

**Lodestone Energy Limited and its
Subsidiaries
Consolidated financial statements
for the year ended 31 March 2025**

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Directory

Nature of business

Construction, owning and operating grid scale solar and battery farms and managing a portfolio of retail customers.

Directors

Role

Date

Gary Holden

Managing Director

Jack Matthews

Chair & Director

Guy Haddleton

Co-Founder

Sam Morgan

Director

Susan Paterson

Chair People & Culture Committee

Joanna Perry

Chair Audit & Risk Committee

William Thomson

Director

Resigned 7 May 2024

Michael Walmsley

Director

Appointed 21 May 2024

Andrew Parsonage

Director

Appointed 9 April 2025

Registered office

Level 1

111 Hurstmere Road

Takapuna

Auckland 0622

Banker

Westpac New Zealand Limited

Auditor

KPMG New Zealand

Directors' report

The Directors are pleased to present the consolidated financial statements of Lodestone Energy Limited and its Subsidiaries (The 'Group') for the year ended 31 March 2025.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practise, of the consolidated financial statements which fairly present the financial position of the Group as at 31 March 2025 and the results of its operations for the year ended 31 March 2025.

The Directors consider that the consolidated financial statements of the Group have been prepared using accounting policies appropriate to the Group, consistently applied and supported by reasonable judgements and estimates. The Directors consider that all applicable New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable Financial Reporting Standards as appropriate for profit-oriented entities have been applied.

The Board of Directors of Lodestone Energy Limited authorised these consolidated financial statements presented on pages 4 to 29 for issue on 22 May 2025.

The consolidated financial statements are signed for and on behalf of the Board.



G Holden

Managing Director

Date: 22 May 2025



J Matthews

Chair

Date: 22 May 2025

Lodestone Energy Limited and its Subsidiaries
Consolidated statement of comprehensive income
For the year ended 31 March 2025

Consolidated statement of comprehensive income

For the year ended 31 March 2025

	Notes	2025 \$'000	2024* \$'000
Operating revenue	3	22,456	3,943
Operating expenses	4	<u>(12,866)</u>	<u>(8,419)</u>
		9,590	(4,476)
Losses from financial settlement of Power Purchase Agreement contracts	3	<u>(7,562)</u>	<u>(1,333)</u>
Earnings/ (loss) before net finance expense, taxation, depreciation, amortisation and fair value (EBITDAF)		<u>2,028</u>	<u>(5,809)</u>
Depreciation and amortisation expense	10,11	(3,286)	(367)
Finance income	5	3,038	4,102
Finance expense	5	<u>(7,667)</u>	<u>(3,015)</u>
Net financing (expense)/income	5	<u>(4,629)</u>	<u>1,087</u>
Loss before income tax and changes in fair value of derivatives		<u>(5,887)</u>	<u>(5,089)</u>
Income tax expense	6	-	-
Total loss for the year before changes in fair value of derivatives		<u>(5,887)</u>	<u>(5,089)</u>
Changes in fair value of derivatives	17	(29,904)	(5,029)
Loss attributable to shareholders		<u>(35,791)</u>	<u>(10,118)</u>
Total comprehensive loss for the year is attributable to:			
Owners of Lodestone Energy Limited		<u>(35,791)</u>	<u>(10,118)</u>
		<u>(35,791)</u>	<u>(10,118)</u>

* The comparative information is restated on account of changes in presentation, refer to note 2(h).

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Lodestone Energy Limited and its Subsidiaries
Consolidated statement of financial position
As at 31 March 2025

Consolidated statement of financial position

As at 31 March 2025

	Notes	2025 \$'000	2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	66,081	43,960
Restricted use cash and cash equivalents	7	27,190	39,239
Trade and other receivables	8	5,261	4,294
Inventory	9	170	90
Total current assets		98,702	87,583
Non-current assets			
Property, plant and equipment	10	251,449	176,025
Intangible assets		12	13
Right of use asset	11	1,351	636
Derivative financial instruments	17	-	365
Total non-current assets		252,812	177,039
Total assets		351,514	264,622
LIABILITIES			
Current liabilities			
Trade and other payables	13	6,803	14,777
Borrowings	15	35,662	23,387
Employee entitlements	14	1,150	1,152
Lease liabilities	12	335	139
Retentions		197	164
Derivative financial instruments	17	12,046	3,515
Total current liabilities		56,193	43,134
Non-current liabilities			
Borrowings	15	125,869	86,204
Lease liabilities	12	1,069	580
Derivative financial instruments	17	26,382	5,374
Total non-current liabilities		153,320	92,158
Total liabilities		209,513	135,292
Net assets		142,001	129,330
EQUITY			
Share capital	16	201,476	153,396
Accumulated losses		(60,312)	(24,521)
Share based payment reserve	16	837	455
Total equity		142,001	129,330

The Board of Directors of Lodestone Energy Limited authorised these consolidated financial statements presented on pages 4 to 29 for issue on 22 May 2025.

For and on behalf of the Board.



G Holden
Managing Director

Date: 22 May 2025



J Matthews
Chair

Date: 22 May 2025



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

Lodestone Energy Limited and its Subsidiaries
Consolidated statement of changes in equity
For the year ended 31 March 2025

Consolidated statement of changes in equity

For the year ended 31 March 2025

		Share capital	Share based payment reserve	Accumulated losses	Total equity
	Notes	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2023		98,683	328	(14,682)	84,329
Net loss for the year		-	-	(10,118)	(10,118)
Total comprehensive loss for the year		-	-	(10,118)	(10,118)
Issue of preference share capital		55,721	-	-	55,721
Share capital transaction costs		(1,008)	-	-	(1,008)
Exercised share options		-	(279)	279	-
Share based payment expense		-	406	-	406
Balance as at 31 March 2024		<u>153,396</u>	<u>455</u>	<u>(24,521)</u>	<u>129,330</u>
Balance as at 1 April 2024		153,396	455	(24,521)	129,330
Net loss for the year		-	-	(35,791)	(35,791)
Total comprehensive loss for the year		-	-	(35,791)	(35,791)
Issue of preference share capital	16	49,974	-	-	49,974
Share capital transaction costs	16	(1,894)	-	-	(1,894)
Share based payment expense	16	-	382	-	382
Balance as at 31 March 2025		<u>201,476</u>	<u>837</u>	<u>(60,312)</u>	<u>142,001</u>

