NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

ANNUAL REPORT 2023-2024

Covering the period 1 July 2023 to 30 June 2024

NZGIF / NEW ZEALAND GREEN INVESTMENT FINANCE

New Zealand Green investment Finance Limited (NZGIF) is a Schedule 4A company under the Public Finance Act 1989. NZGIF is not a registered bank.

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CHAIR'S REVIEW

Tēnā koutou katoa

I am pleased to deliver this 2023-2024 Annual Report outlining the strategic, operational, and financial performance of New Zealand Green Investment Finance (NZGIF).

NZGIF Group reports a net profit for the year to 30 June 2024 of $12.3 million (compared to $4.9 million in 2023). Interest income from debt portfolio investments was $15.7 million, a $9.9 million (170 percent) increase. A particular highlight is that our investment performance this year means that NZGIF reached parent-level profitability based on the performance of its core investments for the first time.

This year NZGIF adopted an ambitious new strategy that aims to drive cumulative decarbonisation investment of $4 billion over the next four years. Our ambition is to be a driving force behind the financing of New Zealand's transition to a low carbon economy, recognised domestically and globally as an impactful leader in innovative sustainable finance solutions that empower businesses to reduce greenhouse gas emissions and thrive in a low carbon future.

Effective leadership and partnerships between government, industry, and capital markets are crucial for New Zealand to meet its emissions reductions targets. NZGIF fulfils its role by working with industry and capital providers (domestic and international) to encourage and deliver commercial investments in low carbon technologies and accelerate decarbonisation.

In our portfolio we provide debt funding facilities and make direct equity investments on a commercial basis with our target gross portfolio return over time to exceed 2 percent above the 5-year government bond benchmark. In the year to 30 June 2024, the debt portfolio return was 10.0 percent compared to a target return of 6.7 percent. This result reflects the discipline of our investment process and the counterparties with whom we work, together with the quality of the underlying investments. Not all investments will achieve the level of returns targeted and some may incur losses. For these reasons we maintain prudent levels of provision for possible credit losses.

Over the year to 30 June 2024 NZGIF has continued to demonstrate its value, both in accelerating decarbonisation and as a commercial Crown Entity. We have built strong momentum and this year made several important commercial investments that directly support emissions reductions across the economy, including in distributed energy, energy efficiency, on-farm emissions, infrastructure and process heat. A number of deals were refinanced or exited during the year which enables us to recycle our capital into new decarbonisation investments. Details of our investments can be found in this report.

To 30 June 2024, our total committed capital increased to $474 million from $288 million in 2023, and the private capital we were able to attract to investments in emissions reduction increased to $662 million ($436 million in 2023). This is a particularly pleasing result that reflects increased organisational maturity and the trust and confidence we have earned across private capital markets. Each transaction we complete opens new possibilities for co-investment and a wider range of counterparties and investment propositions.

This was further evidenced immediately following financial year end by the recapitalisation of the NZGIF Solar Finance Programme which now makes $365 million available for medium-to long-term debt to New Zealand solar providers and has attracted $220 million of offshore private co-investment.

Each of our investments contributes to the reduction of New Zealand's greenhouse gas emissions either directly or indirectly through enabling reductions. The estimated lifetime emissions reduction of our combined investments at 30 June 2024 was 1.3 million to 1.6 million tonnes of CO_2-e. This is greater than New Zealand's entire annual domestic airline emissions in 2022 and will continue to grow as we make further investments.

NZGIF continues to grow and evolve. Interim Chief Executive, Chris Day led NZGIF while the Board undertook an extensive search for a new Chief Executive, resulting in the appointment of Sarah Minhinnick to the role. Sarah brings a wealth of public and private capital markets, banking and origination experience and the Board is excited about the leadership and vision she brings to NZGIF. The Board thanks Chris for his valuable contribution to NZGIF. More recently, our Chief Investment Officer, Jason Patrick has departed. The Board thanks Jason for all his work in building and leading the investment team and for the calibre of the investment portfolio. A recruitment process in underway to find his successor.

The Board is pleased by the quality of our investments and the contribution they will make to New Zealand's decarbonisation. We are equally pleased about the investment pipeline we have in front of us.

We anticipate further growth in 2025 as we make further investments, attract private capital to complement Crown funding, and recycle capital in the portfolio. We have momentum, and we continue to earn the trust and confidence of the investment ecosystem and market participants as we aim to make the best possible use of the capital we are entrusted with.

With the change in government last November, NZGIF now has new responsible ministers. I would like to thank Hon. Grant Robertson and Hon. James Shaw, who were previously Minister of Finance and Minister of Climate Change respectively, for their support of NZGIF as it was established and built both its investment portfolio and reputation in the market. Our new responsible Ministers are the Honourable Nicola Willis, Minister of Finance, and the Honourable Simon Watts, Minister of Climate Change. We look forward to working with them, and making investments in decarbonisation that support their climate change priorities.

The Board is very appreciative of the NZGIF team for their contributions to this year's performance. It is the dedication of our people that enables NZGIF to be a successful purpose-driven business that can meet its objectives to contribute meaningfully to accelerating New Zealand's decarbonisation. We remain committed to investing further in our people and leadership capability as part of being a good employer.

Thank you to everyone in the NZGIF team, our investment partners, and the organisations we are investing in to deliver a low carbon, more sustainable economy.

Ngā mihi maioha,

Cecilia Tarrant

Chair
30 October 2024

"Our ambition is to be a driving force behind the financing of New Zealand's transition to a low carbon economy."

ABOUT US

NZGIF is a green investment bank, established to accelerate and facilitate investment in Aotearoa New Zealand's decarbonisation. Our investments align with the Government's decarbonisation priorities to drive meaningful climate investment outcomes.

NZGIF currently has investment capital of $700 million and makes debt and equity investments in projects that support decarbonisation across a variety of sectors. We partner with other investors on a commercial basis, to attract private capital co-investment and build a thriving climate finance sector.

We aspire to lead New Zealand's shift towards a low carbon future through tailored financing and scalable platforms that drive decarbonisation through whole sectors of the economy.

We aim to be climate finance thought leaders that bring unique knowledge and skill and serve as a mission critical institution in delivering the nation's decarbonisation journey. We accelerate investments in transformative projects and platforms, with a goal to drive $4 billion of capital ("driven capital" including NZGIF capital and co-investment) as a platform for future growth.

Meeting this ambition will require NZGIF to use its solid foundation to scale at pace. For New Zealand to meet its decarbonisation ambitions NZGIF must act with urgency to use its unique position and mandate to drive private investment at speed into the low carbon economy.

NZGIF is listed in Schedule 4A of the Public Finance Act 1989. The Minister of Finance and Minister for Climate Change each hold 50 percent of NZGIF's issued share capital. While our shareholders are government Ministers, NZGIF is a limited liability company, which means our Board makes independent investment decisions, informed by a team with expertise in investments and financial markets.

All our investments are commercial in nature — we are required to earn commercial rates of return on these investments.

How we invest

We use different direct investment instruments as appropriate for a particular investment opportunity.

We maintain a diverse portfolio of investments that delivers against New Zealand's climate change priorities. We typically will not allocate more than 33 percent of capital to any single technology or industry, and no more than 20 percent of our capital to any one counterparty.

We're also committed to encouraging private capital to invest in decarbonisation projects in various ways, including through:

- Co-financing, when other investors participate at the same time as NZGIF in a transaction
- Capital recycling, when NZGIF is replaced by another investor and exits an investment
- Aggregating or structuring investments into financial products in which others can invest — these structures enable the efficient scaling of capital, without investors having to participate at the individual transaction level
- Advising, structuring or facilitating deals on behalf of third parties, but not using our own capital
- Providing guarantees (or similar), where third parties' investments are supported through NZGIF backing/commitments.

"[our goal is to] drive $4 billion of capital as a platform for future growth."

OUR PURPOSE AND OBJECTIVES

Our purpose is to accelerate and facilitate investment in emissions reductions

Our objectives guide our investment decisions

Invest to reduce emissions

Estimated lifetime emissions benefits through our investments

Crowd-in private capital

Private capital is deployed into investments

Show market leadership

We demonstrate the benefits of low carbon investment to the market

Invest on a commercial basis

Generating risk-adjusted returns from our portfolio

OUR STRATEGY

Our strategy recognises that NZGIF is uniquely positioned to play a meaningful role in catalysing the investment market in low emissions technologies to accelerate New Zealand's progress toward meeting its decarbonisation objectives.

We aspire to lead New Zealand's shift towards a low carbon future through tailored financing and scalable platforms that drive decarbonisation and a low emissions future through whole sectors of the economy.

OUR YEAR

INVESTMENT PERFORMANCE SNAPSHOT

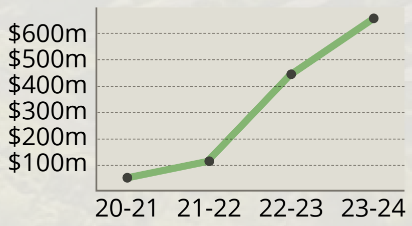
Cumulative investment snapshot at 30 June 2024

Total NZGIF capital committed and executed

$474m

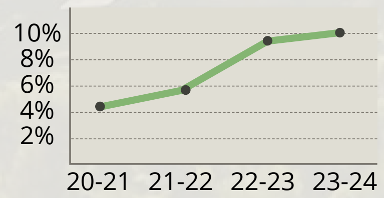
Total co-investment committed

$662m



Debt portfolio return

10.0%



Returns on equity are only measured when an investment is exited or revalued. There were no revaluations over the 2022-23 period.

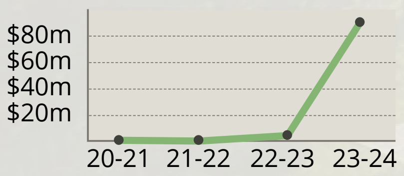
Private capital ratio

1.4:1

The ratio of private capital to NZGIF capital committed to investments

Total cumulative capital available for recycling

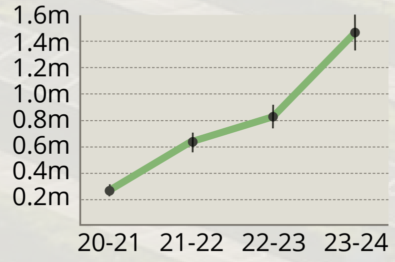
$86m



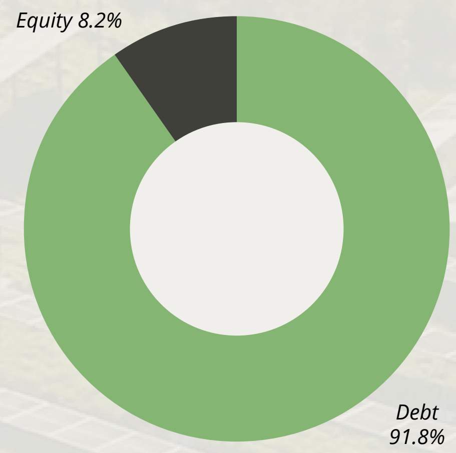
Estimated lifetimes emissions reductions of our investments

1.3m – 1.6m

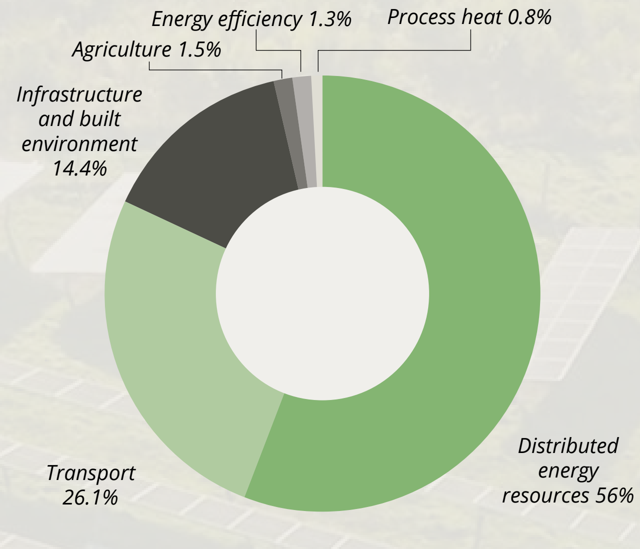
$ktCO_2$-e*



Portfolio capital committed by investment type



Portfolio capital committed by sector



* See the Emissions Benefit Report 2023-24 for more information on our emissions estimation methodology.

THE YEAR AT A GLANCE

2023

- **July 2023** — LODESTONE ENERGY: Lodestone investment announced
- **July 2023** — NZGIF: Interim Chief Executive Chris Day starts
- **Aug 2023** — NZGIF: NZGIF wins two awards at World Commerce and Contracting Awards
- **Aug 2023** — Eastland: Eastland Generation investment announced
- **Sept 2023** — LIGHTYEARS: Lightyears Solar investment announced
- **Sept 2023** — NZGIF SOLAR FINANCE: NZGIF Solar Finance programme launched
- **Oct 2023** — genesis: Genesis Energy investment announced
- **Nov 2023** — COOLSENSE Eco Refrigeration Technologies: Coolsense investment announced
- **Nov 2023** — NZGIF GREEN FINANCE ACCELERATOR: NZGIF Green Finance Accelerator programme launched
- **Nov 2023** — HOTLIMELABS: Hot Lime Labs (GFA investment) announced
- **Nov 2023** — NZGIF SOLAR FINANCE: NZGIF Solar Finance wins Best Sustainable Finance Deal at the FinanceAsia Awards
- **Nov 2023** — THUNDERGRID: Thundergrid acquired by Landis+Gyr
- **Dec 2023** — Carbn: Carbn Group expands service offering by acquiring electric mobility company Zilch
- **Mar 2024** — NZGIF: New Chief Executive Sarah Minhinnick appointed (starting 5 August 2024)
- **Mar 2024** — NZGIF SOLAR FINANCE: NZGIF Solar Finance wins IFLR Asia-Pacific Deal of the Year award
- **Mar 2024** — NEOCRETE: Neocrete investment announced
- **May 2024** — NEOCRETE, HOTLIMELABS: Neocrete and Hot Lime Labs nominated for global Earthshot Prize
- **May 2024** — NZGIF SOLAR FINANCE: NZGIF Solar Finance finalist for INFINZ Debt Deal of the Year 2024
- **May 2024** — KAYASAND Quality Sand for Sustainable Construction: Kayasand opens New Zealand's first sand engineering plant
- **June 2024** — Rural Energy: Rural Energy investment announced
- **June 2024** — NZGIF: NZGIF joins Centre for Sustainable Finance: Toitū Tahua
- **June 2024** — sunergise: Sunergise investment announced

2024

INVESTMENT PORTFOLIO SNAPSHOT

2023-2024 investment announcements

Lodestone Energy
July 2023
Distributed energy
$15m working capital facility

Eastland
August 2023
Distributed energy
$25m debt facility

Lightyears Solar
September 2023
Distributed energy
$15m debt facility

NZGIF Solar Finance
September 2023
Financial product
$170m investment

Stuart Timber
September 2023
Process heat
$2.2m debt facility

Genesis Energy
October 2023
Energy efficiency
Up to $1.2m debt facility

Coolsense
November 2023
Energy efficiency
$10m asset finance facility

NZGIF Green Finance Accelerator
November 2023
Financial product

Hot Lime Labs
November 2023
Process heat
Up to $1m asset finance facility (GFA)

ESP (follow on)
December 2023
Energy efficiency
$600,000 follow on equity

Neocrete
March 2024
Infrastructure
$1.2m equity investment

Sunergise
June 2024
Distributed energy
$10m debt facility

2023-2024 investment exits

Thundergrid
December 2023
Transport

Kinetic
March 2024
Transport

Eastland
April 2024
Distributed energy

2024-2025 investment announcements

NZGIF Solar Finance
August 2024
Financial product
$195m investment

Ruminant BioTech
August 2024
Agriculture
$2m equity investment

Far North Solar Farm
August 2024
Connection Assets
$62m connection asset facility

Far North Solar Farm
August 2024
Development Facility
$16m development facility

INVESTING TO FINANCE DECARBONISATION

Our investment strategy recognises that to achieve maximum impact we require a portfolio of investments that can target decarbonisation and energy transformation opportunities that can drive change at scale. This means that, at a high level, NZGIF seeks a mix of the following:

- Substantial / one-off deals with significant decarbonisation potential
- Aggregation
  - To accumulate financial assets to drive scale
  - The development of financial products and programmes to attract significant domestic and foreign capital
- Smaller deals with big impact potential, for example in early-stage technologies.

