcome of the farmer capital raise until next year, this decision was prudent.

Ultimately, the future of Alliance depends on the outcome of the capital raise. We have three options:

+ Securing capital from farmers and remaining a co-operative.
+ Selling part of the company and raising external capital
+ Sale of the company.

INVESTMENT IN TECHNOLOGY

We continued to make significant progress on key technology projects, including our Enterprise Resource Planning (ERP) programme.

A key element of the ERP was the successful launch of the Finished Goods Warehousing (FGW) project in July. This long-overdue system upgrade has modernised our inventory management and the order-to-cash process, reduced business risk and increased cash velocity through faster inventory turnover and cash collection.

In addition, we commissioned a $16 million warehouse technology system at our Lorneville plant, introducing automation into the frozen product warehousing process. This system uses automated shuttle vehicles to handle storage and retrieval, minimising human intervention and enhancing efficiency.

In one of the most exciting initiatives in the company's history, we also rolled out our MEQ (Meat Eating Quality) programme. Powered by cutting-edge artificial intelligence, this technology measures intramuscular fat (IMF) levels in lamb and marbling percentages in beef, providing real-time data on eating quality.

This data offers our farmers valuable insights to inform breeding and feeding programmes, leading to more sustainable livestock management and consistent quantifiable meat quality for our customers.

IMPROVING OUR FARMER OFFERING

Our farmer-shareholders are the backbone of Alliance, and enhancing the value we deliver to them has been a key focus of our reset this year.

Changes to our farmer offering were designed to improve value and better support our farmers. These changes include a more equitable schedule, over time bringing in a simplified 'all-in' processing sheet, a reshaped loyalty programme, and access to the MEQ data for Platinum and Gold suppliers.

At the woolshed meetings across the country, farmers also expressed concerns about third-party supply.

We are committed to prioritising direct supply from shareholders and returning to a "rep-first" procurement model, ensuring our livestock representatives are not undercut on price.

While reducing our reliance on third-party suppliers is challenging, particularly when sudden fluctuations in supply occur, our long-term goal is clear: to increase the percentage of livestock procured directly from our farmer shareholders.

OPTIMISING OUR PROCESSING CAPACITY

One of the most difficult but necessary decisions in our reset strategy was the closure of the Smithfield plant in Timaru. The Smithfield plant has been a part of Alliance for over 30 years, but declining sheep numbers and land-use changes left us with surplus processing capacity. Maintaining under-utilised plants is not viable.

Its closure was deeply emotional for the 600 employees affected, their families, and the wider community.

According to our forecasts, we can process our farmers' sheep, deer, and cattle at our four other South Island plants during peak season, without the need for a fifth plant.

This closure also means we have the right scale and a reduced cost structure to meet the needs of our farmers and customers.

BEHIND THE FARM-GATE

In the North Island, there were favourable growing conditions from January–May followed by a relatively mild winter.

In the South Island, there was generally ample feed from January–May, however farmers in Canterbury were hit by drought conditions and the region remained dry for the remainder of the year. In contrast, Southland endured significant rain and snow over August and September, and this led to major lamb losses across the region.

Livestock flows were more consistent compared to previous years, with no significant peaks. High rainfall in the South and parts of the North Island in January–February prompted many farmers to hold back livestock to add weight.

Farmers also spread out their cow cull, helping the company avoid the backlogs that can typically occur in April–May. Bull numbers were also down, with fewer farmers rearing bobby calves for beef.

Many farmers took full advantage of our free store stock facilitation service, with over one million head of livestock moved during the season, an increase from previous years. This included large volumes of store lambs moved out of Canterbury and livestock relocations in the North Island during January–February.

GLOBAL MARKETS

It has been an exceptionally challenging year with global market prices remaining weaker as consumers continued to keep a tight rein on spending in the face of the cost-of-living crisis. Notably, sales value and volume to the Chinese market nearly halved this year.

Overall, prices dropped on average a further 10 per cent in 2024, however, we saw signs of a gradual recovery.

While China had been our largest market, we used this opportunity to develop significant commercial alternatives, making solid progress in establishing more stable and consistent markets outside of China. Although global markets remain tough, we saw steady demand growth throughout the year, with prices gradually climbing.

We increased supply to the Middle East, particularly lamb, and boosted both volume and value in North America, helping to offset some of the reduced demand from China. This included a growth in beef, as well as lamb through our partnership with The Lamb Company into the Canadian retail channel.

In the UK, we saw an uptick in business, including our chilled and frozen beef, and we continued to focus on the UK lamb retail channel, capitalising on our position as the largest global supplier of lamb to that market.

Our premium beef programme is a standout success, with Pure South Handpicked 55 Day Aged Beef gaining recognition as an exceptional world-class product. We also expanded our premium beef offerings into broader Asian markets, which are beginning to gain traction.

In September, we highlighted our commitment to the region by signing Memorandums of Understanding with distributors in South Korea and Malaysia.

Our venison programme has seen improvement in pricing, driven by our e-commerce partnership for online retail sales in North America. Additionally, we have seen strong demand for our enhanced product solutions, particularly freeze-dried proteins, which are performing well in the high-end nutraceutical market in North America.

MURRAY TAGGART

We want to pay tribute to our former Chair, Murray Taggart, who retired in April after almost two decades of dedicated service to the company. Murray was a tireless advocate for the company, and we wish him well for the future.

JASON MILLER

Jason Miller is not seeking re-election to the Board. He was elected as a supplier representative in 2015 and was also a director on the Alliance Board from 2007 – 2013. Jason has made a valuable contribution to the Board, consistently demonstrating a deep understanding of Alliance's values and the needs of our farmers. His experience and strategic insight have been valuable during both stable and challenging times for the company.

LOOKING FORWARD

We are in the final stages of a significant cost and business model transformation for Alliance, positioning the business for a promising future. The reset we embarked on was about a back-to-basics approach, building a stronger, leaner, and more resilient Alliance—one that is equipped to face today's challenges while setting a course for long-term success in a competitive and evolving world.

Through this reset, we have strengthened our financial foundations, enhanced our offerings to farmer shareholders, and optimised our processing network.

These steps ensure that Alliance remains an innovative and leading force in New Zealand's red meat sector, committed to delivering high performance and sustainable farming solutions.

This journey has not been without its challenges, and we acknowledge there have been times when we did not meet all expectations, but we are committed to listening, learning, and adapting swiftly.

Now, as we enter this final stage of our reset, we can look ahead with confidence.

Despite the difficulties, it is essential that we continue to drive forward the necessary changes to make Alliance a high-performing, future-focused company. Our work aims to ensure that livestock farming is a sustainable commercially viable use of land for our farmers.

This year has tested our resilience in every sense, yet it has also highlighted the genuine care the Alliance team has for our farmers and communities. The commitment and dedication shown by our people over the past 12 months has been exceptional. This speaks volumes about the co-operative's enduring spirit and our collective ability to adapt, even in the face of adversity.

The support of our loyal farmer shareholders has been invaluable throughout this journey. As we move forward, we are confident these changes will deliver sustained value for our farmer shareholders and provide a more stable, prosperous future for Alliance.

Mark Wynne
Chairman

Willie Wiese
Chief Executive

November 2024

04

Our people

Our people

Our success relies on the commitment, care, and courage of our people to deliver their best every day.

At Alliance, we're focused on providing a great place to work where our employees deliver exceptional outcomes. We live by our values daily, supporting our people to grow, develop, and flourish in meaningful and rewarding roles. Over the past year, we implemented several initiatives to build Team Alliance and enhance the experience we are giving our people at work.

Key programmes like our Leadership Development Framework, "The Way We Work", and our Performance & Development Framework empowered our teams, while improvements to recruitment, onboarding, and absenteeism management ensured we had the right people in the right roles at the right time.

The results speak for themselves. Our "We Are Alliance" survey saw a six per cent increase in culture scores, a 1% lift in overall engagement, and a 10 per cent boost in leadership behaviour ratings. Employee voluntary turnover dropped significantly, and all of this despite our financial challenges and consequent pressures on our people.

These outcomes demonstrate our commitment to creating a high-engagement, high-performance culture where our people deliver exceptional outcomes.

HEALTH AND SAFETY

The safety and well-being of our people is our highest priority, and we take pride in being among the safest red meat processors in New Zealand.

In 2024, we commenced an internal annual audit programme of our Safety Management System and related standards and procedures. All processing sites are audited on at least an annual basis to ensure a high level of compliance is achieved and to identify areas for improvement.

By 2025, the company aims to achieve a 75% pass rate for all plant audits.

We also renamed our critical risks to fatality risks to emphasise the importance of safety within these high-risk activities.

As part of our fatality risk management programme, we have commenced developing Bow Tie models, a method used to identify the correct controls are in place to prevent potential fatality related events from occurring.

Our priority is to ensure our people go home safe and well at the end of every day.

We are placing greater emphasis on engaging with our workers and fostering more conversations around health and safety. Alliance is also committed to addressing the root causes of musculoskeletal injuries, and we've made significant progress in implementing Personal Protective Equipment (PPE) on the slaughter floor.

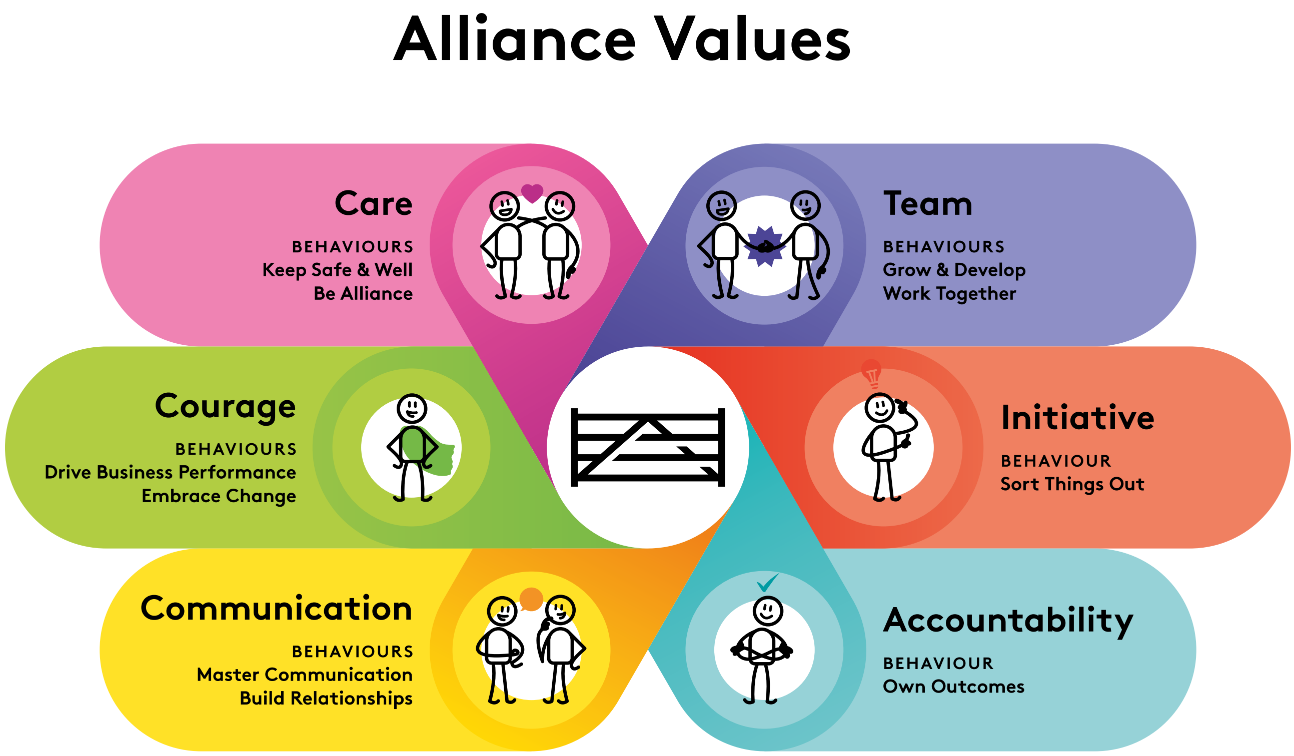
NEW HEALTH AND SAFETY KEY PERFORMANCE INDICATOR

For internal benchmarking, we are now assessing the number of lamb equivalents processed for every recordable injury that occurs.

This indicator reflects the number of injuries occurring based on processing throughput as opposed to hours worked as reflected in Total Recordable Injury Frequency Rate (TRIFR). While we will still measure TRIFR, this will no longer be our core KPI.

In FY23 we processed 63.5K lamb equivalents for every recordable injury. In comparison, 70.6K lamb equivalents were processed for every recordable injury in FY24. This shows a significant reduction in accident rate.

TEAM ALLIANCE



THE WAY WE WORK

A key enabler of our strategy lies in our people and the culture we foster. We achieve results through both 'what' we do and 'how' we do it. The "Way We Work" initiative, launched across all sites in October 2023, and introduced a set of behaviours that encourage our people to embody and exemplify our Alliance values every day. These behaviours bring our values to life. By defining how we work, we establish clear expectations for excellence, provide clarity for individuals and teams, and facilitate the measurement and feedback of these behaviours.

This year, we have worked hard to integrate the way we work into all aspects of our operations. We have rolled out materials such as posters, a handbook, and flip cards to help leaders across all our sites engage in conversations about behaviours and we have run Way We Work workshops for our people to dive deeper into what it means to live our Alliance values. We have also embedded these behaviours and our Alliance values across the full employee lifecycle from recruitment, onboarding, talent development, succession planning, performance and remuneration processes.

THE ALLIANCE TRAINING PATHWAY & APPRENTICESHIPS

Over the previous year we have continued to invest deeply in our employees, supporting and enabling them to complete both internal training, and recognised certifications through our available training pathways.

For most of our employees, the training opportunities, and certifications available to them through Alliance open up new pathways in both their professional and personal development; this boosts our team moral, employee engagement and ensures our employees are set for success.

We are very proud to confirm through the previous year, 23 of our employees have completed their two-year NZ Apprenticeship Programme and have achieved both Level 3 and Level 4 recognised qualifications in either Export Meat Boning or Slaughter Floor Operations. In addition to this, 540 employees have achieved their first stage of the NZ certificate in meat processing, while a further 102 have also completed their second stage.

We would like to take the opportunity to thank our network of assessors, tutors and trainers who have not only trained, but supported and encouraged thousands more of our employees throughout our internal pathways; this demonstrates a substantial investment of time and effort from both trainers and learners towards uplifting our organisational capability by enabling our skilled workforce to continuously improve and deliver.

DEVELOPING OUR LEADERS

In 2024, a priority of our People Strategy has been to lift the capability of our leaders. Our Leadership Development Framework, launched in 2023, includes a range of different development opportunities tailored to meet the specific needs of different leadership levels and further enhance the behaviours in The Way We Work. In addition to the embedment of The Way We Work programme, 7 Habits of Highly Effective People©, and People Foundations which were rolled out in 2023, in 2024 we launched our new leadership development programme, The Way We Lead. This is our flagship programme for leaders of others.

The core focus of the programme is creating better, more impactful, leaders of our people. Each year we will have over 50 of our leaders complete the 6-day programme.

TERTIARY SCHOLARSHIPS

Each year, Alliance offers two bursary scholarships — the Employee Family Members Bursary and the Shareholder Undergraduate Bursary. Each Bursary is valued at $1,500 per annum for a maximum of three years.

The Employee Family Members Bursary is open to candidates who have a parent or guardian working at Alliance, and who are planning to study in areas relating to the meat industry, its associated industries and/or primary production.

The Shareholder Bursary is open to the children of Alliance Group shareholders. In 2024, the two successful applicants were:

Bursary Shareholder — Fynn Mitchell

Fynn has just completed Year 13 at Southland Boys' High School and will be beginning a Bachelor of Commerce – Majoring in Supply Chain Management and Finance at Lincoln University. Fynn spoke about the partnership his parents have with Alliance, and that the Bursary Payment would be special to him.

Bursary Employee — Marshall McClery

Marshall has just completed Year 13 at Gore High School and will be starting a Bachelor of Civil Engineering at Otago University. Marshall spoke of his respect for Alliance. His father Vaughan has worked at Alliance's Mataura plant for 39 years.

05

Caring for our environment & our communities

Caring for our environment & our communities

As a company with more than 4,500 employees, Alliance prioritises environmental and community sustainability. We recognise that our success is intertwined with a healthy and sustainable environment that supports our people and communities.

Our dedication to sustainability drives us and our farmers to adopt responsible farming and food production practices that minimise our environmental impact, conserve natural resources, reduce emissions, and enhance biodiversity. These efforts are fundamental to ensuring a sustainable and prosperous future for farming families.

Our farmers, as stewards of the land, embody our core values of environmental respect and stewardship. Their commitment involves nurturing the soil, protecting water resources, and maintaining the land's health, ensuring a legacy for future generations.

As processors and exporters of our farmers' products, we take our responsibility towards looking after the environment extremely seriously in line with the expectations of our customers and consumers.

IMPROVING OUR FOOTPRINT

We strive to achieve ambitious targets to enhance our overall environmental footprint. We have been internally tracking our direct Scope 1 & 2 emissions for over a decade and will soon commence our third year of full greenhouse-gas inventory certification under Toitū's carbon reduce programme.

Alliance has also been a leader in investing in efficiency projects to reduce emissions, including a New Zealand industry-first High Temperature Industrial Heat Pump at our Nelson site in 2019 with a heat generation capacity of one megawatt, which roughly halved diesel use at the site.

Across our Lorneville (Invercargill) and Pukeuri (Oamaru) sites, we have commissioned six industrial heat pumps within the last 12 months and have a further project under construction at our Mataura site in Southland, which will see the installation of three additional heat pumps.

The combined capacity of heat pumps across these installations will be 11 megawatts and the heat generated will directly offset coal use. The forecast reduction in coal use equates to 23 per cent of Alliance's coal use in our 2022 financial year.

