

Optimising our land



PĀMUTM
FARMS OF
NEW ZEALAND

Integrated Report 2024

Driven by our purpose of enriching our land, our people, and the future of food and fibre for Aotearoa New Zealand, we're striving to build a profitable and resilient farming business. We have integrated dairy, livestock, and forestry farming systems and invested in horticulture, so we make the highest and best use of our land. Through integrating performance with our responsibilities as custodians and innovators within the sector, we seek to collaborate and share knowledge for the benefit of all New Zealanders.

Committed to a solid ————— performance

The key initiatives in our Pāmu strategy (see [page 18](#)) provide our roadmap. Delivering on these initiatives will enable us to make the most of our portfolio. We are driving productivity through farming excellence across integrated farm use and contributing to the prosperity of Aotearoa New Zealand.

Our fundamental opportunity is to execute farming excellence at scale.

Our goals are to increase total shareholder return over time and to play our part in lifting the overall performance of New Zealand agribusiness as a significant contributor to the national economy.



About this Report

This report uses integrated reporting practices to provide commentary, financial and non-financial data about the business's performance over the past 12 months.

Our top ten material issues

Over recent years, Pāmu has developed a solid understanding of issues that are material to our external stakeholders, and their priority within our organisation. Last year we updated our Materiality factors through an independent research process. The following were identified as the top 10 issues in order of importance to internal and external stakeholders. These topics are addressed in the following pages and they continue to inform our future focus:

- 1**

Health, safety and wellbeing


- 2**

Productivity and profitability


- 3**

Animal health and welfare


- 4**

Freshwater


- 5**

People skills and motivation


- 6**

Land and soil health


- 7**

Biosecurity actions


- 8**

Science advancements and innovation


- 9**

Digital innovation


- 10**

Climate adaptation and resilience



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Focused on performance

Our purpose

ENRICHING OUR LAND

ENRICHING OUR PEOPLE

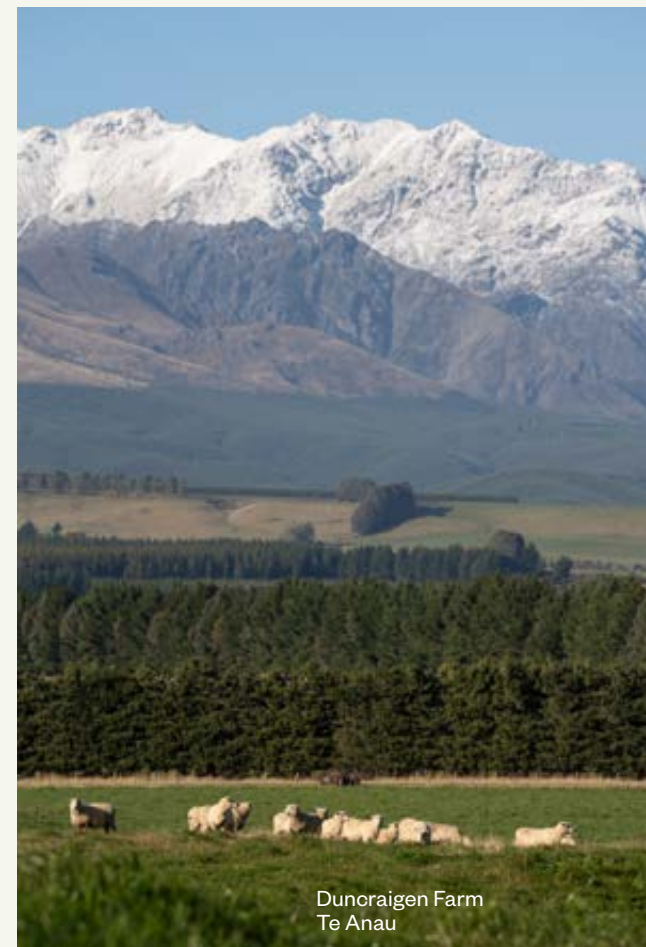
ENRICHING THE FUTURE OF FOOD AND FIBRE FOR AOTEAROA NEW ZEALAND

Large-scale pastoral farming in Aotearoa New Zealand

Pāmu is the brand name for Landcorp Farming Limited. We manage nearly 360,000 hectares over 112 farms across the motu. Our shareholders expect us to be profitable and efficient, a good employer with uncompromising animal welfare practices, and to demonstrate and enable environmentally sustainable pastoral farming.

Pāmu has developed operations and plans that will enable the business to maintain a clear focus. By using capital wisely, and innovating appropriately, our goal is to achieve operating efficiency and effectiveness.

Through our scale, we offer Aotearoa New Zealand the resources and geographic diversity to evaluate new and evolving farm systems and associated technologies.



Duncraigen Farm
Te Anau

Our Purpose (continued)

Our history

In 1886, the Department of Lands and Survey took responsibility for establishing, leasing, and running farms for the New Zealand Government. In the years that followed, the role expanded, creating more than 20,000 farms for new farmers so they and Aotearoa New Zealand might prosper.

In 1987, the Department’s farm assets were transferred to a newly established state-owned enterprise, Landcorp Farming Limited, tasked with transforming the land to enhance its natural capital and produce a financial return for the country.

In 2015, Landcorp Farming Limited rebranded as Pāmu, which in te reo Māori means ‘to farm’. The name reflects the deep connection New Zealanders have with the land, born from respect and a genuine desire to protect and enhance the environments in which the company works. It also reflects the company’s position as the largest farmer in Aotearoa New Zealand.

The brand references the Māori concept of Te Taiao, emphasising stewardship of the environment, and interconnectedness between earth, sky, water, and life. Of the land owned by Pāmu, 10,956 hectares of important native habitat are protected in perpetuity with QEII covenants. Another 6,000 hectares are protected by other covenants.

Today, Pāmu operates across a broad mix of land types and classes, much of it steep and remote. Over any 12 months, we care for a total of 1.3 million stock units, including sheep, deer and cattle. Of the farms we manage, 84 are owned by the company and 28 are leased, including our large Wairākei Estate dairy complex with 19 dairy units near Taupō, and Molesworth Station, the largest farm in Aotearoa New Zealand, which we lease from the Department of Conservation.

Our portfolio of land use and animal classes continues to change, to align with our strategy. Within our current land holding further dairy and horticulture opportunities are limited. Our livestock farms, particularly in East Coast, Hawke’s Bay and King Country, have a significantly higher percentage of land that is class 6 and 7 best-suited to forestry and QEII covenants.

Some of the land we farm is to be returned to iwi under Te Tiriti o Waitangi settlements. We continue to engage with Te Arawhiti over Crown interests in Pāmu properties for the settlement of historical claims.

Looking ahead

Pāmu must now navigate an environment of significant margin-squeeze from lower livestock and dairy returns and high input costs. Climate change and heightened global uncertainty brought on by geopolitical tensions are further complications.

Our strategy and business plan aim to position Pāmu for a future operating context where a smaller environmental footprint, socially acceptable farming practices, and sound animal welfare practices are being demanded, while remaining financially viable. Capital expenditure, debt, near-term earnings and capacity to pay dividends may all be affected by the imperative to meet consumer, societal and regulatory expectations.

We have a clear plan to fully realise the potential of our portfolio. In doing so, we recognise the need to strike a balance between short-term financial performance and investing for the future.



Pāmu overview

NORTH ISLAND OPERATIONS

- 1 Northland**
1 genetics
2 sheep/beef
4 beef
1 orchard
- 2 Coromandel**
1 beef
- 3 Waikato**
Spring Sheep
Melody Dairies
- 4 Central North Island**
3 genetics
8 sheep/beef/deer
1 deer milk
- 5 Wairākei Estate**
19 dairy
2 dairy support
1 sheep milk
1 calf rearing
- 6 East Coast**
11 sheep/beef
Focus Genetics
- 7 Manawatū**
2 sheep/beef/crop
1 dairy support
- 8 Horowhenua**
7 dairy
- 9 Wellington**
Pāmu Corporate
FarmIQ
- 10 Wairarapa**
1 dairy

SOUTH ISLAND OPERATIONS

- 11 Molesworth and Hanmer**
1 beef
1 sheep/beef
- 12 West Coast**
10 dairy
3 dairy support
3 beef/sheep
- 13 Canterbury**
5 dairy
1 dairy support
- 14 Otago**
2 dairy
1 dairy support
4 sheep/beef/deer
- 15 Southland**
4 genetics
11 sheep/beef/deer

OVERVIEW OF OUR NUMBERS

28

Farms leased by Pāmu

84

Farms owned and managed by Pāmu

112

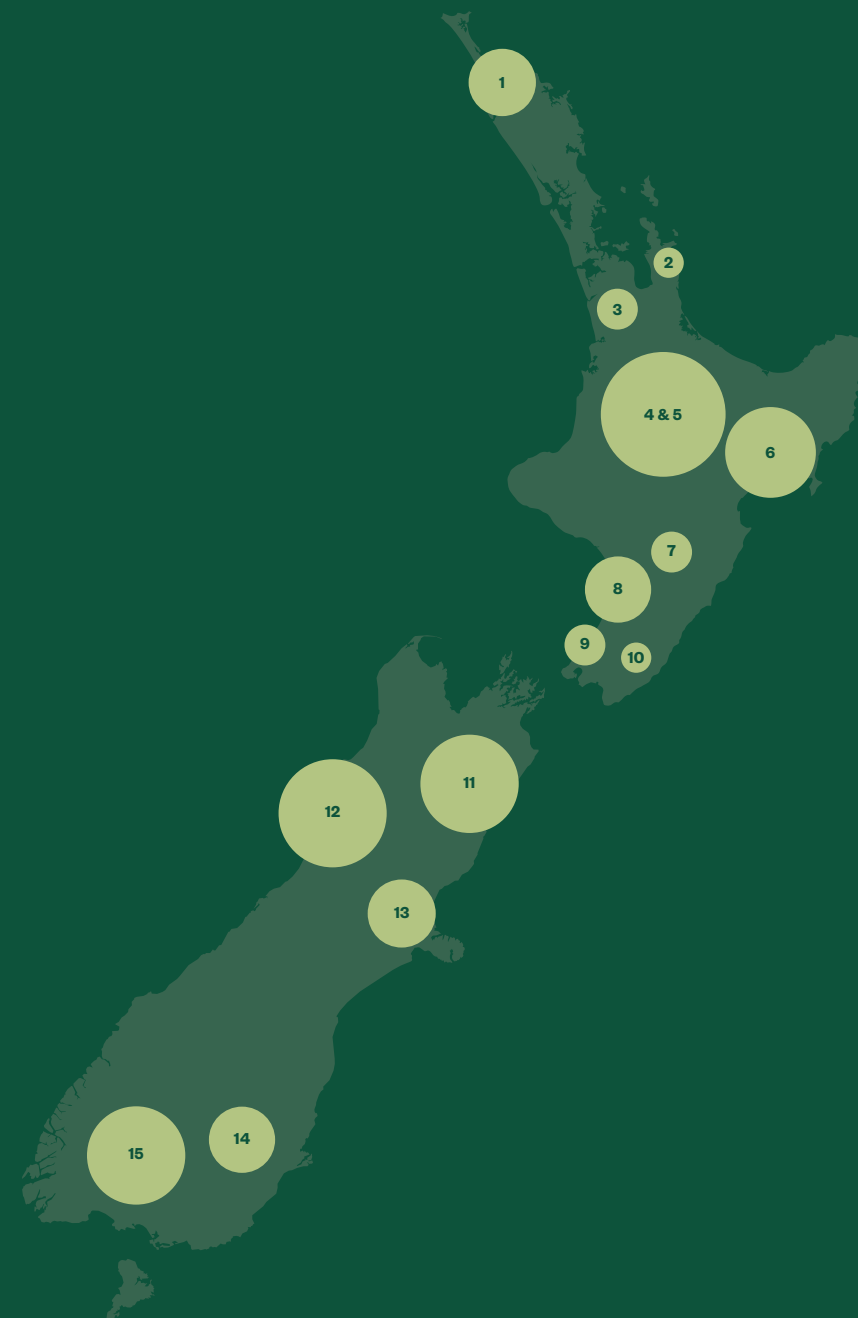
Total number of farms managed by Pāmu

207,272

Hectares of leased farms

148,776

Hectares of owned farms



Key performance dashboard – what matters to our shareholders

Profitable and efficient

\$20m

Net Operating Profit.
Net Loss After Tax
\$26 million

-2.2%

Operating cost control was favourable versus the 1.6% Stats NZ farm expenses price index (excluding livestock)

14.2m kgMS

Total dairy production up from 13.7m kgMS in FY2023

179kg

Net production per effective hectare up 11% compared to 161kg in FY2023

Exemplar in employment and uncompromising animal welfare practices

9.1

Lost-time injury frequency rate compared to 7.7 in FY2023. Despite being up on the previous year the severity rate has tracked down

-2.7%

Gender pay gap is down from 2.6% in FY2023 and compares favourably to the latest New Zealand benchmark of 8.2%

44%

Of all staff have had mental health training, up from 30% in FY2023

56%

Total calves reared under the Pāmu dairy beef strategy, up from 49% in FY2023

Demonstrate and enable environmentally sustainable pastoral farming

7

Farm open days over the motu where we shared our experiences, what we are learning, and opportunities, with our neighbours, communities and industry stakeholders

8.7%

Reduction in Net Greenhouse Gas emissions (FY2023 result compared to FY2021 baseline)

10,956

Hectares of QEII covenants protected for perpetuity, and another 6,000 hectares protected by other agreements

59%

Of farms have fit-for-purpose Farm Environment Plans in place

From our Chair and Chief Executive



Nigel Atherfold
ACTING CHAIR



John Rae
NEW CHAIR



Mark Leslie
CHIEF EXECUTIVE

Strategic outlook

Introduction

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01 Performance
From our Chair and Chief Executive

02 Strategy

03 Leadership

Moutoa Dairy Complex
Manawatū

04 Financial statements



From our Chair and Chief Executive (continued)

Our commitment to delivering value to Aotearoa New Zealand remains resolute. Our strategy provides a roadmap to build a profitable and resilient farming business that will contribute to the prosperity of Aotearoa New Zealand and make the most of our portfolio.

With a \$2 billion asset base, and 112 farms from Rangiputa in Northland to Balclutha and Te Anau in the South, we have a unique opportunity to embed ourselves more deeply into the farming system to support the future of food and fibre for Aotearoa New Zealand. Our objective is to improve productivity through pasture growth and use, animal health, supply-chain optimisation and minimising waste.

A challenging year

Despite a stronger on-farm performance this year and reporting a Net Operating Profit of \$20 million, as signalled last year, revenue and earnings for FY2024 were down as farm product prices fell on global and local markets, and input price inflation and supply-chain uncertainties continued to influence our operating environment. Lamb prices fell more than 20% and milk prices were well below average on an inflation-adjusted basis. High interest costs and a decrease in farm values also had a material impact resulting in a net loss after tax of \$26 million.

Overall for FY2024, revenue dropped 2.8% to \$282 million with livestock revenue down \$4 million to \$103 million and milk revenue flat at \$120 million, despite an increase in milk solids. Interest costs increased by \$3 million.

Controlling what we can

We've responded to global uncertainties proactively by focusing on the things we can control. We are committed to prioritising core business and commercial disciplines. We have a focus on driving down costs and seeking improvements wherever we can. Our strategy includes continually reviewing and optimising the Pāmu portfolio of assets and looking for opportunities to recycle capital where appropriate.

We are determined to achieve the 'highest and best land use' for the company portfolio and drive productivity through farming excellence. Off-farm ventures, including forestry and horticulture, account for nearly 10% of the company's portfolio. More about this can be read in the diversification of earnings and farming excellence sections of the report on page [22](#) and [19](#).

We reset our structure to integrate our dairy and livestock businesses and we benchmark these businesses against external measures to ensure we are delivering total shareholder value. Our six strategic priorities, which we cover in this report, set out how we intend to strike a responsible balance between short-term financial performance and investing for the future to secure long-term revenue streams.

We continue to drive farming excellence to optimise our portfolio. Incremental improvements saw good gains in animal reproduction, survival rates, fewer animal deaths, higher milk production, and more. We reviewed our partnerships to ensure they are delivering the outcomes we need. We set ourselves ambitious sustainability goals and are holding ourselves to account via pioneering sustainability-linked loans.

Innovation and sustainability remain crucial

To make progress, we recognise innovation and collaboration across New Zealand agricultural value chains are crucial. Improving the genetic traits of our livestock and dairy herds through developing dairy beef and Sheep of the Future programmes will improve overall quality and add portfolio value. Advancing our digital technology through products like FarmIQ and FARMAX will enable better decision-making on-farm, speed up regulatory compliance, and provide traceability.

Capable and safe people are a crucial enabler, and ensuring the right team is in place is key to delivering our strategy. We made significant progress in this regard this year, and embedded operational best practices in health, safety and wellness to ensure our people get home safely everyday to their families (see [page 31](#)).

From our Chair and Chief Executive (continued)

This year was notable too in terms of stewardship of natural assets. We completed climate risk assessments for every farm and Farm Environment Plans for 59% of our farms. We also committed to reducing our net greenhouse gas (GHG) emissions by 30.3% by FY2031 (against a FY2021 baseline).

Extending our commitment to sustainability

In 2021, we signed the largest agricultural sustainability-linked loan of its time and the first for a state-owned enterprise.

This year, we refreshed our commitment to ambitious sustainability targets, with a second facilities structure covering FY2025–27. The facilities now totalling \$225 million, include terms that help to ensure our activities contribute positively to the environment, people, and our communities.

The sustainability-linked loans have four goals: net greenhouse gas reduction, achieving dairy beef targets, increasing gender diversity, and improving methane breeding values in sheep.

The target to improve the methane efficiency of sheep relies on progressing methane breeding values in Pāmu sheep flocks. We believe that including a livestock breeding value goal in a sustainability-linked loan is a world first.

The new targets reflect material environmental, social, and governance issues not just for Pāmu but the whole sector. They will also support the longer-term commercial success of Pāmu.

Governance changes

The past year has also seen changes in our governance with a new Government and Shareholding Minister, as well as the untimely passing of Board Chair Dr Warren Parker in December 2023. Deputy Chair Nigel Atherfold stepped into the Acting Chair role for the remainder of the financial year before we welcomed new Chair John Rae on 1 August 2024 together with Sarah Paterson who was appointed as a Director.

Outlook

The year ahead will see a challenging cash position. The board and management are committed to supporting Pāmu to be the best farmers we can be while pursuing our purpose, lowering our environmental impacts, and regenerating the natural capital we draw on while managing risks and costs responsibly.

We remain confident market dynamics will improve in the medium term.

We thank the Pāmu team along with rural communities and other stakeholders who support Pāmu and our aspirations for the future of farming in Aotearoa New Zealand. We look forward to continuing to work shoulder to shoulder with stakeholders and industry partners for the benefit of the wider sector.



Nigel Atherfold

ACTING CHAIR



John Rae

NEW CHAIR



Mark Leslie

CHIEF EXECUTIVE

From our Chair and Chief Executive (continued)

ACKNOWLEDGEMENT



Late Pāmu Chair
Dr Warren Parker

**Kua hinga te tōtara o
Te Waonui a Tāne –
a mighty tōtara in the great
forest of Tāne has fallen.**

Pāmu Chair Dr Warren Parker passed away suddenly in December 2023.

Warren had an outstanding academic career and was heavily involved at the highest levels of primary sector governance. As well as Chair of Pāmu, he was the former chief executive of Scion (Forest Research Institute) and Manaaki Whenua – Land Care Research, and previously chief operating officer of AgResearch. He held board roles on Genomics Aotearoa, Farmlands Co-operative Society, and Predator Free 2050, and was chair of the Forestry Ministerial Advisory Group, the New Zealand Conservation Authority, and Quayside Holdings.

With a PhD in animal science, Warren was previously a professor of Agribusiness and Resource Management at Massey University, where he spent 18 years in various roles including supervising the University's Riverside Farm in Wairarapa.

For many who knew and worked with Warren, he is remembered for his natural leadership, his insightful brilliance, his candour, and his kindness. Throughout his career, Warren exhibited innovation, curiosity, and passion for the primary sector. He drove projects well ahead of their time.

While at Massey, Warren worked extensively to advance the cause of the wider university

across a range of activities. An especially notable example was his leadership of the innovative Massey University – Waiariki Polytechnic partnership, targeting young Māori, which sought to provide first-year agricultural science education at university level locally in Rotorua.

One of Warren's greatest contributions to agricultural science and farming practices came from his relentless pursuit of innovation. Warren was chair of two companies – FarmIQ, FARMAX (prior to its purchase by FarmIQ) and Focus Genetics, (Pāmu subsidiaries). His drive for innovation in data management and genetics to increase farm performance was very evident.

Warren was skilful at bringing together parties for the betterment of New Zealand agriculture. A true man of the land, Warren Parker sought to use his talents to make Aotearoa New Zealand a better place.

With Massey University Pāmu has established the Dr Warren Parker and Pāmu Agricultural Scholarship. The Scholarship will support one third-year student for their final year of agricultural studies. It was important to us to acknowledge Warren's huge contributions to our sector and company. Warren was passionate about education, and this is a fitting memorial.

We are also very proud that Warren was posthumously awarded the 2024 Outstanding Contribution to New Zealand's Primary Industries Award. The ceremony was attended by Parker family members and accepted by Warren's son Leighton Parker. There were tears and a standing ovation recognising Warren's achievements.

Pāmu whakataukī

A whakataukī is a Māori proverb which may include poetic language and have an underlying meaning. The Pāmu whakataukī comes from our waiata.

He mauri tō te wai

He mauri tō te whenua

He mauri tō te tangata

We acknowledge the life force and essence of the water

We acknowledge the life force and essence of the land

We acknowledge the life force and essence of the people.

Financial review

Pāmu has reported a Net Operating Profit (NOP) of \$20 million for the year ended 30 June 2024.

Whilst this year's result is 39% lower than the \$33 million achieved last year, the prior year NOP figure included a \$20 million gain on milk futures contracts, while this year the milk futures position generated a \$1 million loss, which is reported in operating expenses.

During the year Pāmu acquired a controlling interest in FarmlQ Systems Limited by raising its equity ownership from 56% to 69%, and that company's results are now consolidated for accounting purposes.