Our approach to origination is in line with our investment strategy and involves the following elements:

Structural market assessment

We conduct primary research on the sectors in which we operate (every emissions-intensive sector in the New Zealand economy). This work focuses on the identification of those businesses and technologies which are material to the emissions and economy of the country, the technologies and business models which will aid the decarbonisation of each sector, the maturity and commerciality of these solutions and the actors in the emitting, service, solutions and co-investment sectors.

Dynamic market assessment

As a core part of our origination and market leadership work, we engage with each of the actors above. This engagement allows us not only to build relationships with each actor toward eventual investment, but also to continuously assess the opportunity to structure decarbonisation initiatives by sector. In this way we have been able to:

- identify solar energy as a ready-to-scale opportunity
- identify early transformative technology investment as the best solution for biogenic emissions at present, and
- identify connection asset finance as an unserved financing gap toward New Zealand's electrification.

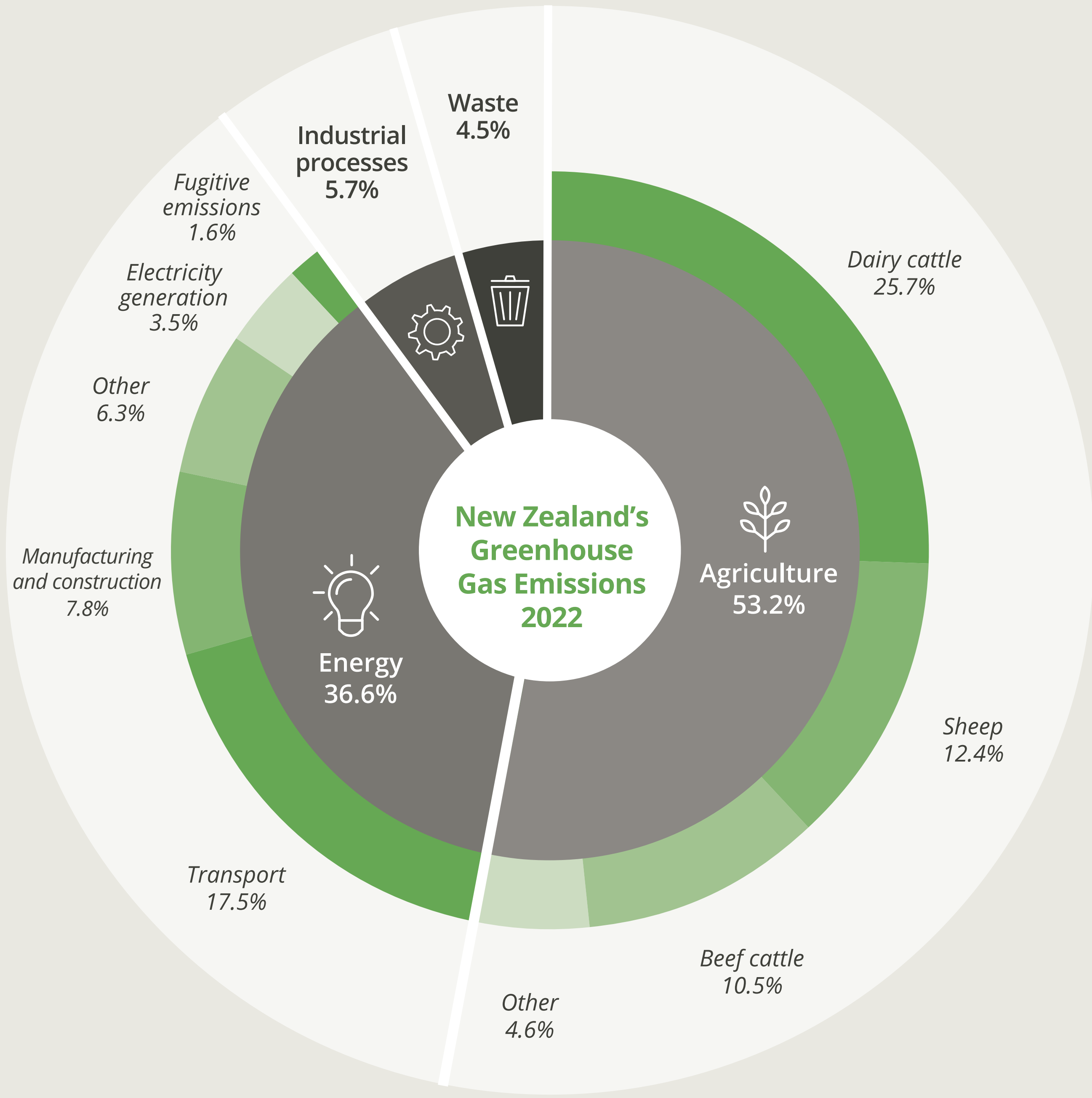
Investment opportunity assessment

Every investment opportunity is assessed against our establishment objectives. In addition, as part of every potential transaction assessment we judge how the opportunity fills a gap in the finance market for New Zealand's decarbonisation. We then progress potential investment opportunities through our full assessment, due diligence and approvals process based on return and impact metrics and alignment with our strategic objectives.

New Zealand's emissions profile has not changed materially over recent years, with almost 90 percent of emissions coming from two sectors: agriculture (the vast majority from biogenic methane emissions) and energy consumption (made up of primarily transport, manufacturing/construction, and electricity generation).

The investments we make drive decarbonisation and support the growth of renewable energy and the energy transition that enables it.

New Zealand's emissions profile



Note: Percentages in graph may not add up to 100 due to rounding.

Source: New Zealand's Greenhouse Gas Inventory 1990-2022, updated April 2024

THE DECARBONISATION BENEFIT OF OUR INVESTMENTS

Please refer to the NZGIF Emissions Benefit Report 2023-2024 at www.nzgif.co.nz for a comprehensive overview of our emissions estimation methodology and the estimated emissions reductions of our investments to date.

We define emissions benefit as the resulting positive contribution to decarbonisation from our investments.

There are many ways that NZGIF can positively contribute to decarbonisation, including demonstrating the viability of investment into lower-emissions technologies, capability development and leveraging private sector funds into lower emissions business activities.

NZGIF calculates its estimated lifetime emissions reductions using consistent application of its emissions benefit methodology. As at 30 June 2024, the total estimated lifetime emissions reductions of our capital committed was 1.3 million to 1.6 million tonnes of CO_2-e.

HELPING FARMERS CUT COSTS AND EMISSIONS

Agriculture has some of the most challenging emissions to reduce and the performance of the sector is central to the New Zealand economy. Supporting farmers to decarbonise their agricultural and on-farm emissions is a core area of focus for NZGIF's investment attention, with NZGIF taking early investment positions in highly promising emissions reduction technology.

Coolsense

CASE STUDY

Coolsense is an on-farm emissions reduction programme delivering lower carbon emissions from milk production, supported by Fonterra. It provides farmers with high-quality, low emissions milk refrigerant equipment that delivers significantly lower operating costs than older, conventional cooling equipment. Farmers fund the new assets through operating expenses in a 'Pay as you Save' (PAUS) model. No capex is required.

Coolsense struggled to secure bank finance at adequate tenor — the assets have a 10-year contract supporting repayment over this period. NZGIF and Coolsense developed a ring-fenced finance structure to fund the assets over the required with contracted cash flows. The structure minimised credit risk and capital costs with a ring-fenced funding structure, reducing operating costs for farmers and reducing emissions. Purpose Capital equity investors provided additional equity capital to scale the initiative.

Coolsense is another example of a scalable opportunity with strong potential for bundling and selling securities to investors.

Ruminant BioTech

CASE STUDY

NZGIF is an early equity investor in Ruminant BioTech. Ruminant BioTech has developed a slow-release bolus device that delivers targeted doses of methane inhibitor (a synthesised, naturally occurring organic compound) to cows over a sustained period. If successful, the technology could deliver a 70 percent methane emission reduction per treated cow over the course of six months.

NZGIF has continued to support Ruminant Biotech as more government and private investment has also flowed into it. Our shareholding supports credibility with strategic investors and offshore expansion in highly regulated milk and meat markets.

Methane emissions from ruminant animals are the most stubborn emissions from the agriculture sector. They are short-lived but high-impact gases with a high value placed on technology solutions.

DOUBLING OF RENEWABLE ELECTRICITY

Energy

MARKET SOLUTIONS

Grid connections — the challenge and opportunity

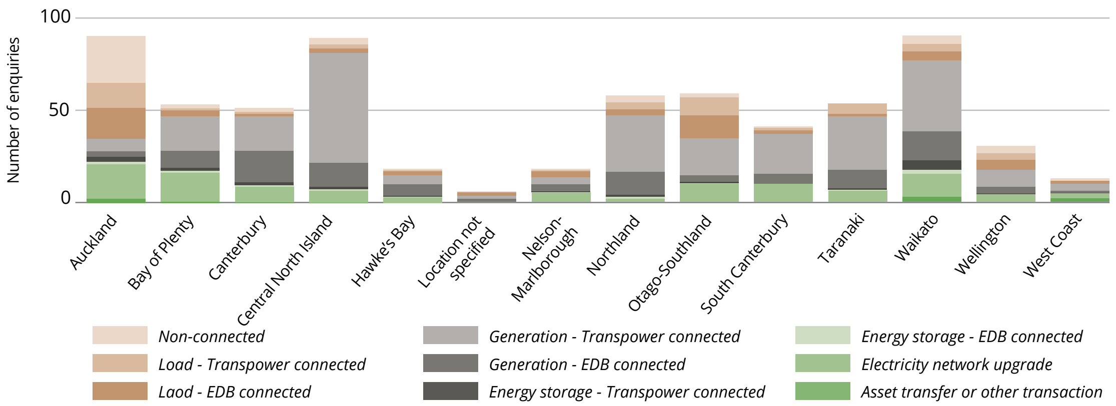
Doubling of renewable electricity generation is the key to decarbonising the economy. Transpower and electricity distribution businesses no longer provide credit to fund grid connections as new grid connection forecasts rapidly increase. This has created a major capex challenge (around $10 million to 20 million for most new sites), particularly for new independent generator developers, as connection assets do not generate income.

Funding the connections is a significant commercial opportunity that lies at the heart of doubling renewable electricity levels.

NZGIF has developed a bespoke private market solution that sits outside of existing development facilities for generators. It provides debt capital for the generation connection assets and takes the first tranche of operating income generated by the power station to repay it. This solution can rapidly increase the speed of new renewable generation coming to market and is quickly and easily scalable.

This funding structure is being piloted and the market opportunity is clear and immediate. NZGIF intends to bundle together multiple grid connection funding agreements under this unique financing structure and refinance these through international investors at scale.

Grid connection types: total number of enquiries



***401** outstanding network enquiries*

***46,000** potential new megawatts*

OUR ORGANISATION

OUR PEOPLE

Board

The Board establishes all strategic priorities and all decisions about investments and operations are made under its authority. There are six Board members.

Cecilia Tarrant

CHAIR

Joined NZGIF 12 April 2019

Cecilia is a professional company director with a background in law, international banking and finance. She has been the Chair of New Zealand Green Investment Finance since its inception. In addition to NZGIF, she is the Chancellor of Waipapa Taumata Rau The University of Auckland, and a Director of Seeka and Payments NZ, as well as a number of smaller for-profit and not-for-profit entities. Cecilia is also active in early-stage angel investing. She is a founding member and past Chair of ArcAngels, an angel investment network that focuses on investing in, and supporting, women-led companies.

David Woods

DEPUTY CHAIR, CHAIR OF PEOPLE AND CULTURE COMMITTEE

Joined NZGIF 12 April 2019

David has extensive experience in financial and non-financial boards. He is a director of the Centre for Sustainable Finance, Whai Rawa Fund Ltd, Brightlight NZ / Te Puna Hapori Ltd and of Hiringa Energy Ltd; he is a member of the LGFA Sustainability Committee; and, until recently, chair of the NZ National Advisory Board on Impact Investing. He also sits as an independent director and Chair of the Audit Committee on the board of First Microfinance Company Egypt.

Jacqueline Cheyne

CHAIR OF AUDIT AND RISK COMMITTEE

Joined NZGIF 1 June 2019

Jacqueline is a professional company director and was previously an audit and assurance partner at Deloitte where she also led the sustainability services function for nine years. She has a broad range of experience across the financial services, public, private and not-for-profit sectors. Jacqueline is currently a director of Stride Property Group and Pioneer Energy, a board member of the External Reporting Board where she led the project steering group for the development of the Aotearoa New Zealand Climate Reporting Standards, and a member of audit and risk committees overseeing the Financial Markets Authority, MBIE and Christchurch City Council.

Kevin Holmes

DIRECTOR

Joined NZGIF 1 June 2019

Tenure completed 31 May 2024

Kevin is a chartered accountant with an extensive international business career in energy and finance. He was the inaugural Chief Governance and Strategy Officer and Chair of the Executive Investment Committee at Clean Energy Finance Corporation (CEFC), Australia's government-owned green development bank, and has served on numerous Australian and international energy company boards. Kevin has held a range of senior executive positions, including at the CEFC, EnergyAustralia, Pacific Hydro, BHP, and British Gas. He has significant business transformation experience and brings skills in accounting, debt financing and equity investments, governance and risk, as well as relevant skills in the establishment and operation of green investment banks.

Gavin Fernandez

DIRECTOR

Joined NZGIF 1 June 2019

Gavin (Ngāti Maru and Ngāti Porou) is a professional company director, presently on the board of Airways Corporation of New Zealand and is a Chartered Member of the Institute of Directors.