We have further heat pump, electric boiler and efficiency projects in the planning, design, and execution phases, which will lead to the retirement of a number of our coal boilers by 2028.

In addition to the above projects, we are also continually working to be more efficient with water and energy use, which further reduces our carbon footprint as well as the other environmental impacts of using energy and water resources.

OUR COMMUNITIES

Since 2021, we have collaborated with Ronald McDonald House South Island, an independent charitable trust that offers free accommodation and support to families whose children require medical treatment away from home.

This organisation holds a special place in the hearts of many of our employees, especially our farmer-shareholders and the broader rural communities, who have used the facilities when young family members were unwell.

We take pride in being part of the 'Ronald McDonald family'. In addition to being a sponsor, we supported the Ronald McDonald House Polo Event in Christchurch by providing high-quality beef.

JESS — RONALD MCDONALD HOUSE STORY

I am glad to be able to share my awesome experience with the Ronald McDonald House.

I would like to share my admiration to Alliance Group for its support of Ronald McDonald House.

During the challenging period of my heart surgery in February 2020, when I was nine years old, Ronald McDonald House provided a comforting home away from home for my family and me.

The house was a tranquil haven amidst the upheaval, offering us delicious meals, complimentary amenities, and engaging activities, all free of charge.

Their assistance was invaluable, and I am not sure where we would be without it.

It's rare to find such generous support, but with Alliance Group's continued contributions, Ronald McDonald House can keep offering a helping hand to more families like ours.

> "I am so incredibly glad to have a mother who works for a company which supports such a great cause, and we will always be grateful."

Kind regards,
Jess

Industry-first High Temperature Industrial Heat Pump at our Nelson site.

Jess in 2023 with all her school achievements.

06

Our farmers & their produce

Our farmers & their produce

The past year was another challenging period for our farmers with the weaker global economy impacting farm-gate prices and persistently high inflation pushing up on-farm costs.

There were also variable farming conditions across the country. Most regions of the North Island enjoyed good growing conditions from January–May, along with Southland, which had abundant feed at that time. Parts of Canterbury experienced drought conditions which caused farmers to unload capital stock.

While the North Island enjoyed a fairly mild winter, Southland and Otago were impacted by extreme rain and snow in August and September.

Prices in China, our major export market, fell steeply from November when Australia began exporting significant volumes of product. This was due to Australian farmers drastically reducing flocks and herds due to drought following a period of rebuilding. Prices began to rebound in April with growing demand for lamb and mutton on the back of lower volumes.

We did everything we could to mitigate the pricing volatility for our farmers by re-directing product away from China into other markets such as North America where pricing and demand was positive throughout the year. There was also strong retail demand in the UK and some improvement in the European market.

IMPROVED FARMER SHAREHOLDER OFFERING

Following a series of webinars and 42 woolshed meetings across the country, we released our improved farmer shareholder offering in September, in time for the new season.

Our revised farmer shareholder offering includes:

+ A more equitable and simplified schedule (and over time, a simplified processing sheet)
+ A reshaped loyalty programme
+ Access to Meat Eating Quality (MEQ) data and insights for Platinum and Gold suppliers via the farmer portal, Farm Alliance
+ Refined premium programmes.

A more equitable schedule

Previously, we had a “Base plus approach” to pricing, with a base price and add-ons for loyalty, premium payments and volume payments. This was further complicated by a seasonal schedule.

Our farmers told us that this was complex and confusing, and this complexity also meant that processing sheet payments didn’t always match their expectations.

In response, we moved to a more equitable schedule incorporating:

+ Loyalty payments that are now included into the ruling weekly schedule
+ The removal of the seasonal schedule
+ Handpicked Lamb and Silere premiums to be paid at year end to reflect the true in-market returns.

We also realigned the tier structure payments to ensure a more equitable offering for our farmers.

LOYALTY

We reshaped the programme to ensure our valued Platinum and Gold suppliers continued to be rewarded for loyalty.

Platinum and Gold suppliers will be provided with access to MEQ data and insights through the MEQ Dashboard for their livestock processed via the Alliance farmer portal.

As part of the offering, Platinum and Gold suppliers continue to have access to priority processing, advance payments, subsidised Farm Assurance accreditation, free store stock facilitation and subsidised finance, minimum and fixed price contracts, and grazing agreements.

PREMIUM PROGRAMMES

Our premium programmes across lamb (Lumina, Silere and Handpicked) and beef (Handpicked and Angus) play a key role in our strategy to create and capture more value from our global markets and return it to our farmers.

In line with our commitment to lift our value proposition for farmers, we retained the existing selection criteria for Handpicked Lamb, but made two important changes:

+ The inclusion of independent quality validation for intramuscular fat (IMF) via MEQ technology
+ Tightening of the weight range to further improve consistency and quality in terms of product offering for our global markets.

The Handpicked Lamb and Silere premium programme payments have been moved to after the end of the financial year. The premium payment is now a true in-market return.

GREATER INSIGHTS FOR OUR FARMERS

Not only is the MEQ technology allowing Alliance to assess the eating quality of lamb and prime beef, but it is also enabling eligible farmer suppliers to view the performance of their livestock including an individual analysis of each of their animals (lamb and prime cattle) to assist with genetic improvement and feeding programmes.

Over time, this will lead to more sustainable livestock management and higher returns for the farmer and Alliance.

WE ARE HERE FOR OUR FARMERS

Farmers took full advantage of our free store stock facilitation service, with over one million head of livestock moved over the season — a notable increase from previous years. This included significant numbers of store lambs relocated from Canterbury and within the North Island in January and February.

Alliance also retained the Advance Payments programme. At the woolshed meetings, our farmers told us these advance payments are important to them. The programme supports farmers with cashflows when they are at their normal seasonal low period.

Farmers are paid in advance for up to 80 per cent of the qualifying livestock that are processed in the period. This provides farmers with interest-free income and ensures supply for the company so that we can meet demands from global customers.

MEETING OUR FARMERS

Alliance hosted farmers at the Canterbury A&P Show from November 15–17. While show attendance numbers were down compared to previous years, the event had a fantastic atmosphere, and our presence was well-received.

In February, we had a highly successful presence at the Waimumu Southern Field Days, where more than 1,500 people visited the Alliance site.

We enjoyed productive conversations with farmers about our strategy and market outlook. We also supported AgProud's re-boot of National Lamb Day, which was a resounding success, further showcasing Alliance's dedication to the sector.

Rounding out the event season, Alliance had a busy tent at the Wanaka A&P Show on March 8–9, where over 1,000 visitors stopped by to speak with the team and directors. Guests also enjoyed our delicious Pure South products, making it another standout event for the company.

Top row & bottom left images: The Alliance site at the Waimumu Southern Field Days Show.
Bottom right image: Alliance hosting farmers at the Wanaka A&P Show.

07

Sales

Sales

From a global sales perspective, it has been an extremely challenging year for Alliance and the red meat sector. Alliance's sales portfolio was down on the previous year, highlighted by the value and volume of product into the Chinese market almost halving.

We continued to invest energy and resource into our long-standing partnership in China with Grand Farm. This relationship has yet again been extremely beneficial as we've navigated challenging trading conditions into this country.

While China has been our largest market in recent times, we have taken this opportunity to build meaningful alternatives and made material progress in establishing more robust and consistent markets for our products outside of China.

Whilst at a macro level our global markets remained difficult, we saw incremental growth throughout the year. That continued and prices slowly climbed as the year progressed.

We successfully boosted our lamb supply to the Middle East and increased both the volume and value of our offerings in North America, which has helped balance the decline in demand from China. This includes a rise in beef sales and our lamb distribution into Canadian and United States retail, facilitated through our partnership with The Lamb Company.

Our operations in the UK showed notable improvement, particularly in the chilled and frozen beef sectors, along with our sustained efforts in the UK lamb retail channel, where we maintain our position as the leading global supplier of lamb to UK retail.

Our premium programmes have yet again seen strong global growth despite challenging commodity markets. Our Pure South Handpicked 55 Day Aged Beef product continued to win awards on the world stage and our Lumina lamb received international acclaim from some of the world's most prominent eateries.

We are expanding our premium products across Asia, where we're starting to see encouraging results. This was underlined by the signing of Memorandums of Understanding with key distributors in South Korea and Malaysia in the presence of Prime Minister Christopher Luxon.

Our venison programme has seen improvement in pricing on the back of a new initiative selling into new distribution channels in North America, specifically e-commerce and high-end specialist retail. Additionally, our enhanced product solutions (EPS), particularly freeze-dried proteins, saw strong demand in the upscale nutraceutical market in North America.

FREE TRADE AGREEMENTS

Alliance has leveraged the NZ–UK Free Trade Agreement (FTA), which came into force in May 2023 and the benefits of this are reflected in a stronger performance for chilled and frozen beef. New Zealand's FTA with the European Union entered into force in May 2024. Any benefit from this agreement will be modest, given Europe's relative New Zealand beef demand vs global alternatives.

2023 World Steak Challenge — Best in Ribeye & Grass-fed Steak.

PURE SOUTH HANDPICKED 55 DAY AGED BEEF CROWNED THE BEST GRASS-FED STEAK AND THE BEST RIBEYE STEAK IN THE WORLD

After winning multiple medals at the 2023 World Steak Challenge, our Handpicked 55 Day Aged Beef went on to be named the best grass-fed steak and the best ribeye steak in the world.

The Pure South Handpicked grass-fed steak and ribeye triumphed over entries from across the globe at the initial awards ceremony, held in the Netherlands in September 2023.

Gold medallists went on to the 'best of the best' contest, with the winners revealed at a glittering event in London in November.

Judges declared the ribeye, selected at our Pukeuri plant in Oamaru, as having "unprecedented levels of tenderness, a milder beef flavour profile and a robust, zesty, buttery, and creamy flavour that gives it a deeply satisfying savoury presence, along with caramelisation of marbling, which builds on the flavour."

The award is the pinnacle of achievement for an end-to-end beef system and reflects the commitment to the highest standards, at every level, of our farmers, our people and our processes.

SUPPORTING NZ'S TEAM AT THE OLYMPICS

Alliance was the official red meat supplier to New Zealand House for the 2024 Paris Olympic Games. This was the 'home away from home' set up on the Champs-Élysées for the New Zealand athletes, their friends and family, entourage, VIPS and delegates from New Zealand and fans.

This was a great opportunity to showcase and raise the profile of our products, which were extremely well-supported and well-received.

Our Lumina Lamb, Pure South Handpicked 21 Day Aged Beef, and Pure South Venison were all on the menu. Highlights included an Olympian Sandwich featuring Pure South Venison Loin, stewed kiwifruit and onion compote, cheese and French fries.

New Zealand House saw a host of events, including post-medal celebrations, with Alliance hosting VIP events and an Alliance BBQ, presenting our top brands to an international audience.

Lumina Lamb burger at the New Zealand House for the 2024 Paris Olympic Games.

New Zealand athletes, friends and family enjoying Alliance hosted events at the New Zealand house for the 2024 Paris Olympic Games.

SUPPLYING PREMIUM PRODUCE TO STADIUMS AND EVENTS

Stadiums are a key target for our Alliance UK team and also further afield as our premium programmes continue to grow.

During the year, we continued our focus on supplying product for corporate stadiums and large event catering for prominent venues, sporting events and occasions across the globe.

That included supplying Lumina Lamb to the Monaco Grand Prix and to elite corporate boxes at London's iconic Wembley Stadium for the Bruce Springsteen concert.

Premier League football giant Tottenham Hotspur's stadium is a key channel for our UK food service products with Alliance lamb burgers, racks, rumps and loins featuring on the menu. With a 63,000-strong capacity, the stadium brings in approximately $2 million revenue in food and beverages on match day.

We have also been working to develop opportunities with stadiums in North America for large sporting leagues — a further opportunity for supplying mass catering events with premium products.

GOOD DEMAND FOR ELK AND VENISON

Alliance's commitment to venison is underpinned by our modern venison plant at Lorneville.

There has been good demand, both for the traditional game season and as a result of our direct partnership supplying venison and elk product through an e-commerce retailer in North America.

We have been working to grow that from a procurement perspective and to unlock the true potential of the elk product with the aim of finding markets for full carcasses, not just middle cuts and trim.

We have also partnered in the North American Retail Accelerator project, a Sustainable Food and Fibre Futures Fund (SFFF) co-investment programme.

Launched in July, this aims to build the range of products and to lift demand among affluent consumers in the North American retail market.

This will enable the industry to connect more closely with consumers, using retail channels to tell the sustainability story of NZ grass-fed venison and diversify away from a historic reliance on the food service sector.

HANDPICKED 21 DAY AGED BEEF LAUNCHED IN UK

Our Pure South Handpicked 21 Day Aged Beef was officially launched in the UK in March and both chilled and frozen have continued to grow and gain prominence in the high-end food service channels. The launch event was held at the Launceston Place restaurant in Kensington, London.

The menu was curated by UK National Chef of the Year 2023 Ben Murphy, chairman of the Craft Guild of Chefs Matt Owens, head judge of the World Steak Challenge and Meatologist Ioannis Grammenos and Regional Executive Chef at Levy UK Mark Reynolds.

PURE SOUTH SUCCESS AT OUTSTANDING NZ FOOD PRODUCER AWARDS

Alliance once again underlined our reputation for food excellence by winning four gold medals at the Outstanding NZ Food Producer Awards, achieving top honours for every cut entered.

Our Pure South Handpicked 55 Day Aged Beef ribeye, Pure South Beef whole ribeye, Pure South Venison five rib rack and Pure South Lamb french rack all won gold in the prestigious competition.

The awards celebrate inspiring Kiwis who harvest, grow and produce New Zealand's outstanding food and drink. Entries are judged on a range of criteria including aroma, visual appearance, flavour, consistency, quality, sustainability, brand story and packaging.

National and international validation of our world class beef, lamb and venison is a testament to our farmers' dedication to quality and to our commitment to building a differentiated premium portfolio.

ALLIANCE DRIVING GROWTH IN ASIA

Alliance highlighted our commitment to driving further growth in Asia with the signing of Memorandums of Understanding with leading South Korean and Malaysian distributors.

Daesang Corporation is a food innovation leader and one of the leading producers of traditional Korean foods.

The MoU will spearhead the promotion of Lumina Lamb and educate South Korean consumers about New Zealand lamb.

The agreement with Malaysian partner Fatric will pave the way for expansion of our premium lamb and mutton programme in Malaysia.

Fatric has a well-established route to market across Malaysia, covering all channels including wholesale, modern and traditional retail and e-commerce channels.

Our Pukeuri processing plant is one of just five New Zealand lamb plants licensed to supply Malaysia.

The two agreements were signed as part of Prime Minister Luxon's official trade delegation to South Korea and Malaysia.

During the visit, Alliance's premium lamb was showcased to South Korean influencers and media at a NZ produce tasting event attended by the Prime Minister.

Chin Keong Yap Chief Executive Officer Fatric Sdn Bhd, Willie Wiese chief executive Alliance Group, Suzy Fewtrell Trade Commissioner Malaysia and Thailand and New Zealand Prime Minister Christopher Luxon at MoU signing.

NORTH AMERICA

North America was a leading light globally this season across all species and product types. Despite ongoing global economic challenges, North America's extensive population base and comparative wealth saw their demand and ability to continue purchasing high-end protein persist. North American retail saw the strongest uplift with the majority of the demand and value growth in mid to high-end retail chains.

The Canadian ethnic market continued to grow as their inward migration trended up. Demand for halal proteins across both west and eastern sea boards of Canada strengthened.

Alliance Group's beef programme continues to grow in North America through two product propositions.

Firstly, the ground beef market grew year on year. For most retailers, ground protein accounts for 40–55 per cent of total protein sold. Alliance's ground programme into retail and manufacturing for food-service/quick-service restaurants grew. Secondly, our premium beef programme's into retail. Pure South Handpicked 21 and 55 Day Aged products continued to strengthen.

The launch of our ELK programme into the e-commerce and direct consumer channels was a significant development in our venison programme. The North American outlook is positive as our Free Range, Grass Fed, special raising claim, highly trusted, quality protein product suite resonates with a very discerning and wealthy customer base. Our majority shareholding in The Lamb Company alongside several other key customer partners means Alliance Group is well placed in North America.

CHINA

This was a very challenging year for China, in many respects, more difficult from a demand and value perspective than the year prior.

Ongoing economic challenges significantly hampered China's ability to compete for many key beef and sheep meat products, which saw their volumes purchased dramatically reduce. Meanwhile, the products that they take almost exclusively were significantly depressed. The flow-on impact of China's situation had material impacts on Alliance's total returns for 2024. Whilst the trading situation was challenging, Alliance Group invested significant energy with our in-market partner Grand Farms on innovation and development to take our sheep meat products further up the value chain into different distribution channels as the Chinese consumer evolves.

Alliance's dual brand product is established across many retailers with significant opportunity ahead.

Alliance secured several more key China product and plant listings this season, which will provide significant optionality heading into the new season.

The Chinese growing middle class is seeing opportunities forward for chilled beef into retail and pockets of opportunity for premium branded lamb, Pure South Handpicked and Lumina programmes. 2025 is already shaping to be a stronger year than 2024 as China works its way through one of the most challenging periods in its modern history. Alliance Group is well set to capitalise.

MIDDLE EAST

The Middle East provided significant relief in the face of comparatively depressed returns in China. This was specifically relevant for our sheep meat forequarter programme. Jordan, Saudi Arabia and the United Arab Emirates are the key markets in this region where we have established chilled and frozen programmes into wholesale, food-service and pockets of retail channels. The ongoing political tensions, hostilities and Red Sea issues were challenging for this region this year and these challenges are not expected to dissipate for some time. Alliance's established relationships and partnerships into this region meant our business has sustained the pressure and, in many instances, grown. There are pockets of significant wealth in this region, which has seen several programmes established this year with our premium programmes such as Lumina lamb seeing some of our highest global returns for a selected cut mix. Alliance will continue to intensify our efforts into this key region through our in-market partners and look to expand our premium offering where appropriate.