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

Lodestone Energy Limited and its Subsidiaries
Consolidated statement of cash flows
For the year ended 31 March 2025

Consolidated statement of cash flows

For the year ended 31 March 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Cash generated at contracted prices		13,229	1,259
Cash generated from other revenue		409	276
Cash paid to suppliers and employees		(14,007)	(8,184)
Net withholding tax received/ (paid)		100	(883)
Interest income		3,038	2,952
Net cash inflow/ (outflow) from operating activities		2,769	(4,580)
Cash flows from investing activities			
Purchases of property, plant and equipment		(81,696)	(105,940)
Restricted use cash and cash equivalents for projects		12,049	18,786
Purchases of intangible assets		-	(2)
Net cash outflow from investing activities		(69,647)	(87,156)
Cash flows from financing activities			
Proceeds from issuance of preference shares		49,974	55,721
Proceeds from construction facility borrowings		43,674	73,649
Proceeds from term facility borrowings		54,200	28,000
Principal elements of lease payments		(142)	(79)
Interest paid on lease liabilities		(23)	(74)
Repayment of construction facility borrowings		(26,200)	(28,000)
Repayment of term facility borrowings		(28,505)	-
Transaction costs related to preference share issuance		(802)	(1,008)
Transaction costs related to borrowings		-	(1,428)
Interest paid on borrowings		(3,177)	(141)
NZGIF Principal loan repayment		-	(10,000)
Net cash inflow from financing activities		88,999	116,640
Net increase in cash and cash equivalents		22,121	24,904
Cash at the beginning of the year		43,960	19,056
Cash at end of year	7	66,081	43,960

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 General information

The consolidated financial statements comprise the economic entity Lodestone Energy Limited (the 'Company' or 'Lodestone') and its Subsidiaries (together, the consolidated 'Group').

The principal activities of the Group are constructing, owning, operating grid scale solar and battery farms and managing a portfolio of retail customers.

Lodestone is a profit-orientated entity, domiciled in New Zealand, and registered under the Companies Act 1993.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') and comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR'), as appropriate for Tier 2 for-profit entities that qualify and elect to apply the reduced disclosure reporting concessions.

The Group is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that the Group has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Group has applied a number of disclosure concessions.

The consolidated financial statements have been prepared based on historical costs, except for certain items as identified in specific accounting policies. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand unless otherwise stated.

(b) Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The table below lists areas of key estimates and judgements:

Key estimates and judgements	Notes
Valuation of power purchase agreements	Note 17 Financial Risk Management
Valuation of electricity derivatives	Note 17 Financial Risk Management

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

2 Material accounting policies

Accounting policies are disclosed within each of the applicable notes to the consolidated financial statements.

All mandatory, new or amended, accounting standards or interpretations were adopted in the current period.

The NZ IFRS standards or interpretations that are not yet effective for the Group are:

- Presentation and Disclosure in Financial Statements (NZ IFRS 18); and
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to NZ IFRS 10 and NZ IAS 28).

The material accounting policies which are pervasive throughout the consolidated financial statements are set out below. Other material accounting policies which are specific to transactions or balances are disclosed within the note to which they relate.

Accounting policies have been consistently applied to all years presented, unless otherwise stated.

2 Material accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements incorporate the Financial Statements of Lodestone and entities controlled by Lodestone and its Subsidiaries. Control is achieved when Lodestone:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Lodestone reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation, except for foreign currency gains or losses arising from intragroup monetary items.

(d) Foreign currency

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and position of the Group are expressed in New Zealand Dollars ('NZD'), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

Transactions in currencies other than the Group's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Goods and services tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax ('GST') except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

(f) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

2 Material accounting policies (continued)

(f) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating unit's recoverable amount. A previously recognised, impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

(g) Current vs. non-current classification

Assets are classified as current when they are:

- expected to be realised, intended to be sold, or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting date; or
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

Liabilities are classified as current when they are:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months of the reporting period; or
- there is no right at the end as at the reporting date to defer settlement for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

(h) Non-GAAP measures

Earnings before net finance expense, taxation, depreciation, amortisation and fair value changes (EBITDAF) is a performance measure which is used internally to provide insights of the Group's performance by adjusting items that are outside the control of Management or are not directly related to operational decisions.

EBITDAF includes Loss from financial settlement of Power Purchase Agreement contracts and has been applied to comparative figures. EBITDAF is added in the current financial year to improve clarity and align with industry terminology and has been applied to comparative figures.

The previously reported Consolidated statement of comprehensive income's sub-total "Loss before income tax" in the prior year has been amended to "Loss before income tax and changes in fair value of derivatives" as a result of reclassifying the "Changes in fair value of derivatives" balance to below "Income tax expense". This has impacted the prior year "Loss before income tax" reducing the loss by \$5,029,000 and changing the definition of the sub-total to "Loss before income tax and changes in fair value of derivatives". The reclassification has a nil effect on the Total Loss for the year, Consolidated statement of financial position or the Consolidated statement of cash flows.

The Total loss attributable to shareholders before changes in fair value of derivatives has added in the current financial year to improve clarity and has been applied to comparative figures. The new measure is a performance measure which is used internally to provide insights of the Group's performance by adjusting items that are outside the control of Management or are not directly related to operational decisions.

These measures are used by Management to assist with assessing the performance of the Group. However, this measure is not directly and uniformly defined within NZ IFRS RDR and therefore may not be comparable to all companies.

3 Operating revenue

	2025 \$'000	2024 \$'000
Generation revenue at spot price	22,047	3,639
Grazing income	167	207
Rental income	89	36
Certified energy income	106	30
Other income	47	31
Operating revenue	<u>22,456</u>	<u>3,943</u>

The purpose of this reconciliation is to represent Generation revenue position net of realised gains/(losses) from financial settlement of Power Purchase Agreements ('PPA') contracts.

	2025 \$'000	2024 \$'000
Generation revenue at spot price	22,047	3,639
Losses from financial settlement of PPA contracts	<u>(7,562)</u>	<u>(1,333)</u>
Generation revenue at contracted price	<u>14,485</u>	<u>2,306</u>

Accounting policy

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Generation revenue at spot price relates to the sale of generation electricity from solar farms and is recognised over time. Generation revenue is recorded by the quantity of generation at the half-hourly supply of electricity at the prevailing spot market price.