He held senior management and governance roles in New Zealand, Hong Kong and North America — including work in the aviation, engineering, sustainability, environmental finance and social enterprise industries. These include GM of Swire Group Sustainable Investments, Head of Fuel for Cathay Pacific Airways (launching biofuel initiatives), a founding Director for the Impact Enterprise Fund in New Zealand, and Director of Ākina.

Gavin has a diverse background with Māori heritage, is a member of the Rainbow Community, has a wide global network, and brings a diversity lens.

Mark Vivian

DIRECTOR

Joined NZGIF 1 June 2019

Mark is a partner at Movac, New Zealand's most experienced venture capital firm best known for early-stage investments in Vend, Timely, Aroa Biosurgery, Givealittle and Trade Me, with funds under management of approximately $700 million. All Movac funds to date have been top decile or top quartile globally based on cash returned to investors. For the past 15 years Mark has been responsible for fundraising, deal origination, investor relations and talent management. He is currently a director of MOBI, TracPlus, and Atomic.io, and a member of the Young Enterprise Trust's Supporters Council. Mark has strong skills in venture capital and tech investment, high-growth-potential company establishment, and governance.

Senior leadership team

The senior leadership team comprises the Chief Executive and five senior managers. Chris Day held the position of Interim Chief Executive while the Board undertook a search for a new Chief Executive. Sarah Minhinnick was appointed as Chief Executive in March 2024 and started in the role in August.

Chris Day
INTERIM CHIEF EXECUTIVE

Chris is a chartered accountant, an experienced executive, and independent director. His commercial expertise includes finance, leadership, business, and digital transformation. Prior to NZGIF Chris was Chief Transformation Officer at Silver Fern Farms and before that Chief Financial Officer for Z Energy. Chris is a Director of Datacom Group and the Institute of Directors.

Sarah Minhinnick
CHIEF EXECUTIVE (FROM 5 AUGUST 2024)

Sarah has over 18 years of experience in public and private capital markets, in both New Zealand and the United States, working across banking, financial services and law. She was previously the General Manager — Capital Markets Origination at NZX, managing the group focused on deal origination, issuer relationships and issuer communication to investors for the Exchange's equity, funds and debt issuers. Before her time at NZX, Sarah was a Director, Capital Markets at BNZ, where she worked on capital markets transactions totaling more than $250 billion.

Jason Patrick
CHIEF INVESTMENT OFFICER

Left NZGIF 15 October 2024

Jason led the investment work at NZGIF. He previously held senior roles at BioCarbonGroup, Bank of America Merrill Lynch, Real Options International and Evolution Markets where he structured investment solutions for clients in decarbonisation business models, products and technologies. He is a member of the New Zealand Institute of Directors and has served on the boards of ESP, Tnue, Carbn Group and Thinxtra, as well as serving on numerous advisory boards including the IPCC Working Group on Climate Finance.

Ed Montague
CHIEF OPERATING OFFICER

Ed is responsible for operations at NZGIF, covering the legal, finance, HR, risk and investment monitoring teams. He has worked over the past two decades across corporate strategy and investment, hedge fund operations and equity analysis as a government advisor, in the United Kingdom, United States and New Zealand. Prior to joining NZGIF, he was a principal advisor at The Treasury where he led the Social Impact Bonds pilot programme and other initiatives delivering financial and non-market outcomes.

Jenny Lackey
CHIEF OF CORPORATE AFFAIRS

Jenny is responsible for the communications and government relations functions at NZGIF. Jenny's career in management and strategy has focused on stakeholder engagement, corporate reputation and issues management and government relations. Her background is in energy and climate strategy, previously as General Manager of Strategy and Performance for EECA.

Ian MacKenzie
HEAD OF LEGAL

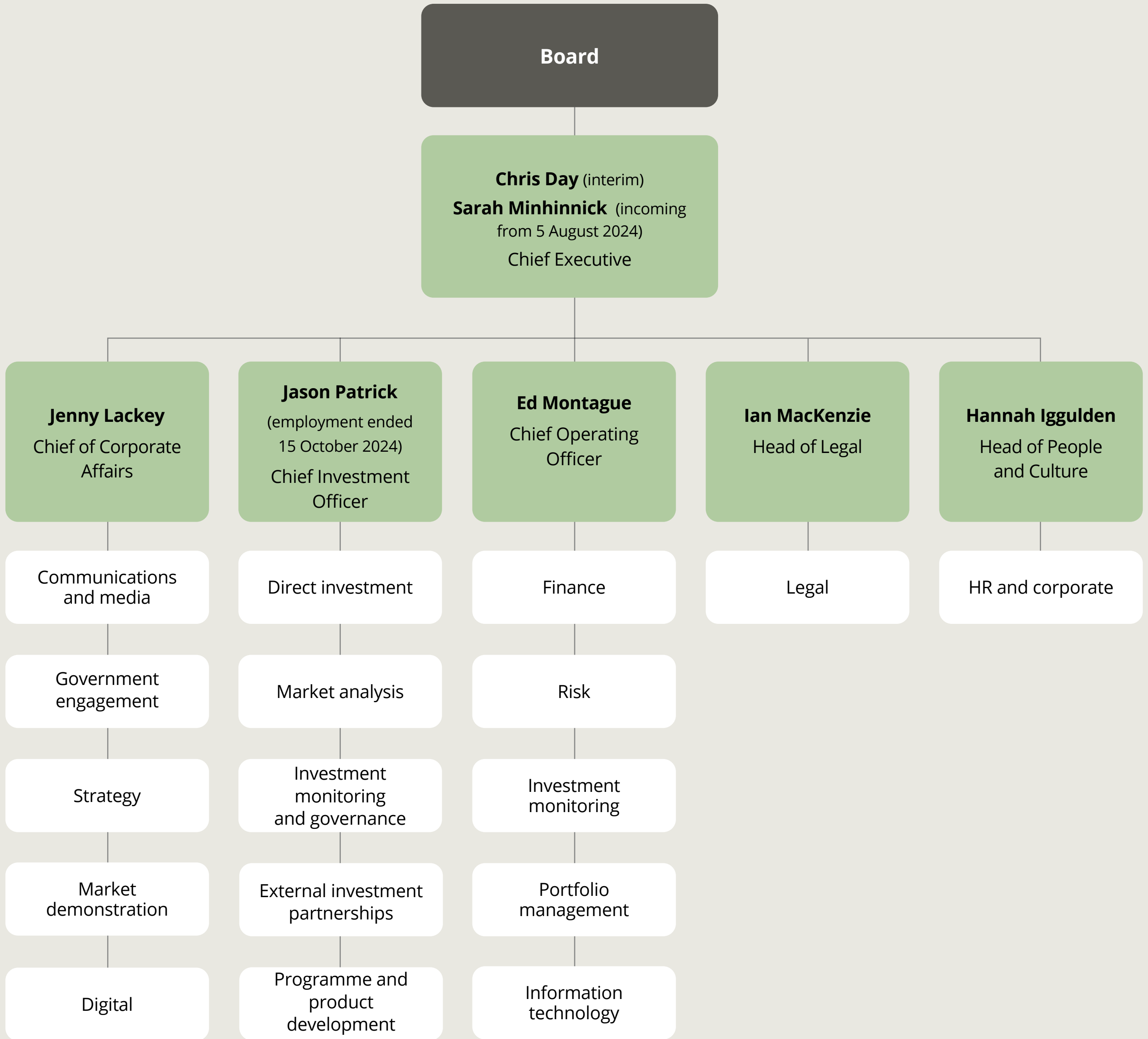
Ian leads the legal team at NZGIF. Ian's background is in transactional banking and financial services regulatory law. Ian has received significant recognition for his innovative approaches to climate financing. Prior to NZGIF, Ian worked as an in-house counsel for a large domestic fund manager and had a career in private practice in both New Zealand and Australia.

Hannah Iggulden
HEAD OF PEOPLE AND CULTURE

Hannah is responsible for People and Culture initiatives focusing on developing a high-performance culture at NZGIF. She has over 10 years of experience working in HR in both the public and private sectors, focusing on business partnering and organisational Development. Prior to NZGIF, Hannah worked at Chubb Life Insurance where she led a team of HR professionals.

NZGIF's functions

As at 30 June 2024



NZGIF Governance Panel

NZGIF has created a pool of directors that it draws on for appointment to our portfolio companies. We also utilise the panel in other situations where governance needs arise, such as with joint ventures and programmes we enter into with the public or private sectors, or with financial instruments that we may arrange, issue or manage.

NZGIF-appointed directors have been selected because of their experience and knowledge of investment and finance. In creating this governance panel, we aim to grow a community of directors well-equipped with the skills required to support New Zealand's transition towards a low carbon future.

NZGIF Governance Panel	
Mawae Morton	NZGIF-appointed director on the board of Tnue Limited
Mel Hewitson, MNZM	NZGIF-appointed director on the board of NZGIF Solar Investments Limited
Dr Jamie Newth	NZGIF-appointed director on the board of Thinxtra Solutions Limited and Thinxtra Network Limited
Samantha Sharif	NZGIF-appointed director on the board of Carbn Group Holdings Ltd (and its subsidiaries)
John Chandler	NZGIF-appointed director on the board of Carbon Group Holdings Ltd (and its subsidiaries)
Karl Smith	NZGIF-appointed director on the board of Kayasand Holdings Limited

Further information about NZGIF Governance Panel members can be found at www.nzgif.co.nz

NZGIF AS A GOOD EMPLOYER

NZGIF is committed to being a good employer. Our approach to performance and people at NZGIF is to:

- Ensure that we have the right capability to deliver on our strategy
- Help our staff deliver to their fullest potential by facilitating consistent and structured performance and development conversations
- Support the continuous learning and development of our people
- Align individual objectives to wider team and NZGIF priorities
- Maintain a Code of Conduct to outline the standard of behaviour expected from our people
- Ensure a full suite of Human Resources and Health, Safety and Wellbeing policies are in place and scheduled for regular review
- Support our staff to live our values by relying on them to guide decision-making and recognising our people when they display them
- Continuously seek to develop our work culture to ensure our people are confident, connected and inspired
- Be an equal opportunities employer and take a zero-tolerance approach to bullying, harassment and discrimination in the workplace
- Prioritise the health, safety and wellbeing of our staff, provide an annual wellbeing allowance for all staff and ensure all staff have access to the Employee Assistance Programme (EAP)
- Undertake transparent and equitable job evaluation practices and benchmark staff salaries against the market
- Monitor our gender pay gap and take action to reduce it.

Te ao Māori strategy

We are implementing our te ao Māori strategy to lift our capability. This includes classes on te Reo, tikanga, waiata and Te Tiriti o Waitangi.

Health, safety and wellbeing

NZGIF has a health, safety and wellbeing framework to ensure compliance with the Health and Safety at Work Act 2015.

Wellness benefits include free, confidential access to the Employee Assistance Programme (EAP) and an allowance of $3,000 a year to spend on health and wellness benefits for each permanent and fixed-term employee.

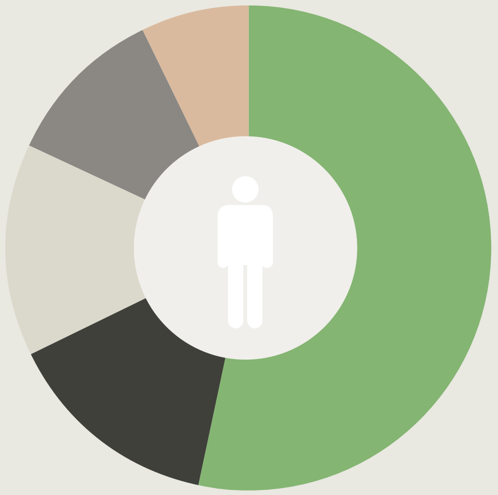
Workplace demographic profile

At 30 June 2023, NZGIF had 28 full-time equivalent permanent employees.

These charts show a breakdown of the age, ethnicity and gender demographics of NZGIF employees.

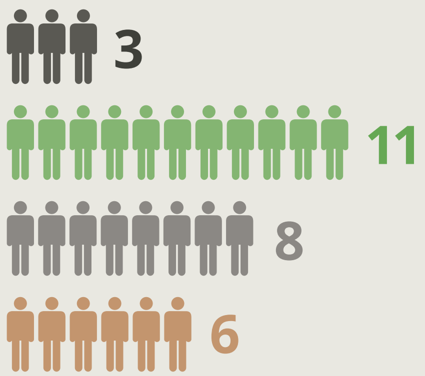
Gender

Female Male



Ethnicity

Pākehā/NZ European	15
European/Great Britain	4
South Asian	4
Asian (other)	3
Other	2



Age

20-29 30-39 40-49 50-60

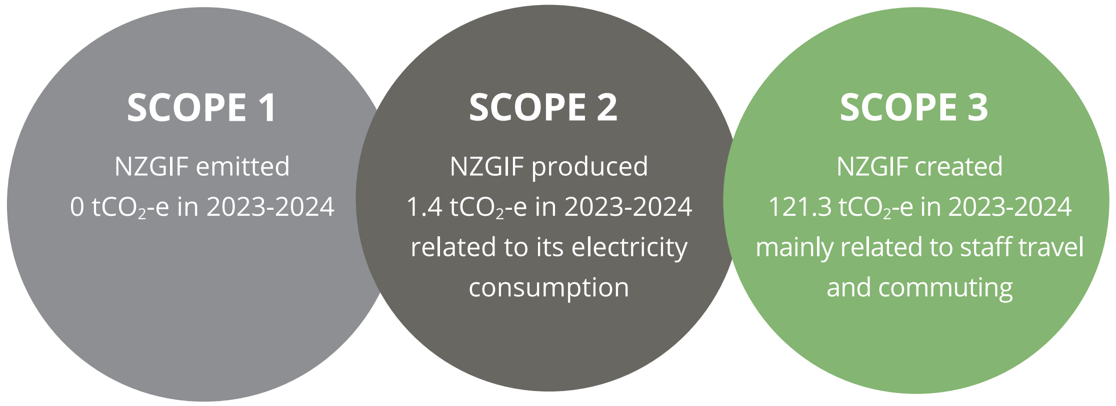
SUSTAINABILITY

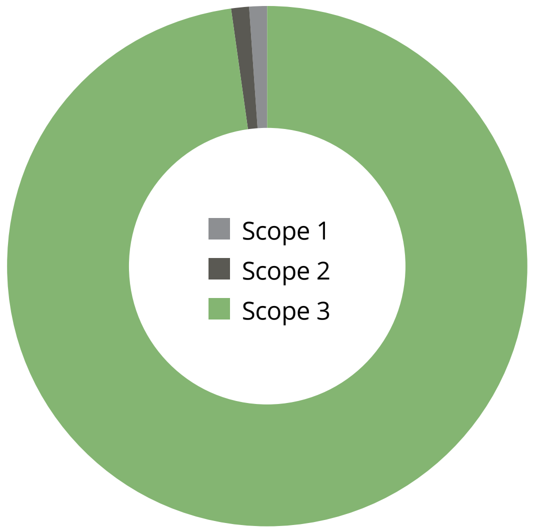
While NZGIF's small size and the nature of our business does not give us a large carbon footprint, we believe it is important to live in line with our purpose and objectives where we can. We are conscious of environmental issues and try to minimise our impact on the environment where possible.