REST OF ASIA

There was significant growth in wider Asia in the face of a challenged China but also a growing middle class in several large countries in this region. Our premium lamb programmes and beef category experienced material growth with promising forward demand. Our Taiwan, Thailand, Indonesian and Singapore businesses have exciting growth potential. 2024 saw us officially partner with our distribution partner in Seoul, South Korea, as we grow our offering in this country.

Well established markets such as Japan, Hong Kong and Malaysia all saw solid improvement throughout 2024 across a range of product and categories. Alliance's Indian partnership through Quality NZ continues to position Alliance Group and the Pure South brand front and centre at the highest echelon of hotel and restaurants in India. This region is also an important part of our global co-products portfolio and we continue to strengthen ties with key players in this region to move further up the value chain in a number of key product ranges.

UK AND EUROPE

Ongoing economic woes and cost of living crisis across the continent and United Kingdom saw this region struggle to keep pace with North America this season. Ongoing supply chain challenges resulted in shipment times increasing materially. United Kingdom domestic livestock pricing was at significantly high levels and this placed pressure on New Zealand import pricing. The UK FTA drove immediate growth in our beef programme into the UK, which has provided a strong option for many key beef items. Alliance's London-based team delivered a very strong result despite market challenges and our UK retail lamb business remains market leading with significant opportunity forward. In a diminishing livestock environment, Europe struggled with reduced volumes available for key account business. In a market predominantly focused on middle cuts, returns have sustained prices at five-year averages, despite economic headwinds and consumer challenges. Alliance invested significant resources this year intensifying our go-to market strategy in Europe, consolidating our footprint and setting up for the most effective, efficient and highest value proposition for our venison, beef and sheep meat products.

NEW ZEALAND

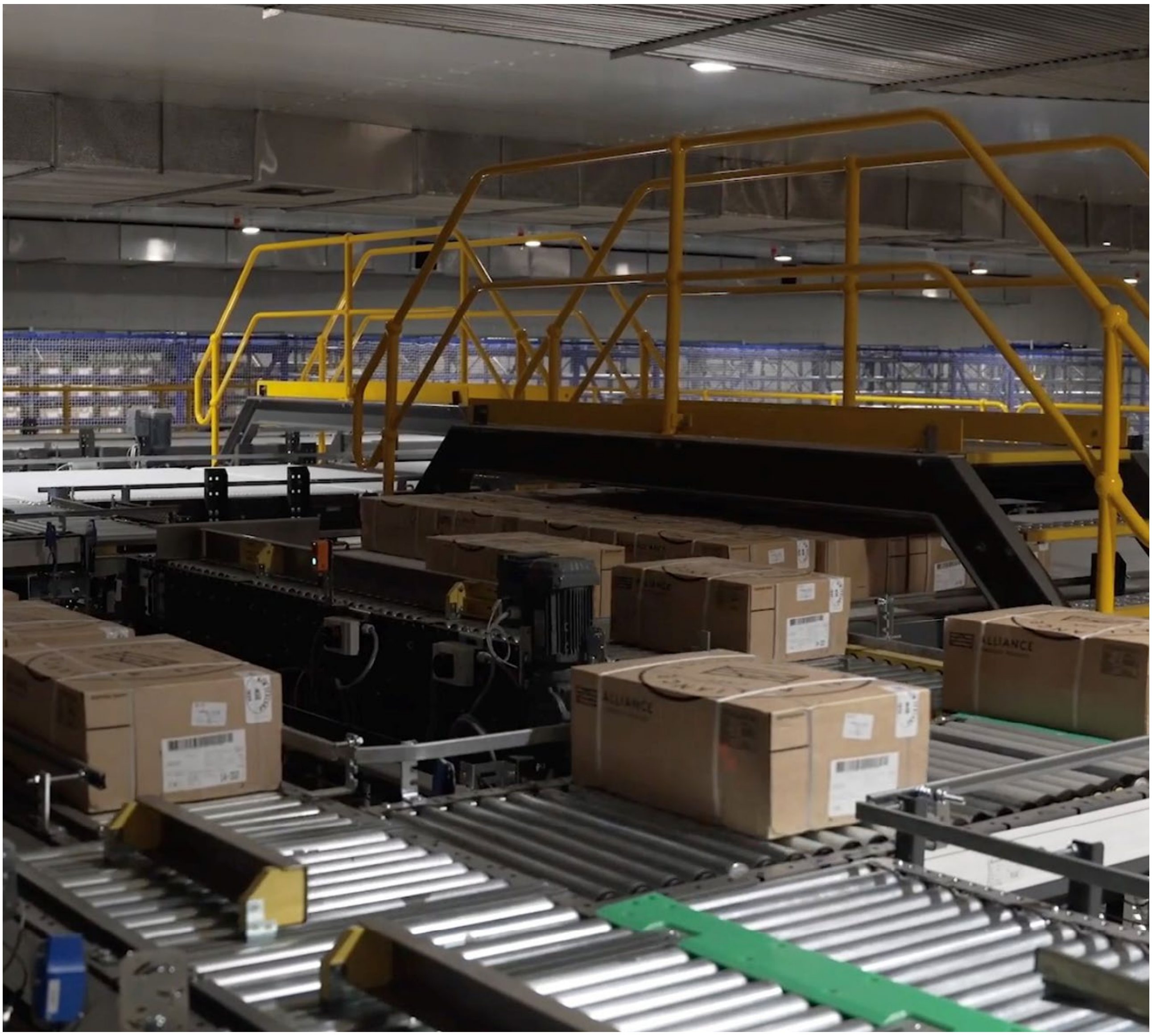
The domestic market continued to be a key part of our total sales portfolio. Alliance has strong partnerships directly into all channels, retail, food-service, wholesale and online with the very successful Pure South Shop. There was growth in our premium branded portfolio across beef and lamb as New Zealand consumers continue to value the highest quality free range, grass fed, attribute based proteins. Alliance also have several large partnerships with New Zealand domiciled entities selling co-products and 5th quarter products. There were significant improvement across many of these partnerships as we look to advance our co-products, 5th quarter and Enhanced Product Solutions categories.

08

Processing

Processing

Despite facing another challenging year, we have remained committed to enhancing the efficiency of our processing network to maintain our competitive edge in New Zealand's red meat industry. By improving our productivity, we can build a stronger company and pass on these benefits to our farmer shareholders.



Product is automatically moved through the warehouse and palletised without being touched by human hands at our Lorneville plant near Invercargill.

A number of significant projects were commissioned during the year, including the major Lorneville warehouse technology upgrade and the MEQ programme.

At the same time, there has been a strong focus on maximising the effectiveness of existing resources, to achieve gains and efficiencies without increased expenditure.

We have adjusted our labour hiring arrangements to hire people directly, wherever possible, rather than through recruitment agencies. This has been very successful and has ensured that there has not been a significant increase in labour costs despite annual wage increase.

We have also achieved gains across the board around resource efficiency. The company is seeing considerable benefits from continuing to develop our 'manufacturing excellence' approach to minimising waste while maximising productivity in manufacturing systems. This is now well-established across all of our plants and achieving significant successes that are helping to drive improve meat yield, co-product recovery, improvement in plant reliability, and overall processing efficiency.

Coming out of the post-Covid period, labour was a significant constraint that impacted plant efficiency. We have been proactively driving improvements in efficiency and this has been very successful with all plants now aligned with or above pre-Covid levels.

Plant reliability has improved on the back of planned maintenance and the application of root cause analysis. Following any plant breakdown of more than 20 minutes, we undertake a written investigation involving all parties, to establish the root cause. We then put measures in place to reduce the risk of that happening again and share those learnings across all plants.

We have also put a number of measures in place to improve plant flexibility. This has included introducing additional 'run modes' around how shifts can be arranged in plants.

Our Levin plant introduced a new run mode involving a mixed species shifts with the same team processing lamb on weekdays and beef at weekends.

A new run mode at our Lorneville venison/beef operation has also enabled us to maximise beef capacity throughout the cull cow period while still serving the venison plant.

These have been implemented successfully and are helping us to minimise cost while providing a consistent service for our farmers and consistency of employment for our highly valued seasonal workers.

This has been achieved thanks to the dedication of our people who have driven these initiatives hard and are committed to delivering on them.

The MEQ probe — used to to measure intramuscular fat (IMF) levels in lamb and marbling percentages in beef.

SMITHFIELD PLANT CLOSURE

The extremely difficult decision to close our Smithfield plant was made to ensure that Alliance Group can maintain an efficient plant network.

Land-use change has caused a decline in sheep processing numbers, resulting in surplus capacity across plants.

The decision to close the Smithfield plant followed two challenging seasons, and forecasts of a further decline in sheep numbers in 2025, while deer numbers remain static. We believe our other four South Island plants have the capacity to meet all sheep, deer and cattle processing requirements.

At 139 years old, the Smithfield plant also required significant ongoing investment and maintenance to keep it operational.

Closing the Smithfield plant has aligned our operations with current livestock availability, ensuring we have the right scale and a lower cost structure to meet future demands as a leading red meat processor.

$16M WAREHOUSE TECHNOLOGY UPGRADE COMMISSIONED

The new $16 million warehouse technology system at our Lorneville plant was commissioned at the start of the 2024 season and is operating successfully.

The fully integrated storage and warehouse management system for frozen products introduces automation to the warehousing process, using automated shuttle vehicles rather than manual lifting for the storage and retrieval of product.

Product is automatically moved through the warehouse and palletised without being touched by human hands.

This technology has improved the health and safety of employees, unlocked advantages of scale and lifted the efficiency and competitiveness of the plant. It has also resulted in a reduction in product damage and improved inventory management.

INVESTING IN THE 'HOLY GRAIL' OF MEAT QUALITY

Following successful trials, begun in November 2023, the cutting edge MEQ technology was rolled out to all of our plants.

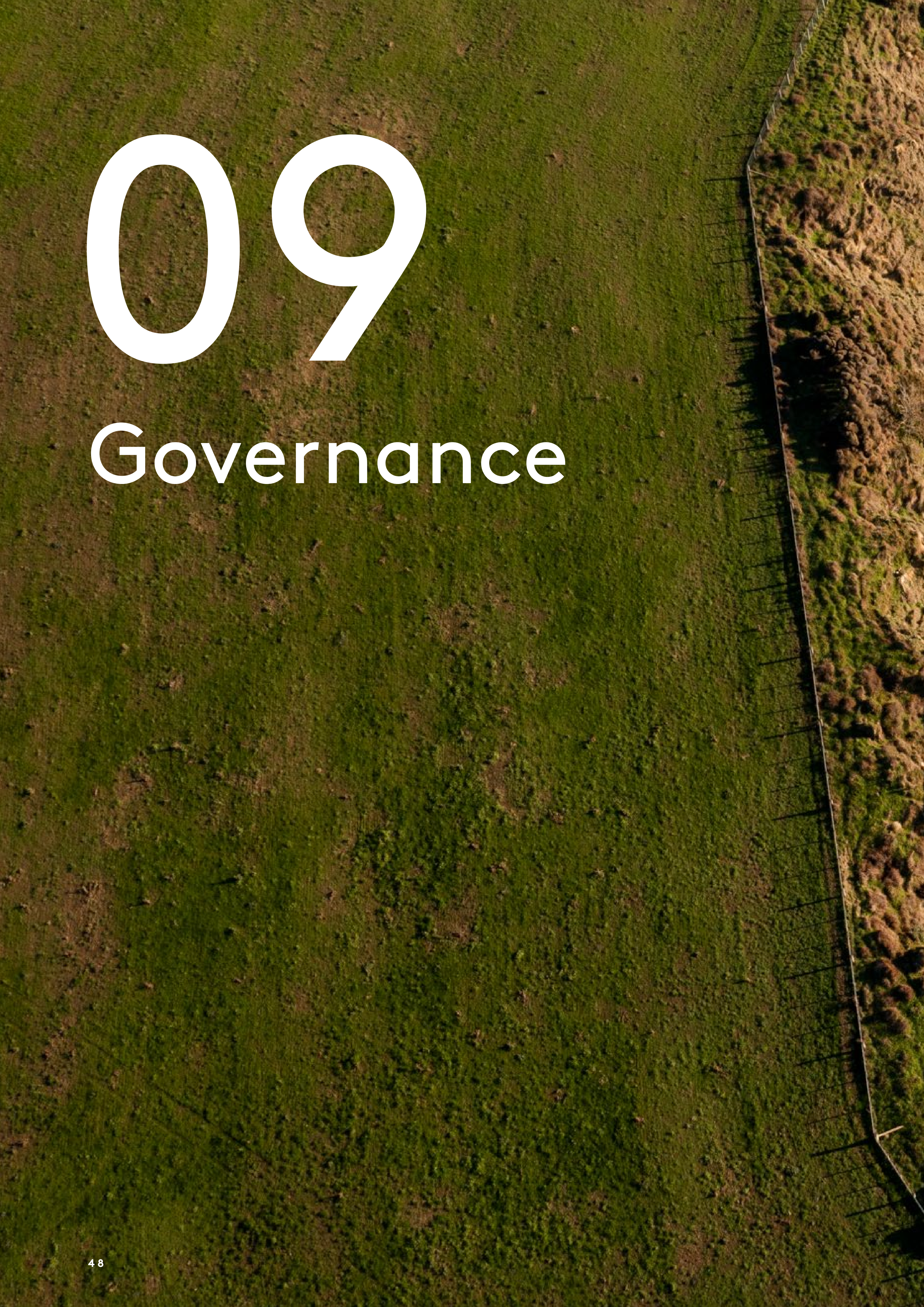
Developed by Australian agtech solutions provider MEQ, this artificial intelligence solution provides the ability to identify eating quality in beef and lamb across our entire plant network.

Lamb and beef probes powered by sophisticated learning and AI measure the intramuscular fat (IMF) levels in lamb and marbling percentages in beef at the beginning of processing.

This provides a real-time view of the eating quality of the meat. It is the 'holy grail' of meat quality, with IMF and ageing believed to be the two largest contributors to the sensory experience when eating meat.

MEQ is supporting us to build up and scale our premium programmes and to further differentiate our product offering to target consumers.

It also provides us with objective measurable data to give farmers visibility about the quality of the meat they are supplying and supports them in making more informed decisions about breeding programmes and feed.



09

Governance

Board of Directors

Mark Wynne
Chairman

Mark joined the Board in December 2021 and was elected Chair in April 2024. He is also Chair of Quayside Holdings, a large Tauranga based endowment fund. He has extensive experience in senior executive roles of large companies, including CEO of Ballance Agri-Nutrients, Regional President (South Asia) for Kimberly-Clark, and various senior roles across Asia, Middle East and New Zealand for Fonterra Brands.

Murray Taggart
(Retired in April 2024)

Murray was elected as a Supplier Representative in 2010 and elected Chair in 2013. He retired in April 2024. He was also on the Alliance board from 2002–2007. Murray farms lambs, beef and arable crops on 732ha near Oxford, North Canterbury.

He is Chair of Taumata Plantations Ltd, a director of FMG Insurance Ltd and involved with other businesses.

Jason Miller
Supplier Representative

Jason was elected as a supplier representative in 2015. He was also a director on the Alliance board from 2007–2013.

Jason operates a 1400-hectare sheep, beef and dairy farm within a family company.

Don Morrison
Supplier Representative

Don was elected as a supplier representative in 2013. He is a director of DG & BC Morrison Ltd, farming sheep and cattle on 465 hectares at Waikaka Valley, Southland. He is also a director of Pure Taste New Zealand (NZ) Ltd, Te Ao Kakano Ltd,

Ahika Journeys Ltd, chairman of W9 and a member of the Alpha Sheep Genetics Group.

Richard Greer
Supplier Representative

Richard was elected in 2023 to the board as a supplier representative. He, along with wife Kylie, farm Sunnyside station in Blackmont in Western Southland. The farming operation is 1600 hectares and runs Sheep, Deer and Beef. As well as farming livestock they are also involved in a tourism business.

Ashleigh Dobson
Associate Director

Ashleigh was an associate director on the Board for a term of 12 months from August 2023 to the end of July 2024.

Ashleigh is a member of the Agri-Women's Development Trust Escalator 2022 cohort and has built corporate governance capability through Institute of Director courses and leadership development. She is an Associate Director of the Southland Demonstration and Research Farm and a Board Member of the Thornbury Primary School.

Simon Robertson

Independent Director

Chair of the Audit and Risk, Enterprise Resource Planning (ERP) and Capital Committees

Simon was appointed as an independent director in June 2021.

An experienced director with an extensive corporate and governance background. Previously he was also Chair of Synlait Milk, on the board of Ballance Agri-Nutrients, Independent Timber Merchants Cooperative (ITM), Apata Group and Flick Energy, and was chief financial officer at Auckland Airport.

Sarah Brown

Board-appointed independent director and temporary farmer-director

Chair of the People Committee
Member of Enterprise Resource Planning Committee

Sarah lives in Manawatu where she owns a sheep and beef farm. Sarah has held a number of senior management positions in marketing and consumer insights with high profile companies including Lion Nathan, Colmar Brunton, Australian Pork, Coca-Cola Amatil, Diageo and Goodman Fielder International.

She sits on the board of Dairy Goat Co-op and runs an International Marketing Consultancy for clients such as Boehringer Ingelheim (Australia, Asia, NZ), NZPork and Australian Pork.

Ross Bowmar

Supplier Representative

Raised in Southland, Ross and his wife Jess and their young family own and operate a high-country sheep and beef station in the Rakaia Gorge in Canterbury.

Ross brings a wealth of international experience and knowledge to the role, having completed a Masters in Agricultural Economics at Michigan State University in the United States before spending 10 years with one of the world's largest agricultural processing companies, Archer Daniels Midland (ADM). In addition to his directorship with Alliance, Ross is currently a director on EA Networks.