Net Loss After Tax

Pāmu recorded a net loss after tax of \$26 million compared with a loss of \$9 million in the previous year, Pāmu Chief Financial Officer Steve McJorrow reports. The absence of the \$20 million gains on milk futures was a significant contributing factor to the increased loss. During the year Pāmu reviewed its property portfolio to reflect lower market values for agricultural land, and this resulted in a reduction of \$141 million in property values, of which \$4 million was recorded within the net loss after tax (FY2023 nil). The fair value loss of \$15 million on biological assets (2023 \$26 million loss) largely reflected a continued fall in values for sheep as well as a decline in the fair value of forestry assets. Net finance expenses were \$26 million (\$3 million up on 2023) reflecting higher borrowing costs this year, while a fair value loss on financial instruments of \$2 million (FY2023 \$1 million gain) reflected losses on interest rate swaps.

Income

The past year saw Income reduce to \$282 million, down \$8 million (2.8%) from 2023.

In addition to the \$21 million drop in milk futures, farm operating revenue was \$10 million lower than the prior year. This was offset by a \$22 million increase in income from other business activities.



Within farm operating revenue, livestock revenue of \$103 million was \$4 million down from the previous year despite a \$7 million increase in the value of production as farms recovered from Cyclone Gabrielle. Offsetting this was an \$11 million reduction due to lower market prices for the company's sheep and cattle products. The company also produced 4% more milk solids than last year but Milk revenue was flat year on year at \$120 million, with the company receiving a weighted average of \$8.30 per kg of milk solids (kgMS) in 2024 compared to \$8.62 in 2023. Income from wool, deer

velvet and forestry contributed \$5 million, down \$6 million from 2023 reflecting lower commodity prices.

Other business activities generated \$54 million (FY2023 \$32 million) with income from carbon credits of \$38 million (FY2023 \$14 million) accounting for the sharp increase. The increase in carbon revenue is due to a combination of a higher volume of credits being allocated and increased gains on sale of credits. Revenue from Pāmu Foods fell by \$5 million following the decision to discontinue sales of milk powder to the Chinese market.

Financial review (continued)

Pāmu manages milk price volatility by hedging the level of annual payout received from processors with NZX futures contracts, some of which are transacted in advance of a production season. This year a fair value loss on milk futures of \$1 million was recorded in operating expenses. This is a significant change from the fair value gain of \$20m (recorded as Income) last year. The previous year's gain arose from milk futures that were purchased early in the FY2023 season, before the significant decline in milk prices caused by weak demand in key markets. The current year's small loss is because the futures prices used to revalue the contracts did not materially change between balance dates.

Operating Expenses

Total operating expenses fell by \$5 million to \$227 million with a \$1 million increase in personnel and other costs and a \$1 million loss on milk futures being more than offset by a reduction of \$7 million in farm working and maintenance expenses. The reduction in farm working and maintenance expenses reflects lower expenditure on farm inputs such as fertiliser, while the previous year total includes a one-off impact of \$2 million from Cyclone Gabrielle. Within personnel and other expenses, there is an increase of \$8 million (\$6 million after adjusting for the consolidation of FarmIQ) in staff

remuneration. This reflects recruitment into new positions (predominantly in technology) to support the company's data strategy (\$2 million) as well as restructuring costs, annual salary and leave increases. The \$5 million reduction in Pāmu Foods' cost of goods sold reflects the company's exit from the sale of milk powder to China as referenced above.

Pāmu recorded a \$5 million loss on the company's Equity-accounted investments (FY2023 \$2 million profit). This turnaround is largely due to lower profits of \$4 million (FY2023 \$13 million) generated by the company's joint venture property development company Wharewaka East Limited based in Taupō. Results from the Spring Sheep Dairy Limited Partnership (50% owned by Pāmu) continued to be adversely affected by regulatory issues concerning the registration of milk products in China.

Depreciation was \$3 million higher than the previous year predominantly due to the consolidation of FarmIQ and the depreciation related to their software asset.

Total Comprehensive Income

Total Comprehensive Income shows a loss of \$156 million, compared to a loss of \$30 million in 2023, reflecting the fact that this year's total includes fair value losses on land, and improvements of \$141 million due to the

property review referred to above. This was partially offset by fair value gains on carbon credits of \$3 million compared a \$33 million loss in the previous year.

Balance Sheet

Total assets reduced by \$129 million to \$2,200 million at 30 June 2024 (\$2,329 million at June 2023), the majority of which was due to the reduced value of the company's property assets (\$123 million).

Total liabilities increased from \$557 million to \$579 million largely due to increased bank borrowings resulting from weaker operational cash flow and our investment in Spring Sheep.

At the latest balance date, the ratio of shareholders' funds (including redeemable preference shares) to total assets was 77%, which was a decrease from 80% at June 2023. Gearing (net debt divided by net debt plus shareholders' funds) appears low at 11%. However, the company has material leases which are a form of leverage and redeemable preference shares. Including leases as a form of debt and the redeemable preference shares as a form of equity increases the gearing ratio to 21%.

How Pāmu creates value

Our purpose: Enriching our land, enriching our people, and enriching the future of food and fibre for Aotearoa New Zealand. **Living by our values:** grounded, genuine, shoulder-to-shoulder, bold.

<p>→ Resources The resources we employ</p> <p>People</p> <hr/> <p>Natural assets</p> <hr/> <p>Finances</p> <hr/> <p>Productive assets</p> <hr/> <p>Expertise</p> <hr/> <p>Relationships</p> <hr/> <p>For more information about our resources on the Our purpose: P06</p> <hr/> <p>And Scorecard: P86</p>	<p>→ How How we create value</p> <p>Optimising our land by activating our Strategic Priorities:</p> <hr/> <p>Excellence Farming excellence P19</p> <hr/> <p>Diversification Diversification of earnings P22</p> <hr/> <p>Partnerships Partnerships and communities P25</p> <hr/> <p>Digitalisation Digitalisation P28</p> <hr/> <p>Grow Grow our people P31</p> <hr/> <p>Stewardship Stewardship of natural assets P34</p> <p>In harmony with our sustainability action plan</p> <hr/> <p>For more information about our sustainability approach on: P37</p>	<p>→ Milestones Our 2027 Milestones</p> <table border="0"> <tr> <td>Group NOP from FY2025–2027 \$112.5m</td> <td>Female representation in permanent staff 34%</td> </tr> <tr> <td>Total shareholder return 2.2%</td> <td>Employee net promoter score >20</td> </tr> <tr> <td>Core farming performance in FY2027 increased by \$26m (compared to FY2023 baseline)</td> <td>Farm workforce enrolled in vocational training 25%</td> </tr> <tr> <td>Reduce net GHG emissions by 9.97% (compared to FY2021 baseline)</td> <td>Health and Safety Critical Risk management system implemented 100%</td> </tr> <tr> <td>Farms with fit-for-purpose environmental plans 100%</td> <td>Internal promotions 60%</td> </tr> <tr> <td>Calves from dairy herd reared 75%</td> <td>Pāmu-led open farm days to share knowledge 7</td> </tr> </table>	Group NOP from FY2025–2027 \$112.5m	Female representation in permanent staff 34%	Total shareholder return 2.2%	Employee net promoter score >20	Core farming performance in FY2027 increased by \$26m (compared to FY2023 baseline)	Farm workforce enrolled in vocational training 25%	Reduce net GHG emissions by 9.97% (compared to FY2021 baseline)	Health and Safety Critical Risk management system implemented 100%	Farms with fit-for-purpose environmental plans 100%	Internal promotions 60%	Calves from dairy herd reared 75%	Pāmu-led open farm days to share knowledge 7	<p>→ Success What success looks like for our resources</p> <hr/> <p>A top New Zealand employer with safety and wellness at its core</p> <hr/> <p>A leader in integrated sustainable land use protecting and restoring the natural world</p> <hr/> <p>Creating enduring value for the good of Aotearoa New Zealand</p> <hr/> <p>A highly productive, market-led food and fibre company with uncompromising care for the environment and animals</p> <hr/> <p>A sought-after innovation partner contributing to Aotearoa New Zealand's future</p> <hr/> <p>Valued by our customers, partners and the communities in which we live and farm</p>
Group NOP from FY2025–2027 \$112.5m	Female representation in permanent staff 34%														
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Delivering --- on our priorities



Dairy Beef progeny
Renown, Wairākei Taupō

Pāmu strategy to increase total shareholder value



Silver Stabilizer calf

The Pāmu strategy is based on six priorities that strive to balance delivering sustained financial performance that will benefit Aotearoa New Zealand with ensuring the business is resilient and fit for the future:

1. Farming excellence
2. Diversification of earnings
3. Partnerships and communities
4. Digitalisation
5. Grow our people
6. Stewardship of natural assets

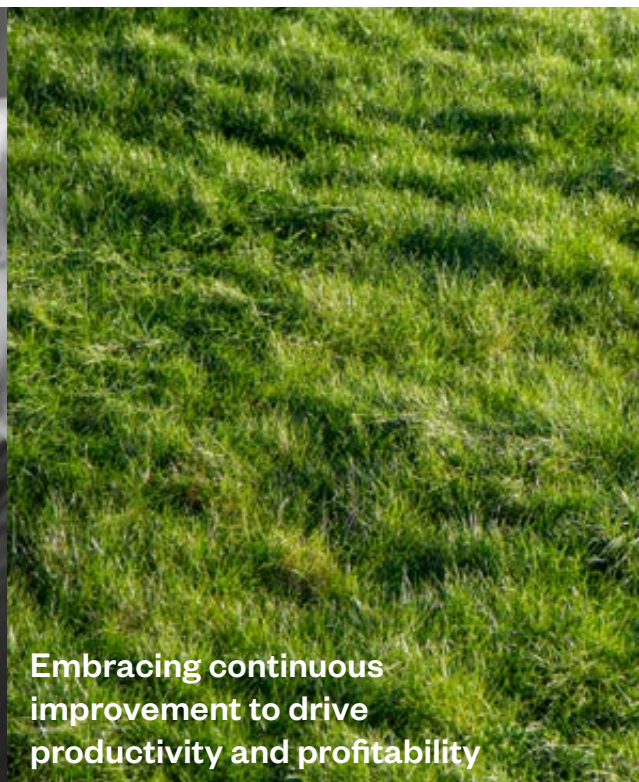
In this section, we report on our progress this year across these strategic priorities. Our intentions align with our purpose:

- **Enriching our land.** We are committed to delivering a return on investment and value to all New Zealanders;
- **Enriching our people.** We look to be a robust and resilient pastoral farmer that prioritises core business and commercial disciplines; and
- **Enriching the future of food and fibre for Aotearoa New Zealand.** We are developing a high-performing food and fibre business that is profitable and efficient and that grows prosperity for Aotearoa New Zealand.

Farming excellence



Will Burrett
CHIEF OPERATING OFFICER



Embracing continuous improvement to drive productivity and profitability

Links with the following goals in our Sustainability strategy:

- Animal health and welfare
- Climate change response
- Collaborate and innovate

Farming excellence sits at the core of our overall strategy. We are strongly focused on lifting farm productivity and cost efficiency to improve economic viability.

We will achieve farming excellence if we execute well on core farming principles of soil fertility, pasture growth and quality, animal performance and genetics, farm systems, and best practice. Regularly benchmarking all of our farms encourages continuous improvement by evaluating how we are performing.

“We recognise that our financial performance hinges on our ability to execute on core farming principles, financial management, and each property’s natural environment,” says Pāmu Chief Operating Officer Will Burrett.

“The central goal of farming excellence is to produce the greatest volume of high-quality protein and fibre at the lowest cost, while achieving positive outcomes for our whenua, our people, and the environment.”

A new regionally based approach

This year, we reset our operating structure to focus on regional performance and to drive change locally and efficiently. We now operate a four-region structure, each run by a regional general manager, with a business manager team overseeing five to nine farms each and supported by a national enabling team.

Farming excellence (continued)

The new structure is designed to leverage our regional footprint to develop a more integrated approach from breeding to finishing – creating feed, machinery and livestock pipelines, decreasing external cash flows, reducing waste, and optimising our internal economy.

Farming excellence

“Farming excellence is about executing the basics well, planning well, and acting on observational and data-based information.”

This year, we have made important improvements, particularly across our livestock and dairy operations. Focusing on these has resulted in improvements in animal reproduction, survival rates, fewer animal deaths, higher milk production, and more.

We are evolving our thinking to optimise livestock flows regionally and to better-time pasture curves to ensure pasture use and quality will produce value. We continue to raise more of the non-replacement calves produced by our dairy herds. We’re also targeting poor-performing parts of blocks and paddocks to lift overall pasture performance.

“We’re pleased with progress. Incremental improvements have contained what we spend to achieve livestock productivity, and we’ve seen positive changes in cost control generally,” says Will Burrett. “Greater discipline around monthly physical and financial reporting has meant the team are more aware of revenue drivers, cost control, and overall forecast performance.”

Encouraging progress

Optimising our system design by strengthening core business, evolving how we work, and changing behaviours, is not something that will happen overnight, but already we are seeing solid gains financially that show we are on the right track.

The business is now better focused on the right things: replacements are in good condition; we have the right stock on hand in the right places; our teams are working shoulder to shoulder, with good regional ownership; and we have an operating structure that feels more robust. There is good clarity around success on a daily, monthly, and quarterly basis, and there are good signs we are making the best use of every animal.

DAIRY SIX-WEEK IN-CALF RATE



TOTAL DAIRY PRODUCTION



LAMBING PERCENTAGE



Farming excellence (continued)

Total productivity is up this year, and we will continue to focus on emissions intensity (kg GHG/kg product) as a key metric alongside our business-wide net GHG target. At the same time, growing our production forestry footprint is adding value to marginal land, while generating carbon units to help provide liquidity to support positive cash flow.

Looking ahead

In the year ahead, we'll continue to focus on core business, driving the behaviours that improve our performance to underwrite improved returns.

“Farming excellence depends not just on making progress but on linking progress across three key areas – economic, environmental, and human. It’s about developing operational frameworks where responsible opportunities are enabled, and where free and frank financial discussions take place across the business.”

CASE STUDY

A powerful new working model

Our operations on the West Coast are made up of 15 farms and 102,000 stock units on 13,054 hectares including more than 1,800 hectares in either protected QEII or DOC covenants. A review of our dairy and livestock farms in 2021 showed that integration of our Cape Foulwind, Grey Valley and Weka operations would enable us to strengthen our core farming, better maintain and enhance our core assets, and diversify our revenue streams to reduce pay-out volatility.

While the dairy operations were performing well, livestock returns were challenging, particularly deer, because of volatile pricing and higher capital requirements.

We addressed these challenges by reducing our breeding and finishing deer herds to give us more terminal beef and dairy beef stock. The result was an integrated system that currently absorbs more than 60% of our dairy calf crop and puts us on target to rear all calves from our dairy herds for meat and milk production by 2030.

While it’s still early days in the transition to a more integrated farming system, environmental modelling shows a 40% improvement in greenhouse gas emissions per kilogram of liveweight produced.

Making such extensive changes has involved all parts of the business in a full system review. This included understanding biosecurity and agronomic risks relating to the planned system changes, as well as expanding our rearing capacity and segmenting our mating plan to ensure quality underlying genetics throughout our herds. We were clear in our desire to ensure the benefits were achieved across both our dairy and livestock portfolios.



Cameron Walker
PĀMU GENERAL MANAGER, UPPER SOUTH ISLAND

This year, we started to enjoy the gains from all that hard work. We achieved better reliability around stock flows, greater feed security for our dairy farms, a lift in milk production, increased meat production, and consistent quality. A rotational grazing system has also increased the pasture harvested, improved pasture quality, and lifted our feed conversion efficiency.

“We are proud of what the team has achieved, and hope the experience gained can be shared with others looking to integrate farms in our portfolio,” says Cameron Walker, Pāmu General Manager, Upper South Island. “This West Coast model has helped set the direction for our future: a fully integrated farm system capable of enabling us to achieve our 2030 strategic goals.”

Diversification of earnings



Andrew Sliper
CHIEF INVESTMENT OFFICER



Using our resources to meet high-value market needs

Spring Sheep St Kilda, Wairākei Estate

Links with the following goals in our Sustainability strategy:

- Animal health and welfare
- Biodiversity
- Care for land and water
- Climate change response
- Collaborate and innovate

Pāmu is committed to achieving the highest and best use of land for every parcel in our portfolio. While much of our business is focused on farming, increasingly we are diversifying our portfolio to mitigate commodity cycles and optimise our use of assets to generate returns.

With continued volatility in meat and wool prices, forestry and horticulture have emerged as important contributors to our Net Operating Profit. Commercial forests could account for 15%-17% of our land use by the end of the decade, based on current planting plans – up from 10.5% now.

An integrated land approach

“Integrating horticulture and forestry into our land use has increased our returns on farms,” says Pāmu Chief Investment Officer Andrew Sliper. “However, how we allocate that use is critically important. Key considerations are the availability of a support community, supply chain, and of course environmental sustainability. This may become more complicated in the years ahead as we need to factor in externalities that have yet to be priced in.”

“Given the land we have been allocated – much of which is not inherently high-value – our decisions centre on gaining appropriate value from the land within our capital constraints. We must operate within our debt ceilings, knowing we also share the demand on capital with the rest of the business.” says Andrew Sliper.

Diversification of earnings (continued)

Three key areas of activity

In broad terms, Pāmu has three areas of activity: dairy, red meat (deer, sheep, cattle), and a diversified business in forestry and horticulture.

Specialist dairy

Even within the standard dairy business, there is diversification. Pāmu has been transitioning into organic dairy farming since 2016 and is one of the largest organic dairy farmers in Aotearoa New Zealand. We use environmentally sound farming practices to create the highest-quality natural products. Today we have 11 farms and three runoffs, based in Wairākei near Taupō and Moutoa in the lower North Island, with 6,430 cows on 4,190 hectares. Our organic farms meet a wide range of certification standards, which allows access to markets across the world and enables Fonterra to pursue high-value partnerships.

In addition, we have pioneered Pāmu Deer Milk. The product is exported as a concentrated source of nutrition targeting those whose diets are lacking in vital energy and nutrients.

Pāmu remains a 50% partner in Spring Sheep Milk. It is the largest sheep milking group in the Southern Hemisphere with 15 suppliers farming 15,500 milking sheep, selling premium sheep milk products in New Zealand, China and South East Asia. It has a globally award-winning infant formula range that has just received infant formula registration for full distribution into the US\$17 billion China infant formula market with a major distribution partner. Recently the company launched a premium sheep-cheese range in the USA targeting the US\$5 billion speciality cheese market.

Important contributions

Our horticulture programme remains small but continues to broaden, with our crops now including commercial levels of avocado production and berry fruit in tunnels. “Entering these markets we need to be a responsible participant,” says Andrew Sliper, “It’s important our presence is appropriately sized and that we use our size positively to benefit the industry.”

Both forestry and horticulture are expected to continue to grow in the years ahead. This year, forestry revenues held steady after big increases the previous year, and are forecast to grow. The commercial avocado yield is growing quickly and is expected to reach full maturity by 2030.

Forestry offers good long-term business opportunities, both in terms of the raw product and associated carbon benefits. We are using marginal land to generate a return from plantation forestry, which increases the overall profitability of the farm and enables us to sequester carbon and earn carbon credits under the Emissions Trading Scheme (ETS). These forests in many instances also provide stock shelter and protect the land from erosion.

Valuing ecosystems

Nature positive is another active part of our land-management strategy. It’s a concept whereby nature is protected, restored, and regenerated, rather than degraded. Protecting and restoring nature is also critical to achieving net-zero greenhouse gas emissions targets.

TOTAL PLANTATION FORESTRY AREA (HECTARES)

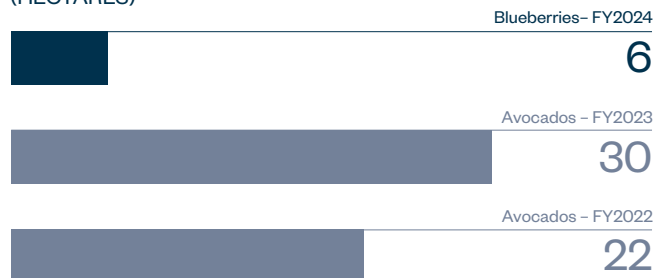


This joint project with Wildland Consultants, Tāne’s Tree Trust, and Queensland, Lincoln and Massey Universities is enabling us to measure the benefits of native ecology in economic terms. The goal is to reward landowners and farmers for looking after and improving indigenous ecosystems by generating financial incentives for them to conserve, protect and restore native ecosystems and their associated biodiversity such as freshwater wetlands, forests, and streams.

Trials are being carried out over four years at our Kapiro, Takakuri and Ōmāmari farms in Northland, which have a variety of high-value ecosystems such as wetlands, freshwater streams, and indigenous forests.

Diversification of earnings (continued)

HORTICULTURAL EXPANSION (HECTARES)



Energy is also in the wind and sun

“Diversification is an important risk-mitigator,” says Andrew Sliper, “and we will continue to look for ways to make the most of the land we have. Investing in a range of uncorrelated commodities lessens our risks and provides us with opportunities to benefit from upturns. Partnering with renewable energy developers in the form of wind turbines and solar, while still at an early stage, is another example of how we could make more from the Pāmu land bank.”

CASE STUDY

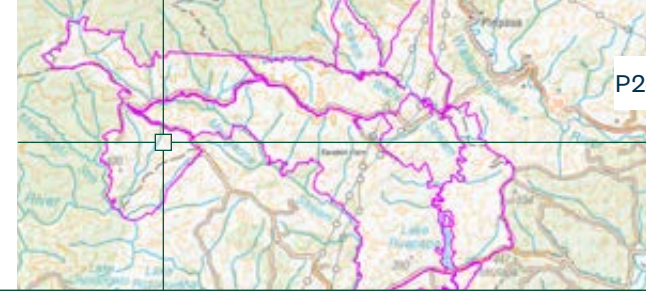
Successfully exploring new ways to earn

At Panekiri Station, the original motivation for planting our marginal land was to protect the waterways and to stabilise the ground most prone to erosion. But now, those areas are sources of revenue for the business – planted out in 1,100 hectares of pines and redwoods, 330 hectares of mānuka, and 30 hectares in eucalypts and other species.

“Forestry has enabled Pāmu to derive current and longer-term income from less productive areas of the farm,” says Sam Bunny, General Manager, Lower North Island. “We’ve been able to address erosion and plant a range of species to produce multiple income streams. We get carbon credits from the pine and a return on the crop when we harvest it two decades from now. We have a once-in-a-generation species like redwood, planted where it does well. We derive honey income from our mānuka, and then we have eucalyptus, which we sell for use as untreated vineyard posts.”

The different areas were planted out to comply with the Farm Environment Plan for Panekiri Station. During Cyclone Gabrielle, the farm suffered extensive damage, but, importantly, the marginal land planted out in forestry moved less overall than other areas, justifying the decision to invest in pines and redwoods in those areas.