The realised gains/(losses) resulting from the financial settlement of PPA contracts, are not reflected within generation revenue. These gains/(losses) are separately disclosed within the statement of comprehensive income in accordance with NZ IFRS 15 Revenue from contracts with customers.

4 Operating expenses

	2025 \$'000	2024 \$'000
Solar farm operations and maintenance expenses	2,799	682
Other expenses	2,261	433
Legal fees	777	1,156
Land option cost	180	410
Employee & director expenses	5,619	4,639
Office expenses	1,230	1,099
Operating expenses	12,866	8,419

Auditors' fees

The Company's auditor, KPMG New Zealand charged the ultimate parent company Lodestone Energy Limited \$235,000 (2024: \$170,000) in relation to audit service for Lodestone Energy Limited, Lodestone Energy Holdings No.2 Limited and Lodestone Energy Holdings No.1 Limited.

5 Net financing income

	2025 \$'000	2024 \$'000
Interest income	3,038	2,951
Foreign exchange unrealised gain	-	1,151
Finance income	3,038	(4,102)
Amortisation of capitalised issue cost	(499)	(364)
Finance expense on borrowings	(6,427)	(707)
Interest expense on lease liability	(51)	(74)
Foreign exchange realised loss	(616)	(1,870)
Foreign exchange unrealised loss	(74)	-
Finance expense	(7,667)	3,015
Net financing (expense)/income	(4,629)	1,087

Accounting policy

Finance income is recognised using the effective interest method.

Finance expense represents interest on borrowings, interest on lease liabilities and capital issue costs which are recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Foreign exchange ('FX') gains and losses arise on conversion of foreign currency bank accounts to the reporting currency NZD and on payment of invoices recorded in overseas currency when paid in NZD. FX Hedging is entered into when there is a known exposure with a high probability of expenses. The Group enters into FX Forward Contracts to manage project construction costs.

6 Taxation

2025 2024
\$'000 \$'000

Reconciliation of tax expense

Profit/(loss) before tax	<u>(35,791)</u>	<u>(10,118)</u>
Income tax benefit using the domestic Company tax rate of 28%	<u>(10,021)</u>	<u>(2,833)</u>
Permanent differences	112	2
Adjustments in respect of prior periods	1,503	-
Unrecognised tax losses	3,780	1,271
Unrecognised temporary differences	<u>4,626</u>	<u>1,560</u>
Income tax expense	<u>-</u>	<u>-</u>

The current tax asset of \$580,000 (2024: \$884,000) represents the amount of withholding tax receivable in respect of current and prior periods.

Tax assets and liabilities are offset against group losses within Lodestone Energy Limited and its subsidiaries.

At 31 March 2025, the Group has unused tax losses of \$33,389,000 (2024: \$14,522,000) available for offset against future periods. Imputation credits available to use in the subsequent period is \$nil (2024: \$nil). Accumulated unrecognised temporary differences giving rise to an unrecognised asset at the end of the financial year \$22,093,000 (2024: \$5,572,000).

Accounting policy

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax reflects the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

7 Cash and cash equivalents

	2025 \$'000	2024 \$'000
Restricted use cash and cash equivalents	27,190	39,239
Cash and cash equivalents	<u>66,081</u>	<u>43,960</u>
Total cash and cash equivalents	<u>93,271</u>	<u>83,199</u>

As at 31 March 2025, the Group has a \$12,230,000 undrawn working capital facility available until 9 October 2025. There is no other bank overdraft facility.

The project finance debt facility held with Westpac New Zealand Limited ('Westpac') includes conditions for certain levels of restricted use cash to be held by the Group within the Lodestone Solar Limited entity for each solar farm based on the total project costs. This is to ensure there is sufficient cash ring fenced to construct committed projects and to ensure debt can be repaid prior to funds being transferred outside Lodestone Solar Limited. This restricted use cash includes the expected construction costs and additional cash held as an equity buffer for project cost risks for all committed projects. The equity buffers are released through the duration of the projects as the residual project risks reduce.

Accounting policy

Cash and cash equivalents consist of cash at bank and on hand as well as unsecured term deposits with an initial maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

8 Trade and other receivables

	2025 \$'000	2024 \$'000
Clearing manager accrued spot revenue	2,626	1,028
Prepayments	1,724	203
Withholding tax receivable	580	884
GST receivable	<u>331</u>	<u>2,179</u>
Trade and other receivables	<u>5,261</u>	<u>4,294</u>

Accounting policy

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

Clearing manager accrued spot revenue is the generation volume at the spot price.

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due. Impairment is calculated based on an expected credit loss model and is recognised in the comprehensive statement of income. The loss allowance is based on a simplified approach which involves estimating the lifetime expected loss at period end date. This is calculated based on historical credit loss experience and adjusted for forward looking factors specific to debtors and the economic environment.

9 Inventory

	2025 \$'000	2024 \$'000
Inventory	<u>170</u>	<u>90</u>
Inventory	<u>170</u>	<u>90</u>

Accounting policy

Inventories are recognised at the lower of cost and net realisable value. Cost is determined using the weighted average basis and include costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less estimated cost of completion and costs to be incurred in the marketing, selling and distribution. The nature of the inventory is spare parts in the relation to the solar farm in operation.

Lodestone Energy Limited and its Subsidiaries
Notes to the consolidated financial statements
For the year ended 31 March 2025
(continued)

10 Property, plant and equipment

	Land \$'000	Buildings \$'000	Computer equipment \$'000	Plant and equipment \$'000	Office equipment \$'000	Capital work in progress \$'000	Solar equipment \$'000	Total \$'000
At 31 March 2024								
Cost	18,938	2,387	100	303	237	96,677	57,786	176,428
Accumulated depreciation	-	(20)	(52)	(86)	(71)	-	(172)	(402)
Net book amount	<u>18,938</u>	<u>2,367</u>	<u>48</u>	<u>217</u>	<u>166</u>	<u>96,677</u>	<u>57,613</u>	<u>176,026</u>
Year ended 31 March 2025								
Opening net book amount	18,938	2,367	48	217	166	96,677	57,613	176,026
Depreciation	-	(7)	(80)	(23)	(114)	-	(2,957)	(3,181)
Additions	-	13	724	-	187	77,711	-	78,635
Disposals	-	-	-	(30)	(1)	-	-	(31)
Transfers	-	-	-	-	-	(124,736)	124,736	-
Closing net book amount	<u>18,938</u>	<u>2,373</u>	<u>692</u>	<u>164</u>	<u>238</u>	<u>49,652</u>	<u>179,392</u>	<u>251,449</u>
At 31 March 2025								
Cost	18,938	2,400	824	272	284	49,652	182,522	254,892
Accumulated depreciation	-	(27)	(132)	(108)	(46)	-	(3,130)	(3,443)
Net book amount	<u>18,938</u>	<u>2,373</u>	<u>692</u>	<u>164</u>	<u>238</u>	<u>49,652</u>	<u>179,392</u>	<u>251,449</u>

The amount of finance expense capitalised during the year was \$6,434,000 (2024: \$7,672,000).

