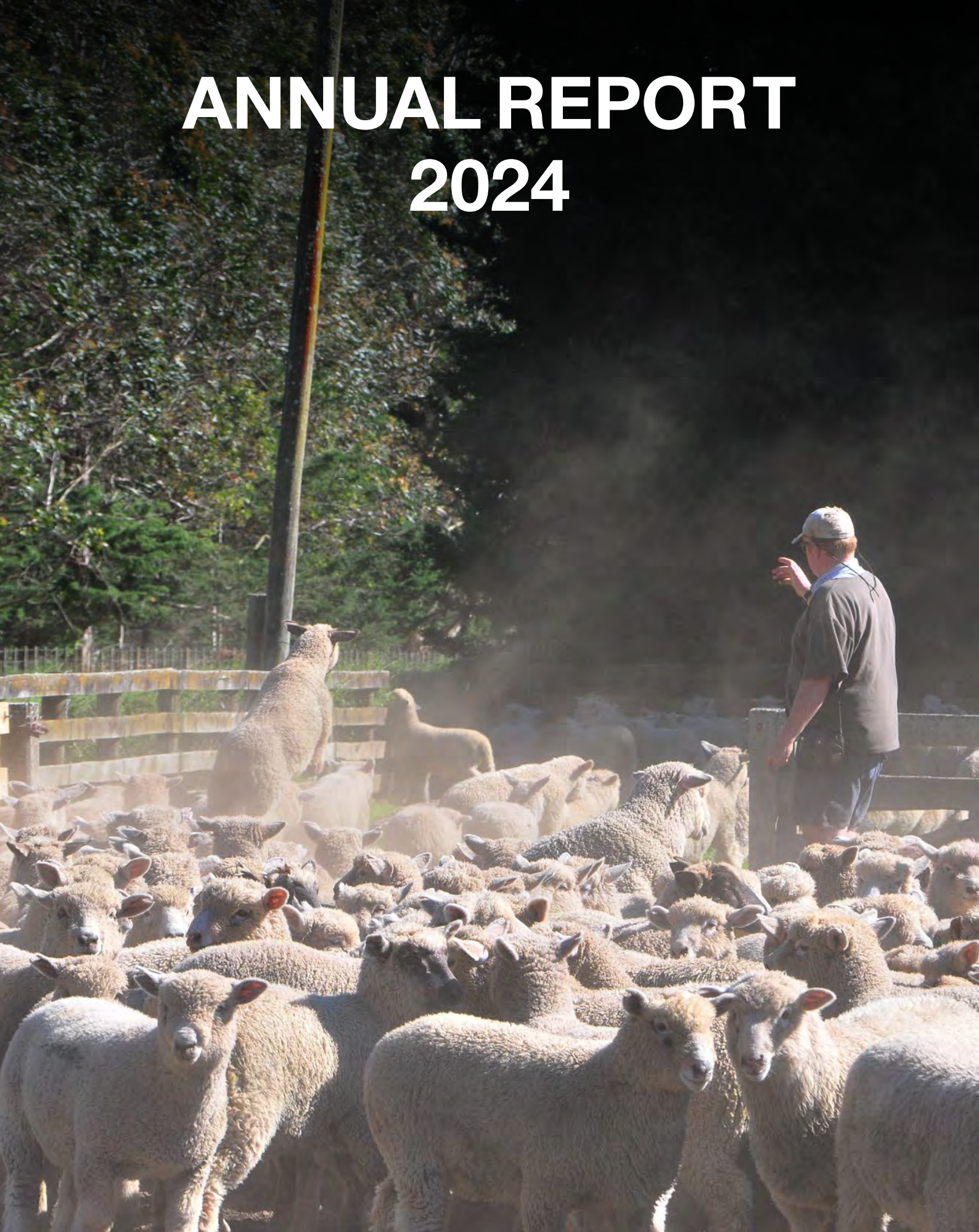
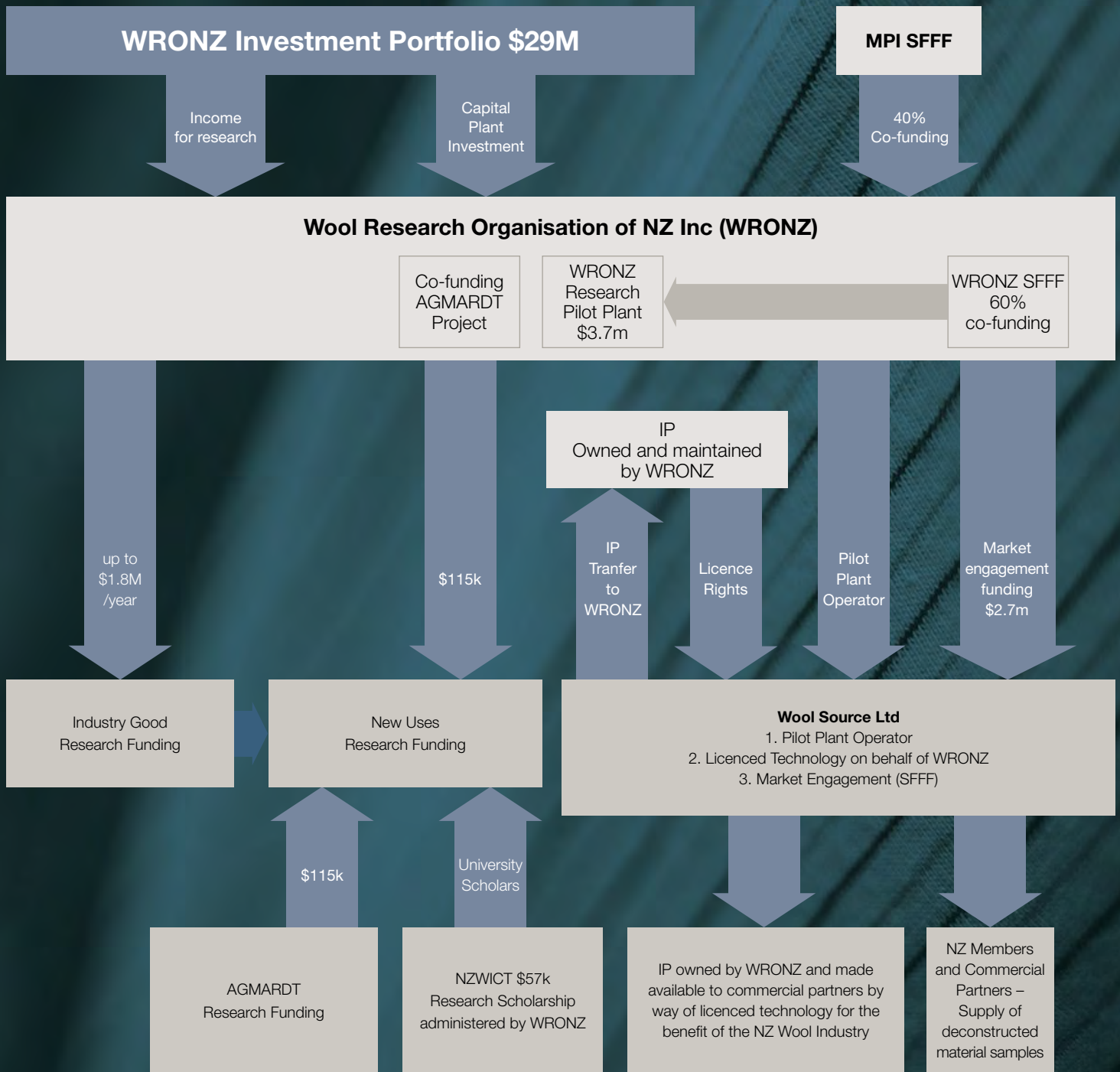


ANNUAL REPORT 2024



Mission:

To promote, encourage, and fund scientific and industrial research, development, technology, and information transfer that benefits New Zealand's post-harvest wool industry.



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Cover photo: Beef + Lamb New Zealand



Chairman's Report



Finding new, high value and volume uses for New Zealand coarse wool is a fundamental priority for the Wool Research Organisation of New Zealand Inc. (WRONZ).