For some time, the farming and forestry areas were run and accounted for separately. More recently, the activities have been integrated to give a whole-of-farm view of operations and profitability.



Sam Bunny
GENERAL MANAGER, LOWER NORTH ISLAND

“Our trees get valued annually in terms of their asset value, and the carbon credits generated are now accounted for annually alongside the costs and earnings from the farming business. We’re more aware of the overall performance of the farm as well as the component parts.”

Teams have also been able to maximise efficiencies within farming and forestry to improve overall performance.

“We brought forestry management in-house to Pāmu, which has saved us money. But we’ve also been able to focus on improving the productivity of the land that’s left. Our lamb weaning weights here are up and so is our pasture production, meaning we are getting more out of every hectare available to us.”

Partnerships and communities



Sam Bridgman
HEAD OF SUSTAINABILITY



Using our strengths in genetics to breed competitive advantage

Dr Natalie Pickering
HEAD SCIENTIST FOCUS GENETICS

Links with the following goals in our Sustainability strategy:

- Animal health and welfare
- Care for land and water
- Climate change response
- Collaborate and innovate

There is growing evidence that companies with a strong reputation for social and environmental responsibility are more attractive to talented young people. In this and other ways, being responsible benefits the company. As part of our partnerships and communities strategic pillar, Pāmu strives to build open, transparent relationships with our communities as well as the wider agricultural sector.

Sustainable Progress Initiatives with ASB

Our partnership with ASB has resulted in a \$1 million investment over three years for the Sustainable Progress Initiatives programme to accelerate industry-good projects with social and environmental benefits for New Zealand’s agricultural sector. The partnership will support a series of projects, including a new apprenticeship scheme to support young Kiwi in farming careers; a Methane Reduction Through Genetics programme that looks for ways to achieve more methane-efficient livestock; and encouraging the use of smart agri-data tools such as FarmIQ and FARMAX. More about this on [page 30](#).

Pāmu Open Farm Days

Nationally, Pāmu strives to provide innovative leadership to the agriculture sector. Pāmu Open Farm Days provide an excellent platform to share our initiatives and insights, often in collaboration with industry bodies, local schools, and rural businesses. They are instrumental in adding value and fulfilling our broader role within New Zealand’s agricultural industry. They are also an opportunity for us to build connections, showcase learnings, and provide extension activities. Our farm managers can learn from other farmers and, in turn, can share experiences, workings, and practical models.

Partnerships and communities (continued)

Through the year, we hosted Open Farm Days, two World Record Shearing events, and attended Mystery Creek Fielddays, as well as supporting numerous smaller community events across the motu. Highlights included:

- **Earnslaw Organic Dairy Conversion:** Fonterra Organics joined our farmers to discuss our journey towards organic dairy farming and the associated market opportunities;
- **Exeter Calf-Rearing Facility:** Nearly 200 farmers and industry representatives visited to learn about our transition to dairy beef, which aims to enhance financial performance and meet international demands for ethical and sustainable farming practices;
- **Duncraigen Lamb Eating Quality:** AgResearch showcased the South Island Genomics Calibration programme, demonstrating how it translates into higher-quality meat for our customers;
- **NZ Open Farm Days:** Eyrewell Dairy in North Canterbury welcomed 200 urban New Zealanders, supported by DairyNZ and Synlait, to educate them on milk production;
- **Centre Hill World Record Shearing:** This two-day event, featuring Sacha Bond, attracted significant local and international media attention, offering a behind-the-scenes look at a shearing legend;
- **Gilder Wetland at Waitepeka:** We celebrated sustainability and biodiversity, inviting locals, schools, and wetland planting participants;

- **Aratiatia Pāmu and ASB Sustainable Progress Initiatives:** This event highlighted our collaboration with ASB, showcasing the Pāmu Apprenticeship Scheme, FarmIQ, freshwater farm plans, and the Sheep of the Future and methane reduction programmes;
- **Takakuri Beef + Lamb New Zealand Farming for Profit Field Day:** As a farm in the top 20% for Northland production and revenue per hectare, Takakuri hosted the field day on driving top productivity and financial performance from your farm;
- **Eyrewell Skink Habitat Planting Day:** Three local schools joined the Bug Man Ruud Kleiplaste to continue planting out the habitat for the endangered Canterbury Grass Skink over two days; and
- **Mystery Creek Fielddays 2024:** At the Southern Hemisphere's largest agricultural show, Pāmu worked shoulder to shoulder with ASB demonstrating our Sustainable Progress Initiative programme, while our fully-owned subsidiary Focus Genetics collaborated with the Ministry for Primary Industries on methane reduction through genetics.

Looking ahead, our planned Pāmu Open Farm Days will continue to build on our partnerships and reflect our strategic pillars, which have garnered significant interest from stakeholders and our local communities. Coming events have a focus on farming excellence for profitability, the role of deer in our farms and the export economy, health and safety on farms, pasture and parasite management, rural and urban connections, dairy beef, genetics, methane reduction, sustainability and waterways, and organic farming.

Pāmu also contributes to events and activities for schools, sports teams, and community groups through donations and sponsorships. We have two national sponsorships: Meat the Need and the IHC Calf & Rural Scheme.

Partnerships and communities (continued)

CASE STUDY

Lifting performance through partnership

Partnerships enable us to improve our long-term performance through innovation. We have a range of these in place, with Crown Research Institutes, universities, government, industry organisations, business partners, and private sector farmers.

The focus is on our strategic priorities – with current partnerships exploring ways for us to diversify revenue, deliver farming excellence, and demonstrate stewardship of natural assets. The Sheep of the Future partnership with MPI and AgResearch, and the innovative work looking at leaf protein with Plant and Food Research and Silver Fern Farms, are a testament to that strategic alignment and being future-focused.

We continue to see partnering and collaborating as the best ways of leveraging resources to realise potential and to share Pāmu capabilities for the greater benefit of Aotearoa New Zealand.

“More recently, we’ve been shifting our emphasis to ensure our research and development activity is focused on the innovation outcome,” says Paul McGill, Pāmu Head of Innovation and Extension. “We’ve also streamlined how we pursue those outcomes by being very targeted around what success looks like. The emphasis is on being effective and efficient: working quickly and decisively in key parts of the business, and doing exactly what is needed to achieve meaningful and tangible impact. We take the view that we need to be profitable to be seen as leaders.”

The regional restructure has complemented this. “Our dairy, livestock and genetics-focused farms are now all run under the same operational structure. That ensures greater integration between farms, and the efficiencies that brings. We are excited to be working with dairy beef that will see benefits flow from genetics to dairy and livestock farm systems, and through to our customers.”

While our advances in genetics have been significant and will continue to be, Paul McGill says new areas of interest are emerging. “We are now seeing technology like animal wearables, combined with remote sensing and AI, that have the potential to bring precision farming to New Zealand’s pastoral sector. Equally, work on valuing ecosystems services will support the protection and restoration of Te Taiao for future generations.”

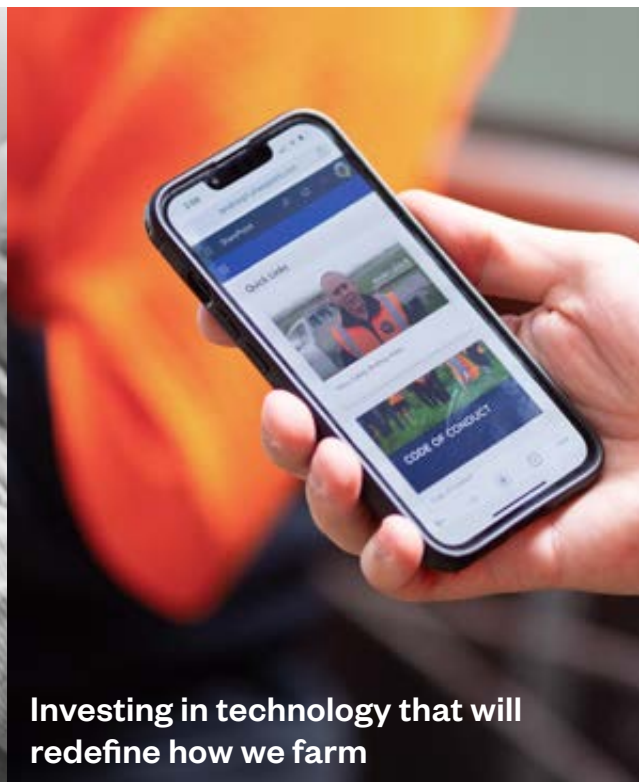


Paul McGill
PĀMU HEAD OF INNOVATION AND EXTENSION

Digitalisation



Tammy Lemire
CHIEF TECHNOLOGY AND DIGITAL OFFICER



Investing in technology that will redefine how we farm

Links with the following goals in our Sustainability strategy:

- Animal health and welfare
- Care for land and water
- Climate change response
- Collaborate and innovate
- People and belonging

Informed decisions are the key to developing high-performance farms capable of delivering commercial-level returns. This year, we have continued to build three aspects of digitalisation across Pāmu; digital tools, data and insights, and user experience.

An informed approach

Our digital strategy recognises our farmers and growers can benefit hugely from digital technologies and from data availability. By embracing digital technology to support our operations, we can, among other things, make better-informed decisions on farm, achieve regulatory compliance through more reporting (such as greenhouse gas reporting), and provide the traceability information today’s consumers are seeking for their food.

The amount of data Pāmu people work with on any given day is huge. Previously, teams employed screeds of spreadsheets, which tended to isolate critical data from stakeholders and meant we didn’t have and share the insights we can now.

“Overall, Pāmu has embraced digital technology, and our teams are applying it effectively. Challenges remain for farmers in terms of having to enter the same farm data multiple times, and making the best use of the data available,” says Pāmu Chief Technology and Digital Officer Tammy Lemire.

“Our digitalisation strategic priority is about integrating the right tools with the right data for each farm to enhance decision-making and performance. It is also about creating oversight of risks and trends. Nationally, we’re using data warehousing and data lakes to assess our activities through an enterprise-level lens at a single source of truth.”

Digitalisation (continued)

New perspectives bring efficiency and value

Our recent investment in a modern data platform enables data-driven decision-making with trusted data, based on a wide range of inputs. Standardised reports enable analysts to connect data models and quickly and easily update data visualisations.

“On-farm, FarmIQ has been a game changer,” says Tammy Lemire, “because it has enabled a much more robust approach to data collection at a device level.”

We’ve focused on supporting our team to improve their digital skills and our partnership with FarmIQ has resulted in significant improvement to the FarmIQ Net Promoter Score meaning farmers would recommend the product to other farmers. To date, 4,897 farms across Aotearoa New Zealand including 100% of Pāmu farms are using FarmIQ products.

FarmIQ is the company’s core farm management system. Farmers use it to record stock tallies, animal movements, health and safety observations, and on-farm activities such as pasture walks and effluent applications. This year, a new

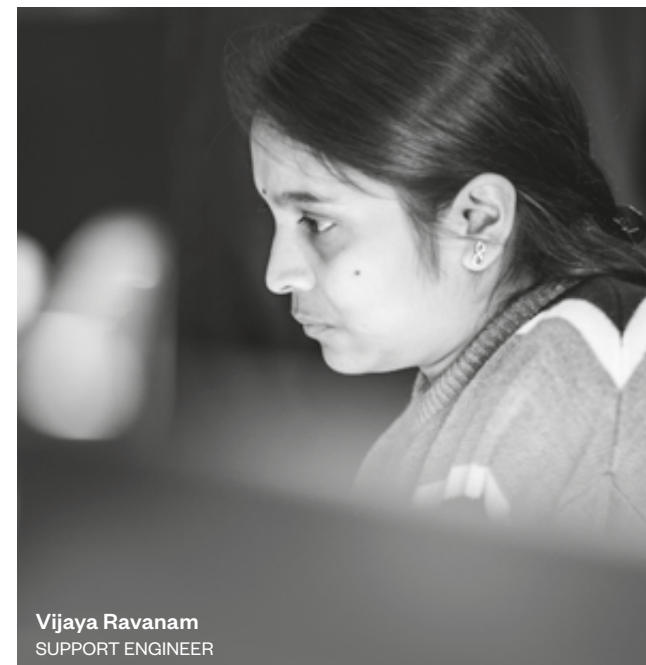
mobile version was introduced that enables teams to capture and enter everything from daily tasks to pasture covers, stock deaths, and mob moves. And they can do this away from the office.

We also use FARMAX as a digital twin to model and forecast changes to our farm systems, aiding decision-making to optimise performance from profitability, productivity, and environmental standpoints.

Of course, none of this is possible without strong connectivity. Last year, we upgraded to satellite-based fast internet services provided by Starlink and One New Zealand. Connectivity across the company has continued to improve, which is essential for the future use of more digital tools and connected technology on farm.

The future is digital

At year-end, our Digitalisation strategic priority is on track generally, and ahead of schedule in some areas. Our understandings of how we can apply data to improve commercial performance continue to expand.

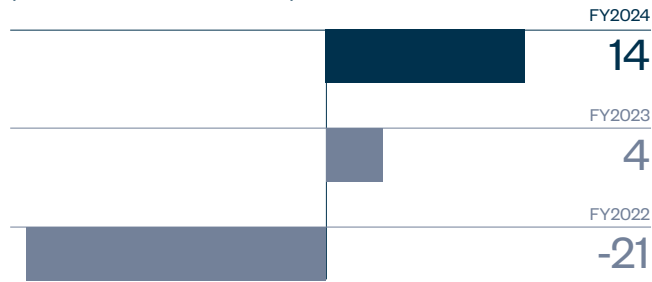


Vijaya Ravanam
SUPPORT ENGINEER

FARMIQ (NUMBER OF FARMS USING MANAGEMENT TOOLS)



FarmIQ NET PROMOTER SCORE (CUSTOMER SATISFACTION)



TECH RATIONALISATION (APPLICATIONS)



Digitalisation (continued)

We will continue to encourage the uptake of technology across the business by offering learning and development and on-farm support. As we apply technology and data to enable farming excellence over the next 12 months, we will further embed data capability into our farm teams through Standard Ways of Working.

Rationalisation is critical to standardising our tech stack and developing an enterprise-wide tech architecture for Pāmu, with clear business-as-usual processes both on and off farm.

Finally, we intend to use the data we are acquiring and accessing to improve data-driven decisions, build new models and insights (through advances such as artificial intelligence), and monitor overall business performance.

CASE STUDY

Powerful data to act on

Technology has an important role in driving productivity in today's integrated farming operation, and two key pieces of software are crucial in helping our farming teams monitor ongoing performance.

FARMAX is a modelling and decision support tool, and a national leader in GHG system redesign and reporting that has been specifically developed for pastoral farmers in New Zealand. It enables our people to construct a model of their unique farm system to record farm performance data, forecast future expectations, and explore unlimited scenarios.

"FARMAX enables us to make critical decisions around feed and animals at a farm level, regionally and across the supply chain," says David Woolston, Farm Manager at Cheltenham Downs. "We can track the gross profit on every animal, consider different scenarios for purchase and sale, and model returns across different farms."

FarmIQ is a cloud-based, full-farm biological and financial system that offers farmers an interactive farm map, simplifies compliance and assurance processes, tracks animal performance, optimises pasture and feed management, and provides health and safety tools.

"We use it to record so much," says David Woolston. "There is so much we need to keep records on every day. FarmIQ lets us do that on the go, which streamlines the whole process. Over the past 10 years, as the software has developed, it's become more sophisticated and so have the decisions we can make with it. For example, we can use the farm map to oversee our feed allocation and maximise how we forecast pasture to achieve the best use."



David Woolston
CHELTENHAM DOWNS

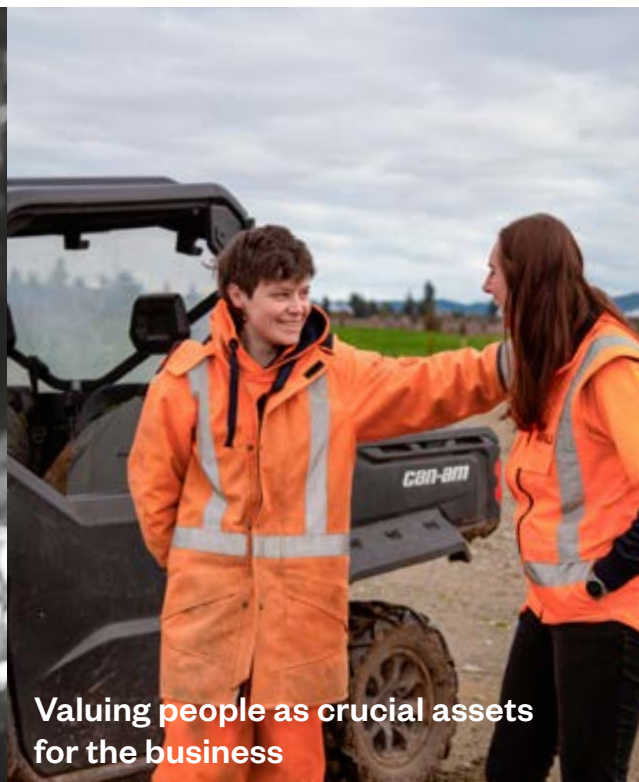
Using FARMAX and FarmIQ cuts out duplication, bringing together on-the-ground and across-the-farm viewpoints to provide the best information to act on. Now we are linking FARMAX and FarmIQ to our Farm Environment Plans, providing even more of a context for decisions. That roll-out will continue over the next year.

"Data is assigned to each animal," says David Woolston, "so it goes with that animal as they move from rearing to growth to finishing. And because they comply with NZFAP+ (New Zealand Farm Assurance Programme Plus) requirements, they enable us to attract premiums and offer full traceability."

Grow our people



Bernadette Kelly
CHIEF PEOPLE, SAFETY AND REPUTATION OFFICER



Valuing people as crucial assets for the business

Links with the following goals in our Sustainability strategy:

- Collaborate and innovate
- People and belonging

Our ability to work the land effectively and profitably pivots on having the right people doing the right work to the best of their abilities, in ways that deliver to expectations. Different stock units, terrain, and climates complicate this. But the focus for this strategic priority is ensuring we resolve complexity and lift productivity across hours worked.

We carefully monitor how we ask our people to work, to ensure seasonal demands are met and they stay safe and well. Developing skills and providing career paths is part of building confidence that there is a future with Pāmu.

Involved and motivated

Despite a recognised labour shortage in the industry, turnover is the lowest it has been in years (17% for the year, well below the target of 20%) and engagement remains strong. More than 90% of staff participated in the engagement survey this year, and while results dipped against the FY2023 result, the overall trend is upward.

“A few things have helped keep people involved and motivated,” explains Pāmu Chief People, Safety and Reputation Officer Bernadette Kelly. “We have improved internal communications to ensure people feel informed, and we have linked individual roles and performance metrics to our overall strategy so people understand how they fit and contribute to our collective goals.”

“We’ve also restructured our remuneration and standardised benefits so people feel better-rewarded for what they do. In late 2022, for example, we ended the Short-Term Incentive Plan because it didn’t make sense for some of our staff. Instead, we rolled this into base salaries, which in turn made everyone’s packages more competitive.”

Grow our people (continued)

Encouraging careers

Investing in leadership has been underway for some years, but this year the company extended the programme to lift the leadership skills of those at the second-in-charge level. Other initiatives have included the launch of a Pāmu Apprenticeship Scheme to bring people onto farms and train them in a residential setting, the appointment of an Extension Manager to oversee skills acquisition on the job, and ongoing enrolment of our farming teams in qualifications through PrimaryITO.

As a result, there have been a record number of internal promotions this year, with promotions and transfers together accounting for 71% of vacancies filled by our people.

Balancing the workforce

Attracting women to the business and encouraging them to stay has been another priority.

“Our view is that a balanced Pāmu is a better Pāmu,” says Bernadette Kelly. “To that end, we have worked hard this year to successfully close pay-equity gaps, and we have begun encouraging more women to step up into leadership roles across our operations.”

To help make that happen, Pāmu reshaped its parental-leave programme and the result was a significant increase in women returning to the workforce. Part-time and flexible-work arrangements for workers have also been introduced, along with a bespoke talent-development programme for women that will be rolled out next year. “We’ve even linked gender representation to our Sustainability Linked Loan target, to introduce a financial incentive to balance our workforce.”

There is still work to do to improve prospects for Māori, but the company recognises the need to drive down the ethnicity pay gap and to bring up more Māori as leaders. “We have good representation at Farm Manager level in some regions,” Bernadette Kelly says, “but there is still work to do to elevate above that.”

Our staff-led Rautaki Pae Tawhiti programme aims to ensure te ao Māori perspectives can be integrated into Pāmu practices. We are working to better understand and engage with our Māori workforce in ways that are meaningful and relevant to them. We are honouring a staff-led approach to adopting mātauranga Māori practices and building relationships with local iwi.

Keeping people safe

Pāmu has invested in completing critical-risk profiles for every farm and our orchards. These are detailed plans around specific risks with actions to address. As part of the Critical Risk Management Framework, critical risks have been identified and standards are being developed and implemented. Assurance on these standards will be crucial to have confidence that appropriate controls are in place to protect our people.

The business achieved an important milestone this year with the last of the company quadbikes leaving farms. Removing quads from a peak of 440 nationwide is a major milestone in our health and safety journey. Alongside this initiative, we have been encouraging our people to choose the right vehicle for each job, drive and stop safely, prioritise maintenance, and to seek assistance from neighbours when they need it. In some hill country locations, we are



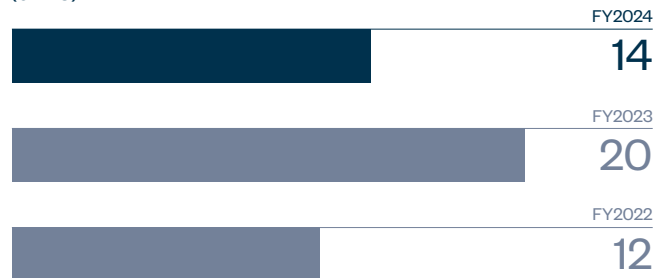
Panekiri Station, Wairoa

also utilising station horses. Removing quads has resulted in an increase in operational costs and some increase in reported injuries, but the severity of those injuries, which is our key concern, is coming down.

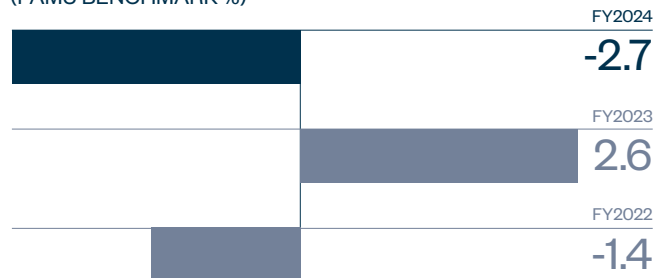
In terms of mental health, all of our Farm Managers have now completed mental health training alongside 40% of our farming staff. Our next target is to introduce mental wellbeing training for 40% of all staff next year while continuing to ensure 100% of our Farm Managers are trained. Alongside that training, we also offer a confidential counselling service, a Speak Up Line, and our managers are specifically tasked with considering the mental health and wellbeing of their teams every day.