Most of our emissions arise from air travel, staff commuting and the energy used in our offices.

NZGIF offsets 120 percent of our reported residual emissions each year through the purchase of carbon offsets through a reputable provider.

*NZGIF's emissions for 2023-2024 were 122.6 tCO_2-e**





* NZGIF reports its emissions using the GHG Protocol Corporate Standard methodology. We have adopted the operational control consolidation approach for reporting our Group emissions, meaning we report 100 percent of the emissions we control in our inventory. For 2023-2024, our emissions reporting does not include the Carbn Group Holdings subsidiary, or any other investee. We voluntarily report a number of Scope 3 emissions as outlined below and will investigate full value chain reporting in the future. Emissions factors are sourced from New Zealand's Ministry for the Environment and the Ministry for Business, Innovation and Employment.

NZGIF GHG emissions by Scope and activity

Scope of emissions	Energy source	2023-2024 tCO_2-e	2022-2023 tCO_2-e	% change YoY
Scope 1	Mobile combustion	-	0.91	-100%*
Scope 2	Electricity	1.35	0.15	800%
Scope 3	Business travel — flights	83.04	80.59	3.04%
	Downstream leased assets	-	59.32	-100%*
	Staff commuting	14.74	11.06	33.27%
	Well to Tank fuel and energy-related emissions	14.62	13.4	9.1%
	Business travel — accommodation and petrol	8.52	5.16	65.12%
	Other Scope 3 emissions	0.34	2.51	-86.45%
Total		**122.62**	**173.18**	**-29.19%***

*The majority of the reduction in CO_2-e reported in 2023-2024 relates to reported emissions for downstream leased assets (electric vehicle operating leases) and mobile combustion associated with emissions produced by NZGIF subsidiary Carbn Group Holdings Ltd.

OUR PERFORMANCE

STATEMENT OF RESPONSIBILITY

For the 12-month period ended 30 June 2024

Under the requirements of section 19A of the Public Finance Act 1989 the Board of Directors of New Zealand Green Investment Finance Limited (the Board) is responsible for the preparation of New Zealand Green Investment Finance Limited's Annual Report, which includes Financial Statements and a Statement of Performance, and for the judgements made therein.

The Board has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting for the Group.

In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and performance of New Zealand Green Investment Finance Limited for the 12-month period ended 30 June 2024.

Signed on behalf of the Board.

30 October 2024

Yours sincerely

Cecilia Tarrant
Chair of the Board

STATEMENT OF SERVICE PERFORMANCE

NZGIF has one class of reportable outputs. The table below shows the application of revenue and expenses that support the single output class of NZGIF.

	Actual (2023-2024) $m	Budget (2023-2024) $m	Actual (2022-2023) $m
Revenue	27.6	24.0	16.3
Expenditure	13.8	12.5	11.4
Surplus/Deficit	13.8	11.5	4.9

NZGIF does not have any direct Government appropriations itself. Information relating to the appropriations that fund NZGIF's activities can be found on pages 97 to 98.

Invest to reduce emissions

Success is:

- Capital committed to enable New Zealand's decarbonisation
- Investing in infrastructure or services that support the decarbonisation of New Zealand

Measure	2022-2023 performance	2023-2024 target	2023-2024 performance	Further information
Total NZGIF capital committed to qualifying investments (cumulative) across multiple sectors	At at 30 June 2023, $288m capital committed and legally executed and a further $144m capital Board-approved and in legal execution	$500m to $550m	As at 30 June 2024, $474m capital committed and legally executed and a further $83.9m capital Board-approved, $72.4m of which was legally executed post year end with $11.5m in legal execution	See page 87 of the Financial Statement and Notes for details of additional investment capital committed after 30 June 2024
All investments (100%) are consistent with NZGIF's investment mandate	100%	100%	100%	
NZGIF publishes information on investments that describe expected emissions impacts	See Emissions Benefit Report 2022-2023	Information on expected carbon benefits of investments is published	See Emissions Benefit Report 2023-2024	Emissions Benefit Report 2023-2024
Estimated lifetime emissions reductions (cumulative) $ktCO_2e$	-	≥1,400 $ktCO_2e$	1,306,887 – 1,575,997 tCO_2e	NZGIF calculates its estimated lifetime emissions reductions using consistent application of its emissions benefit methodology. Further information can be found on 10-11 of the Emissions Benefit Report 2023-2024.

Invest on a commercial basis

Success is:

- Generating risk-adjusted returns from our investment portfolio
- The returns generated are in line with markets using established commercial valuation methodologies and assumptions

Measure	2022-2023 performance	2023-2024 target	2023-2024 performance	Further information
Weighted average effective interest rate on debt facilities	The weighted average interest rate on debt for the full year ended 30 June 2023 was 8.7% (benchmark exceeded by 260 bps)	Meet and exceed NZGIF's portfolio level benchmark return of 2% over the five-year government bond rate	The weighted average interest rate on debt for the full year ended 30 June 2024 was 10.0% (benchmark exceeded by 3.3 %)	
Internal rate of return on realised equity investments on a portfolio basis	-		-	As NZGIF invests in private market equity, the performance of our investments will only be reported once our investments are fully realised.
Return on Equity (RoE)	New measure for 2023-2024	2.7%	3.8%	Excludes Expected Credit Losses (ECL). Including ECL, RoE was 3.2%
Net Investment Income (NII)	New measure for 2023-2024	$(0.20m)	$6.1m	NII is defined as income from investment (excluding cash and term deposits) less operating expenses

Crowd-in private capital

Success is:

- The facilitation of greater amounts of private capital deployed into decarbonisation investments
- Investment opportunities are created, accelerated or enhanced for third parties

Measure	2022-2023 performance	2023-2024 target	2023-2024 performance	Further information
Ratio of third-party investment to NZGIF investment on a cumulative portfolio basis	The ratio of private capital ($436m) to NZGIF capital committed to investments ($288m) is 1.5:1	1.4:1	The ratio of private capital ($662m) to NZGIF capital committed to investments ($474m) is 1.4:1	
Total third-party capital committed to qualifying investments (cumulative) across multiple sectors	New measure for 2023-2024	$700m - $770m	$662m	
Case studies published that demonstrate fulfilment of NZGIF's purpose and objectives	Case studies published in Emissions Benefit Report 2022-2023	Case studies published as appropriate	Case studies published in Annual Report 2023-2024 and Emissions Benefit Report 2023-2024	

Show market leadership

Success is:

- NZGIF is an active market participant demonstrating market leadership across sectors
- Publishing market reports and sharing pertinent information to relevant sectors
- NZGIF's engagement activity grows our market, media and digital profile

Measure	2022-2023 performance	2023-2024 target	2023-2024 performance	Further information
Publishing market reports or media on the novelty of NZGIF's investment	New measure for 2023-2024	At least six	12	See nzgif.co.nz and www.linkedin.com/nz-green-investment-finance
NZGIF undertakes consistent activity to generate an appropriate market and digital presence	Achieved	Growth against previous year	Achieved	Growth in digital and social media activity levels. In addition NZGIF leadership spoke at numerous events and conferences, and received recognition for its market-leading approach to climate finance, including at the Finance Asia Awards.
Publish information about the estimated lifetime emissions benefits achieved through NZGIF's investments	New measure for 2023-2024	Emissions Benefit Report published	Emissions Benefit Report 2023-2024 published	

NZGIF organisational capability

Measure	2022-2023 target	2023-2024 target	2023-2024 performance	Further information
NZGIF governance and capability are sized and resourced commensurate to its growing portfolio of investments	New measure for 2023-2024	NZGIF risk management operating model implemented	Achieved	SRO position created S&P Risk Rating templates adopted Investment Committee formed including independent risk reports CSC Global Loan book administrator contracted for services during FY24 Continuous Improvement plan adopted Treasury Policy Approved Risk taxonomy revised and approved by the Board
	New measure for 2023-2024	NZGIF resourcing plan adopted	Achieved	All new positions identified in resourcing plan were filled during FY24 (includes both permanent employees and temporary contractors)
	New measure for 2023-2024	NZGIF technology investment plan adopted	Achieved	During the period NZGIF's Information Service Strategic Plan (ISSP) was created and reviewed by ARC. Initial major projects identified in that plan (S&P Risk Rating templates; loan book administration; HR platform; IT Security uplift; SharePoint site uplift) for FY24 and FY25 have either been completed or are satisfactorily underway

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NEW ZEALAND GREEN INVESTMENT FINANCE LIMITED GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of New Zealand Green Investment Finance Limited (the "Company") and its controlled entities (collectively referred to as the "Group"). The Auditor-General has appointed me, Brent Manning, using the staff and resources of KPMG New Zealand, to carry out the audit of the financial statements of the Company and Group, and the performance information, including the performance information for appropriations, of the Group on his behalf.

We have audited:

- the financial statements of the Group and Company on pages 54 to 93, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenses, statement of movements in equity and statement of cash flow for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information which reports against the Group's statement of performance expectations and appropriations for the year ended 30 June 2024 on pages 43 to 48 and 97 to 98.

Opinion

Unmodified opinion on the financial statements

In our opinion:

- the financial statements of the Group and the Company:
  - 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 Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime; and

Qualified opinion on the performance information

In our opinion, except for the possible effects of the matter described in the Basis for our opinion section of our report, the Group's performance information for the year ended 30 June 2024:

- presents fairly, in all material respects, for each class of reportable outputs:
  - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
  - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
- presents fairly, in all material respects, for the appropriations:
  - what has been achieved with the appropriations; and
  - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 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 the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

Statement of service performance: Our work was limited with respect to the verification of reported estimated lifetime Greenhouse Gas emissions reductions

New Zealand Green Investment Finance has included a measure of estimated lifetime Greenhouse Gas emissions reductions arising from its debt and equity investments in its Statement of Service Performance (see page 44).

New Zealand Green Investment Finance has developed guiding principles and a measurement methodology which they use to report the estimated lifetime emission reductions. In measuring the lifetime emissions reductions across its investment portfolio, the methodology includes significant unobservable assumptions. Due to the nature of the unobservable assumptions, there is insufficient evidence to support the significant judgements made in developing the lifetime emissions reduction estimate for the year ending 30 June 2024. As a result of this issue, our work over New Zealand Green Investment Finance's lifetime emissions reductions was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for the performance measure described above.

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 of the Group and Company and the performance information

The Board of Directors is responsible on behalf of the Group and Company for preparing financial statements and performance information 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 and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group and Company for assessing the Group's and Company'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 and Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

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

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 and the performance information, 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 and Company'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 evaluate the appropriateness of the performance information which reports against the Group's statement of performance expectations and appropriations.
- 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 and Company'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 and the performance information 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 and Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 42, 94 to 96 and 99 to 105, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

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 Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out an advisory engagement in relation to greenhouse gas impact estimation methodology and greenhouse gas emissions reporting conventions, which is compatible with those independence requirements. Other than the audit, we have no relationship with, or interests in, the Group.

Brent Manning
KPMG New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

30 JUNE 2024

NEW ZEALAND GREEN INVESTMENT FINANCE

OUR FINANCIAL STATEMENTS

Consolidated Financial Statements for the year ended 30 June 2024

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Revenue and Expenses

New Zealand Green Investment Finance Limited
For the year ended 30 June 2024

	Notes	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Revenue					
Investment income	2(a)	30.4	17.0	31.0	15.6
Net fair value gain (loss) on financial assets		(3.1)	1.1	(3.4)	0.7
Other revenue	2(b)	6.6	-	-	-
Total revenue		**33.9**	18.1	**27.6**	16.3
Less expenses					
Personnel	2(c)	9.9	7.4	7.6	6.3
Depreciation and amortisation*	3(k)	2.9	1.4	0.1	0.8
Other expenses	2(d)	8.8	4.4	6.1	4.3
Total expenses		**21.6**	13.2	**13.8**	11.4
Surplus		**12.3**	4.9	**13.8**	4.9
Comprehensive income		**-**	-	**-**	-
Total comprehensive revenue and expenses for the year		**12.3**	4.9	**13.8**	4.9
Attributable to:					
Owners of the controlling entity		12.4	5.0	13.8	4.9
Non-controlling interests	3(l)	(0.1)	(0.1)	-	-

*Note that $0.2m (Group) relates to amortisation of intangible assets (Group 2023: $0.1m)

Budget figures and explanations of major variances against budget are detailed in note 5(c).

These financial statements should be read in conjunction with the accompanying Notes

Consolidated Statement of Movements in Equity

New Zealand Green Investment Finance Limited
For the year ended 30 June 2024

	Notes	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Balance at beginning of year		**423.5**	239.3	**423.5**	240.0
Total comprehensive revenue and expenses attributable to owners of the controlling entity	3(l)	12.4	5.0	13.8	4.9
Owner transactions					
Capital contribution — ordinary shares	3(l)	-	170.0	-	170.0
Capital contribution — redeemable preference shares	3(l)	-	8.6	-	8.6
Other transactions					
Net movement in non-controlling interest	3(l)	(0.7)	0.6	-	-
Balance at end of year		**435.2**	423.5	**437.3**	423.5

Budget figures and explanations of major variances against budget are detailed in note 5(c).

These financial statements should be read in conjunction with the accompanying Notes.

Consolidated Statement of Financial Position

New Zealand Green Investment Finance Limited

As at 30 June 2024

	Notes	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Equity					
Redeemable preference shares	3(l)	27.9	27.9	27.9	27.9
Ordinary shares	3(l)	400.0	400.0	400.0	400.0
Accumulated surplus (deficit)	3(l)	7.2	(5.2)	9.4	(4.4)
Equity attributable to owners of the controlling entity		**435.1**	422.7	**437.3**	423.5
Non-controlling interest	3(l)	0.1	0.8	-	-
Total equity		**435.2**	423.5	**437.3**	423.5
Assets					
Current assets					
Cash and cash equivalents	3(a)	45.7	86.4	44.9	85.2
Term deposits	3(b)	159.4	221.4	158.4	220.4
Debt investments	3(d)	16.6	12.7	16.6	12.7
Low-emission vehicle (LEV) loan receivables	3(e)	0.4	0.1	-	-
Trade and other receivables	3(c)	7.7	6.2	6.2	5.3
Total current assets		**229.8**	326.8	**226.1**	323.6
Non-current assets					
Debt investments	3(d)	163.7	62.0	191.1	81.1
LEV loan receivables	3(e)	1.1	6.7	-	-
Equity investments	3(h)	16.7	15.6	23.9	23.0
Intangible assets		2.2	-	-	-
Work in progress, property, plant and equipment	3(k)	31.8	18.6	0.4	1.0
Total non-current assets		**215.5**	102.9	**215.4**	105.1
Total assets		**445.3**	429.7	**441.5**	428.7
Liabilities					
Current liabilities					
Borrowings	3(n)	0.6	-	-	-
Contingent consideration	3(j)	0.4	-	-	-
Employee entitlements		1.2	1.6	1.3	1.5
Provisions		0.8	0.4	1.3	0.6
Trade payables — exchange transactions	3(m)	2.2	0.3	0.8	1.9
Unearned revenue		1.1	0.8	0.7	0.5
Total current liabilities		**6.3**	3.1	**4.1**	4.5
Non-current liabilities					
Borrowings	3(n)	2.3	1.7	-	-
Contingent consideration	3(j)	1.4	-	-	-
Unearned revenue		0.1	1.4	0.1	0.7
Total non-current liabilities		**3.8**	3.1	**0.1**	0.7
Total liabilities		**10.1**	6.2	**4.2**	5.2
Net assets		**435.2**	423.5	**437.3**	423.5

Budget figures and explanations of major variances against budget are detailed in note 5(c).

