



PALLISER

ANNUAL REPORT YEAR ENDING 30 JUNE 2026



Directory

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Inspired by Palliser Bay, and the pioneers who braved it

PALLISER

KEY PERFORMANCE INDICATORS ~ JUNE YEAR END 2026

FINANCIALS

Revenue:	\$5.0m	▼	3%	2025
Gross Profit:	\$0.9m	▼	27%	2025
Operating Profit (before revaluations):	– \$0.4m	▼		2025
Total comprehensive income attributable to owners	– \$0.3m	▼		2025

SALES

<i>Domestic</i>			<i>Export</i>		
10,675 cases	▼	7%	11,671 cases	▼	27%
\$2.7m	▲	6%	\$1.6m	▼	26%

SALES BY MARKET

22%	NZ Negotiants	\$1m	2%	▲	6%	South Korea	\$0.3m	46%	▲
40%	NZ Direct	\$1.8m	7%	▲	7%	USA	\$0.3m	49%	▼
10%	Australia	\$0.4m	25%	▼	8%	Export other	\$0.4m	49%	▲
	Negotiants								



2026 VINTAGE BREAKDOWN

329 Tonnes*	33%	▼	~24,100 cases	
Riesling	9T	31%	▼	600 cases 2%
Pinot Gris	33T	32%	▼	2,200 cases 9%
Chardonnay	60T	30%	▼	3,600 cases 15%
Pinot Noir	95T	50%	▼	4,700 cases 20%
Sauvignon Blanc	129T	20%	▼	10,000 cases 41%
Syrah	3T	40%	▼	200 cases 1%
Bubbly				1,300 cases 4%
Rosé				1,500 cases 4%

* Note: adjusted for vines removed. Would be around 429T with an average yield.



The Palliser Kitchen retained it's One Cuisine Hat

DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

Your Directors are pleased to present the annual report for Palliser Estate Wines of Martinborough Ltd, which includes the company's financial statements for the year ended 30 June 2026.

FINANCIAL PERFORMANCE

Heading into the 2025/26 financial year, we were optimistic that sales and profitability would improve on the previous year. This expectation was largely borne out through the first seven months of the year, with sales tracking ahead of the previous year and consumer confidence showing signs of improvement.

However, conditions changed dramatically from February onwards following the outbreak of the Iran conflict and the resulting global uncertainty. Consumer sentiment weakened significantly across many of our markets, leading to reduced spending on discretionary products such as premium wine. As a result, sales momentum slowed considerably through the second half of the year.

The year proved to be one of the most challenging operating environments we have experienced in recent memory. While the Global Financial Crisis of 2008 is often regarded as the benchmark for difficult trading conditions, the current environment is arguably as challenging, if not more so, given

the combination of excess global wine supply, soft consumer demand, geopolitical uncertainty, cost pressures and changing consumption trends.

These challenging market conditions were compounded by distributor-related factors, themselves not immune to these global trading conditions. During the year we lost our long-standing UK distribution partner, Justerini & Brooks, after almost 30 years of working together, and we received no orders from our US distributor, Massanois. Together, these two factors had a material impact on export performance, contributing to a 24% reduction in export sales for the year.

The challenges facing the wine sector continue to intensify, as evidenced by the significant amount of vineyard removal occurring throughout New Zealand and internationally. Many growers and wine businesses are being forced to adjust production levels and reduce capacity to align with lower global demand.

DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

Despite these difficult conditions, management remained disciplined and focused on exploring every sales opportunity, controlling costs, and positioning the business for long-term sustainability. We believe Palliser remains in a stronger position than many within the industry due to our premium brand, loyal customer base, strong asset backing and clear long-term strategy.

Looking ahead, we expect trading conditions to remain tough over the next year. We are committed to “battening down the hatches” and trading through this challenging period with discipline and focus. At best, we expect to achieve a break-even result over the coming year. However, by taking the necessary actions now, we are building a stronger business with a solid foundation that will enable us to capitalise on growth opportunities and create value for shareholders when economic conditions improve.

Revaluations / accounting adjustments

Again, we are required to make several non-cash accounting adjustments to our financial statements as follows:

Fair value grape write-down (-\$262,537)

With yields down on the previous year, notably for Pinot noir due to our clonal mix, our cost per tonne was higher than what we are required to adopt as fair value. The write-down was the result.

Revaluation loss for biological vines & vineyard development (-\$1,369,026)

We value all assets to fair value to ensure consistency with the biological asset treatment and reflect Palliser's asset value more accurately

Real estate appraiser Logan Stone was commissioned to conduct the annual valuation of our vineyard, including vines. The result was lower than that of the last year which is a reflection of the fact we have removed vines in one of the Woolshed Vineyard lots for sale, mothballed parts of the Pencarrow vineyard and a reflection of the industry in general.

Impairment loss on assets held for sale (-\$222,000)

This write-down reflects the difference between the carrying value of the Pinnacles Vineyard and the amount of the sale offer received.

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for the Year Ended 30 June 2026

Revaluation gain for property (+\$1,422,779)

This write-up reflects the increase in the land value as determined by Logan Stone our external valuer and is a reflection of the lifestyle value placed on some of our vineyard land now that titles have been issued.

The net result of all these non-cash adjustments is a reported total comprehensive loss for the year of (-\$264,088).

SALES

Sales for the first half of the year were ahead of the previous year. However, escalating global conflict and the resulting decline in consumer confidence had a significant impact on demand during the second half of the year, leading to a marked slowdown in sales.

As mentioned, one of the most disappointing developments during the year was the loss of our long-standing UK distribution partner, Justerini & Brooks, after almost 30 years of working together. This was a significant blow to the business, both commercially and personally, given the long and successful relationship we had built. However, it is also symptomatic of the realities facing the wider wine industry. Justerini & Brooks has effectively reduced its business by approximately half in order to remain sustainable, highlighting the scale of

the structural changes occurring throughout wine distribution globally.

Performance in the United States was particularly disappointing, as we received no orders from our Pencarrow distributor, Massanois, despite significant investment in supporting the partnership. Together with the loss of our UK distributor, this materially affected our export performance, with export sales falling 24% as a direct result of no sales being generated through these two channels.

There were, however, some notable highlights. Cellar Door sales achieved their highest level in the company's history, driven by the success of the Palliser Kitchen. The combination of great hospitality, high-quality food and wine experiences,

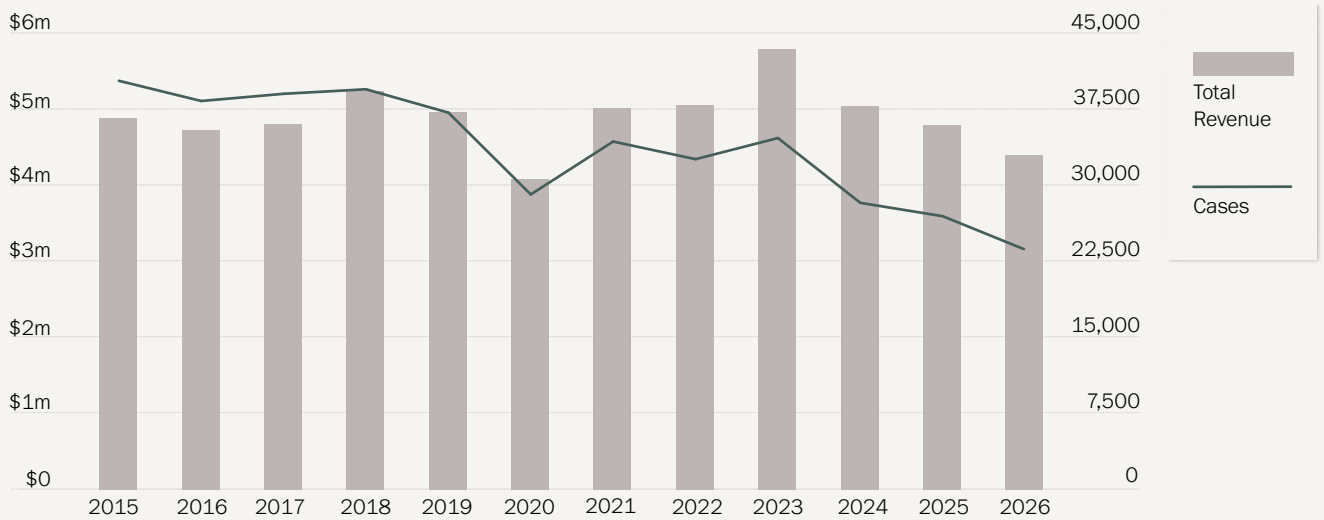
DIRECTORS’ AND CHIEF
EXECUTIVE’S REPORT

for the Year Ended 30 June 2026

and positive word-of-mouth has reinforced Cellar Door as an increasingly important and profitable part of the business.

Several export markets also performed positively. South Korea continued to deliver strong results, as did our newer markets of Netherlands and UAE. Airline programmes, tenders and some of our other smaller export markets generated valuable sales and helped offset weakness in our traditional markets.

As per the chart below, while total case sales were below expectations, the drop in total revenue was not as significant, so we can find some confidence in the resilience of our premiumisation strategy and the strength of our brand.



DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

EXPENDITURE

Expense management was a major focus throughout the year and became increasingly important as trading conditions deteriorated during the second half.

We maintained a disciplined approach to expenditure across all areas of the business,

including mothballing surplus land and deferring non-essential spending wherever possible. Pleasingly, total expenditure finished below both budget and the previous year's level despite ongoing inflationary pressures.

CASH POSITION AND ASSETS FOR SALE

We continued to actively market the Woolshed Vineyard sub-divided lots for sale, in-line with our strategy to strengthen the balance sheet, reduce debt and focus investment on those assets most aligned with our premiumisation strategy. Unfortunately, we did not receive any offers which meant we needed to utilise more bank debt than expected, especially in the second half of the year with sales softening.