Research

I am pleased to report great progress continued to be made in the year under

review with the co-funded Ministry for Primary Industries Sustainable Food and Fibre Futures Fund (SFFF) and also with the areas WRONZ funds without leverage.

The overall programme has yielded seven deconstructed products. These established a variety of new types of consumer products that can be made while maintaining, and in some instances enhancing, the fundamental properties of wool. Four of these will be licenced to Wool Source Manufacturing to accelerate commercial opportunities.

Relationships with our research collaborators continue strongly with a project partnered with AGMARDT looking into the thermo-setting of separated (Cortex) cells.

During the year WRONZ incorporated a new company 'Wool Source Manufacturing' and it intends this to be the vehicle used for commercial transactions including the build and operation of a 1 million kilogram facility.

The next stage of the commercialisation pathway has been accelerated, with a business case and various options investigated for a one million kg production plant. This is the stepping stone to a commercial scale plant (Wool Source Manufacturing XL plant) that will bring the best opportunity to move the dial on the wool price, using upwards of 20 million kgs of wool annually.

There is significant research and technical work required to fine tune the processes to respond to market feedback and assist partners develop new consumer products.

The current research funding climate is challenging, with limited government partner funding available now MBIE is exiting agricultural science research.

Market engagement, science-led research

The New Uses for Strong Wool research programme has now finished its first year post the MBIE seven year programme. WRONZ subsidiary, Wool Source Manufacturing has been investigating commercial products and volume possibilities that will be the cornerstone of a commercial medium scale processing facility.

We are indebted to Lincoln University for their assistance and the provision of space on the campus to enable the WRONZ pilot plant to be close to the science team.

Wool Source has produced sample production materials of particles, powders and pigments. This has resulted in learnings being evaluated for production process improvements for an improved commercial model.

Wool Source Manufacturing is currently assessing scale-up options and costs for a commercial plant to be established in Canterbury, New Zealand. WRONZ Members will be updated on investment opportunities once the business case moves to implementation.

Industry collaboration

WRONZ has engaged with other industry participants during the year under review. As part of the wider "wool family", we heard loud and clear at the 2023 annual meeting that our members wished to hear more of what we were doing, and that we should work toward a joint effort from all the parties in the wool space. With this in mind, Wool Impact and WRONZ boards have met during the year. We have a communication plan going forward, as well as executive staff communicating on a regular basis. In addition, a joint project is being scoped, utilising the Charitable Trust funds.

Tim Lonsdale has contacted many of the WRONZ Members since joining the organisation as General Manager earlier in the year.

Wools of New Zealand and WRONZ did a joint roadshow talking to 12 farmer meeting across New Zealand. We are, however, still very aware of the pain wool growers are feeling, and all our activities have the clear focus of lifting demand and increasing the wool price ASAP.

Education Development

The New Zealand Wool Industry Charitable Trust (NZWICT) provided scholarship and fellowship funding for students to undertake university studies in conjunction with current research projects during the year.

Shaahin Saleh, a key researcher in the New Uses research programme at Lincoln Agritech, continued with his PhD during the year.

WRONZ funded five scholarships through provider Southland Institute of Technology, in partnership with WRONZ member New Zealand Wool Classers Association, to provide for a number of students enrolling in the Certificate of Wool Technology.

Financial Overview

The WRONZ Group reported in this annual report comprises of WRONZ, its legal subsidiaries as well as the New Zealand Wool Industry Charitable Trust (The Trust is required to be included as it is under the control of WRONZ).

Cognisant of the state of the industry, directors have prioritised spending where it can have the most immediate sustainable impact on the wool price.

Research spending for the year totalled \$4,203,547 compared to last year's \$4,852,031. The spending within this has shifted from being research-led to market engagement-led.

Project funding was received totalling \$1,038,150 compared with last year's \$2,439,109. Funding in the 2023 year transitioned from MBIE being the prime funder to MPI.

Investment revenue on the portfolio (including unrealised gains) totalled \$2,535,256 compared to last year's \$2,276,494. Markets continue to be volatile with the portfolio returning 7.5per cent during the year.

We thank Jarden and Cambridge Partners for their expert assistance in managing the investment portfolio in these uncertain times.

Scholarship funding totalled \$64,500 for the year compared to last year's \$128,625. Industry collaborations are being worked on to increase this spend in the coming year.

Overall, the WRONZ Group incurred a deficit for the year of \$1,553,070 compared with last year's deficit of \$968,520.

The investment portfolio as at 30 June 2024 totals \$32,908,811 which is \$1,600,221 lower than the same point in 2023.

Total assets as at 30 June 2024 were \$37,392,615. The key components of this are the investment portfolio and pilot plant. Last year, total assets were \$39,241,215.

Appreciation

I'd like to acknowledge and thank my fellow Directors for the contribution they have made throughout 2024.

I want to thank and acknowledge the work of the directors on the PGG (project governance group) with MPI and the SFFF project, all executive staff over the past 12 years of research operations, in particular the Lincoln Agritech science team.

My heartfelt thanks also goes to Tom Hooper, Michael Woodward, and Tim Lonsdale for their efforts and the extra miles that are often done in the aim of getting the wool price up.

Andy Fox

WRONZ Chairman

\$29 million

Total WRONZ Investment Portfolio on 30 June 2024

\$2.5 million

Total WRONZ income from the investment portfolio for the 2024 year

*WRONZ is a specialist funder
of post-harvest wool research,
development, and information
transfer for the New Zealand
wool industry.*



Commercial Development

During the year, Corporate Value Associates (CVA) delivered WRONZ a business case which confirmed the existence of a significant commercial opportunity for the Wool Source products that were closest to release to market. Wool Source Particles® Wool Source Powders® and Wool Source Pigments® were all assessed as having large addressable markets with defined, unique product benefits and strong commercial propositions.

The CVA work assessed several different pathways forward and made a recommendation based both on the market opportunity and WRONZ's unique desire to increase both demand and price for strong wool at the farm gate for growers.

That advice concluded that the best option was the establishment of a commercial entity that would be responsible for the development of a production facility and all commercial trading.

After considering the CVA advice, WRONZ moved to set up Wool Source Manufacturing (WSM) and a board sub-committee oversees the commercial development programme activity.

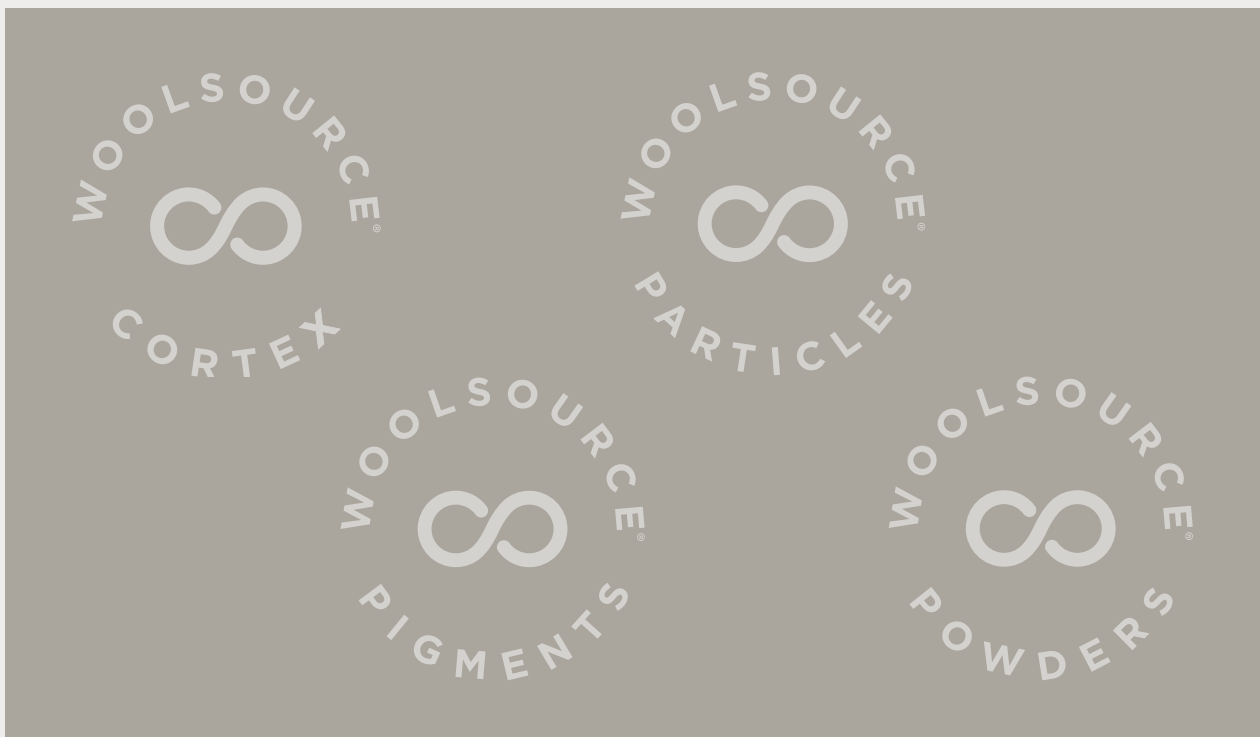
The commercial development programme is conditional on two fundamental points being achieved for the three products. Both market validation (concrete proof of commercial interest) and product readiness for commercial supply (achieving Minimum Viable Product (MVP)) are required to be proven to commit to the build of a production facility.