These financial statements should be read in conjunction with the accompanying Notes.

Consolidated Statement of Cash Flows

New Zealand Green Investment Finance Limited

For the year ended 30 June 2024

	Notes	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Cash flows from operating activities					
Cash was provided from:					
Investment income		28.2	14.8	28.8	12.9
Receipts from customers		9.4	-	-	-
Net GST collected		1.2	-	-	-
Cash was applied to:					
Net GST paid		-	(1.7)	(0.1)	-
Payments to suppliers and employees		(16.3)	(11.7)	(11.2)	(10.2)
Net cash from operating activities		**22.5**	1.4	**17.5**	2.7
Cash flows from investing activities					
Cash was provided from:					
Debt instrument repayments		22.4	-	23.0	-
Term deposit maturities		325.9	211.8	325.0	211.8
Cash was applied to:					
Debt and equity investments		(132.3)	(52.4)	(141.7)	(65.0)
Additional shares in subsidiary		-	-	(1.3)	(4.7)
Acquisition of business		(0.6)	-	-	-
Term deposit placements		(263.4)	(294.1)	(262.8)	(293.1)
Purchase of property, plant and equipment		(16.6)	(16.0)	-	(0.3)
Net cash (used in) investing activities		**(64.6)**	(150.7)	**(57.8)**	(151.3)
Cash flows from financing activities					
Cash was provided from:					
Proceeds from borrowings		1.6	1.8	-	-
Proceeds from issue of redeemable preference shares	3(l)	-	8.6	-	8.6
Proceeds from issue of ordinary shares	3(l)	-	170.0	-	170.0
Proceeds from issue of other shares		0.3	-	-	-
Cash was applied to:					
Interest paid on borrowings		(0.1)	-	-	-
Repayment of borrowings		(0.4)	(0.1)	-	-
Net cash from financing activities		**1.4**	180.3	**-**	178.6
Net increase (decrease) in cash and cash equivalents		**(40.7)**	31.0	**(40.3)**	30.0
Total cash and cash equivalents at the beginning of the period		**86.4**	55.4	**85.2**	55.2
Closing cash and cash equivalents		**45.7**	86.4	**44.9**	85.2

Budget figures and explanations of major variances against budget are detailed in note 5(c).

These financial statements should be read in conjunction with the accompanying Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

New Zealand Green Investment Finance Limited

For the year ended 30 June 2024

Section 1:
General information, compliance, and significant accounting policies

1(a) Corporate information

These are the financial statements of New Zealand Green Investment Finance ("NZGIF" or "the Company") and its subsidiaries Carbn Group Holdings Limited ("Carbn") and its subsidiaries, NZGIF Security Trustee Limited, NZGIF Solar Investments Limited and Accelerate Climate Capital Limited (together, "the Group"). NZGIF is a limited liability company incorporated on 12 April 2019 under the Companies Act 1993 and is a Schedule 4A entity under the Public Finance Act 1989. NZGIF is also a public purpose Crown-controlled company in terms of the Income Tax Act 2007 and is exempt from income tax.

The registered office is Level 9 (South End), 7 Waterloo Quay, Pipitea, Wellington.

1(b) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Crown Entities Act 2004.

NZGIF is a Public Benefit Entity (PBE), as its primary purpose is to accelerate and facilitate low emissions investment in New Zealand.
The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the Tier 2 Reduced Disclosure Regime (RDR) as the Group's expenditure is less than $30 million. All disclosure concessions have been applied, however further information regarding the risks the Group and the Company face in relation to its non-equity investments and the policies implemented to manage and mitigate these risks has been provided.

NZGIF ("Parent") reporting has been disclosed in addition to Group reporting to allow comparison of actual financial performance against the budget set out in the 2023-2024 Statement of Performance Expectations. The Parent entity relates solely to the results of NZGIF.

The consolidated financial statements have been prepared on an historical cost basis, except for certain financial instruments which are measured at fair value at reporting date.

The financial statements are presented in New Zealand dollars (NZD) millions rounded to the nearest one hundred thousand dollars, unless otherwise stated in the note. For example, the employee share scheme expense in Note 2(c) and key management personnel's remuneration and Chief Executive's (CE) remuneration in Note 4(d) are rounded to the nearest dollar.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability. This ensures the substance of the underlying transactions or other events is reported. Accounting policies relating to specific financial statement items are set out in the relevant notes to the financial statements. Accounting policies that materially affect the financial statements as a whole are set out below.

1(c) Basis of consolidation

The consolidated financial statements comprise the results of the Group at 30 June 2024.

The accounting policies of Carbn have been adjusted to PBE policies where relevant and have been applied consistently throughout the period.

In preparing consolidated financial statements, all inter-entity transactions, balances, unrealised gains and losses are eliminated.

Surplus or deficit and other comprehensive income of the subsidiaries acquired during the reporting period are recognised from their effective date, as applicable.

1(d) Budget figures

The budgeted figures for NZGIF are prepared in accordance with NZ GAAP and derived from NZGIF's 2023-2024 Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget amounts have not been audited.

1(e) Going concern

The financial statements have been prepared on a going concern basis.

1(f) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates, which is New Zealand dollars (NZD). It is also the presentation currency. Transactions denominated in a foreign currency are converted to NZD at the date of the transaction. Assets and liabilities denominated in a foreign currency are converted to NZD at balance date.

1(g) Goods and services tax (GST)

The Statement of Comprehensive Revenue and Expenses and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of trade receivables and trade payables, which include GST (where applicable).

1(h) Significant judgements and estimates in applying accounting policies

The preparation of the financial statements requires the Group and the Company to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at balance date and the reported amounts of revenues and expenses during the year. Judgements and estimates that are material to the financial statements are found in the following notes:

- Management model application to debt investments — Note 3(d)
- Solely payments of principal and interest (SPPI) assessment — Note 3(d)
- Expected credit losses (ECL) method — Note 3(f)
- Venture capital organisation (VCO) designation — Note 3(h)
- Equity investment valuation — Note 3(h)
- Estimated useful life of assets — Note 3(k)

Section 2:
Financial performance

2(a) Investment income

	Group	Group	**Parent**	Parent
	2024	2023	2024	2023
	$m	$m	**$m**	$m
Interest from investments[(i)]	15.7	5.8	16.4	4.6
Interest from cash and cash equivalents	3.3	3.4	3.3	3.4
Interest from term deposits	10.4	7.3	10.4	7.3
Other income	1.0	0.5	0.9	0.3
Total investment income	**30.4**	17.0	**31.0**	15.6

(i) Interest from investments includes finance lease income of $0.6m (Group) generated on the lease of vehicles (Group 2023: $0.7m).

Accounting Policy

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets. This method applies this rate to the principal outstanding to determine investment income each period.

2(b) Other revenue

Sustainable Finance Fleet Limited (SFF) and SFF Low Emissions Delivery Limited (SFFLED), subsidiaries of NZGIF, lease low emissions vehicles. Other revenue consists of operating lease and associated revenue, generated from the leasing of these motor vehicles. Refer to note 3(k) for more details regarding leased vehicles.

Accounting Policy

Operating lease revenue is recognised on a straight-line basis over the term of the lease.

2(c) Personnel costs

	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Contractors	1.5	1.0	1.2	0.7
Salaries, wages and benefits	8.2	6.3	6.2	5.5
Defined contribution plan employer contributions	0.2	0.1	0.2	0.1
Total personnel costs	**9.9**	7.4	**7.6**	6.3

Salaries and wages are recognised as an expense, as employees provide services.

Personnel expenses above include $37,000 of employee share scheme expenses.

2(d) Other expenses

	Notes	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Fees to auditor		0.2	0.1	0.1	0.1
Investment related costs		0.4	0.8	0.2	0.6
Staff and Board travel		0.4	0.4	0.3	0.3
Operating lease expenses		0.6	0.4	0.5	0.4
Accounting and tax services		0.4	0.2	0.2	0.1
Expected credit losses	3(f)	1.2	0.6	2.5	0.8
Consulting fees		0.7	0.6	0.6	0.6
Recruitment expenses		0.2	0.4	0.2	0.4
IT services and subscriptions		0.5	0.3	0.5	0.3
Insurance		0.2	0.1	0.1	0.1
Cost of vehicles		1.4	-	-	-
Credit costs		0.1	-	-	-
Bank fees		0.2	-	-	-
Other expenses		2.3	0.5	0.9	0.6
Total other expenses		**8.8**	4.4	**6.1**	4.3

Fees to KPMG for non-audit services were $42,351 in 2024 (2023: $10,109) and related to the review of NZGIF's implementation of its emissions reductions estimation methodology in both years.

Fees to KPMG for audit services for the group (including separate audits of controlled entities within the group) were $266,279 in 2024 (2023: $170,000).

Section 3:
Cash management and investments

Financial Investments Accounting Policy

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of a financial instrument. They are initially recognised at fair value.

The Group subsequently classifies its financial investments into two categories — fair value through surplus or deficit (FVTSD) or amortised cost. The Group has no investments that qualify as fair value through other comprehensive revenue and expenses.

A financial asset is measured at amortised cost if:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding; and
- it is not designated as at FVTSD.

For those instruments recognised at FVTSD, fair values are determined according to the following hierarchy:

- Level one: Quoted market price — financial instruments with quoted prices for identical instruments in active markets.
- Level two: Valuation technique using observable inputs — financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level three: Valuation technique with significant non-observable inputs — financial instruments valued using models where one or more significant inputs are not observable.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The difference between the carrying value of the financial asset and proceeds received on disposal are recognised as a gain or loss in the Statement of Comprehensive Revenue and Expenses.

3(a) Cash and cash equivalents

	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Cash at bank	43.5	79.2	42.7	78.0
Term deposits with maturities of three months or less	2.2	7.2	2.2	7.2
Total cash and cash equivalents	**45.7**	86.4	**44.9**	85.2
Weighted average interest rate on cash and cash equivalents	5.5%	3.9%	5.5%	4.0%

Accounting Policy

Cash and cash equivalents include cash held in bank accounts and term deposits with original maturities of three months or less. Cash and cash equivalents are classified as amortised cost, initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial instrument risks

The Group's and the Company's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Group and the Company have policies to manage these risks and seek to minimise exposure to financial instrument risks. These policies do not allow transactions to be entered into that are speculative in nature.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty raising liquid funds to meet commitments as they fall due.

Management of liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to fund contractual investment obligations and expected drawdowns. The Company manages liquidity risk by continuously monitoring forecast and actual cash flow requirements relative to cash and deposit balances.

3(b) Term deposits

	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Current portion	159.4	221.4	158.4	220.4
Total term deposits	**159.4**	221.4	**158.4**	220.4
Weighted average interest rate	5.8%	3.7%	5.8%	3.7%

Accounting Policy

Term deposits represent cash deposits with maturities of more than three months but less than 12 months that earn interest income. The carrying value of term deposits is not materially different to their value as the Group does not hold any term deposits with maturities in excess of 12 months. Term deposits are classified as amortised cost, initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

3(c) Trade and other receivables

	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Trade receivables	2.4	1.0	2.0	0.7
Prepayments	0.5	1.4	0.3	0.2
Accrued income and interest	3.7	3.2	3.7	3.7
Other receivables	1.1	0.6	0.1	0.7
Total trade and other receivables	**7.7**	6.2	**6.1**	5.3

Trade debtors and other receivables are amounts due from customers for services rendered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors and other receivables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any impairment.

Receivables are recorded at the amount due, less an allowance for credit losses. The Group applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue (in default).

As at 30 June 2024 overdue receivables totalled $0.2m (Group) and $0.1m (Parent) (2023: $nil). All receivables are subject to credit risk exposure.

Investments

3(d) Debt investments

	Group 2024 **$m**	Group 2023 $m	**Parent** 2024 **$m**	Parent 2023 $m
At amortised cost				
Current portion	16.6	12.7	16.6	12.7
Non-current portion	89.0	62.0	116.4	81.1
Total at amortised cost	**105.6**	74.7	**133.0**	93.8
Weighted average interest rate on debt investments measured at amortised cost	10.7%	9.0%	10.0%	8.4%
At FVTSD				-
Current portion	-		-	
Non-current portion	74.7	-	74.7	-
Total at FVTSD	**74.7**	-	**74.7**	-
Weighted average interest rate on debt investments measured at fair value	9.7%	-	9.7%	-
Total debt investments				
Current portion	16.6	12.7	16.6	12.7
Non-current portion	163.7	62.0	191.1	81.1
Total debt investments	**180.3**	74.7	**207.7**	93.8

Refer to note 5(a) for further details on debt investments' maximum exposure (including undrawn amounts) and expiry dates.

Fair value measurement of debt investments held at FVTSD

The debt investments held at FVTSD consist of loans to the SolarZero Residential Warehouse Trust, which warehouses assets prior to selling them to a separate trust under the NZGIF Solar Finance Programme using finance from third-party investors. Because interest rates on debt investments held at FVTSD are all floating rate, and all reset to a market rate every month, their carrying amounts (less a fair value adjustment for expected losses) approximate their fair value.

Financial instrument risks

Market risk

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the Group and the Company to cash flow interest rate risk.

The Company's portfolio level benchmark return is 2% over the five-year government bond rate. Fluctuations in the five-year government bond rate mean the Company maintains exposure to such movements as appropriate to achieve this benchmark. The Company's Treasury Funds Management Policy permits the use of interest rate derivatives to manage cash flow interest rate risk.

The Group currently only has insignificant borrowings of $2.9m. Refer to note 3(n) for more details.

Sensitivity analysis

If the 30-day bank bill rate and 90-day bank bill rate had been 50 basis points higher or lower at 30 June 2024, with all other variables held constant, the surplus/deficit of the Group would have been $506,320 higher or lower (2023: $369,436 higher or lower). This movement is attributable to increased or decreased interest returns on floating rate loans, which make up a significant portion of the Group's lending that is categorised as debt investments.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's and the Group's exposure to fair value interest rate risk relates to its bank deposits that are held at fixed rates of interest (quantum disclosed in note 3(b)), as well as debt investments that have a fixed interest rate (quantum disclosed in this note, below).