10 Property, plant and equipment (continued)

	Opening balance 1 Apr 24 \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Closing balance 31 Mar 25 \$'000
Capital work in progress cost reconciliation					
Kaitaia	-	1,535	-	(1,535)	-
Edgecumbe	50,658	5,823	-	(56,481)	-
Waiotahe	40,213	26,507	-	(66,720)	-
Whitianga	2,885	33,991	-	-	36,876
Dargaville (Waihue Road)	1,338	26	-	-	1,364
Dargaville (Hoanga road)	139	675	-	-	814
Phase II	1,444	9,154	-	-	10,598
Total	96,677	77,711	-	(124,736)	49,652

Costs that are jointly and directly attributable to the development and construction of the capital projects, such as capitalised labour, have been allocated to each capital site based on the proportion of time.

Conversion status under the Westpac lending agreement was achieved during the current financial period for Edgecumbe. The Group converted Waiotahe solar farm Capital work in progress to Property, plant and equipment as all major work scope was completed. Both Edgecumbe and Waiotahe solar farm construction was completed during the year, \$124,736,000 was transferred from Capital work in progress to Property, plant and equipment going live on 27 June 2024 and 31 March 2025 respectively.

There is one site under construction and being part funded by Westpac construction facility as at balance date, relating to Whitianga solar farm.

Phase II Capital work in progress comprises of Bunnythorpe, Bute farm, Clandeboye, Dunsandel, Ferkins, Haldon, Helensville, Kairanga, Killermont, Mt. Somers, Rotorua, Te Toke Road and Wairakei Pastoral.

At 31 March 2025, Westpac has a Security Interest over all present and after-acquired property of Lodestone Energy Holdings No.1 Limited and Lodestone Solar Limited. IFM facility is secured against the assets of Lodestone Energy Holdings No.2 Limited.

Accounting policy

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, (if any). Construction in progress is stated at cost, net of accumulated impairment losses, (if any).

Such costs include the cost of replacing part of the property, plant, and equipment as well as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Such costs will include technical consulting, professional fees, site preparation, construction, prospecting costs and functionality testing. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs and maintenance costs are recognised in the statement of comprehensive income as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or loss on derecognition is included in the statement of comprehensive income when the asset is recognised.

The residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted prospectively, if appropriate. Additionally, the carrying amount of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income when the carrying amount exceeds the recoverable amount and directly reduces the carrying amount of the asset.

10 Property, plant and equipment (continued)

Finance expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other finance expenses are recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Depreciation is calculated on a basis as follows:

- Buildings 50 years
- Solar equipment 10 to 35 years
- Computer equipment 2 to 3 years
- Office equipment 3 to 10 years
- Plant and equipment 3 to 10 years

11 Right of use assets

	Fleet Lease \$'000	51 Hurstmere Rd Office \$'000	111 Hurstmere Office \$'000	Total \$'000
At 31 March 2024				
Cost	68	781	-	849
Accumulated depreciation	(13)	(201)	-	(213)
Net book amount	<u>56</u>	<u>580</u>	<u>-</u>	<u>636</u>
Year ended 31 March 2025				
Opening net book amount	56	580	-	636
Additions	-	-	1,397	1,397
Disposals	-	(578)	-	(578)
Depreciation	(16)	(3)	(85)	(104)
Closing net book amount	<u>39</u>	<u>-</u>	<u>1,312</u>	<u>1,351</u>
At 31 March 2025				
Cost	68	-	1,397	1,465
Accumulated depreciation	(29)	-	(85)	(114)
Net book amount	<u>39</u>	<u>-</u>	<u>1,312</u>	<u>1,351</u>

The Group holds one lease for office space, on 111 Hurstmere Road, located in Takapuna, Auckland. The lease has a right of renewal on 1 May 2026, for a further 4 years with final expiry dated 1 May 2030.

Accounting policy

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, plus initial direct costs incurred, adjusted for lease payments made at or before the commencement date, less any lease incentives received and an estimate or costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located.

11 Right of use assets (continued)

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The carrying amount of right of use assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, the assets recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income when the carrying amount exceeds the recoverable amount and directly reduces the carrying amount of the asset.

12 Lease liabilities

	Fleet Lease	51 Hurstmere Rd Office	111 Hurstmere Rd Office	Total Lease
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Apr 2024	59	661	-	720
Additions	-	-	1,395	1,395
Interest cost	5	3	44	52
Repayments	(21)	(66)	(78)	(165)
Terminations	-	(598)	-	(598)
Balance 31 March 2025	43	-	1,361	1,404

Represented by:

Current	21	-	314	335
Non-current	22	-	1,047	1,069

Accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from the use of the asset throughout the term.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Details regarding the right of use assets are set out in Note 11.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option where it is reasonably certain to be exercised by the Group, and payments for terminating the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or rate are recognised as expenses in the period in which the event or condition triggers the payment.

After the commencement date, the measured at amortised cost using the effective interest method. The lease liability is remeasured if there is a modification, a change in lease term, a change in lease payments or a change in the assessment of an option to purchase the underlying asset. Where the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

12 Lease liabilities (continued)

Incremental borrowing rates

Incremental borrowing rates at the lease commencement rate are used in calculating the present value of lease payments as the interest rate implicit in the lease is not readily determinable. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

Lease terms

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. In determining the lease term, the Group will consider all facts and circumstances of whether to exercise an option or not. Such assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment.

13 Trade and other payables

	2025 \$'000	2024 \$'000
Trade payables	4,466	14,153
Accrued expenses	2,337	624
Trade and other payables	6,803	14,777

Accounting policy

Trade and other payables are measured at amortised cost under effective interest method. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid.

