



Illustrative disclosures

Guide to annual financial statements

IFRS[®] Accounting Standards

Including New Zealand specific reporting requirements applicable to Tier 2 for profit entities reporting under NZ IFRS



May 2026

kpmg.com/ifrs

This guide has been produced by KPMG International Standards Group (part of KPMG IFRG Limited) and has been adapted by KPMG New Zealand's Accounting Advisory Services team to serve as a "best practice" set of financial statements for a full reporting (i.e. Tier 1) profit oriented entity in New Zealand. It uses a fictitious company, Diverse Group Limited (Diverse), to illustrate how financial statements should be prepared and presented in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

We hope you will find this publication useful in putting into perspective the disclosure and presentation requirements of NZ IFRS and as a reference source in preparing your own financial statements.

These illustrative financial statements also include the disclosure requirements of the NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR). Refer to the "About this guide" section on how to identify the NZ IFRS RDR disclosure concessions.

If you have any queries on NZ IFRS or other financial reporting issues, KPMG will be happy to provide any assistance that you require. Please do not hesitate to contact us or your regular KPMG contact.

Matthew Kinraid

Partner
Accounting Advisory Services

Simon Lee

National Technical Director
Accounting Advisory Services

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About this guide

This guide has been produced by the KPMG International Standards Group (part of KPMG IFRG Limited) and updated by KPMG New Zealand's Accounting Advisory Services division for New Zealand specific disclosure requirements; they have been modified to reflect the Reduced Disclosure Regime ("RDR") disclosure relief. The views expressed herein are those of the KPMG International Standards Group.

When preparing financial statements in accordance with New Zealand equivalents to IFRS Accounting Standards^a ('NZ IFRS'), this guide can help entities to...



This guide illustrates one possible format for financial statements for a fictitious multinational corporation ('the Group') involved in general purpose activities. This hypothetical reporting entity, Diverse Group Limited and its subsidiaries ('Diverse' or 'the Group') has been applying NZ IFRS (broadly referred to in this guide as Accounting Standards) for some time – i.e. it is not a first-time adopter of NZ IFRS. For more information on adopting NZ IFRS for the first time, see Chapter 6.1 in the 22nd Edition 2025/26 of our publication [Insights into IFRS](#).

Throughout this publication you will find:

- **Green** text, which indicate the disclosures not required by NZ IFRS RDR (i.e. paragraphs marked as a * in the RDR standards, or relief specified by a RDR paragraph).
- **Orange** text, which represent additional disclosures required of an eligible reporting entity that has elected to take certain RDR concessions.

Certain disclosures are required by more than one standard; RDR may provide concessions in one standard but not in the others. Such disclosures are not highlighted as a disclosure relief in this publication and preparers need to apply judgement in applying the different requirements.

What's new in 2026?

Appendix I provides a comprehensive list of new accounting standards and amendments issued by the International Accounting Standards Board (IASB), distinguishing between those that are effective for an entity with an annual reporting period beginning on 1 January 2026 and those with a later effective date.

NZ IAS 1.8.1

- a.** NZ IFRS are Standards and Interpretations issued by External Reporting Board (XRB) or the New Zealand Accounting Standards Board of the XRB comprising:
- (a)** New Zealand equivalents to:
 - (i) International Financial Reporting Standards;
 - (ii) International Accounting Standards;
 - (iii) IFRIC Interpretations;
 - (iv) SIC Interpretations; and
 - (b)** Domestic Financial Reporting Standards.

The Group's financial statements were impacted by the following.

	Detail	Reference
Classification and measurement of financial instruments^a	<p>The Group applied <i>Classification and Measurement of Financial Instruments (Amendments to NZ IFRS 9 and NZ IFRS 7)</i> for the first time in 2026.</p> <p>The amendments clarify the timing of recognition and derecognition of financial assets and financial liabilities and introduce a derecognition exception for financial liabilities settled using an electronic payment system.</p> <p>Adopting the amendments resulted in a change in the Group's accounting policy only for derecognition of financial liabilities settled by electronic payments. However, the change in accounting policy did not have a material effect on the Group's financial statements for the periods presented.</p> <p>The amendments also introduce additional disclosures for:</p> <ul style="list-style-type: none"> • investments in equity instruments designated at FVOCI; and • financial instruments not measured at FVTPL with certain contingent features. <p>During 2026, the Group disposed of an equity investment designated at FVOCI and entered into a new sustainability linked secured bank loan. Accordingly, the Group has provided the additional disclosures introduced by the amendments.</p>	<p>Notes 5 and 44(P)(iii)</p> <p>Note 25</p> <p>Note 28(B)(iii)</p>
Contracts referencing nature-dependent electricity^b	<p>The Group applied <i>Contracts Referencing Nature-dependent Electricity (Amendments to NZ IFRS 9 and NZ IFRS 7)</i> for the first time in 2026.</p> <p>The amendments include guidance on:</p> <ul style="list-style-type: none"> • application of the 'own-use' exemption in IFRS 9 <i>Financial Instruments</i> for purchasers of electricity under contracts referencing nature-dependent electricity; and • hedge accounting requirements for entities that hedge their purchases or sales of electricity using such contracts. <p>The amendments also introduce new disclosures for contracts referencing nature-dependent electricity that meet the own-use exemption and are not recognised in the statement of financial position.</p> <p>During 2026, the Group entered into a fixed-price pay-as-produced power purchase agreement, which meets the own-use exemption. Accordingly, the Group has provided new disclosures about the agreement.</p>	<p>Note 38(C)</p>

- a. The amendments also introduce an additional test in assessing the solely payments of principal and interest (SPPI) criteria for certain financial assets with contractual terms that change the contractual cash flows based on a contingent event that is not related directly to basic lending risks or costs. They also clarify the characteristics of contractually linked instruments and how these differ from financial assets with non-recourse features. These amendments did not have an impact on the Group's financial statements. For further information on the amendments, see our [article](#).
- b. The amendments related to hedge accounting for purchases or sales of electricity using power purchase agreements did not have an impact on the Group's consolidated financial statements. For further information on the amendments, see our [article](#).

Key considerations

The following considerations are important for an entity when preparing financial statements.



Focus on decision-useful information

Investors, regulators and other report users rely on the financial statements to provide decision-useful information – i.e. information about an entity that is useful in making decisions about providing resources to that entity.

Materiality is relevant when making judgements about the presentation and disclosure of items in the financial statements – e.g. in selecting accounting policies, tailoring the disclosures to reflect the entity’s specific circumstances, determining whether and where to provide ‘no impact’ disclosures and assessing the relevance of disclosures considering users’ needs.

Entities need to take care not to reduce the understandability of their financial statements by obscuring material information with immaterial information or by aggregating material items that differ by nature or function. Individual disclosures that are not material to the financial statements do not need to be provided – even if they are a specific requirement of an accounting standard.

Specific guidance on materiality and its application to the financial statements is included in paragraphs 29–31 of NZ IAS 1 *Presentation of Financial Statements*. In addition, paragraphs 117–117E include guidance on the application of materiality to disclosure of accounting policies. Entities may also consider Practice Statement 2 *Making Materiality Judgements*, which provides guidance and examples on applying materiality in the preparation of financial statements.

This guide is part of our suite of [guides to financial statements](#) and specifically focuses on compliance with IFRS Accounting Standards. Although it is not exhaustive, this guide illustrates the disclosures required for a hypothetical reporting entity, merely for illustrative purposes and, as such, largely without regard to materiality. The information contained herein is of a general nature and is not intended to address the circumstances of any particular entity.

Be clear in times of uncertainty

In times of heightened uncertainty – e.g. from rapid changes in global policies or geopolitical tensions – investors and regulators look for clarity in the annual report. They want to know how an entity is affected and how it addresses the challenges, and what judgements, estimates and assumptions management makes.

Uncertainty, including climate-related impacts, brings numerous issues and risks for entities, such as shifts in consumer demand, disrupted supply chains, staff shortages, inflationary pressures and increased market volatility. It also creates the potential for additional accounting and disclosure implications. The IASB issued examples in November 2025 illustrating how an entity may report uncertainties in financial statements. For more about these examples, see our [article](#).

Depending on the industry and economic environment in which an entity operates, various external events may affect the recognition and measurement of its assets and liabilities, and income and expenses. As a consequence of these events, entities may also be facing going concern difficulties due to liquidity pressures.

For an illustration of the climate-related impact on the Group’s financial statements, see [Note 16\(C\)](#) related to biological assets, [Notes 21\(G\)](#) and [38](#) related to property, plant and equipment, [Note 22\(C\)](#) related to impairment testing, [Notes 28\(B\)](#) and [38\(C\)](#) related to financial instruments and [Notes 22\(E\)](#), [30\(B\)](#), [31\(D\)](#) and [44\(G\)](#) related to emissions schemes.

This guide does not illustrate the potential impacts of other external events on the financial statements of the hypothetical reporting entity.

For further guidance, see our [Uncertain times hub](#) and our [Clear on climate reporting hub](#).

Tell a connected story

An entity's general purpose financial reports usually contain three key areas that provide insights into the business model and strategy: the financial statements, the sustainability disclosures, and management commentary - e.g. management's discussion and analysis (MD&A). An entity may face direct challenge from investors, regulators and other report users if those insights are not connected. Climate-related matters and other uncertainties are under particular scrutiny.

To achieve connectivity in annual reports, it is important that the front and back part of the report tell the same story. To tell a connected story, an entity:

- joins the dots between financial and non-financial information; and
- ensures compliance with relevant standards.

Connectivity is especially important when reporting on issues that create volatility for the entity's prospects, such as climate-related matters and other uncertainties. The annual report is just one piece of the reporting puzzle – an entity needs to tell a clear, coherent and connected story across all parts of its corporate reporting. For more about connectivity, see our [Connected Reporting](#) web page.

Resources are also available on [IFRS Sustainability Disclosure Standards](#), [European Sustainability Reporting Standards](#) and [investor-focused management commentary](#).

This guide illustrates disclosures for financial statements prepared in accordance with IFRS Accounting Standards and does not include illustrations of sustainability disclosures or management commentary.

Remember the bigger picture

Financial reporting is not just about technical compliance, but also effective communication. Investors continue to ask for a step-up in the quality of reporting, so entities need to be careful not to become buried in compliance to the detriment of relevance. In preparing their financial statements, entities need to focus on improving their communication by reporting financial information in a meaningful way.

Entities may also consider innovating their financial statement presentation and disclosure in the broader context of corporate reporting. For more information, see our [Connected Reporting](#) web page.

Accounting standards covered

This guide reflects accounting standards, amendments and interpretations that have been issued by the IASB as at 20 March 2026 and that are required to be applied by an entity with an annual reporting period beginning on 1 January 2026 ('currently effective requirements'). The early adoption of accounting standards that are effective for annual reporting periods beginning after 1 January 2026 ('forthcoming requirements') has not been illustrated.

This guide does not illustrate the requirements of NZ IFRS 1 *First-time Adoption of International Financial Reporting Standards*, NZ IFRS 17 *Insurance Contracts*, NZ IFRS 6 *Exploration for and Evaluation of Mineral Resources*, NZ IFRS 14 *Regulatory Deferral Accounts*, NZ IAS 26 *Accounting and Reporting by Retirement Benefit Plans*, NZ IAS 27 *Separate Financial Statements*, NZ IAS 29 *Financial Reporting in Hyperinflationary Economies* and NZ IAS 34 *Interim Financial Reporting*. NZ IAS 34 disclosure requirements are illustrated in our [Guide to condensed interim financial statements – Illustrative disclosures](#) (March 2026).

Accounting standards and their interpretation change over time. Accordingly, this guide is not to be used as a substitute for referring to their requirements and other relevant interpretative guidance.

Entities also need to consider applicable legal and regulatory requirements. This guide does not consider the requirements of any particular jurisdiction – e.g. IFRS Accounting Standards do not require the preparation of separate financial statements for the parent entity but laws in certain jurisdictions may require preparation of separate financial statements. This guide illustrates only consolidated financial statements and does not illustrate separate financial statements.

References and abbreviations

References are included in the left-hand margin of this guide to identify their sources. Generally, they relate only to presentation and disclosure requirements.

- NZ IAS 1.82(a)* Paragraph 82(a) of NZ IAS 1.
- [NZ IAS 16.41]* Paragraph 41 of NZ IAS 16 Property, Plant and Equipment. The square brackets indicate that the paragraph relates to recognition and measurement requirements, as opposed to presentation and disclosure requirements.
- IU 11-25* IFRIC Update November 2025.
- Insights 2.3.60.10* Paragraph 2.3.60.10 of the 22nd Edition 2025/26 of our publication [Insights into IFRS](#)

The following markings in the left-hand margins indicate the following.