Grow our people (continued)

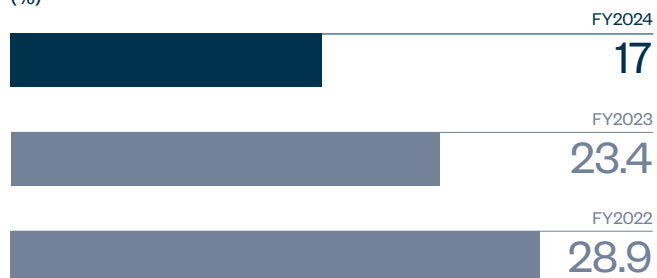
EMPLOYER NET PROMOTER SCORE (eNPS)



EMPLOYEE DIVERSITY – GENDER PAY GAP¹ (PĀMU BENCHMARK %)



EMPLOYEE TURNOVER (%)



¹A negative percentage indicates women are paid more on average than men. While we strive for a 0% gap, anything between -5% and 5% is considered acceptable performance.

CASE STUDY

Actively managing my career

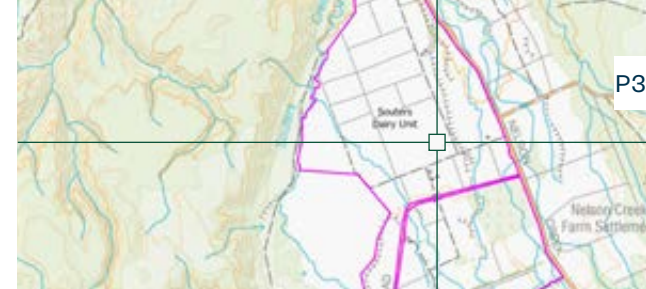
A significant number of Pāmu managers have come up through the ranks. The business looks to promote people from within wherever it can, and actively encourages strong performers to pursue a career within the company. Dave Pearson is one of those rising to prominence. This is his story so far.

Dave Pearson joined Pāmu five years ago, initially as a casual while finishing the last year of his agri-commerce degree through Massey University. From there, he took up a Dairy Assistant role for several months before moving on to his first production manager role. He stayed there for two years, then shifted to Canterbury to take up a Senior Production Manager role.

“The way they do things in Canterbury is quite different, but the farming basics are still the same,” explains Dave Pearson. “The terrain is different of course, and the weather. But the set-up is also more numbers-driven, and it’s more high-intensity farming. It’s an environment in which you make a lot of decisions, and you learn to make them quickly.”

Then, last year, Dave Pearson came back to the West Coast in a Farm Manager role. He’s enjoying the challenges of being in charge of a team and a herd of 840 cows. Under his management, the farm has achieved great results. Soon, he’ll have an opportunity to manage two farms as part of supporting another Farm Manager who is on maternity leave.

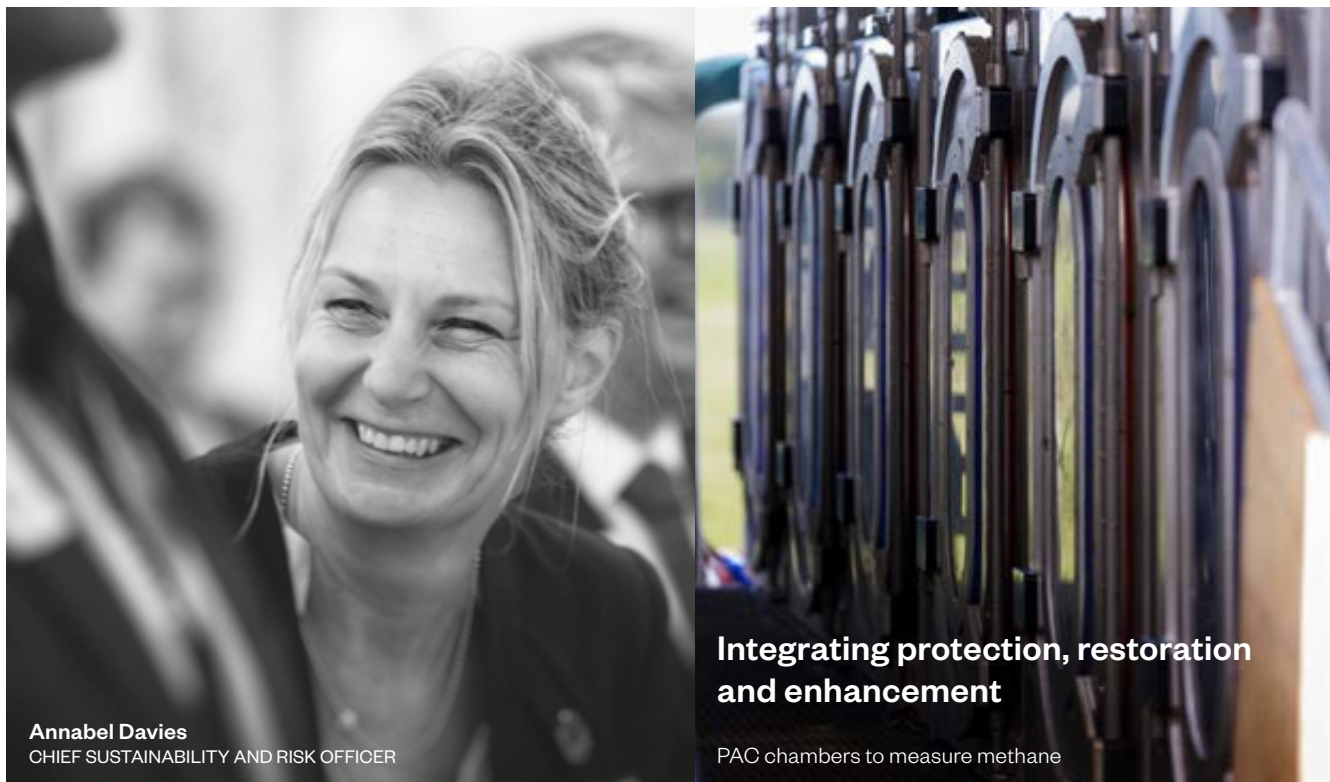
“With 55 dairy farms throughout the country, there’s always a range of jobs going at every level,” says Dave Pearson. “The opportunities are there. It’s up to you to show the business that you have the skills and the drive



to make things happen. And the company is big enough to give you those opportunities, and small enough for individual efforts to be recognised.

“Once you understand the Pāmu systems, you know what’s expected. That means people can step up quickly to take up roles or fill in for others because they know the systems. The arrangement works for everyone: it ensures continuity and flexibility within the business; it means people have access to opportunities that stretch and challenge them to acquire and apply new skills.”

Stewardship of natural assets



Annabel Davies
CHIEF SUSTAINABILITY AND RISK OFFICER

Integrating protection, restoration and enhancement

PAC chambers to measure methane

Links with the following goals in our Sustainability strategy:

- Animal health and welfare
- Biodiversity
- Biosecurity
- Care for land and water
- Climate change response
- Collaborate and innovate

Aligning our financial and natural capital so they enhance one another is key to achieving a truly sustainable farming business. Pace is critical because internationally farming systems are moving quickly to reduce emissions and lift reporting standards. To stay globally competitive, we must meet the markets' accelerated expectations.

Sustainability metrics for bank loans, as well as greater transparency expectations from customers around animal welfare, environment and climate response, are evidence that scrutiny around sustainability is increasing. In response, we are embedding our Stewardship activities within farming excellence, and will continually seek to future-proof Pāmu through environmental resilience activities.

Effective partnerships

We believe having effective partnerships with mutual benefits will translate to industry-learning and sector improvements. Our value chain partners, including processors and those supplying us with fertiliser, have their own sustainability standards and regulations to meet too – just as we do in return in some cases.

The new feed-efficiency and methane emissions testing facility we are planning at a Pāmu farm near Taupō will allow more advanced selection criteria for beef in time, and we expect specific genes that produce lower methane emissions will be identified. The new facility will also be made available to industry partners to test and accelerate the availability of low greenhouse gas (GHG) solutions.

Applying sustainability principles across the business

We are already using forestry to produce carbon sinks and deliver valuable carbon credits, and we are reducing GHG emissions across our livestock operations by breeding for lower methane. Practices like the dairy beef programme (increasing the non-replacement calves we rear), the research we're doing with Sheep of the Future, and all the work being done by Focus Genetics, will increase our sustainability performance.

Stewardship of natural assets (continued)

PĀMU NET GHG EMISSIONS¹ (TONNES CO₂e)



A shifting emphasis toward nature

“This year, we are developing our first biodiversity plan to help us identify, protect and restore biodiversity,” says Chief Sustainability and Risk Officer Annabel Davies. “We believe there will be co-benefits across market access, animal welfare, freshwater management, climate change resilience, soil health and so-on. And we want to capture verifiable data so Pāmu will be ready for investment in nature-positive systems.”

The large tracts of protected and covenanted land we have in our portfolio give us a strong foundation for continuing to expand protected areas and bolster biodiversity. This year, we celebrated a significant milestone in on-farm biodiversity protection and restoration, with more than 10,000 hectares of important native habitat now protected in perpetuity with QEII covenants.

¹ Sequestration includes managed production forestry and protected areas of woody vegetation. Any areas that have been submitted into the ETS are excluded from sequestration calculations. No purchased offsets are used. Process and verification timeframes mean FY2024 values are not available at time of print.

On track with our sustainability programme

We have made significant progress on our sustainability programme, completing climate risk assessments for every farm, and we will now develop a resilience roadmap. So far 59% of our farms have fit-for-purpose Farm Environment Plans, ahead of our target of 40%.

We have also committed to reducing our net GHG emissions by 30.3% by FY2031 (against a FY2021 baseline), which was calculated using the Science Based Target Initiative’s, Forest Land and Agriculture (FLAG) guidance – a framework guiding much of the GHG reduction targets being set by our customers. This has been locked into our loan arrangements informing the trajectory of one of our metrics.

Pāmu has voluntarily committed to producing climate-related disclosures in line with the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, and last year, we released our first report, visit online: bit.ly/3ZyX7vI

At a governance level, we have continued to value the inputs of independent experts who serve on our Sustainability Panel, which acts as a “critical friend” on sustainability issues. There are also at least two Climate Adaptation and Response update sessions held with the whole Board every year, with climate risk included in our risk framework.

A shift in our Toitū certification

We are proud that in the first two years of involvement, 50% of our farms gained Toitū carbonreduce farm level certification. We have led the industry in the certification space, and value the discipline the programme brought to Pāmu.

The process caused us to improve our data capture, helped us gain a clear understanding of emission sources, and to develop farm-specific reduction initiatives. Finally, it has grown our knowledge and ensured confidence in our GHG claims.

Our FY2024 target was to certify the remaining Pāmu farms. This was adjusted during the year when a decision was made to apply our effort to initiatives that will reduce our emissions profile and build resilience at farm level.



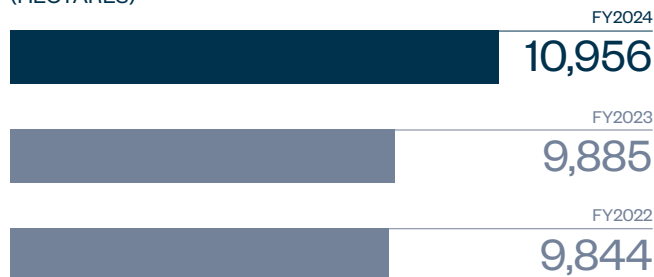
Planting at Meringa Station

Stewardship of natural assets (continued)

Changing the scope of this work offers us the opportunity for alternative priorities to be given greater attention. By reassigning our resources to other projects, we believe we can make a greater difference to our emissions profile.

Our commitment is to ensure our GHG accounting process remains robust, but it will still require external verification and an emissions reduction plan. The biggest change is that our accounting lens will be on Pāmu overall rather than individual farms.

TOTAL AREA RETIRED AND PROTECTED IN QEII COVENANTS (HECTARES)



CASE STUDY

Planning to protect environments

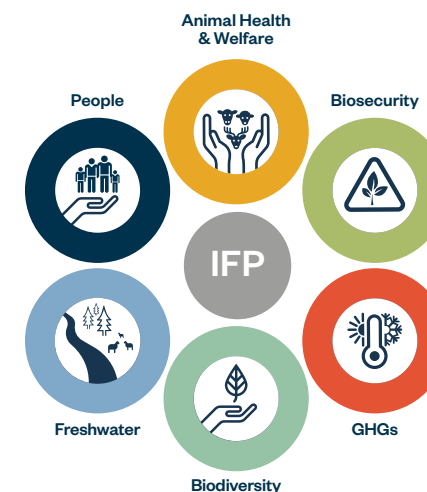
We use three levels of plans to apply our stewardship of natural assets strategic priority. Each type of plan enables a different level of integration of environmental values with farming operations.

Freshwater Farm Plans (FWFP) relate specifically to how we monitor and improve water quality and aquatic biodiversity. They focus on the impact and risk-mitigation of farm practices on water quality.

Farm Environment Plans (FEP) on the other hand are our main vehicle for planning sustainable environmental improvements over time. Covering freshwater, biodiversity and GHG management, they help us identify best practices and opportunities for innovation. Currently, 59% of our farms have a fit-for-purpose plans, putting us well ahead of our target of 40% of farms by FY2024.

Our goal is to start the journey towards having the third level of plan, holistic Integrated Farm Plans (IFP) for all of our farms in 2027.

“Quality Farm Environment Plans are our priority at this stage,” says Alison Worth, Pāmu Senior Sustainability Advisor. “The advantage of having these plans is they showcase the diverse landscapes we’re managing and help us identify high-value areas that require special attention. The plans allow us to see a rounded view of current and projected costs. Our goal is for 75% of our farms to have a plan by next year. The other advantage is that they enable us to meet requirements for premium assurance programmes. Meeting these requirements increases income and validates our farming-excellence practices at a global level.”



Pāmu intends to move beyond a Farm Environmental Plan (FEP) model to an Integrated Farm Plan model (IFP).

Our sustainability action plan

Our sustainability action plan aligns our key sustainability goals with the projects we have underway, developed in consultation with our farm teams, to shift the dial on our performance. These actions are designed to cover our identified material issues and are also linked to United Nations Sustainable Development Goals.

Our focus remains on the delivery of sustainability goals across biodiversity, land and water, collaborate and innovate, climate response, biosecurity, animal health and welfare, people and belonging.

FY24 Plan – highlights and challenges

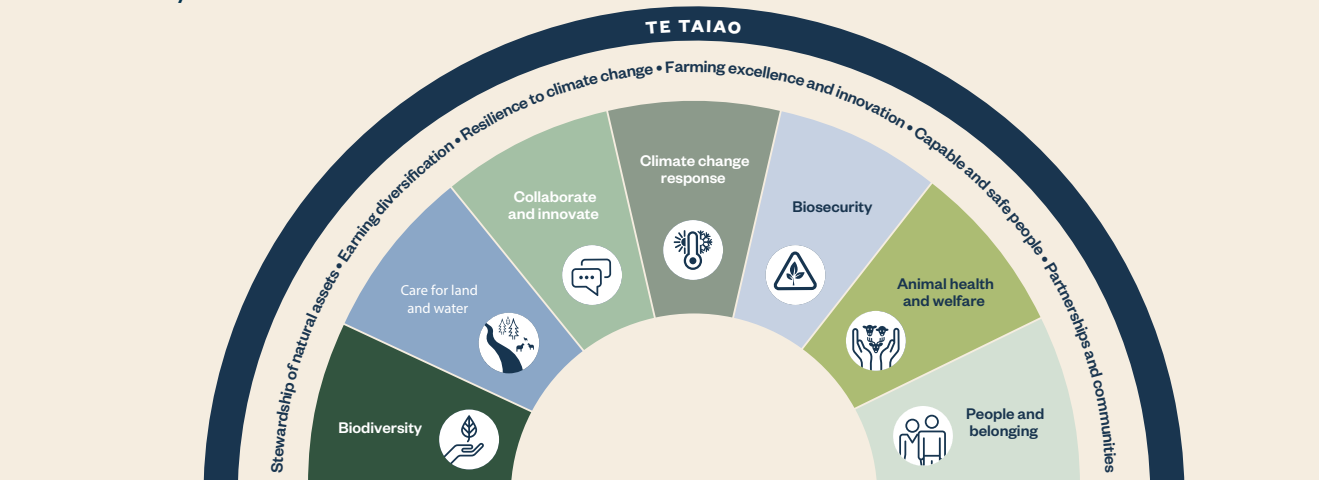
Highlights:

- 59% of farms have a Farm Environment Plan (target was 40%);
- Biosecurity training and plans on all farms;
- Animal health plans updated on all farms;
- Improvement in gender pay gap;
- Climate Risk disclosure published and climate risk scenarios completed for all farms;
- Full NAIT compliance;
- Health and safety risk profiling on all farms.

Challenges:

- Biodiversity Plan – slow progress due to lack of resourcing;
- Ethnicity pay gap increased.

Our Sustainability Plan Goals



Actions for the year ahead are drawn from our existing work programmes and commitments such as sustainability-linked loan requirements. These are now embedded in the key performance measures for our teams.

FY25 Plan – a selection of actions for the year

- 75% of farms have ‘fit for purpose’ Farm Environment Plan;
- Reduce net GHG emissions by 7.21% against FY21 baseline;
- 61% of calves and reared and retained;

- Improve gender diversity to 30% female representation;
- Design and deliver a Pāmu-specific Biodiversity Plan;
- Complete a Climate Resilience Action Plan;
- Continued compliance with biosecurity and animal welfare policies including the provision of training for staff;
- Seven Open Farm days;
- Implement a further four Health and Safety Critical Risk Standards.



To read more about our FY2024 progress and FY2025 actions, visit: bit.ly/4dfbulC

United Nations Sustainability Development Goals



Our independent Sustainability Panel

The panel serves as a critical friend, but members also share valuable insights on the market, science, emerging risks and opportunities. It provides a sounding board, and challenge both our strategy and our work programmes.

Pāmu continued to benefit from the specialist input of the external Sustainability Panel, comprising Kate Beddoe, Chief Sustainability and Risk Officer at Silver Fern Farms; Carolyn Mortland, who is on Zespri’s Sustainability Advisory Board and a former director of global sustainability at Fonterra; Richard Gordon, former CEO of Manaaki Whenua – Landcare Research; and Luke Harrington, a climate scientist and lecturer at Waikato University. Pāmu director Desiree Mahy chairs the panel. Pāmu Chief Executive Mark Leslie attends the meetings, often with members of the executive team. This achieves an outreach benefit, with a better understanding and percolation of sustainability viewpoints.

The panel provides an annual report to the Pāmu Board. In 2023 they indicated Pāmu could better showcase the work it was doing. An example was sharing more widely the climate risk scenario work we completed last year.

Many significant changes such as embedding sustainability objectives in executive Key Performance Indicators and amending our climate reduction and adaptation plan, have resulted from panel feedback. We thank them for their contribution.



From Left to Right:

Carolyn Mortland

Desiree Mahy

Kate Beddoe

Luke Harrington

Richard Gordon



pamunewzealand.com

Read more about sustainability on our website: pamunewzealand.com

Managing our commercial returns

Meet the Board



John Rae

Chair



Nigel Atherfold

Deputy Chair

Chair Performance & Safety Committee



Jo Davidson

Director

Performance & Safety Committee Member

Audit & Risk Committee Member



Dr Tanira Kingi

Director

Performance & Safety Committee Member



Paula Savage

Director

Audit & Risk Committee Member



Nick Pyke

Director

Performance & Safety Committee Chair



Dr Claire Nicholson

Director

Audit & Risk Committee Member



Desiree Mahy

Director

Performance & Safety Committee Member



Sarah Paterson

Director



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Read more about the Board, on our website: pamunewzealand.com

Meet the Leadership Team



Mark Leslie

Chief Executive Officer



Will Burrett

Chief Operating Officer



Tammy Lemire

Chief Technology and Digital Officer



Steve McJorow

Chief Financial Officer



Annabel Davies

Chief Sustainability and Risk Officer



Andrew Sliper

Chief Investment Officer



Bernadette Kelly

Chief People, Safety and Reputation Officer



Alistair McMechan

Chief Legal Officer



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Read more about our Leadership Team, on our website:

pamunewzealand.com

Governance and statutory disclosures

Introduction to our Governance Framework

The directors and management of Pāmu are committed to effective and robust governance. This section sets out the systems and processes underlying the Pāmu governance framework.

As a state-owned enterprise, the principal objective for Pāmu under the State-Owned Enterprises Act 1986 is to operate as a successful business that is:

- as profitable and efficient as a comparable business not owned by the Crown;
- a good employer; and
- an organisation that exhibits a sense of social responsibility by having regard for the interests of the communities in which it operates, and by endeavouring to accommodate or encourage those interests when able to do so.

Pāmu is ultimately accountable to its shareholding Ministers (the Minister of Finance and the Minister for State-Owned Enterprises), who are supported by the Treasury's Commercial and Institutional Performance team. Accountability is primarily achieved by issuing and reporting against the annual Statement of Corporate Intent for Pāmu, which sets out the company's objectives, nature and scope of activities, and financial and non-financial performance measures. In addition, the shareholding Ministers issue an annual letter of expectations, and the company maintains regular engagement with the Treasury.

The Board

The Board is appointed by the shareholding Ministers and currently comprises nine non-executive independent Directors (including the Chair). During the year, there were two changes to the Board. Pāmu Board Chair Dr Warren Parker passed away suddenly on 29 December 2023 (Nigel Atherfold was Acting Chair for the balance of the financial year). Belinda Storey resigned from the Board with effect from 30 September 2023. After the period to which this Integrated Report relates but before publication, Pāmu welcomed new Directors John Rae (Chair) and Sarah Paterson to the Board.

Pāmu has established a future directors programme which is designed to assist diversity in governance in the agri-sector by providing one high-calibre future director (with an initial focus on Māori and women) with exposure to and mentoring from the Board. The programme sees the appointment of an associate director (Board observer) for 12 months.