Trade payables, other payables, and accruals principally comprise of amounts outstanding for trade and capital purchases and ongoing costs. Construction trade payables are assessed and certified by the lenders certifier as a requirement of the Westpac lending agreement. The Directors consider that the carrying amount of trade payables approximates to their fair value.

14 Employee entitlements

	2025 \$'000	2024 \$'000
Short term employee entitlements	1,150	1,152
Employee entitlements	1,150	1,152

Accounting policy

A liability for employee entitlements (wages and salaries and annual leave) is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably. Provisions made in respect of employee entitlements are measured using the remuneration rate expected to apply at the time of settlement.

15 Borrowings

31 March 2024	Weighted average interest rate	Term	Principal drawn	Capitalised issue cost	Accrued interest	Carrying value	Residual facility
			\$'000	\$'000	\$'000	\$'000	\$'000
<u>Term facility</u>							
Westpac	6.74%	2042	28,000	(2,026)	23	25,998	-
<u>Construction facility</u>							
Westpac - Waiotaha	7.04%	2025	14,113	-	92	14,205	20,795
Westpac - Edgecumbe	6.67%	2024	22,420	-	966	23,387	2,813
Westpac - Residual			-	-	-	-	61,000
IFM - Kaitaia	11.27%	2029	12,300	(473)	2,554	14,381	-
IFM - Edgecumbe	10.83%	2029	13,000	(613)	2,657	15,044	-
IFM - Waiotaha	11.30%	2029	16,400	(927)	1,105	16,576	-
IFM - Residual			-	-	-	-	23,300
Borrowings			<u>106,233</u>	<u>(4,039)</u>	<u>7,397</u>	<u>109,591</u>	

Represented by:

Current			22,420	-	967	23,387	
Non-current			83,813	(4,039)	6,430	86,204	

31 March 2025	Weighted average interest rate	Term	Principal drawn down	Capitalised issue cost	Accrued interest	Carrying value	Residual facility
			\$'000	\$'000	\$'000	\$'000	\$'000
<u>Term facility</u>							
Westpac	7.16%	2042	53,695	(1,916)	-	51,779	-
<u>Construction facility</u>							
Westpac - Waiotaha*	7.40%	2025	34,830	-	106	34,936	64
Westpac - Whitianga	6.36%	2027	11,639	-	24	11,663	14,172
Westpac - Residual		2027	-	-	-	-	35,166
IFM - Kaitaia	11.27%	2029	12,300	(387)	4,300	16,213	-
IFM - Edgecumbe	10.83%	2029	13,000	(502)	4,423	16,921	-
IFM - Waiotaha	11.30%	2029	16,400	(759)	3,765	19,406	-
IFM - Whitianga	10.03%	2029	10,900	(631)	344	10,613	-
IFM - Residual			-	-	-	-	12,400
Borrowings			<u>152,764</u>	<u>(4,195)</u>	<u>12,962</u>	<u>161,531</u>	

Represented by:

Current			36,148	(616)	130	35,662	
Non-current			116,616	(3,579)	12,832	125,869	

15 Borrowings (continued)

*Construction facility is classified as current liability when the facility, subject to meeting the facility requirements, is expected to be converted to a term facility within the next 12 months. Project completion is expected to occur in June 2025 for Waitahe solar farm (2024: Edgecumbe).

Westpac New Zealand Limited

Westpac provide a \$150,200,000 Syndicated Facility Agreement ('SFA') to Lodestone Solar Limited that is structured as a traditional project finance loan ('Construction facility') and a Term facility. The Construction facility is initially available to be used for the construction of the five solar farms and, subject to meeting the facility requirements, will be converted into a Term facility at the earlier of the solar farm achieving project completion or the sunset date being 3 November 2027. The funds can be drawn down at the commencement of construction subject to certain funding criteria being reached on a farm-by-farm basis. The SFA is secured against the assets (and shares) of Lodestone Energy Holdings No.1 Limited and Lodestone Solar Limited, subsidiaries of the Group. The SFA is a 20-year amortising facility with mandatory re-financing required every five years.

On 27 June 2024 Edgecumbe construction facility was converted to a term facility giving a total term facility of \$54,200,000. The term facility has a fixed interest rate set at the start of each financial quarter using the Base Rate plus a term facility margin.

On 21 August 2024 solar farm Financial Close was confirmed for Whitianga solar farm, releasing \$25,835,000 of the construction facility for Whitianga to be available to draw subject to meeting the construction facility requirements. The interest rate is calculated using the Base Rate plus a construction facility margin.

The SFA contains a covenant stating that at the end of each 12 month on a retrospective basis the relevant Debt Service Coverage Ratio ('DSCR') must be maintained.

TFL Trustee Company Limited and IFM U.S. Infrastructure Debt Fund ('IFM')

TFL Trustee Company Limited and IFM U.S. Infrastructure Debt Fund (Secondary), LP provide a \$65,000,000 plus capitalised interest facility to Lodestone Energy Holdings No.2 Limited ('IFM facility'). The IFM facility is available to be used to fund the construction and operation of five solar farms. The funds can be drawn down at the commencement of construction subject to certain funding criteria being reached on a farm-by-farm basis. The final drawdown needs to be on or before 14 October 2025, which is 3 years after the first solar farm financial close which occurred on 14 October 2022.

The IFM facility is secured against the assets of Lodestone Energy Holdings No.2 Limited, and is a seven-year facility expiring on 14 October 2029 with a 4 year non call period, being 14 October 2026 at which time mandatory refinancing is required. All amounts are able to be capitalised up and repayable in one lump sum at the end of the term.

The IFM facility contains a covenant stating that the relevant DSCR in Lodestone Energy Holdings No.2 Limited must be maintained.

On 15 January 2025, \$10,900,000 was drawn for the construction of Whitianga. As at 31 March 2025, a total of \$52,600,000 has been drawn, leaving \$12,400,000 still available to draw. The IFM facility interest rate is calculated using the Base Rate plus a facility margin on farm allocated facilities and a flat facility margin on the undrawn balance.

New Zealand Green Investment Finance (NZGIF)

Lodestone Energy Limited has two facilities with New Zealand Green Investment Finance (NZGIF). Facility A of \$12,230,000 is available to be used to support the working capital and general corporate requirements of the Group and expires on 9 October 2025. As at 31 March 2025, this facility is undrawn. Facility B of \$2,770,000 is used to support a Letter of Credit issued for the purpose of providing credit support in connection with the Transpower Works Agreement for the Waitahe solar farm. The letter of credit expires on 31 May 2025 and must be replaced or deemed to be no longer required. Given the government stance on NZGIF, it is unlikely the facilities will be renewed.