Jared Collie

Supplier Representative

Jared was elected as a supplier representative in 2015.

He and his wife Prue, along with their 3 boys, operate a 1,325-hectare sheep, cattle and dairy farm in Central Southland. Jared also sits on the board of Ballance Agri-Nutrients as a farmer elected director, is a director of Benmore Downs Ltd, director and chairman of Platinum Dairies Ltd, deputy chairman of the Jeff Farm Management Board and the facilitator for the Takitimu Discussion Group.

Executive Leadership Team

Willie Wiese
Chief Executive

Willie was appointed CEO in March 2023, from the position of General Manager Manufacturing which he had held at Alliance since December 2017.

Willie has led significant manufacturing and FMCG businesses in Australia and Southern Africa. He has extensive experience in the implementation of strategies to deliver business improvements in complex manufacturing orientated operations.

Willie has master's degrees in electrical engineering, engineering sciences and business administration, from the University of the Witwatersrand, Johannesburg.

Aneesha Varghese-Cowan
Chief Financial Officer

Aneesha was appointed Chief Financial Officer in April 2024. Aneesha has significant red meat experience in both NZ and Australia having spent time at Silver Fern Farms and JBS. She has also completed her Doctor of Business Administration in NZ Red Meat Farming.

Aneesha has a strong track record of transforming finance functions, systems, and processes through a focus on providing key data and insights to inform decision making and drive business performance.

Murray Behrent
General Manager
Livestock and Shareholder Services

Murray was appointed General Manager Livestock and Shareholder Services in October 2023 after carrying out the interim role from June 2023. Having joined the company in 1990, Murray has held a variety of roles from Livestock Representative in the North Otago region, Group Livestock Services Manager through to General Manager Livestock in 2007, a role he held until 2016. In recent years, Murray has been responsible for the large corporate and key account farming businesses, along with managing the Northern Regional Livestock team.

During his three decades with Alliance, Murray has led or been involved with a number of key projects including the introduction of the Farm Assurance Programme, Livestock Transport Accreditation programme, the management of on farm trial work, the Central Progeny Test used to identify superior sheep breeds, and the implementation of the Via Scan Yield Grading. He was also part of the development team to bring the Handpicked programmes to fruition.

Stephanie Manning
General Manager People & Culture

Stephanie was appointed General Manager People & Culture in June 2023 after 18 months as Group Manager Human Resources for Alliance.

Stephanie has held public and private leadership roles across complex stakeholder environments, including manufacturing, health, financial services and the legal sector. She has significant experience delivering people and workforce strategies, operating model transformations and service redesigns. An employment lawyer by training, her career over the last decade has been spent delivering people strategy, finding and nurturing great talent, connecting people with purpose, enhancing culture with values-based leadership, and reimagining the experience we give people at work.

With a Bachelor of Laws with First Class Honours Law Stephanie was admitted as a Barrister and Solicitor of the High Court of New Zealand in the early 2000s.

Nigel Jones

General Manager
Supply Chain and Planning

Nigel was appointed General Manager Supply Chain and Planning in May 2023, after holding the position of General Manager Strategy since September 2015. Prior to this, Nigel spent 16 years in the dairy industry, including General Manager roles in strategy, supply chain and logistics with Fonterra. Nigel has significant experience in business strategy and planning, marketing, key account management, procurement, supply chain and logistics and has worked in a range of international markets.

He has Bachelor of Business Degrees in Accountancy and Finance, a Master of Science in Supply Chain and Logistics (Cranfield University, U.K.) and has completed an executive programme in Strategy at Stanford University

Sheena Henderson

General Manager
Global Marketing

Sheena is a successful commercial senior business leader who has a passion for strategy, people, science, and primary industry. She's led brands internationally and large full value chain businesses locally, including Fonterra.

Sheena has been a professional director for over 15 years and continues to consult and provide business advisory services alongside her professional governance work.

Sheena has over 30 years' experience in food and agribusiness globally. She has a BSc and a BBS, both from Massey University.

Wayne Shaw

General Manager
Safety and Processing

Wayne joined Alliance Group in the role of General Manager Safety and Processing in December 2023. He has 32 years' experience in the red meat processing sector, including 23 years at Silver Fern Farms where he covered a number of senior roles, with his final role being Operations Manager of their Sheep and Venison operation. In that role Wayne was responsible for 12 plants, livestock procurement, cold stores and transportation reporting, as well as a shared responsibility for Group Engineering. Most recently Wayne was Chief Operating Officer, Processing and Special Projects at Harvest Road Group in Western Australia, which covers beef processing, farming/feed lots and oyster farming.

Wayne has a Bachelor of Technology (First Class Honours), biotechnology and bioprocess engineering, Massey University and a Master of Business Administration (Distinction), Massey University.

James McWilliam

Global Sales Director

James took up the role of Global Sales Director in January 2024, having previously held the roles of Group Planning & Optimisation Manager, Levin Plant Manager and Global Sales Manager, Specialty Ingredients & Materials for Alliance.

Prior to joining Alliance in 2019 James had spent his entire career in the red meat industry. He started as a Management Graduate at Ovation New Zealand and has led teams across multiple geographies and spent the eight years prior to Alliance in-market in the UK and USA leading global sales functions for Ovation across the world.

Alongside James' people leadership skills, he also has strong existing relationships with key internal and external customers and stakeholders. He successfully led the Levin Plant to record performance across safety and processing metrics and has a deep passion and end-to-end understanding of the red meat sector.

He has a Bachelor of Physical Education and Bachelor of Commerce Degrees from the University of Otago. He has completed post graduate study at The London School of Business and Finance – Managerial Finance and an Executive Leadership programme in Leadership at Stanford University, California.

Corporate Governance

Alliance Group is a co-operative company owned by more than 4,300 farmers who supply livestock to the company for processing and then sale of the resulting meat and co-products to international markets.

BOARD OF DIRECTORS

The company's constitution states that there should be no more than ten directors at any time, with at least six and no more than eight being elected by shareholders. One-third of the elected directors must retire by rotation each year and may stand for re-election.

The directors who retire each year are those who have been in office for the longest time since their last election. If the total number of directors is below ten, the board may appoint up to four directors capable of contributing to the company's affairs.

These appointments are for up to three years, with the option for re-appointment. The board can also appoint independent directors to ensure a balanced range of skills and experience. Currently, the board has eight directors: two are independent, six are elected, and one is appointed as chair annually.

BOARD RESPONSIBILITIES

The board holds statutory responsibility for the company's affairs and activities. Day-to-day operations are managed by the chief executive, under the board's delegation.

The board approves the company's long-term strategic direction, the annual business plan, and the capital expenditure budget. It also oversees specific project expenditures outside of normal authority and reviews the company's performance against business plan objectives.

Additionally, the board ensures regulatory compliance, upholds high ethical standards, and promotes the company's role as a responsible corporate citizen, particularly focusing on employee health and safety and environmental sustainability. Conflicts of interest are registered and recorded by all directors, and succession planning is undertaken to ensure the necessary skill sets remain available.

BOARD MEETINGS

Ten board meetings are scheduled annually, with additional meetings held as needed. Directors receive comprehensive management reports before these meetings. The board encourages the chief executive to involve employees who can offer valuable insights.

BOARD COMMITTEES

The board has established four committees to support governance and decision-making. Each operates under its own terms of reference and reports back to the board.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee consists of five directors and is chaired by Simon Robertson. It is responsible for overseeing, reviewing, and advising the board on risk management, financial reporting, internal and external audit activities, treasury matters, and internal control frameworks.

PEOPLE COMMITTEE

The People Committee also has five directors and is chaired by Sarah Brown. This committee oversees the company's people strategy and assists the board on policies and procedures related to remuneration and performance management. It plays a key role in the appointment, remuneration, and reviews of directors, the chief executive, and senior management.

ENTERPRISE RESOURCE PLANNING (ERP) COMMITTEE

The ERP Committee, comprising five directors and chaired by Simon Robertson, supports the board in evaluating the progress, risks, and major decisions associated with the ERP project.

CAPITAL STRUCTURE BOARD COMMITTEE

The Capital Structure Board Committee is comprised of five directors and is chaired by Simon Robertson. The Committee is responsible for overseeing the company's capital raise, announced earlier this year, and proposals on overall capital structure. The Committee support the board in its discussions on optimal capital structure to support the company's growth and strategic goals.

ASSOCIATE DIRECTOR APPOINTMENT

The Associate Director is appointed at the board's discretion for a 12 month term. While they attend all board meetings, they do not have voting rights. The board has elected to leave this position vacant for the 2024 – 2025 year.

COMMUNICATION WITH SHAREHOLDERS

Alliance Group strives to keep shareholders informed of significant developments affecting the company. Information is shared via the Alliance Group website, Annual Report, Product Disclosure Statement, and the fortnightly e-newsletter 'Brief Bites.' Additionally, this year the company reconnected with shareholders in person by hosting 42 wool-shed meetings and webinars.

DIRECTOR MEETING ATTENDANCE

The following table shows the percentage attendance of directors (based on their tenure) at board and committee meetings for the year ending 30 September 2024.

	Board	ARC Committee	People Committee	ERP Committee	Capital Structure Board Committee
Mark Wynne	100%	100%	100%	100%	100%
Sarah Brown	90%	N/A	100%	100%	N/A
Jared Collie	100%	100%	100%	100%	100%
Jason Miller	100%	100%	N/A	N/A	100%
Richard Greer	100%	N/A	100%	N/A	N/A
Don Morrison	100%	100%	N/A	N/A	N/A
Simon Robertson	100%	100%	N/A	100%	100%
Ross Bowmar	100%	N/A	N/A	100%	100%

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OUR FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 30 September 2024

The income earned and expenses incurred by Alliance Group

	Note	2024	2023
		$000	$000
Revenue	A1.1	1,772,215	2,033,584
Cost of sales		(1,739,673)	(2,035,126)
Gross profit/(loss)		**32,542**	**(1,542)**
Other operating income	A1.1	1,705	4,190
Sales and marketing expenses		(5,754)	(7,529)
Administrative expenses		(71,052)	(70,286)
Other operating expenses		(1,441)	(1,317)
Operating result		**(44,000)**	**(76,484)**
Financial income	A2	537	617
Financial expenses	A2	(35,725)	(26,908)
Net financing costs		**(35,188)**	**(26,291)**
Share of associate earnings	E2	9,688	4,769
(Loss)/gain on disposal of property, plant and equipment		(3)	82
Loss before provisions, and tax		**(69,503)**	**(97,924)**
Restructure and impairment expenses	A1.2	(51,309)	-
Loss before tax		**(120,812)**	**(97,924)**
Income tax benefit	A4	25,050	27,753
Loss after tax		**(95,762)**	**(70,171)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2024

Other comprehensive income that may be reclassified to profit or loss in subsequent periods

	2024	2023
Fair value changes in derivatives:	$000	$000
- recognised in cash flow hedge reserve	1,931	3,421
- transferred and recognised in income statement	(3,421)	862
	(1,490)	4,283
Movement in foreign currency translation reserve	1,546	(180)
Other comprehensive income, net of tax	**56**	**4,103**
Loss after tax for the year	(95,762)	(70,171)
Total comprehensive loss for the year	**(95,706)**	**(66,068)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

A summary of the Alliance Group assets and liabilities at the end of the financial year

	Note	2024	2023
Equity		**$000**	**$000**
Share capital	C2	107,996	104,350
Reserves	C3	(8,931)	(8,987)
Retained earnings		189,085	284,847
Total equity	F4	**288,150**	**380,210**
Liabilities			
Bank credit facilities	C7	1,641	8,359
Trade payables, other payables and provisions	C6	175,907	180,665
Employee benefits	C9	20,629	21,861
Interest bearing loans and borrowings	C7	220,766	161,555
Lease liabilities	C8	5,584	4,294
Financial liabilities – derivatives		1,096	2,937
Income tax payable		62	413
Total current liabilities		**425,685**	**380,084**
Interest bearing loans and borrowings	C7	10,300	10,300
Employee benefits	C9	4,323	4,742
Lease liabilities	C8	8,929	7,830
Total non-current liabilities		**23,552**	**22,872**
Total liabilities		**449,237**	**402,956**
Total liabilities and equity		**737,387**	**783,166**
Assets			
Cash and cash equivalents	C4	14,687	10,638
Trade and other receivables	C5	117,499	141,141
Inventories	B2	108,334	152,041
Intangible assets	B3	1,232	648
Financial assets – derivatives		5,714	3,259
Total current assets		**247,466**	**307,727**
Investments in equity accounted investees	E2	65,299	63,535
Deferred tax assets	A4	59,625	32,881
Other assets		531	115
Right of use assets	B4	16,205	14,624
Property, plant and equipment	B1	283,977	306,445
Intangible assets	B3	64,284	57,839
Total non-current assets		**489,921**	**475,439**
Total assets		**737,387**	**783,166**

The notes to the Group financial statements form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2024

Cash generated and used by the Alliance Group during the financial year

	Note	2024	2023
Cash flows from operating activities		**$000**	**$000**
Cash receipts from customers		1,791,651	2,073,658
Interest received		537	617
Cash paid to suppliers and employees		(1,768,002)	(2,023,771)
Interest paid		(34,834)	(26,173)
Taxes paid		(1,158)	(22,372)
Net cash flow from operating activities		**(11,806)**	**1,959**
Cash flows from investing activities			
Dividends received from associates and joint ventures		7,037	482
Purchase of intangibles		(10,265)	(10,383)
Acquisition of property, plant and equipment		(28,644)	(47,261)
Net cash flow from investing activities		**(31,872)**	**(57,162)**
Cash flows from financing activities			
Net increase in external debt		52,493	60,274
Issue of share capital		7,841	3,158
Repayment of principal and interest on lease liabilities		(8,456)	(6,056)
Redemption of share capital		(4,195)	(4,639)
Net cash flow from financing activities		**47,683**	**52,737**
Net movement in cash and cash equivalents		**4,005**	**(2,466)**
Opening cash and cash equivalents		10,638	13,089
Effect of exchange rate fluctuations on cash held		44	15
Closing cash and cash equivalents	**C4**	**14,687**	**10,638**

Reconciliation of profit to cash surplus/(deficit) from operating activities	**2024**	**2023**
Loss for the year	**(95,762)**	**(70,171)**
Adjustments for items not involving cash flows:		
Depreciation and amortisation	35,275	30,664
Restructure and impairment expenses	49,747	-
Movement in deferred tax	(26,744)	(26,924)
Fair value of financial derivatives	(1,505)	(9,098)
Effect of exchange rate movement on working capital	2,198	755
(Loss)/gain on sale	3	(82)
Accounts payable movements for investing and financing activities	(87)	1,855
Earnings from associates	(9,688)	(4,769)
Movement in provision for doubtful debts	7	(169)
Lease interest recognised in financing activities	891	735
Other non cash items	(1,894)	(195)
	48,203	**(7,228)**
Movement in trade and other receivables	23,635	57,517
Movement in employee benefits	(1,651)	1,550
Movement in inventories	41,214	15,715
Movement in income tax payable	(351)	(23,201)
Movement in trade and other payables	(27,094)	27,777
Movement in working capital items	**35,753**	**79,358**
Net cash flow from operating activities	**(11,806)**	**1,959**

The notes to the Group financial statements form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IN THIS SECTION

The notes to the financial statements within sections A to F include information that is considered relevant and material to assist the reader in understanding changes in the Groups financial position or performance. Information is considered material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of the Group;
- it helps explain changes in the Group's business; or
- it relates to an aspect of the Group's operations that is important to future performance.

ABOUT THIS REPORT

Reporting entity

Alliance Group Limited (the Company) is a for-profit entity domiciled in New Zealand and registered under the Companies Act 1993 and the Co-operative Companies Act 1996. The Company is an FMC Entity in terms of the Financial Markets Conduct Act 2013 and prepares its financial statements in accordance with this Act and the Financial Reporting Act 2013.

These consolidated financial statements are for the Company and its subsidiaries (together referred to as "Group") and the Company's interests in associates as at and for the year ended 30 September 2024.

The Group is primarily involved in meat processing and export sales.

Statement of compliance and basis of preparation

The financial statements have been prepared:

- in accordance with Generally Accepted Accounting Practice (GAAP) in New Zealand and comply with International Financial Reporting Standards (IFRS) and the New Zealand equivalents (NZ IFRS), as appropriate for a for-profit entity;
- on a going concern basis; and
- in New Zealand dollars, with all values rounded to the nearest thousand dollars unless otherwise stated.

In preparing the Group financial statements, all material intragroup transactions, balances, income and expenses have been eliminated. Subsidiaries are consolidated on the date on which control is obtained to the date on which control is lost.

The financial statements are prepared for the 52-week period ending 28 September 2024 (2023: 52-week period ending 30 September 2023) due to the 4-4-5 calendar used by the Group. Therefore the amounts presented in the financial statements may not be entirely comparable.

This method is used to ensure comparability given the weekly trading cycles of the Group. For simplicity, the financial statements and accompanying notes will be presented and referred to as a 30 September year end.

Going concern

In preparing these financial statements, the Directors have assessed various events, conditions and uncertainties facing the Group and how these factors may cast doubt on the Group's ability to continue as a going concern.

During 2024 the global economy has been impacted by significant inflationary pressures and increases in interest rates, the industry has also experienced significant market volatility, uncertainty regarding volumes and overall procurement price increases. These events and conditions have heavily impacted on the financial results of the Group for the year, with a loss before restructure and impairment provisions of $69.5m, net operating cash outflows of $11.8m, current liabilities exceeding current assets by $178.2m and closing syndicated debt and other loan balance of $231.1m, an increase of $59.2m from the prior year.