We have however received an offer for 4.3 hectares of the Pinnacles Vineyard and all is on-track for a settlement on the 20th October 2026 for this parcel of land. The proceeds of this sale will be used to reduce bank debt and to invest in the sustainability of our business.

DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

HIGHLIGHTS AT A GLANCE

- \$/ case at an all-time high of \$203 which is very pleasing in this incredibly tough market.
- Cellar Door had a record year, sales up on budget and all previous years.
- Achieving a Cuisine Hat, the only Martinborough restaurant to do so in 2025.
- Palliser Kitchen had a successful first full year with sales well up on targets.
- Brand evolution being implemented with the first wines in the new packaging released which have been received positively.
- Another successful harvest with great quality fruit across the board.
- Production of a new desert style wine for Cellar Door called Amare'tjie (released September 2026)
- The Estate Club continues to grow – up another 10% over the last year.
- Vineyard expenses 8% below budget and 11% below the previous year. The vineyard continues to be well managed, and costs kept below others in the region.
- Administration expenses 3% below budget and 4% below the previous year.
- Received a strong offer for 4.3 hectares of the Pinnacles Vineyard which we have accepted.
- Continue to have a great Health and Safety record and culture.
- Great recognition received for our wines, including 97 points for the 2024 Hua Nui Pinot noir and 91 points for the 2024 Om Santi Chardonnay in Decanter World Wine awards; trophy for best white in the Korean Wine Challenge for the 2024 Estate Chardonnay; Gold in the Aotearoa Organic Wine Awards and 95 points from James Halliday both for the 2024 Om Santi SV Chardonnay.

DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

BRAND EVOLUTION

During FY2025/26, we continued the development of our Palliser Brand Evolution programme, an important strategic initiative designed to strengthen the long-term value of the Palliser brand and support future growth.

The project was driven by a simple insight: while the quality of our wines, vineyards and reputation have continued to evolve, our brand architecture and visual identity no longer fully reflected the strength and premium positioning of the business. Research highlighted strong regard for our wines and Martinborough heritage, while also identifying opportunities to improve clarity, consistency and brand recognition.

Rather than changing who we are, our focus has been on expressing Palliser more clearly. The evolution introduces a unified “One Palliser” approach, bringing our wines together under a clearer three-tier portfolio architecture of Village, Estate and Single Vineyard, whilst transitioning away from the less financially sustainable Luminary and Pencarrow brands. This creates a stronger pathway for consumers, supports premiumisation, and makes the range easier for customers and trade partners to understand and navigate. Shareholders can

be assured that their shareholder benefits will be retained under this new product structure.

During the year, significant progress was made across brand strategy, packaging design and supporting marketing assets. The first wines in the evolved identity have now been released, with the wider portfolio transitioning progressively over future vintages. This phased approach allows us to align implementation with natural stock and release cycles while maintaining flexibility as market conditions evolve. The project remains on track, with investment being managed against budget limitations.

Looking ahead, FY2026/27 and into FY2027/28 will focus on bringing the evolved brand to life across customer touchpoints, creating a stronger and more cohesive platform for sustainable growth in New Zealand and international markets. At its heart, the evolution reflects our enduring vision: to be the most loved premium New Zealand wine brand. Our vineyards, people, values and commitment to exceptional wine remain unchanged. We are simply telling that story with greater clarity, confidence and consistency for the future.

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ENVIRONMENTAL AND SOCIAL PERFORMANCE

Sustainable success rests on more than financial performance alone. Businesses that balance environmental responsibility, social impact and long-term resilience are best placed to thrive.

While the year presented significant commercial challenges, we remained committed to the environmental and community initiatives that underpin our long-term sustainability. Although progress was more measured in some areas, we continued to maintain our organic certification programme, improve resource efficiency and support initiatives that contribute positively to our region and industry.

The following section highlights key environmental and social outcomes from FY25/26.

Environmental:

- Palliser Estate Single Vineyard Om Santi Chardonnay 2024 and Palliser Estate Single Vineyard Hua Nui Chardonnay 2024 were both awarded Gold Medals at the 2026 Aotearoa New Zealand Organic Wine Awards.
- Vineyard Manager Ivor Allmand continued his role as the Wairarapa representative for Organic Winegrowers New Zealand, and also attended organic ecology workshops, continuing to build knowledge and connections within the organic wine community.
- We maintained BioGro organic certification across 60% of our vines, representing four of our six vineyards, and remaining one of the largest organic winegrowers in the Wairarapa.
- Palliser participated in Organic Winegrowers New Zealand's national 'Down to Earth' Organic Wine Week initiative, helping promote organic winegrowing and connect consumers with organically produced New Zealand wines.

DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

- Diesel usage reduced 24% to 15,448 litres, compared with 20,225 litres in FY24/25. While seasonal conditions, such as frosts, and operational requirements, such as undervine weeding, vary from year to year, continued focus on efficient resource use contributed to lower overall consumption.
- Water usage reduced 58% to 17,069 cubic metres, compared with 40,962 cubic metres in FY24/25. This was largely driven by higher rainfall during January and February, reducing irrigation requirements across the growing season.
- Waste to landfill reduced 13% to 664 kilograms, compared with 765 kilograms in FY24/25. Ongoing awareness and waste minimisation efforts across the business continue to support steady improvement.
- Our circular resource management practices remain in place. All grape marc and lees are composted and returned to the land, helping close the nutrient loop within our vineyards.
- Began development of a leaf mould system, transforming leaves collected around the cellar door into a nutrient-rich soil amendment, supporting a circular approach to organic matter management and soil health.
- Introduced a biochar programme using retired vine material and fallen trees from the property, creating a long-term soil health resource while repurposing organic waste generated on site.
- Continued native planting project in the Hua Nui wetland area and along the embankment at the Woolshed Vineyard to improve biodiversity, environmental resilience and the long-term health of our vineyards.
- Glass bottles collected through Cellar Door continue to be recycled locally through Wairarapa Environmental, while bottle capsules are collected by the local Lions Club and recycled through the Kidney Kids NZ Kantab programme, supporting both environmental and community outcomes.

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for the Year Ended 30 June 2026

Social:

- As highlighted throughout this report, FY2025/26 was a challenging year for the industries and communities in which we operate. With this in mind, we took a prudent and targeted approach to community investment, balancing support for our people, community and industry with the need to remain a strong and sustainable business.
- Continued our Wine Flights for Life Flight partnership, helping raise funds and awareness for this essential emergency air service for our wider region. During FY2025/26, \$5 from each flight sold up to \$5,000 was donated to Life Flight, to assist ongoing operations.
- Maintained support for local and national organisations aligned with our values, including the New Zealand Festival of Christmas in

Greytown, Martinborough Community Patrol, Martinborough Tennis Club, the Cancer Society, the Wellington Phoenix and Martinborough School.

- Employed 16 full-time equivalent team members, providing stable employment and career opportunities within the South Wairarapa community.
- Continued our strong culture of ownership, with 19% of employees also shareholders, aligning our people with the long-term success of Palliser.
- Chief Executive Pip Goodwin continued her contribution to the New Zealand Winegrowers Brand Committee, supporting the reputation and growth of New Zealand wine in domestic and international markets.

HEALTH AND SAFETY

Palliser's Directors' and Chief Executive (as Officers under the Health and Safety at Work Act 2015) remain committed to the health and safety of our employees, contractors and visitors. We are pleased to report that there were no significant health and

safety incidents during the year. We have a robust health and safety system which we continually improve, and a strong culture of health and safety that we're proud of.

DIRECTORS' AND CHIEF EXECUTIVE'S REPORT

for the Year Ended 30 June 2026

DIRECTORS

After 17 years as a Director, including the last 12 years as Chair, Andrew Meehan will retire from the Board following this year's AGM. Andrew's professionalism, leadership, and service to Palliser have been immense, and we will formally thank and farewell him at the AGM. The Board will elect

a new Chairman following the AGM. As previously communicated, the Board appointed Stuart Robb to act as an additional Director pursuant to clause 12.5 of the Constitution and he will stand for election at the AGM.

OUR THANKS TO THE TEAM

Once again, we thank all our loyal shareholders, our small and dedicated team, Andrew Meehan and the other Board members for their support and ongoing service over the last year.

We look forward to seeing as many of you as possible at our AGM this year, at 11am on Sunday 8th November 2026.

For, and on behalf of, the Board



Andrew Meehan ONZM
Chairman



Pip Goodwin
Chief Executive

Challenging conditions tested
our industry's resilience,
but they also reinforced
the strength of our people,
our evolving brand, and
our long-term strategy.

These foundations give us
confidence for the future.

Palliser Estate CEO, Pip Goodwin



Palliser - the evolved branding

VITICULTURE AND WINEMAKING REPORT

for the Year Ended 30 June 2026

PALLISER’S 2025/26 WINE-GROWING SEASON

The La Niña weather pattern that influenced the previous season continued into 2025/26. January and February were again cool, wet and cloudy, with 180mm of rainfall recorded across the two months. The rainfall increased bunch weights, sustained vigorous pasture growth, necessitated an additional spray round, and required mowing under nets to reduce humidity and disease pressure.

Fortunately, summer conditions arrived in March and April, providing excellent ripening weather and averting a repeat of the challenging 2023 vintage. Conditions through late summer and early autumn were highly favourable for flavour development and fruit maturity.

Rainfall and Growing Degree Days from 1 September to 21 April

Year	Growing degree days	Rainfall (mm)
2025/26	1290	567
2024/25	1265	415
2023/24	1335	259
2022/23	1320	670
2021/22	1420	564
Long Term Average	1222	454

Fruit arrived at the winery in generally good condition, with above-average bunch weights reflecting the rainfall experienced during January and February. Harvest was delayed slightly as flavour development in both Chardonnay and Pinot Noir took longer than anticipated.