In the context of consolidated financial statements, the disclosures in respect of operating segments (see [Note 6](#)) and earnings per share (EPS) (see [statement of profit or loss and OCI](#), and [Note 11](#)) apply only if the parent:

- has debt or equity instruments (operating segments) or ordinary shares/potential ordinary shares (EPS) that are traded in a public market – i.e. a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets; or
- files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

|| Major changes since the previous edition of this guide.

The following abbreviations are used often in this guide.

CA93	Companies Act 1993
CGU	Cash-generating unit
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected credit loss
EPS	Earnings per share
FRA	Financial Reporting Act 2013
FRS	Financial Reporting Standards
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
IASB	International Accounting Standards Board
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NCI	Non-controlling interests
Notes	Notes to the financial statements
NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZ IAS	New Zealand equivalents to International Accounting Standards
NZ IFRIC	New Zealand equivalents to International Financial Reporting Interpretations Committee
NZ SIC	New Zealand equivalents to Standing Interpretations Committee
OCI	Other comprehensive income
RDR	New Zealand Reduced Disclosure Regime
XRB	External Reporting Board

Diverse Group Limited

Independent auditors' report



Independent auditors' report^a

To the Shareholders of Diverse Group Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2026;
- the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and
- notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of Diverse Group Limited (the Company) and its subsidiaries (the Group) on pages 15 to 195 present fairly in all material respects:

- the Group's financial position as at 31 December 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended on that date;
- in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

We are independent of Diverse Group Limited in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with Professional and Ethical Standards 1 and the IESBA Code.

Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

^a. This example report has been prepared based on the following ISAs:

- ISA 700 (Revised) *Forming an Opinion and Reporting on Financial Statements*;
- ISA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*; and
- ISA 720 (Revised) *The Auditor's Responsibilities Relating to Other Information and Related Conforming Amendments*.

The format of the example report does not reflect the legal or regulatory requirements of any particular jurisdiction. In accordance with ISA 701, key audit matters are included in the auditors' report:

- for audits of complete sets of general purpose financial statements of listed entities;
- when otherwise required by law or regulation; or
- when the auditor otherwise decides to do so.

Impairment testing of goodwill

See [Note 22](#) to the consolidated financial statements.

The key audit matter

The Group has recognised goodwill in the amount of NZD 3,832 thousand (2025: NZD 3,407 thousand). The majority of goodwill has been allocated to the European Paper manufacturing and distribution CGU and the Timber Products CGU.

The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use and fair value less costs of disposal, has been derived from discounted cash flow models. These models use several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGUs operate;
- evaluating the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, future energy prices, inflation and long-term growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the Group and the industry;
- performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom for the European Paper manufacturing and distribution CGU; and
- evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Acquisition of Papyrus

See [Note 34](#) to the consolidated financial statements.

The key audit matter

On 31 March 2026, the Group acquired 65% of the outstanding shares in Papyrus (in addition to the 25% previously held) for consideration of NZD 2,631 thousand.

The accounting for this transaction is complex due to the significant judgements and estimates that are required to determine the values of the consideration transferred and the identification and measurement of the fair value of the assets acquired and liabilities assumed.

Due to the size and complexity of the acquisition, we considered this to be a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- involving our own valuation specialists to support us in challenging the valuations produced by the Group and the methodology used to identify the assets and liabilities acquired; in particular:
 - the methodologies adopted and key assumptions used in valuing the tangible fixed assets by comparing them with market information and quoted prices for similar assets;
 - the key assumptions used to determine the fair value of the customer relationships, which included recalculating historical customer retention rates and growth trends, and reconciling underlying data to customer contracts and relationship databases; and

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> - the key assumptions used to determine the fair value of the patented technology, which included benchmarking of the royalty rate used to royalty databases for licensing of similar patented technologies; • challenging the fair value of the contingent consideration, which included assessing future forecast business performance by agreeing amounts to approved forecasts and underlying contracts, and comparing forecasts with historical performance and results since the date of acquisition; and • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.
Valuation of standing timber	
See Note 16 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The Group's biological assets include standing timber, which is measured at fair value less costs to sell.</p> <p>Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Considering the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to a lack of relevant and reliable observable inputs. Consequently, we have determined the valuation of standing timber to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • evaluating the Group's inputs used in calculating the estimated cash flows by comparing them with historical performance and the Group's plans, as well as our understanding of the industry and the economic environment that the Group operates in; • evaluating the historical accuracy of the Group's assessment of the fair value of standing timber by comparing previous forecasts for yields per hectare, timber prices and harvesting/transportation costs with actual outcomes and industry forecasts; • involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates used, which included comparing the discount rate with sector averages for the relevant markets in which the Group operates; • evaluating the appropriateness of the assumptions made regarding the climate-related impact on the estimated yields per hectare for younger standing timber by involving our own valuation specialists; and • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Valuation of disposal group held for sale

See [Note 20](#) to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>In June 2026, the Group committed to a plan to sell part of a manufacturing facility included within the Non-recycled Papers segment.</p> <p>This part of the manufacturing facility has been classified as a disposal group and written down to its fair value less costs to sell, based on a weighted estimate of the discounted future cash flow forecasts and costs associated with replicating the manufacturing facility.</p> <p>Due to the high level of judgement involved in estimating the fair value of the disposal group, and the significant carrying amounts of the assets and liabilities associated with the disposal group, we considered this to be a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • challenging the Group's judgement on the classification of the disposal group as held-for-sale through understanding the status of the sales process and reviewing correspondence from purchasers and prospective purchasers; • challenging the Group's assumptions used as the basis for allocating the assets and liabilities in the manufacturing facility between continuing and discontinued operations and reconciling them to the underlying accounting records; • assessing the inputs in the discounted cash flow calculation by comparing inputs with internally and externally derived data such as the Group's budgets and forecasts, and information for similar facilities operating within the industry; • evaluating the Group's estimated costs of replicating the manufacturing facility by comparing them with market information and quoted prices for similar assets; • involving our own valuation specialist to assist in evaluating the appropriateness of the discount rate applied; and • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Recognition of deferred tax assets

See [Note 14](#) to the consolidated financial statements.

The key audit matter

The Group has recognised deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable.

The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire).

We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- using our own tax specialists to evaluate the tax strategies that the Group expects will enable the successful recovery of the recognised deferred tax assets;
- reconciling tax losses and expiry dates to tax statements;
- assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes; and
- evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Other Information

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

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

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

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

Use of this independent auditors' report

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objective is:

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

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

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

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

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

This description forms part of our independent auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is [*Partner name*].

[*Signature as appropriate for the particular jurisdiction*]

[*Auditors' address*]

[*Date*]

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Diverse Group Limited

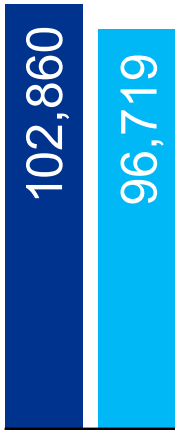
Consolidated financial statements

31 December 2026

Financial highlights^{a, b}

REVENUE

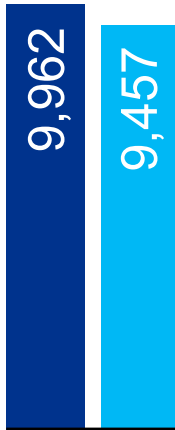
(Thousand NZD)



2026 2025

OPERATING PROFIT

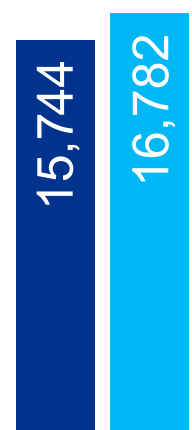
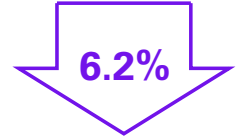
(Thousand NZD)



2026 2025

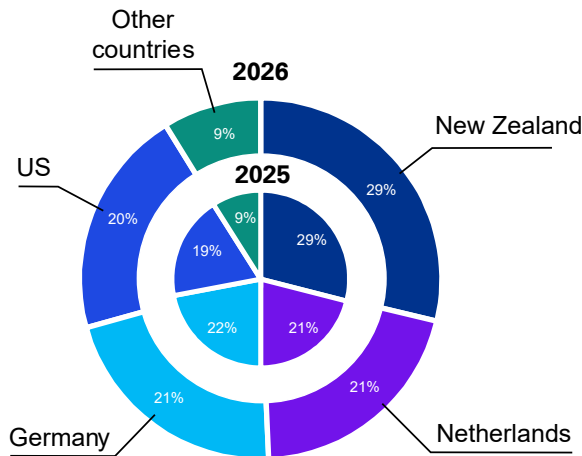
ADJUSTED EBITDA

(Thousand NZD)



2026 2025

REVENUE BY REGION^c



BASIC EARNINGS PER SHARE

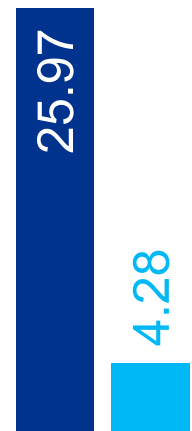
(NZD)



2026 2025

DIVIDENDS PER ORDINARY SHARE

(Cent)



2026 2025

- a. The Group presents these financial highlights to show certain financial metrics that appear in the financial statements. This information is provided for illustrative purposes only.
- b. The comparative information is restated on account of correction of errors. See [Note 43](#).
- c. Includes revenues of discontinued operation (see [Notes 6\(D\)\(i\)](#) and [7](#)).

Consolidated statement of financial position^a

NZ IAS 1.10(a),
10(ea)–(f), 29, 38–
38A, 40A–40B, 54–
55, 113

	Note	31 December 2026	31 December 2025 Restated* ^b	1 January 2025 Restated* ^{b, c}
In thousands of New Zealand Dollars				
Assets				
NZ IAS 1.54(a)	21	28,490	33,230	37,433
NZ IAS 1.54(c)	22	6,111	4,541	5,329
NZ IAS 1.54(f)	16	4,698	4,025	3,407
NZ IAS 1.54(b), 16.48	23	1,520	400	300
NZ IAS 1.54(e) NZ	24	2,489	1,948	1,530
IAS 1.54(d)	25	3,616	3,512	3,221
NZ IAS 1.54(o), 56	14	2,251	2,108	985
NZ IAS 1.55	13	671	731	716
Non-current assets^f		49,846	50,495	52,921
NZ IAS 1.54(c)	22	115	120	100
NZ IAS 1.54(f)	16	32	31	29
NZ IAS 1.54(g)	17	12,148	12,119	11,587
NZ IAS 1.55	8	1,271	782	-
NZ IAS 1.54(d)	25	662	1,032	947
NZ IAS 1.54(n)		34	60	-
NZ IAS 1.54(h)	18	32,518	22,325	17,336
NZ IAS 1.55		330	1,200	895
NZ IAS 1.54(i)	19	1,504	1,849	2,529
NZ IFRS 5.38, 40, NZ IAS 1.54(j)	20	14,400	-	-
Current assets^f		63,014	39,518	33,423
Total assets		112,860	90,013	86,344

- NZ IAS 1.10 a. An entity may also use other titles – e.g. ‘balance sheet’ – as long as the meaning is clear and the title not misleading.
- Insights 2.8.50.1.10 b. When comparatives are restated, in our view, although it is not specifically required by the Accounting Standards, labelling the comparatives as restated is necessary to highlight that the comparatives are not the same as the financial statements published previously.
- NZ IAS 1.10(f), 40A c. The Group has presented a third statement of financial position as at the beginning of the preceding period, because the correction of errors (see Note 43) has a material effect on the information in the statement.
- NZ IFRS 16.47(a), 48 d. The Group has presented right-of-use assets that do not meet the definition of investment property within ‘property, plant and equipment’ – i.e. the same line item in which it presents underlying assets of the same nature that it owns. Alternatively, an entity may choose to present right-of-use assets separately in the statement of financial position. Right-of-use assets that meet the definition of investment property are presented within ‘investment property’.
- Insights 7.10.40.50 e. In our view, derivative assets and liabilities should be presented in separate line items in the statement of financial position if they are significant.
- NZ IAS 1.60–61 f. The Group has made a current/non-current distinction in the statement of financial position. An entity may present its assets and liabilities broadly in order of liquidity if such a presentation provides information that is reliable and more relevant. Our publication [Guide to annual financial statements – Illustrative disclosures for banks](#) (December 2025) provides an example presentation of assets and liabilities in order of liquidity.
- NZ IAS 1.66, Insights 3.1.30 g. The Group has classified certain intangible assets (emissions allowances) as current (see Note 22(E)) because they are expected to be realised within 12 months of the reporting date. An entity needs to apply the requirements in NZ IAS 1 in determining whether to classify intangible assets as current or non-current.
- NZ IFRS 15.B21, BC367 h. NZ IFRS 15 *Revenue from Contracts with Customers* and other accounting standards do not specify where assets for rights to recover products from customers with regards to sales with a right of return should be presented. The Group has included these assets within ‘inventories’ and disclosed them separately in the notes (see Note 17).
- NZ IAS 1.54–55, NZ IFRS 15.105, 109, A, BC320–BC321, Insights 4.2.51 0 i. Although it is not specifically required, the Group has presented in the statement of financial position line items related to contract assets and contract liabilities. For further guidance on applying the requirements in NZ IAS 1 for classification of contract assets and contract liabilities as current or non-current, see [Insights into IFRS 4.2.51 0](#). Although this guide uses the terms ‘contract assets’ and ‘contract liabilities’, an entity may also use other terms.
- NZ IAS 1.66, Insights 3.1.30 j. The Group has classified amounts payable to or receivable from tax authorities in relation to current income taxes as current, applying the general classification criteria in NZ IAS 1. The Group’s current tax liabilities include amounts related to Pillar Two top-up taxes (see Note 14(K)) which are subject to the same payment terms as other corporate income taxes in the relevant jurisdictions. In our view, the classification of current tax liabilities is driven by the payment terms rather than the filing dates for tax returns because filing does not constitute a settlement.
- k. The Group has classified prepayments as current because they relate to the purchase of inventories and are expected to be realised within 12 months of the reporting date. An entity needs to apply the requirements in NZ IAS 1 in determining whether to classify prepayments as current or non-current.