The Group has responded to these events and conditions by:

- Renewing the Group's working capital facilities on the 30th of September 2024 for a period of one year (which is within twelve months of the financial statements being approved but is consistent with the historical annual rolling of these facilities).
- Enacting initiatives to optimise working capital and manage peak debt, including:
  - Implementing cost reduction activities, price optimisation and sales velocity initiatives;
  - Removing capacity from the network (Smithfield) to align processing capacity to forecasted livestock flows and improving efficiencies across remaining sites;
  - Deferring discretionary capital expenditure;
  - Improving livestock procurement practises including simplifying the livestock procurement schedule;
  - Appointment of an Investment Bank to assist with reviewing capital funding options; and
  - Continuing to look at the sale and lease back of assets and/or other similar arrangements.

The Directors have incorporated these responses in the forecast for the next financial year, and beyond into the Group's five year integrated plan. As with any forecast, there are a number of assumptions. Therefore, the forecast also considers a range of scenarios of cash flow projections incorporating risk and the viability of initiatives. The Group's forecasts assume:

- Stable to slightly higher market prices;
- Reduced procurement volumes;
- Continued delivery on projects relating to optimising working capital;
- Support of our banking partners; and
- Management of profitability and investments, including deferment of capital expenditure, cost reduction activities and adjustments to livestock procurement practises.

The Directors have considered the aforementioned facts and circumstances, placing particular emphasis on the forecast improvement in financial performance, initiatives to manage working capital and reduce debt levels, the recently executed facilities and the support of our banking partners. Furthermore, alternative equity funding sources are being explored after the appointment of an Investment Bank to support this process.

While the Directors acknowledge that key future events and requirements noted above inherently have a degree of uncertainty, the Directors consider that the range of possible outcomes does not give rise to material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rates at the dates of the transactions. Foreign currency assets and liabilities (such as receivables and payables) are translated at the rate prevailing at balance date.

The assets and liabilities of international subsidiaries are translated to New Zealand dollars at the closing rate at balance date. The revenue and expenses of these subsidiaries are translated at rates approximating the exchange rates at the dates of the transactions.

Exchange differences arising on the translation of subsidiary financial statements are recorded in the foreign currency translation reserve (equity). Cumulative translation differences are recognised in the income statement in the period in which any international subsidiary is disposed of.

The principal functional currency of international subsidiaries is the British Pound Stirling; the closing rate at balance date was 0.4741 (30 September 2023: 0.4916).

Other accounting policies

Other accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. The accounting policies have been consistently applied to the periods in these financial statements. Where applicable comparatives have been amended to align with current year's expenses.

Critical judgements and estimates

The preparation of financial statements requires management to exercise its judgement in applying the Group's accounting policies. Estimates and judgements are reviewed by management on an on-going basis, with revisions recognised in the period in which the estimate is revised and in any future periods affected. Areas of estimate or judgement that have most significant impact on the amounts recognised in the financial statements are:

-	Note A1.2	Restructure and impairment expenses
-	Note B1	Impairment
-	Note B2	Inventories
-	Note B3	Intangible assets
-	Note D2	Derivative financial instruments
-	Basis of preparation	Going Concern

Comparatives

Some comparative balances have been reclassified and restated to conform with changes in presentation and classification adopted in the current period.

A. FINANCIAL PERFORMANCE

IN THIS SECTION

This section explains the financial performance of Alliance providing additional information about individual items in the income statement, including:

- accounting policies, judgements and estimates that are relevant for understanding items recognised in the income statement.
- analysis of Alliance's performance for the year by reference to key areas including: revenue, payments to our farmers, expenses and taxation.

A1 CREATING WEALTH AND ADDING VALUE TO OUR FARMERS

A1.1 Revenue

	2024	2023
	$000	$000
Revenue - sale of goods	1,772,215	2,033,584
Other operating income	1,705	4,190
Total income	**1,773,920**	**2,037,774**

Other operating income materially consists of recovery of expenses and rental income (2023: recognition of carbon credits).

Disaggregation of revenue from contracts with customers
In the following table, revenue from the sale of goods is disaggregated by geographical market.

	2024	2023
	$000	$000
Asia-Pacific	970,469	1,306,133
Europe, the Middle East and Africa	370,992	369,837
Americas	430,754	357,614
Total Revenue - sale of goods	**1,772,215**	**2,033,584**

Revenue measurement and recognition
Revenue from the sale of goods is measured at an amount that reflects the consideration expected to be received in exchange for transferring those goods. The measurement is based on the transaction price, net of commissions, volume rebate, and excludes amounts incurred on behalf of the customer.

In respect of export sales, the largest category of sales, the Group has determined that there are two performance obligations. The Group is obligated under the contract to supply specified goods and arrange and pay for shipping and insurance on behalf of the customer. Control of goods passes, and the service of arranging shipping and insurance is complete, at the point when the goods have been loaded onto the first point of carriage, to be delivered to the customer’s chosen destination. Revenue is recognised at this point in time.

A1.2 Restructure and impairment expenses

Restructure and impairment expenses	Note	2024	2023
		$000	$000
Property, plant, and equipment impairment loss	B1	29,384	-
Right of use assets impairment loss	B4	402	-
Inventories write-down	B2	2,493	-
Provision for restructuring costs	C6	17,468	-
Other restructuring costs incurred		1,562	-
Total restructure and impairment expenses		**51,309**	-

During the period, due to the announcement of the plan to close the Smithfield plant, the Group recognised restructuring and impairment expenses of $49.7m. Further organisational change restructuring costs of $1.6m were incurred during the period.

A2 FINANCE INCOME AND EXPENSES

	2024	2023
	$000	**$000**
Interest from bank	536	523
Dividend received	1	94
Financial income	**537**	**617**
Interest paid on loans & borrowings	34,834	26,173
Interest on lease liabilities	891	735
Financial expenses	35,725	26,908
Net finance costs	**35,188**	**26,291**

Measurement & recognition
Interest income or expense is recognised using the effective interest rate method.

Financial expenses comprise interest expense on borrowings including related fees and losses on interest rate hedging instruments and the interest component of lease payments.

A3 PERSONNEL EXPENSES

	2024	2023
	$000	**$000**
Wages and salaries	368,795	385,510
Employer contribution to defined contribution plans	7,152	7,387
Increase/(decrease) in liability for long service leave	(61)	230
Total personnel expenses	**375,886**	**393,127**

Included within cost of sales in the income statement are wages and salaries of $336.3m (2023: $354.5m). The remaining personnel expenses are included within administrative expenses, sales and marketing expenses and allowance for historical employee entitlements.

Measurement & recognition
Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and short term and long term employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Liabilities recognised in respect of long service leave are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

A4 TAXATION

	2024 $000	2023 $000
Recognised in the income statement		
Current tax expense		
Current income tax expense	1,841	1,428
Adjustments for prior years	112	(97)
Deferred tax expense in respect of building depreciation change	7,515	-
Deferred tax expense	(34,518)	(29,084)
Total income tax benefit in income statement	**(25,050)**	**(27,753)**
Income tax expense calculation		
Net loss before tax for the year	**(120,812)**	**(97,924)**
Income tax using the company's tax rate (28%)	(33,827)	(27,419)
Non deductible expenses	627	160
Tax effect of post-tax equity accounted earnings	428	551
Tax effect of lower tax for overseas subsidiary	(93)	(306)
Derecognition of deferred tax on buildings	7,515	-
Tax effect of consolidation adjustments	180	(642)
Under provided in prior years	8	-
Adjustments for prior years	112	(97)
Income tax benefit	**(25,050)**	**(27,753)**

As at balance date imputation credits available for use in subsequent periods totalled $46.7m (2023: $46.4m)

Measurement & recognition
Income tax expense is the income tax assessed on taxable profit for the year. Taxable profit differs from profit before tax reported in the income statement as it excludes items of income and expense that are taxable or deductible in future years (i.e. deferred tax) and also excludes items that will never be taxable or deductible. Income tax expense components are current income tax and deferred tax.

A4 TAXATION (CONT)

Deferred tax

Movement in temporary differences during the year	**Opening balance**	**Recognised in income**	**Recognised in equity**	**Reallocate prior year between current and deferred tax**	**Closing balance**
2023					
Property, plant and equipment	(1,102)	(970)	(1)	(1,348)	(3,421)
Inventories	109	125	-	-	234
Employee benefits	4,824	475	-	(714)	4,585
Other items	2,126	443	-	(97)	2,472
Derivatives	-	957	-	-	957
Tax loss carry forward	-	28,054	-	-	28,054
	5,957	**29,084**	**(1)**	**(2,159)**	**32,881**
2024					
Property, plant and equipment	(3,421)	(680)	(1)	(403)	(4,505)
Inventories	234	1,209	-	-	1,443
Employee benefits	4,585	5,192	-	(807)	8,970
Other items	2,472	(252)	-	(934)	1,286
Derivatives	957	(417)	-	-	540
Tax loss carry forward	28,054	21,959	-	1,878	51,891
	32,881	**27,011**	**(1)**	**(266)**	**59,625**

Based on future cashflow forecasts in the Groups five-year integrated plan the Group considers it probable that future taxable profits would be available against which the tax losses can be recovered, and therefore related deferred tax asset can be realised.

Measurement and recognition:
Deferred tax is income tax that is expected to be payable or recoverable in the future as a result of the unwinding of temporary differences. These arise from differences in the recognition of assets and liabilities for financial reporting and for the filing of income tax returns. Deferred tax is recognised on all temporary differences, other than those arising from goodwill and the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when a liability is settled or an asset realised, based on tax rates and tax laws that have been enacted or substantively enacted at balance date.

B. OPERATING ASSETS

IN THIS SECTION

This section shows the assets the Group uses in the processing of red meat products supplied by our New Zealand farmers in order to generate operating revenues. Key revenue generating assets include:

- Property, plant and equipment
- Inventories
- Intangible assets

B1 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Work in progress	Total
Group	**$000**	**$000**	**$000**	**$000**	**$000**
Cost					
Balance at 1 October 2022	**26,413**	**139,824**	**535,835**	**45,931**	**748,003**
Transfers from work in progress	-	380	21,895	(22,275)	-
Additions	-	925	14,947	31,230	47,102
Disposals	-	(166)	(172)	-	(338)
Effect of movements in exchange rates	-	-	27	-	27
Balance at 30 September 2023	**26,413**	**140,963**	**572,532**	**54,886**	**794,794**
Balance at 1 October 2023	26,413	140,963	572,532	54,886	794,794
Transfers from work in progress	-	379	36,609	(36,988)	-
Additions	-	1,381	18,336	13,158	32,875
Disposals	-	-	(293)	-	(293)
Effect of movements in exchange rates	-	-	59	-	59
Balance at 30 September 2024	**26,413**	**142,723**	**627,243**	**31,056**	**827,435**
Depreciation and impairment losses					
Balance at 1 October 2022	**404**	**83,666**	**379,731**	**-**	**463,801**
Depreciation	51	2,133	22,504	-	24,688
Disposals	-	(146)	(9)	-	(155)
Effect of movements in exchange rates	-	-	15	-	15
Balance at 30 September 2023	**455**	**85,653**	**402,241**	**-**	**488,349**
Balance at 1 October 2023	455	85,653	402,241	-	488,349
Depreciation	51	2,093	23,825	-	25,969
Impairment of assets at Smithfield	-	6,542	22,044	798	29,384
Disposals	-	-	(293)	-	(293)
Effect of movements in exchange rates	-	-	49	-	49
Balance at 30 September 2024	**506**	**94,288**	**447,866**	**798**	**543,458**
Net book value					
Balance at 30 September 2022	26,009	56,158	156,104	45,931	284,202
Balance at 30 September 2023	25,958	55,310	170,291	54,886	306,445
Balance at 30 September 2024	**25,907**	**48,435**	**179,377**	**30,258**	**283,977**

During the period, due to the announcement of the plan to close the Smithfield plant, the Group tested the Smithfield plant assets for impairment and recognised an impairment loss of $29.4m with respect to property, plant, and equipment.

Measurement & recognition

Owned assets
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the purchase of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Work in progress relates to expenditure on items of property, plant and equipment which are not yet available for use. When an asset is made available for use it is transferred from work in progress to the relevant asset category and depreciated across its useful life.

Impairment
The carrying value of property, plant and equipment are reviewed at each reporting date. If an indicator of impairment exists, then the recoverable amount is estimated. An impairment loss is recognised in the income statement if the carrying amount exceeds the recoverable amount.

Disposals
The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation
Depreciation of property plant and equipment assets is calculated on a straight-line or diminishing value basis. This allocates the cost of an asset, less any residual values (estimated value at time of disposal) over the estimated remaining useful life of the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Impairment tests

While the group has seen improvements in the underlying performance from prior year, after excluding extra-ordinary items and provisions in relation to the closure of Smithfield Plant, the Net Profit Before Tax continued to be impacted by tough trading conditions in livestock procurement markets with lower national kill combined with higher prices overall. This has led the Group to conclude that indicators of impairment, under the accounting standard, exist as at year end.

Where an indicator of impairment is identified, accounting standards require that an impairment test is performed for each cash-generating unit ("CGU"). The Group uses a value-in-use ("VIU") discounted cash flow analysis to calculate the recoverable amount of the CGU. An impairment loss is recognised if the carrying amount of an CGU exceeds its recoverable amount.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent the Group's assessment of future trends in the industry and have been based on data from both external and internal sources.

The VIU calculation used five-year future cash flows based on Board approved business plans and is discounted based on a weighted average cost of capital (WACC) of 9.1% post tax (equivalent to 11.7% on a pre-tax basis). Based on these projected future cash flows, the Group has determined that the recoverable amount of the CGU exceeds its carrying amount and therefore there is no impairment.

The cash flow forecast included specific estimates for five years and a terminal growth rate of 2.0% thereafter.
Cash flows are based on:
- Improvement in market prices;
- Reduction in manufacturing costs with the closure of the Smithfield plant;
- Livestock prices remaining relatively stable as a percentage of sales revenue;
- Management's views on market trends, pricing and yields; and
- Optimisation of working capital.

The Group is confident in the results of the planned initiatives, and the results of the VIU indicated significant headroom above the carrying amount of the assets.

B1 PROPERTY, PLANT AND EQUIPMENT (CONT)

The group has carried out sensitivity analysis and determined the following reasonably possible changes in key assumptions, across the forecast period, and their impact on headroom:

Changes in key assumption	Decrease in headroom
	$000
5% reduction in contribution margin* ($)	(79,146)
5% increase in discount rate	(43,795)
Cost saving initiatives not achieved by 50%	(24,735)
5% reduction in Livestock volumes	(148,569)

*Contribution margin includes livestock costs and plant operation costs but excludes some processing overheads costs, therefore is not directly comparable to measures within the consolidated income statement. Contribution margin is a key measure that the Group review to measure performance and a key measure included within the discounted cashflow model.

Based on the sensitivity analysis, the Group believes that a reasonable deterioration in an individual key assumption, in isolation, would not cause the carrying amount of the assets to exceed or be near to their recoverable amount. An improvement in the key assumptions would increase the headroom further.

No impairment expense of the assets has been recognised, other than the write-down of assets related to Smithfield closure (2023: nil).

Key judgement

The Group makes estimates of the remaining useful lives of assets, which are as follows;
- Buildings 15 – 67 years
- Plant and equipment 2.5 – 25 years

The residual value and useful lives are reviewed and if appropriate adjusted, at each reporting date.

The Group makes estimates or execises judgement in assessing indictors of impairment, forecast future cash flows, and determining other key assumptions used for assessing fair values (less cost of disposal) or value in use.

B2 INVENTORIES

	2024	2023
	$000	$000
Raw materials and consumables	16,850	22,602
Livestock	7,506	17,554
Trading stocks	83,978	111,885
Total inventories	**108,334**	**152,041**

Due to the announcement of the plan to close the Smithfield plant, site specific packaging and spare parts have been reduced by $2.5m, as a write-down to net realisable value. This write-down was recognised as an expense during 2024.

Measurement & recognition

Inventories are valued at the lower of cost and net realisable value.

Cost: Consistent with other meat processors, the Group utilises the "retail method" to value trading stocks, in accordance with NZ IAS 2 – Inventory, to value the cost of inventory. Under the "retail method", the cost of trading stock inventory is ascertained by deducting from sales value an estimated profit margin expected to be earned on the future sale of inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Estimated selling price is determined based on a valuation hierarchy where the Group looks to use directly observable prices on trading stocks where possible. In the first instance the Group will use values on committed sales orders to determine estimated selling price. In the event that the inventory is not on a committed sales order then estimated selling price will be determined with reference to post year end sales price. In the event that the inventory item in question is not on a committed sales order or sold post year end then forecasted selling price will be used. If the forecast sales price was increased by 10% then this would increase profit by $2.0m (2023: $2.7m). If the forecast sales price was decreased by 10% then this would decrease profit by $2.0m (2023: $2.7m).

Livestock is valued at fair value.

Key judgement

The Group determines the sale values used to calculate the cost of inventory by reference to:
- contract sale prices, or
- for uncontracted inventory, the future anticipated realisable value.