The loan contains a covenant that when the facility is drawn, the Loan to Value Ratio is to be maintained.

Any breach of a covenant at or before the reporting date, which triggers a repayment of the related liability within 12 months after reporting date, results in the entity classifying that liability as current unless the breach is remediated at or before reporting date.

15 Borrowings (continued)

Accounting policy

Borrowings are recognised initially at their fair value, net of transaction costs incurred and subsequently measured at amortised costs. Borrowings are classified as current liabilities unless the Group has a right as at the reporting date to defer settlement for at least 12 months after the reporting date.

The total amount of finance expenses for the year was \$12,861,000 (2024: \$7,981,000), capitalised to Property, plant and equipment \$6,434,000 (2024: \$7,672,000) and accrued interest of \$12,962,000 (2024: \$7,397,000). At balance date the Group has access to undrawn funds of \$61,802,000 (2024: \$107,908,000).

Commitment fees are payable based on the amount of funds undrawn. Lending margins are payable based on the amount of funds drawn.

Weighted average interest rates includes swap arrangements where applicable. Interest rate swaps have been entered into in order to manage the interest rate risk for the Westpac Construction facility.

16 Share capital

	2025 \$'000	2024 \$'000
Authorised, issued and fully paid in capital ordinary shares		
Balance at the beginning of the period	2,819	2,000
Shares issued - refer to Employee and Director's share scheme notes	-	819
Reclassification event	150,577	-
Balance at the end of the year	153,396	2,819
Authorised, issued and fully paid in capital participating preference shares		
Balance at the beginning of the period	150,577	96,682
Reclassification event	(150,577)	-
Series C participating preference shares issued	-	54,901
Series D preference shares issued	49,974	-
Transaction costs	(1,894)	(1,006)
Balance at the end of the year	48,080	150,577
Authorised, issued and fully paid in capital		
Total ordinary shares	153,396	2,819
Participating preference shares (issued under series A)	-	44,392
Participating preference shares (issued under series B)	-	52,291
Participating preference shares (issued under series C)	-	53,894
Series D preference shares	48,080	-
Balance at the end of the year	201,476	153,396
Number of shares authorised, fully paid and issued	Number of Shares	Number of Shares
Ordinary shares	940,165,287	140,173,108
Participating preference shares (issued under series A)	-	90,400,000
Participating preference shares (issued under series B)	-	55,000,000
Participating preference shares (issued under series C)	-	45,833,333
Series D preference shares	149,355,563	-
Balance at the end of the year	1,089,520,850	331,406,441

The Group has two classes of shares, ordinary shares and preference shares. Each of the preference shares series has differential rights to enhanced returns in a liquidity event. There are no other differences in the voting or dividend rights between ordinary shares and preference shares.

16 Share capital (continued)

In the current period ended 31 March 2025 the following events occurred:

- On 13 March 2025 all participating preference shares were converted to ordinary shares applying the Reclassification Rate and based on a Total Equity Valuation of \$350,000,000, the Reclassification Event increased the number of ordinary shares issued by 608,758,846. The resolutions required for the Reclassification Event received approval from 97% of shareholders, satisfying the required thresholds under the Shareholders' Agreement.
- On 13 March 2025 119,836,387 Series D preference shares were issued and;
- On 31 March 2025 29,519,176 Series D preference shares were issued.

Accounting policy

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or rights are shown as an equity deduction, from the proceeds. The nominal value per share is NZD \$1.

Employee and Director's share scheme - share based payments reserve

Certain employees (including senior executives) and independent directors of the Group receive part remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the options is assessed at grant date, using an appropriate valuation model, and recognised as an expense, over the vesting period of the options, with a corresponding entry to the 'equity-settled share-based payment reserve'. The amount recognised as an expense is adjusted at each reporting date to reflect the extent to which the vesting period has completed.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and leads to an immediate expensing of an award unless there are also service and/or performance conditions.

Number of share options	2025	2024
Outstanding at the beginning of the year	6,632,553	8,316,490
Cancelled during the year	-	-
Granted during the year	2,900,000	1,666,000
Forfeited during the year	(175,000)	(466,830)
Exercised during the year	-	2,883,108
Outstanding at the end of the year	9,357,553	6,632,553
Exercisable at the end of the year	6,836,383	2,699,133
Weighted average exercise price (cents) on outstanding options	43	31
Weighted average option value (cents) on outstanding options	11	11

In the current year ended 31 March 2025, the following events occurred:

- 2,900,000 new share options were granted on 1 April 2024 for new participants at a purchase price of 70 cents vesting equally over a three year period with the first vesting on 1 April 2024, with an expiry date of 10 years from grant date. Vesting of the options is subject to continued employment or engagement.

17 Financial risk management

	2025 \$'000	2024 \$'000
Derivative financial assets/(liability) carried at fair value through profit or loss		
Power purchase agreements	-	-
Interest rate swaps	-	-
Current assets	-	-
Power purchase agreements	(12,016)	(3,515)
Interest rate swaps	(30)	-
Current liabilities	(12,046)	(3,515)
Power purchase agreements	-	365
Interest rate swaps	-	-
Non-current assets	-	365
Power purchase agreements	(23,802)	(4,538)
Interest rate swaps	(2,580)	(836)
Non-current liabilities	(26,382)	(5,374)
Nominal amounts		
Interest rate swaps	127,108	54,927

Accounting policy

Derivatives

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and price risk.

Derivatives are recognised initially at fair value at the date the derivative contract or PPA is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss on remeasurement is recognised into profit or loss.

In the case of PPA, where a modification to the contractual terms occurs, the Group assesses whether the modification is quantitatively or qualitatively substantial. Where a substantial modification occurs, the existing financial liability/(asset) is derecognised and a new financial liability/(asset) is recognised. The difference between the existing and modified financial liability/(asset) is recognised immediately as a gain or loss.

If the modification of the PPA is not considered a substantial modification, then the carrying amount of the existing financial liability/(asset) is adjusted to reflect the revised cashflows discounted at the existing effective interest rate. The adjustment to the existing liability/(asset) is recognised as a gain or loss in the financial statements.

Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset. A derivative is presented as a non-current asset or non-current liability where it is not expected to be realised or settled within 12 months.