Consolidated statement of financial position (continued)

NZ IAS 1.10(a), 1.0(ea)–(f), 29, 38–38A, 40A–40B, 54–55, 113

NZ IAS 1.54(r), 78(e)

NZ IAS 1.55, 78(e)

NZ IAS 1.54(r), 78(e)

NZ IAS 1.55, 78(e)

NZ IAS 1.54(q)

NZ IAS 1.54(m)

NZ IAS 1.55, 78(d)

NZ IAS 1.54(k)

NZ IAS 1.55

NZ IAS 1.54(l)

NZ IAS 1.54(o), 56

NZ IAS 1.60

NZ IAS 1.55

NZ IAS 1.54(n)

NZ IAS 1.54(m)

NZ IAS 1.55, 78(d)

NZ IAS 1.54(k)

NZ IAS 1.55

NZ IAS 1.55

NZ IAS 1.54(l)

NZ IFRS 5.38, 40,
NZ IAS 1.54(p)

NZ IAS 1.60

	Note	31 December 2026	31 December 2025 Restated* ^b	1 January 2025 Restated* ^{b, c}
In thousands of New Zealand Dollars				
Equity				
Share capital		14,979	14,550	14,550
Share premium		4,777	3,500	3,500
Reserves		1,158	439	297
Retained earnings		20,504	13,786	8,497
Equity attributable to owners of the Company	26	41,418	32,275	26,844
Non-controlling interests	35	3,804	3,091	2,718
Total equity		45,222	35,366	29,562
Liabilities				
Loans and borrowings ^{l,o}	28	23,311	21,268	22,204
Employee benefits	13	912	453	1,136
Trade and other payables ^m	29	290	5	4
Deferred income	30	1,424	1,462	-
Provisions	31	1,010	-	740
Deferred tax liabilities	14	519	406	323
Non-current liabilities^f		27,466	23,594	24,407
Bank overdraft	19	334	282	303
Current tax liabilities ^j		4,781	1,693	25
Loans and borrowings ^{l,o}	28	5,794	5,656	3,504
Employee benefits	13	20	388	13
Trade and other payables ^{m,n}	29	24,013	21,328	28,250
Contract liabilities	8	160	166	-
Deferred income	30	-	-	140
Provisions	31	660	1,540	140
Liabilities directly associated with the assets held for sale	20	4,410	-	-
Current liabilities^f		40,172	31,053	32,375
Total liabilities		67,638	54,647	56,782
Total equity and liabilities		112,860	90,013	86,344

* The comparative information is restated on account of correction of errors. See Note 43.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

NZ IFRS 16.47(b)

l. The Group has presented lease liabilities within 'loans and borrowings'. Alternatively, an entity (a lessee) may choose to present lease liabilities separately from other liabilities in the statement of financial position.

NZ IFRS 15.55

m. The Group has presented its refund liabilities under NZ IFRS 15 as 'trade and other payables'. The Group's returns policy offers only an exchange for another good – i.e. the Group does not offer a cash refund. Therefore, refund liabilities do not meet the definition of a financial liability in NZ IAS 32 *Financial Instruments: Presentation*. If a refund liability or a liability related to a repurchase agreement meets the definition of a financial liability in NZ IAS 32, then it is subject to the disclosure requirements in NZ IFRS 7 *Financial Instruments: Disclosures*.

Insights 3.1.10.30,
7.10.35.70-100,
, IU 12-20

n. The Group has presented amounts owed for the purchase of goods or services but related to supplier finance arrangement within 'trade and other payables' because it considers that the nature and function of these payables is not different from other trade payables and therefore does not warrant a separate presentation on the face of the statement of financial position. In our view, regardless of whether the original trade payable is derecognised, an entity should consider the appropriate presentation of amounts related to supplier finance arrangements in the statement of financial position. The Group has disclosed those amounts separately in the notes. See Note 29.

Insights 7.10.310.10,
30-40, NZ IAS 1.29,
NZ IFRS 7.8(e)(ii)

o. There is no specific guidance in the Accounting Standards on the presentation of embedded derivatives and the related host contracts. The Group has presented its separable embedded derivative liability related to certain convertible notes together with the host contract on the basis that the host and the embedded derivative are subject to the same contract. However, as the separable embedded derivative is mandatorily measured at FVTPL, it is disclosed separately in the notes (see Note 32(A)).

Introduction

Auditors' report

PRIMARY STATEMENTS

Notes

Appendices

Consolidated statement of profit or loss and other comprehensive income^{a, b}

For the year ended 31 December

NZ IAS 1.10(b), 10A, 29, 38–38A, 81A–85, 113

NZ IAS 1.82(a)

NZ IAS 1.99, 103

NZ IAS 1.103

NZ IAS 1.85

NZ IAS 1.99, 103

NZ IAS 1.99, 103

NZ IAS 1.99, 103, 38.1.26

NZ IAS 1.82(ba)

NZ IAS 1.99, 103

NZ IAS 1.85, BC55–BC56

NZ IAS 1.85

NZ IAS 1.82(b)

NZ IAS 1.85

NZ IAS 1.82(c)

NZ IAS 1.85

NZ IAS 1.82(d), 12.77

NZ IAS 1.85

NZ IFRS 5.33(a), NZ IAS 1.82(ea)

NZ IAS 1.81A(a)

NZ IAS 1.82A(a)(i) NZ IAS 1.85

NZ IAS 1.85

NZ IFRS 7.20(a)(vii) NZ IAS

1.82A(b)(i) NZ IAS 1.91(b),

NZ IAS 12.RDR 81.1

NZ IAS 1.82A(a)(ii)

NZ IAS 21.52(b)

NZ IAS 1.85

NZ IAS 1.82A(b)(ii)

NZ IAS 1.92

NZ IFRS 7.24C(b)(i), NZ IFRS

7.24C(b)(iv), NZ IAS 1.92

NZ IAS 1.85

NZ IAS 1.92

NZ IFRS 7.20(a)(viii) NZ IFRS

7.20(a)(viii),

NZ IAS 1.92

NZ IAS 1.91(b),

NZ IAS 12.RDR 81.1

NZ IAS 1.81A(b)

NZ IAS 1.81A(c)

	Note	2026	2025 Restated*
In thousands of New Zealand Dollars			
Continuing operations			
Revenue ^{c, d}	8	102,860	96,719
Cost of sales ^e	9(C)	(55,432)	(56,186)
Gross profit		47,428	40,533
Other income	9(A)	893	104
Selling and distribution expenses ^e	9(C)	(18,322)	(15,865)
Administrative expenses ^e	9(C)	(17,732)	(14,428)
Research and development expenses ^e	9(C)	(1,109)	(697)
Impairment loss on trade receivables and contract assets ^f	32(C)(iii)	(200)	(190)
Other expenses	9(B)	(996)	-
Operating profit^g		9,962	9,457
Finance income ^d		1,131	447
Finance costs ^h		(1,883)	(1,635)
Net finance costs	10	(752)	(1,188)
Share of profit of equity-accounted investees, net of tax	24	1,141	587
Profit before tax		10,351	8,856
Income tax expense	14	(3,178)	(2,460)
Profit from continuing operations		7,173	6,396
Discontinued operation			
Profit (loss) from discontinued operation, net of tax ⁱ	7	379	(422)
Profit for the period		7,552	5,974
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	21(F)	200	-
Remeasurements of defined benefit liability (asset)	13(B)	72	(15)
Equity investments at FVOCI – net change in fair value	26(D)	141	59
Equity-accounted investees – share of OCI	24, 26(D)	15	(3)
Related tax ⁱ	14(B)	(137)	(14)
		291	27
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		679	471
Net investment hedge – net loss		(3)	(8)
Equity-accounted investees – share of OCI	24, 26(D)	(172)	(166)
Reclassification of foreign currency differences on loss of significant influence	34(D)	(20)	-
Cash flow hedges – effective portion of changes in fair value ^k	26(D)	(62)	95
Cash flow hedges – reclassified to profit or loss ^{k, l}	26(D)	(31)	(12)
Cost of hedging reserve – changes in fair value	26(D)	34	10
Cost of hedging reserve – reclassified to profit or loss ^l	26(D)	8	2
Debt investments at FVOCI – net change in fair value	26(D)	54	60
Debt investments at FVOCI – reclassified to profit or loss ^l	26(D)	(64)	-
Related tax ^l	14(B)	19	(48)
		442	404
OCI for the period, net of tax		733	431
Total comprehensive income for the period		8,285	6,405

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

For footnotes see pages 21.

Consolidated statement of profit or loss and other comprehensive income (continued)

For the year ended 31 December

NZ IAS 1.10(b), 10A, 29, 38–38A, 81A–85, 113

NZ IAS 1.81B(a)(iii)

NZ IAS 1.81B(a)(i)

NZ IAS 1.81B(b)(ii)

NZ IAS 1.81B(b)(i)

NZ IAS 33.4

NZ IAS 33.66

NZ IAS 33.66

NZ IAS 33.66

NZ IAS 33.66

	Note	2026	2025 Restated*
<i>In thousands of New Zealand Dollars</i>			
Profit attributable to:			
Owners of the Company		7,055	5,623
Non-controlling Interests	35	497	351
		7,552	5,974
Total comprehensive income attributable to:			
Owners of the Company		7,762	6,032
Non-controlling Interests	35	523	373
		8,285	6,405
Earnings per share			
Basic EPS (NZD)	11	2.15	1.69
Diluted EPS (NZD)	11	2.07	1.68
EPS – Continuing operations			
Basic EPS (NZD)	11	2.02	1.83
Diluted EPS (NZD)	11	1.95	1.82
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)^m			
	15	15,744	16,782

* The comparative information is restated on account of correction of errors. See [Note 43](#). Comparative information has also been re-presented due to a discontinued operation and a change in classification. See [Notes 7](#) and [21\(H\)](#) respectively.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

For footnotes see [pages 21](#).