In parallel to the market and product development workstreams, a high-level production facility design has been completed by DETA Consulting in anticipation of progress. This design identified a number of key pieces of equipment with varying lead times.

One key component of the process, required for the production of all three products, has the longest lead time. Based on a desire to move fast, the WRONZ board have approved the early ordering of this equipment and have set aside \$2 million from reserves for its completion. This commitment is conditional on further programme progress, whilst ensuring optimal build times for the production facility.

During the upcoming period, WRONZ expects that “go/no” decision points will be reached that determine the acceleration of Wool Source into a full commercial entity and instigate the construction of a production facility.

The progression of these New Use products into the commercial market represents the final step of the journey to see new uses for strong wool driving new demand and pricing for growers.



WRONZ Research Funding

Introduction

WRONZ research investment continues to be highly leveraged, maximising the impact of research expenditure. The majority of co-funding comes from the Ministry for Primary Industries through the Sustainable Food and Fibres Futures (SFFF) programme and additionally via funding provided by AGMARDT.

SFFF 'Repositioning New Zealand's Strong Wool Industry'

This project is a tightly focused programme providing rapid market feedback for the product review and development cycle needed to maintain momentum in the commercialisation of the portfolio of new use products.

Objective 1. Particles

The internationally recognised, European Union-based Cradle to Cradle® certification was received for WS Particle and WS Powder products. This has demonstrated credibility to the market and allowed us to meet the level of proof of environmental credentials now expected. Potential customers in the target market areas also use this certification system, and gaining it helped expand WS Particle target markets from flame retardant additives for building products into also providing a source for the expanding market for hydrolysed keratin.



Objective 2. Powders

European environmental regulations are driving packaging companies to examine alternatives to synthetics in coating and laminate formulations. This led to an opportunity for WS Powder, tested with a North American packaging company, that demonstrated the required resistance and flexibility needed to meet the requirements in a way not possible with other bio-based alternatives. Product development with market partners and regular provision of sample materials from the pilot plant is ongoing.

Objective 3. Pigments

Opportunities to provide the colourant for the increasingly popular bioplastics segment was identified early in the year. However, technical hurdles related to pigment colour intensity and the inherent nature of wool to retain moisture stalled progress. Innovations in the programme during the year have overcome both issues and demonstrated effectiveness of WS Pigments as a colourant, in particular

for the increasingly popular bioplastic PHA. This has been demonstrated with New Zealand-based extruders and is under review with international partners, including regular sample production and provision.

Objective 4. Fibres

Solid progress has been made with the molecular level composite wool-nylon and wool-cellulose fibre technologies, enabling introduction of post spinning processing and as a result more robust textile sample creation. Following review by the WRONZ Textile Advisory Group to ensure the technology and supporting value propositions were sufficient, market interest has led to early stage relationships with several large scale fibre producers and processors, including in the wool-acrylic area that is earlier in its technical development. The focus of fibres research has shifted to refinement of the developed technology for market suitability and scale up, as the feasibility work is largely complete.

Objective 5. Separated Cells

Technical support and customer development projects on WS Cortex in the filtration area have been undertaken during the project year, following strong international interest with a large number of filtration companies.

WRONZ direct-funded project

This project has focused solely on WS Pigments for an international manufacturer in support of the substantial market opportunity across print, ink and coatings. Commissioning of new and highly specialist bench scale pigment processing equipment occurred during the project year to reflect standard practice in the ink and print sector undertaken by target partners.

In parallel, innovations in the programme markedly increased colour intensity of WS Pigments while at the same time improving the scalability of the WS Pigment process. In combination, these technical approaches have led to a step change in the WS Pigment technology that we believe will both increase market pull and improve the scale and efficiency of the technology.

AGMARDT

The Thermosetting wool and wool composites project was co-funded between WRONZ and AGMARDT from February 2023 to January 2024. The project focused on innovations that enable wool deconstruction products (in particular WS Cortex) to flow like a thermoplastic and so open up a wide range of new market areas. The materials produced have the potential to have wool-like properties in a physical format more similar to conventional plastic.

The project developed prototype products with supporting performance data in three high value market areas where the potential benefits of wool aligned with market need. Work was undertaken by Lincoln Agritech with support from LASRA, SCION, University of Canterbury, and the Ferrier Institute.

Prototype products were produced as candidates for artificial leather, barrier coatings, and electrical papers. In each case, the core properties of wool thermoformed to create a solid membrane provided desirable functionality

in the application. However, more work was also needed to refine the materials and processing technology to a standard suitable for presentation to market partners. The three candidate technologies remain in consideration for further development and adaptation.

Intellectual Property

WRONZ continues to pursue an aggressive IP policy to ensure maximum value is retained for New Zealand wool growers, enabling a strong position for WRONZ and partners through the commercialisation process. In the past year, the patent portfolio associated with the new uses technologies has increased from eight to nine filed patents with additional coverage put in place for new powder and pigment processes developed during the year. In addition, a previously filed patent associated with wool composite fibres has progressed to issue in the United States, strengthening the market engagement and commercialisation discussions for the fibre technology.



| WOOLSOURCE® Market Engagement

Background:

Over the past year, Wool Source has continued to focus on market engagement, product re-development, and definition of the scale up of production processes across the programme. This programme is jointly funded by WRONZ and MPI.

The ultimate goal of Wool Source is to identify commercially viable opportunities for the New Uses Programme that will enable the build of production facilities and ultimately the sale of large quantities of wool into entirely new sectors and products for wool.

Our pilot production facility on the Lincoln University campus is increasingly busy producing sample material for a variety of sectors. As these sectors tested our products in their own facilities, this has led in turn to a new cycle of product re-development as specific wants and regulatory criteria become clear.

This has also been the year we have begun to turn our mind to the design & layout of a 1 million kilogram production facility, in anticipation of providing commercial quantities of product to international customers.

The Pilot Plant

The pilot plant continues to validate the decision to establish a facility to test production processes in a real world environment. We have amended many of the

production processes based on identified differences between lab and pilot scale. This in turn is now informing the process to design full-scale manufacturing systems.

Similarly, having the pilot plant has enabled us to test the scalability of production processes and identify where pinch points may occur. As a result of this work, we have also been able to identify more cost-efficient high-volume options that will aid competitive cost models, once commercial production begins.

As we move further towards commercialisation, the pilot plant will remain a critical piece of infrastructure in the finalisation of ingredient specifications to client needs and production efficiency.

Market Progress by Product

WOOLSOURCE® PARTICLES

Product development for Particles is now complete and we have a full spectrum of products with good visibility of the scale-up production models and competitive costs of production. The Cradle 2 Cradle certification and 100 per cent bio-based rating has aided our market engagement and we are in the final stages of testing for what would be a significant large global supplier.