Foreign currency forward contracts are entered into to manage USD denominated construction costs. Realised and unrealised gains and losses on foreign exchange forward contracts are recognised into the statement of comprehensive income. The Westpac facility requires prior to the final conversion date of the construction facility, foreign currency forward contracts were entered into to manage 100% of the foreign exchange risk exposure arising under the Engineering, Procurement and Construction ('EPC') contract and the Master Supply Agreement.

There were no foreign currency forward contracts outstanding at 31 March 2025.

17 Financial risk management (continued)

Interest rate swaps have been entered to manage interest rate risk on borrowings. Realised gains and losses on interest rate swaps are recognised in finance expenses. The Westpac SFA requires the floating rate exposure on the principal outstanding is to be hedged.

Wholesale market hedges have been entered to manage the spot price exposures. The contracts settle monthly, and any realised gains and losses are recognised within the statement of comprehensive income.

Fair value hierarchy

The nature of inputs to valuation techniques determines the fair value hierarchy level that is applied. The levels are outlined as:

- Level one: inputs comprise unadjusted quoted prices from an active market for identical assets and liabilities;
- Level two: inputs comprise other observable inputs noted than quoted prices included within the level one hierarchy; and
- Level three: inputs comprise unobservable inputs.

Certain financial assets and financial liabilities are measured at their fair value at the end of each reporting period (detailed below). All other financial assets and liabilities are subsequently held at amortised cost and as otherwise stated.

Financial assets and liabilities requiring remeasurement	Fair value hierarchy	Valuation input and method
Power purchase agreement	Level 3	Discounted cash flow based on the wholesale price path, contractual fixed price and forecasted generation volumes.
Interest rate swap	Level 2	Discounted cash flow based on the forward interest exchange rate and contract rate.
Foreign currency forward contracts	Level 2	Discounted cash flow based on the forward exchange rate and contractual forward rate.

Deferred 'day one' gain or losses

A presumption exists that derivative contracts are entered into on an arm's length basis, and where there is no transaction amount received or paid, the fair value is nil. The pricing contained within the PPAs may therefore deviate from derived market rates for a variety of reasons or assumptions that parties may have.

As the fair value of the PPAs are derived based on observable and unobservable inputs, the difference between the initial market fair value and transaction fair value of nil (termed a 'day one difference') is deferred and amortised on a consistent basis that is taken into account when pricing the PPA between market participants.

	2025 \$'000	2024 \$'000
Deferred day one gains/(losses)		
Balance as at 1 April	(10,313)	(7,157)
Amortisation of day one difference on existing agreements	5,877	1,077
Amortisation of day one difference on modification	-	2,782
New power purchase agreements	-	(7,706)
Amortisation of day one difference on new agreements	-	690
Balance as at 31 March	(4,436)	(10,313)

17 Financial risk management (continued)

Day one difference of \$5,877,000 (2024: \$4,549,000) in relation to the PPAs were amortised, including \$nil (2024: \$2,782,000) in relation to agreement modification. The carrying amount at the date of a modification are extinguished and any gains on modification are recognised into the statement of comprehensive income.

The Group entered into no new PPAs in the current period (2024: 5). PPA agreements will be fulfilled by generation volume from Kaitaia and Edgumbe solar farms.

The closing amount is reflective of the difference that is yet to be recognised in the income statement over the remaining term of the PPAs and the amount included in the fair value of the level three PPAs.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk as a result of transactions denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily US Dollar.

The Group uses foreign exchange contracts to hedge its committed foreign denominated expenditure program in accordance with Group's Treasury policy.

(ii) Price risk

The Group is exposed to movements in the price of electricity arising through the sale and purchase of electricity to and from the market.

The Group aims to hedge price risk on electricity sales and forecast generation volume. Electricity price risk is managed with electricity derivative contracts, including but not limited to PPAs.

The Group enters into electricity derivative contracts of PPAs that establish a fixed price at which future quantities of electricity are purchased and sold. The electricity contracts are periodically settled with any difference between the contract price and the electricity spot price settled between the parties.

Electricity hedging focuses on the Group's net exposure to electricity prices over a four to five-year period.

(iii) Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at fixed and floating interest rates. Changes in market interest rates exposed the Group to changes in the fair value of borrowings subject to interest rate movements.

The Group uses interest rate swaps to manage interest rate risk which is consistent with the Group's Treasury policy and is a requirement of our borrowers.

Realised gains or losses on interest rate swaps designated as cash flow hedges reclassified to the statement of comprehensive income and is recognised in finance expenses.

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group has no significant concentrations of credit risk and the carrying amounts of cash and cash equivalents, receivables and derivative assets in the balance sheet represent the Group's maximum exposure to credit risk at balance date.

Retail electricity sales

The Group minimises its exposure to credit risk by applying credit-management practices, such as monitoring the size and nature of exposures and mitigating the risk deemed to be above acceptable levels.

Cash and cash equivalents and derivative contracts

Credit risk is managed by using high-credit quality financial institutions and other organisations. The Group's exposure and the credit ratings of its counterparties are continuously monitored to ensure the risk is spread among approved counterparties.

17 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions.

The board has set a minimum requirement that committed cash and facilities must be maintained to ensure the ability to fund 12 months of core operational spend.

(d) Capital management

The Group's objectives in managing capital are to safeguard the ability of entities within the group to continue as a going concern.

18 Related parties

Subsidiaries

Subsidiaries within the Group comprise the following:

Name	Ownership	Principal activity	Country of incorporation
Lodestone Energy Holdings No.2 Limited	100%	Intermediate holding company	New Zealand
Lodestone Energy Holdings No.1 Limited	100%	Intermediate holding company	New Zealand
Lodestone Solar Limited	100%	Solar generation	New Zealand
Lodestone Solar 2 Limited	100%	Trading	New Zealand
Lodestone Nominee Limited	100%	Nominee services	New Zealand
Lodestone (Manawatu) Limited	100%	Trading	New Zealand
Lodestone Energy Holdings No.3 Limited (Incorporated 30 July 2024)	100%	Intermediate holding company	New Zealand
Lodestone Retail Limited (Incorporated 7 May 2024)	100%	Trading	New Zealand

Key management personnel compensation

The key management personnel ('KMP') are executive officers and directors. KMP compensation for the year ended 31 March 2025 of \$4,344,000 (2024: \$3,838,000).