As harvest approached, disease pressure increased due to tight bunches and the onset of some sour rot. This required careful decision-making to balance berry condition against flavour and tannin development. The main harvest commenced on 10 March and concluded on 10 April, with a total intake of 329 tonnes.

VITICULTURE AND
WINEMAKING REPORT

for the Year Ended 30 June 2026

Harvest Yield (Tonnes)

Variety	2022	2023	2024	2025	2026
Chardonnay	72	41	58	79	60
Pinot Gris	45	28	41	49	33
Riesling	11	9	13	13	9
Pinot Noir	143	95	130	182	95
Sauvignon Blanc	165	155	160	162	129
Syrah			1	5	3
Total	436	328	403	490	329

To enable comparison with previous years, production must be adjusted for vineyard areas removed from or withheld from production:

- Woolshed Vineyard: 5.2 hectares of Sauvignon Blanc were removed, a further 1.7 hectares of older Sauvignon Blanc were not cropped, and 0.8 hectares of Pinot Gris were not cropped.
- Pencarrow Vineyard: 8 hectares of Pinot Noir were not cropped.

The original crop estimate was 309 tonnes. Higher-than-expected bunch weights resulting from January and February rainfall increased final production to 329 tonnes, despite fruit being dropped in Chardonnay, Pinot Noir, Syrah and Sauvignon

Blanc blocks due to Botrytis pressure. Adjusting for vineyard areas removed from production indicates an equivalent crop of approximately 429 tonnes.

The aromatic varieties, including Sauvignon Blanc, Pinot Gris, Riesling and Rosé, display excellent purity, elegance and length.

The Méthode Rose, Griffin and Blanc de Blanc are also showing considerable promise in their early stages.

Chardonnay is the standout variety from the 2026 vintage. While it does not possess quite the concentration of the 2024 and 2025 vintages, it exhibits vibrant natural acidity, excellent length and a style reminiscent of Chablis. Pinot Noir is elegant

VITICULTURE AND WINEMAKING REPORT

for the Year Ended 30 June 2026

and expressive, with supple tannins and a bright red-fruit spectrum. The Hua Nui Abel and Clone 115 parcels all show potential for single-vineyard release.

Syrah was harvested earlier than ideal due to forecast rainfall and increasing Botrytis risk. Early indications suggest a wine displaying attractive pepper and spice characteristics, which should integrate further during barrel maturation.

Two small-batch wines are currently in production as additions to our Cellar Door offering this year. The first is an organic skin-contact Pinot Gris. The second is a dessert-style wine produced by Assistant Winemaker Pierre Louw, inspired by the traditional South African Jerepigo style and made using Chardonnay Clone 809, which displays distinctive Muscat-like aromatics.

COST MANAGEMENT

Reducing vineyard operating costs has remained a key focus.

Vineyard costs reduced from \$20,332 per hectare in 2024 to \$18,173 per hectare in 2025 and \$18,005 per hectare in 2026.

While this reflects genuine operational efficiencies, it should be noted that repairs and maintenance costs in 2024 exceeded budget by approximately \$605 per hectare due to ageing equipment. No comparable issues were experienced in 2025 or 2026.

The vineyard team should be congratulated for maintaining cost discipline during a period of significant inflationary pressure. Benchmarking

against comparable premium winegrowers indicates vineyard operating costs typically range between \$20,000 and \$35,000 per hectare. Balancing premium grape production with tight cost controls remains an ongoing challenge.

There is no planned capital expenditure for 2027, consistent with 2026. While replacement of crop sprayers and trimming equipment is becoming increasingly necessary, current trading conditions require a cautious approach to capital investment. The trade-off may be higher repair and maintenance expenditure over time.

VITICULTURE AND WINEMAKING REPORT

for the Year Ended 30 June 2026

RECENT WINE REVIEWS

Competitions	Om Santi Chardonnay 24	Estate Chardonnay 24	Hua Nui Pinot Noir 24	Estate Pinot Noir 23
Decanter awards	91	90	97	Not assessed
Bob Campbell	95	91	95	93
Cameron Douglas	95	95	95	93
Wine Orbit	97	95	97	95
Halliday	95	95	95	Not assessed
Robert Parker	92	87	92	87
Average	94	92	95	92

We were delighted that Hua Nui Pinot Noir 2024 achieved 97 points and a Platinum Award at the 2026 Decanter World Wine Awards, with only three New Zealand Pinot Noirs receiving this recognition. Both Hua Nui Pinot Noir 2024 and Om Santi Chardonnay 2024 also received Gold Medals at the Aotearoa New Zealand Organic Wine Awards.

Masters of Wine Susie Barrie and Peter Richards included Hua Nui Pinot Noir 2024 in their 2026 New Zealand Wines of the Year selection through the Wine Blast Podcast. Alongside Ata Rangi and Escarpment, Palliser was one of only three Martinborough producers represented.

BIODIVERSITY

We continue to enhance biodiversity through further native planting initiatives, including trees and flax in the Hua Nui wetland area and along the embankment at the Woolshed Vineyard.

These projects support birdlife, environmental resilience and the long-term health of our vineyards.

VITICULTURE AND WINEMAKING REPORT

for the Year Ended 30 June 2026

THE FUTURE

The New Zealand wine industry continued to undergo significant structural change during 2026, with substantial vineyard removals occurring in regions such as Waipara and Gisborne. Much of this production serviced the bulk wine market, which remains under considerable pressure, alongside segments of the Marlborough Sauvignon Blanc sector.

Given ongoing market conditions, we expect trading to remain challenging through the coming year. Accordingly, the 8 hectares of Pinot Noir at Pencarrow Vineyard will remain mothballed for the 2027 season. Production can be reinstated when market demand improves, while in the interim vineyard costs are reduced.

We remain committed to our premiumisation strategy and to continuing the quality progression of our Pinot Noir and Chardonnay programmes. Further advancement will require investment in winery infrastructure, including specialised fermentation vessels, temperature-controlled

barrel facilities, a press better suited to smaller fermentations, and fruit-sorting equipment. These projects will be progressed when capital conditions allow.

Looking ahead, seasonal forecasts indicate the potential for a strong El Niño pattern, bringing warmer and drier conditions to the eastern regions of New Zealand. Such conditions are generally favourable for premium grape growing and wine quality.

Finally, in what continues to be a challenging operating environment, I would like to sincerely thank the vineyard and winery teams for their dedication and professionalism, and acknowledge the ongoing support of Chief Executive Pip Goodwin and the Board.



Guy McMaster
Winemaker / Viticulturist

Producing wines of exceptional quality while maintaining cost discipline remains a continual balancing act. Recognition for our Single Vineyard wines this year is a testament to the skill and dedication of our team, the benefits of organic viticulture, and the unique qualities of Martinborough as a winegrowing region.

Palliser Estate Winemaker and Viticulturist, Guy McMaster



Palliser Vineyard Manager Ivor, Assistant Winemaker Pierre Louw and Winemaker & Viticulturist Guy

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF PALLISER ESTATE WINES OF MARTINBOROUGH LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Palliser Estate Wines of Martinborough Limited ("the Company") on pages 30 to 64 which comprise the statement of financial position as at 30 June 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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. 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 Company. In addition to this, partners and employees of our firm may deal with the Company on normal terms within the ordinary course of its trading activities.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company has incurred a net loss of \$1,686,867 and experienced negative operating cashflow for the year ended 30 June 2026. In addition, the Company had a term loan of \$854,143 which has been extended to mature on 30 November 2027, and an overdraft facility of \$1,150,000 of which \$1,080,759 had been utilised.

INDEPENDENT AUDITOR'S REPORT

As stated in Note 1, these events or conditions, along with other matters as set forth in that note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise our key audit procedures, to address that matter in order that the Company's shareholders, as a body, may better understand the process by which we arrived at our audit opinion.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Property Plant and Equipment As disclosed in Notes 10 and 20 of the financial statements, the Company has a policy of revaluing its land, buildings, vineyard development, irrigation, wind machines and vines to fair value. The inclusion of land, buildings, vineyard development, irrigation, wind machines and vines valuation as a key audit matter arises from the substantial judgment involved in the valuations. As at 30 June 2026, all land, buildings, vineyard development, irrigation, wind machines and vines were subjected to a desktop assessment of values by an independent registered valuer. The total value of the Company's land, buildings, vineyard development, irrigation, wind machines and vines as at 30 June 2026 is \$14,710,000.	Our procedures, amongst others, included: • Obtained and agreed the schedule of revalued property to the respective independent valuation reports, performed by valuation experts; • Evaluated the qualifications and work of management's external valuation experts; • We engaged our own external valuation specialist to review management's expert's valuation to ensure the overall valuation, and its associated valuation inputs, were reasonable and appropriate; • Confirmed each property valuation is performed in accordance with the valuation standards that are accepted as suitable by accounting standards for use in determining the carrying values as at 30 June 2026; • Recalculated the revaluation adjustment to be recorded for the year of each revalued asset as at 30 June 2026; and • Reviewed the disclosures in the financial statements to ensure they are compliant with the requirements of the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT

Information Other than the Financial Statements and Auditor's Report thereon

The Directors are responsible for the other information. The other information comprises the Key Performance Indicators, Directors' and Chief Executive's Report, Viticulture and Winemaking Report, Comparative Financial Review, Statutory Information and Distributors.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible on behalf of the Company for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

INDEPENDENT AUDITOR'S REPORT

Restriction on use of our report

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders, as a body those matters which 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 Company and its shareholders, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

Yasin Mohammed
Partner, Auckland

6 October 2026

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STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 30 June 2026

This statement is to be read
in conjunction with the notes
on pages 36-64.