The Board is responsible to the shareholding Ministers for guiding and overseeing Pāmu operations. The Pāmu Board Charter sets out how the Board discharges its responsibilities and powers. The Charter requires Directors to:

- observe high standards of ethical and moral behaviour;
- act in the best interests of the shareholders;
- ensure Pāmu acts as a good corporate citizen taking into account environmental, social and economic issues;
- recognise the legitimate interests of all stakeholders including staff; and
- ensure the company operates as a successful business (under the State-Owned Enterprises Act, as referred to above).

Under the Charter, the Board may establish committees from time to time to assist it by focusing on specific governance responsibilities in more detail, reporting and making recommendations to the Board as appropriate. The Board currently has two permanent committees:

- The Audit & Risk Committee deals with financial accounting and reporting issues, and oversees the Pāmu risk management framework
- The Performance & Safety Committee deals with remuneration, health and safety, and staff training and development.

In addition to the two Board committees, Pāmu has a Sustainability Panel to advise the Board and Leadership Team on sustainability trends and issues as they relate to Pāmu. The panel met twice during the year. Read more about the panel on [page 38](#).

Governance and statutory disclosures (continued)

Board and committee meetings

The Board and Board Committees met regularly throughout the year in person and by audio-visual link. Meetings for the year ending 30 June 2024 are set out below.

Director	Board meetings (10 meetings)	Audit and Risk Committee (4 meetings)	Performance and Safety Committee (4 meetings)
Warren Parker	4	2	2
Nigel Atherfold	10	2	4
Jo Davidson	10	4	4
Belinda Storey	1	1	
Tanira Kingi	7	4	
Paula Savage	8	4	2*
Nick Pyke	10	2*	4
Clare Nicholson	8	4	2*
Desiree Mahy	9	3*	4

* Attended Committee meeting as an observer.

John Rae (Chair) and Sarah Paterson (Director) were appointed with effect from 1 August 2024 so did not attend any meetings during the 2023/24 financial year.

During the year, Bridget Giesen (9 meetings), Libby Tosswill (7 Board meetings) and Ash-Leigh Campbell (2 Board meetings) attended Board and Committee meetings as part of the Pāmu future directors programme.

Risk management

The Board has adopted a risk appetite statement that acts as a link between Pāmu strategic objectives and its risk-management framework. The Board is ultimately accountable for risk and has delegated the oversight of the risk framework to the Audit & Risk Committee.

The Chief Executive is charged with the day-to-day management of Pāmu. The company operates under a detailed delegated authority structure, and the Board and Leadership Team approve operational and financial policies.

Pāmu has initiated a project to implement an enterprise risk management framework to improve risk governance and deliver a more robust, coordinated, and embedded approach to risk management across core processes, decision-making, and operations. This includes embedding climate change considerations across the business and an increased focus on appropriate assurance.

In addition, Pāmu has voluntarily committed to producing climate-related disclosures in line with the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. Pāmu believes the standards provide a strong framework for assessing and incorporating climate risks and opportunities, and set the business up to respond accordingly. The climate-related disclosure for Pāmu is available on our website: pamunewzealand.com

Subsidiaries

Pāmu subsidiaries and their purposes are:

Subsidiary	Purpose
Landcorp Holdings Ltd	Ownership vehicle for properties that are subject to the Protected Land Agreement between the Crown and Landcorp Farming (land to be used in Treaty of Waitangi settlements).
Landcorp Estates Ltd	Develops and sells land of higher value for uses other than farming.
Landcorp Pastoral Ltd	Holding company for Pāmu interests in Focus Genetics Limited Partnership (100% since September 2014), a limited partnership to enhance and market genetic improvement in sheep, cattle and deer, and Spring Sheep Dairy NZ Limited Partnership (50% interest, established June 2015), a sheep milking joint venture.
FarmIQ Systems Limited (69%)	During the year, the Pāmu interest in FarmIQ Systems (a farm management software business) increased to 69% and the company is included within the Pāmu consolidated group of companies.

Governance and statutory disclosures (continued)

Interests register

Entries made in the interests register during the year covered particulars of Directors' interests, Directors' remuneration and Directors' and Officers' liability insurance. The following are particulars of general notices of disclosure of interest for each current Director:

Director	Organisation	Position
Warren Parker	Quayside Holdings Ltd	Director, Chair Remuneration Committee
	Quayside Properties Ltd	Director
	Quayside Securities Ltd	Director
	Farmlands Cooperative Society Ltd	Director (ceased 31 July 2023)
	Forestry Ministerial Advisory Group	Chair (ceased 31 July 2023)
	Genomics Aotearoa Advisory Board	Director
	Warren's Insights Ltd	Director and shareholder
	Landcorp Holdings Ltd	Director
	Landcorp Estates Ltd	Director
	Landcorp Pastoral Ltd	Director
	Focus Genetics Management Limited	Director
	FarmIQ Systems Ltd	Independent Chair
	Nigel Atherfold	TDB Advisory Ltd
Rural Equities Ltd (and subsidiaries)		Director
Terracostosa Ltd (and subsidiaries)		Director
Terraverde Limited		Director
Melody Dairies GP Ltd		Director (ceased 30 June 2024)
Spring Sheep Dairy NZ Management Limited		Director
Shopping Centre Investments Limited		Director
Hopkins Farming Group Ltd		Director
Nunatak Ltd (trading as Land AI)		Shareholder
Miraka Holdings Ltd		Director

Director	Organisation	Position
Jo Davidson	Kono General Partner Limited	Chair
	Governance Group for Our Land & Water National Science Challenge, Toitū te Whenua, Toiora te Wai	Member
	AuOra Limited	Director
	Wahanga Limited	Director
	Massey University Council	Member
	Wakatu Resources Limited	Director
	Tanira Kingi	Climate Change Commission
Ngāti Whakaue Holdings Ltd (and subsidiaries)		Director
Whakaue Farming Ltd		Chair
Kiharoa Holdings Ltd		Director
Te Arawa Arataua		Chair
Our Land & Water NSC		Research Scientist
AgResearch		Science Advisor
Scion		Emeritus Scientist
Ministry of Primary Industries Ngā Pouwhiro Taimatua Advisory Group		Member
Ministry of Primary Industries		Consultant/Advisor
Ministry for the Environment		Consultant/Advisor
NZ Agricultural Greenhouse Gas Research Centre	Consultant/Advisor	

Governance and statutory disclosures (continued)

Director	Organisation	Position
Belinda Storey	Climate Sigma Ltd	Director
	Endeavour Research Programme	Managing Director
	Reserve Bank	Consultant (risk stress testing)
	XRB External Advisory Panel for Climate Related Disclosures	Member
	Ministry for Environment: Managed Retreat Expert Group	Member
	Ministry Business, Innovation & Employment: Extreme Weather Research Platform	Consultant
	Aotearoa Circle's Technical Expert Group	Member of the Agricultural Adaptation Roadmap team
	AsureQuality Limited*	Director
	Paula Savage	Nemo Ltd
Northland Events Centre (2021) Trust – Te Pae Taurima o Te Tai Tokerau		Trustee
Mount Wellington Trust Hotels Ltd		Director
Mount Wellington Charitable Trust		Trustee
Savey Investments Limited		Director

Director	Organisation	Position	
Nick Pyke	Agricultural Marketing and Development Trust (AGMARDT)	Chair Trustee	
	Cropmark Seeds Ltd	Director	
	Ag Innovate NZ Ltd	Director	
	Leftfield Innovation Ltd	Shareholder	
	Kiwheat Ltd	Shareholder	
	Darfield Seeds Ltd	Chair	
	FoodHQ Innovation Ltd	Director	
	Agroceutical Products New Zealand Ltd	Shareholder	
	Claire Nicholson	NZ Agricultural Greenhouse Gas Research Centre	Member (advisory groups)
		NZ Agricultural Greenhouse Gas Research Consortium	Director
Farmlands Cooperative Limited		Director	
Precision Antimicrobials		Industry Advisory Group Member	
Rockit Orchard No. 2 LP		Limited Partner	
Rawhiti Orchards LP		Limited Partner	
Sirona Animal Health Limited		Shareholder and Managing Director	
EOS Consulting Ltd		Director	
Edison Consulting Group Limited		Shareholder	
Manuka Biologicals Limited		Shareholder	
NZ Nutrient Management Tools Advisory Group		Member	

* Effective 1 July 2023

Governance and statutory disclosures (continued)

Director	Organisation	Position	
Desiree Mahy	Tika Tonu	Director/Shareholder	
John Rae	Abodo Wood	Chair	
	Bremworth Limited	Director	
	Crown Regional Holdings Limited	Director	
	FJ Hawkes & Co Limited	Managing Director	
	Gisborne Holdings Limited	Chair	
	Gobble Limited	Director	
	Midlands Funds Management Limited	Chair	
	Te Rāhui Herenga Waka Whakatane Limited	Chair	
	Thos. Corson Holdings Limited (and subsidiaries)	Chair	
	Waste Minimisation Fund	Panel Member	
	Sarah Paterson	Blue Circle Consulting Ltd	Director/Shareholder
		New Zealand Meat Board	Director
		Kiwifruit New Zealand	Director
New Zealand Trade and Enterprise		Director, Chair Audit and Risk Committee	
New Zealand Army Leadership Board (Member)		Member	
Inter-weave New Zealand Limited		Board Chair	
Sustainable Food and Fibre Futures: Smart & Sustainable Programme		Programme Governance Group Chair	
Sustainable Food and Fibre Futures: Eliminating the Effects of Facial Eczema Programme		Programme Governance Group Chair	
Who Did You Help Today Charitable Trust		Trustee	

Use of company information

No requests were received from Directors to use company information they obtained in their capacity as Directors and that would not otherwise have been available to them.

Company donations and sponsorships

During the year, Pāmu made donations of \$66,840, and undertook community and event sponsorship of \$44,442.

Directors' remuneration and other benefits

Directors' fees (including fees for chairs of Board Committees) for the year to 30 June 2024 were as follows:

Warren Parker*	\$45,000
Nigel Atherfold**	\$87,328
Jo Davidson	\$36,600
Belinda Storey ⁺	\$10,316
Tanira Kingi	\$36,600
Paula Savage ⁺	\$41,265
Nick Pyke ⁺	\$38,155
Claire Nicholson	\$36,600
Desiree Mahy ⁺	\$39,710
Total fees:	\$371,574

* Includes fees for additional responsibilities on the board of Focus Genetics Management Limited

** Includes fees for additional responsibilities as Acting Chair from 1 January 2024 and roles on the boards of joint venture companies Melody Dairies GP Limited and Spring Sheep Dairy NZ Management Limited

+ Includes fees for additional responsibilities as chair of Board committees

No remuneration or other benefits were paid to the Directors of Landcorp Estates Limited, Landcorp Pastoral Limited or Landcorp Holdings Limited.

In addition to fees, the company provided a budget of \$36,000 (total) towards continuing professional development for Directors.

Governance and statutory disclosures (continued)

Indemnity and insurance

Pāmu has arranged Directors' and Officers' insurance that covers risks normally covered by such policies and includes separate cover to meet defence costs. In addition, as permitted by the Pāmu constitution, Directors and Officers are indemnified by the company to the extent permitted by law for potential liabilities they might incur for actions or omissions in their capacity as Directors or Officers.

Employees' remuneration and other benefits

Set out below are the numbers of employees and former employees whose total remuneration was within the specified bands. Remuneration is inclusive of benefits including performance incentives, employer superannuation contributions, health and life insurance, and accommodation benefits (where applicable). Performance incentives paid in 2023/24 relate to performance in the previous year.

\$000	Number of employees	\$000	Number of employees
100–109	31	270–279	1
110–119	34	280–289	1
120–129	19	310–319	1
130–139	20	320–329	1
140–149	16	330–339	1
150–159	8	340–349	1
160–169	10	350–359	1
170–179	7	360–369	1
180–189	4	370–379	2
190–199	6	380–389	1
200–209	3	400–409	1
210–219	3	410–419	1
230–239	2	500–509	1
240–249	6	920–929	1

Executive remuneration

The Pāmu remuneration policy is to provide a sustainable remuneration system that recognises individual contribution, incentivises performance, provides a mix of rewards, and is compelling relative to the market(s) in which we compete for talent.

Total remuneration at Pāmu constitutes two components for the Leadership Team: fixed remuneration and short-term performance incentives. For other employees, total remuneration includes only fixed remuneration.

The Board People and Safety Committee reviews the annual performance for all members of the executive team and endorses the outcomes for all members other than the Chief Executive. The Chief Executive's remuneration is approved by the Board on the recommendations of the Chair and Deputy Chair. The review takes into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise, and experience.

External benchmarking is commissioned from an expert party, KornFerryHay Group (KFHG). KFHG is required to declare independence of any management influence in the collation of the information provided. Additionally, PriceWaterhouseCoopers (PwC) provides comparator market information. External benchmarking for non-executive remuneration is requested by Pāmu management and provided again by KFHG.

Fixed remuneration

Pāmu offers an employee remuneration package that comprises a competitive base salary supplemented by a range of benefits appropriate to employee needs and job requirements. The Pāmu policy is to pay fixed remuneration to the fixed pay market median.

Short-term performance incentives – only for the Leadership Team (including CEO)

Short Term Incentives (STIs) are designed to recognise performance where the Board of Pāmu approves the activation of the scheme. There is no assurance of incentives being paid.

Incentive target values are set at the start of employment as a percentage

- Chief Executive is 30% of Total fixed Remuneration.
- Other members of the Leadership Team range between 10%–20% of Base Salary.

Governance and statutory disclosures (continued)

Pāmu Key Performance Indicators (KPIs) apply equally to all members of the Leadership Team and are focused on financial results, farming excellence, people, health and safety, sustainability, and key strategic priorities. Pāmu uses KPIs to measure success at the end of the financial year. KPIs for FY2024 were aligned to the achievement of the Strategy and Business Plan and are shared by members of the Leadership Team. Shared KPI objectives created focus on the company priorities.

KPIs are percentage-rated at the end of the financial year, aligned to results of Threshold, Target and Stretch. Stretch result levels allow employees to be rewarded for exceptional results. Stretch targets allow recognition up to 120%.

Long-term performance incentives

Pāmu does not operate a long-term incentive scheme.

Total remuneration for 2024

Chief Executive's remuneration (FY2024 and FY2023)

		Salary \$ ¹	Benefits \$	Subtotal \$	STI \$	Total remuneration \$
Mark Leslie ²	FY2024	680,856	46,134	726,989	201,697	928,686
Mark Leslie ³	FY2023	655,234	45,991	701,224	49,523 ⁴	750,747

1 Actual salary paid includes holiday pay paid as per NZ legislation.

2 Mark Leslie's FY2024 has three benefits: KiwiSaver, medical insurance - with personal use of company-provided motor vehicle.

3 Mark Leslie's FY2023 package has three benefits: KiwiSaver, medical insurance - with personal use of company-provided motor vehicle added this year.

4 Incentive was for FY2022 and the part-year due to the commencement date of the CEO.

Five-year summary – Chief Executive's remuneration

	Financial Year	Total Remuneration paid	Percentage STI ¹ Individual %	Percentage STI ¹ Company %
Mark Leslie	FY2024	\$928,686	N/A	96.3
	FY2023	\$750,747	N/A	92.5
	FY2022	\$166,671	N/A	N/A
Steven Carden	FY2023	\$28,634	N/A	61
	FY2022	\$592,837	81	83
	FY2021	\$803,963	93.5	108
	FY2020	\$698,987	75	25

1 STI % relates to the year in which it was paid not the year it was earned (e.g. the STI of 96.3% in FY2024, relates to performance in FY2023 but was paid in FY2024).

Targets

	Actual FY2024	Target FY2024	Target FY2025
Shareholder Returns			
Total shareholder return (%) ¹	(8.6)	0.5	–
Return on equity (%) ²	(1.5)	(0.3)	(0.5)
Dividend yield (%) ³	–	–	–
Profitability & Efficiency			
EBITDAR (\$m) ⁴	48	50	38
Net (loss)/profit after tax (\$m)	(26)	(5)	(9)
Operating cash flow after capex (\$m) ⁵	(57)	(48)	(38)
Operating margin (%) ⁶	19.4%	19.1%	15.0%
Return on Invested Capital (%) ⁷	2.7%	2.9%	1.1%
Dividend – Group (\$m)	–	–	–
Leverage & Solvency			
Gearing (%) ⁸	11.2%	10.5%	11.2%
Net debt and lease liability to EBITDAR times ⁹	9.7x	9.1x	12.1x
Interest cover times ¹⁰	2.7x	2.4x	1.5x
Solvency times ¹¹	5.3	3.9	4.3
Solvency (including current debt) times	1.0	1.4	1.1
Debt to EBITDAR times ¹²	3.7x	3.7x	5.1x
Growth			
Revenue growth times ¹³	1.0x	1.0x	1.0x
Capital replacement times ¹⁴	1.3x	1.4x	0.8x
EBITDAR growth times ¹⁵	0.9x	1.0x	0.8x
NOP growth times	0.6x	0.7x	0.4x

1 The total of equity movement during the year and dividend paid/equity opening balance.

2 Net profit after tax/average equity.

3 Dividends declared/average shareholders' equity.

4 Earnings before interest, tax, depreciation, amortisation and revaluations except fair value movement of milk futures.

5 Operating cash flow less capital expenditure.

6 EBITDAR less non-operating items/operating revenue. Non-operating items includes imputation credits, share of profit/loss from joint ventures and gains/losses on asset sales; FY2024 actual (\$7.0m), FY2024 target (\$5.8m), FY2025 target (\$1.6m).

7 EBIT less non-operating items/average shareholders' equity, debt and redeemable preference shares less revaluation reserves. Refer note 6 for details of non-operating items. Total revaluation reserves including revaluations in retained earnings; FY2024 actual \$964m, FY2024 target \$1,112m. FY2025 target \$945m,

8 Net debt/net debt plus equity.

9 Net debt and lease liability/EBITDAR.

10 Covenant interest cover calculation as agreed with banks.

11 Current assets/current liabilities (excluding current portion of long-term debt on the basis that all debt will be refinanced as it matures and excluding current portion of lease asset and lease liability).

12 Bank loans less cash/EBITDAR less non-operating items. Refer note 6 for details of non-operating items.

13 Operating revenue current year/operating revenue prior year.

14 Payments for the purchase of property, plant and equipment items, and intangible assets, taken from the cash flow statement/depreciation and amortisation less lease amortisation.

15 Current year EBITDAR less non-operating items/prior year EBITDAR less non-operating items. Refer note 6 for details of non-operating items.

Key financial data

Key financial data over five years (\$ millions)	FY2024	FY2023	FY2022	FY2021	FY2020
Total revenue	282	290	297	253	250
EBITDAR ¹	48	59	63	50	60
Net profit after tax	(26)	(9)	59	29	(24)
Total comprehensive income	(156)	(30)	430	37	(79)
Total shareholder return % ²	(8.6)	(1.6)	31.2	2.8	(5.7)
Return on equity, adjusted for IFRS Fair Value % ³	(0.5)	(0.5)	3.9	1.3	3.6
Dividend declared	0	5	5	5	5
Total assets	2,200	2,329	2,392	1,975	1,938
Total equity	1,621	1,772	1,806	1,380	1,346
Bank debt	209	179	191	217	214
Shareholders funds ⁴ /Total assets %	77.4	79.7	79.1	74.3	73.9

1 EBITDAR is earnings before interest, tax, depreciation, amortisation and revaluations except fair value movement of milk futures.

2 The total of equity movement during the year and dividend paid/equity opening balance.

3 Net profit after tax less fair value revaluations/average shareholders' equity less revaluation reserves.

4 Shareholders' funds includes redeemable preference shares.

Our financial

results

04 Financial statements

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Statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group 2024 \$m	Group 2023 \$m
Income			
Farm operating	2	228	238
Other business activities	3	54	32
Fair value gain on milk futures	4	-	20
		282	290
Operating expenses			
Farm working and maintenance	5	118	125
Personnel and other	6	108	107
Fair value loss on milk futures	4	1	-
		227	232
Profit/(loss) from equity accounted investments	16	(5)	2
Depreciation	7	(30)	(27)
Net operating profit/(loss)¹		20	33
Gain/(loss) on sale of property, plant and equipment		2	-
Discount on purchase of shares		2	-
Impairment of assets		(5)	(2)
Net finance expenses	8	(26)	(23)
Fair value gain/(loss) on financial instruments	9	(2)	1
Fair value gain/(loss) on biological assets	10	(15)	(26)
Fair value gain/(loss) on property, plant and equipment	18	(4)	-
Net profit/(loss) before tax		(28)	(17)
Tax benefit/(expense)	11	2	8
Net profit/(loss) after tax		(26)	(9)

1 Net operating profit is a non-GAAP measure. However, Landcorp considers it to be an appropriate measure of returns from core activities. Net operating profit does not have a standardised meaning and should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ IFRS as it may not be comparable to similar financial information presented by other entities. Net operating profit does not include gains on sale of property, plant and equipment, impairment, financing costs, fair value movements on financial instruments and biological assets.

The accompanying notes form part of these financial statements.

Statement of profit or loss and other comprehensive income (continued)

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group 2024 \$m	Group 2023 \$m
Profit/(loss) attributable to:			
Owners of the company		(24)	(9)
Non-controlling interest		(2)	-
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Fair value gain/(loss) on land and improvements	18	(137)	-
Fair value gain/(loss) on share investments		1	2
Fair value gain/(loss) on carbon credits	15	3	(33)
Tax benefit/(expense) recognised in equity	11	3	10
Total Comprehensive Income		(156)	(30)
Total Comprehensive Income attributable to:			
Owners of the company		(154)	(30)
Non-controlling interest		(2)	-

The accompanying notes form part of these financial statements.