	2025 \$'000	2024 \$'000
Transactions with related parties		
Magnetite Energy Investments Limited	26	102
Theta Systems Limited	202	23
Exercise of Employee and Director's Share Scheme Options	-	721
Total	228	846

Services rendered by Magnetite Energy Investments Limited (owned by the Managing Director) relates to consultancy services provided by an employee of Magnetite Energy (not the Managing Director), contracted to Lodestone Energy Limited. This service concluded on 10 May 2024.

19 Dividend

There were no dividends paid or declared during the year (2024: \$nil).

20 Capital commitments

	2025 \$'000	2024 \$'000
Trina purchase order for piling, trackers and panels	-	21
Infratec contractual obligations	5,462	16,681
Other capital commitments	9,299	16,088
	<u>14,761</u>	<u>32,790</u>
Represented by:		
Edgecumbe	-	3,773
Waioatahe	-	29,017
Whitianga	14,761	-
Total	<u>14,761</u>	<u>32,790</u>

Significant capital expenditure contracted and committed for at the end of the reporting period but not recognised as liabilities are noted above. These capital commitments will be funded through a combination of the residual Westpac Construction facilities as recorded in Note 15 of \$14,172,000, and restricted cash at Lodestone Solar Limited of \$27,190,000. In total, there is \$41,362,000 of restricted cash and future debt available to fund \$14,761,000 of commitments.

21 Contingencies

Following completion of the Series D capital raise, a shareholder has given notice to the Company purporting to require the Company to re-purchase its minority shareholding valued at approximately \$4,750,000 in reliance on the Companies Act 1993. The Lodestone Energy Limited Shareholders' Agreement, to which the relevant shareholder is a party, contains a specific waiver of the applicable provisions of the Act, and the Company has sought relief from the High Court on this and other grounds. In parallel, the Company and the shareholder are in discussions to endeavour to find a mutually acceptable resolution.

22 Events occurring after the reporting period

The following events occurred subsequent to balance date:

On 9 April 2025, Andrew Parsonage was appointed as a Director.

Subsequent to 31 March 2025, 46,734,107 new options were granted at a purchase price of 33.46 cents, vesting equally over a three year period with the first vesting on 1 April 2026, with an expiry date of 10 years from grant date. The existing options had their exercise price repriced options granted April 2023 repriced at 14 cents (previously 25 cents), September 2023 repriced at 50 cents (previously 23 cents) and, April 2024 repriced at 33.46 cents (previously 70 cents).



Independent Auditor's Report

To the shareholders of Lodestone Energy Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2025;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Lodestone Energy Limited (the **Company**) and its subsidiaries (the **Group**) on pages 4 to 29 present fairly in all material respects:

- the Group's financial position as at 31 March 2025 and its financial performance and cash flows for the year ended on that date;
- In accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (**NZ IFRS RDR**) issued by the New Zealand Accounting Standards Board.

Basis for opinion

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

We are independent of Lodestone Energy Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (**IESBA Code**), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report and we will report the matters identified, if any, to those charged with governance.



Use of this independent auditor's report

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



Responsibilities of directors for the consolidated financial statements

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

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR issued by the New Zealand Accounting Standards Board;
 - implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
 - assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.
-



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7-1/>

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



KPMG
Auckland
22 May 2025

Statutory disclosures

1. Employee remuneration

	FY25
Remuneration band	Currently employed
\$200,000 - \$229,999	2
\$260,000 - \$289,999	2
\$300,000 - \$329,999	2
\$400,000 - \$429,999	1
\$460,000 - \$489,999	1
\$760,000 - \$779,999	1
\$980,000 - \$989,999	1

Remuneration includes salaries and wages, short term incentives, employee share scheme expenses and Kiwisaver.

2. Director remuneration

Name	Ordinary share option granted in FY24	Ordinary share option granted in FY25	Cash remuneration received FY25
	Number of Shares	Number of Shares	\$'000
Jack Matthews	-	250,000	100
Joanna Perry	-	250,000	75
Susan Paterson	-	250,000	75
Michael Walmsley	-	-	60

3. Director's interests

Name	Entity	Nature of interest
Gary Holden	Magnetite Energy Investments Limited	Director & shareholder
Gary Holden	Lodestone Farms Limited	Director & shareholder
Jack Matthews	Chorus Limited	Director
Guy Haddleton	Helius Nominee Limited	Director & shareholder
Guy Haddleton	Helius Therapeutics Limited	Director & shareholder
Guy Haddleton	Langshott Farms	Director & shareholder
Guy Haddleton	Ninety Mile Ventures Limited	Shareholder
Guy Haddleton	Viaduct Port Limited	Shareholder
Guy Haddleton	Exaba Limited	Director & shareholder
Sam Morgan	JIT Hillend Investment Limited	Director & shareholder
Sam Morgan	Jasmine Fleet Holdings Limited and associated entities	Director & shareholder
Sam Morgan	Jasmine Charitable Trust and associated entities	Trustee
Sam Morgan	Jasmine Investment Trust and associated entities	Trustee
Sam Morgan	Willis Bond Capital Partners No.1 Limited	Shareholder
Sam Morgan	Willis Bond Capital Partners No.2 Limited	Shareholder
Sam Morgan	Willis Bond Capital Partners No.3 Limited	Shareholder
Sam Morgan	Willis Bond Capital Partners No.4 Limited	Shareholder
Susan Paterson	Steel & Tube Holdings Limited	Chair & shareholder
Susan Paterson	Theta Systems Limited	Chair & shareholder
Susan Paterson	EROAD Limited	Chair & shareholder
Susan Paterson	Les Mills Holdings Limited	Director & shareholder
Susan Paterson	Reserve Bank of New Zealand	Board member
Joanna Perry	Helius Therapeutics Limited	Director
Michael Walmsley	HLRS HoldCo Limited	Director
Michael Walmsley	HLRS BidCo Limited	Director
Michael Walmsley	Hellers Group Holdings Limited	Director
Michael Walmsley	Jarden Principal Investments Picasso PIE Limited	Director
Michael Walmsley	Jarden Group Limited	Shareholder
Michael Walmsley	Lodestone LP	Limited partner
Michael Walmsley	Jarden Group Limited	Shareholder
Andrew Parsonage	Jarden Group Limited	Shareholder
Andrew Parsonage	Jarden Principal Investments Lodestone 4 LP	Unit holder

4. Donations

Lodestone Energy Limited did not make any donations in FY25 (2024: nil).