Particles is the most market ready of the programme and one of the three products we envisage licencing to





Wool Source Manufacturing. It is the least complex of the product range, and also the base ingredient to our other products - so important in its own right. The existing commercial market for Particles is hydrolysed keratin and this is a commodity product. The bio-based sustainability advantage we have will enable us to claim some premium,

but in the long run, it will remain a commodity market. We are currently working to develop new novel products with both New Zealand and international clients where there are higher margin opportunities.

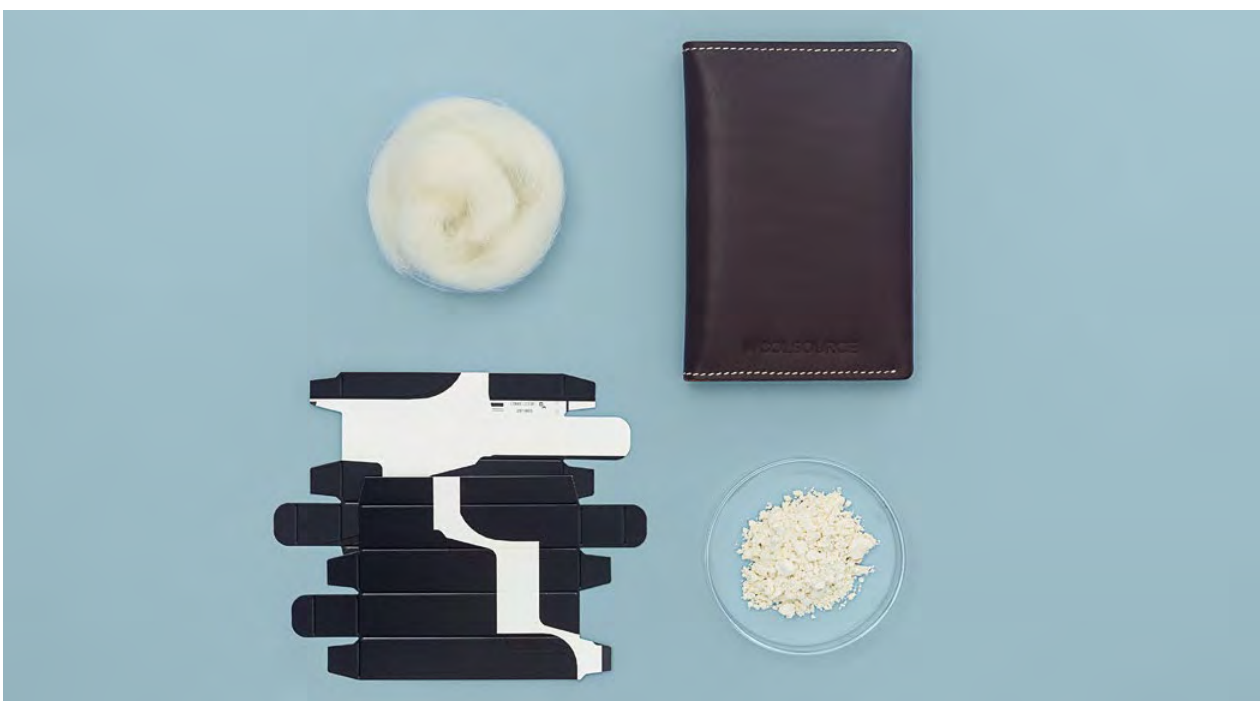
WOOLSOURCE® POWDERS

During the year we identified a production process change for Powders that enables a more efficient production model at scale. This change enables both faster and more efficient production, and we are now testing it with external clients.

Client feedback on the Powders product continues to confirm that the large volume opportunity is in the coatings and laminates space, and we are now advancing various client engagements in Europe and North America via the development of a coating formulation which should be applicable to multiple clients.

We continue to have Powders being included in a wide range of novel products, and in the majority of cases, it is once again the bio-based and sustainable nature of the product as well as direct functional benefits that is driving that interest.

Wool Source Powder is the second of the three products that it is envisaged will be licenced to WSM.





WOOLSOURCE® PIGMENTS

Pigments are the third of the three products being released to the market, and during the year, we identified that the Pigments sector had a target addressable market of NZD \$40 billion per annum.

The year has been about maximising the particle size and colour intensity breakthroughs that occurred previously whilst working to extend our range. We are now able to produce a variety of particle sizes and a full colour spectrum of Pigments. As far as we are aware, the colour range represents a world first and is unique amongst bio-based Pigments.

The testing of colours has been a significant piece of work throughout the year. The new Pigments have entailed changing production processes within the pilot plant and also engaging with clients to test the new products within their internal systems. As a result of both the improved product characteristics and production processes, we have been able to bring forward the anticipated launch of Pigments and now envisage it will be released at the same time as Powders.

We have multiple trials running with ink and pigment manufacturers globally and each of these have the potential to provide long-term, high-volume supply contracts.

In the year ahead, we expect to confirm that we have a commercially viable product with a large demand opportunity in front of it that would justify building a production facility.

WOOLSOURCE® CORTEX

Cortex is at a slightly earlier stage of market engagement. We have been testing market responses to the functional benefits with a principal focus on filtration and have sent samples to clients across the spectrum of the filters sector. We anticipate widening this focus to other sectors and in the next year will complete our market engagement assessment.

The production method has been refined and is now settled and scalable without major change being required.

Composite Fibres (FP3)

The most complex of the products, which also has the largest possible market size, Fibres has seen very pleasing market engagement development in the past 12 months. We are now engaged with multiple large multi-national firms in different product areas.

Wool-acrylic and wool-nylon both have potential partners internationally and Wool Cellulose has a New Zealand-based potential partner emerging. In all three cases there is also strong interest in the related IP of the solvent system methodology.

Due to the enormous scale of the markets and the complexity of new product development within each field, Fibres may have a different, more partner-based commercialisation model than the other products and we expect to test that out over the upcoming period.

Production Scale-Up

As part of the business case process undertaken during the year, DETA Consulting produced a high level production facility design. This enabled us to better understand the lead times for equipment purchase, consenting, infrastructure requirements, and square metre space requirements. Now that those items are identified, we have begun a facility search and expect to have a suitable facility located and available as we confirm market demand for commercial volumes of product.

Our partners

MPI and WRONZ are joint funders of the market engagement programme, and delivery on the programme milestones is monitored by a joint programme governance group. The SFFF funding is vital to continuing the momentum in the New Uses Programme and allowing us to get closer to ultimate commercial development.

Lincoln University is both the parent organisation to Lincoln Agritech (who is our principal provider of the product re-development and refinement work) and also landlord to the pilot plant which has been so beneficial to the programme.

The New Zealand wool sector is more and more supportive of Wool Source. We remain very conscious of the state of the sector and the need for speed to demonstrate hope and opportunity – we will continue to move as fast as we can in the year ahead.



Financial Report

Wool Research Organisation of New Zealand (Inc)
For the year ended 30 June 2024

Prepared by Mackay Bailey Limited

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Directory

Wool Research Organisation of New Zealand (Inc) For the year ended 30 June 2024

Purpose

To promote, encourage and fund scientific or industrial research that relates to the post harvest Wool Industry.

Entity Structure

Wool Research Organisation of New Zealand (Inc) is an Incorporated Society.

Registration Number

Incorporated Society Number 220140

GST Registration

Monthly on an Invoice basis

IRD Number

101-672-031

Directors

Andy Fox (Chair) - appointed by Meat and Wool Trust
Kate Acland - appointed by Meat and Wool Trust
Andrew Morrison - appointed by Meat and Wool Trust
Mike Allen - appointed by the NZ Members
Don Fraser - appointed by the NZ Members (Resigned 31 October 2023)
Guy Wills - appointed by the NZ Members (Appointed 31 October 2023)
Caroline Saunders - appointed by the Royal Society

Chartered Accountant

Mackay Bailey Limited
109 Blenheim Road
Christchurch

Bankers

BNZ

Auditor

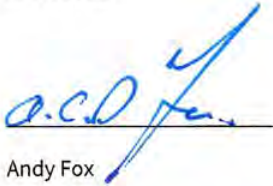
JSA Audit Limited
155 Parnell Road
Auckland

Approval of Consolidated Financial Report

Wool Research Organisation of New Zealand (Inc) For the year ended 30 June 2024

The directors are pleased to present the approved consolidated financial report including the historical financial statements of Wool Research Organisation of New Zealand (Inc) for year ended 30 June 2024.