	2026 \$	2025 \$
Revenue (Note 3)	4,987,932	5,124,508
Cost of Sales	4,113,711	3,933,908
Gross Profit	874,221	1,190,600
Other Income (Note 4)	314,363	311,726
	1,188,584	1,502,326
Less Expenses:		
Administration and Marketing	1,318,443	1,395,823
Net Finance Costs	111,129	102,764
Other	190,059	210,198
Operating Expenses (Note 5)	1,619,631	1,708,785
Operating Loss before Revaluations	(431,046)	(206,459)
Revaluation Loss – Biological Vines	(1,001,440)	(115,000)
Revaluation Loss – Vineyard Development, Irrigation and Wind Machines	(367,586)	(31,623)
Impairment Loss on Asset Held for Sale	(222,000)	–
Operating Loss after Revaluations	(2,022,072)	(353,081)
Fair Value Grape Write Up/(Down)	(262,537)	220,646
Loss Before Taxation	(2,284,610)	(132,435)
Income Tax Benefit (Note 6)	(597,742)	(17,376)
Loss for the Year Attributable to Owners of the Company	(1,686,867)	(115,059)
Other Comprehensive income that may subsequently be classified to the Profit or Loss		
Revaluation gain/(loss) – Land and Buildings – Net of Tax	1,422,779	(196,330)
Total Comprehensive Income/(Loss) for the Year Attributable to Owners of the Company	(264,088)	(311,389)
Earnings per share (Note 7)		
Basic and fully diluted earnings per share (cents)	(40.00)	(2.73)

STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30 June 2026

This statement is to be read
in conjunction with the notes
on pages 36-64.

	Share Capital \$	Retained Earnings \$	Revaluation Reserve \$	Total Equity \$
Balance 1 July 2024	6,491,435	6,993,455	7,956,798	21,441,687
Loss for the year	-	(115,060)	-	(115,060)
Other Comprehensive Loss – Net of Tax	-	-	(196,330)	(196,330)
Total Comprehensive Loss for the Year	-	(115,060)	(196,330)	(311,390)
Balance 30 June 2025 (Note 16)	6,491,435	6,878,395	7,760,468	21,130,298
Balance 1 July 2025	6,491,435	6,878,395	7,760,468	21,130,299
Loss for the year	-	(1,686,867)	-	(1,686,867)
Other Comprehensive Loss – Net of Tax	-	-	1,422,779	1,422,779
Total Comprehensive Loss for the Year	-	(1,686,867)	1,422,779	(264,088)
Balance 30 June 2026 (Note 16)	6,491,435	5,191,528	9,183,248	20,866,211

STATEMENT OF FINANCIAL POSITION

for the Year Ended 30 June 2026

This statement is to be read
in conjunction with the notes
on pages 36-64.

	2026 \$	2025 \$
Current Assets		
Cash and Cash Equivalents	25,686	18,578
Income Tax Receivable	165	252
Trade and Other Receivables (Note 8)	479,588	998,843
Work in Progress	267,589	279,046
Stock on Hand (Note 9)	4,891,033	4,558,545
Assets Held For Sale (Note 11)	1,883,366	4,870,000
	7,547,427	10,725,264
Non Current Assets		
Property, Plant and Equipment (Note 10)	15,855,776	13,026,409
Intangible Assets (Note 13)	48,345	48,345
Investments	7,038	7,038
	15,911,159	13,081,792
Total Assets	23,458,586	23,807,056

Continued next page...

STATEMENT OF FINANCIAL POSITION *cont*

for the Year Ended 30 June 2026

This statement is to be read
in conjunction with the notes
on pages 36-64.

	2026 \$	2025 \$
Current Liabilities		
Bank Overdraft	1,080,759	639,601
Trade and Other Payables (Note 14)	645,632	569,896
Current Portion Term Loans (Note 15)	854,143	854,690
Current Portion Lease Liability	11,039	43,075
	2,591,573	2,107,263
Non Current Liabilities		
Lease Liability	–	11,039
Deferred Tax (Note 6)	803	558,456
	803	569,496
Total Liabilities	2,592,376	2,676,759
Equity		
Share Capital (Note 16)	6,491,435	6,491,435
Retained Earnings	5,191,528	6,878,395
Revaluation Reserve	9,183,248	7,760,468
Total Equity	20,866,211	21,130,299
Total Liabilities & Equity	23,458,586	23,807,056



Director
A R Meehan



Director
S R Tyler

The Board of Directors of Palliser Estate Wines of Martinborough Limited authorised these financial statements on 6 October 2026.

STATEMENT OF CASH FLOWS

for the Year Ended 30 June 2026

This statement is to be read
in conjunction with the notes
on pages 36-64.

	2026 \$	2025 \$
Cash Flows From Operating Activities		
Cash was received from:		
Receipts from customers	5,625,553	4,860,339
Interest received	566	860
Income tax received	87	5,084
Sundry receipts	217,702	296,373
GST received	13,244	10,070
	5,857,152	5,172,725
Cash was applied to:		
Payments to suppliers and employees	(5,935,257)	(5,544,037)
Interest paid	(102,079)	(91,845)
	(6,037,336)	(5,635,881)
Net Cash to Operating Activities	(180,184)	(463,156)
Cash Flows From Investing Activities		
Cash was received from:		
Disposal of Property, Plant and Equipment	-	350
	-	350
Cash was applied to:		
Purchases of Property, Plant and Equipment	(210,249)	(100,629)
Net Cash to Investing Activities	(210,249)	(100,279)

Continued next page...

STATEMENT OF CASH FLOWS *cont* *for the Year Ended 30 June 2026*

This statement is to be read
in conjunction with the notes
on pages 36-64.

	2026 \$	2025 \$
Cash Flows From Financing Activities		
Cash was received from:		
Employee loans repaid	836	1,170
	836	1,170
Cash was applied to:		
Finance lease loan repayments	(44,452)	(63,080)
	(44,452)	(63,080)
Net Cash from/(to) Financing Activities	(43,617)	(61,910)
Cash Surplus/(Deficit) for the year	(434,050)	(625,345)
Represented By:		
Opening cash and cash equivalents	(621,023)	4,322
Closing cash and cash equivalents	(1,055,073)	(621,023)
Movement for the year	(434,050)	(625,345)

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 30 June 2026

NOTE 1: Statement of Accounting Policies

In these financial statements the reporting entity is Palliser Estate Wines of Martinborough Limited (the 'company'). The principal activity of the company is to produce and sell wines from grapes grown in New Zealand. The company is a limited liability company incorporated and domiciled in New Zealand.

These financial statements were approved for issue by the Board of Directors on 6 October 2026. The company's owners do not have the power to amend these financial statements once issued.

The company is registered in New Zealand under the Companies Act 1993. The company is a reporting entity and complies with the Financial Markets Conduct Act 2013. Company shares are traded on Unlisted Securities Exchange (USX) an unlisted unlicensed financial product market operating under an exemption from the Financial Markets Conduct Act 2013.

BASIS OF PREPARATION

These financial statements are presented in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other Financial Reporting Standards applicable to profit-oriented entities. They have been prepared in accordance with the Tier 1 for profit reporting requirements set out by the New Zealand Accounting Standards Board. They also comply with International Financial Reporting Standards (IFRS). These financial statements are rounded to the nearest dollar.

Certain comparative amounts have been reclassified to conform to the current year's presentation.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in

operational existence and be able to realise its assets and discharge its liabilities in the normal course of business.

For the year ended 30 June 2026, the Company incurred a net loss of (\$1,686,867) and generated negative operating cash flows. At balance date, the Company had a term loan of \$854,143 which has been extended to mature in November 2027 and an overdraft facility of \$1,150,000, of which \$1,080,759 had been utilised.

These conditions indicate the existence of events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on timely realisation of assets classified as held for sale.

In response to these conditions, the Directors have implemented a number of measures to improve liquidity and strengthen the Company's financial position. As part of its premiumisation strategy, the Company intends to dispose of certain non-core assets, being Lot 2 & 3 Weld Street and the Pinnacles Property. These assets have been classified as held for sale at 30 June 2026 with a carrying value of \$1,883,366. Subsequent to balance date, a Sale and Purchase Agreement for the Pinnacles Property became unconditional on 22 September 2026 and settlement is expected on 20 October 2026. The proceeds expected from the sale are \$1,000,000. In addition, the Company also obtained a new facility of \$700,000 (of which \$337,000 has been utilised) from its lender, maturing on 30 November 2026, to enable the Company to meet some capital expenditure and short term funding requirements.

The Directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements and, after considering the expected proceeds from asset disposals, ongoing trading forecasts, and the extension of banking facilities, have concluded that it is appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

However, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. If the Company is unable to complete the additional asset disposals within the anticipated timeframe, this may place pressure on the Company's ability to meet its obligations in the normal course of business.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

MEASUREMENT BASIS

The measurement basis adopted in the preparation of these financial statements is historical cost, with the exception of the revaluation of vines and certain financial instruments as identified in the particular accounting policies below.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Several amendments and interpretations apply for the first time from 1 July 2024. This includes NZ IFRS 18 – Presentation and Disclosure in Financial Statements was issued in May 2024 and comes into effect from 1 January 2027. Most of the presentation and disclosure requirements will largely remain unchanged together with other disclosures carries forward from NZ IAS 1. NZ IFRS 18 primarily introduces the following:

- A defined structure for the statement of comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances.

- Disclosure of management defined performance measures in a single note together with reconciliation requirements.
- Additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

Other new standards, amendments to standards and interpretations are issued but not yet effective. None of these are expected to have a significant impact on the financial statements of the Company.

Material Accounting Policies

The following material accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows have been applied.