B3 INTANGIBLE ASSETS

Group	Resource consents	Software	Goodwill	Work in progress	New Zealand Units	Total
Cost	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 1 October 2022	2,237	31,348	692	27,171	-	61,448
Transfers from work in progress	67	855	-	(922)	-	-
Additions	16	4,967	-	2,906	4,491	12,380
Effect of movements in exchange rates	-	4	-	-	-	4
Disposals	-	-	-	-	(3,843)	(3,843)
Balance at 30 September 2023	**2,320**	**37,174**	**692**	**29,155**	**648**	**69,989**
Balance at 1 October 2023	2,320	37,174	692	29,155	648	69,989
Transfers from work in progress	-	9,407	-	(9,407)	-	-
Additions	-	9,346	-	-	5,409	14,755
Effect of movements in exchange rates	-	-	-	-	-	-
Disposals	-	9	-	-	(4,825)	(4,816)
Balance at 30 September 2023	**2,320**	**55,936**	**692**	**19,748**	**1,232**	**79,928**
Amortisation						
Balance at 1 October 2022	**165**	**9,084**	**-**	**-**	**-**	**9,249**
Amortisation	80	2,162	-	-	-	2,242
Effect of movements in exchange rates	-	11	-	-	-	11
Balance at 30 September 2023	**245**	**11,257**	**-**	**-**	**-**	**11,502**
Balance at 1 October 2023	245	11,257	-	-	-	11,502
Amortisation	81	2,828	-	-	-	2,909
Disposals	-	-	-	-	-	-
Effect of movements in exchange rates	-	1	-	-	-	1
Balance at 30 September 2024	**326**	**14,086**	**-**	**-**	**-**	**14,412**
Net book value						
Balance at 30 September 2022	2,072	22,264	692	27,171	-	52,199
Balance at 30 September 2023	2,075	25,917	692	29,155	648	58,487
Balance at 30 September 2024	**1,994**	**41,850**	**692**	**19,748**	**1,232**	**65,516**

Work in progress additions above relate to expenditure on the ERP system which will be transferred to software as it is made available for use. The ERP system is being transferred to software in stages as the relevant components of the system are made available for use.

The amortisation of resource consents and software is included in Administrative expenses.

B3 INTANGIBLE ASSETS (CONT)

Measurement & recognition

Resource consents

Costs incurred in obtaining resource consents for processing sites are capitalised and amortised from the granting of the consent on a straight line basis for the period of the consent.

Software

Costs associated with acquiring and developing identifiable software assets controlled by the Group are capitalised at cost and amortised over the expected life of the asset. The costs of internally generated identifiable software assets controlled by the Group comprise all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

The costs to configure and customise a Software-as-a-Service (SaaS) arrangement may be recognised as an intangible asset when the application is controlled by the Group. Control requires the Group to have the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. Configuration and customisation of SaaS arrangements meeting these criteria are capitalised and amortised over the useful life of the software.

Goodwill

Goodwill that arises upon an acquisition is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Work in progress

Work in progress relates to expenditure on items of intangible assets which are not yet available for use. When an asset is made available for use it is transferred from work in progress to the relevant intangible asset category and amortised across its useful life.

New Zealand Units

New Zealand Units are purchased to offset carbon emissions under the New Zealand Emissions Trading Scheme. The units are measured at cost and expensed using weighted average method. Units are surrendered during the year to meet our obligations under the New Zealand Emissions Trading Scheme.

The liability is measured at the carrying amount of units to the extent of available units on hand. Any additional liability is measured by market value of units at the period end.

Key judgement

The Group makes estimates of the remaining useful lives of assets, which are as follows;

- Software 2 –15 years
- Resource consents 5 – 35 years

The residual value and useful lives are reviewed and if appropriate adjusted, at each reporting date.

B4 RIGHT OF USE ASSETS

	Right of use buildings	Right of use plant and vehicles	Work in Progress	Total
Cost	**$000**	**$000**	**$000**	**$000**
Balance at 1 October 2022	**8,498**	**7,009**	**366**	**15,873**
Transfers from capital work-in-progress	-	366	(366)	-
Additions	-	6,643	613	7,256
Disposals	(1,239)	(910)	-	(2,149)
Effect of movements in exchange rates	20	-	-	20
Balance at 30 September 2023	**7,279**	**13,108**	**613**	**21,000**
Balance at 1 October 2023	7,279	13,108	613	21,000
Transfers from work in progress	-	-	-	-
Additions	1,725	7,310	(613)	8,422
Disposals	-	-	-	-
Effect of movements in exchange rates	37	-	-	37
Balance at 30 September 2024	**9,041**	**20,418**	**-**	**29,459**
			-	
Depreciation and impairment losses			-	
Balance at 1 October 2022	**2,367**	**2,816**	**-**	**5,183**
Depreciation	1,213	2,521	-	3,734
Disposals	(1,705)	(889)	-	(2,594)
Effect of movements in exchange rates	53		-	53
Balance at 30 September 2023	**1,928**	**4,448**	**-**	**6,376**
Balance at 1 October 2023	1,928	4,448	-	6,376
Depreciation	1,314	5,083	-	6,397
Impairment of assets at Smithfield	-	402		402
Disposals	-	-	-	-
Effect of movements in exchange rates	79	-	-	79
Balance at 30 September 2024	**3,321**	**9,933**	**-**	**13,254**
Net book value				
Balance at 30 September 2022	6,131	4,193	366	10,690
Balance at 30 September 2023	5,351	8,660	613	14,624
Balance at 30 September 2024	**5,720**	**10,485**	**-**	**16,205**

During 2024, due to the announcement of the plan to close the Smithfield plant, the Group tested the plant right of use assets for impairment and recognised an impairment loss of $0.4m.

Measurement & recognition

Right of use assets are initially measured at cost. This comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the end of the lease term.

C. MANAGING FUNDING

IN THIS SECTION

This section explains how the Group manages its capital structure and working capital along with the various funding sources.

C1 CAPITAL MANAGEMENT

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

The Board's objective when managing capital is to maintain a strong capital base to ensure the Group is able to undertake future growth opportunities and maximise the return to shareholders. The Board considers a strong capital base is necessary to protect the Group from volatility and changes in capital and operating market conditions. During the year, the Group made changes to standard shareholding requirements in relation to livestock supply to provide an increase in shareholder equity over time. With a view to strengthen the balance sheet, the Board have appointed an Investment Bank who will assess further equity funding sources.

The Board monitors forecast capital inflows and outflows, and the level of shareholding relative to shareholders' supply to ensure that the company retains a strong capital base, with a key reference point being the shareholder's equity ratio.

The equity ratio calculated as total equity relative to total assets is a non-GAAP (generally accepted accounting practice) measure. Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

	2024	2023	2022	2021
	$000	**$000**	**$000**	**$000**
Total equity	288,150	380,210	447,759	370,676
Total assets	737,387	783,166	796,591	703,099
Equity ratio	**39.1%**	**48.5%**	**56.2%**	**52.7%**

C2 SHARE CAPITAL

Co-operative shares	2024	2023
	000's	000's
Shares on issue at 1 October	103,906	92,165
Shares allotted during the year	6,870	16,380
Shares surrendered during the year	(4,195)	(4,639)
Shares on issue at 30 September	**106,581**	**103,906**

Share capital	2024	2023
	$000	$000
Shares issued at 30 September	106,581	103,906
Share issue pending	1,415	444
Share capital	**107,996**	**104,350**

All co-operative shares are fully paid up and have a par value per share of $1.

As at 30 September 2024 there was share issues pending of 1.415 million shares (2023: 0.444 million shares).

All shares have equal voting rights and shareholders are entitled to one vote per share. The maximum individual shareholding is 2.2 million shares (2023: 1.6 million shares). Upon winding up, shares rank equally with regard to the company's residual assets.

Shares are issued and surrendered at their nominal value under the Company's constitution and the Co-operative Companies Act 1996. Co-operative shares may be surrendered where shareholders have not transacted with the company for five years or do not have the capacity to be a transacting shareholder.

C3 RESERVES

	2024	2023
	$000	**$000**
Foreign currency translation reserve	(10,861)	(12,407)
Cash flow hedge reserve	1,930	3,420
Reserves	**(8,931)**	**(8,987)**

C3 RESERVES (CONT)

Measurement and recognition

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of financial instruments that hedge the company's net investment in a foreign subsidiary.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet been settled.

C4 CASH AND CASH EQUIVALENTS

	2024	2023
	$000	**$000**
Cash and cash equivalents	14,687	10,638
Net cash and cash equivalents	**14,687**	**10,638**

C5 TRADE AND OTHER RECEIVABLES

	2024	2023
	$000	**$000**
Trade receivables - net of impairment	63,608	98,596
Prepayments	14,860	13,247
Amounts owed to the Company by associates	39,031	29,298
Total receivables	**117,499**	**141,141**
Impairment included in trade receivables	314	307

The status of trade receivables at the reporting date is as follows:

Group trade receivables	Not yet due	1 – 30 days overdue	> 30 days overdue	Total
2023	**$000**	**$000**	**$000**	**$000**
Gross receivable	81,235	17,042	626	98,903
Impairment	-	-	(307)	(307)
Net receivable	**81,235**	**17,042**	**319**	**98,596**
2024				
Gross receivable	51,540	11,748	634	63,922
Impairment	-	-	(314)	(314)
Net receivable	**51,540**	**11,748**	**320**	**63,608**

Measurement and recognition

Trade receivables are measured on initial recognition at fair value, and are subsequently carried at amortised cost.

Receivables are reviewed on an individual basis to determine whether any amounts are unrecoverable and a specific provision is made. The provision for expected credit losses is the estimated amount of the receivable that is not expected to be paid. Debts known to be uncollectible are written off as bad debts to the profit and loss immediately.

In assessing the collectability of receivables the Group considers the customers credit history and historical recovery performance and trends.

The Group has derecognised trade receivables that have been sold to the bank under the receivables financing agreement and where the Group has determined that substantially all the risks and rewards have been transferred to the bank. The Group has assigned $17.5m (2023: $42.7m) of receivables as at 30th September, of which $2.5m (2023: $1.8m) has been derecognised.

C6 TRADE PAYABLES, OTHER PAYABLES AND PROVISIONS

	2024	2023
	$000	$000
Trade payables	147,854	180,584
Revenue received in advance	9,342	
Provisions for restructuring at Smithfield	17,468	-
Payables to related parties	1,243	81
Total payables	**175,907**	**180,665**

Provisions for restructuring at Smithfield	2024	2023
	$000	$000
Opening Balance	-	-
Paid out during the year	-	-
Increase in provisions	17,468	-
Provisions	**17,468**	**-**

Measurement and recognition
Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services. The entity has financial risk management policies in place to ensure that all payables are paid with in the credit timeframe.

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the provision can be reliably measured. During 2024, a provision of $17.5m was made to cover the costs of closing the Smithfield plant. Estimated restructuring costs mainly include employee termination benefits and are based on individual employment and collective agreements. The closure of the plant is expected to be completed by December 2024.

C7 INTEREST BEARING LOANS AND BORROWINGS

	2024	2023
	$000	$000
Secured bank loans - current	200,000	120,053
Other loans - current	20,766	41,502
Other loans - non-current	10,300	10,300
Bank credit facilities	1,641	8,359
	232,707	**180,214**

During the period there were events of review on the covenants set in the 2024 loan facility, which were resolved during the year, and post balance sheet date notably with the signing of the new facility on 30 September 2024.

Measurement and recognition
Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost (using the effective interest method). Fees for establishing new borrowings are spread over the term of those borrowings.

The loan facility is a syndicated facility with four AA- rated banks and three A rated banks. It comprises a Seasonal Facility expiring 30 September 2024. The loan facility is secured against the property and assets of the Group given under a Security Trust Deed. As such all Group's inventory is effectively pledged as security for the borrowing facility. The Seasonal Facility is tailored to reflect the seasonal working capital cycle.

Other loans are funds received from the Provincial Growth Fund to fund qualifying projects and receivables financing with Hongkong and Shanghai Banking Corporation Limited (HSBC).

C8 LEASE LIABILITIES

	2024	2023
	$000	$000
Opening balance	12,124	10,189
Net additions	9,954	7,256
Interest of lease liabilities	891	735
Repayments	(8,502)	(6,065)
Foreign Currency Movements	46	9
Closing balance	**14,513**	**12,124**
Current	5,584	4,294
Non-current	8,929	7,830

Measurement and recognition

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar environment under similar terms and conditions.

Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable under a residual value guarantee, and any exercise price the Company is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. The lease liability is increased to reflect interest expense incurred on the lease liability and reduced to reflect the cash lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease expenses

The Income Statement includes expenses relating to short term leases of $0.6m (2023: $0.9m) and expenses relating to leases of low value assets of $1.1m (2023: $0.9m). Depreciation of right of use assets is reported in note B4. Interest on lease liabilities are reported as financial expenses (see note A2).

The Group has considered the potential impact of lease payments should it exercise all extension options and have determined that the amounts are negligible.

C9 EMPLOYEE BENEFITS

	2024	2023
	$000	$000
Annual leave	10,587	13,367
Long service leave	534	176
Payroll accruals	7,653	8,153
Other	1,855	165
Employee benefits current	**20,629**	**21,861**

	2024	2023
	$000	$000
Long service leave - non-current	4,323	4,742
Employee benefits - non-current	**4,323**	**4,742**

Measurement and recognition

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and short term and long term employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

D. FINANCIAL INSTRUMENTS USED TO MANAGE RISK

IN THIS SECTION

This section explains the financial risks that the Group faces and how these risks are managed. This includes reviewing the hedging instruments used to manage risk.

D1 MANAGEMENT OF FINANCIAL RISKS

The Group is subject to a variety of financial risks relating to its operations that are managed by the Group's Treasury Policy. This policy provides guidance to management on minimising the exposure to these risks and the use of derivative financial instruments. The Group is exposed to foreign currency, interest rate, credit and liquidity risks which arise during the normal course of business. The Group manages commodity risk through negotiated supply contracts.

Management of the Group's key financial risks

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its financial obligations.

The group is exposed to concentrations of credit risk principally in relation to cash and cash equivalents, and derivatives. The Group mitigates this by transacting with seven major trading banks.

Exposure to credit risk also arises in relation to trade debtors. Refer to Note C5 for the status of trade receivables. This risk is managed through a credit approval process and on-going monitoring being undertaken. Offshore debtor credit risk is also partially managed by the use of confirmed letters of credit from reputable banks.

There are no significant concentrations of credit risk in relation to trade debtors. The carrying amount of financial assets represents the group’s maximum credit exposure. A provision for impairment of receivables is established using the expected credit losses model, which is based on forward-looking analysis which considers historical provisioning rates and relevant macro-economic factors.

Commodity risk

The Group is exposed to commodity pricing risk on Inventory, in particular trading stock.

Liquidity risk

Liquidity risk represents the group’s ability to meet its contractual obligations as they fall due.

The primary objective is to ensure that sufficient liquidity is available to meet the Group’s short and long term cash obligations.

The secondary objective is the optimal use of cash resources to minimise total funding costs.

The primary source of liquidity will be from foreign currency and domestic receipts. The secondary source will generally be from prior arranged borrowing facilities with financial institutions. The funding facilities negotiated will need to reflect sufficient headroom to accommodate the various uncertainties associated with the nature of the business and industry.

The finance division prepares an annual budget and a revolving 12-week cash flow forecast profiling expected cash flows and projected liquidity requirements. These projected liquidity requirements are monitored against funding facilities to ensure sufficient liquidity resources are available.

In general, the group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and maintains adequate banking facilities to cover potential shortfalls.

D1 MANAGEMENT OF FINANCIAL RISKS (CONT)

The Group is required to disclose the expected timings of cash outflows for each of its financial liabilities. The amounts in the table below are the contractual undiscounted cash flows (including interest), so will not always reconcile to the amount disclosed on the statement of financial position.

	Balance sheet	Contractual cash flow	< 3 months	3 – 12 mths	1 – 2 yrs	2 – 5 yrs	> 5 yrs
	$000	$000	$000	$000	$000	$000	$000
2023							
Loans and borrowings	171,855	177,267	52,984	113,983	-	10,300	-
Trade and other payables	180,665	180,665	180,665	-	-	-	-
Bank credit facilities	8,359	8,359	8,359	-	-	-	-
Lease Liabilities	12,124	12,123	1,178	3,117	3,061	4,125	642
Financial liabilities – derivatives	2,938	2,938	2,938	-	-	-	-
2024							
Loans and borrowings	231,066	231,066	219,987	779	10,300	-	-
Trade and other payables	175,903	175,903	175,903	-	-	-	-
Bank credit facilities	1,641	1,641	1,641	-	-	-	-
Lease Liabilities	14,513	14,513	1,639	3,945	3,522	5,407	-
Financial liabilities – derivatives	1,096	1,096	1,096	-	-	-	-

Interest rate risk

The Group is exposed to interest rate risk on movements in floating interest rates on loans and borrowings.

The Group adopts a policy of ensuring that between 0 – 100% (dependant on the facility type, see breakdown below) of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate risk instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in reference interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The Group manages interest rate volatility to cash flow using pay-fixed interest rate swap (IRSs) and forward rate agreements (FRA's).

Interest rate risk hedging parameters

Facility Type	**Hedging band**
Seasonal debt 0 – 1 year	40% – 90%
Seasonal debt 1 – 2 years	0% – 50%
Core debt 0 – 1 year	50% – 100%
Core debt 1 – 2 years	0% – 50%
Core debt 2 – 5 years	0% – 30%

Interest rate sensitivity

The following table shows the estimated pre-tax impact on the group of a general 100 basis point (BPS) change in interest in respect to interest rate derivatives that the company had in place at balance date:

	2024		2023	
	Profit & Loss	Equity	Profit & Loss	Equity
	$000	$000	$000	$000
100 BPS increase in interest rates	-	2,087	-	1,369
100 BPS decrease in interest rates	-	(2,123)	-	(1,400)

D1 MANAGEMENT OF FINANCIAL RISKS (CONT)

Foreign currency risk

The Group operates internationally, and is subject to the risk of financial losses arising from adverse exchange rate movements in USD, EUR, GBP, CAD, JPY and AUD. Risks arise due to the risk associated with the cash receipts made in currency exposure other than the functional currency. To manage the foreign exchange risks the Group enters into financial market derivatives. All foreign exchange contracts on hand at balance date are expected to impact the income statement within 12 months.

The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cashflows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the sources of any ineffectiveness, should it arise, are expect to be attributable differences in the amount of, or repricing dates between, the swaps and the borrowings . The Group did not have any new sources of hedge ineffectiveness emerging in designated hedging relationships. If it had, then it would be required to disclose those sources by risk category and explain the resulting hedge ineffectiveness.

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These contracts are generally designated as cash flow hedges.