<p>NZ IAS 1.10A</p>	<p>a. The Group has elected to present comprehensive income under a ‘one-statement’ approach. For an illustration of the alternative ‘two-statement’ approach, see Appendix II.</p>
<p>NZ IAS 1.82</p>	<p>b. NZ IAS 1 requires the separate presentation of specific line items in the statement of profit or loss. The Group has not presented certain line items because during the reporting period it did not have events or transactions to be reflected in those line items. See footnotes (c) and (d) below for specific considerations related to separate presentation of line items in the statement of profit or loss.</p>
<p>NZ IFRS 15.113, NZ IAS 1.29–30, 85, Insights 4.2.480.25</p>	<p>c. In our view, an entity is not required to present revenue from contracts with customers as a separate line item in the statement of profit or loss and may aggregate it with other types of revenue considering the requirements in NZ IAS 1. However, in providing a separate disclosure of revenue from contracts with customers – either in the notes or in the statement of profit or loss – we believe that an entity should not include amounts that do not fall in the scope of NZ IFRS 15 (see Note 8).</p>
<p>NZ IAS 1.82(a), Insights 7.10.70.20</p>	<p>d. The Group has presented interest income on financial assets that are subsequently measured at amortised cost or FVOCI as part of ‘finance income’ because it does not consider it as part of its revenue-generating activities. If the interest income, calculated under the effective interest method, constituted revenue, then the entity would be required to separately present that income as interest revenue in the statement of profit or loss and OCI. In our view, an entity may present interest income from other financial assets in another revenue line item if it arises in the course of the entity’s ordinary activities.</p>
<p>NZ IAS 1.99–100</p>	<p>e. The Group has elected to analyse expenses recognised in profit or loss based on functions within the Group. Alternatively, an entity may present the analysis based on nature if this presentation provides information that is reliable and more relevant. The analysis may also be presented in the notes.</p>
<p>NZ IAS 1.82(ba), 85, 31, 97, 99, Insights 4.1.20.40</p>	<p>f. An entity that presents the analysis of expenses by function or by nature in the statement of profit or loss and OCI may face challenges in determining how this presentation interacts with the specific requirements to present the effect of some events or circumstances as a single amount in the statement of profit or loss and OCI – e.g. impairment losses determined under Section 5.5 of NZ IFRS 9 Financial Instruments . The Group has applied judgement in determining an appropriate presentation and disaggregated the impairment loss amount into:</p> <ul style="list-style-type: none"> – impairment related to trade and other receivables, and contract assets, which is presented separately in the statement of profit or loss and OCI; and – impairment related to investments in debt securities, which is not presented separately but included under ‘finance costs’ due to materiality considerations. <p>The Group believes that this presentation is relevant to an understanding of its financial performance.</p>
<p>NZ IAS 1.85, BC55–BC56</p>	<p>g. The Group has presented a subtotal of ‘operating profit’. When an entity presents results from operating activities, it ensures that the amount disclosed is representative of activities that would normally be regarded as ‘operating’, and it would be inappropriate to exclude items clearly related to operations.</p>
<p>NZ IAS 1.82(b), NZ IFRS 16.49, 7.IG13</p>	<p>h. The Group has presented interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss and OCI.</p>
<p>NZ IFRS 5.33(a)–(b), NZ IAS 1.82(ea)</p>	<p>i. The Group has elected to disclose a single amount of post-tax profit or loss of discontinued operations in the statement of profit or loss and OCI, and has analysed that single amount into revenue, expenses and the pre-tax profit or loss in Note 7. Alternatively, an entity may present the analysis in the statement.</p>
<p>NZ IAS 1.90–91</p>	<p>j. The Group has elected to present individual components of OCI before related tax with an aggregate amount presented for tax in the statement of profit or loss and OCI, and has provided disclosures related to tax on each component of OCI in Note 14(B). Alternatively, an entity may present individual components of OCI net of related tax in the statement.</p>
<p>NZ IFRS 9.6.5.1 1, 6.5.1 5, NZ IAS 1.82A(a), Insights 7.10.90.35</p>	<p>k. NZ IFRS 9 specifies whether and when amounts previously recognised in OCI are reclassified to profit or loss. However, in some circumstances it may be unclear at the time when a gain or loss is recognised in OCI whether it will subsequently be reclassified to profit or loss. For example, if an entity hedges a future purchase of a non-financial item, then the related hedging gains and losses will subsequently be included in the initial cost of the non-financial item and affect profit or loss when the non-financial item is disposed of or written down. Conversely, if the future hedged cash flows are no longer expected to occur or if a loss is no longer expected to be recoverable, then the hedging gains or losses will be reclassified to profit or loss. Accordingly, in our view gains or losses on cash flow hedges and costs of hedging relating to the future recognition of a non-financial asset or liability should be presented in OCI as items that may be subsequently reclassified to profit or loss when specific conditions are met.</p>
<p>NZ IAS 1.94</p>	<p>l. The Group has elected to present reclassification adjustments in the statement of profit or loss and OCI. Alternatively, an entity may present these adjustments in the notes.</p>
<p>NZ IAS 1.85–85B, BC38G, Insights 4.1.150</p>	<p>m. The Group has disclosed adjusted EBITDA because management believes that this measure is relevant to an understanding of the entity’s financial performance. This disclosure is provided for illustrative purposes only. See Note 15.</p>

Consolidated statement of changes in equity

For the year ended 31 December 2026

Attributable to owners of the Company

NZ IAS 1.10(c), 29,
108, 113

NZ IAS 1.106(b)

NZ IAS 1.106(d)(i)
NZ IAS 1.106(d)(ii), 106A
NZ IAS 1.106(a)

NZ IAS 1.106(d)(iii)

NZ IAS 1.106(d)(i)
NZ IAS 1.106(d)(ii), 106A
NZ IAS 1.106(a)

NZ IAS 1.106(d)(iii)

NZ IAS 1.106(d)(iii)

NZ IAS 32.33,
Insights
73.750.10-20

	Note	Share capital	Share premium	Translation reserve
<i>In thousands of New Zealand Dollars</i>				
Balance at 1 January 2025, as previously reported		14,550	3,500	(119)
Impact of correction of errors	43	-	-	-
Restated* balance at 1 January 2025		14,550	3,500	(119)
Total comprehensive income for the period (restated)				
Profit for the period		-	-	-
OCI for the period	14(B), 26(D)	-	-	275
Total comprehensive income for the period (restated)		-	-	275
Hedging gains and losses and costs of hedging transferred to the cost of inventory		-	-	-
Transactions with owners of the Company				
Contributions and distributions				
Treasury shares acquired ^a	26(B)	-	-	-
Dividends	26(C)	-	-	-
Equity-settled share-based payment ^b	13(E), 14(D)	-	-	-
Total transactions with owners of the Company		-	-	-
Restated balance at 31 December 2025		14,550	3,500	156
Balance at 1 January 2026		14,550	3,500	156
Total comprehensive income for the period				
Profit for the period		-	-	-
OCI for the period	14(B), 26(D)	-	-	458
Total comprehensive income for the period		-	-	458
Hedging gains and losses and costs of hedging transferred to the cost of inventory		-	-	-
Transfer to retained earnings on disposal of equity securities designated at FVOCI (net of tax)	25	-	-	-
Transactions with owners of the Company				
Contributions and distributions				
Issue of ordinary shares	26(A)	390	1,160	-
Issue of ordinary shares related to business combinations	34(A)	24	63	-
Issue of convertible notes	14(C), 28(C)-D)	-	-	-
Treasury shares sold ^a	26(B)	-	19	-
Dividends	26(C)	-	-	-
Equity-settled share-based payment ^b	13(E), 14(D)	-	-	-
Share options exercised	26(A)	15	35	-
Total contributions and distributions		429	1,277	-
Changes in ownership interests				
Acquisition of NCI without a change in control	36	-	-	8
Acquisition of subsidiary with NCI	34	-	-	-
Total changes in ownership interests		-	-	8
Total transactions with owners of the Company		429	1,277	8
Balance at 31 December 2026		14,979	4,777	622

* The comparative information is restated on account of correction of errors. See Note 43.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

a. The Accounting Standards do not mandate a specific method of presenting treasury shares within equity. However, local laws may prescribe the allocation method. Therefore, an entity needs to take into account its legal environment when choosing how to present its own shares within equity. An entity needs to choose a presentation format, to be applied consistently to all treasury shares. The Group has elected to present the total cost of treasury shares as a separate category of equity.

Attributable to owners of the Company										
Cost of hedging reserve	Hedging reserve	Fair value reserve	Revaluation reserve	Treasury share reserve	Equity component of convertible notes	Retained earnings	Total	Non-controlling interests	Total equity	
(35)	434	17	-	-	-	8,440	26,787	2,718	29,505	
-	-	-	-	-	-	57	57	-	57	
(35)	434	17	-	-	-	8,497	26,844	2,718	29,562	
-	-	-	-	-	-	5,623	5,623	351	5,974	
9	56	82	-	-	-	(13)	409	22	431	
9	56	82	-	-	-	5,610	6,032	373	6,405	
(1)	1	-	-	-	-	-	-	-	-	
-	-	-	-	(280)	-	-	(280)	-	(280)	
-	-	-	-	-	-	(571)	(571)	-	(571)	
-	-	-	-	-	-	250	250	-	250	
-	-	-	-	(280)	-	(321)	(601)	-	(601)	
(27)	491	99	-	(280)	-	13,786	32,275	3,091	35,366	
(27)	491	99	-	(280)	-	13,786	32,275	3,091	35,366	
-	-	-	-	-	-	7,055	7,055	497	7,552	
27	(62)	87	134	-	-	63	707	26	733	
27	(62)	87	134	-	-	7,118	7,762	523	8,285	
4	4	-	-	-	-	-	8	-	8	
-	-	(61)	-	-	-	61	-	-	-	
-	-	-	-	-	-	-	1,550	-	1,550	
-	-	-	-	-	-	120	207	-	207	
-	-	-	-	-	109	-	109	-	109	
-	-	-	-	11	-	-	30	-	30	
-	-	-	-	-	-	(1,243)	(1,243)	-	(1,243)	
-	-	-	-	-	-	755	755	-	755	
-	-	-	-	-	-	-	50	-	50	
-	-	-	-	11	109	(368)	1,458	-	1,458	
-	-	-	-	-	-	(93)	(85)	(115)	(200)	
-	-	-	-	-	-	-	-	305	305	
-	-	-	-	-	-	(93)	(85)	190	105	
-	-	-	-	11	109	(461)	1,373	190	1,563	
4	433	125	134	(269)	109	20,504	41,418	3,804	45,222	

NZ IAS 1.78(e),
79(b), 108, Insights
4.5.90 0.20

- b. Generally, NZ IFRS 2 Share-based Payment does not address whether an increase in equity recognised in connection with a share-based payment transaction should be presented in a separate component within equity or within retained earnings. In our view, either approach is allowed under the Accounting Standards. The Group has elected to present this increase in retained earnings.

Consolidated statement of cash flows

For the year ended 31 December

NZ IAS 1.10(d), 29,
38–38A, 113

NZ IAS 7.18(b)

	Note	2026	2025 Restated*
<i>In thousands of New Zealand Dollars</i>			
Cash flows from operating activities^{a, b}			
Profit for the period ^c		7,552	5,974
Adjustments for:			
– Depreciation	21(A)	5,339	5,122
– Amortisation	22(A)	785	795
– Deferred income	30	(38)	-
– (Reversal of) impairment losses on property, plant and equipment	21(B)	(393)	1,123
– Impairment losses on intangible assets and goodwill	22(C)	16	285
– Impairment loss on remeasurement of the disposal group	20(A)	35	-
– Change in fair value of biological assets	16(A)	(587)	(28)
– Increase in fair value of investment property	23(A)	(20)	(60)
– Net finance costs	10	752	1,188
– Share of profit of equity-accounted investees, net of tax	24	(1,141)	(587)
– Gain on sale of property, plant and equipment	9(A)	(48)	(16)
– Gain on sale of discontinued operation, net of tax	7	(516)	-
– Equity-settled share-based payment transactions	13(E)	755	248
– Tax expense	14	3,153	2,416
		15,644	16,460
Changes in:			
– Intangible assets (emissions allowances) ^d		5	(20)
– Inventories		(1,843)	(176)
– Contract assets		(489)	(782)
– Trade and other receivables		(16,946)	(4,920)
– Contract liabilities		(6)	166
– Prepayments		870	(305)
– Trade and other payables ^e		8,727	(6,841)
– Provisions and employee benefits		26	274
Cash generated from operating activities		5,988	3,856
Interest paid ^{e, f, g}		(1,609)	(1,289)
Income taxes paid		(400)	(1,910)
Net cash from operating activities		3,979	657

NZ IAS 7.31–32

NZ IAS 7.35

NZ IAS 7.10

NZ IAS 7.18–19

a. The Group has elected to present cash flows from operating activities under the indirect method. Alternatively, an entity may present operating cash flows under the direct method (see [Appendix III](#)). When an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to profit (loss).

NZ IFRS 7.31, 33–34, B11F, IG18A, NZ IAS 7.10–11, 43, 44F–44H, Insights 2.3.190, 90–120, IU 12-20

b. There is no specific guidance in the Accounting Standards on the classification of cash flows from supplier finance arrangements. However, in our view it is the nature of the activity, rather than the classification of the related item in the statement of financial position, that primarily determines the classification of the cash outflow. Furthermore, in our view, in determining the appropriate classification an entity should apply judgement and assess whether a single cash outflow or multiple cash flows occur for the entity. The Group presents a single cash outflow for the payments made to the bank because it considers the payment to a supplier by the bank not to be a cash transaction of the Group. The Group classifies its cash outflows for payments made to the bank within operating activities because it views the principal nature of these payments as related to the purchase of goods and services. There may be other acceptable approaches depending on the legal form and structure of supplier finance arrangements. The Group has provided disclosure to enable understanding of the effects of its supplier finance arrangement on its financial position, financial performance and cash flows (see [Note 29](#) and [Note 32\(C\)\(iii\)](#)).

IAS 7.18, 20, A, Insights 2.3.30.20

c. The Group has used 'profit or loss' as the starting point for presenting operating cash flows under the indirect method. This is the starting point referred to in IAS 7 Statement of Cash Flows, although the example provided in the appendix to the accounting standard starts with a different figure – 'profit before taxation'. Because the appendix is illustrative only and therefore does not have the same status as the accounting standard, it would be more appropriate to follow the accounting standard.