The Group does not enter into interest-bearing investments (with the exception of loans to the SolarZero Residential Warehouse Trust) with a view to realise these before maturity, so deems its exposure to be primarily related to cash flow interest rate risk.

The quantum of the Group's and the Company's exposure to fair value interest rate risk is detailed below.

	Group 2024 **$m**	Group 2023 $m	**Parent** 2024 **$m**	Parent 2023 $m
Debt investments with a fixed rate of interest[1]				
Current portion	2.9	0.1	2.9	0.1
Non-current portion	77.3	0.8	104.6	20.1
Total debt investments with a fixed rate of interest	**80.2**	0.9	**107.5**	20.2
Proportion of debt investments with a fixed rate of interest	**44%**	1%	**52%**	22%

Whilst the proportion of debt investments with a fixed interest rate is 44% of the portfolio, all of this is expected to be held to maturity and therefore fair value risk on those instruments is not expected to eventuate. The Group's main exposure to fair value interest rate risk is on its lending to SolarZero Residential Warehouse Trust held at FVTSD as noted above.

Accounting Policy

Debt investments are initially recognised at fair value, with transaction costs directly attributable to the investment included in their fair value unless the investment is measured at FVTSD.

Debt investments are classified as amortised cost and subsequently measured at amortised cost using the effective interest rate method.

1 The Group and the Company define all instruments that do not reset interest rates to market at least every 12 months as being fixed rate.

Key judgement: Management model application to debt investments

The Group assesses the objective of the management model at a portfolio level in which a financial asset is held because this best reflects the way the business is managed, and how information is provided to the Board and management.

The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Board and management's strategy focuses on earning contractual interest income or gains from trading.

The information considered also includes:

- how the performance of the portfolio is evaluated and reported to the Group's Board and management
- the risks that affect the performance of the management model and how those risks are managed.

The Group has assessed the management model for debt investments and concluded that it holds two portfolios, one held to collect contractual cash flows and one held to sell.

In the held to collect contractual cash flows portfolio the Group has judged that although there may be exit or sale opportunities for some investments, the overall objective of the portfolio is to accelerate low emissions investments in Aotearoa New Zealand as opposed to exiting before contract maturity. As such, the Group has judged that holding the instruments to maturity is consistent with this objective and the Group's investment mandate.

The hold to sell portfolio consists of arrangements in which the Group provides finance with the intent to exit the arrangement by selling the instrument, or a portion of the instrument, to the third-party investors. Currently, two facilities provided to the SolarZero Residential Warehouse Trust are the only debt investments in this portfolio. The management model is evaluated for appropriateness at least once a year.

Key judgement: SPPI assessment

In assessing whether debt investments contractual cash flows are SPPI, the Group considers the contract terms. This includes assessing whether the debt investment contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual interest rate
- prepayment and extension features.

The Group has made judgements in assessing whether debt investments consist of basic lending arrangements and in determining the SPPI criterion has been met to be measured at amortised cost. If the debt investment did not meet the criterion to be classified as SPPI, the investment would not be measured at amortised cost.

3(e) Low emission vehicle (LEV) loan receivables

	Group	
	2024	2023
	$m	$m
Not later than one year	0.4	5.0
Later than one year and not later than five years	1.4	2.3
Total future LEV loan receivables	**1.8**	7.3
Less unearned finance income	(0.3)	(0.4)
Discounted unguaranteed residual value	-	-
Less ECL	-	(0.1)
Total LEV loan receivables	**1.5**	6.8

LEV loan receivables represent SFF's and SFFLED's LEV finance leases to its customers. LEV loan receivables have set dates for principal and interest repayments. These are predominantly secured over the leased motor vehicles.

Accounting Policy

LEV leases that transfer substantially all of the risks and rewards of ownership to the lessee are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments as loan receivables. Subsequent to initial recognition, interest income is recognised, and the loan receivables are reduced by lease payments.

LEV loan receivables are classified as amortised cost and subsequently measured at amortised cost using the effective interest rate method.

3(f) Measurement of ECL

	Group	Group	Parent	Parent
	ECL balance	ECL balance	ECL balance	ECL balance
	2024	2023	2024	2023
	$m	$m	**$m**	$m
Debt investments measured at amortised cost	1.1	0.2	2.1	0.3
ECL on undrawn loan commitments	0.8	0.4	1.3	0.6
LEV loan receivables	-	0.1	-	-
Total ECL	**1.9**	0.7	**3.4**	0.9

Financial instrument risks

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Group or the Company, causing it to incur a loss.

The Group and the Company are exposed to credit risk from cash and term deposits with banks, receivables, debt investments and financial guarantee contracts. For cash and term deposits, and receivables, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

For debt investments and financial guarantee contracts the maximum credit exposure is detailed in note 5(a).

Risk management

Receivables predominantly relate to amounts owed from the provision of financial instruments (debt investments and financial guarantee contracts). The Group and the Company continue to monitor and manage receivables based on their ageing and this informs expected credit loss allowance on these investments.

The Company invests surplus funds with registered banks either as cash or term deposits of 12 months or less. The Company limits the amount of credit exposure to any one bank to no more than 20 % of called ordinary share capital. The Company can enter into derivative financial instruments only with specified banks. The Company's investments in term deposits are considered to be low-risk investments.

Security

No physical collateral is held for financial assets. Credit enhancements such as security over borrower or specified debtor assets is generally taken when entering into contractual relationships that give rise to credit risk.

Key judgement: ECL Calculation Method

The Group and the Company have used significant judgement in estimating ECL. The Board and management apply judgement based on an assessment of the credit risk of each facility, forward looking default rates based on different economic scenarios, the probability weightings of those scenarios, and due to lack of historical default data, the industry data used to estimate losses of each credit facility if a default were to occur.

3(g) Impairment of financial assets measured at amortised cost

Accounting Policy

The Group adopts a three-stage approach to impairment provisioning:

- Stage one: the recognition of 12-month ECL that is the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition.
- Stage two: lifetime ECL for debt investments for which credit risk has increased significantly since initial recognition.
- Stage three: lifetime ECL for debt investments which are credit impaired.

The Board and management assess individual debt investments and LEV loan receivables at each reporting date to determine whether there is impairment. If a debt investment or LEV loan receivable is impaired, impairment losses are recognised in the Consolidated Statement of Comprehensive Revenue and Expenses in the period in which they occur and the ECL is deducted from the gross carrying amount of the debt investment or LEV loan receivable.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

3(h) Equity investments

	Measurement	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Thinxtra	FVTSD	0.7	0.9	0.7	0.9
BraveGen[1]	FVTSD	6.4	5.8	6.4	5.8
Carbn — ordinary shares	FVTSD	-	-	7.2	7.1
Carbn — warrants	FVTSD	-	-	-	0.3
Kayasand Holdings	FVTSD	3.5	3.5	3.5	3.5
Ruminant BioTech Corp	FVTSD	2.5	2.5	2.5	2.5
Neocrete	FVTSD	1.1	-	1.1	-
Tnue	FVTSD	2.5	2.9	2.5	2.9
Total equity investments		**16.7**	15.6	**23.9**	23.0

The above table excludes wholly owned subsidiaries where share capital held is a nominal amount.

Accounting Policy

The Group initially recognises its equity investments at fair value, and subsequently measures these investments at FVTSD. The investments are revalued at each reporting date, with gains or losses recognised in surplus or deficit. The Group has not designated any equity investments as fair value through other comprehensive revenue and expenses.

1 Formerly known as Energy Solution Providers or ESP.

Key judgement: VCO

The Group has significant influence over Tnue and ESP making them associates which would ordinarily be equity accounted. However, the Group has applied the venture capital organisation ("VCO") designation for these investments and has used the exemption available to measure them at FVTSD instead of applying the equity accounting method.

Key judgement: Equity investment valuation

All equity investments are categorised within level three of the fair value hierarchy and these investments, by their nature, are inherently more subjective and therefore more exposed to valuation uncertainty. While the determination of fair value in relation to these investments is subject to careful consideration and consultation with a range of reliable and independent sources, the longer-term direct and indirect impacts on the valuation of these investments from the impact of changing interest rates, inflationary pressures, and increased geopolitical tensions and global supply issues remain uncertain.

The Board and management continue to monitor and evaluate the appropriateness of specific valuation techniques and the judgements and estimates used when determining the fair value of these assets to assess whether material adjustments to their carrying value might be required.

Although the fair value of unlisted investments is based on the best information available, there is a high degree of uncertainty about that value due to the early-stage nature of the investments and the absence of quoted market prices. This uncertainty could have a material effect on the Group's and the Company's Statement of Comprehensive Revenue and Expenses, and Statement of Financial Position.

The latest transaction prices for Kayasand, Ruminant BioTech, and Neocrete are deemed to approximate their fair value. There have been no significant changes to the key acquisition assumptions, nor any notable impact from the economic environment since their acquisition in the current or previous financial year.

The most recent transaction price for Carbn best reflects its fair value, with no gains or losses recognised in the year. However, the expiry of warrants held in the previous year has led to a decrease in the overall carrying value of the investment in Carbn.

When undertaking its fair value assessment of its investment in Thinxtra, management used a comparable multiples valuation approach based on industry peers. This approach was deemed suitable as discounted cash flow forecasts are considered to be less reliable for estimating fair value given the forecasting risk associated with early-stage technology companies.

For the investment in BraveGen, management have elected not to perform a discounted cash flow analysis given limited long-term forecast availability, the current state of profitability, and the limited reliability of the cash flow forecasts. The estimation of fair value has therefore been based on a comparable multiples valuation only.

For the investment in Tnue, management employed a variety of valuation techniques to generate different scenario outcomes. Management used several discounted cash flow models in conjunction with a net asset value assessment.

3(i) Subsidiaries and structured entities

i. Subsidiaries

	Note	Ownership interest 2024 %	2023 %
Accelerate Climate Capital	(i)	100.00	100.00
NZGIF Security Trustee	(ii)	100.00	100.00
NZGIF Solar Investments	(iii)	100.00	100.00
Carbn	(iv)	94.10	92.21
Carbn Asset Management (CAM)	(iv)	94.10	92.21
SFF	(iv)	94.10	92.21
SFFLED	(iv)	94.10	92.21
Zilch Fleet Solutions (ZFS)	(iv)	94.10	92.21

(i) Accelerate Climate Capital was incorporated to provide debt financing solutions to early-stage decarbonisation companies.

(ii) NZGIF Security Trustee was incorporated to provide security trustee services in respect of transactions involving members of the Group.

(iii) NZGIF Solar Investments was incorporated to manage the NZGIF Solar Finance Programme, a solar securitisation programme.

(iv) Carbn's wholly owned subsidiaries are CAM, SFF, SFFLED and ZFS.

Carbn is an entity that specialises in financing of LEV fleets and transition management via its four wholly owned subsidiaries — CAM, SFF, SFFLED and ZFS. NZGIF acquired control of Carbn to help accelerate LEV fleet transition and uptake by corporate entities and government departments and agencies.

ii. Structured entities

The Company also holds interests in the following structured entities which are not consolidated:

Entity name: SolarZero Residential Warehouse Trust

Nature of interest: Debt investment with a limit of $80 million

Description of structured entity: SolarZero Residential Warehouse Trust was set up to finance the installation and ownership of residential solar assets using financing from the Company alongside third-party investors.

Entity name: SolarZero Residential No. 1 Trust

Nature of interest: Debt investment with an initial limit of $80 million

Description of structured entity: SolarZero Residential No. 1 Trust was set up to finance the installation and ownership of residential solar assets using financing from the Company alongside third-party investors.

3(j) Business combination

In November 2023 Carbn acquired the assets and business of Sustainable Mobility Limited (SML). SML is a fleet technology and vehicle business. The fair value of the purchase price was $5.6 million, which includes contingent consideration of $1.8 million. Payment of the contingent consideration is linked to successful performance of the business and assets acquired.

Accounting Policy

i. Business combination

The Group accounts for business combinations using the acquisition method when control is established. The acquisition method involves recognising at acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest (NCI), separate from goodwill. The consideration and identifiable net assets in the acquisition are measured at fair value. Any goodwill that arises is tested once a year for impairment.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it has the power to govern the financial and operating policies of the entity so as to benefit from its activities. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

From the date an entity ceases to be a controlled entity, provided it does not become either an associate or a jointly controlled entity, it shall be accounted for as a financial instrument.

iii. Minority interests

Minority interests are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3(k) Property, plant and equipment and work in progress

Movements for each class of property, plant and equipment and work in progress are as follows:

Group 2024	Furniture and fittings $m	Computer software and equipment $m	Leased vehicles $m	Total $m
Gross carrying amount				
Opening balance	1.1	0.4	17.6	19.1
Additions	-	0.2	17.2	17.4
Disposals	-	-	(0.2)	(0.2)
Closing balance	1.1	0.6	34.6	36.3
Accumulated depreciation and impairment				
Opening balance	1.1	0.1	0.6	1.8
Current year depreciation	-	0.1	2.6	2.7
Closing balance	1.1	0.2	3.2	4.5
Carrying amount at 30 June 2024	**-**	**0.4**	**31.4**	**31.8**

Group 2023	Furniture and fittings $m	Computer software and equipment $m	Leased vehicles $m	Total $m
Gross carrying amount				
Opening balance	1.1	0.2	0.4	1.7
Additions	-	0.2	17.2	17.4
Disposals	-	-	-	-
Closing balance	1.1	0.4	17.6	19.1
Accumulated depreciation and impairment				
Opening balance	0.4	0.1	-	0.5
Current year depreciation	0.7	-	0.6	1.3
Closing balance	1.1	0.1	0.6	1.8
Plus work in progress (software development and future transaction costs)				1.3
Carrying amount at 30 June 2023	**-**	**0.3**	**17.0**	**18.6**

SFFLED owned vehicles are pledged as security for external borrowing. These had a carrying value of $3.7m at balance date (2023: $3.0m). See note 3(n) for further details regarding the borrowings.

Accounting Policy

All property, plant and equipment is initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where and if costs are apportioned across more than one asset, the apportionment methodology is determined by considering the nature of the cost.

Subsequent to initial recognition, items of property, plant and equipment are carried at their written down value, which is the asset cost less any subsequent accumulated depreciation and accumulated impairment losses, if any. Where an item of property, plant and equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sales price and the carrying amount of the asset.

Depreciation is charged to surplus or deficit on a straight-line basis over the estimated useful life of each item of property, plant and equipment. Depreciation methods, useful lives and residual values are reassessed at each reporting date. Major depreciation rates are as follows:

Furniture and fittings: 8% – 16.7%

Computer equipment: 6.5% – 33%

Leased vehicles (operating lease): 10% – 12.5%

Significant estimate: Useful life of leased vehicles

The useful life of leased vehicles that Carbn owns is currently estimated at 8 to 10 years. The useful life estimate is reviewed annually and takes into consideration expected life of the vehicles based on expected usage by lessees and manufacturer warranties provided over vehicles.