Statement of movements in equity

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Non-controlling interest \$m	Total equity 2024 \$m
Balance at 1 July 2023		125	729	1	917	-	1,772
Net profit/(loss) after tax		-	(24)	-	-	(2)	(26)
Fair value movements		-	-	1	(134)	-	(133)
Tax benefit/(expense) recognised in equity	11	-	-	-	3	-	3
Realised gain/(loss) on carbon credits sales		-	7	-	(7)	-	-
Net transfers under Protected Land Agreement		-	1	-	-	-	1
Non-controlling interest on acquisition of a subsidiary		-	-	-	-	4	4
Balance at 30 June 2024	22	125	713	2	779	2	1,621

	Note	Share capital \$m	Retained earnings \$m	Share revaluation reserve \$m	Asset revaluation reserve \$m	Non-controlling interest \$m	Total equity 2023 \$m
Balance at 1 July 2022		125	715	-	966	-	1,806
Net profit/(loss) after tax		-	(9)	-	-	-	(9)
Dividend paid		-	(5)	-	-	-	(5)
Fair value movements		-	-	2	(33)	-	(31)
Tax benefit/(expense) recognised in equity	11	-	(2)	(1)	13	-	10
Transfer of revaluation reserves on property sales		-	18	-	(18)	-	-
Realised gain/(loss) on carbon credits sales		-	11	-	(11)	-	-
Net transfers under Protected Land Agreement		-	1	-	-	-	1
Balance at 30 June 2023	22	125	729	1	917	-	1,772

The accompanying notes form part of these financial statements.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Group 2024 \$m	Group 2023 \$m
Cash flows from operating activities		
Receipts from customers:		
Livestock	113	133
Milk	126	128
Other receipts from customers	31	44
Payments to suppliers	(174)	(177)
Payments to employees	(77)	(73)
Interest paid	(13)	(12)
Net cash inflows/(outflows) from operating activities	6	43
Cash flows from investing activities		
Proceeds from sale of land and improvements and other property, plant and equipment	3	23
Proceeds from sale of carbon credits	41	21
Proceeds from sale of share investments	2	1
Purchase and development of land and forestry	(27)	(25)
Purchase of other property, plant and equipment and intangibles	(24)	(21)
Purchase of shares and net interests in joint venture investments	(12)	(11)
Net cash inflows/(outflows) from investing activities	(17)	(12)
Cash flows from financing activities		
Net borrowing receipts/(repayments)	30	(11)
Redemption of preference shares	-	(3)
Payment of lease liabilities	(17)	(17)
Dividends paid	-	(5)
Net cash inflows/(outflows) from financing activities	13	(36)
Net change in cash and cash equivalents	2	(5)
Cash and cash equivalents at beginning of year	2	7
Cash and cash equivalents at end of year	4	2

The accompanying notes form part of these financial statements.

Reconciliation of profit and operating cash flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Group 2024 \$m	Group 2023 \$m
Net profit/(loss) after tax		(26)	(9)
Adjustments for:			
Non-cash livestock growth and ageing	2	(5)	8
Non-cash forestry growth	15	(1)	(4)
Carbon credits allocation	3, 15	(22)	(12)
Depreciation	7	30	27
Fair value movements	9, 10, 18	21	25
Milk futures unsettled gain		(3)	(14)
Interest expense on lease liability	8	12	12
Gain on sale of property, plant and equipment		(2)	-
Discount on purchase of shares		(2)	-
Gain on sale of carbon credits	3	(16)	(2)
Asset impairment		5	2
Profit/(loss) from equity accounted investments	16	5	(2)
Equity accounted investment distributions	16	6	14
Tax expense/(benefit)	11	(2)	(8)
Movements in working capital		6	6
Net cash flows from operating activities		6	43

The accompanying notes form part of these financial statements.

Statement of financial position

AT 30 JUNE 2024

	Note	Group 2024 \$m	Group 2023 \$m
Assets			
Cash and cash equivalents		4	2
Accounts receivable	12	37	34
Inventories		18	18
Property held for sale	13	3	3
Livestock	14	264	268
Forestry, carbon and orchard assets	15	111	104
Equity accounted investments	16	17	27
Shareholder loans to equity accounted investments	16	9	-
Share investments	17	28	30
Other assets		8	2
Deferred tax asset	11	1	-
Derivative assets		4	16
Property, plant and equipment	18	1,473	1,596
Leased assets	19	223	229
Total assets		2,200	2,329

	Note	Group 2024 \$m	Group 2023 \$m
Liabilities			
Bank loans	20	209	179
Accounts payable and accruals		17	22
Employee entitlements		10	9
Deferred tax liability	11	-	4
Lease liabilities	19	259	259
Redeemable preference shares	21	84	84
Total liabilities		579	557
Shareholders' funds			
Share capital		125	125
Retained earnings		713	729
Share revaluation reserve		2	1
Asset revaluation reserve		779	917
Total shareholders' funds	22	1,619	1,772
Non-controlling interest		2	-
Total equity		1,621	1,772
Total equity and liabilities		2,200	2,329

Landcorp's Board of Directors authorised the financial statements for issue on 20 August 2024.

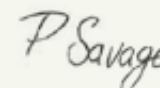
Signed on behalf of the Board



Nigel Atherfold

Director

20 August 2024



Paula Savage

Chair of Audit and Risk Committee

20 August 2024

The accompanying notes form part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2024

Note 1: Basis of accounting

Reporting entity

The financial statements presented are those of Landcorp Farming Limited (“Landcorp”) and its subsidiaries, joint ventures and associates (together Pāmu or the “Group”). Established under the State-Owned Enterprises Act 1986 and registered under the Companies Act 1993, Landcorp is a profit-oriented company incorporated and domiciled in New Zealand. The ultimate shareholder of the Group is the Crown.

Pāmu is primarily a pastoral farming company with a growing focus on exploring alternative uses for land in its portfolio, including additional forestry and horticulture, and a foods business marketing premium deer products. Subsidiaries and associates are involved in land development, land management, farm technology and developing genetically superior sheep, cattle and deer breeds.

Basis of preparation

These financial statements are prepared in accordance with generally accepted accounting practice in New Zealand (“NZ GAAP”) under the Companies Act 1993 and the Financial Reporting Act 2013. NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements are prepared on the basis of historical cost, modified by the revaluation of certain assets, investments and financial instruments as identified in the accompanying notes. The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest million dollars (\$m). The financial statements have been prepared on a GST-exclusive basis except billed receivables and payables, which include GST.

Basis of consolidation

The consolidated financial statements use the acquisition method of consolidation for Pāmu and its subsidiaries. Associates and joint ventures are accounted for using the equity method. All material intercompany balances and transactions are eliminated on consolidation. Transactions with jointly controlled entities are eliminated to the extent of Pāmu’s interest in the entity. A list of subsidiaries and equity accounted investees is shown in note 28.

Material accounting policies

There have been no changes in accounting policies during the financial year. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all the periods presented. Where necessary, comparative information has been reclassified to achieve consistency with the current period’s presentation.

Adoption status of relevant new financial reporting standards and interpretations

There are currently no accounting standards or interpretations issued (but not yet effective) that are relevant to Pāmu.

Use of accounting estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions concerning the future that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in:

- Note 14: Livestock
- Note 15: Forestry, carbon and orchard assets
- Note 18: Property, plant and equipment – Land and buildings
- Note 19: Leases

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 1: Basis of accounting (continued)

Fair value hierarchy

A number of Pāmu's accounting policies and disclosures require the measurement of fair values. The fair value hierarchy provides an indication about the reliability of inputs used to determine fair value. When measuring the fair value of an asset or liability, Pāmu uses observable market data as far as possible. An explanation of each level is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the asset or liability that are not based on observable market data.

Note 2: Farm operating revenue

Farm operating revenue is derived from the sale of livestock, milk and other agricultural produce such as wool and forestry logs. Revenue is measured at the transaction price specified in the customer contract.

Livestock revenue is recognised following delivery to customers. Sales contracts either fix prices in advance or allow livestock to be sold at the prevailing spot rate. Each year the Board approves a standard value for each livestock class. Changes in the value and volume of livestock arising from purchases, sales, births, deaths and ageing are determined using standard values.

Milk revenue is recognised following collection by the milk processor using the processor's most recent forecast price and dividend payments made during the year.

Wool revenue is recognised following delivery to the wool broker. Contracts are held that either fix prices in advance or allow wool to be sold at the prevailing spot rate.

Forestry revenue is recognised from the sale of logs together with revenue attributable to the growth of forest stands.

	Group 2024 \$m	Group 2023 \$m
Livestock	103	107
Milk	120	120
Wool & Velvet	3	4
Forestry	2	7
Total farm operating revenue	228	238

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 2: Farm operating revenue (continued)

Livestock revenue

	Note	Sheep \$m	Beef \$m	Dairy \$m	Deer \$m	Group 2024 \$m
Cash items						
Livestock sales		35	60	7	13	115
Livestock purchases		(3)	(12)	(1)	(1)	(17)
Non-cash items						
Birth of animals	14	13	14	3	2	32
Growth of animals	14	20	41	11	4	76
Livestock losses	14	(6)	(3)	(3)	(1)	(13)
Book value of livestock purchased	14	2	9	-	1	12
Book value of livestock sold	14	(29)	(53)	(12)	(8)	(102)
Total livestock revenue		32	56	5	10	103

	Note	Sheep \$m	Beef \$m	Dairy \$m	Deer \$m	Group 2023 \$m
Cash items						
Livestock sales		42	49	20	18	129
Livestock purchases		(3)	(3)	(8)	-	(14)
Non-cash items						
Birth of animals	14	15	8	8	3	34
Growth of animals	14	24	48	3	4	79
Livestock losses*	14	(9)	(2)	(4)	(1)	(16)
Book value of livestock purchased	14	2	2	5	-	9
Book value of livestock sold	14	(36)	(40)	(27)	(11)	(114)
Total livestock revenue		35	62	(3)	13	107

* This figure includes livestock losses due to unfavourable weather relating to the impact of Cyclone Gabrielle.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 2: Farm operating revenue (continued)

Milk revenue

	Group 2024 \$m	Group 2023 \$m
Milk revenue	118	119
Dividends	2	1
Total milk revenue	120	120

Note 3: Other business activities

	Note	Group 2024 \$m	Group 2023 \$m
Grazing and feed income		3	4
Carbon credits allocation	15	22	12
Carbon credits gain on sale		16	2
Pāmu Foods revenue		5	10
Other business activities		8	4
Total other business activities		54	32

Note 4: Fair value gain/(loss) on milk futures

The New Zealand Exchange ("NZX") via the Singapore Stock Exchange ("SGX") offers milk futures contracts. The Group uses milk futures to manage commodity price risk by securing a fixed price for a determined proportion of the expected milk solids production for the season. The table below shows the fair value movements of contracts at balance date by season.

	Group 2024 \$m	Group 2023 \$m
2021/22 Season	-	1
2022/23 Season	-	15
2023/24 Season	(1)	4
2024/25 Season	-	-
Total fair value gain/(loss) on milk futures	(1)	20

Note 5: Farm working and maintenance

	Group 2024 \$m	Group 2023 \$m
Cropping and feed costs	41	41
Pasture maintenance	28	32
Animal breeding and health	25	25
Repairs and maintenance	16	18
Other farm working expenses	8	9
Total farm working and maintenance	118	125

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 6: Personnel and other

	Group 2024 \$m	Group 2023 \$m
Staff remuneration	72	64
Superannuation and other personnel costs	6	6
Property-related expenses	8	9
Professional services	6	6
Pāmu Foods cost of goods sold	4	9
Other operating expenses	12	13
Total personnel and other	108	107

Included in professional services are fees paid to KPMG which include the statutory audit fees of \$0.4m (2023: \$0.3m) and other assurance services on the sustainability linked loan of \$0.05m (2023: \$0.01m).

Note 7: Depreciation

	Note	Group 2024 \$m	Group 2023 \$m
Property, plant and equipment	18	(17)	(16)
Software		(2)	-
Leased assets	19	(11)	(11)
Total depreciation		(30)	(27)

Note 8: Net finance expenses

	Group 2024 \$m	Group 2023 \$m
Interest expense on borrowings	(15)	(12)
Interest benefit/(expense) on interest rate derivatives	1	1
Interest expense on lease liability	(12)	(12)
Total finance expenses	(26)	(23)

Note 9: Fair value gain/(loss) on financial instruments

	Group 2024 \$m	Group 2023 \$m
Gain/(loss) on Interest rate derivatives	(2)	-
Gain/(loss) on foreign exchange derivatives	-	1
Total fair value gain/(loss) on financial instruments	(2)	1

Note 10: Fair value gain/(loss) on biological assets

	Note	Group 2024 \$m	Group 2023 \$m
Effect of price changes on livestock	14	(9)	(22)
Effect of price changes on forestry	15	(6)	(4)
Total fair value gain/(loss) on biological assets		(15)	(26)

Note 11: Tax benefit/(expense)

	Group 2024 \$m	Group 2023 \$m
Net profit/(loss) before tax	(28)	(17)
Tax (expense)/benefit at the New Zealand tax rate 28% (2023: 28%)	8	5
Taxation adjustments:		
Non-assessable income	17	6
Non-deductible expenses	(20)	(9)
Removal of tax depreciation on buildings*	(3)	-
Other	-	6
Total tax benefit/(expense)	2	8

* On 28 March 2024, the New Zealand Government enacted the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act. As a result, from the 2024-25 income tax year onwards, Pāmu can no longer claim any tax depreciation on its commercial buildings. Pāmu has assessed the impact and this has resulted in an increase to tax expense and deferred tax liability of \$3 million.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 11: Tax benefit/(expense) (continued)

The total tax benefit/(expense) comprises deferred tax payable in future years. Current tax payable is nil (2023: nil).

The Group has tax losses of \$191m (2023: \$169m) with a tax effect of \$53m (2023: \$47m) available to be carried forward and offset against taxable income in future periods.

Imputation credits available for use in subsequent reporting periods are \$8m (2023: \$5m).

Deferred tax liability

Deferred tax assets and liabilities are presented as a net asset/(liability) in the Statement of Financial Position. The movement in deferred tax assets and liabilities is provided below:

	Tax losses utilised \$m	Biological assets \$m	Property, plant and equipment \$m	Other \$m	Group 2024 \$m
Balance at 1 July 2023	47	(33)	(15)	(3)	(4)
Amount recognised in Profit or Loss	6	(2)	(3)	1	2
Amount recognised in Other Comprehensive Income	-	-	1	2	3
Balance at 30 June 2024	53	(35)	(17)	-	1

	Tax losses utilised \$m	Biological assets \$m	Property, plant and equipment \$m	Other \$m	Group 2023 \$m
Balance at 1 July 2022	49	(39)	(17)	(15)	(22)
Amount recognised in Profit or Loss	(2)	6	1	3	8
Amount recognised in Other Comprehensive Income	-	-	1	9	10
Balance at 30 June 2023	47	(33)	(15)	(3)	(4)

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 12: Accounts receivable

Trade and other receivables are recognised at cost, less any provision for lifetime expected credit losses.

	Group 2024 \$m	Group 2023 \$m
Trade debtors	6	6
Milk income receivable	21	19
Other receivables and prepayments	10	9
Total accounts receivable	37	34

All accounts receivable are expected to be settled within 12 months.

Note 13: Property held for sale

Properties are identified for sale when a sales plan has been implemented and an unconditional sales contract is expected to be signed within a year, or a property is subject to a Treaty settlement sale. Properties held for sale comprise farm land and associated buildings. Properties subject to Treaty settlements may be classified as held for sale for periods greater than one year while settlement terms are negotiated. These properties are still likely to be purchased by claimants, and it is probable that their value will be recovered by way of sale rather than ongoing operations. Property held for sale is measured at the lower of the carrying value of the property when it was classified as property held for sale, and fair value less sales costs. The Group currently holds one property for sale (2023: two properties) with a carrying value of \$3m (2023: \$3m).

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 14: Livestock

Livestock are recorded at fair value less estimated point-of-sale costs. Changes in the value and volume of livestock arising from purchases, sales, births, deaths and ageing are recognised within revenue in the Statement of Profit or Loss and Other Comprehensive Income. Changes in value due to general livestock price movements are recognised in the Statement of Profit or Loss and Other Comprehensive Income within Fair value movement in biological assets. Livestock valuations at 30 June 2024 were provided by independent valuers. These market values reflect livestock of similar weight and age throughout New Zealand.

	Note	Sheep \$m	Beef \$m	Dairy \$m	Deer \$m	Group 2024 \$m
Balance at 1 July 2023		63	102	79	24	268
Birth and growth of animals	2	33	55	14	6	108
Livestock losses	2	(6)	(3)	(3)	(1)	(13)
Book value of livestock purchased and sold	2	(27)	(44)	(12)	(7)	(90)
Fair value gain/(loss)	10	(14)	2	3	–	(9)
Balance at 30 June 2024		49	112	81	22	264

	Note	Sheep \$m	Beef \$m	Dairy \$m	Deer \$m	Group 2023 \$m
Balance at 1 July 2022		83	87	103	25	298
Birth and growth of animals	2	39	56	11	7	113
Livestock losses	2	(9)	(2)	(4)	(1)	(16)
Book value of livestock purchased and sold	2	(34)	(38)	(22)	(11)	(105)
Fair value gain/(loss)	10	(16)	(1)	(9)	4	(22)
Balance at 30 June 2023		63	102	79	24	268

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 14: Livestock (continued)

	Group 2024 \$m	Group 2023 \$m
Current*	75	75
Non-current	189	193
Total value of livestock	264	268

* Intended to be sold within one year.

Livestock numbers comprise:

	Group 2024	Group 2023
Sheep	371,273	368,623
Beef	101,615	93,216
Dairy	51,783	52,352
Deer	43,033	50,229

Stock numbers on hand can vary due to several factors, including weather conditions, land-use changes, weight profiles, market conditions, and operational policy. Pāmu continues to pursue the highest and best land use across its portfolio.

Note 15: Forestry, carbon and orchard assets

	Group 2024 \$m	Group 2023 \$m
Carbon credits	45	46
Forests	62	55
Orchards	4	3
Total forestry, carbon and orchard assets	111	104

Forests

Forest establishment and direct management expenses are recorded as planting costs. Forestry stands below 10 years of age are valued at cost. After 10 years, forestry stands are recorded at fair value. Changes to value due to forestry growth are recognised within revenue in the Statement of Profit or Loss and Other Comprehensive Income. Changes due to movements in forestry prices are recognised within Fair value movement in biological assets in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 15: Forestry, carbon and orchard assets (continued)

Forestry valuations at 30 June 2024 were provided by an independent valuer. These market values reflect the specific characteristics of the forests and recent sales in both the domestic and export log markets. The valuation is for productive tree crops only and excludes the value of land and improvements and any value arising from participation in the Emissions Trading Scheme.

	Note	Group 2024 \$m	Group 2023 \$m
Forests value at start of year		55	50
Planting		12	7
Growth		1	4
Book value of forests harvested/sold		-	(2)
Fair value gain/(loss)	10	(6)	(4)
Forests value at end of year		62	55
Current*		1	2
Non-current		61	53
Forests value at end of year		62	55

* Intended to be harvested within one year.

The ages of Pāmu's forests are shown below:

	Group 2024 Hectares	Group 2023 Hectares
Between 0 – 10 years	10,485	7,160
Between 11 – 25 years	4,793	4,898
Greater than 25 years	438	326
Total hectares planted	15,716	12,384

Carbon credits

As a forester, Pāmu is allocated carbon emission credits ("NZUs") and will incur liabilities through the ETS. Pāmu holds credits for forestry plantations. Should these plantations be harvested and/or deforested, a liability would be incurred up to a maximum of the credits received.

At 30 June 2024, Pāmu held 903,103 post-1989 NZUs (2023: 1,139,444). NZUs are revalued at each reporting date and any fair value movement is reflected within Other Comprehensive Income. Had the Group's carbon credits been measured on a historical cost basis, their carrying amount would have been \$39m (2023: \$37m).

	Note	Group 2024 \$m	Group 2023 \$m
Carbon credits value at start of year		46	85
Disposals		(26)	(18)
Additions	3	22	12
Fair value gain/(loss)		3	(33)
Carbon credits value at end of year		45	46

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 16: Equity accounted investments

Equity accounted investments are initially recognised at cost, and the carrying value is increased or decreased to recognise Pāmu's share of surplus or deficit of the investee after the date of acquisition. Cash contributions made to the investee increase the carrying amount of the investment. Distributions received from the investee reduce the carrying amount of the investment. If Pāmu's share of losses exceeds its investment, a liability is recognised to the extent that Pāmu has incurred a constructive or legal obligation. The carrying value of investments are reviewed annually for indicators of impairment, and carrying values are adjusted accordingly if required. A list of equity accounted investees is shown in note 28.

	FarmIQ Systems Limited \$m	Melody Dairies Limited Partnership \$m	Spring Sheep Dairy Limited Partnership \$m	Wharewaka East Limited \$m	Group 2024 \$m
Balance at 1 July 2023	5	11	6	5	27
Cash contributions	3	2	3	-	8
Distribution	-	-	-	(6)	(6)
Profit/(loss) from equity accounted investments	(1)	-	(8)	4	(5)
Consolidated during the period	(7)	-	-	-	(7)
Total equity accounted investments	-	13	1	3	17
Shareholder loans to equity accounted investments	-	1	8	-	9

	FarmIQ Systems Limited \$m	Melody Dairies Limited Partnership \$m	Spring Sheep Dairy Limited Partnership \$m	Wharewaka East Limited \$m	Group 2023 \$m
Balance at 1 July 2022	5	10	9	6	30
Cash contributions	4	1	5	-	10
Distribution	-	-	-	(14)	(14)
Profit/(loss) from equity accounted investments	(3)	-	(8)	13	2
Impairment of goodwill	(1)	-	-	-	(1)
Total equity accounted investments	5	11	6	5	27
Shareholder loans to equity accounted investments	-	-	-	-	-

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 17: Share investments

	Group 2024 \$m	Group 2023 \$m
Share investments at fair value through Profit or Loss:		
Other	2	2
Share investments at fair value through Other Comprehensive Income:		
Fonterra Co-operative Group Limited	14	16
Waimakariri Irrigation Limited	10	10
Other	2	2
Total share investments	28	30

The Group is required to hold certain shares and investments in co-operative companies to facilitate farming operations. Shares are held as a consequence of business operations and are not held for trading.

Share investments are initially recognised at cost and subsequently revalued to fair market value. Pāmu has elected to account for fair value changes through Other Comprehensive Income except in cases where the shares can be redeemed at par value from the issuer. In such cases, any value change will be accounted for through the Statement of Profit or Loss.

Any dividends from share investments are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Note 18: Property, plant and equipment

Property, plant and equipment consists of land and improvements, protected land and plant and equipment.

Land is measured at fair value and buildings are measured at fair value less accumulated depreciation and any impairment after the date of valuation. The fair value of land and buildings within each of the four property portfolios is reviewed by an independent valuer at a minimum every three years, and more frequently where there are indications of a material change in values. During a revaluation, the valuer will estimate the value of each property within a portfolio by considering a range of operational data for the property concerned, together with information relating to sales of comparable properties. Additions to land and buildings after the most recent valuation are recorded at cost less accumulated depreciation.

A valuation of all four portfolios was performed on 30 June 2022. In years where the three-yearly valuation is not undertaken, a material change assessment of the property portfolio is performed by an independent valuer. The market update received in December 2023 highlighted there might be material changes in two of the four portfolios, being North Island Livestock and South Island Dairy. These two portfolios were subject to a desktop valuation, with fair values updated based on indexation to market price as at 30 June 2024. The Directors have determined that the carrying value of the other two portfolios is appropriately recorded at fair value at 30 June 2024.