IAS 7.6, 11, Insights 2.3.20.11

d. The Group has classified cash flows related to emissions allowances (current intangible assets) within operating activities because they relate to the Group's principal revenue-generating activities and the assets are not considered long-term in nature. The emissions allowances are expected to be realised within 12 months of the reporting date by surrendering them to the Government to settle the annual emissions obligation (see [Note 22\(E\)](#)). In determining the classification of cash flows, an entity considers the nature of the activity to which they relate.

Consolidated statement of cash flows (continued)

For the year ended 31 December

NZ IAS 1.10(d), 29,
38–38A, 113

NZ IAS 7.31

NZ IAS 7.31

NZ IAS 7.16(b)

NZ IAS 7.16(d),

16(h) NZ IAS 7.39

NZ IAS 7.39

NZ IAS 7.16(a)

NZ IAS 7.16(a)

NZ IAS 7.16(a)

NZ IAS 7.16(c), (g)

NZ IAS 24.18

NZ IAS 7.16(a)

NZ IAS 7.10

	Note	2026	2025 Restated*
<i>In thousands of New Zealand Dollars</i>			
Cash flows from investing activities			
Interest received ^f		37	29
Dividends received ^f		26	32
Proceeds from sale of property, plant and equipment		1,179	397
Proceeds from sale of investments		1,589	534
Disposal of discontinued operation, net of cash disposed of ^h	7	10,890	-
Acquisition of subsidiary, net of cash acquired	34	(1,799)	-
Acquisition of property, plant and equipment		(15,857)	(2,228)
Acquisition of investment property	23(A)	(300)	(40)
Purchase of non-current biological assets	16(A)	(305)	(835)
Acquisition of other investments		(602)	(342)
Dividends from equity-accounted investees	24(A)	21	-
Development expenditure	22(A), (D)	(1,235)	(503)
Receipt of asset-related government grant ⁱ	30	130	1,462
Net cash used in investing activities		(6,226)	(1,494)

NZ IFRS 16.50,
NZ IAS 7.17(e)

- e. The Group has classified:
- cash payments for the principal portion of lease payments as financing activities;
 - cash payments for the interest portion of lease payments as operating activities (see footnote (f) below); and
 - short-term lease payments and payments for leases of low-value assets as operating activities.

NZ IAS 7.31,
Insights 2.3.50.
10–20

- f. The Standards require cash flows from interest and dividends received and paid to be disclosed separately. In our view, such disclosure is required in the statement of cash flows, rather than in the notes. In the absence of specific guidance in NZ IFRS Standards, an entity chooses an accounting policy, to be applied consistently, to classify interest and dividends paid as either operating or financing activities, and interest and dividends received as either operating or investing activities. The Group has elected to classify cash flows from interest paid as operating activities, cash flows from interest received and dividends received as investing activities, and cash flows from dividends paid as financing activities. Interest paid includes the interest portion of the lease liabilities. See footnotes (e) above and (g) below. In our view, an entity should choose an accounting policy, to be applied consistently, to classify cash flows related to capitalised interest as follows:

Insights 2.3.50.38

- g. In our view, an entity should choose an accounting policy, to be applied consistently, to classify cash flows related to capitalised interest as follows:
- as investing activities if the other cash payments to acquire the qualifying asset are reflected as investing activities; or
 - consistently with interest cash flows that are not capitalised.
- The Group has presented capitalised interest consistently with interest cash flows that are not capitalised.

IAS 7.10,
IFRS 5.33(c),
Insights 5.4.220.50

- h. The Group has elected to present a statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 7(B). However, in our view there are numerous ways in which the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and IAS 7 regarding cash flow presentation may be met.

IAS 7.10–11,
Insights 2.3.20.11

- i. There is no specific guidance in the Accounting Standards on the classification of cash flows from the receipt of government grants. Cash flows should be classified based on the nature of the activity to which they relate. The Group has classified cash flows related to asset-related grants as investing activities and those related to income related grants as operating activities because this reflects the nature of the related activities.

Consolidated statement of cash flows (continued)

For the year ended 31 December

NZ IAS 1.10(d), 29,
38–38A, 113

NZ IAS 7.17(a)

NZ IAS 7.17(c)

NZ IAS 7.17(c)

NZ IAS 7.17(c)

NZ IAS 7.17(a)

NZ IAS 7.17(a)

NZ IAS 7.16(h)

NZ IAS 7.21

NZ IAS 7.42A

NZ IAS 7.17(b)

NZ IAS 7.17(d)

NZ IAS 7.17(e)

NZ IAS 7.31, 34

NZ IAS 7.10

NZ IAS 7.28

NZ IAS 7.45

	Note	2026	2025 Restated*
<i>In thousands of New Zealand Dollars</i>			
Cash flows from financing activities			
Proceeds from issue of share capital	26(A)	1,550	-
Proceeds from issue of convertible notes	28(C)-(D)	5,000	-
Proceeds from issue of redeemable preference shares	28(E)	2,000	-
Proceeds from loans and borrowings		591	4,079
Proceeds from sale of treasury shares		30	-
Proceeds from exercise of share options	26(A)	50	-
Proceeds from settlement of derivatives		5	11
Transaction costs related to loans and borrowings	28(C)-(D)	(311)	-
Acquisition of NCI	36	(200)	-
Repurchase of treasury shares		-	(280)
Repayment of borrowings		(5,055)	(2,445)
Payment of lease liabilities ^e		(554)	(590)
Dividends paid ^f	26(C)	(1,243)	(571)
Net cash from financing activities		1,863	204
Net decrease in cash and cash equivalents		(384)	(633)
Cash and cash equivalents at 1 January**		1,567	2,226
Effect of movements in exchange rates on cash held		(13)	(26)
Cash and cash equivalents at 31 December**	19	1,170	1,567

* The comparative information is restated on account of correction of errors. See Note 43.

**Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

For footnotes see pages 25.

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NZ IAS 1.10(e)

NZ IAS 1.51(a)–(b),
138(a)–(b)

FRS 44.7(a)

FRS 44. RDR 7.1

NZ IAS 1.16, 112(a),
116, 10.1.7, NZ IAS
1.RDR 16.1, NZ IAS
1.RDR 15.1, FRS
44.5, FRS 44.RDR
5.1, FRS 44.RDR 7.1

NZ IAS 1.51(d)–(e)

NZ IAS 1.122

Notes to the consolidated financial statements^a

1. Reporting entity

Diverse Group Limited (the 'Company') is domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company's registered office is at 10 Different Road, Greenwood. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is an FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013^b. The Group has prepared consolidated financial statements in accordance with the Financial Markets Conduct Act 2013/Companies Act 1993^c, and therefore a separate set of financial statements for the Company is not required to be prepared in accordance with that Act.

The Group is primarily involved in manufacturing paper and paper-related products, cultivating trees and selling wood (see Note 6(A)).

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ("NZ IFRS RDR") and other applicable Financial Reporting Standards, as appropriate for Tier 1/2 for-profit entities^c. The financial statements also comply with International Financial Reporting Standards ("IFRS")^d.

The Group is eligible and has elected to report in accordance with Tier 2 for-profit entities Accounting Standards on the basis that it does not have public accountability and is not a large for-profit public sector entity.

They were authorised for issue by the Company's board of directors on [Date].

Details of the Group's accounting policies, including changes thereto, are included in Note 44 and Note 5.

3. Functional and presentation currency

These consolidated financial statements are presented in New Zealand Dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 8(D): revenue recognition: whether revenue from made-to-order paper products is recognised over time or at a point in time;
- Note 24(B): equity-accounted investees: whether the Group has significant influence over an investee;
- Note 29: reverse factoring: presentation of amounts related to supplier finance arrangements in the statement of financial position and in the statement of cash flows;
- Note 33(A): consolidation: whether the Group has de facto control over an investee; and
- Note 37(A): lease term: whether the Group is reasonably certain to exercise extension options.

NZ IAS 1.10(e)

Notes to the consolidated financial statements (continued)

NZ IAS 1.125, 129–130

4. Use of judgements and estimates (continued)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Notes 8(D) and 29: revenue recognition: estimate of expected returns;
- Note 13(D)(i): measurement of defined benefit obligations: key actuarial assumptions;
- Note 14(I): recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 14(J): uncertain tax treatments;
- Note 16(B): measurement of biological assets – determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 20(D): measurement of disposal group – determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 22(C): impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Notes 31 and 39: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 32(C)(ii): measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and
- Notes 34(A) and 34(C): acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

i. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and financial and non-financial liabilities.

NZ IFRS 13.93(g)

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of NZ IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

NZ IAS 1.113–114

- a. Notes are presented, to the extent practicable, in a systematic manner and are cross-referred to/from items in the primary statements. In determining a systematic manner of presentation, an entity considers the effect on the understandability and comparability of the financial statements. The Group has applied judgement in presenting related information together in a manner that it considers to be most relevant to an understanding of its financial performance and financial position. The order presented is only illustrative and entities need to tailor the organisation of the notes to fit their specific circumstances.

FRS 44.7

- b. An entity shall disclose in the notes:
- (a) the statutory basis or other reporting framework, if any, under which the financial statements have been prepared;
 - (b) a statement whether the financial statements have been prepared in accordance with GAAP; and
 - (c) that, for the purposes of complying with GAAP, it is a for profit entity.
- A description of the financial reporting standards applied by the entity is to be included.

- c. The statutory base which prescribes the relevant reporting framework differs between Tier 1 and Tier 2 entities:

- the statutory base under which the financial statements have been prepared;
- whether it is a profit-oriented entity or a PBE; and
- a statement that the financial statements have been prepared in accordance with NZ GAAP.

A description of the financial reporting standards applied by the entity is required to be included.

- d. Tier 2 entities complying with NZ IFRS RDR will not be able to state compliance with IFRS.

Notes to the consolidated financial statements (continued)

4. Use of judgements and estimates (continued)

B. Assumptions and estimation uncertainties (continued)

i. Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12(B): share-based payment arrangements;^a
- Note 16(B): biological assets;
- Note 20(D): disposal group held for sale;
- Note 23(C): investment property;
- Note 32(B): financial instruments; and
- Note 34(C)(i): acquisition of subsidiary.^b

NZ IFRS 13.95

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NZ IFRS 13.6(a)

- a. The Group has included in the list above a reference to the disclosures about the measurement of fair values for share-based payment arrangements. However, the measurement and disclosure requirements of NZ IFRS 13 *Fair Value Measurement* do not apply to these arrangements.

NZ IFRS 13.BC184

- b. The Group has disclosed information about the fair value measurement of assets acquired in a business combination, although the disclosure requirements of NZ IFRS 13 do not apply to the fair value of these assets if they are subsequently measured at other than fair value. This disclosure is provided for illustrative purposes only.

Notes to the consolidated financial statements (continued)

5. Change in accounting policy ^{a, b, c}

Derecognition of financial liabilities settled via electronic payment systems

IFRS 9.B3.1 .2A, B3.3.8]

The Group has adopted *Classification and Measurement of Financial Instruments (Amendments to NZ IFRS 9 and NZ IFRS 7)* from 1 January 2026. The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled with cash, using an electronic payment system that meets specific criteria.

IFRS 9.2.47–48]

Adopting the amendments resulted in a change in the accounting policy for the derecognition of trade payables settled with cash using qualifying electronic payment systems, for which the Group has elected to apply the exception. Previously, the Group derecognised trade payables settled with cash using an electronic payment system on the settlement date. Under the new policy, derecognition of these trade payables occurs on the date when the Group's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met. As a result, the Group derecognises certain trade payables and cash earlier. The amendments apply retrospectively; however, the Group was not required to restate prior periods to reflect their application under the transitional provisions. In addition, the change in accounting policy did not have a material effect on the Group's consolidated financial statements for the periods presented. ^{d, e}

NZ IAS 8.28

a. The description of the nature and effects of the changes in accounting policies presented is only an example that reflects the circumstances of the Group, and may not be representative of the nature and effects of the changes for other entities. It is provided for illustrative purposes largely without regard to materiality. Amendments to accounting standards and interpretations that are effective for annual reporting periods beginning on 1 January 2026 are described in [Appendix I](#).

b. The Group chose to present a separate note describing its change in accounting policy since the last annual financial reporting period. Alternatively, this information could be provided in the basis of accounting note – see [Note 2](#).

NZ IAS 1.38

c. Comparative information is generally required in respect of the preceding period for all amounts reported in the current period's financial statements and, as well as - if it is relevant to understanding the current period's financial statements - for narrative and descriptive information. However, when entities adopt new accounting standards without restating comparative information, the disclosure requirements of the new accounting standards do not normally apply to the comparative period because the comparative information reflects the requirements of the superseded accounting standards.

d. For some entities, these amendments may have a material effect on their financial statements. If the effect of the change in accounting policy had been material for the Group, then the Group would have derecognised trade payables meeting the specified criteria and recognised a corresponding decrease to cash and cash equivalents at the date of initial application. The adjustment to cash and cash equivalents would also have impacted the opening balance in the statement of cash flows at the date of initial application. For further information on the amendments, see our article.