The Group currently hedge up to 100% of trade debtors denominated in a foreign currency. The Group also hedges inventory to the extent it can identify inventory values that will be sold in a foreign currency.

The following disclosures relate to the valuation of foreign exchange exposures as at 30 September. The Group has foreign exposures throughout the financial year which fluctuate both in terms of the amount of the exposures at any one time and the effect of movements in the exchange rate. The NZD equivalent of the notional amount of foreign exchange contracts at balance date are in D2.

The following table shows the estimated pre-tax impact on the group of a general 10% change in the value of the New Zealand dollar in respect to foreign exchange currency derivatives that the company had in place at balance date (note the sensitivity analysis excludes the equivalent impact on the underlying hedged item to which the derivatives relate):

	2024		2023	
	Profit & Loss	Equity	Profit & Loss	Equity
	$000	$000	$000	$000
10% increase in value of NZD	4,446	4,022	7,047	10,827
10% decrease in value of NZD	(5,433)	(4,916)	(8,613)	(13,233)

D2 DERIVATIVE FINANCIAL INSTRUMENTS

What is a derivative?
A derivative is a type of financial instrument typically used to manage the interest rate and foreign exchange risks that the Group faces due to its business operations. The different types of derivative used are:

Forward Exchange Contracts:
A contract between two parties (for example, a bank and a customer) where one party agrees to sell or buy a fixed amount of a currency, at an agreed rate, on a certain date. The agreed foreign exchange rate is referred to as the forward rate.

Foreign exchange option:
An option gives the right to buy or sell an instrument at a fixed price on or before a certain date in the future. The buyer of an option has a right but not an obligation and can only lose the premium paid. The seller of an option has an obligation with no rights. The seller receives premium but has full risk of loss should rates move against them and the buyer chooses to exercise the option.

Interest rate derivatives:

Forward Rate Agreement (FRA)
A contract that fixes the interest rate now that will apply to a loan or deposit for an amount for a given period starting on a certain date in the future (the settlement date). The most common FRA is for 3 months therefore the amount exposed is limited compared to the longer duration of an Interest Rate Swap.

Interest Rate Swap (IRS)
A swap contract whereby two parties agree to swap interest payments on a notional principal sum over an agreed period. The most frequently used Interest Rate Swap structure is a fixed-variable structure, in which one party to the agreement pays a fixed rate over the term of the swap in exchange for variable-rate interest payments from the other party. One to five-year Interest Rate Swaps are commonly traded and hence the risk exposure is greater than a FRA.

Recognition
Derivative financial instruments are recognised at fair value on the date the contracts are agreed and are re-measured on a periodic basis. The recognition of movements in fair value depends upon the hedging instrument and its designation or classification, as summarised below:

Cash flow hedge:
Changes in fair value of hedges that are designated and qualify as cash flow hedges and are considered effective for accounting purposes are recognised through other comprehensive income into the cash flow hedge reserve (in equity). The gain or loss relating to any ineffective element is recognised immediately in the income statement. Amounts accumulated in other comprehensive income are recognised in the income statement in the periods when the forecast transactions take place.

Measurement of fair value
The Group's financial instruments carried at fair value are defined as level 2 for valuation purposes for 2024 and 2023 financial periods. At 30 September the fair value of the Group's derivative financial instruments was a $4.6m asset (2023: $0.3m asset).

Foreign exchange contract:
Fair value is the difference between the contract exchange rate and the quoted forward exchange rates to close it out at the reporting date. This is calculated by using the present value of the estimated future cash flows and applying published forward exchange rates and discount rates based on the forward interest rate swap curve.

Foreign exchange options
The fair value has two components being;
- intrinsic value, being the difference between the option strike rate and the current market rate, and
- time value, this can never be negative, and represents the dollar value that the option has of the time left to run to maturity.

The intrinsic value of the option, if it is deemed effective is taken through the hedge reserve in equity. The time value is deferred to the cashflow hedge reserve.

The fair value uses a discounted cash flow and applies observable option volatilities and quoted forward exchange and interest rates that match the maturity dates of the contracts.

Interest rate derivatives:
The fair value is the estimated amount that the Group would pay or receive if the contract stopped at the reporting date. This is calculated by discounting the future interest and principal cash flows using published market interest rates that match the maturity dates of the contracts and discount rates based on the forward interest rate swap curve. The fair value uses a discounted cash flow and applies observable option volatilities and quoted forward exchange and interest rates that match the maturity dates of the contracts.

The Group enters into derivative transactions under international Swaps and Derivatives Association (ISDA) master netting agreements. In general under these agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances — e.g. when a credit event such as a default occurs — all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

D2 DERIVATIVE FINANCIAL INSTRUMENTS (CONT)

The following table details the notional principal amounts of derivatives at the end of the reporting period:

	2024		2023	
	Notional principal	Fair value	Notional principal	Fair value
	$000	$000	$000	$000
Derivatives designated as cash flow hedges				
- Foreign exchange contracts	46,705	2,121	123,160	695
- Interest rate swaps	245,000	(969)	230,000	720
- Forward rate agreements	-	-	-	-
- Foreign exchange options	-	-	79,478	40
Derivatives not designated as cash flow hedges				
- Foreign exchange contracts	55,075	3,466	72,714	(1,135)
	346,780	**4,618**	**505,352**	**320**

The following table details the instruments held to hedge exposures to changes in foreign currency and interest rates:

	Maturity		
Foreign currency risk	1 – 6 months	6 – 12 months	More than 1 year
Forward exchange contracts			
Net exposure (in thousands of New Zealand Dollars)	163,318	nil	nil
- Average New Zealand Dollars:USD forward contract rate	0.6052	nil	nil
- Average New Zealand Dollars:EUR forward contract rate	0.5565	nil	nil
- Average New Zealand Dollars:GBP forward contract rate	0.4693	nil	nil
- Average New Zealand Dollars:AUD forward contract rate	0.9175	nil	nil
- Average New Zealand Dollars:CAD forward contract rate	0.8300	nil	nil
- Average New Zealand Dollars:JPY forward contract rate	91.4343	nil	nil
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of New Zealand Dollars)	55,000	120,000	70,000
Average fixed interest rate	5.84%	4.18%	4.45%

E. GROUP STRUCTURE

IN THIS SECTION

This section provides information to help readers understand the Group's structure and how it affects the financial position and performance of the Group.

E1 SUBSIDIARIES

The financial statements include the financial statements of the Company and the subsidiaries listed below.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

	The Company has the following investments:			2024	2023
		Country	**Balance date**	**Ownership interest**	**Ownership interest**
(b)	**Investments in subsidiaries**				
	New Zealand Holdings (UK) Limited and its trading subsidiary Alliance Group (NZ) Ltd	United Kingdom	30-Sep	**100.0%**	100.0%

E2 ASSOCIATES

Measurement & recognition

Associates are those entities in which the Company has significant influence, being the ability to participate in however not control the financial and operating decisions of the entity.

Joint ventures are those entities in which the Company has joint control and has rights to the net assets of the venture.

Associates and joint ventures are accounted for using the equity method of accounting where the investment is recorded at cost plus its share of any profit or loss during the ownership period. Any dividends received are deducted from the investment value.

If the Company's share of losses exceeds its interest in the associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the entity.

Other Investments recognise entities which the Company holds an investment but no significant influence or joint control.

E2 ASSOCIATES (CONT)

The Company has the following investments:	Principal activity	Country	Balance date	2024 Ownership interest	2023 Ownership interest
Associates					
The Lamb Co-operative Inc.	Sales, distribution and marketing	USA	30-Sep	**46.0%**	43.8%
The NZ and Australian Lamb Company Ltd	Sales, distribution and marketing	CAN	30-Sep	**44.2%**	41.1%
Joint ventures					
Alpine Origin Merino Ltd	Research and development	NZ	30-Sep	**50.0%**	50.0%
High Health Alliance Limited	Research and development	NZ	30-Sep	**50.0%**	50.0%
Meateor GP Limited	Supply of meat ingredients to pet food industry	NZ	31-Dec	**50.0%**	50.0%
Other investments					
Quality New Zealand Limited	Sales, distribution and marketing	IND	30-Sep	**10.5%**	10.5%

	2024 $000	2023 $000
Investments in equity accounted investees		
Movements in carrying value of equity accounted investments:		
Balance at beginning of year	63,535	59,248
Add patronage dividends reinvested	2,184	-
	65,719	**59,248**
Add share of profit after tax	9,688	4,769
Less dividends received	(10,108)	(482)
Closing balance	**65,299**	**63,535**
This balance comprises:		
Shares in associate companies and joint ventures	36,569	36,569
Advances to associated companies at cost	10,896	10,896
Share of post-acquisition increases in net assets	22,226	20,462
Share of foreign exchange translation reserve	(4,392)	(4,392)
Closing balance	**65,299**	**63,535**

Summary financial information for equity accounted investees and proportionately consolidated entities, not adjusted for the percentage ownership:

Associates and joint ventures	Total assets $000	Total liabilities $000	Revenues $000	Profit (loss) $000
2023	327,554	189,734	1,172,928	10,123
2024	**314,990**	**176,841**	**1,203,673**	**17,483**

F. OTHER

IN THIS SECTION

This section includes information required to comply with financial reporting standards that is not covered in other sections.

F1 RELATED PARTIES

Transactions with related parties, including directors, are made on terms equivalent to those that prevail in arm's length transactions.

Parent and ultimate controlling party

The immediate parent and ultimate controlling party of the Group is Alliance Group Ltd.

Identity of associates and joint ventures

The Group's associates and joint ventures are outlined in Section E.

Transactions with related parties and equity accounted investments:

	2024	2023
	$000	$000
Sales and recharges to associates	274,370	165,792
Sales and recharges to joint ventures	6,731	13,053
Dividends from associates	9,108	482
Dividends from joint ventures	1,000	-
Purchases from Directors	(5,531)	(6,617)
Sales to Directors	41	395
Balances with related parties		
Amounts owed to the Company by associates	39,031	29,298
Amounts owed to the Company by joint ventures	34	7
Amounts owed to joint ventures by the Company	1,135	200
Amounts owed to Directors by the Company	109	81
Loans to associates	3,006	3,175

Key management personnel compensation

	2024	2023
	$000	$000
Short term employee benefits	6,005	6,347
Post-employee benefits	149	190
Directors fees - the Company	994	994

Key management personnel are the Company's Executive Leadership Team and its Board of Directors

Benefits paid to the Leadership Team include salaries, non cash benefits and contributions to post employment superannuation schemes.

F2 AUDITORS' REMUNERATION

	2024	2023
	$000	**$000**
Audit fees - KPMG	370	293
Audit fees - KPMG (UK)	141	102
Total	**511**	**395**

F3 COMMITMENTS

Capital expenditure commitments	2024	2023
	$000	**$000**
Committed payments for approved capital expenditure	4,129	14,233

F4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2024

Components that make up the capital and reserves of the Group and the changes of each component during the year

		Reserves			
Group	**Share capital**	**Foreign currency translation**	**Cashflow hedge**	**Retained earnings**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Balance at 1 October 2022	**95,783**	**(12,227)**	**(863)**	**365,066**	**447,759**
Loss after tax for the year	-	-	-	(70,171)	(70,171)
Net change in fair value of financial instruments	-	-	4,283	-	4,283
Movement in foreign currency translation reserve	-	(180)	-	-	(180)
Total comprehensive loss for the year	**-**	**(180)**	**4,283**	**(70,171)**	**(66,068)**
Shares issued - ordinary shares	10,048	-	-	(10,048)	-
Shares surrendered - ordinary shares	6,332	-	-	-	6,332
Share issue pending	(4,639)	-	-	-	(4,639)
Movement in share issue pending	(3,174)	-	-	-	(3,174)
Total transactions with owners	**8,567**	**-**	**-**	**(10,048)**	**(1,481)**
Balance at 30 September 2023	**104,350**	**(12,407)**	**3,420**	**284,847**	**380,210**
Balance at 1 October 2023	**104,350**	**(12,407)**	**3,420**	**284,847**	**380,210**
Loss after tax for the year	**-**	**-**	**-**	**(95,762)**	**(95,762)**
Net change in fair value of financial instruments	**-**	**-**	**(1,490)**	**-**	**(1,490)**
Movement in foreign currency translation reserve	**-**	**1,546**	**-**	**-**	**1,546**
Total comprehensive loss for the year	**-**	**1,546**	**(1,490)**	**(95,762)**	**(95,706)**
Shares issued - ordinary shares	**6,870**	**-**	**-**	**-**	**6,870**
Shares surrendered - ordinary shares	**(4,195)**	**-**	**-**	**-**	**(4,195)**
Movement in share issue pending	**971**	**-**	**-**	**-**	**971**
Total transactions with owners	**3,646**	**-**	**-**	**-**	**3,646**
Balance at 30 September 2024	**107,996**	**(10,861)**	**1,930**	**189,085**	**288,150**

F5 EVENTS SUBSEQUENT TO BALANCE DATE

As the financial statements are prepared for the 52-week period ending 28 September 2024, the signing of the new loan facility dated 30 September 2024, refer Note C7, which matures 30 September 2025 is a material subsequent event.

F6 NEW STANDARDS AND INTERPRETATIONS

There are no accounting standards issued but not yet effective that are expected to have a material impact on the Group.

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Independent Auditor's Report

To the Shareholders of Alliance Group Limited (**Group**)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated statement of financial position as at 28 September 2024;
- The consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the 52 week period then ended;
- Notes, including material accounting policy information and other explanatory information

In our opinion, the accompanying consolidated financial statements of Alliance Group Limited (the **Company**) and its subsidiaries (the **Group**) on pages 59 to 87 present fairly in all material respects:

- The Group's financial position as at 28 September 2024 and its financial performance and cash flows for the 52 week period ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

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

We are independent of Alliance Group Limited 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

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Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $6.5 million, determined with reference to a benchmark of the Group's Revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

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 in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Going Concern Basis of Accounting (refer to Statement of compliance and basis of preparation)	
The Group's use of the going concern assumption and the associated extent of uncertainty is a key audit matter, due to the level of judgement required by us in evaluating the Group's assessment of the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in the about this report section. The Directors have determined that use of the going concern assumption is appropriate. Their assessment considered a range of scenarios of cash flow projections, the viability of other alternative strategies to manage and reduce debt and the expectation of renewing the debt facilities which expire on 30 September 2025 (within twelve months of the Audit Report Date). The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in	Our audit procedures included: - We considered the Group's assessment of their forecast compliance with debt facility covenants, the reasonableness of the debt reduction strategies as well as the consequential impact of these matters on the Directors' assessment of the Group's ability to continue as a going concern, including whether or not material uncertainties exist. - We read and challenged: — The Group's going concern paper to obtain an understanding of the key assumptions and judgements made; — The Audit and Risk Committee and Board papers addressing potential future capital structure, funding and forecast cash flows; and — The newly executed debt facility arrangement between the Group and its banking syndicate to obtain an understanding of the key terms including peak facility limits, repayment terms and banking covenants. - We analysed the cash flow projections by:

The key audit matter	How the matter was addressed in our audit
arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. We critically assessed the levels of uncertainty, focusing on the following: — The Group's ability to repay debt in line with maturity dates, comply with financing commitments and covenants, and renew the debt facility beyond 30 September 2025. This includes the nature of planned methods to achieve these actions, feasibility and status/progress of these plans; — The Group's significant cash inflow assumptions particularly in light of economic and market conditions; and — The Group's planned levels of operational and capital expenditures, and the ability of the Group to manage cash outflows within available funding, particularly in light of recent loss-making operations. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry, and the economic environment it operates in.	— Challenging management's forecasted cash flow assumptions and sensitivity analysis in the FY25 Budget. This included obtaining evidence of: - The communication to stakeholders and implementation of adjustments to livestock procurement practices; - Board approval deferring identified discretionary capital expenditure; — Assessing the planned levels of operating and capital expenditure for consistency of relationships and trends to the Group's historical results, and our understanding of the business, industry and economic conditions of the Group; — Testing the mathematical accuracy of management's forecasted covenant calculations for the year ending 30 September 2025; - We considered the Group's plans and intentions with respect to the maturity of its debt facilities at 30 September 2025; and - We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the Group's plans to address those events or conditions, and accounting standard requirements. We have no findings to report as a result of our procedures.
Impairment of non-current assets (refer to note B1)	
The group reported losses for the period, largely reflecting the continued downturn of global markets, increased operating costs, asset write-off and restructuring costs. This led management to conclude that indicators of impairment exist as at 28 September 2024. Where an indicator of impairment is identified, an impairment test must be performed for each cash-generating unit ("CGU").	Our audit procedures included: - Reviewing management's assessment of indicators of impairment against the requirements of the applicable financial reporting framework; - Reviewing management's value-in-use discounted cash flow analysis calculating the recoverable amount of the CGU; - Assessing the reasonableness of, and challenging key assumptions, including: — Forecast financial performance, including achievement of contribution margin expectations, livestock volumes and cost savings;

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The key audit matter	How the matter was addressed in our audit
As disclosed in note B1, the Group uses a value-in-use discounted cash flow analysis to calculate the recoverable amount of the CGU. Determining the recoverable amount of the CGU requires management to make assumptions relating to the discount rate, forecast financial performance, and terminal growth rates (amongst other factors). These assumptions are subject to estimation uncertainty and requires management judgement. For these reasons, we considered the impairment of non-current assets to be a key audit matter.	— The discount rate; and — Terminal growth rate. - Checking the appropriateness and accuracy of the methodology applied to determine the recoverable amount for the CGU; - Performing cross-checks of the model assumptions and outcomes against relevant internal and external information. This included assessing against procedures we performed in relation to the going concern basis of accounting key audit matter discussed above; - Performing sensitivity analysis over reasonably possible changes in key assumptions; and - Checking the appropriateness of the disclosures in the consolidated financial statements. We have no findings to report regarding the Group's conclusion that there is no material impairment of the CGU's carrying amount post asset impairment associated with the Smithfield plant closure discussed further below.
Carrying value of trading stocks applying the retail method (refer to note B2)	
Consistent with industry practice, the Group adopt the 'retail method' to determine the carrying value of trading stock. Under the retail method, inventory units are measured at the expected sales value adjusted for cost to sell and an expected profit margin. The retail method is required as livestock inputs can result in a varying combination of trading stock outputs depending on the assessed market demand, and the Group does not allocate processing costs to individual inventory units. We consider that the carrying value of trading stock to be a key audit matter due to the nature of the retail method and the judgement associated in determining the expected selling price and margin adjustment.	Our audit procedures included: - Comparing management's inventory valuation approach under the retail method with the requirements of New Zealand Equivalents to International Reporting Standards; - Comparing the expected selling price for trading stock items to actual contracted volumes and sales completed subsequent to year end; - For trading stock items with no contracted or completed sales subsequent, to recent selling values; - Assessing the mathematical accuracy of the profit margin adjustment, including consistency of the closing trading stock volumes and production costs to other audit procedures completed; - Challenging management's assessment of inclusion or exclusion of certain expense items within the margin adjustment calculation; and - Assessing the calculated profit margin adjustment percentage for consistency with market indicators, expectations, and historical levels. We have no findings to report as a result of our procedures.