Revenue from Sales of Goods

Recognition of revenue occurs when the performance obligation to the customer is satisfied. Satisfaction of performance obligation occurs on transfer of a promised good to the customer and when the customer obtains control of that good. Revenue from the sale of wine is recognised when control of the wine has passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest Income

Interest income is recognised as other income in the Statement of Comprehensive Income as earned using the effective interest method.

WET rebate

The WET (wine equalisation tax) rebate is recognised as other income in the Statement of Comprehensive Income when it is probable that the economic benefits will flow to the company and the revenue and costs can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

Goods and Services Tax

The Statement of Comprehensive Income and the Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Depreciation

Depreciation is provided on Property, Plant and Equipment using the straight-line basis or diminishing-value basis, at rates sufficient to write them off over their expected useful lives.

	Expected Useful Life
Buildings (straight line & diminishing value)	10-100 years
Development, Irrigation & Wind Machines (straight line & diminishing value)	2-17 years
Vineyard Equipment (straight line & diminishing value)	2-17 years
Winery Equipment (straight line & diminishing value)	2-34 years
Motor Vehicles (straight line)	4-8 years
Office Equipment (straight line & diminishing value)	1-15 years

Depreciation is the difference between the cost and residual value of an asset. No depreciation is provided on land, vines or vine support structures. The basis of depreciation represents the method that best reflects the decline in future economic service potential of the asset class.

Foreign Currency Transactions

The functional and presentation currency is New Zealand dollars (NZD). Foreign currency transactions are translated into NZD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of

such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss within the Statement of Comprehensive Income.

Foreign Exchange Contracts

Foreign exchange contracts are initially recognised at fair value on the dates the contracts are entered into and are subsequently re-measured at fair value, as determined by the bank's mark-to-market measurement. Changes in the fair values of these derivative instruments are recognised immediately in profit or loss within the Statement of Comprehensive Income. Hedge accounting has not been applied for foreign exchange contracts.

Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Income Tax

The income tax expense recognised in profit or loss within the Statement of Comprehensive Income is the estimated income tax payable in the current reporting period, adjusted for any differences between the estimated and actual income tax payable in prior periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liability is settled.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts without a right of set off are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The collectability of trade receivables is reviewed on an on-going basis. Receivables that are known to be uncollectible are written off. The simplified approach to measure expected credit losses using a lifetime expected credit loss provision under NZIFRS 9 has been applied.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. The cost includes direct materials, labour, and production overheads. Grapes harvested are measured at fair value less estimated point-of-sale costs at point of harvest; this measure is used as the 'deemed cost'. After harvest the grapes are treated as inventory.

Unquoted Equity Investments

NZ IRFS 9 requires all equity investments to be measured at fair value. The company has made the election to classify the Unquoted Equity Investments as at Fair Value through Profit and Loss (FVTPL). Under this category fair value changes and dividends are recognised in profit or loss.

Property, Plant and Equipment

Land, Buildings, Irrigation, Wind Machines, Other Irrigation, Improvements and Non-Biological Trellis have been measured using the revaluation model. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Bearer plants (vines) fall within the scope of NZ IAS 16 Property, Plant and Equipment. The vines have been measured using the revaluation model. Vines are not depreciated as they are held at fair value with residual values not expected to be less than carrying values.

Where the revaluation results in an increase in the carrying amount, the increase is recognised in Other Comprehensive Income and accumulated in equity under Revaluation Reserve. However, the increase is recognised in profit or loss within the Statement of Comprehensive Income to the extent that it reverses a revaluation decrease previously recognised in profit or loss. Where the revaluation results in a decrease in the carrying amount, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus. The grapes produced remain in the scope of NZ IAS 41 Agriculture and are measured at fair value less costs to sell. Grapes are reclassified as inventory upon harvest.

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

All other property, plant and equipment, including Motor Vehicles, Office Equipment, Vineyard and Winery Assets are shown at cost, less any accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repair and maintenance expenditure is charged to profit or loss within the Statement of Comprehensive Income during the reporting period in which it is incurred.

Intangible Assets

Trademark protection represents the net cost of trademark protection. A trademark has unlimited life because it can be renewed in perpetuity. Trademark protection is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purposes of impairment testing, trademark protection is allocated to cash-generating units. Any impairment is recognised as an expense in profit or loss within the Statement of Comprehensive Income.

Impairment of other assets

The carrying amount of the company's assets, other than inventories, is reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Financial Assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NZ IFRS 15, all financial assets are measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the period presented the company does not have any financial assets categorised as FVOCI. The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the Statement of Comprehensive Income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Impairment of Financial Assets

NZIFRS 9 requires an expected credit loss model. The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. NZIFRS 9 requires the company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the company is required to measure the loss allowance for the financial instrument at an amount equal to 12-month expected credit loss. NZIFRS 9 also allows, which the Company has adopted, a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit loss for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

Financial Liabilities

The company's financial liabilities include borrowings, trade and other payables. Financial Liabilities are initially measured at fair value and where applicable adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the Statement of Comprehensive Income (other than derivatives financial instruments that are designated and effective as hedge instruments).

All interest related charges and if applicable changes in an instrument's fair value that are reported in the Statement of Comprehensive Income are included within finance costs or finance income.

Trade and Other Payables represent liabilities for goods and services provided to the company prior to the end of the reporting period that are unpaid. Some amounts are secured but all are usually paid within 30 days of recognition.

Employee Benefits

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the reporting date.

Dividend distributions to the company shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's Directors.

Segment Reporting

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Chief Executive Officer. The company has only a single reporting segment (see note 17).

Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows.

- (a) Cash and cash equivalents are considered to be cash on hand and current accounts in banks.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- (c) Financing activities are those activities that result in changes to the size and composition of the capital structure of the company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

Changes in Accounting Policies

All policies have been applied on bases consistent with those used in the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS *cont* *for the Year Ended 30 June 2026*

NOTE 2: Critical Estimates and Judgements in Applying Accounting Policies

These financial statements are prepared in accordance with NZ IFRS. There are a number of critical accounting treatments that include subjective judgements and estimates that may affect the reported assets and liabilities in the financial statements. Explanations of the judgements and estimates made by the company having the most significant effects on the amounts recognised in the financial statements are set out below.

Fair Value of Property, Plant and Equipment and Vines

The fair value of Land, Buildings, Irrigation, Wind Machines, Other Irrigation, Improvements and Non-Biological Trellis and vines has been reviewed by independent valuation as at 30 June 2026

to ensure the carrying fair value is appropriate. The principle of the highest and best use as at balance date has been given first consideration in determining the fair value of the vines. The fair value of land and other vineyard infrastructure is deducted from the fair value of the vineyard to determine the fair value of grape vines. Refer note 10.

Fair Value of Agricultural Produce

The Directors carried out an assessment of the fair value per tonne of grapes, which is based on the quality of the grapes produced by the company, with reference to market prices for each variety of grape. This requires judgement and estimation by Directors. Refer note 12.

NOTE 3: Revenue

	2026 \$	2025 \$
Bottled Wine New Zealand sales	2,670,280	2,529,524
Bottled Wine Export sales	1,578,301	2,138,549
Toast Martinborough Income	36,275	30,722
Food sales	660,350	359,265
Merchandise sales	42,726	32,371
Symphonic Feast	-	20,252
Wellington on a Plate	-	13,825
Total Revenue	4,987,932	5,124,508

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 4: Other Income

	2026	2025
	\$	\$
Interest	566	860
WET rebate	122,342	108,114
Foreign exchange gain – net	29,605	5,082
Depreciation Recovered	–	350
Other	161,850	197,320
Total other income	314,363	311,726

NOTE 5: Operating Expenses

	2026	2025
	\$	\$
Expenses include the following;		
Depreciation		
Motor vehicles	1,966	1,966
Vineyard equipment	94,272	101,879
Grape harvesting equipment	–	13,148
Winery equipment	83,606	112,201
Vineyard development	24	26
Office equipment	54,460	49,523
Buildings	67,349	77,503
Total depreciation	301,677	356,246
Directors' fees	63,000	63,000
Auditor's remuneration		
Audit services	65,657	62,000
Audit services – Prior Year additional fee	–	15,560
Other assurance services*	3,120	3,000

*Other assurance services being the Share Registry Audit.

Employee salary and wages paid during the year totalled \$1,799,549 (2025: \$1,682,022).

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 6: Taxation

	2026 \$	2025 \$
The taxation provision has been calculated as follows:		
Loss before taxation	(2,284,610)	(132,436)
Taxation on profits for the year@28% (2025: 28%)	(639,691)	(37,082)
Non-Deductible Expenses	2,507	3,262
Tax Adjustments	39,442	16,444
Taxation charge as per the Statement of Comprehensive Income	(597,742)	(17,376)
Represented by:		
Current income tax	-	-
Deferred income tax	(597,742)	(17,376)
	(597,742)	(17,376)

Deferred Tax

	2026 \$	2025 \$
Opening balance	558,456	590,738
Charged to Revaluation Reserve	40,089	(14,906)
Reversal temporary differences	(597,742)	(17,376)
Closing balance	803	558,456
The deferred tax closing balance comprises the following temporary differences:		
Tax Losses	(303,589)	(163,287)
Provisions/Accruals	(41,175)	(44,734)
Property, Plant & Equipment (Including Vines)	447,786	819,738
Inventory	(102,219)	(53,261)
Closing Balance	803	558,456

NOTES TO THE FINANCIAL STATEMENTS *cont* *for the Year Ended 30 June 2026*

NOTE 7: Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares during the reporting period. No financial instruments have been issued by the company that would dilute the shares currently on issue.