Insights2.3.15.30

e. Adopting the amendments did not result in a change in the accounting policy for the derecognition of financial assets settled with cash via electronic payment systems. The Group's accounting policy for derecognition of financial assets applies equally to trade receivables settled with cash using an electronic payment system (see [Note 44\(P\)\(iii\)](#)). In our view, an outstanding receivable which will be settled with cash via an electronic payment system does not qualify as a cash equivalent while the cash transits through the system because treating it as such would have a similar effect as derecognising the receivable before the cash is received. Such receivables are derecognised only on completion of the settlement.

Notes to the consolidated financial statements (continued)

6. Operating segments^a

A. Basis for segmentation

NZ IFRS 8.20–22

The Group has the following six strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments ^b	Operations
Non-recycled Papers	Buying, manufacturing and distributing pulp and paper
Recycled Papers	Buying, recycling and distributing pulp and paper
Packaging (sold in February 2026; see Note 7)	Designing and manufacturing packaging materials
Forestry	Cultivating and managing forest resources and related services
Timber Products	Manufacturing and distributing softwood lumber, plywood, veneer, composite panels, engineered lumber, raw materials and building materials
Research and Development (R&D)	Conducting research and development activities

NZ IAS 41.46(a)

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

NZ IFRS 8.1 6,
NZ IAS 41.46(a)

Other operations include the cultivation and sale of farm animals (sheep and cattle), the construction of storage units and warehouses, the rental of investment property and the manufacture of furniture and related parts (see Notes 8 and 16). None of these segments met the quantitative thresholds for reportable segments in 2026 or 2025.

NZ IFRS 8.27(a)

There are varying levels of integration between the Forestry and Timber Products segments, and the Non-recycled Papers and Recycled Papers segments. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on an arm's length basis.

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NZ IFRS 8.27-28

- a.** Operating segment disclosures are consistent with the information reviewed by the chief operating decision maker (CODM) and will vary from one entity to another and may not be in accordance with NZ IFRS. To help users of the financial statements understand the segment information presented, an entity discloses information about the measurement basis adopted – e.g. the nature and effects of any differences between the measurements used in reporting segment information and those used in the entity's financial statements, the nature and effect of any asymmetrical allocations to reportable segments – and about reconciliations of segment information to the corresponding NZ IFRS amounts reported in the financial statements. The Group's internal measures used in reporting segment information are consistent with NZ IFRS. Therefore, the reconciling items are limited to items that are not allocated to reportable segments, as opposed to a difference in the basis of preparation of the information.

NZ IFRS 8.1 2,
22(aa)

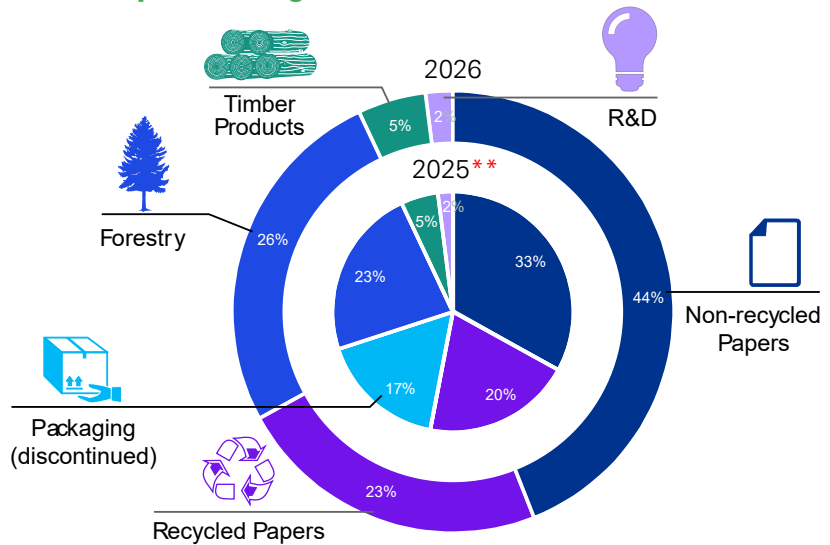
- b.** When two or more operating segments are aggregated into a single operating segment, the judgements made by management in applying the aggregation criteria are disclosed. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

Notes to the consolidated financial statements (continued)

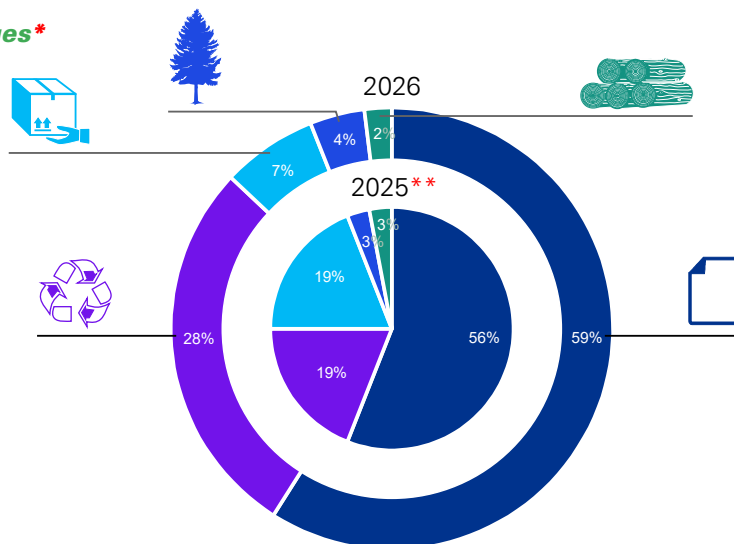
6. Operating segments (continued)

B. Information about reportable segments

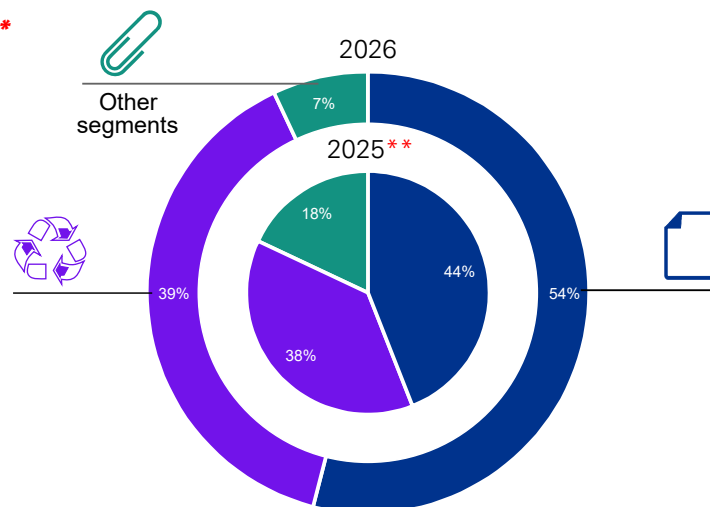
i. Assets*



ii. External revenues*



iii. Profit before tax*



* As a percentage of the total for all reportable segments. Excludes other segments.

** The Group has changed its internal organisation and the composition of its reportable segments. See page 36 for details.

Notes to the consolidated financial statements (continued)

6. Operating segments (continued)

B. Information about reportable segments (continued)

Information related to each reportable segment is set out below. Segment profit (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

2026 <i>In thousands of New Zealand Dollars</i>	Reportable segments	
	Non-recycled Papers	Recycled Papers
Segment profit (loss) before tax	7,730	5,599
External revenue ^a	64,112	30,367
Inter-segment revenue ^a	-	317
Segment revenue	64,112	30,684
Interest income ^a	109	42
Interest expense ^a	(597)	(445)
Depreciation and amortisation ^a	(2,128)	(1,583)
Share of profit (loss) of equity-accounted investees ^a	1,109	-
Other material items of income and expense and non-cash items: ^a		
– Change in fair value of biological assets	-	-
– Government grants	-	-
– Settlement of pre-existing relationship with acquiree	-	-
– Flood-related expenses	-	-
– Other material items of income (expense)**	-	-
– Impairment losses on trade receivables and contract assets	(114)	(74)
– Impairment losses on non-financial assets	-	-
– Reversal of impairment losses on non-financial assets	493	-
Segment assets^a	43,263	23,025
Equity-accounted investees	2,209	-
Capital expenditure	8,697	5,765
Segment liabilities^a	39,399	12,180

* See Note 7.

** Other material items of income (expense) relate to various items as detailed in Note 9(A) and (B).

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NZ IFRS 8.23(f), (i)

NZ IAS 36.129(a), 130(d)(iii)

NZ IAS 36.129(b), 130(d)(iii)

NZ IFRS 8.21(b)

NZ IFRS 8.24(a)

NZ IFRS 8.24(b)

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NZ IFRS 8.23

NZ IAS 1.7, 30-31,
97-98, IU 06-24

Insights 5.2.200.10-27

a. The Group has disclosed these amounts for each reportable segment because they are either included in the segment measure of profit or loss reviewed by the CODM or otherwise regularly provided to the CODM. The Group applied judgement and considered a number of factors, including the core principle of NZ IFRS 8 *Operating Segments*, to determine the material items of income and expense to disclose for each reportable segment.

Reportable segments						
Packaging (discontinued)* ^b	Forestry	Timber Products	Research and Development	Total reportable segments	All other segments	Total
(162)	1,240	(263)	101	14,245	771	15,016
7,543	3,967	2,700	-	108,689	1,714	110,403
940	2,681	1,845	875	6,658	891	7,549
8,483	6,648	4,545	875	115,347	2,605	117,952
-	45	10	-	206	3	209
-	(391)	(85)	-	(1,518)	(5)	(1,523)
(623)	(1,139)	(248)	(201)	(5,922)	(202)	(6,124)
-	32	-	-	1,141	-	1,141
-	407	-	-	407	180	587
-	200	-	-	200	38	238
-	-	(326)	-	(326)	-	(326)
-	(519)	-	-	(519)	-	(519)
(35)	-	-	-	(35)	68	33
(11)	(7)	(5)	-	(211)	-	(211)
-	-	(116)	-	(116)	-	(116)
-	-	-	-	493	-	493
-	25,209	4,521	2,323	98,341	9,059	107,400
-	280	-	-	2,489	-	2,489
-	1,158	545	1,203	17,368	560	17,928
-	6,390	1,236	169	59,374	237	59,611

Notes to the consolidated financial statements (continued)

6. Operating segments (continued)

B. Information about reportable segments (continued)

2025 In thousands of New Zealand Dollars	Reportable segments ^{*, **}	
	Non-recycled Papers	Recycled Papers
Segment profit (loss) before tax	4,483	3,819
External revenue ^a	67,085	22,060
Inter-segment revenue ^a	-	323
Segment revenue	67,085	22,383
Interest income ^a	91	24
Interest expense ^a	(577)	(355)
Depreciation and amortisation ^a	(2,180)	(1,276)
Share of profit (loss) of equity-accounted investees ^a	561	-
Other material items of income and expense and non-cash items. ^a		
– Change in fair value of biological assets	-	-
– Other material items of income (expense)****	-	-
– Impairment losses on trade receivables and contract assets	(129)	(41)
– Impairment losses on non-financial assets	(1,408)	-
– Reversal of impairment losses on non-financial assets	-	-
Segment assets^a	26,967	16,003
Equity-accounted investees	1,700	-
Capital expenditure	1,136	296
Segment liabilities^a	26,907	14,316

* 2025 information is restated on account of correction of errors (see Note 43).

** As a result of the acquisition of Papyrus Pty Limited (Papyrus) during the year ended 31 December 2026 (see Note 34), the Group has changed its internal organisation and the composition of its operating segments, which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the year ended 31 December 2025.

*** See Note 7.

**** Other material items of income (expense) relate to various items as detailed in Note 9(A) and (B).

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NZ IAS 36.129(b), 130(d)(ii)

NZ IFRS 8.21(b)

NZ IFRS 8.24(a)

NZ IFRS 8.24(b)

NZ IFRS 8.21(b)

NZ IFRS 8.29

NZ IFRS 8.23
NZ IAS 1.7,30-31,
97-98, IU 06-24
Insights
5.2.200.10-27

a. The Group has disclosed these amounts for each reportable segment because they are either included in the segment measure of profit or loss reviewed by the CODM or otherwise regularly provided to the CODM. The Group applied judgement and considered a number of factors including the core principle of NZ IFRS 8 to determine the material items of income and expense to disclose for each reportable segment.