APPROVED



Andy Fox

Chair

Date

24 October 2024



Caroline Saunders

Chair of the Finance Sub Committee

Date

24 October 2024

Statement of Service Performance

Wool Research Organisation of New Zealand (Inc)

For the year ended 30 June 2024

This report has been prepared in accordance with PBE FRS 48 Service Performance Reporting. The Board believes that the statements contained in the report accurately reflect the overall performance of Wool Research Organisation and its group of subsidiaries.

Purpose

To promote, encourage and fund scientific or industrial research that relates to the post harvest Wool Industry.

Who we are and why we exist

Wool Research Organisation of New Zealand Inc (WRONZ) was established in 1961 as a 50/50 industry partnership between Wool Growers and Government (DSIR). Wool Research was set up as an Incorporated society with the focus of becoming an industry good research organisation, with Wool Grower representatives becoming the Ordinary Members. Commercial organisations involved in the NZ wool industry were later invited to join Wool Research as New Zealand members. Wool Research Organisation is a "tax exempt entity", as it is an "approved research organisation".

WRONZ is committed to the promoting research, and scientific work that enhances the position of New Zealand wool and the farm gate price farmers receive.

Strategic focus areas

- Research, science and development is a core function of WRONZ
- 100% New Zealand wool will be used until demand outstrips supply
- WRONZ will hold, maintain and protect and grow its intellectual property
- Opportunities will be pursued that are commercially viable at value (\$10/kilo wool price) at the farm gate
- Volume opportunities at value (\$10/kg wool price) at the farm gate will be prioritised
- Value will be captured for the NZ wool sector at all three points: grower, manufacturer and WRONZ loyalty
- There is a strong preference for New Zealand location and ownership of the ingredient manufacturing business
- Reconstruction and other added value activity by NZ companies and iwi will be supported where possible

What did we do

- Completed the Thermosetting Wool and Wool Composites research project in conjunction with AGMARDT
- Continued all components of the Sustainable Food and Fibres Futures (SFFF) research program in conjunction with MPI.
- Continued the PhD scholarship for Mirshaahin Sayedsaleh in conjunction with Lincoln Agritech and Lincoln University.
- Continued to support the Wool Certificate courses in conjunction with New Zealand Wool Classers and the Southern Institute of Technology.

How did we perform

- The new uses for strong wool research program continues at pace. Priority has been given to particles, powders and pigments which are the closest to market uptake. Significant work both domestically and internationally with potential customers.
- Separated cells has been focusing on the filtration market. Samples under the brand 'Wool Source Cortex' are currently being evaluated by potential customers.
- Pilot plant - further work was undertaken during the year refining the production processes to maximise efficiency and product efficacy. This has led to revisions of what an 'at scale' plant requires.
- Investment in patents continues in all markets to protect the intellectual property being generated from the organisations research projects.

Our Research in More Detail: SFFF - Repositioning New Zealand's Strong Wool Industry

This project is a tightly focused programme providing rapid market feedback for the product review and development cycle needed to maintain momentum in the commercialisation of the portfolio of new use products.

Particles - Accreditation was achieved during the year with 'Cradle to Cradle' which is the key certification our target customers look for. Particles target markets from flame retardant additives for building products into also providing a source for the expanding market for hydrolysed keratin.

Powders - European environmental regulations are driving packaging companies to examine alternatives to synthetics in coating and laminate formulations. This led to an opportunity for WS Powder, tested with a North American packaging company, that demonstrated the required resistance and flexibility needed to meet the requirements in a way not possible with other bio-based alternatives.

Pigments - Opportunities to provide the colourant for the increasingly popular bioplastics segment was identified early in the year. However, technical hurdles related to pigment colour intensity and the inherent nature of wool to retain moisture stalled progress. Innovations in the programme during the year have overcome both issues and demonstrated effectiveness of WS Pigments as a colourant, in particular for the increasingly popular bioplastic PHA.

Fibres - Solid progress has been made with the molecular level composite wool-nylon and wool-cellulose fibre technologies, enabling introduction of post spinning processing and as a result more robust textile sample creation.

Separated Cells - Technical support and customer development projects on WS Cortex in the filtration area have been undertaken during the project year, following strong international interest with a large number of filtration companies.

Thermosetting wool and wool composites - This project was jointly funded between WRONZ and AGMARDT. The project focused on innovations that enable wool deconstruction products (in particular WS Cortex) to flow like a thermoplastic and so open up a wide range of new market areas. The materials produced have the potential to have wool-like properties in a physical format more similar to conventional plastic. Prototype products were produced as candidates for artificial leather, barrier coatings, and electrical papers. The three candidate technologies remain in consideration for further development and adaptation.

Outlook

- Continue to deliver to all deliverables within the SFFF contract
- Ensure new long term research is undertaken on strong wool to provide for the future
- Form a commercial development entity (Wool Source Manufacturing) to maximise the immediate opportunity within the New Uses for Strong Wool Programme

Judgements

In preparing the service performance information for the period, the organisation has made a number of judgements about what information to present, based on an assessment of what information would be most appropriate and meaningful to users when assessing performance against the entities' objectives, and taking into consideration the confidential nature of the New Uses technologies and Market engagement confidential agreements with Partners and Members.

The selection of key activities to report was initially based on an assessment of what information was able to be publicly released. More detailed report is included in our annual communication to WRONZ Members.

Our measures have focused on delivery of research outcomes because scientific research is key to delivering our objectives.

Consolidated Statement of Comprehensive Income

Wool Research Organisation of New Zealand (Inc)

For the year ended 30 June 2024

	NOTES	2024	2023
Income			
Research Project Funding	3	1,038,150	2,439,109
Membership Fees	4	3,150	3,130
Investment Revenue	5	1,078,001	700,916
Total Income		2,119,300	3,143,155
Expenses			
Research Costs	6	4,203,548	4,852,031
Scholarship Funding	7	64,500	128,625
Administration	8	740,781	594,288
Investment Oversight and Management Fees	9	120,798	112,310
Total Expenses		5,129,627	5,687,254
Operating (Deficit) Before Tax		(3,010,326)	(2,544,099)
Other Comprehensive Income			
Fair Value Movement in Managed Investments		1,457,256	1,575,579
Total Other Comprehensive Income		1,457,256	1,575,579
Total Comprehensive Revenue and Expenses for the Year After Tax		(1,553,070)	(968,520)

This statement should be read in conjunction with the attached Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Consolidated Statement of Movements in Equity

Wool Research Organisation of New Zealand (Inc)

For the year ended 30 June 2024

	2024	2023
Trust Equity		
Equity as at the Start of the Year	38,286,762	39,255,382
Increases		
Investment Fair Value Reserve	1,457,256	1,575,579
NZ Wool Innovation Adjustment	-	(100)
Total Increases	1,457,256	1,575,479
Decreases		
Trustees Loss for the Period	3,010,326	2,544,099
Total Decreases	3,010,326	2,544,099
Total Trust Equity	36,733,692	38,286,762

This statement should be read in conjunction with the attached Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Consolidated Balance Sheet

Wool Research Organisation of New Zealand (Inc)

As at 30 June 2024

	NOTES	30 JUN 2024	30 JUN 2023
Assets			
Current Assets			
Cash and Cash Equivalents	11	68,764	383,268
Accounts Receivable and Prepayments	10	656,154	428,181
Wool Stock		-	5,467
GST Receivable		26,143	99,029
Income Tax Receivable		157	274
Managed Investments	13	-	2,557,094
Total Current Assets		751,218	3,473,313
Non-Current Assets			
Property, Plant and Equipment	12	3,732,586	3,815,964
Managed Investments	13	32,908,811	31,951,938
Total Non-Current Assets		36,641,398	35,767,902
Total Assets		37,392,616	39,241,215
Liabilities			
Current Liabilities			
Accounts Payable and Accruals	14	441,298	635,581
Revenue Received in Advance	15	217,626	318,872
Total Current Liabilities		658,924	954,453
Total Liabilities		658,924	954,453
Net Assets		36,733,692	38,286,762
Equity			
Accumulated Funds		33,700,857	36,711,183
Investment Fair Value Reserve		3,032,835	1,575,579
Total Equity		36,733,692	38,286,762