	2026 \$	2025 \$
Total Loss after taxation	(1,686,867)	(115,060)
Weighted average number of ordinary shares	4,216,734	4,216,734
Earnings per share (Basic=Diluted) cents	(40.00)	(2.73)

NOTE 8: Trade and Other Receivables

	2026 \$	2025 \$
Trade receivables	355,256	886,418
Receivables from related parties	638	150
Employee loans	–	836
Other receivables	123,694	111,439
Current trade and other receivables	479,588	998,843
Neither past due nor impaired	454,353	985,096
Past due but not impaired*	25,235	13,747
Individually impaired	–	–
	479,588	998,843
*Past due debtors		
0–30 days	23,169	10,769
31–60 days	432	163
Greater than 60 days	1,634	2,815
	25,235	13,747

The current lifetime expected credit loss from trade receivables is nil (2025: nil).

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 9: Stock on Hand

	2026 \$	2025 \$
Stock on hand comprises:		
Finished stock	2,560,563	1,530,065
Bulk wine	2,157,662	2,879,018
Dry stock	172,808	149,462
	4,891,033	4,558,545

Inventories recognised as an expense during the year amounted to \$2,091,285 (2025: \$2,293,876).

NOTE 10: Property, Plant and Equipment

	2026 \$	2025 \$
Land	9,675,000	6,729,000
Land – Subdivision Work in Progress	149,324	61,179
Buildings	2,298,000	2,010,000
Building Addition – Work in Progress	38,808	–
Winemaking equipment	366,051	350,591
Vineyard development, irrigation & wind machines	1,188,000	1,357,000
Vineyard equipment	385,896	448,645
Vehicles	965	2,931
Vines	1,549,000	1,850,000
Office and cellar sales equipment	204,732	217,063
Total	15,855,776	13,026,409

Refer to note 19 for the key assumptions used for the revaluation completed.

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 10: Property, Plant and Equipment, cont

30 June 2026	Land (revaluations)\$	Buildings (revaluations) \$	Winemaking Equip't (cost) \$	Vineyard Develop (revaluations) \$	Grape Harvesting Equip't (cost) \$	Vineyard Equip't (cost) \$
Opening cost	2,637,992	3,269,163	3,324,845	3,784,486	358,611	1,922,408
Opening accumulated revaluation	7,404,008	495,084	–	(770,721)	–	–
Transfer	(3,313,000)	(212,000)	–	(430,000)	–	–
Opening accumulated depreciation	–	(1,542,246)	(2,974,252)	(1,226,765)	(358,611)	(1,473,763)
Opening net book value	6,729,000	2,010,000	350,593	1,357,000	–	448,645
Additions	–	3,650	99,066	–	–	–
Revaluation this year	1,323,169	139,699	–	(367,586)	–	–
Transfer	1,622,831	212,000	–	230,133	–	–
Depreciation	–	(67,349)	(83,606)	(31,547)	–	(62,750)
Closing net book value	9,675,000	2,298,000	366,050	1,188,000	–	385,895
Closing cost	2,637,992	3,272,813	3,423,910	3,784,486	358,611	1,922,408
Closing accumulated revaluation	8,727,177	634,783	–	(1,138,307)	–	–
Transfer to Assets Available for Sale	(1,690,169)	–	–	(199,867)	–	–
Closing accumulated depreciation	–	(1,609,595)	(3,057,858)	(1,258,312)	(358,611)	(1,536,513)
Closing net book value	9,675,000	2,298,000	366,051	1,188,000	–	385,896
30 June 2025	Land (revaluations)\$	Buildings (revaluations) \$	Winemaking Equip't (cost) \$	Vineyard Develop (revaluations) \$	Grape Harvesting Equip't (cost) \$	Vineyard Equip't (cost) \$
Opening cost	2,637,992	3,211,425	3,324,845	3,784,486	358,611	1,909,914
Opening accumulated revaluation	7,562,008	548,319	–	(739,098)	–	–
Opening accumulated depreciation	–	(1,464,744)	(2,862,051)	(1,193,388)	(345,463)	(1,405,235)
Opening net book value	10,200,000	2,295,000	462,794	1,852,000	13,148	504,678
Additions	–	57,738	–	–	–	12,494
Revaluation this year	(158,000)	(53,236)	–	(31,623)	–	–
Transfer	(3,313,000)	(212,000)	–	(430,000)	–	–
Depreciation	–	(77,502)	(112,201)	(33,377)	(13,148)	(68,528)
Closing net book value	6,729,000	2,010,000	350,591	1,357,000	–	448,645
Closing cost	2,637,992	3,269,163	3,324,845	3,784,486	358,611	1,922,408
Closing accumulated revaluation	7,404,008	495,084	–	(770,721)	–	–
Transfer to Assets Available for Sale	(3,313,000)	(212,000)	–	(430,000)	–	–
Closing accumulated depreciation	–	(1,542,246)	(2,974,252)	(1,226,765)	(358,611)	(1,473,763)
Closing net book value	6,729,000	2,010,000	350,591	1,357,000	–	448,645

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

30 June 2026	Vehicle (cost) \$	Vines (revaluations) \$	Office & Cellar Sales Equipment (cost) \$	Building Work in Progress (cost) \$	Land Work in Progress (cost) \$	Total \$
Opening cost	90,760	2,334,739	609,802	–	61,179	18,393,985
Opening accumulated revaluation	–	430,262	–	–	–	7,558,633
Transfer	–	(915,000)	–	–	–	(4,870,000)
Opening accumulated depreciation	(87,828)	–	(392,742)	–	–	(8,056,207)
Opening net book value	2,932	1,850,000	217,061	–	61,179	13,026,410
Additions	–	770	42,130	38,808	88,145	272,568
Revaluation this year	–	(1,001,440)	–	–	–	93,842
Transfer	–	699,670	–	–	–	2,764,634
Depreciation	(1,966)	–	(54,460)	–	–	(301,678)
Closing net book value	965	1,549,000	204,732	38,808	149,324	15,855,776
Closing cost	88,586	2,335,509	651,932	38,808	149,324	18,664,379
Closing accumulated revaluation	–	(571,178)	–	–	–	7,652,475
Transfer to Assets Available for Sale	–	(215,330)	–	–	–	(2,105,366)
Closing accumulated depreciation	(87,620)	–	(447,201)	–	–	(8,355,711)
Closing net book value	965	1,549,000	204,732	38,808	149,324	15,855,775
30 June 2025	Vehicle (cost) \$	Vines (revaluations) \$	Office & Cellar Sales Equipment (cost) \$	Building Work in Progress (cost) \$	Land Work in Progress (cost) \$	Total \$
Opening cost	92,934	3,249,739	562,000	57,737	14,679	19,204,362
Opening accumulated revaluation	–	(369,738)	–	–	–	7,001,491
Opening accumulated depreciation	(88,036)	–	(343,218)	–	–	(7,702,136)
Opening net book value	4,898	2,880,000	218,782	57,737	14,679	18,503,717
Additions	–	–	47,802	–	46,500	164,534
Revaluation this year	–	(115,000)	–	–	–	(357,858)
Transfer	–	(915,000)	–	(57,738)	–	(4,927,738)
Depreciation	(1,966)	–	(49,523)	–	–	(356,246)
Closing net book value	2,931	1,850,000	217,062	(0)	61,179	13,026,410
Closing cost	90,760	2,334,739	609,802	–	61,179	18,393,985
Closing accumulated revaluation	–	430,262	–	–	–	7,558,633
Transfer to Assets Available for Sale	–	(915,000)	–	–	–	(4,870,000)
Closing accumulated depreciation	(87,828)	–	(392,742)	–	–	(8,056,207)
Closing net book value	2,931	1,850,000	217,062	–	61,179	13,026,409

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 11: Assets Held For Sale

	Land	Buildings	Other Improvements	Vines	Total
Weld Street – Lots 2 & 3	725,169	–	100,697	57,500	883,366
Omarere Road	743,000	–	102,000	155,000	1,000,000
	1,468,169	–	202,697	212,500	1,883,366

During the 2026 Financial Year, specific properties were classified as held for sale under IFRS 5 following the commitment by the Board of Directors.

The Board of Directors have committed to sell 68 Weld Street – Lot 2 & 3 and 44 Omarere Road. The Weld Street property has completed a successful subdivision of its 35.49-hectare area into eight distinct lots.

The Board of Directors have received a sale and purchase agreement for 44 Omarere Road for \$1,000,000, settlement will occur in October 2026. The carrying value of this property was \$1,222,000, therefore there has been an impairment loss of \$222,000 reported.

In the 2025 Financial Year, there were 8 Lots at Weld Street held for sale with a carrying value of \$4,490,000. During the 2026 Financial Year 6 Lots were transferred back to Property, Plant & Equipment. The 6 Lots had a carrying value of \$3,606,634. There is a carrying value for Lots 2 & 3 of \$883,366.

The status of these assets at Balance Date is detailed below:

- 44 Omarere Road – Unconditional Sale and Purchase Agreement – Settlement to occur 20 October 2026
- 68 Weld Street – Lot 2 and 3 – Actively marketed for sale

As required by IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, these properties are measured at the lower of their carrying amount and fair value less costs to sell.

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

NOTE 12: Biological Assets

	2026	2025
	\$	\$
Carrying amount of Vines if cost model had been used	1,402,082	1,551,368
Tonnes of grapes crushed – own vineyards	328	490

The fair value of grapes harvested at point of harvest has been determined by the Board and management with reference to market prices and consideration of the quality of the harvested grapes.

The fair value less estimated point-of-sale costs of grapes harvested during the period, determined at point of harvest, is \$1,067,517 (2025: \$1,687,379).

Work in Progress

2026	2025
\$	\$
267,589	279,046

Work in progress comprises vineyard expenses incurred to reporting date that relate to capitalised costs associated with the subsequent seasons harvest.