Reportable segments(restated)*,**						
Packaging (discontinued)***b	Forestry	Timber Products	Research and Development	Total reportable segments	All other segments*,**	Total
(466)	997	1,280	67	10,180	195	10,375
23,193	3,483	2,985	-	118,806	1,106	119,912
2,835	2,676	1,923	994	8,751	765	9,516
26,028	6,159	4,908	994	127,557	1,871	129,428
-	27	7	-	149	2	151
-	(301)	(63)	-	(1,296)	(3)	(1,299)
(1,250)	(696)	(201)	(165)	(5,768)	(149)	(5,917)
-	26	-	-	587	(150)	587
-	(2)	-	-	(2)	30	28
-	-	-	-	-	76	76
(3)	(20)	-	-	(193)	-	(193)
-	-	-	-	(1,408)	-	(1,408)
-	-	-	-	-	-	-
13,250	18,470	3,664	1,946	80,300	3,403	83,703
-	248	-	-	1,948	-	1,948
127	722	369	123	2,773	150	2,923
2,959	4,540	1,456	158	50,336	454	50,790

- b. NZ IFRS 8 does not specify the disclosure requirements for a discontinued operation; nevertheless, if the CODM regularly reviews the financial results of the discontinued operation (e.g. until the discontinuance is completed), and the definition of an operating segment is otherwise met, then an entity may need to disclose such information to meet the core principle of NZ IFRS 8. This will depend on the entity's specific facts and circumstances.

Notes to the consolidated financial statements (continued)

6. Operating segments (continued)

C. Reconciliations of information on reportable segments to the amounts reported in the financial statements

	In thousands of New Zealand Dollars	Note	2026	2025 Restated*
NZ IFRS 8.28(a)	i. Revenues			
	Total revenue for reportable segments		115,347	127,557
	Revenue for other segments		2,605	1,871
	Elimination of inter-segment revenue		(7,549)	(9,516)
	Elimination of discontinued operations	7	(7,543)	(23,193)
	Consolidated revenue		102,860	96,719
NZ IFRS 8.28(b)	ii. Profit before tax			
	Total profit before tax for reportable segments		14,245	10,180
	Profit before tax for other segments		771	195
	Elimination of inter-segment profit		(2,263)	(1,349)
	Elimination of discontinued operation	7	162	466
	Unallocated amounts:			
	– Other corporate expenses		(2,564)	(636)
	Consolidated profit before tax from continuing operations		10,351	8,856
NZ IFRS 8.28(c)	iii. Assets			
	Total assets for reportable segments		98,341	80,300
	Assets for other segments		9,059	3,403
	Other unallocated amounts		5,460	6,310
	Consolidated total assets		112,860	90,013
NZ IFRS 8.28(d)	iv. Liabilities			
	Total liabilities for reportable segments		59,374	50,336
	Liabilities for other segments		237	454
	Other unallocated amounts		8,027	3,857
	Consolidated total liabilities		67,638	54,647

* See Notes 6(B), 7 and 43.

Notes to the consolidated financial statements (continued)

6. Operating segments (continued)

C. Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued)

v. Other material items

2026	Reportable segment totals	Adjustments	Consolidated totals
In thousands of New Zealand Dollars			
Interest income	206	3	209
Interest expense	(1,518)	(5)	(1,523)
Capital expenditure	17,368	560	17,928
Depreciation and amortisation	(5,922)	(202)	(6,124)
Change in fair value of biological assets	407	180	587
Government grants	200	38	238
Settlement of pre-existing relationship with acquiree	(326)	-	(326)
Flood-related expenses	(519)	-	(519)
Other material items of income (expense) **	(35)	68	33
Impairment losses on non-financial assets - goodwill	(116)	-	(116)
Reversal of impairment losses on non-financial assets - property, plant and equipment and intangible assets	493	-	493
Impairment losses on trade receivables and contract assets	(211)	-	(211)

2025	Reportable segment totals (restated)*	Adjustments	Consolidated totals
In thousands of New Zealand Dollars			
Interest income	149	2	151
Interest expense	(1,296)	(3)	(1,299)
Capital expenditure	2,773	150	2,923
Depreciation and amortisation	(5,768)	(149)	(5,917)
Change in fair value of biological assets	28	(150)	28
Other material items of income or (expense) **	76	(151)	76
Impairment losses on non-financial assets – property, plant and equipment and intangible assets	(1,408)	-	(1,408)
Impairment losses on trade receivables and contract assets	(193)	-	(193)

* See Notes 6(B), 7, 22 and 43.

** Other material items of income (expense) relate to various items as detailed in Note 9(A) and (B).

D. Geographic information^{a, b}

The Non-recycled Papers, Recycled Papers and Forestry segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in New Zealand, the Netherlands, Germany, the UK and the US.

The geographic information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

NZ IFRS 8.28(e)

NZ IFRS 8.33(a)–(b)

Insights 5.2.220.20 a. In our view, entity-wide disclosures by region (e.g. Europe or Asia) do not meet the requirement to disclose information by individual foreign country (e.g. France, the Netherlands or Singapore) when it is material.

NZ IFRS 8.32, IG5 b. As part of the required 'entity-wide disclosures', an entity discloses revenue from external customers for each product and service, or each group of similar products and services, regardless of whether the information is used by the CODM in assessing segment performance. This disclosure is based on the financial information used to produce the entity's financial statements. The Group has not provided additional disclosures in this regard, because the Group has already met that disclosure requirement by providing the external revenue information in Note 6(B), which has been prepared in accordance with the Standards, and the disaggregated revenue information in Note 8.

Notes to the consolidated financial statements (continued)

6. Operating segments (continued)

D. Geographic information (continued)

i. Revenue

In thousands of New Zealand Dollars	2026	2025 Restated*
New Zealand (of which NZD 4,149 thousand (2025: NZD 12,781 thousand) relates to discontinued packaging operation)	32,338	34,826
All foreign countries		
Germany (of which NZD 1,885 thousand (2025: NZD 6,005 thousand) relates to discontinued packaging operation)	23,556	25,877
Netherlands	22,654	25,641
UK	310	212
US (of which NZD 1,509 thousand (2025: NZD 4,407 thousand) relates to discontinued packaging operation)	21,995	22,733
Other countries	9,550	10,623
Packaging (discontinued)	(7,543)	(23,193)
	102,860	96,719

ii. Non-current assets

In thousands of New Zealand Dollars	2026	2025 Restated*
New Zealand	16,952	16,484
All foreign countries		
Germany	6,104	7,877
Netherlands	9,608	8,986
UK	2,002	1,998
US	7,691	7,807
Other countries	951	992
	43,308	44,144

Non-current assets exclude financial investments (other than equity-accounted investees), deferred tax assets and employee benefit assets.^a

* See Notes 6(B) and 7.

E. Major customer

Revenues from one customer of the Group's Non-recycled Papers and Recycled Papers segments represented approximately NZD 20,000 thousand (2025: NZD 17,500 thousand) of the Group's total revenues.

NZ IFRS 8.34

NZ IFRS 8.24(a),
33(b)

a. The Group has disclosed the equity-accounted investees as the geographic information of non-current assets because they are regularly provided to the CODM. NZ IFRS 8 does not specify which financial instruments are excluded from non-current assets reported in the geographic information.

Notes to the consolidated financial statements (continued)

7. Discontinued operation

See accounting policy in [Note 44\(C\)](#).

In February 2026, the Group sold its entire Packaging segment (see [Note 6](#)). Management committed to a plan to sell this segment early in 2026, following a strategic decision to place greater focus on the Group's key competencies – i.e. the manufacture of paper used in the printing industry, forestry and the manufacture of timber products.

The Packaging segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and OCI has been represented to show the discontinued operation separately from continuing operations.

Subsequent to the disposal, the Group has continued to purchase packaging from the discontinued operation. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the financial statements.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits made before its disposal. Because purchases from the discontinued operation will continue after the disposal, inter-segment purchases made by the continuing operations before the disposal are retained in continuing operations.

A. Results of discontinued operation^a

In thousands of New Zealand Dollars	Note	2026	2025
Revenue		8,483	26,028
Elimination of inter-segment revenue		(940)	(2,835)
External revenue		7,543	23,193
Expenses		(8,641)	(26,486)
Elimination of expenses related to inter-segment sales		936	2,827
External expenses		(7,705)	(23,659)
Results from operating activities		(162)	(466)
Income tax	14(A)	25	44
Results from operating activities, net of tax		(137)	(422)
Gain on sale of discontinued operation		846	-
Income tax on gain on sale of discontinued operation	14(A)	(330)	-
Profit (loss) from discontinued operations, net of tax		379	(422)
Basic earnings (loss) per share (NZD) ^b	11	0.12	(0.14)
Diluted earnings (loss) per share (NZD) ^b	11	0.12	(0.14)

The profit from the discontinued operation of NZD 379 thousand (2025: loss of NZD 422 thousand) is attributable entirely to the owners of the Company. Of the profit from continuing operations of NZD 7,173 thousand (2024: NZD 6,396 thousand), an amount of NZD 6,676 thousand is attributable to the owners of the Company (2025: NZD 6,045 thousand).

NZ IFRS 5.30, 41(a)–(b), 41(d)

NZ IAS 1.98(e)

NZ IFRS 5.33(b)(i)

NZ IFRS 5.33(b)(i)

NZ IFRS 5.33(b)(i)

NZ IFRS 5.33(b)(ii),
NZ IAS 12.81(h)(ii)

NZ IFRS 5.33(b)(iii)

NZ IFRS 5.33(b)(iv),
NZ IAS 12.81(h)(i)

NZ IFRS 5.33(a)

NZ IAS 33.68

NZ IAS 33.68

NZ IFRS 5.33(d)

Insights
5.4.230.40

- a. In our view, considering that NZ IFRS 5 does not specify how the elimination should be attributed to continuing and discontinued operations (see [Note 6\(B\)–\(C\)](#)), an entity may present transactions between the continuing and discontinued operations in a way that reflects the continuance of those transactions, when that is useful to the users of the financial statements. It may be appropriate to present additional disclosure either on the face of the statement of profit or loss and OCI or in the notes. In our experience, if the additional disclosure is provided in the statement of profit or loss and OCI, then judgement may be required over whether the disaggregated information should be presented as part of the statement itself or as an additional disclosure alongside the totals in that statement. Clear disclosure of the approach taken to the elimination of intra-group transactions will be relevant, including an explanation of any additional analysis of discontinued operations in the notes to the statement of profit or loss and OCI.

NZ IAS 33.68

- b. The Group has elected to present basic and diluted EPS for the discontinued operation in the notes. Alternatively, basic and diluted EPS for the discontinued operation may be presented in the statement of profit or loss and OCI.

Notes to the consolidated financial statements (continued)

7. Discontinued operation (continued)

B. Cash flows from (used in) discontinued operation^a

NZ IFRS 5.33(c)

In thousands of New Zealand Dollars	Note	2026	2025
Net cash used in operating activities		(225)	(910)
Net cash from investing activities	7(C)	10,890	-
Net cash flows for the year		10,665	(910)

NZ IAS 7.40(d)

C. Effect of disposal on the financial position of the Group

NZ IAS 7.40(c)

In thousands of New Zealand Dollars	Note	2026
Property, plant and equipment		(7,986)
Inventories		(134)
Trade and other receivables		(3,955)
Cash and cash equivalents		(110)
Deferred tax liabilities		110
Trade and other payables		1,921
Net assets and liabilities		(10,154)

NZ IAS 7.40(a)–(b)

Consideration received, satisfied in cash		11,000
Cash and cash equivalents disposed of		(110)
Net cash inflows	7(B)	10,890

NZ IAS 7.10,
NZ IFRS 5.33(c),
Insights 5.4.220.50

- a. In our view, there are numerous ways in which the requirements of NZ IFRS 5 and NZ IAS 7 on cash flow presentation may be met. The Group has elected to present:
- a statement of cash flows that includes an analysis of all cash flows in total – i.e. including both continuing and discontinued operations; and
 - amounts related to discontinued operations by operating, investing and financing activities in the notes.

Alternatively, cash flows attributable to operating, investing and financing activities of discontinued operations can be presented separately in the statement of cash flows.

Notes to the consolidated financial statements (continued)

8. Revenue (continued)

B. Disaggregation of revenue from contracts with customers

NZ IFRS 15.114–115

In the following table, revenue from contracts with customers (including revenue related to a discontinued operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 6).^{a, b, c}

For the year ended 31 December In thousands of New Zealand Dollars	Reportable segments					
	Non-recycled Papers		Recycled Papers		Packaging (discontinued) ^d	
	2026	2025	2026	2025	2026	2025
Primary geographical markets						
Europe	51,276	54,335	24,290	17,873	6,034	18,786
US	12,832	12,752	6,075	4,189	1,509	4,407
	64,108	67,087	30,365	22,062	7,543	23,193
Major products/service lines						
Standard paper products	48,081	50,315	22,774	16,547	-	-
Made-to-order paper products	16,027	16,772	7,591	5,515	-	-
Forestry services	-	-	-	-	-	-
Timber products	-	-	-	-	-	-
Packaging and other	-	-	-	-	7,543	23,193
	64,108	67,087	30,365	22,062	7,543	23,193
Timing of revenue recognition						
Products transferred at a point in time	48,081	50,315	22,774	16,547	7,543	23,193
Products and services transferred over time	16,027	16,772	7,591	5,515	-	-
Revenue from contracts with customers	64,108	67,087	30,365	22,062	7,543	23,193
Other revenue	4	(2)	2	(2)	-	-
External revenue as reported in Note 6	64,112	67,085	30,367	22,060	7,543	23,193

NZ IFRS 15.115

NZ IFRS 15.114, B87–B89, IE210–IE211

- a. The extent to which an entity's revenue is disaggregated for the purpose of this disclosure depends on the facts and circumstances of the entity's contracts with customers.