Revaluations are undertaken using a level 2 fair value methodology. They employ a market approach and take into account general factors that influence farm land prices as well as market evidence such as recent farm sales in the relevant regions. The valuation also considers the price effects of various legal obligations placed on Pāmu's land ownership. The impact of the Conservation Act 1987 relating to the establishment of marginal strips and conservation management plans is considered where applicable. In the North Island deductions of 0%–6% have been made for the effects of the Treaty of Waitangi (State Enterprises) Act 1988 and the memorials pertaining to section 27B of the State-Owned Enterprises Act 1986, which provides for the resumption of land on recommendation of the Waitangi Tribunal. The South Island properties include a deduction of up to 5% to reflect the effect of the Right of First Refusal memorial granted to Ngāi Tahu under the Ngāi Tahu Claims Settlement Act 1998.

Improvements on leased land are held at cost.

Protected land is defined in the Agreement Concerning Landcorp Land Protected from Sale signed with the Crown in 2007 and amended in June 2013 (the Protected Land Agreement) and relates to land that the Crown wishes to protect from sale for public policy reasons. Protected land (including buildings on protected land) was valued at fair value at the time it was classified as protected land because this is the ongoing fair value of the land to Pāmu. Buildings are measured at this value less accumulated depreciation.

Plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and land improvements over their useful lives. The useful lives of property, plant and equipment are as follows:

– Buildings	30 – 60 years
– Leasehold improvements	lease term
– Plant and equipment	3 – 10 years

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 18: Property, plant and equipment (continued)

	Land and improvements				Group 2024 \$m
	Freehold land and buildings \$m	Leasehold improvements \$m	Protected land \$m	Plant and equipment \$m	
Opening balance	1,404	77	96	148	1,725
Additions	18	2	1	14	35
Disposals	-	-	-	(9)	(9)
Fair value movement of land and improvements	(141)	-	-	-	(141)
Reversal of depreciation on revaluation	(4)	-	-	-	(4)
Balance at end of year	1,277	79	97	153	1,606
Accumulated depreciation					
Opening balance	(2)	(19)	(1)	(107)	(129)
Depreciation	(3)	(2)	-	(12)	(17)
Disposals	-	-	-	9	9
Reversal of depreciation on revaluation	4	-	-	-	4
Balance at end of year	(1)	(21)	(1)	(110)	(133)
Total property, plant and equipment	1,276	58	96	43	1,473

Of the \$141m fair value movement, \$137m is recorded within Other Comprehensive Income and \$4m is included within Net Loss before tax.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 18: Property, plant and equipment (continued)

	Land and improvements			Plant and equipment \$m	Group 2023 \$m
	Freehold land and buildings \$m	Leasehold improvements \$m	Protected land \$m		
Opening balance	1,403	76	98	139	1,716
Additions	19	1	1	15	36
Disposals	(18)	-	(3)	(6)	(27)
Balance at end of year	1,404	77	96	148	1,725
Accumulated depreciation					
Opening balance	-	(17)	(1)	(102)	(120)
Depreciation	(3)	(2)	-	(11)	(16)
Disposal	1	-	-	6	7
Balance at end of year	(2)	(19)	(1)	(107)	(129)
Total property, plant and equipment	1,402	58	95	41	1,596

Had the Group's freehold land and buildings (other than land and buildings classified as held for sale) and protected land been measured on a historical cost basis, their carrying amount would have been freehold land \$606m (2023: \$593m) and buildings on freehold land \$73m (2023: \$70m).

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 18: Property, plant and equipment (continued)

Freehold land and buildings comprise the following property portfolios:

	North Island Dairy \$m	South Island Dairy \$m	North Island Livestock \$m	South Island Livestock \$m	Group 2024 \$m
Opening balance	83	209	698	414	1,404
Additions	1	1	11	5	18
Disposals	-	-	-	-	-
Fair value movement of land and improvements	(1)	(12)	(128)	-	(141)
Reversal of depreciation on revaluation	-	(2)	(2)	-	(4)
Balance at end of year	83	196	579	419	1,277
Accumulated depreciation					
Opening balance	-	(1)	(1)	-	(2)
Depreciation	-	(1)	(1)	(1)	(3)
Reversal of depreciation on revaluation	-	2	2	-	4
Balance at end of year	-	-	-	(1)	(1)
Total freehold land and buildings	83	196	579	418	1,276
	North Island Dairy \$m	South Island Dairy \$m	North Island Livestock \$m	South Island Livestock \$m	Group 2023 \$m
Opening balance	81	207	689	426	1,403
Additions	2	2	9	6	19
Disposals	-	-	-	(18)	(18)
Balance at end of year	83	209	698	414	1,404
Accumulated depreciation					
Opening balance	-	-	-	-	-
Depreciation	-	(1)	(1)	(1)	(3)
Disposal	-	-	-	1	1
Balance at end of year	-	(1)	(1)	-	(2)
Total freehold land and buildings	83	208	697	414	1,402

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 19: Leases

Leased assets and liabilities are initially recognised in the Statement of Financial Position at the present value of remaining unpaid lease payments discounted by Pāmu's incremental borrowing rate. Thereafter, leased assets are depreciated over the life of the lease and lease liabilities reduce as lease payments are made. After commencement of a lease, any subsequent changes to the lease payments are reflected as a lease remeasurement adjustment.

Leased assets are largely made up of farm land in Wairakei, north-east of Taupō. The lease was entered into in 2004 and expires in 2049. The lease requires Pāmu to convert what was previously forestry land into pastoral farming land. At 30 June 2024, approximately 12,580 hectares had been leased. A total of 12,611 hectares of land is expected to be leased by the conclusion of the lease term. Other leases are also held for office buildings and telecommunications equipment. The Wairakei right of use asset is tested annually for impairment and the carrying value is adjusted accordingly if required.

	Wairakei Estate \$m	Other leases \$m	Group 2024 \$m
Opening balance	253	21	274
Lease remeasurement	(1)	–	(1)
Additions	–	6	6
Balance at end of year	252	27	279
Accumulated depreciation			
Opening balance	(32)	(13)	(45)
Depreciation	(9)	(2)	(11)
Balance at end of year	(41)	(15)	(56)
Total leased assets	211	12	223
	Wairakei Estate \$m	Other leases \$m	Group 2023 \$m
Opening balance	243	21	264
Lease remeasurement	10	–	10
Balance at end of year	253	21	274
Accumulated depreciation			
Opening balance	(24)	(10)	(34)
Depreciation	(8)	(3)	(11)
Balance at end of year	(32)	(13)	(45)
Total leased assets	221	8	229

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 19: Leases (continued)

The undiscounted maturity analysis of lease liabilities is as follows:

	Less than one year	Two to five years	More than five years	Group 2024 \$m
Lease payments	18	73	347	438
Interest expense on lease liability	(12)	(45)	(122)	(179)
Total lease liabilities	6	28	225	259

	Less than one year	Two to five years	More than five years	Group 2023 \$m
Lease payments	16	69	366	451
Interest expense on lease liability	(12)	(46)	(134)	(192)
Total lease liabilities	4	23	232	259

The Group acts as a lessor of farm land provided under operating leases. Income from operating lease agreements is recognised as lease income on a straight-line basis over the term of the lease.

Lease terms are of various lengths, and some leases include rights of renewal. The undiscounted lease payments to be received are as follows:

	Group 2024 \$m	Group 2023 \$m
Less than one year	1	1
Two to five years	2	3
More than five years	5	11
Total undiscounted lease income	8	15

Note 20: Bank loans

Cash-advance facilities available to Pāmu at 30 June 2024 were \$315m (2023: \$315m). Bank loans are the drawn components of these cash-advance facilities. Facilities may be borrowed against or repaid at any time by Pāmu and are subject to a negative pledge agreement, which means that Pāmu may not grant a security interest over its assets without the consent of its lenders. Facilities are either on a daily floating interest rate, or a short-term fixed rate and therefore carrying value approximates fair value.

	Group 2024 \$m	Group 2023 \$m
Within one year	110	1
Two to five years	99	178
Total bank loans	209	179

Of the \$125m maturing within one year, \$85m has been renewed on the date of signing these accounts.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Group 2024 \$m	Group 2023 \$m
Facilities expiring within one year	15	39
Facilities expiring between two and five years	91	97
Total undrawn facilities	106	136

Financial guarantees

Pāmu has provided limited guarantees to the Ministry for Primary Industries in relation to primary growth partnerships with Spring Sheep Dairy Limited Partnership.

Note 21: Redeemable preference shares

Redeemable preference shares were issued as a capital injection under the terms of the Protected Land Agreement. They carry no voting rights and are not eligible for dividends or any share of net assets on wind-up. When requested, Pāmu will transfer properties referred to in the Protected Land Agreement to the Crown. On transfer, the redeemable preference shares are redeemed at the initial value of the property.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 22: Capital management

The Group considers its capital as comprising all components of Shareholders' Funds.

Share capital

Under the State-Owned Enterprises Act 1986, Pāmu's ordinary shares are held equally by the Minister of Finance and the Minister for State-Owned Enterprises. This prevents Pāmu from raising capital from other sources. Ordinary shares carry one vote per share and carry the right to participate in dividends. There are 125,000,000 authorised shares on issue (2023: 125,000,000). All shares are fully paid up.

Retained earnings

Retained earnings comprise Pāmu's accumulated net profits including transfers from revaluation reserves when the underlying asset has been sold, less any dividends paid. Retained earnings also includes any payment from the Crown for additional capital expenditure incurred on the properties defined in the Protected Land Agreement.

Share revaluation reserve

The Share revaluation reserve comprises the cumulative net change in the fair value of the share investment, until the investment is sold.

Asset revaluation reserve

The Asset revaluation reserve is used to record changes in the fair value of land and buildings and intangible assets. Revaluations are reflected in the Asset revaluation reserve and included in Other Comprehensive Income, with any revaluations below cost or recoveries to cost being recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 23: Valuation of financial instruments

Pāmu is a party to financial instruments as part of its normal operations. Financial assets and liabilities carried at fair value are categorised into a fair value hierarchy (refer to note 1) based on the observability of inputs used to measure fair value. The following table sets out the classification of financial asset and liability categories according to the measurement bases together with the carrying amount as reported in the Statement of Financial Position. There have been no transfers between levels during this year (2023: none) and there are no level 3 investments.

	Amortised cost \$m	Fair value hierarchy		Group 2024 \$m
		Level 1 \$m	Level 2 \$m	
Accounts receivable	37	-	-	37
Share investments at fair value through Profit or Loss	-	-	2	2
Share investments at fair value through Other Comprehensive Income	-	24	2	26
Derivative assets	-	4	-	4
Total financial assets	37	28	4	69
Accounts payable and accruals	17	-	-	17
Bank loans	209	-	-	209
Total financial liabilities	226	-	-	226

	Amortised cost \$m	Fair value hierarchy		Group 2023 \$m
		Level 1 \$m	Level 2 \$m	
Accounts receivable	34	-	-	34
Share investments at fair value through Profit or Loss	-	-	2	2
Share investments at fair value through Other Comprehensive Income	-	26	2	28
Derivative assets	-	16	-	16
Total financial assets	34	42	4	80
Accounts payable and accruals	22	-	-	22
Bank loans	179	-	-	179
Total financial liabilities	201	-	-	201

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 24: Risk management

The Board has adopted a risk appetite statement that acts as a link between the strategic objectives of Pāmu and its risk management framework. The Board, as the governing body, is ultimately accountable for risk and has delegated oversight of the risk framework (including the risk register and monitoring the risk management programme) to the Audit and Risk Committee. In addition, Pāmu has a Treasury Management Committee (“TMC”). The TMC is chaired by the Chief Financial Officer and comprises the Financial Controller and an external treasury advisor. A quorum is three members, one of which must be the Chief Financial Officer, or in their absence, the Chief Executive. The TMC meets on a bimonthly basis to co-ordinate and oversee the operation of the company’s treasury function and to monitor financial risks. Details of financial risks and risk management policies are explained below.

Risks due to agricultural activities

Agricultural risks

Pāmu’s geographic spread of farms usually allows a high degree of mitigation against adverse climatic (e.g. drought, flooding) and environmental (e.g. disease outbreaks, biosecurity) effects at a regional level. When adverse climatic events occur, the company will often seek to accommodate livestock on other Pāmu properties.

The geographic spread of Pāmu’s forestry assets provides a high degree of risk mitigation against risks associated with forestry such as fire and disease.

Pāmu has environmental policies and procedures aimed at supporting the business while ensuring compliance with environmental and other laws. Environmental policies are designed to be compliant with laws in target export markets in addition to New Zealand.

Climate change

Pāmu both has an impact on climate change and will be impacted by it. We are actively working to reduce our impact and strengthen our climate resilience. The speed, nature and extent of climate change impact on Pāmu’s long-term performance is identified as a strategic risk and has been integrated into the overall risk management system. Our operations are highly exposed to physical climate risks due to the impact of climatic systems on agricultural production. While our transitional risks are not as high, they are still material. Opportunities to adapt to and mitigate these risks are reflected in our strategic goals with scenario modelling, diversification and geographic spread being essential considerations.

Pāmu’s forestry assets generate carbon credits that can be used to offset the company’s emissions should agricultural biological emissions become included in the Emissions Trading Scheme. Pāmu’s investment in Focus Genetics is enabling the company to pursue low-emissions genetic traits to reduce its emissions profile over the long term.

Pāmu reports its gross and net greenhouse gas emissions (against ISO14064-1 and the GHG Protocol) as well as reporting on Climate risk. See the Pāmu website for our Climate Related Disclosure.

Financing risk

The nature of pastoral farming means that most of Pāmu’s revenue is received in the second half of the financial year, whereas expenses are incurred throughout the year. Pāmu manages this financing risk through budgeting and actively managing working capital requirements as well as maintaining credit facilities at levels sufficient to meet financial commitments as they fall due.

Market risk

Commodity price and volume risk

Pāmu has multiple revenue streams from livestock (sheep, beef and venison) as well as generating milk revenue. This diversification assists in lowering the commodity risk related to the price of any single commodity. Pāmu is exposed to risks arising from fluctuations in the price and sales volume of milk and livestock.

To mitigate commodity price risk for livestock, Pāmu’s policy is to fix sales revenue in the current year by entering into fixed price contracts and/or guaranteed minimum price/schedule plus contracts directly with processors.

Commodity price risk for milk is managed through the sale of NZX milk price futures. Pāmu maintains milk price hedging between specified minimum and maximum risk control limits based on a two-year milk production volume forecast covering the current season and next season. The minimum and maximum limits are linked to prevailing milk futures prices, requiring management to hedge more at higher prices and less at lower prices.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 24: Risk management (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk of loss arising from changes in interest rates. Pāmu is exposed to interest rate risk on borrowings used to fund investment and ongoing operations. Pāmu has an interest rate risk management policy designed to identify and manage interest rate risk in order to provide greater certainty of funding costs. Management monitors the level of interest rates on an ongoing basis and will fix the rates of interest payable using derivative financial instruments. Forward rate agreements and interest rate swaps may be used for risk management purposes and to maintain policy compliance. Liabilities that are interest rate sensitive will mature or re-price within the periods shown in the table.

	Note	Within one year \$m	Two to three years \$m	Four to five years \$m	Group 2024 \$m
Bank loans	20	209	–	–	209
Interest rate derivatives		(40)	(75)	(25)	(140)
Net interest rate exposure		169	(75)	(25)	69

	Note	Within one year \$m	Two to three years \$m	Four to five years \$m	Group 2023 \$m
Bank loans	20	179	–	–	179
Interest rate derivatives		(30)	(95)	(20)	(145)
Net interest rate exposure		149	(95)	(20)	34

Sensitivity analysis

The effect of a 1% increase/decrease in interest rates on Pāmu's net profit before tax is a decrease/increase of \$1.0m (2023: \$1.0m) on finance expenses (including any hedging instruments used in the year).

Foreign currency risk

Foreign currency risk is the risk of adverse impacts on cash flow caused by fluctuations in foreign exchange rates. Pāmu is exposed to both direct and indirect foreign currency risk. Direct risk arises where Pāmu has receipts or makes payments denominated in foreign currency. Indirect risk exposure arises where the value of NZ\$ denominated earnings fluctuates due to currency movements, for example, when livestock processors sell meat into overseas markets.

To mitigate direct foreign currency risk, sales revenue and expenditure denominated in foreign currency derived from a contract where the value exceeds \$50k is fully hedged when the contract is signed using foreign currency derivatives such as forward foreign exchange contracts and foreign currency swaps. Direct foreign currency hedging in place at 30 June 2024 was \$0.09m (2023: \$0.5m). Indirect foreign currency risk is not hedged.

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 24: Risk management (continued)

Credit risk

Credit risk is the risk of loss due to customer default. Pāmu has a credit policy to manage credit risk exposure, which requires credit evaluations to be performed on all customers requiring credit over \$500k. New credit limits greater than \$3m require approval by the Board. Pāmu's maximum exposure to credit risk is represented by the carrying value of accounts receivable. There are no significant concentrations of credit risk except for milk customers. At 30 June 2024 Pāmu did not expect the non-performance of any obligations (2023: nil). All material trade and other receivables are current, with no debts falling due past 30 days at 30 June 2024 (2023: nil).

Liquidity risk

Liquidity risk is the risk that Pāmu will encounter difficulty in raising funds at short notice to meet financial commitments. Pāmu actively manages its funding facilities to ensure that no more than 40% of its total debt facilities mature in one financial year, and no more than 40% of its total debt facilities are with a single bank. Pāmu regularly forecasts funding requirements. The three-year Business Plan is used to forecast the longer-term funding requirements. The policy requires that committed funding facilities are \$10m greater than current quarter peak requirements.

The table below analyses Pāmu's financial liabilities by period of contractual maturity. Total amounts do not match to the Statement of Financial Position and related notes as contractual flows are the absolute undiscounted amount of future cash flows, including forecast interest expense on interest-bearing liabilities.

	Note	Within one year \$m	Two to five years \$m	No fixed maturity \$m	Group 2024 \$m
Accounts payable and accruals		17	-	-	17
Bank loans		122	107	-	229
Interest rate derivatives		(1)	-	-	(1)
Redeemable preference shares	21	-	-	84	84
Total contractual maturity		138	107	84	329

	Note	Within one year \$m	Two to five years \$m	No fixed maturity \$m	Group 2023 \$m
Accounts payable and accruals		22	-	-	22
Bank loans		15	192	-	207
Interest rate derivatives		2	1	-	3
Redeemable preference shares	21	-	-	84	84
Total contractual maturity		39	193	84	316

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 25: Capital commitments

At 30 June 2024, Pāmu had \$1.7m of contracted capital commitments (2023: \$4.6m).

Note 26: Contingent assets and liabilities

At 30 June 2024, Pāmu had no contingent assets or liabilities (2023: nil).

Note 27: Related parties

Ultimate controlling party

The ultimate shareholder of the Group is the Crown. The Group undertakes many transactions with other Crown entities, State-Owned Enterprises and government departments.

Transactions with subsidiaries and jointly controlled entities

During the year, Pāmu entered into the following transactions with related parties. Amounts received/(paid) were as follows:

	Group 2024 \$m	Group 2023 \$m
Spring Sheep Dairy Limited Partnership – cash contributions	(3.0)	(5.0)
Spring Sheep Dairy Limited Partnership – loan	(8.0)	–
Melody Dairies Limited Partnership – cash contributions	(1.5)	(0.7)
Melody Dairies Limited Partnership – loan	(1.0)	–
FarmIQ Systems Limited – cash contributions	(3.4)	(4.1)
Wharewaka East Limited – dividend received	6.0	13.9

	2024		2023	
	Sale/ (purchase) of goods \$m	Accounts receivable/ (payable) \$m	Sale/ (purchase) of goods \$m	Accounts receivable/ (payable) \$m
Spring Sheep Dairy Limited Partnership – sale of goods	0.41	0.55	0.31	0.08
Spring Sheep Dairy Limited Partnership – purchase of goods	(0.45)	–	(0.04)	–
Melody Dairies Limited Partnership – purchase of goods	(0.28)	–	–	–
FarmIQ Systems Limited – purchase of goods	(0.26)	–	(0.21)	(0.02)

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 27: Related parties (continued)

At 30 June 2024, \$2.8m was included in accounts receivable as owing from the Crown in accordance with the Protected Land Agreement (2023: \$2.1m).

No other transactions or balances with related party entities are considered material. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties (2023: nil).

Key management personnel compensation

Key management personnel have been defined as the Directors, the Chief Executive Officer and the executive team for the Group, who have responsibility for planning, directing and controlling the activities of Pāmu.

Short-term employment benefits paid to the executive team for the Group during the year were \$3.8m (2023: \$4.1m). These amounts include at-risk incentive payments for the prior year.

Directors fees paid during the year were \$0.5m (2023: \$0.5m).

Note 28: Subsidiary companies and jointly controlled entities

Subsidiaries	Principal activity	Balance date	Percentage held	
			2024	2023
Landcorp Estates Limited	Property development	30 June	100%	100%
Landcorp Pastoral Limited	Invests in Focus Genetics and Spring Sheep Dairy	30 June	100%	100%
Landcorp Holdings Limited	Holding protected land	30 June	100%	100%
FarmIQ Systems Limited	Development and licensing of farm management software	30 June	69%	N/A
Landcorp Pastoral Limited has the following subsidiaries:				
Focus Genetics Limited Partnership	Development and sale of genetically superior sires	30 June	100%	100%

On 16 September 2014, Pāmu acquired 100% of the Focus Genetics Limited Partnership. Genetic royalties goodwill of \$2m (2023: \$2m) has been included within other assets.

Focus Genetics Limited Partnership has the following subsidiaries:				
Focus Genetics UK Limited	Livestock genetics	30 June	100%	100%
Focus Genetics S.A. Limited	Livestock genetics	30 June	100%	100%
Focus Genetics Australia Pty Limited	Livestock genetics	30 June	100%	100%
Rissington Uruguay SA	Livestock genetics	30 June	100%	100%

Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Note 28: Subsidiary companies and jointly controlled entities (continued)

Joint ventures	Principal activity	Balance date	Percentage held	
			2024	2023
Wharewaka East Limited	Property development	31 March	50%	50%
Spring Sheep Dairy Limited Partnership	Production and marketing of sheep milk products	30 June	50%	50%

Associates	Principal activity	Balance date	Percentage held	
			2024	2023
FarmIQ Systems Limited	Development and licensing of farm management software	30 June	N/A	56%
FarmIQ PGP Limited	Integrated red meat value chain PGP (completed)	30 June	18%	18%
Melody Dairies Limited Partnership	Specialist milk drying services	30 June	44%	35%

Acquisition of subsidiary

In September 2023, Pāmu increased its shareholding in FarmIQ Systems Limited (FarmIQ) to 69% and there was a change to the board composition. In light of these changes, Directors have determined that Pāmu now controls FarmIQ due to the provisions of the pre-existing shareholders' agreement.