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

NOTE 13: Intangible Assets

	2026	2025
	\$	\$
Opening cost	48,345	48,345
Opening accumulated amortisation	-	-
Opening net book value	48,345	48,345
Additions	-	-
Net disposals	-	-
Amortisation	-	-
Closing net book value	48,345	48,345
Closing cost	48,345	48,345
Closing accumulated amortisation	-	-
Closing net book value	48,345	48,345

NOTE 14: Trade and Other Payables

	2026	2025
	\$	\$
Trade creditors	392,164	335,077
Related party payables	70,821	80,072
Other payables	182,647	154,747
	645,632	569,896

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 15: Term Loan

	2026 \$	2025 \$
Current portion of term loans		
ANZ Term Loan	854,143	854,690
	854,143	854,690

During the 2025 Financial Year the Company entered into a ANZ Business Plus Loan Agreement. The facility limit is \$850,000 with a facility term date of 30 November 2027. Repayment is currently interest only.

On 3 July 2026 an additional \$700,000 facility was confirmed with a facility term date of 30 November 2026.

Bank Securities

The ANZ Bank holds the following securities:

- First charge registered mortgage over 96 Kitchener Street, Martinborough.
- First charge registered mortgage over 32 New York Street West, Martinborough.
- General Security Agreement (with priority \$1.8m)

The company is not subject to the maintenance of any external financial covenants.

NOTE 16: Share Capital

	2026 \$	2025 \$	2026 \$	2025 \$
Opening share capital	4,216,734	4,216,734	6,491,435	6,491,435
Share capital issued	–	–	–	–
Closing share capital	4,216,734	4,216,734	6,491,435	6,491,435

All the shares above are of an identical class. Dividend entitlements are attached on a proportionate basis to the extent to which the shares have been paid.

All ordinary shares rank equally, with one vote attached to each fully paid ordinary share. None of the above shares are held by the company. The shares have no par value.

There were no shares issued during the year.

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

NOTE 17: Segmental Reporting

Palliser Estate Wines of Martinborough Limited operates as a single reportable segment, its business being to produce and sell wines from grapes grown in New Zealand. All the company's costs and assets are managed at a company wide level.

Revenue from external customers has been identified on the basis of the customers' geographical locations.

	2026	2025
	\$	\$
New Zealand	2,745,770	2,591,305
Australia	358,194	600,816
United States America	295,206	587,321
Korea	289,984	198,360
India	106,878	-
Hong Kong	72,600	46,715
Canada	70,262	15,957
Netherlands	69,886	38,110
Denmark	62,480	58,250
Italy	42,350	24,050
United Arab Emirate	30,750	-
Finland	22,186	-
Fiji	19,402	30,940
Cook Islands	18,095	-
Japan	10,080	59,029
Singapore	8,115	99,298
Germany	8,060	15,150
Malta	7,223	7,849
Mauritius	6,200	-
Brazil	4,860	-
United Kingdom	-	277,989
Switzerland	-	16,934
Total	4,248,581	4,668,073

All non-current assets are located in New Zealand.

Revenues from transactions with single external customers that amounted to 10% or more of revenue.

	2026	2025
	\$	\$
Customer A	996,634	974,055

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

NOTE 18: Imputation Credit Account

Imputation credits available for distribution to shareholders as at 30 June.

	2026	2025
	\$	\$
Amount available as at 1 July	2,694,431	2,688,834
Net movement during the reporting period	(10,720)	5,597
Amount available as at 30 June	2,683,710	2,694,431

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 19: Financial Instruments

2026	Financial Assets at Amortised Cost \$	Financial Assets at Fair Value through Profit and Loss \$	Total \$
Cash and cash equivalents	25,686	–	25,686
Trade and other receivables	479,587	–	479,587
Investments	–	7,038	7,038
Total Financial Assets	505,273	7,038	512,311
	Financial Liabilities at Fair value through Profit or Loss \$	Financial Liabilities at Amortised Cost \$	Total \$
Bank Overdraft	–	1,080,759	1,080,759
Trade and other payables	–	615,678	615,678
Term Loans	–	854,143	854,143
Finance Lease Loans	–	11,039	11,039
Total Financial Liabilities	–	2,561,619	2,561,619
2025	Financial Assets at Amortised Cost \$	Financial Assets at Fair Value through Profit and Loss \$	Total \$
Cash and cash equivalents	18,578	–	18,578
Trade and other receivables	998,843	–	998,843
Investments	–	7,038	7,038
Total Financial Assets	1,017,422	7,038	1,024,460
	Financial Liabilities at Fair value through Profit or Loss \$	Financial Liabilities at Amortised Cost \$	Total \$
Bank Overdraft	–	639,601	639,601
Trade and other payables	–	548,469	548,469
Term Loans	–	854,690	854,690
Finance Lease Loans	–	54,115	54,115
Total Financial Liabilities	–	2,096,875	2,096,875

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

The following table presents financial assets and liabilities measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair values of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows:

2026	Level 1	Level 2	Level 3
	\$	\$	\$
Investments			
Unquoted equity instruments	–	–	7,038
Property Plant and Equipment			
Vines	–	–	1,549,000
Land, Buildings, Other Improvements	–	–	13,161,000
Net Fair Value	–	–	14,717,038

2025	Level 1	Level 2	Level 3
	\$	\$	\$
Investments			
Unquoted equity instruments	–	–	7,038
Property Plant and Equipment			
Vines	–	–	1,850,000
Land, Buildings, Other Improvements	–	–	10,096,000
Net Fair Value	–	–	11,953,038

NOTES TO THE FINANCIAL STATEMENTS *cont* *for the Year Ended 30 June 2026*

Land, Buildings, Vineyard Development, Irrigation, Wind Machines and Vines have been revalued to their estimated market value. The fair value of these was determined by an independent valuer, Boyd A Gross, Logan Stone. The valuation was dated 30 June 2026. This excludes Lot 2 & 3 Weld Street and Omarere Road properties.

The valuer considers three different approaches to arrive at the fair values:

1. Market Approach – Sales comparison – considers sales of other comparable properties
2. Cost or Depreciated Replacement Cost Approach – this uses the market approach for land and then considers the cost to replace the buildings and other improvements less an appropriate allowance for depreciation. It has been based on the budgeted costs to construct the winery and has been compared to other actual winery builds, expansions and winery support buildings that have occurred throughout Marlborough and Hawke's Bay.
3. Income Approach – Discounted Cash Flow – this method requires a forecast of the periodic net cashflow and is discounted at a market derived rate that reflects the risk, opportunity, cost of capital and the investor desired returns to compute its present value. The valuer allowed for a cashflow timeframe of 18 years with a terminal value assessed at expiry, if applicable.

Other influencing factors were location, improvements, varieties, industry conditions, size, organic philosophies, market depth. Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The independent valuation for fair value of the assets valued was \$14.7m, comprising land \$9.7m, buildings \$2.3m, vines \$1.5m, other \$1.2m. These assets are carried at fair value in the financial statements.

- a) Nature of activities and management policies with respect to financial instruments.

Credit Risk

In the normal course of business, the company incurs credit risk from trade receivables, transactions with financial institutions and employee loans. The company does not require collateral or security to support financial instruments. The company does not expect the non-performance of any obligations at the reporting date. The maximum credit risk is the carrying value of the financial asset.

Foreign Exchange Risk

Forward exchange contracts are entered into to manage foreign exchange risk on future sales receipts as a result of adverse foreign exchange fluctuations. The company is not using hedge accounting for any contracts outstanding at the reporting date. While foreign exchange rates do impact New Zealand dollar sales receipts, the company is not materially exposed to exchange gains and losses over the short term. The company has reasonable geographical diversity to spread foreign exchange risk and accounts receivable are collected promptly.

Liquidity Risk

Liquidity risk is the risk arising from the company not being able to meet its obligations. The company manages its liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial liabilities.

The table below summarises the company's exposure to foreign currency exchange rate risk as at period end. Included in the table are the company's financial instruments at carrying amounts, categorised by currency.

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

2026	TOTAL \$	NZD \$	AUD \$	GBP \$	EURO \$	USD \$
Cash and Cash Equivalents	25,686	3,840	7,969	4	1,034	12,840
Trade and Other Receivables	479,587	350,503	71,775	–	22,186	35,124
Investments	7,038	7,038	–	–	–	–
Total Financial Assets	512,312	361,381	79,744	4	23,219	47,963
Bank Overdraft	1,080,759	1,080,759	–	–	–	–
Finance Lease Loans	11,039	11,039	–	–	–	–
Trade and Other Payables	615,678	544,367	10,122	–	61,188	–
Term Loans	854,143	854,143	–	–	–	–
Total Financial Liabilities	2,561,619	2,490,308	10,122	–	61,188	–
Net Financial Position	(2,049,307)	(2,128,927)	69,622	4	(37,969)	47,963

2025	TOTAL \$	NZD \$	AUD \$	GBP \$	EURO \$	USD \$
Cash and Cash Equivalents	18,578	14,033	3,836	572	17	121
Trade and Other Receivables	998,843	351,544	276,936	91,254	–	279,108
Investments	7,038	7,038	–	–	–	–
Total Financial Assets	1,024,460	372,615	280,772	91,826	17	279,230
Bank Overdraft	639,601	639,601	–	–	–	–
Finance Lease Loans	54,115	54,115	–	–	–	–
Trade and Other Payables	548,469	535,509	12,960	–	–	–
Term Loans	854,690	854,690	–	–	–	–
Total Financial Liabilities	2,096,875	2,083,916	12,960	–	–	–
Net Financial Position	(1,072,416)	(1,711,301)	267,813	91,826	17	279,230

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

Price Risk

Palliser is exposed to price risk as a result of the competitive market steering the selling price of wine. If sales prices were to fall by 5% or increase by 5% then this would have the following impact:

	2026	2025
	\$	\$
Actual Revenue	4,987,932	5,124,508
5% Decrease	4,738,536	4,868,283
5% Increase	5,237,329	5,380,733

b) Fair Values

The estimated fair values of the company's financial assets and liabilities approximate their carrying values.