3(l) Equity

The Group's capital is its equity, which comprises ordinary shares, redeemable preference shares (RPS), NCI and accumulated surplus/deficit. Equity is represented by net assets.

Both ordinary shares and RPS have been recognised directly in contributed equity. RPS capital is not recognised as a liability as the option to redeem is solely at NZGIF's discretion and as there are no contractual obligations to pay cash such as interest payments.

	Group 2024 **$m**	Group 2023 $m	**Parent** 2024 **$m**	Parent 2023 $m
Contributed capital — ordinary shares				
Balance at beginning of period	400.0	230.0	400.0	230.0
Capital contribution	-	170.0	-	170.0
Balance at 30 June — 400,000,100 ordinary shares paid to 100 cents (2023: the same)	**400.0**	400.0	**400.0**	400.0
Contributed capital — redeemable preference shares				
Balance at beginning of period	27.9	19.3	27.9	19.3
Capital contribution	-	8.6	-	8.6
Balance at 30 June — 27,890,000 RPS paid to 100 cents (2023: 30,000,000 paid to 93 cents)(i)	**27.9**	27.9	**27.9**	27.9
Accumulated surplus (deficit)				
Balance at beginning of period	(5.2)	(10.2)	(4.4)	(9.3)
Surplus for the period	12.4	5.0	13.8	4.9
Balance at 30 June	**7.2**	(5.2)	**9.4**	(4.4)
NCI(ii)				
Balance at beginning of period	0.8	0.2	-	-
NCI on equity contribution	-	0.7	-	-
Comprehensive revenue and expenses attributable to NCI	(0.1)	(0.1)	-	-
Other changes to NCI	(0.6)	-	-	-
Balance at 30 June	**0.1**	0.8	**-**	-
Total equity at 30 June	**435.2**	423.5	**437.3**	423.5

(i) In April 2024 the Company redeemed 2,110,000 of its RPS for $nil.

(ii) NCI is calculated using the holder's proportion method.

3(m) Trade and other payables

Most of the Group's payables balance owing at balance date relate to Carbn operations.

Accounting Policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

The carrying value of trade and other payables are classified as financial liabilities and measured at amortised cost, which approximates their fair value.

3(n) Borrowings

External borrowings of the Group were as follows at balance date:

	Borrower	Facility limit $m	Interest rate %	**Group** 2024 **$m**	Group 2023 $m
Current					
ASB overdraft facility	SFF	1.0	Floating	0.6	-
Non-current					
NZ Post limited facility	SFFLED	10.0	2.5%	2.3	1.7
Undrawn					
ASB revolving credit facility	SFF	3.0	Floating	-	-
ASB revolving fleet facility	SFF	14.0	Floating	-	-
Total facilities		28.0		**2.9**	1.7

The Group was in compliance with all banking covenants during the year and as at 30 June 2024 except for one. This related to the $0.6m drawn ASB overdraft facility. Subsequent to year-end, the banking syndicate have waived their rights to take action in respect of the breach.

With respect to FY25, the Group are currently in discussions to agree a covenant structure that will be acceptable to both the banking syndicate and the Group. The revised bank covenant structure is expected to be confirmed in November 2024.

Accounting Policy

Interest-bearing loans and borrowings are recognised initially at fair value net of directly attributable transaction costs. Subsequent to initial recognition, the borrowings are measured at amortised cost, with any difference between the initial recognised amount and the redemption value being recognised in surplus or deficit over the period of the borrowing using the effective interest rate.

Section 4:
Related party

4(a) Related party transactions

Accounting Policy

Parties are considered related if one party can control the other party or exercise significant influence over the other party in making financial or operating decisions.

4(b) Parent entity related parties

The ultimate controlling party of the Group is the Crown.

NZGIF has these related party transactions with its subsidiaries; ACCL, NZGIF Solar Investments, SFF, and SFFLED and its investee, ESP:

	Parent	
	2024	2023
	$m	$m
Loans to related parties	28.5	19.3
Interest repayments from related parties	1.4	0.9

All subsidiaries have been disclosed in Note 3(i).

4(c) Other related parties

Related party disclosures have not been made for transactions with related parties that are both:

- within a normal supplier or client relationship
- on terms and conditions no more or less favourable than those that it is reasonable to expect NZGIF would have adopted in dealing with the party at arm's length in the same circumstances.

Additionally, all transactions with other government agencies are not disclosed when they have been entered into on an arm's length basis as part of normal operating arrangements between government agencies.

4(d) Key management personnel

The key management personnel are the Board members and the senior management team. The senior management team comprises four employees (2023: four). The total remuneration includes all employee benefits (salaries, superannuation contributions, annual leave, incentive payments and wellness benefit).

	Group and Parent			
	2024 $	FTE eq.	2023 $	FTE eq.
Board member remuneration	351,167	6.0(i),(ii)	355,250	6.0(i)
CE remuneration	-	-	1,023,104	1.0
Acting/Interim CE remuneration	529,988	0.8	80,357	0.1
Senior management team remuneration (excluding CE and Acting/Interim CE)	1,231,171	3.0	1,189,020	3.0
Total key management personnel remuneration	**2,112,326**		2,647,731	

(i) Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

(ii) One Board member, Kevin Holmes, ceased being a member of the Board in May 2024.

CE's remuneration (years ended 30 June 2024 and 30 June 2023)

Year	Base salary(i) $	Taxable benefits(i) $	Fixed remuneration(ii) $	Termination benefits(iii) $	Pay for performance Short term incentive(iv) (STI) $	Total remuneration $
2024 — Interim CE	516,126	13,862	529,988	-	-	529,988
2023 — CE	518,360	22,967	541,327	402,098	79,679	1,023,104
2023 — Acting CE	80,357	-	80,357	-	-	80,357

(i) Base salary includes holiday pay and annual leave payments earned before cessation (but not related to the cessation) if applicable. Taxable benefits comprise 3% KiwiSaver employer contribution on base salary and wellness benefit payments.

(ii) Fixed remuneration is base salary plus taxable benefits.

(iii) At the conclusion of the 2023 financial year the CE left the organisation.

(iv) STI is payment based on performance achieved for the applicable period and includes 3% KiwiSaver employer contribution. The level of STI payment for the CE is decided by the Board based on their assessment of the achievement of KPIs set at the beginning of the financial year.

Multi-year remuneration summary for the CE

Year	Total remuneration	% STI against maximum
2024 — Interim CE (v)	529,988	N/A
2023 — CE	1,023,104	65%
2023 — Acting CE (v)	80,357	N/A
2022	573,890	82%
2021	413,827	N/A
2020	372,221	N/A

(v) The person who served as Acting CE for two months, from April to June 2023, also took on the role of Interim CEO for all of 2024, with their remuneration detailed above.

Section 5:
Other disclosures

5(a) Unrecognised contractual commitments

	Notes	Group 2024 $m	Group 2023 $m	Parent 2024 $m	Parent 2023 $m
Debt investments measured at amortised cost	(i)				
Total funds contractually committed		207.8	210.8	252.8	255.8
Less total funds drawn		104.5	74.8	133.0	93.9
Equals unrecognised contractual commitments		**103.3**	136.0	**119.8**	161.9
Expiry of contractual commitments					
Not later than one year		25.3	22.0	25.3	22.0
Later than one year and not later than five years		37.4	51.0	82.4	81.0
Later than five years		145.1	137.8	145.1	152.8
Debt investments measured at fair value		(ii)			
Total funds contractually committed		81.8	-	81.8	-
Less total funds drawn		75.6	-	75.6	-
Equals unrecognised contractual commitments		**6.2**	-	**6.2**	-
Expiry of contractual commitments					
Later than one year and not later than five years		81.8	-	81.8	-
Financial guarantee contracts					
Total funds contractually guaranteed		12.8	10.0	12.8	10.0
Less total funds drawn		-	-	-	-
Equals unrecognised contractual guarantees		**12.8**	10.0	**12.8**	10.0
Expiry of contractual guarantees					
Not later than one year		12.8	10.0	12.8	10.0
Maximum credit exposure	(iii)				
Total funds contractually committed and guaranteed		**302.4**	**220.8**	**347.4**	**265.8**
Equity investments					
Unpaid shares		12.0	-	12.0	-
Equals unrecognised equity investments		**12.0**	**-**	**12.0**	**-**

(i) Debt investments measured at amortised cost were committed to a total of 16 different counterparties at the Group level (Parent: 18) at the date of these financial statements. Commitments related to five counterparties were undrawn at balance date.

(ii) Debt investments measured at fair value were committed to two counterparties at the date of these financial statements, of which one remained undrawn at balance date.

(iii) Maximum credit exposure is total commitments to debt investments and financial guarantee contracts.

The above figures show contractual commitments at balance date. For investments where capital recycling has occurred (a commitment has been refinanced by third parties, expired or been terminated) within any given period, they reduce the commitment figure shown.

At the date of these financial statements the largest contractual commitment to any one counterparty was $80 million (at both the Group and Parent level) and the largest unrecognised commitment to any one counterparty was $15 million (at both the Group and Parent level). Expiry of a debt investment means repayment of all principal and interest owing and cessation of any contractual relationship between the parties.

5(b) Events after balance date

During the period between 30 June and the signing of these accounts, the following significant events occurred:

Investment events

During the period investment deals were entered into and exited from as follows:

	Group Investment size $m
Gross debt commitments provided to counterparties	150.4
Gross debt commitments (terminated)	(95.0)
Convertible notes subscribed for	2.0
Net additional investment commitments	**57.4**

5(c) Explanation of major variances against budget (unaudited)

Explanations for major variances (more than 25% variance to the budgeted figure and more than $0.3m) from the Parent's expenditure budget for 2023–2024 set out in the Statement of Performance Expectations are explained below.

Statement of Comprehensive Revenue and Expenses

	Parent Actual 2024 $m	Parent Budget 2024 $m
Revenue		
Investment income	31.0	24.0
Net fair value (loss) on financial instruments	(3.4)	-
Total revenue	**27.6**	**24.0**
Less expenses		
Personnel	7.6	7.1
Depreciation and amortisation	0.1	0.5
Other expenses	6.1	4.9
Total expenses	**13.8**	**12.5**
Surplus	**13.8**	**11.5**
Comprehensive income	**-**	**-**
Total comprehensive revenue and expenses for the period	**13.8**	**11.5**

Investment income was higher than budgeted primarily due to higher market interest rates prevailing during the financial year, levels of capital deployed and elevated levels of liquidity anticipating imminent deployment.

NZGIF does not budget for any **fair value gain/(loss) on financial instruments** due to inherent uncertainty with this item.

Depreciation and amortisation expense was lower than budgeted due to NZGIF's exit from its sublease at its former premises on The Terrace, Wellington, meaning accelerated depreciation expense on property, plant and equipment associated with permanent fixtures at that location in the prior financial year.

Statement of Movements in Equity

	Parent Actual 2024 $m	Parent Budget 2024 $m
Balance at beginning of period	**423.5**	**423.8**
Total comprehensive revenue and expenses	13.8	11.5
Capital contribution — redeemable preference shares	-	2.1
Balance at end of period	**437.3**	**437.4**

The Company redeemed its remaining 2.1 million RPS for $nil in April 2024 as it had reached profitability leading to this variance to budget for **Capital contribution — redeemable preference shares**.

Statement of Financial Position

	Parent Actual 2024 $m	Parent Budget 2024 $m
Equity		
Redeemable preference shares	27.9	30.0
Ordinary shares	400.0	400.0
Accumulated surplus	9.4	7.4
Total equity	**437.3**	**437.4**
Assets		
Current assets		
Cash and cash equivalents	44.9	67.8
Term deposits	158.4	118.8
Debt investments	16.6	12.5
Trade and other receivables	6.2	4.6
Total current assets	**226.1**	**203.7**
Non-current assets		
Debt investments	191.1	196.8
Equity investments	23.9	40.6
Work in progress and Property, plant and equipment	0.4	0.8
Total non-current assets	**215.4**	**238.2**
Total assets	**441.5**	**441.9**
Liabilities		
Current liabilities		
Employee entitlements	1.3	1.3
Provisions	1.3	-
Trade payables — exchange transactions	0.8	1.3
Unearned revenue	0.7	1.0
Total current liabilities	**4.1**	**3.6**
Non-current liabilities		
Unearned revenue (non-current)	0.1	0.9
Total non-current liabilities	**0.1**	**0.9**
Total liabilities	**4.2**	**4.5**
Net assets	**437.3**	**437.4**

The accumulated surplus movement reflects the enhanced result in the Statement of Comprehensive Revenue and Expenses.

During the year, we strategically allocated more cash to **term deposits** to take advantage of higher interest rates, resulting in lower **cash and cash equivalents** and increased **term deposits** compared to budget.

Current debt investments were higher than budgeted because we entered into a greater number of debt investments with amortising repayment profiles than originally anticipated.

Trade and other receivables were higher than budgeted primarily due to an increased interest receivable balance, driven by a greater allocation of cash to term deposits, which have less frequent interest payments compared to cash and cash equivalents.

Equity investments were below budget, due to a greater availability of attractive debt investment opportunities compared to equity options.

Work in progress and property, plant and equipment was lower than budgeted due to NZGIF's exit from its sublease at its former premises on The Terrace, Wellington in the prior financial year.

Increased expected credit loss **provisions** were recorded as a result of deteriorating macroeconomic conditions and their impact on credit risk assessments throughout our portfolio.

Trade payables — exchange transactions were lower than budgeted due to enhanced efforts to expedite payments to suppliers.

Unearned revenue was lower than budgeted because of capital recycling events, which led to the earlier recognition of unearned revenue.

Statement of Cash Flows

	Parent Actual 2024 $m	Parent Budget 2024 $m
Cash flows from operating activities		
Cash was provided from:		
Investment income	28.8	24.6
Cash was applied to:		
Net GST paid	(0.1)	-
Payments to suppliers and employees	(11.2)	(12.1)
Net cash from operating activities	**17.5**	**12.5**
Cash flows from investing activities		
Cash was provided from:		
Term deposit maturities	325.0	103.3
Debt instrument repayments	23.0	-
Cash was applied to:		
Debt and equity investments	(141.7)	(135.4)
Cash flows to acquire shares in subsidiary	(1.3)	-
Term deposit placements	(262.8)	-
Net cash (used in) investing activities	**(57.8)**	**(32.1)**
Cash flows from financing activities		
Cash was provided from:		
Proceeds from issue of redeemable preference shares	-	2.1
Net (decrease) in cash and cash equivalents	**(40.3)**	**(17.5)**
Total cash and cash equivalents at the beginning of the period	**85.2**	**85.3**
Closing cash and cash equivalents	**44.9**	**67.8**

Term deposit maturities and **term deposit placements** were presented on a net basis in the budget. NZGIF strategically allocated more cash to term deposits to take advantage of higher interest rates.