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The key audit matter	How the matter was addressed in our audit
Smithfield Plant Closure - Restructuring Provisions and Asset Impairment (refer to note A1.2)	

The Group announced the proposed closure of the Smithfield Plant on 27 September 2024. The decision was confirmed on 18 October 2024.
 	
Due to the announcement and its timing, the Group has recognised restructuring and impairment provisions.
 	
We consider the impact of the closure of the Smithfield plant to be a key audit matter due to the unique nature of the events and the judgement associated in determining the restructuring provisions and associated impairment expense recorded.
	Our audit procedures included:
	- Reviewing management's communication plan to ensure it supports the recognition of a restructuring provision at year end;
	- Performing specific inquiries with management to identify any unrecognised provisions and related costs;
	- Ensuring the completeness of provisions by selecting payments subsequent to year end and agreeing to underlying support;
	- We obtained management's calculation for redundancy costs and:
	  – Reviewed it for arithmetic accuracy;
	  – For a sample of employees, we agreed the calculation inputs to underlying agreements and policies;
	  – Assessed the completeness of the provision by ensuring all Smithfield employees have been included in the calculation; and
	  – Vouched the termination amounts to subsequent payments, if paid prior to completing the audit.
	- We obtained management's asset impairment assessment, and assessed the impairment, with specific focus on the age of the assets (acquisition date), the condition of the assets (noted from the evidence provided) and the assets' nature and location.
	- In addition, we also:
	  – Used our understanding of the entity and its operations to assess the reasonability of managements assessment;
	  – Inquired with management what the strategic plan is for the specific assets intended to be moved and used at other plants;
	  – Ensured that the impairment has been applied consistently across all asset categories; and
	  – Evaluated management's skills, experience and understanding of the business as well as the process undertaken by them.
	
	We have no findings to report as a result of our procedures.

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Other information

The Directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the entity's Annual Report

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

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

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

Use of this independent auditor's report

This independent auditor's report is made solely to the Shareholders. Our audit work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- The preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- Implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error;
- Assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate 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 objective is:

- To obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and

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— To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it 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. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

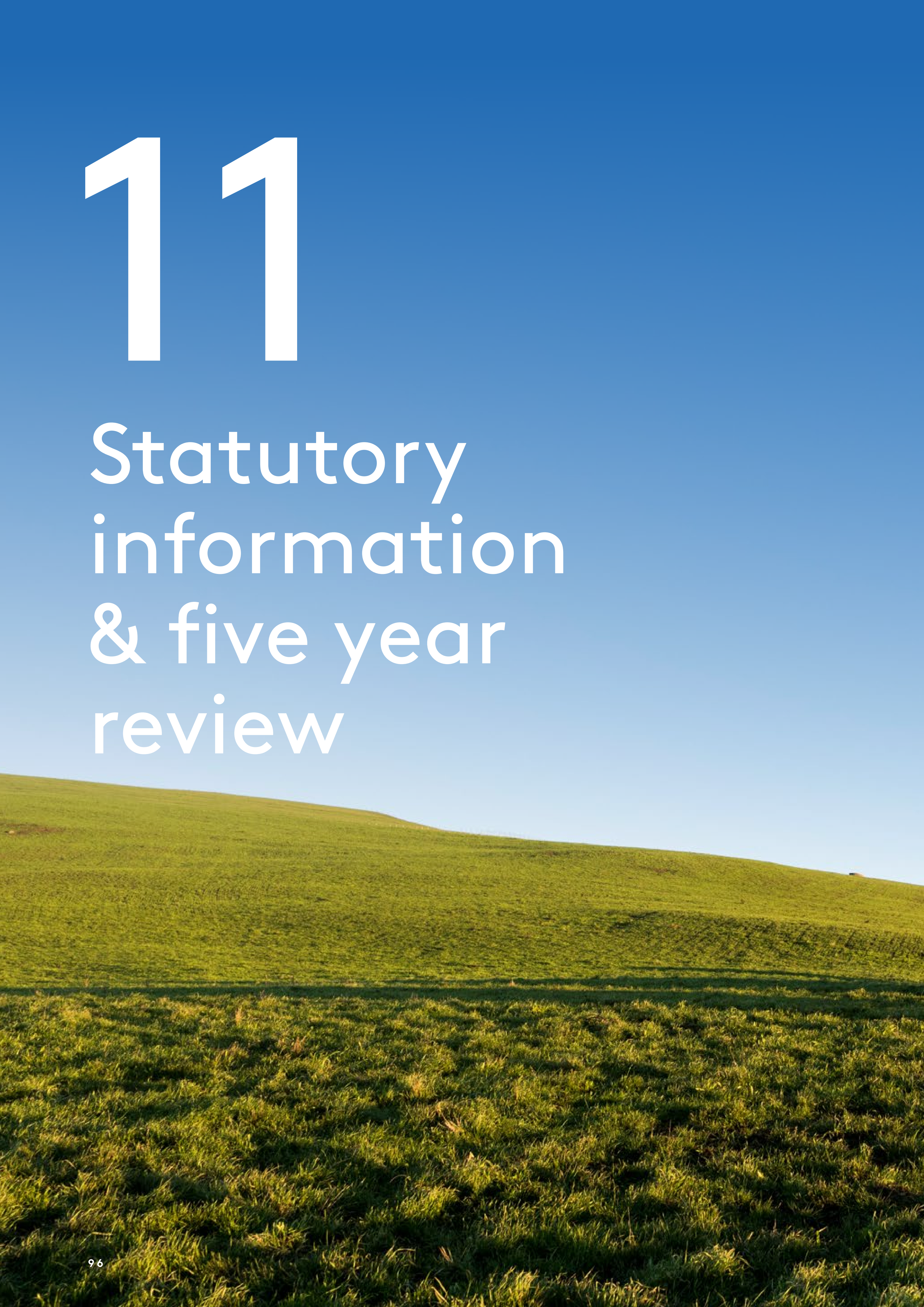
https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-3/

This description forms part of our independent auditor's report.

For and on behalf of:

KPMG

KPMG
Christchurch
18 November 2024



11

Statutory information & five year review

Statutory Information & Five Year Review

The directors present to the shareholders the seventy fourth annual report and financial statements of the company for the year ended 30 September 2024.

FINANCIAL RESULT

The result for the year ended 30 September 2024 is a net loss of $95.8 million after tax.

INTERESTS REGISTER

The Company maintains an Interests Register in which particulars of certain transactions and matters involving the directors are recorded. Entries in the Interests Register must in turn be disclosed in the Annual Report.

DISCLOSURES OF INTEREST

Directors have disclosed interests in the following entities pursuant to section 140 of the Companies Act 1993 during the period 1 October 2023 until 30 September 2024. All interests held during the period are included below and reflect the status of those interests as at 30 September 2024:

Director	Entity	Relationship
S M Brown	Brown Land Holdings Limited	Director and Shareholder
	Dairy Goat Co-operative (N.Z.) Limited	Director
	Sarah Brown and Associates Limited	Director and Shareholder
	Sarah Brown Family Trust	Trustee
M Wynne	Quayside Holdings Limited	Chair
	Quayside Properties Limited	Chair
	Quayside Securities Limited	Chair
	Waipura Forestry Limited	Shareholder
	Waipura North Limited	Shareholder
J G Collie	Benmore Downs Limited	Director and Shareholder
	Platinum Dairies Limited	Chairman, Director and Shareholder
	Salvation Army Jeff Farm Management Board	Deputy Chairman
	Takitimu Discussion Group	Facilitator
	Limehill School Board	Presiding Member (Chair)
	Balance Agri Nutrients Limited	Director
	Collie Investment Trust	Trustee
	JG & PJ Collie Trust	Trustee
R K Bowmar	Redcliffs Station Limited	Director and Shareholder
	Bowmar Ensor Trust	Trustee
	Towncroft Partnership	Partner
	LJ & JO Bowmar	Beneficiary
	Mantle Grove Trust	Beneficiary
	Mid-Canterbury Federated Farmers	Meat and Wool Chair
	Electricity Ashburton Ltd t/a EA Networks	Director
J A Miller	Roslyn Downs Limited	Director and Shareholder
	Roslyn Downs Land Holdings Limited	Director and Shareholder
	Claymore Dairies Limited	Director and Shareholder
D G Morrison	Ahika Journeys Limited	Director and Shareholder
	Te Ao Kakano	Director and Shareholder
	Alpha Sheep Genetics Group	Member
	DG & BC Morrison Limited	Director and Shareholder
	Pure Taste New Zealand (NZ) Limited	Director and Shareholder
	W9	Chairman
R J Greer	Greer Glenmoffat Farm Limited	Director and Shareholder
	Fishjet NZ Limited	Director and Shareholder
	G + S Homes (2022) Limited	Director and Shareholder
	Hauroko Valley Primary School	Board Chair
S Robertson	Norman Family Trust	Trustee
	G R Foot Trust	Trustee
	Robertson Family Trust	Trustee

The Interests Register also includes, pursuant to section 140(1) of the Companies Act 1993, entries for authorising the remuneration and particulars of indemnities and insurance for the directors.

RELEVANT INTERESTS IN SHARES

Directors have disclosed the following holdings of relevant interests in Alliance Group Limited shares pursuant to Section 148 of the Companies Act 1993:

Director	Shares held as at 30 September 2023	Shares acquired since 30 September 2023	**Shares held at 30 September 2024**
R K Bowmar	45,659	5,542	51,201
S Brown	19,877	9,710	29,587
J G Colllie	172,149	6,244	178,393
R J Greer	130,331	3,400	133,731
J A Miller	141,301	3,249	144,550
D G Morrison	60,556	3,028	63,584
D P McEvedy (Retired 15 December 2023)	34,777	2,007	36,784
H D Sangster (Retired 15 December 2023)	142,342	2,568	144,910
M J Taggart (Retired 12 April 2024)	83,874	14,178	98,052

All share transactions were carried out at their nominal value of $1.00 per share.

DIRECTORS REMUNERATION

The following remuneration was paid (and received) during the year ended 30 September 2024.

Director	Renumeration
Ms S M Brown	$110,000
Mr J G Collie	$95,000
Mr J A Miller	$95,000
Mr D G Morrison	$95,000
Mr M Wynne	$160,769
Mr S D Roberston	$120,000
Mr R Greer	$75,269
Mr R Bowmar	$75,269
Mr M J Taggart (retired)	$127,885
Mrs H D Sangster (finished)	$19,731
Mr D P McEvedy (finished)	$19,731

EMPLOYEE REMUNERATION

During the year ended 30 September 2024 the numbers of employees of the group who received remuneration including benefits of $100,000 or more were:

Remuneration	No. of Employees
$100,000.00 – $110,000.00	284
$110,001.00 – $120,000.00	168
$120,001.00 – $130,000.00	144
$130,001.00 – $140,000.00	80
$140,001.00 – $150,000.00	49
$150,001.00 – $160,000.00	27
$160,001.00 – $170,000.00	22
$170,001.00 – $180,000.00	11
$180,001.00 – $190,000.00	8
$190,001.00 – $200,000.00	5
$200,001.00 – $210,000.00	6
$210,001.00 – $220,000.00	5
$220,001.00 – $230,000.00	4
$230,001.00 – $240,000.00	4
$240,001.00 – $250,000.00	2
$250,001.00 – $260,000.00	2
$260,001.00 – $270,000.00	1
$280,001.00 – $290,000.00	1
$290,001.00 – $300,000.00	2
$300,001.00 – $310,000.00	1
$320,001.00 – $330,000.00	1
$350,001.00 – $360,000.00	1
$370,001.00 – $380,000.00	1
$380,001.00 – $390,000.00	1
$390,001.00 – $400,000.00	1
$470,001.00 – $480,000.00	1
$480,001.00 – $490,000.00	1
$500,001.00 – $510,000.00	1
$530,001.00 – $540,000.00	1
$1,310,001.00 – $1,320,000.00	1
	836

Our remuneration policy and practices are designed to attract, retain and reward high calibre senior leaders for the delivery of results that create value for our shareholders. This is achieved through market benchmarked remuneration that balances fixed and variable pay linked directly to the performance of the co-operative. The remuneration package for the Chief Executive and Executive Leadership Team is reviewed annually by the People Committee taking into account company results, individual performance and market data supplied by external specialist remuneration advisors.

CO-OPERATIVE STATUS

As required by Section 10 of the Co-operative Companies Act 1996, the following resolution was passed by the board on 13 November 2024. All directors present voted in favour of the resolution,

"It was the opinion of the board that Alliance Group Limited has throughout the year ended 30 September 2024 been a co-operative company within the meaning of the Co-operative Companies Act 1996 on the following grounds:

(a) Alliance Group Limited carries on as its principal activity a co-operative activity as that term is defined in the Co-operative Companies Act 1996;

(b) The Constitution of Alliance Group Limited states its principal activities as being co-operative activities; ands

(c) Not less than 60% of the voting rights of Alliance Group Limited were held by transacting shareholders as that term is defined in the Co-operative Companies Act 1996.".

STATUTORY INFORMATION (CONT)

DIRECTORS

The names of the persons holding office as directors of the company as at 30 September 2024 are listed in the Directory in the inside of the back cover.

AUDITORS

Under section 200 of the Companies Act, KPMG, Chartered Accountants, continue in office as auditors.

COMPANY'S AFFAIRS

A loss for the year has been recorded, however the Company is undertaking a range of measures to improve performance. These measures are referred in the notes to the Consolidated Financial Statements – which can be found in the section titled Our Financial Review accompanying this report.

Further details of the year under review, including material changes in the nature of the business of the company or any of its subsidiaries are included in the Chairman and Chief Executive review and the financial statements of the Company accompanying this report.

Mark Wynne
Chairman

S Robertson
Director

15 November 2024

Consolidated Five Year Review

FIVE YEAR REVIEW

	2024	2023	2022	2021	2020
	$000	**$000**	**$000**	**$000**	**$000**
Turnover	**1,772,215**	2,033,584	2,240,702	1,847,097	1,834,096
Net (loss)/profit before restructuring, provisions and distributions	**(69,503)**	(97,924)	117,206	42,182	27,428
Restructuring and provisions	**51,309**	-	949	2,334	19,959
Distributions	**-**	-	11,342	8,509	-
(Loss)/profit after tax	**(95,762)**	(70,171)	73,636	23,811	6,956
Fixed assets	**283,977**	306,445	284,202	269,127	245,022
Total assets	**737,387**	783,166	796,591	703,099	610,126
Shareholders' funds	**288,150**	380,210	447,759	370,676	347,188
Shareholders' funds as a percentage of total assets	**39.1%**	48.5%	56.2%	52.7%	56.9%
Ordinary shares	**106,581**	103,906	92,165	88,634	88,843

12 Directory

CORPORATE OFFICE

51 Don Street
PO Box 845, Invercargill 9840
Telephone: 03 214 2700
Email: executive@alliance.co.nz
Website: www.alliance.co.nz

CHRISTCHURCH OFFICE

Level 3
123 Victoria Street
Christchurch Central 8013

ELECTED DIRECTORS

J G Collie	Winton
J A Miller	Southdown
D G Morrison	Gore
S Brown	Kimbolton
Ross Bowmar	Methven
Richard Greer	Otautau

APPOINTED DIRECTORS

M D Wynne	Auckland
S D Robertson	Auckland

EXECUTIVE LEADERSHIP TEAM AS AT 30 SEPTEMBER 2024

Chief Executive	W P Wiese
Chief Financial Officer	A Varghese-Cowan
Global Sales Director	J McWilliam
Chief Digital Officer	D Martorana
General Manager Supply Chain	N C Jones
General Manager People and Culture	S Manning
General Manager Livestock	M Behrent
General Manager Safety and Processing	W Shaw
General Manager Global Marketing	S Henderson

MANAGERS

Dannevirke Plant	K W Adams
Levin Plant	C G Mason
Lorneville Plant	J Graham
Mataura Plant	A Pelser
Nelson Plant	S Baird
Pukeuri Plant	P Shuker
Smithfield Plant	I Docherty
Alliance NZ Sales	J Skurr
Alliance Group (NZ) Ltd (UK subsidiary)	H Scott
Alliance Asia	T Hannan (Acting)

AUDITORS

KPMG

BANKERS

ANZ Bank New Zealand Limited
Bank of New Zealand
Bank of China
The Hongkong and Shanghai Banking Corporation Ltd
Industrial and Commercial Bank of China (New Zealand) Limited
Rabobank NZ Branch
Westpac New Zealand Limited

REGISTERED OFFICE

Level 3
51 Don Street
Invercargill 9810

ALLIANCE
FARMERS' PRODUCE
SINCE 1948

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