NOTE 20: Risk Management Strategies Related to Agriculture Activity

Frost protection is provided on all vineyards to protect against the risk of crop loss or damage due to frosts. An established programme is run to reduce and mitigate the effects of diseases, weeds and other pests on the health and production of the vines.

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

NOTE 21: Risk Sensitivity

The table below summarises the pre-tax sensitivity of financial assets and liabilities to changes in the key risk variable, being currency risk. This details movement in profit or loss within the Statement of Comprehensive Income given a 10% shift in the NZD against all currencies held. The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates.

2026	Carrying Amount \$	Currency Risk -10%	10%
Cash and cash equivalents	25,686	3,829	3,133
Trade and other receivables	479,587	17,462	21,343
Investments	7,038	-	-
Total Financial Assets	512,312	21,291	24,476
Bank Overdraft	1,080,759	-	-
Trade and other payables	615,678	6,418	7,844
Term Loan	854,143	-	0
Finance Lease Loans	11,039	-	-
Total Financial Liabilities	2,561,619	6,418	7,844
Net Financial Position	(2,049,307)	14,873	16,632

2025	Carrying Amount \$	Currency Risk -10%	10%
Cash and cash equivalents	18,578	1,945	1,592
Trade and other receivables	998,843	58,257	71,203
Investments	7,038	-	-
Total Financial Assets	1,024,460	60,202	72,794
Bank Overdraft	639,601	-	-
Trade and other payables	548,469	1,166	1,426
Term Loan	854,690	-	-
Finance Lease Loans	54,115	-	-
Total Financial Liabilities	2,096,875	1,166	1,426
Net Financial Position	(1,072,416)	59,036	71,369

NOTES TO THE
FINANCIAL STATEMENTS *cont*
for the Year Ended 30 June 2026

NOTE 22: Maturity Analysis

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due equals their carrying values as the impact of discounting is not significant.

2026	less than 6 months \$	6–12 months \$	greater than 12 months \$
Trade and other payables	613,915	1,012	751
Term Loans	–	–	854,143
Finance Lease Loans	11,039	–	–
Total Financial Liabilities	624,955	855,155	751
2025	less than 6 months \$	6–12 months \$	greater than 12 months \$
Trade and other payables	548,373	96	–
Term Loans	–	854,690	–
Finance Lease Loans	21,538	21,538	11,039
Total Financial Liabilities	569,911	876,324	11,039

NOTES TO THE FINANCIAL STATEMENTS *cont* *for the Year Ended 30 June 2026*

NOTE 23: Related Party Transactions

The company purchased fuel, road user charges, vehicle maintenance and other minor purchases from Martinborough Automotive 2020 Limited, of which Ms P M Goodwin's husband is related. These transactions amount to \$13,659 (2025: \$13,677).

During the year the company reimbursed Mr J D Auld travel and other expenses of \$1,999 (2025: \$Nil).

During the year there were shareholder sales of \$502,964 (2025: \$520,934).

	2026 \$	2025 \$
Trade and other receivables include:		
Key management personnel	-	150
Other related parties	-	-

Trade and other payables include:		
Key management personnel	67,351	67,361
Other related parties	3,470	12,711

Key Management Compensation	2026 \$	2025 \$
Short-term employee benefits	434,069	435,256
Directors Fees	63,000	63,000

NOTES TO THE FINANCIAL STATEMENTS *cont* *for the Year Ended 30 June 2026*

NOTE 24: Commitments

There were no commitments for capital expenditure at the reporting date (2025: Nil).

NOTE 25: Contingent Liabilities and Contingent Assets

No contingent liabilities or contingent assets are known to exist at the reporting date (2025: Nil).

NOTE 26: Subsequent Events

At 30 June 2026, the property at 44 Omarere Road was classified as held for sale and recognised at the lower of its carrying amount and fair value less costs to sell. On 22 September 2026, the agreement to sell the property became unconditional for consideration of \$1,000,000. Settlement is scheduled for 20 October 2026.

On 3 July 2026 an additional \$700,000 facility was confirmed with a facility term date of 30 November 2026.

There are no other subsequent events after Balance Date to report (2025: Nil).

NOTE 27: Dividend

For the reporting date there was no dividend declared by the Board of Directors (2025: No dividend declared).

NOTE 28: Managing Capital

Management's objective is to ensure the company continues as a going concern and to maintain optimal returns to shareholders and benefits for other stakeholders. The company aims to maintain a capital structure which provides flexibility to enable future growth.

NOTES TO THE FINANCIAL STATEMENTS *cont*

for the Year Ended 30 June 2026

NOTE 29: Reconciliation of Operating Surplus/(Loss) with Cashflows from Operating Activities

	2026 \$	2025 \$
Total Comprehensive Income/(Loss) for the Year	(264,088)	(311,389)
Adjust for Non-Cash Items		
Depreciation & Amortisation	301,678	357,104
Depreciation Recovered on disposal of Property, Plant & Equipment	-	(350)
Change in Fair Value of Vines	1,001,440	115,000
Change in Fair Value of Vineyard Development, Irrigation and Wind Machines	367,586	31,623
Change in Fair Value – Land and Buildings – Net of Tax	(1,422,779)	196,330
	205,836	388,317
(Increase)/Decrease in Assets		
Trade & Other Receivables	519,256	(274,671)
Forward Currency Contracts	-	2,531
Stock & Work in Progress	(321,032)	(579,237)
	198,224	(851,377)
Increase/(Decrease) in Liabilities		
GST	8,527	15,479
Trade & Other Payables	4,883	(42,773)
Taxation Payable	(597,655)	27,198
	(584,245)	(96)
Net Cash flows used in Operating Activities	(180,184)	(463,156)

COMPARATIVE FINANCIAL REVIEW

for the Years Ending 30 June

	2026	2025	2024	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Income Statement Data					
Total Sales Revenue	4,988	5,125	5,303	5,984	5,150
Surplus from Operations	874	1,191	1,396	1,631	1,371
Taxation	(598)	(17)	(402)	(7)	73
Net Surplus/(Deficit) for the Year	(264)	(311)	6,902	(119)	211
Earnings per Share (cents)	(40.00)	(2.73)	(23.63)	(2.82)	5.01
Statement of Financial Position Data					
Current Assets	7,547	10,725	5,011	4,958	5,202
Current Liabilities	2,591	2,108	631	1,089	986
Working Capital Ratio	2.91	5.09	7.94	4.55	5.28
Non-Current Assets	15,911	13,082	18,563	11,526	11,455
Total Assets	23,458	23,807	23,574	16,483	16,657
Non-Current Liabilities	1	569	1,501	855	1,012
Total Liabilities	2,592	2,677	2,132	1,944	1,998
Total Shareholder's Equity	20,866	21,130	21,442	14,540	14,659
Net Surplus/(Deficit) % of Shareholder's Equity	-1.27%	-1.47%	32.19%	-0.82%	1.44%
Total Loans	1946	1548	967	50	85
Gearing Ratio % ¹	8.30%	6.50%	4.10%	0.30%	0.51%
Shareholder's Equity % of Total Assets	88.95%	88.76%	90.96%	88.21%	88.01%
Number of Shares at year end	4,216,734	4,216,734	4,216,734	4,216,734	4,216,734

Notes:

¹ Gearing Ratio is Total Loans as a percentage of Total Liabilities plus Total Shareholders Equity

STATUTORY INFORMATION

for the Year Ended 30 June 2026

1. Changes in Capital

There was no change in capital during the year.

2. Dividend

For the reporting date there was no dividend declared by the Board of Directors.

3. Directors

In accordance with the company's constitution, no Directors are required to retire by rotation. During the year the Board appointed Stuart Robb to act as an additional Director pursuant to clause 12.5 of the Constitution, and he will stand for election at the AGM.

4. Auditor

In accordance with Section 200 of the Companies Act 1993, the auditor, Grant Thornton, continues in office.

5. Interests Register

Transactions

Various related party transactions were conducted during the year as more particularly described in Note 23 on page 62 of the annual report.

The company has Directors' and Officers' Liability Insurance.

Loans to Directors

There were no loans by the company to Directors.

STATUTORY INFORMATION

for the Year Ended 30 June 2026

6. Directors' Remuneration

The shareholders approved Directors' fees not exceeding \$63,000 per annum to be divided amongst the Directors. During the year the Board of Directors approved the following remuneration for the Directors of the Company:

	2026	2025
	\$	\$
A R Meehan	21,356	21,356
S R Tyler	13,881	13,881
J D Auld	13,881	13,881
S L Meikle	13,881	13,881
A S Robb	–	–

7. Employees' Remuneration

Remuneration and other benefits of \$100,000 or more received by employees in their capacity as employees were as follows:

	No. of Employees
\$120,001-\$130,000	1
\$130,001-\$140,000	1
\$190,001-\$200,000	1
\$240,001-\$250,000	1

STATUTORY INFORMATION

for the Year Ended 30 June 2026

8. Shareholding Breakdown

Shareholding as at 30 June 2026	Number of Shareholders	Total Shares Held	% of Share Capital
1-9,999	205	929,120	22.03%
10,000-49,999	44	769,899	18.26%
50,000-99,999	5	370,566	8.79%
100,000-499,999	8	2,147,149	50.92%
	262	4,216,734	100.0%

9. Directors' Shareholding

Shares held at 30 June 2026 (including beneficial interests):

A S Robb	17,000	shares fully paid
A R Meehan	16,190	shares fully paid
S R Tyler	6,000	shares fully paid
J D Auld	5,000	shares fully paid
S L Meikle	1,000	shares fully paid

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