Debt instrument repayments and **debt and equity investments** were presented on a net basis in the budget.

Cash flows to acquire shares in subsidiary exceeded budget expectations, as the capital was expected to be contributed before the start of the financial year.

Proceeds from issue of redeemable preference shares were lower than budgeted due to the Company reaching profitability and redeeming its remaining RPS for $nil in April 2024.

CORPORATE GOVERNANCE

Governance and Board

Shareholding Ministers

The Minister of Finance and the Minister for Climate Change each hold 50 percent of NZGIF's issued share capital. Shareholding Ministers are responsible for overseeing the Crown's shareholding interests in NZGIF.

Board of Directors

All NZGIF's Board members have been appointed by NZGIF's Shareholding Ministers. The Board is committed to the highest standards of corporate governance. The Board establishes all strategic priorities and all decisions about investments and operations are made under its authority.

Committees of the Board

The Board has three committees to review and advise the Board on specialist matters:

- The Audit and Risk Committee, which assists the Board in discharging its responsibilities relative to its oversight of enterprise-wide risk management, financial management, financial and non-financial reporting, and legislative compliance
- The People and Culture Committee, which assists the Board in discharging its responsibilities relating to human resources policies and processes, organisational capability and culture, remuneration policies, training and development, health and safety policies, and compliance with the relevant legislation;
- Post year-end an Investment Committee was established to assist the Board in discharging its responsibilities relating to the consideration of proposed investments by NZGIF and to either approve or reject these, as well as reviewing investment-related policy. Committee members are comprised of directors and management of NZGIF.

Board and committee meetings

The table below shows the number of meetings attended by each Board member for the reporting period.

	NZGIF Board (13)	Audit and Risk Committee (7)	People and Culture Committee (3)	Attendance
Cecilia Tarrant	13	6	3	96%
David Woods	13	N/A	3	100%
Jacqueline Cheyne	11	7	N/A	90%
Gavin Fernandez	12	7	N/A	95%
Kevin Holmes	12	6	N/A	100%
Mark Vivian	13	N/A	3	100%

Board member remuneration

The total value of remuneration paid or payable to each Board member:

	Group and Parent	
	2024 $	2023 $
Cecilia Tarrant (Chair)	98,000	98,000
George (David) Woods (Deputy Chair, Chair of the People and Culture Committee)	61,250	61,250
Jacqueline Cheyne (Chair of the Audit and Risk Committee)	49,000	49,000
Mark Vivian	49,000	49,000
Gavin Fernandez	49,000	49,000
Kevin Holmes	44,917	49,000
Total Board member remuneration	**351,167**	**355,250**

Remuneration exceeding $100,000 p.a.

	Group	Group	Parent	Parent
	2024	2023	2024	2023
Total remuneration paid (including discretionary incentive payments and termination payments) that is or exceeds $100,000:				
1,020,000 to 1,029,999	-	1	-	1
520,000 to 529,999	1	-	1	-
440,000 to 449,999	1	1	1	1
420,000 to 429,999	1	-	1	-
400,000 to 409,999	-	1	-	1
390,000 to 399,999	1	-	-	-
360,000 to 369,999	1	1	1	1
340,000 to 349,999	1	-	1	-
330,000 to 339,999	-	1	-	1
320,000 to 329,999	1	-	1	-
310,000 to 319,999	1	1	1	1
290,000 to 299,999	1	-	1	-
280,000 to 289,999	-	2	-	2
270,000 to 279,999	2	1	2	1
220,000 to 229,999	1	-	1	-
210,000 to 219,999	1	-	1	-
190,000 to 199,999	1	-	-	-
180,000 to 189,999	3	-	2	-
170,000 to 179,999	2	1	1	1
160,000 to 169,999	3	3	2	2
150,000 to 159,999	3	-	1	-
140,000 to 149,999	2	2	1	1
130,000 to 139,999	3	-	2	-
120,000 to 129,999	-	1	-	1
110,000 to 119,999	-	2	-	2
100,000 to 109,999	7	6	4	5
Total	**37**	**24**	**25**	**21**

Reporting against appropriation

NZGIF was funded through appropriations from Vote Finance, and the following are the appropriations the Company is responsible for reporting against for the year ended 30 June 2024.

New Zealand Green Investment Finance Ltd — Equity injections for capital investments

This is a multi-year appropriation (MYA) intended to provide capital injections into the Company, to fund the Crown's contribution to the Company for its capital investments. Amounts are paid by the New Zealand Treasury. This is a new MYA established in the current financial year, beginning 1 March 2024 and ending 30 June 2028. This MYA supersedes an expired MYA of a similar nature, for the provision of equity injections into the Company for its capital investments.

	2024	2023
	$m	**$m**
Original appropriation	100.0	-
Cumulative adjustments	-	-
Total adjusted appropriation	**100.0**	**-**
Cumulative actual called 1 July	-	-
Current year actual called	-	-
Cumulative actual called 30 June	**-**	**-**
Appropriation remaining 30 June	**100.0**	**-**

Assessment of performance	2024		2023	
	Actual	Target	Actual	Target
NZGIF's requests for ordinary shares are supported by statements that the capital will be used in ways that are consistent with the low emission investment strategy	Not applicable(i)	Achieved	New measure for 2022-2023	

(i) the Company did not receive any equity injections during the year.

New Zealand Green Investment Finance Ltd — Equity injections for operating expenditure

This is an annual appropriation intended to provide capital injections into the Company to fund its operating costs and enable it to facilitate and accelerate low emissions investment. Amounts are paid by the New Zealand Treasury. This annual appropriation supersedes an expired MYA of a similar nature, for the provision of equity injections into the Company for its operating expenditure.

	2024 $m	2023 $m
Approved appropriation	2.1	-
Expenditure for the year	-	-
Appropriation remaining at 30 June	**2.1**	**-**

Assessment of performance	2024 Actual	2024 Target	2023 Actual	2023 Target
Operating expenses are used to assess, approve and manage investment opportunities that accelerate emissions reductions in New Zealand	Not applicable(i)	Achieved	New measure for 2022-2023	

(ii) the Company did not receive any equity injections during the year.

Risk management

From 30 May 2024, The Group's directors' and officers' liability insurance was renewed to cover risks normally covered by such policies. Insurance is not provided for dishonest, fraudulent, or wilful acts or omissions.

Disclosures

Director insurance and indemnities

As permitted by its constitution, NZGIF has entered into a deed of indemnity, access and insurance indemnifying certain directors, officers and employees for liabilities, losses, costs and expenses they may incur for acts or omissions in their capacity as directors, officers or employees. During the financial year, as permitted by the relevant company's constitution, the following new indemnities were provided by NZGIF's wholly owned subsidiaries to their directors, in each case for costs and liabilities they may incur for acts or omissions in their capacity as directors:

- Accelerate Climate Capital Limited — a deed of indemnity in favour of Mark Vivian, and a deed of indemnity in favour of Kevin Holmes
- NZGIF Security Trustee — a deed of indemnity in favour of Jason Patrick

NZGIF has arranged directors' and officers' liability insurance covering any past, present or future director, officer, or employee acting in a managerial or supervisory capacity or named as a co-defendant with NZGIF or a subsidiary of NZGIF. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for NZGIF or a subsidiary, but excluding dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations or duty to NZGIF or a subsidiary, improper use of information to the detriment of NZGIF or a subsidiary, or breach of professional duty.

Directors' relevant interests

No specific disclosures were given by directors pursuant to s140(1) of the Companies Act 1993. General disclosures of interest made by the directors of subsidiaries of New Zealand Green Investment Finance Limited pursuant to s140(2) of the Companies Act 1993 as at 30 June 2023 are:

Director	Interests
Cecilia Tarrant	Chancellor, The University of Auckland
	Committee Member, ArcAngels (Angel Investment Network)
	Advisory Board Member, The Seriously Good Chocolate Company Limited
	Advisory Board Member, The Southern Pioneers Food Hub Limited
	Director and shareholder, Seeka Limited
	Director, Payments NZ Limited
	Director and shareholder, Javan Cream Company Limited
David Woods	Member, LGFA Sustainability Committee
	Director, First Microfinance Company Limited
	Director, Whai Rawa Fund Limited
	Director, Hiringa Energy Limited
	Director, Te Puna Hapori
	Director, Toitū Tahua (Centre for Sustainable Finance)
	Advisory Board Member, University of Auckland Business School
	Director, NZGIF Solar Investments Limited
Jacqueline Cheyne	Board Member, External Reporting
	Board Member — Audit Oversight Committee, Financial Markets Authority
	Chair, Snow Sports New Zealand
	Independent Member, Christchurch City Council Audit and Risk Management Committee
	Director, Stride Property Limited
	Director, Stride Investment Management Limited
	Director, Pioneer Energy Limited
	Director, Queenstown Airport Corporation Limited
Gavin Fernandez	Director, MOTAT (Museum of Transport and Technology)
	Director and shareholder, Wolga NZ Limited
	Director and shareholder, XAP Company Limited
	Director, Airways Corporation of New Zealand Limited
	Strategic Advisor, NXT Fuels Limited
Mark Vivian	Supporters Council Member, Young Enterprise Trust
	Board Member, Snow Sports New Zealand
	Advisory Board Member, Frank TKH Limited
	Board Advisor, Inception Labs Limited
	Director and shareholder, Movac Limited
	Director, Movac Fund 4 Custodial Limited
	Director and shareholder, Movac Fund 4 General Partner Limited
	Director, Movac Fund 5 Custodial Limited
	Director and shareholder, Movac Fund 5 General Partner Limited
	Director, Movac Solve Investment Limited
	Director, Movac Myia Investment Limited
	Director, Movac Open Investment Limited
	Director and shareholder, Movac Growth Fund 6GP Limited
	Director, Movac Growth Limited
	Director, Movac Growth Fund 6 Custodial Limited
	Director, Cavom Nominee No.1 Limited
	Director, Mobi2Go Limited
	Director, TracPlus Global Limited
	Director and shareholder, AudienceZen Limited
	Director, Atomic.io Limited
	Director, Accelerate Climate Capital Limited

Directors of NZGIF subsidiaries and their relevant interests

NZGIF has a number of subsidiaries. Below is information in their interests and relevant remunerations.

No specific disclosures were given by Directors pursuant to s140(1) of the Companies Act 1993. General disclosures of interest made by the Directors of subsidiaries of New Zealand Green Investment Finance Limited pursuant to s140(2) of the Companies Act 1993 as at 30 June 2023 are:

Accelerate Climate Capital Limited

Director	Interests
Jason Patrick	Director, Energy Solution Providers Limited Director, NZGIF Security Trustee Limited Director, NZGIF Solar Investments Limited Director, Accelerate Climate Capital Limited
Mark Vivian	See disclosures above

NZGIF Security Trustee Limited

Director	Interests
Jason Patrick	See disclosures above

NZGIF Solar Investments Limited

Director	Interests
Mel Hewitson	Director, Ngāti Whātua Ōrākei Whai Maia Limited Director, Simplicity (NZ) Limited Director, Domain Name Commission Limited Director, Southern Cross Travel Insurance Limited Director, Ngāti Whātua Ōrākei Health Limited Director, Ngāti Whātua Ōrākei Education Limited Director, Housing Foundation Limited Director, Housing Foundation No.1 Limited Chair, Nominating Committee for Waikato-Tainui Group Investment Committee Chair, NZ Trade & Enterprise – Active Investor Plus Advisory Panel Trustee, Foundation North Trustee, New Zealand Housing Foundation Member, FINDEX Advice Services NZ Investment Committee
Jason Patrick	See disclosures above
David Woods	See disclosures above

Carbn Group Holdings Limited, Carbn Asset Management Limited, SFF Low Emissions Delivery Limited, Sustainable Fleet Finance Limited, Zilch Fleet Solutions Limited

Director	Interests
Samantha Sharif	Director and shareholder, Everest Enterprises Limited Director and shareholder, Stamps Unlimited Limited Director and shareholder, MFL Mutual Fund Limited Director and shareholder, Superannuation Investments Limited Director, Carbn Group Holdings Limited and its subsidiaries Director, Edison Consulting Group Limited Director, Edison Consulting Trustee Company Limited Director, Auto Stewardship New Zealand Limited Chair, New Talisman Gold Mines Limited Member — Audit and Risk Committee, Department of Corrections
John Chandler	Director and shareholder, JC Capital Limited Director, Carbn Group Holdings Limited and its subsidiaries Director and shareholder, Ashburnham Corporate Trustee Limited

NZGIF subsidiary companies director remuneration

Accelerate Climate Capital Limited

Director	Remuneration
Jason Patrick	$0*
Mark Vivian	$0^
Kevin Holmes, alternate for Mark Vivian (appointed 3 November 2023, resigned 31 May 2024)	$0^

NZGIF Security Trustee Limited

Director	Remuneration
Edward Montague	$0*
Jason Patrick	$0*

* As an NZGIF employee, no additional remuneration was paid for sitting on the Board of an NZGIF subsidiary.
^ As an NZGIF director, no additional remuneration was paid for sitting on the Board of an NZGIF subsidiary.

NZGIF Solar Investments Limited

Director	Remuneration
Mel Hewitson	$24,000
Jason Patrick	$0*
David Woods	$0^

Carbn Group Holdings Limited, Carbn Asset Management Limited, SFF Low Emissions Delivery Limited, Sustainable Fleet Finance Limited, Zilch Fleet Solutions Limited

Director	Remuneration
Samantha Sharif	$50,000
John Chandler (appointed 21 February 2024)	$6,000

* As an NZGIF employee, no additional remuneration was paid for sitting on the Board of an NZGIF subsidiary.
^ As an NZGIF director, no additional remuneration was paid for sitting on the Board of an NZGIF subsidiary.

DIRECTORY

Shareholders

The Minister of Finance
The Minister for Climate Change

Auditor

KPMG Wellington

Senior Leadership Team

Sarah Minhinnick, Chief Executive (from 5 August 2024)
Chris Day, Interim Chief Executive (outgoing)
Jason Patrick, Chief Investment Officer
Edward Montague, Chief Operating Officer
Jenny Lackey, Chief of Corporate Affairs
Ian MacKenzie, Head of Legal
Hannah Iggulden, Head of People and Culture

Registered office

Level 9 (South End)
7 Waterloo Quay
Pipitea
Wellington

Solicitors

Bell Gully
Chapman Tripp
DLA Piper
Russell McVeagh

Board of Directors

Cecilia Tarrant (Chair of the Board)
George (David) Woods (Deputy Chair of the Board, Chair of the People and Culture Committee)
Jacqueline Cheyne (Chair of Audit and Risk Committee)
Gavin Fernandez
Kevin Holmes (tenure completed on 31 May 2024)
Mark Vivian

Contact address

PO Box 1054
Wellington 6140
New Zealand

Email: info@nzgif.co.nz
www.nzgif.co.nz

Bankers

Westpac New Zealand Limited

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NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

- info@nzgif.co.nz
- www.nzgif.co.nz
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