This statement should be read in conjunction with the attached Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Wool Research Organisation of New Zealand (Inc)

For the year ended 30 June 2024

	2024	2023
Cash Flows from Operating Activities		
Cash from Customers and Services	1,129,924	1,672,133
Investment Revenue	929,079	762,777
Payment to Suppliers	(4,669,021)	(5,828,847)
Total Cash Flows from Operating Activities	(2,610,018)	(3,393,937)
Cash Flows from Investing and Financing Activities		
Income Tax Paid	117	-
Net Investment Withdrawals	3,206,400	2,320,923
Pilot Plant Purchases	(493,160)	(1,450,038)
Deposits Paid	(417,843)	-
Total Cash Flows from Investing and Financing Activities	2,295,514	870,885
Net (Decrease) in Cash	(314,504)	(2,523,052)
Cash Balances		
Cash and cash equivalents at beginning of period	383,268	2,906,320
Cash and cash equivalents at end of period	68,764	383,268
Net change in cash for period	(314,504)	(2,523,052)

This statement should be read in conjunction with the attached Independent Auditor's Report and Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Wool Research Organisation of New Zealand (Inc)

For the year ended 30 June 2024

1. Reporting Entity

Wool Research Organisation of New Zealand (Inc) is an incorporated society registered under the Incorporated Societies Act 2022.

This annual report was authorised for issue by the directors on 24 October 2024.

The group consists of the parent entity Wool Research Organisation of New Zealand (Inc.) ("Wool Research") and its subsidiaries as follows:

- Wool Industry Research Limited (100% owned and ceased trading during 2023)
- Wool Source Limited (100% owned)
- Wool Source Manufacturing Limited (100% owned but not yet trading)
- New Zealand Wool Innovation Limited (100% owned but does not trade)
- New Zealand Wool Industry Charitable Trust (A separate entity in which WRONZ has the power to appoint all trustees and therefore has effective control).

2. Statement of Accounting Policies

Statement of Compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. The Directors have elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. The information is presented in New Zealand Dollars which is the Groups functional currency.

Basis of Measurement

These financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative and derivative financial instruments. Fair value measurement of the investment portfolio is determined by the investment portfolio custodian using quoted market price in an active market in each specific jurisdiction where the investments are held.

Basis of Consolidation

The consolidated financial statements include the parent organisation, its subsidiaries and the New Zealand Wool Industry Charitable Trust which are accounted for using the purchase method. All significant inter-company transactions are eliminated on consolidation.

Acquisition or Disposal During the Year

Where an entity becomes or ceases to be a part of the Group during the year, the results of the entity are included in the consolidated results from the date that control or significant influence commenced or until the date of the significant influence ceased, except in the situation where upon an entity ceasing to be part of a Group causes the Group to cease to exist. When an entity is acquired, all identifiable assets and liabilities are recognised at their fair value at acquisition date. The fair value does not take into consideration any future intentions by the Group. Where an entity that is part of the Group is disposed of, the gain or loss recognised in the Statement of Financial Performance is calculated as the difference between the sale price and the carrying amount of the entity.

Investment in Subsidiaries

The investments in Subsidiary companies are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets and liabilities.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Income Tax

The Wool Research Organisation of New Zealand (Inc.) is exempt from New Zealand taxation as an approved Scientific and Industrial Research organisation. The New Zealand Wool Industry Charitable Trust is exempt from New Zealand taxation as a registered charitable organisation. The Wool Industry Research Limited, Wool Source Limited, Wool Source Manufacturing Limited and New Zealand Wool Innovations Limited are subject to New Zealand taxation.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Accounts Receivable

Receivables are stated at their estimated net realisable value. Bad debts are written off in the year in which they are identified.

Revenue Recognition

From Exchange transactions

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Investments are stated at cost, or where available at publicly listed values. Revenue is recognised as the difference between the opening and closing values of each investment held after due allowance for capital contributed and withdrawn during the year. The investment portfolio consists of cash, fixed interest, property and equities. Interest income is recognised 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 asset. Dividends are recognised when received.

Funding contributions received from external parties subject to research agreements are recognised in the statement of financial position as a liability when the funding is received. When the funding contributions relate to expense items under the terms of the agreements, they are recognised as income over the periods necessary to match the funding contributions on a systematic basis to the costs that they are intended to compensate.

From Non Exchange transactions

Non-exchange revenue such as Grants donations which has no conditions attached are recognised upon receipt.

Property, Plant, and Equipment

Property, Plant and Equipment comprises the Pilot Plant constructed on the Lincoln University campus. The DP Plant was commissioned in 2023 while the FP3 and SC Plant was commissioned in 2024. All assets are recorded at cost.

Once commissioned, Property, Plant and Equipment is depreciated on the straight line basis at rates estimated to write off the cost or valuation over the useful life of the asset.

Depreciation has been charged during the year on the commissioned Pilot Plant and Equipment.

The carrying amounts of all plant and equipment is reviewed on an ongoing basis for any indicators of impairment. Any impairments in value are recognised immediately. No impairment losses were incurred during the year. (2023 - Nil).

Foreign Currencies

Transactions in foreign currency have been converted at the date of payment or receipt.

Year end balances in foreign currency have been converted at the exchange rate ruling at balance date.

Investments

Investments meet the definition of financial instruments. On initial recognition these assets are measured at fair value through Profit or Loss.

Transactions are recorded by the Fund Manager on a trade date basis and are initially recognised at the fair value of the consideration paid. After initial recognition, investments are managed at their fair value through revenue or expense. Revaluations are undertaken at each reporting date based on the methodologies outlined in PBE IPSAS 41 Financial Instruments: Recognition and Measurement of Financial Assets.

Investments are derecognised only when the contractual rights to the cash flows arising from the asset expires or are transferred and the transfer qualifies for derecognition.

Investment Portfolio Construction:

The portfolio is invested with a fund manager which is reviewed quarterly by the finance subcommittee as well as oversight from an independent fund manager. The funds are invested pursuant to a Statement of Investment Policies and Objectives. The Trustees are not involved with the analysis, sale or purchase of individual asset securities. Each asset grouping within the portfolio and the portfolio as a whole is measured against an appropriate Internationally accepted standard benchmark or Index

Wool Inventory

Wool inventory is recorded at the lower of cost or realisable value.

No inventories are specifically and separately pledged as security for liabilities.

Operating Leases

Operating leases are those which all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the period the amounts are payable.

Risk Management

The Groups activities are very reliant on the ability for costs to be funded from the return generated from the Groups investments.

Inherent risks associated with these investments are managed, on a group basis, through an ongoing process of identification, measurement and monitoring as set out in the Statement of Investment Policy and Objectives (SIPO). This process is overseen via the Finance Subcommittee as well as an independent fund manager who acts in an oversight role on behalf of the organisation.

These investments expose the organisation to credit risk, liquidity risk, and market risk (including Interest rate, currency and pricing risks).

Credit Risk

Credit risk arises where a counterparty fails to discharge an obligation which will result in a financial loss.

Credit risk is managed through:

- a diversified and non-correlated basket of investments across asset classes
- the use of a multiple fund advisors when constructing the portfolio
- compliance with mandated requirements of each investment
- Standard & Poor's rating categories to manage the credit quality of bond portfolios.

Liquidity Risk

Liquidity Risk arises where current obligations are unable to be met as they fall due. Liquidity risk is managed through the maintenance of sufficient allocations of cash and liquid assets.

Market Risk

Market Risk arises from fluctuations in the future value of cash flows from financial assets due to changes in market variables such as interest rates, foreign currency exchange rates, and market.

Interest Rate Risk

Interest Rate Risk relates primarily to the organisations investment in fixed interest bonds.

Currency Risk

Currency Risk arises where the organisation is exposed to foreign currency risk both directly through investments denominated in a foreign currency, and also indirectly where funds invest in overseas entities.

Pricing Risk

Pricing risk arises from an increase or decrease in the fair value of the organisations financial assets as a result of changes in market prices. Pricing risk is managed by the application of asset allocation policy as set out in the SIPO.