Prior to September, Pāmu's investment in FarmIQ was equity accounted under NZ IAS 28 Investments in Associates and Joint Ventures. As a result of Pāmu's increased ownership, Pāmu is required to consolidate FarmIQ from the acquisition date. NZ IFRS 3 Business Combinations requires that the acquisition of the FarmIQ stake is recognised as an acquisition achieved in stages ("step acquisition"). Under the step acquisition method the fair value of the initial investment has been calculated as \$8.4 million. As at September 2023, the carrying value of Pāmu's investment in FarmIQ was \$4.6 million. Comparing the carrying value of Pāmu's investment immediately before obtaining control to the fair value results in no gain on acquisition.

NZ IFRS 3 Business Combinations requires that the identifiable assets and liabilities acquired as part of a business combination are measured at fair value at the date of acquisition. Any deficit between the consideration paid (including the previously held equity investment at fair value) and the value of the net identifiable assets (or liabilities) acquired is recognised as goodwill or a gain recognised through profit or loss.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	\$m
Cash and cash equivalents	0.9
Trade and other receivables	0.7
Intangibles	8.5
Property, plant and equipment and right-of-use asset	0.3
Other assets	0.1
Trade and other payables	(0.5)
Employee entitlements	(1.0)
Other liabilities	(0.3)
Lease liability	(0.3)
Total	8.4

Independent Auditor's Report

TO THE READERS OF LANDCORP FARMING LIMITED'S GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024



The Auditor-General is the auditor of Landcorp Farming Limited (the Group). The Auditor-General has appointed me, Sonia Isaac, using the staff and resources of KPMG Wellington, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 52-82, that comprise the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial reporting Standards and International Financial Reporting Standards.

Our audit was completed on 22 August 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Director's responsibilities arise from the State Owned Enterprises Act 1986.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.



We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out a limited assurance engagements over the Group's sustainability-linked lending, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Sonia Isaac
KPMG Wellington

On behalf of the Auditor-General
Wellington, New Zealand

Appendix

Introduction

Contents

01 Performance

02 Strategy

03 Leadership

04 Financial Statements



Scorecard

		FY2024	FY2023	FY2022
Environment	Total area (hectares) ¹	356,048	358,866	363,488
	Total area retired and protected in QEII covenants (hectares) ²	10,956	9,885	9,844
	Total plantation forestry area (hectares) ³	15,781	14,574	14,280
	GHG emissions on all farming operations (tonnes CO ₂ e) – gross ⁴	n/a	657,797	708,350
	GHG removals⁵			
	GHG removals – production forestry (tCO ₂) ⁶	n/a	393,394	393,394
	GHG removals – indigenous (tCO ₂) ⁷	n/a	102,607	102,607
	GHG net (% change against FY21) ⁸	n/a	-8.70	-2.35
	Farms with Toitū carbonreduce certification (% of all farms) ⁹	n/a	52	17
	Pāmu Sustainable Farm Performance Programme (% of all farms)	100	54	17
	Fit for Purpose' Farm Environment Plans (% of all farms) ¹⁰	59	n/a	n/a
	Intensive winter grazing hectares (%) ¹¹	3,462 (5.05%)	2,955 (4.12%)	2,944 (4.16%)
	Synthetic nitrogen fertiliser applications, total (tonnes) ¹²	4,086	4,326	5,080
	Manufactured phosphorus applications, total (tonnes) ¹³	2,029	1,912	2,505

1 Total hectares of the entire Pāmu estate owned and managed: inclusive of grazed paddocks, non-grazed infrastructure supporting the farming operation, horticulture, forestry, retired, riparian and protected areas.

2 Pāmu land protected by covenants with the QEII Trust Board as at 30 June each year under biodiversity protection programmes initiated in 1991.

3 Total area of Pāmu-owned plantation forestry as at 31 December (during the financial year).

4 Data captured from all farming & corporate operations. All results FY21 onwards are verified against ISO 14064-1. Process and verification timeframes mean FY24 values are not available at time of print.

5 There have been no material changes in sequestration volumes between FY23 and FY24.

6 Commercial (primarily exotic) forestry planted and managed for a harvest/ timber outcome.

7 Includes planted mānuka and other regenerating native forest.

8 Total change in net emissions against FY21 base year. FY23 results were impacted by stock losses due to Cyclone Gabrielle.

9 In FY24 Pāmu gained Toitū carbonreduce certification for the whole organisation – as opposed to individual farm certifications. See more on [page 35](#).

10 A Farm Environment Plan (FEP) identifies risks to freshwater, biodiversity and climate, and sets out actions to reduce risks and enhance benefits over time. 'Fit for purpose' means the FEP meets requirements in assurance programmes and regulatory compliance. Aim is 100% by end FY25.

11 The hectares and percentage (respectively) of intensive winter crop apportionate to the total effective hectares for farms with intensive winter grazing.

12 Synthetic nitrogen fertiliser purchased from Ballance Agri-Nutrients and Ravensdown during any given financial period. Units are in tonnes of nitrogen.

13 Manufactured phosphorus fertiliser purchased from Ballance Agri-Nutrients and Ravensdown during any given financial period. Units are in tonnes of phosphate.

Scorecard (continued)

	FY2024	FY2023	FY2022
Lost-time injury frequency rate (LTIFR) ¹⁴	9.1	7.7	8.6
Lost-time injury severity rate (average days lost per lost-time injury) ¹⁵	13.2	18.4	18.7
On farm safety observations (number) ¹⁶	7,683	7,537	7,576
Positive incident report frequency rate ¹⁷	1,295.6	1,360.2	1,258.4
Employee turnover (%) ¹⁸	17	23.4	28.9
Mental health trained - Farm managers (%) ¹⁹	100	100	100
Mental health trained - Farm staff (%) ¹⁹	44	30	19
Employee diversity – gender and ethnicity (% of total)²⁰			
Male	73.9	73.9	75.4
Female	26.1	26.1	24.6
New Zealand European	58.9	60.1	61.9
Māori	20.6	18.8	19.1
Not known	5	5.8	4.9
European	3.4	3.5	4.2
Asian	9.1	6.9	5.4
Pacific peoples	1.3	1.4	2.1
Middle Eastern/Latin American/African	1.3	2.6	2
Other ethnicity	0.3	1	0.5
Employee diversity – gender pay gap (New Zealand benchmark %) ²¹	8.2%	8.6	9.2
Employee diversity – gender pay gap (Pāmu benchmark %) ²²	-2.7	2.6	-1.4

- 14 LTIFR is the number of employee working hours lost due to injury per 200,000 hours worked by all employees in the year.
- 15 The average time lost per singular event, allowing us to determine how serious the injuries are.
- 16 Safety observations are reports of safe or unsafe acts or conditions identified by employees in their workplaces. Reporting of observations helps to avoid near misses or harm and shows a positive safety culture.
- 17 Positive incident report frequency rate is the number of first aid, near miss and safety observation reports for every 200,000 hours worked. These reports are seen as an indicator of a positive safety culture because they report incidents before individuals are seriously harmed.

- 18 Number of employees who left during the year as a percentage of the average total of Pāmu employees.
- 19 Based on analysis of Pāmu's database of employees as at 30 June each year.
- 20 Based on analysis of Pāmu's database of employees as at 30 June each year.
- 21 Pāmu uses Stats NZ as our trusted data source for New Zealand's gender pay gap.

- 22 Pāmu has updated its calculation of gender pay gap to match with Stats NZ by using median hourly rate. Given Pāmu standard contracted hours range from 40–47.5 hours per week, assessing by hourly rate measures a fixed period of work and enables a more direct comparison unaffected by the volume of hours a person works or periods without pay. This replaces previously published figures using different calculation methods for FY22 at 2.91%.

Scorecard (continued)

	FY2024	FY2023	FY2022	
People	Employee diversity – ethnicity pay gap (Pāmu benchmark %) ²³	12.2	9.7	14.9
	Internal promotion into promotable roles (%) ²⁴	52	n/a	n/a
	Staff engagement score ²⁵	7.3/10	7.5/10	7.3/10
	eNPS ²⁶	14	20	12
Finance	Return on capital invested (%) ²⁷	2.7	3.0	2.7
	Operating margin (%) ²⁸	19.4	19.5	18.3
	Solvency ratio (times, 30 June) ²⁹	5.3	4.3	5.2
	Balance sheet gearing (% , 30 June) ³⁰	11.2	9.1	9.3
	R&D expenditure (\$m) ³¹	1.2	1.0	0.6
	Group net operating profit (\$m)	20	33	22
	Group EBITDAR (\$m) ³²	48	59	63
Net debt and lease liability to EBITDAR	9.7x	7.4x	7.0x	
Farms & Animals	Total dairy production (m kgMS) ³³	14.2	13.7	13.6
	Total livestock production (m kg) ³⁴	18.2	17.2	19.1
	Net production per effective hectare (kg) ³⁵	179	161	156
	Milk solids per cow (kg)	365	361	350
	Milk solids per hectare (kg)	823	820	776
	Milk solids as a percentage of cow's live weight (%) ³⁶	79	78	73

23 This is the second year Pāmu is reporting on the ethnicity pay gap between Māori and New Zealand European. We have calculated prior financial year figures using the Stats NZ method of median hourly rate.

24 Pāmu has assessed roles as suitable promotion opportunities for existing employees for inclusion if they become vacant during the financial year. NB: not all roles are promotable. E.g. the role is entry level.

25 Staff engagement score is the average score given by all the participants in response to questions on how they feel about their job experience and Pāmu.

26 Employer Net Promoter Score (eNPS) is a scoring system designed to help employers measure employee satisfaction and loyalty within their organisations. It is an industry-agnostic benchmark. It is based on the Net Promoter Score system from Bain & Company, Satmetrix Systems, Inc.

27 Profitable use of financial capital: EBIT less non-operating items/ average shareholders' equity, debt and redeemable preference shares less revaluation reserves.

28 Profit per dollar of revenue: EBITDAR less non-operating items/ operating revenue.

29 Financial flexibility: current assets/current liabilities (excluding current portion of long-term debt on the basis that all debt will be refinanced as it matures).

30 Balance sheet leverage: net debt/net debt plus equity.

31 R&D expenditure refers to the total project costs submitted to Inland Revenue under the Research and Development Tax Incentive tax credit during that financial year.

32 EBITDAR is earnings before interest, tax, depreciation, amortisation and revaluations except for the fair value movement of milk futures (which are included).

33 Total kilograms of milk solids produced on dairy farms.

34 Total kilograms of carcass weight plus carcass weight equivalent and total wool and velvet produced on livestock farms.

35 This is a measure of production per hectare including wool and velvet.

36 Metric based on 460 kilograms of liveweight.

Scorecard (continued)

	FY2024	FY2023	FY2022	
Farms & Animals	Dairy herd somatic cell count average (cell count per ml of milk) ³⁷	153,792	178,596	198,494
	Dairy six-week in-calf rate (%)	68	65	63
	Prime lamb carcass weight in season (kg)	18.6	18	17.9
	Prime steer carcass weight (kg)	316	309	302
	Dairy beef calves reared from Pāmu dairy cows for the Livestock business (%) ³⁸	56	49	48
	Lambing percentage (%) ³⁹	132	131	130
	Cost of production (\$) ⁴⁰			
	Conventional dairy	7.00	7.11	6.68
	Organic dairy	6.98	6.77	6.80
	Livestock	4.95	5.69	4.73
	Animal deaths and losses (%) ⁴¹			
	Sheep	6.9	7.5	7.5
	Beef cattle	1.8	2.1	2.7
	Deer	3.7	5.3	2.5
	Dairy cattle	4.1	4.4	3.9
Expertise	Revenue generated per head of livestock (\$) ⁴²			
	Sheep	104	126	151
	Beef	1,540	1,558	1,384
	Beef (including dairy beef)	1,095	1,055	1,018
	Deer	509	491	393

37 Average somatic cell count across all Pāmu-managed herds for the production season. Lower cell count indicates lower concentration of cells in milk, with a correspondingly lower level of preclinical mastitis in cows.

38 These calves are reared on Pāmu dairy units, dedicated in-house rearing units and through third-party rearers. This includes autumn born calves since 2021.

39 Based on mixed-age ewes and two-tooth ewes mated.

40 Cost of production (COP) measures total farm costs adjusted for industry standard genetic lease costs (excluding depreciation, WPL lease, amortisation and interest) against kgMS produced for dairy and organic dairy farms and kg of product for livestock farms.

41 Capital breeding stock (mixed age and two-year olds). Animal deaths reflect many factors on farm and are a proxy for animal health, welfare and nutrition. Expressed as a percentage of opening stock numbers plus purchases. Includes animals missing at stock count.

42 Revenue for each livestock category divided by the number of production animals.

Scorecard (continued)

	FY2024	FY2023	FY2022
Dairy production supplied under value-add contracts (%) ⁴³	79.3	86	70
Sheep maternal (index NZMW+X) (\$) ⁴⁴	33.35	33.71	28.76
Beef maternal (index AngusPro) (\$)	152.67	151	141
Deer maternal (index R-EK) (\$)	20.11	18.71	17.26
Sheep terminal (index NZTW) (\$)	18.58	17.47	17.35
Beef terminal (index NZTERM) (\$)	-	-	-
Deer terminal (index TERM) (\$)	24.94	23.91	21.51
FarmIQ - New Zealand farms using management tools ⁴⁵	4,897	4,909	5,022

43 Milk production attracting premiums as a percentage of the total milk production for the year.

44 Sheep: NZMW+X: New Zealand maternal worth plus facial eczema tolerance NZTW: New Zealand terminal worth. Deer: R-EK: replacement – early kill, TERM : terminal. Cattle: AngusPRO index is a NZ maternal beef index. NZTERM index is the Simmental index. The Waikite Simmental herd, along with Simmental New Zealand have moved its pedigree and datasets across to the International Genetic Solutions (IGS) to enhance the accuracy of its evaluation. While this transition takes place there are no reported updates to herd-related historical trends or index values being published. An index is a industry standard measure (breeding index) of genetic worth expressed as expected return per dam joined (maternal index) or per progeny born (terminal index) compared to an industry average specified base year.

45 FarmIQ Systems' number of client farms using FarmIQ digital applications and cloud service as at 30 June. Pāmu is a 69% shareholder in FarmIQ.

What's material

Material issues are defined by Pāmu after we engaged with a cross-section of stakeholders and after internal deliberation, and are in alignment with our Sustainability Action Plan.

Stakeholder engagement relevant to our sustainability mandate included:

- Analysing stakeholder perception research into emerging trends and stakeholder expectations concerning the primary sector, including the KPMG Agribusiness Agenda.
- Discussing with Treasury (the central Government agency that monitors our performance on behalf of the Minister of Finance) our approach to business planning and reporting;
- Identifying issues of significant media and stakeholder importance during the year;
- Reviewing feedback from our independent Sustainability Panel;
- Assessing qualitative stakeholder feedback into current issues and expectations of Pāmu Farms of New Zealand.

We held internal discussions across teams, through regional workshops, and at Roadshows, to explore issues with input and review from senior leaders and the Board.

Our top 10 material issues

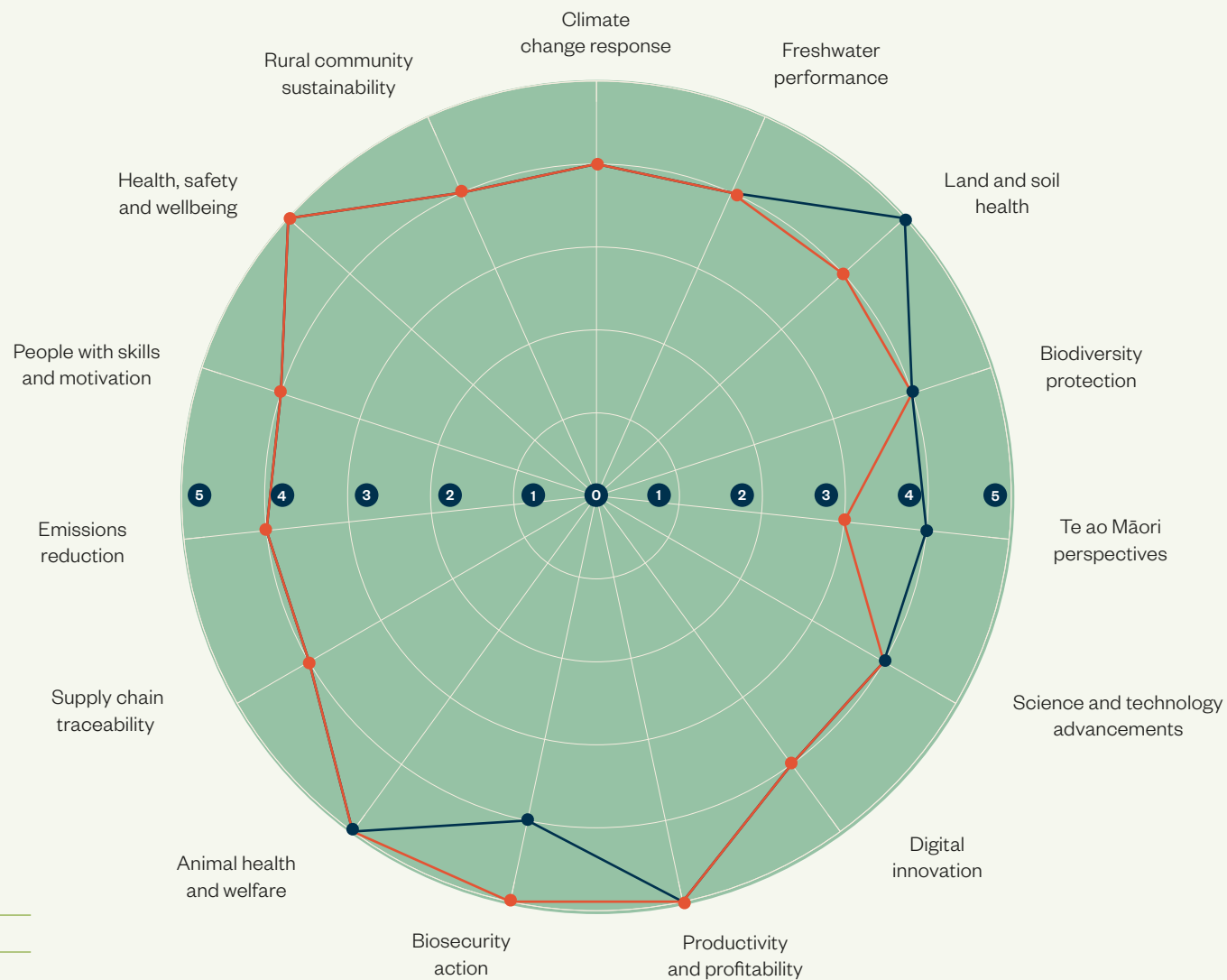
The top issues, in order of importance to internal and external stakeholders, are:

1. **Health, safety and wellbeing** – Healthy and safe work conditions are recognised as a human right. Occupational health and safety involves the prevention of physical and mental harm to workers and the promotion of workers' health.
2. **Productivity and profitability** – Covers the need for change in farm systems and practices to raise productivity and ensure the levels of business profitability essential to all farming and growing operations.
3. **Animal health and welfare** – Refers to an animal's physical and mental state in relation to the conditions in which it lives and dies. This topic covers impacts on animal health and the five freedoms of animal welfare.
4. **Freshwater** – Access to freshwater is essential for life and well-being and is recognised as a human right. The amount of water withdrawn and consumed by an organisation, and the quality of its discharges, can affect on ecosystems and people.
5. **People skills and motivation** – Encouraging more people with the necessary skills, knowledge and motivation to join and to remain engaged in farming and related industries.
6. **Land and Soil Health** – Soil health is the capacity of soil to function as a living ecosystem and to sustain plant and animal productivity, promote plant and animal health, and maintain or enhance water and air quality. This topic covers impacts on soil health, including soil erosion, soil loss, and reduction in soil fertility.
7. **Biosecurity Actions** – Include imperatives for high vigilance and best practices on farm and in supply chains to exclude disease and pests in every area of production.
8. **Science advancements and innovation** – Covers the need for incremental and transformational change to achieve our purpose. A focus across science, technology and data to reduce greenhouse gases will provide farming resilience and earnings diversification while protecting biodiversity.
9. **Digital Innovation** – Technology has long been used in agriculture to improve efficiency. AI could transform agriculture by: increasing efficiency, labour, and resources; improving environmental sustainability; making resource allocation "smarter"; and providing real-time monitoring to promote greater health and quality of produce.
10. **Climate adaptation and resilience** – Organisations contribute to climate change and are simultaneously affected by it. Climate adaptation and resilience refer to how an organisation adjusts to current and anticipated climate change-related risks, as well as how it contributes to the ability of societies and economies to withstand the impacts of climate change.

What's material (continued)

Participating external stakeholders:

- ANZ
- ASB Bank Limited
- Environment Southland
- Farm Source, Fonterra
- FarmIQ Systems Ltd
- Farmlands
- Futureful
- Mike Petersen
- Miraka
- New Zealand Initiative
- PGG Wrightson
- QEII National Trust
- Ravensdown
- Safer Farms
- Scion Research
- Silver Fern Farms
- Synlait Milk Ltd
- The Aotearoa Circle
- The New Zealand Merino Company
- Westland Milk Products



KEY

- External
- Internal

Directory

Corporate and registered office

Level 2
15 Allen Street
PO Box 5349 Wellington 6140

Auditor

Sonia Isaac, KPMG
(under appointment of the
Auditor-General)

Bankers

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ANZ Bank New Zealand Limited
ASB Bank Limited

Website

www.landcorp.co.nz
www.pamu.co.nz

Directors

John Rae
Chair

Nigel Atherfold
Deputy Chair

Jo Davidson

Tanira Kingi

Paula Savage

Nick Pyke

Claire Nicholson

Desiree Mahy

Sarah Paterson

Leadership Team

Mark Leslie
Chief Executive

Will Burrett
Chief Operating Officer

Annabel Davies
Chief Sustainability
& Risk Officer

Tammy Lemire
Chief Technology
& Digital Officer

Bernadette Kelly
Chief People, Safety
& Reputation Officer

Steven McJorow
Chief Financial Officer

Alistair McMechan
Chief Legal Officer

Andrew Sliper
Chief Investment Officer

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PĀMUTM

FARMS OF
NEW ZEALAND