	2024	2023
3. Research Project Funding		
MPI SFFF Funding	897,546	1,024,812
AGMARDT Grant Funding - Thermo	115,000	156,797
Textile Advisory Project Group	27,000	3,000
Funds Rec ex WIRL for Supplier	(57,968)	3,921
Other Revenue	56,572	31,539
MBIE Research Funding	-	990,259
Fellowship & Strong Wool Action Funding	-	228,781
Total Research Project Funding	1,038,150	2,439,109
	2024	2023

4. Membership Fees

Membership Fees	3,150	3,130
Total Membership Fees	3,150	3,130

	2024	2023
5. Investment Revenue		
Dividends Received	611,583	538,822
Interest Received	399,885	404,589
Less Tax Paid	(82,389)	(78,532)
Realised Investment Gains/(Losses)	148,922	(163,963)
Total Investment Revenue	1,078,001	700,916

	2024	2023
6. Research Costs		
Pilot Plant Costs	350,222	223,427
Research Library	30,712	60,000
Advisory Groups	8,709	3,000
Dragon Research Project	554,103	195,672
AGMARDT - Thermosetting	230,000	86,956
Consultancy Fees - Strategy SFFF	327,731	37,304
Depreciation (Pilot Plant)	576,536	323,634
Endevour Bid	50,000	-
Patent and IP Fees	126,388	206,377
Market Engagement Consultancy	1,707,226	1,118,766
Sample Product Kits	10,876	23,738
Market Engagement - Collateral Creation/Website Creation	40,185	107,246
Freight & Courier	21,043	-
Travel	28,139	-
Other Research Costs	48,704	-
Wool Partnership Consortium Projects	-	2,382,217
Building Rental (for Pilot Plant)	92,974	83,694
Total Research Costs	4,203,548	4,852,031

	2024	2023
7. Scholarship Funding		
Scholarship Contracts	64,500	128,625
Total Scholarship Funding	64,500	128,625

	2024	2023
8. Administration		
Accounting Fees	90,535	64,150
AGM Costs	11,889	30,000
Audit Fees	28,875	33,700
Bank Charges	151	261
Communications	14,231	-
Computer Expenses	173	-
Consultancy Fees	210,777	67,110

Directors Fees	175,000	294,708
Director Expenses	38,498	-
Entertainment	3,503	-
General Expenses	1,904	2,589
Insurance	47,770	33,403
Legal Expenses	89,233	1,820
Meeting Costs	5,257	-
Office Expenses	2,481	28,032
Subscriptions	1,278	-
Travel	19,227	38,515
Total Administration	740,781	594,288
	2024	2023

9. Investment Oversight & Management Fees

Portfolio Management Fees	120,798	112,310
Total Investment Oversight & Management Fees	120,798	112,310
	2024	2023

10. Accounts Receivables and Prepayments

Accounts Receivable	222,955	410,145
Prepayments	15,356	11,496
Deposit Paid	417,843	-
Accruals	-	6,540
Total Accounts Receivables and Prepayments	656,154	428,181
	2024	2023

11. Cash & Cash Equivalents

BNZ Business Accounts	21,379	104,635
BNZ Call Accounts	30,353	263,633
BNZ Visa	2,032	-
BNZ Term Deposit	15,000	15,000
Total Cash & Cash Equivalents	68,764	383,268
	2024	2023

12. Property, Plant & Equipment - Pilot Plant

1 July		
Cost	4,456,321	3,006,183
Accumulated Depreciation	(640,358)	(316,724)
Carrying Amount 1 July	3,815,963	2,689,459
Year ended 30 June		
Carrying Amount 1 July	3,815,963	2,689,459
Additions	493,159	1,450,138

	2024	2023
Disposals	-	-
Depreciation	(576,536)	(323,634)
Impairment	-	-
Carrying Amount 30 June	3,732,586	3,815,963
Carrying Amount		
Cost	4,949,480	4,456,321
Accumulated Depreciation	(1,216,894)	(640,358)
Total Carrying Amount	3,732,586	3,815,963
	2024	2023

13. Managed Investments

Cash	764,500	1,418,669
NZ Fixed Interest	9,950,375	9,437,518
Global Fixed Interest	6,061,762	6,333,571
NZ Property	1,661,566	1,851,103
NZ Equity	4,171,478	4,462,633
Australian Equity	2,078,215	2,123,219
Global Equity	8,220,915	8,882,319
Total Managed Investments	32,908,811	34,509,032
	2024	2023

14. Accounts Payables and Accruals

Accounts Payable	410,723	552,216
Accruals	30,575	83,365
Total Accounts Payables and Accruals	441,298	635,581
	2024	2023

15. Revenue Received in Advance

MPI SFFF WRONZ Project Funding	217,626	291,872
Textile Advisory	-	27,000
Total Revenue Received in Advance	217,626	318,872
	2024	2023

16. Reconciliation of Operating Deficit to Operating Cash Flows

Operating (Deficit)	(3,010,326)	(2,544,100)
Non Cash Items		
Depreciation	576,536	323,634
Realised Gains on Investments	(148,922)	-
Total Non Cash Items	427,614	323,634
Other Items		
(Increase)/Decrease in Wool Inventory	5,467	(5,467)
(Increase)/Decrease in Accounts Receivable	(227,973)	(304,454)

	2024	2023
(Increase)/Decrease in Deposits Paid	417,843	-
Increase/(Decrease) in Accounts Payable	(194,283)	(305,734)
Increase/(Decrease) in Revenue in Advance	(101,246)	(263,259)
Increase/(Decrease) in Payments in Advance	-	(294,557)
Increase/(Decrease) in GST Receivable	72,886	-
Total Other Items	(27,306)	(1,173,471)
Total Reconciliation of Operating Deficit to Operating Cash Flows	(2,610,018)	(3,393,937)

17. Securities and Guarantees of Liabilities

There are no securities held over the Groups assets.

	2024	2023
18. Directors Fees		
Andy Fox	47,000	67,000
Mike Allen	24,500	16,333
Kate Acland	24,500	44,500
Don Fraser	6,125	24,500
Andrew Morrison	24,500	24,500
Caroline Saunders	30,000	30,000
Guy Wills	18,375	-
Tony Cunningham	-	7,875
Garth Carnaby (Independent director of WIRL)	-	40,000
Robert Finch (Independent director of WIRL)	-	20,000
Shaun Ogilvie (Independent director of WIRL)	-	20,000
Total Directors Fees	175,000	294,708

19. Financial Instruments

Financial instruments by category

	2024	2023
Financial Assets at Amortised Cost		
Cash and Cash Equivalents	68,764	383,268
Accounts Receivable	222,956	410,145
Total Financial Assets at Amortised Cost	291,720	793,413
Financial Assets Fair Value through Other Comprehensive Income		
Managed Investments	32,908,811	34,509,032
Total Financial Assets Fair Value through Other Comprehensive Income	32,908,811	34,509,032

	2024	2023
Financial Liabilities at Amortised Cost		
Accounts Payable	410,723	552,216
Total Financial Liabilities at Amortised Cost	410,723	552,216

20. Contingent Liabilities

At balance date there are no known contingent liabilities. (2023 : Nil).

21. Capital Commitments

The Group has entered into a purchase contract to purchase equipment from Germany for \$1,435,196 (€790,000). At balance date a deposit of \$417,842 (€230,000) has already been paid. Final payment and delivery is estimated as July 2025. The Group has no other capital commitments. (2023 - \$7,986).

22. Events Occurring after Balance Date

The directors are not aware of any matter or circumstance since the end of the financial year, not otherwise dealt with in these reports or financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group.

23. Related Parties

The directors of Beef and Lamb NZ Limited (formerly Meat and Wool NZ Limited) are Ordinary Members. Meat and Wool Trust Limited, under the Organisations Rules has the right to appoint up to three Directors of the six Member Board, and one of those Directors must be appointed Chair of the Board. Intercompany transactions between the parent Wool Research Organisation of New Zealand (Wool Research) and its subsidiaries are eliminated on consolidation. Transactions with the New Zealand Wool Industry Charitable Trust are eliminated also on consolidation.

24. Lease Commitments

Wool Research agreed to lease a building to house the Pilot plant equipment of the following terms, which is an operating lease for a term of 4 years commencing from 1/2/2021. Rental payment commitments are as follows:

	2024	2023
Rental Commitments		
2023	-	83,694
2024	-	83,694
2025	53,239	48,822
Total Rental Commitments	53,239	216,210

25. Investment in Subsidiaries and Associates

Wool Industry Research Limited

This Company is a subsidiary company of Wool Research Organisation of NZ Inc. and its principal activity is to operate as an industry research consortium set up under the auspices of the Ministry for Business Innovation and Employment research consortia criteria, to facilitate strategic research for Wool Research for the benefit of the NZ Wool Industry. The MBIE research fund ended on 31 January 2023, and the research projects were completed and the company closed operations on 31 May 2023, resulting in \$nil assets and liabilities and \$nil share capital with the return of \$10k share capital to WRONZ. The company was removed from the Companies Register during 2024.

New Zealand Wool Innovation Limited

This Company is subsidiary company of Wool Research Organisation of NZ Inc. and remained a non trading subsidiary for the purposes of patent administration, which on completion the company has been closed during the year, resulting in \$nil assets and liabilities and \$nil share capital with return of \$100 share capital to WRONZ. The company has now been removed from the Companies Register.

Wool Source Limited

This Company is a subsidiary company of Wool Research Organisation of NZ Inc. and its principal activity is to manage the commercialisation of the New Uses for Strong Wool technologies on behalf of Wool Research and Wool Industry Research to facilitate market engagement and operate the Research Pilot plants for the benefit of the NZ Wool Industry.

Wool Source Manufacturing Limited

This Company does not yet trade. The intention is for this Company to become the ownership vehicle of a commercial venture utilising technologies generated by the Group.

New Zealand Wool Industry Charitable Trust

Wool Research is the sole body responsible for appointing the Trustees of the New Zealand Wool Industry Charitable Trust. The transfer of control of the Trust was effective from 1 March 2005. The New Zealand Wool Industry Charitable Trust, which is administered by Wool Research on behalf of New Zealand wool industry provides funding for specific fundamental wool science through scholarships or fellowships directly with New Zealand Universities which met the Trust's funding criteria. Changes to the PBE IPSAS reporting standards effective in the 2020 reporting year required Wool Research to consolidate the New Zealand Wool Industry Charitable Trust into the financial statements of this group.

	2024	2023
Percentage Ownership		
Wool Industry Research Limited	100	100
Wool Source Limited	100	100
Wool Source Manufacturing Limited	100	100
New Zealand Wool Innovation Limited	100	100



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INDEPENDENT AUDITOR'S REPORT

To the Members of Wool Research Organisation of New Zealand Incorporated

Opinion

We have audited the consolidated general purpose financial report of Wool Research Organisation of New Zealand Incorporated (the "Entity") and its subsidiaries (together the "Group"), which comprise the consolidated financial statements on pages 7 to 20, and the statement of service performance on pages 5 to 6. The complete set of financial statements comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of movements in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 30 June 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended;
- the service performance for the year ended 30 June 2024 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

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

Other Matter

The consolidated financial statements of the Group for the year ended 30 June 2023 was audited by another auditor who expressed an unqualified opinion on those statements on 27 October 2023.

Information Other than the consolidated general purpose financial report and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the Directory on page 3 and the approval of consolidated financial report on page 4 but does not include the consolidated financial statements and our auditor's report thereon.

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



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

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

Directors' Responsibilities for the Consolidated General Purpose Financial Report

The Directors are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and statement of service performance in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated general purpose financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the service 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.
- Obtain an understanding of internal control relevant to audit of the consolidated financial statements and the service performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Obtain an understanding of the process applied by the entity to select what and how to report its service performance.
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

- Evaluate the overall presentation, structure and content of the consolidated general purpose financial report and whether the consolidated general purpose financial report represents the underlying transactions, events and service performance in accordance with Public Benefit Entity Standards Reduced Disclosure Regime in a manner that achieves fair presentation.
- Conclude on the appropriateness of the use of the going concern basis of accounting by those charged with governance, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated general purpose financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We communicate with those charged with governance 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.

Restriction on Use

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

JSA AUDIT LTD

**JSA Audit Limited
Parnell, Auckland
25 October 2024**

JSA

Membership

WRONZ exists to serve the interests of the New Zealand wool industry, with membership spanning the wool value chain and those who provide services along it. The members are represented at the board table by:

- Three directors appointed by Meat and Wool Trust;
- Two directors elected by New Zealand Members;
- One director nominated by the Royal Society.

There are a number of classes of membership of the organisation, including Ordinary, New Zealand, Grower, and Honorary Membership.

Ordinary Membership

The Ordinary Members are:

- a. Directors of Meat and Wool Trust representing New Zealand wool growers. Wool growers are foundation members who in conjunction with the Government formed the organisation in 1961. The majority of the capital funding was provided by wool growers and the Government;
- b. Directors of WRONZ.

New Zealand Membership

The New Zealand membership class merges the previous industrial and carpet members. To be eligible for New Zealand membership, members must be actively involved in the post-harvest wool industry in New Zealand

including, but not limited to, the wool textile manufacturing industry, the wool scouring industry, or the carpet industry.

New Zealand membership provides members with:

- Opportunities to submit an Expression of Interest in research and development technologies funded by WRONZ;
- The right to elect two directors of WRONZ;
- Access to WRONZ information papers;
- Input into determination of research strategies and project priorities.

New Zealand members have been members of WRONZ since 1965 and pay an annual membership fee. New Zealand members have also contributed to the capital of the organisation over the years and donated equipment.

Grower Membership

Grower membership is available to all New Zealand-based individual sheep farmers. It provides access to WRONZ information.

Honorary Membership

Honorary membership is granted by the WRONZ Board to persons who in the opinion of the Board have rendered eminent service to the wool industry, science, or technology, or to the organisation.



I New Zealand Members 2024

AgResearch Limited

Alliance Group Ltd

Briar Patch New Zealand Ltd

NZ Natural Fibres Ltd

WoolWorks New Zealand Ltd

– Canterbury Woolscourers

WoolWorks New Zealand Ltd

– Hawkes Bay Woolscourers

Bremworth NZ Ltd

FibreTech New Zealand Ltd

Godfrey Hirst Ltd

– Canterbury Spinners Ltd

Keraplast Manufacturing

Lanaco Ltd

Lincoln Agritech Ltd

National Council of NZ Wool Interests

New Zealand Merino Company Ltd

NZ Wool Classers Association

PGG Wrightson Wool Ltd

SGS Wool Testing Services Ltd

TMC Ltd

Woolchemy NZ Ltd

Wools of New Zealand Limited Partnership

Woolyarns Ltd

Ordinary Members

Directors of Meat and Wool Trust Ltd

Directors of Wool Research Organisation
of New Zealand (Inc.)

Honorary Members

Dr G A Carnaby, CNZM, BSc(Hons), PhD, DSc,
DSc(Hons), FRSNZ, FNZIP, CText, FTI

Mr D Douglas

Mr I Cuthbertson, B Tec (Hons)

Dr N A Johnson, PhD

Mr A Kane

Mr D Millton

Mr C L MacGillivray, BAgCom

Dr A J McKinnon MSc, PhD, FRSNZ, FNZIC

Dr W S Simpson, OBE, MSc, PhD, FNZIC, CText, FTI

Mr J D Watt, BSc(Hons), MSc, CText, FTI



I Board of Directors

Wool Research Organisation of New Zealand Incorporated

Andy Fox (Chairman)

Appointed by Meat and Wool Trust Ltd

Kate Acland

Appointed by Meat and Wool Trust Ltd

Mike Allen

Elected by New Zealand Members

Don Fraser

(resigned 31 October 2023) Elected by NZ Members

Andrew Morrison

Appointed by Meat and Wool Trust Ltd

Caroline Saunders

Nominated by The Royal Society

Guy Wills

Elected by New Zealand Members

Appointments during the year

Guy Wills

Elected October 2023 by New Zealand Members



Contacts

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For Media enquiries email
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