In determining the appropriate categories, an entity considers how revenue is disaggregated in:

- disclosures presented outside the financial statements: e.g. earnings releases, annual reports or investor presentations;
- information reviewed by the CODM for evaluating the financial performance of operating segments; and
- other similar information that is used by the entity or users of the entity's financial statements to evaluate performance or make resource allocation decisions.

For example, if in the front part of an annual report an entity provides information about its revenue by type of good or service and by geographic region, then the disclosure in the financial statements needs to provide a consistent disaggregation – i.e. by type of good or service and by geographic region.

Examples of categories that might be appropriate in disclosing disaggregated revenue include, but are not limited to, the following.

TYPE OF CATEGORY	EXAMPLE
Type of good or service	Major product lines
Geographic region	Country or region
Market or type of customer	Government and non-government customers
Type of contract	Fixed-price and time-and-materials contracts
Contract duration	Short-term and long-term contracts
Timing of transfer of goods or services	Goods or services transferred to customers: <ul style="list-style-type: none"> • at a point in time • over time

Forestry		Reportable segments				All other segments		Total	
2026	2025	Timber Products		Total reportable segments		2026	2025	2026	2025
		2026	2025	2026	2025				
3,174	2,821	2,160	2,418	86,934	96,233	1,003	651	87,937	96,884
793	662	540	567	21,749	22,577	251	153	22,000	22,730
3,967	3,483	2,700	2,985	108,683	118,810	1,254	804	109,937	119,614
-	-	-	-	70,855	66,862	-	-	70,855	66,862
-	-	-	-	23,618	22,287	-	-	23,618	22,287
3,967	3,483	-	-	3,967	3,483	-	-	3,967	3,483
-	-	2,700	2,985	2,700	2,985	-	-	2,700	2,985
-	-	-	-	7,543	23,193	1,254	804	8,797	23,997
3,967	3,483	2,700	2,985	108,683	118,810	1,254	804	109,937	119,614
-	-	2,700	2,985	81,098	93,040	831	359	81,929	93,399
3,967	3,483	-	-	27,585	25,770	423	445	28,008	26,215
3,967	3,483	2,700	2,985	108,683	118,810	1,254	804	109,937	119,614
-	-	-	-	6	(4)	460	302	466	298
3,967	3,483	2,700	2,985	108,689	118,806	1,714	1,106	110,403	119,912

TYPE OF CATEGORY	EXAMPLE
Sales channels	Goods or services sold: <ul style="list-style-type: none"> • directly to consumers • through intermediaries

- NZ IFRS 15.112, 114, BC340
- a. Some entities may not be able to meet the objective in paragraph 114 of NZ IFRS 15 for disaggregating revenue by providing segment revenue information and may need to use more than one type of category. Other entities may meet the objective by using only one type of category. Even if an entity uses consistent categories in the segment note and in the revenue disaggregation note, further disaggregation of revenue may be required because the objective of providing segment information under NZ IFRS 8 is different from the objective of the disaggregation disclosure under NZ IFRS 15 and, unlike NZ IFRS 8, there are no aggregation criteria in NZ IFRS 15. Nonetheless, an entity does not need to provide disaggregated revenue disclosures if the information about revenue provided under NZ IFRS 8 meets the requirements of paragraph 114 of NZ IFRS 15 and those revenue disclosures are based on the recognition and measurement requirements in NZ IFRS 15.
- NZ IFRS 15.115
- b. An entity is required to disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue and revenue information that is disclosed for each reportable segment, if the entity applies NZ IFRS 8.
- NZ IFRS 15.114, 5.5B
- c. Although it is not explicitly required to include discontinued operations as part of disaggregation of revenue from contracts with customers, the Group has provided that information.

Notes to the consolidated financial statements (continued)

8. Revenue (continued)

C. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In thousands of New Zealand Dollars	<i>Note</i>	31 December 2026	31 December 2025
Receivables, which are included in 'trade and other receivables'	18	32,092	22,010
Receivables, which are included in 'assets held for sale'	20	3,496	-
Contract assets		1,271	782
Contract liabilities		(160)	(166)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order paper products. The contract assets were impacted by an impairment charge of NZD 4 thousand (2025: NZD 2 thousand). There was no impact on contract assets as a result of an acquisition of the subsidiary (see [Note 34](#)). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

NZ IFRS 15.1 20(b)

The contract liabilities primarily relate to the advance consideration received from customers for construction of storage units and warehouses, for which revenue is recognised over time, and to the unredeemed customer loyalty points. The amount of unredeemed customer loyalty points is NZD 50 thousand (2025: NZD 2 thousand). This will be recognised as revenue when the points are redeemed by customers, which is expected to occur over the next two years.

NZ IFRS 15.116(b)

The amount of NZD 166 thousand included in contract liabilities at 31 December 2025 has been recognised as revenue in 2026 (2025: NZD 140 thousand).

NZ IFRS 15.116(c)

The amount of revenue recognised in 2026 from performance obligations satisfied (or partially satisfied) in previous periods is NZD 8 thousand (2025: NZD 4 thousand). This is mainly due to changes in the estimate of the stage of completion of construction of storage units and warehouses.

NZ IFRS 15.1 21–1 22

No information is provided about remaining performance obligations at 31 December 2026 or at 31 December 2025 that are part of contracts that have an original expected duration of one year or less, as allowed by NZ IFRS 15.

Notes to the consolidated financial statements (continued)

8. Revenue (continued)

D. Performance obligations and revenue recognition policies^a

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. For the accounting policy for onerous contracts, see [Note 44\(T\)](#).

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Standard paper products	<p>Customers obtain control of standard paper products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30 days. No discounts are provided for standard paper products, but customers may earn loyalty points instead (see Loyalty programme).</p> <p>Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.</p>	<p>Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.</p> <p>For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.</p> <p>Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of paper, size, finish etc. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.</p> <p>The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (see Note 29) and the right to recover returned goods asset is included in inventory (see Note 17). The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.</p>

NZ IFRS 15.119, 123–126, NZ IAS 1.122

^a NZ IAS 1.117–117E. The Group presents material accounting policies related to revenue from contracts with customers in the 'revenue' note, rather than in a separate note with other material accounting policies (see [Note 44](#)). Other approaches to presenting accounting policies may be acceptable.

Notes to the consolidated financial statements (continued)

8. Revenue (continued)

D. Performance obligations and revenue recognition policies (continued)

NZ IFRS 15.119,
123– 126, NZ IAS
1.122

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Made-to-order paper products	<p>The Group has determined that for made-to-order paper products, the customer controls all of the work in progress as the products are being manufactured. This is because under those contracts paper products are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin.</p> <p>Invoices are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets. Customers may earn loyalty points (see Loyalty programme).</p>	<p>Revenue and associated costs are recognised over time – i.e. before the goods are delivered to the customers' premises. Progress is determined based on the cost-to-cost method because the customer obtains control of the work in progress as the made-to-order paper products are being manufactured, and the cost measure faithfully depicts the transformation of the work in progress.</p>
Timber products	<p>Customers obtain control of timber products when the goods are dispatched from the Group's warehouse. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 30 days. No discounts, loyalty points or returns are offered for timber products.</p>	<p>Revenue is recognised when the goods are dispatched from the Group's warehouse.</p>
Loyalty programme	<p>Customers who purchase paper products may enter the Group's customer loyalty programme and earn points that are redeemable against any future purchases of the Group's products. The points accumulate and do not expire.</p>	<p>The Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote.</p> <p>The deferred revenue is included in contract liabilities.</p>

Notes to the consolidated financial statements (continued)

8. Revenue (continued)

D. Performance obligations and revenue recognition policies (continued)

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Managing forest resources services and related services	Invoices for forestry services are issued on a monthly basis and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.
Construction contracts	The Group builds storage units and warehouses for customers in the Timber Products segment based on their designs and on their land. Each project commences on receipt of a full prepayment from a customer and its length depends on the complexity of the design. However, projects usually do not extend beyond six months.	Revenue is recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

NZ IFRS 15.119,
123–126, NZ IAS
1.122

Notes to the consolidated financial statements (continued)

9. Income and expenses

A. Other income

In thousands of New Zealand Dollars

	Note	2026	2025
Change in fair value of biological assets	16(A)	587	28
Increase in fair value of investment property	23(A)	20	60
Government grants	30(A), (C), (D)	238	-
Gain on sale of property, plant and equipment	37(B)(i)	48	16
		893	104

B. Other expenses^a

In thousands of New Zealand Dollars

	Note	2026	2025
Impairment loss on goodwill ^b	22(C)	116	-
Impairment loss on remeasurement of the disposal group	20(A)	35	-
Settlement of pre-existing relationship with acquiree	34(A)	326	-
Flood-related expenses		519	-
		996	-

C. Expenses by nature

In thousands of New Zealand Dollars

	Note	2026	2025 Restated*
Changes in inventories of finished goods and work in progress		472	(343)
Raw materials and consumables		42,104	43,208
Employee benefits	13(E)	22,154	19,439
Depreciation and amortisation	21(A), 22(A)	6,124	5,917
(Reversal of) impairment of property, plant and equipment and intangible assets	21(B), 22(C)	(493)	1,408
Consultancy		4,866	2,732
Fees paid to the auditors		3,650	3,142
Advertising		2,550	2,650
Maintenance		9,023	6,815
Lease expense		145	209
Other	37(A)(ii)	2,000	1,999
Total cost of sales, selling and distribution, administrative and research and development expenses		92,595	87,176

D. Fees paid to the auditor^{**}

During the year, the following fees were paid or payable for services provided by the auditor of the Group, its related practices and other network audit firms.

In thousands of New Zealand Dollars

	2026	2025
Audit and review of the Financial Statements of the Group and its subsidiaries:		
– Group audit: KPMG New Zealand	2,000	1,900
– Network firms of the auditor	920	832
Total	2,920	2,732
Other assurance services and other agreed-upon procedures engagements		
– Adherence to cyber security procedures (assurance engagement)	470	410
– Health and safety (agreed-upon procedures engagement)	260	-
Total^c	730	410
Total fees incurred for services provided by the audit firm	3,650	3,142

* See Note 43.

** Illustrative disclosure assumes that the Group did not incur any fees for "taxation services" or "other services" therefore these categories are not included.

NZ IAS 1.97

NZ IAS 41.40

NZ IAS 40.7 6(d)

NZ IAS 20.29

NZ IAS 1.98(c)

NZ IAS 1.97

NZ IFRS 5.41(c)

NZ IAS 1.87

NZ IAS 1.104

NZ IAS 1.104

NZ IAS 1.104

NZ FRS 44.8.3(a)

NZ FRS 44.8.9-15

NZ FRS 44.8.3(b)

NZ FRS 44.8.23-27

NZ FRS 44 RDR8.3A

Notes to the consolidated financial statements (continued)

10. Net finance costs

See accounting policies in Notes 44(H) and (P).

NZ IAS 1.97	Note	2026	2025
	Interest income under the effective interest method on: ^d		
NZ IFRS 7.20(b)	– Corporate debt securities – at FVOCI	8	27
NZ IFRS 7.20(b)	– Corporate debt securities – at amortised cost	169	113
NZ IFRS 7.20(b)	– Cash and cash equivalents	1	1
NZ IFRS 16.90(a)(ii)	Interest income on lease receivable	31	10
	Total interest income arising from financial assets	209	151
NZ IFRS 3.B64(p)(ii)	Remeasurement to fair value of pre-existing interest in an acquiree	34(D) 250	-
	Dividend income:		
NZ IFRS 7.11A(d)	– Equity securities – at FVOCI – investments held at the reporting date	25 26	32
NZ IFRS 7.20(a)(viii)	Gain on derecognition reclassified from OCI :		
	– Corporate debt securities – at FVOCI	64	-
NZ IFRS 7.20(a)(i)	Financial assets at FVTPL – net change in fair value:		
NZ IFRS 7 RDR20.1	– Mandatorily measured at FVTPL – held for trading	74	-
	– Mandatorily measured at FVTPL – other	508	264
	Finance income – other	922	296
	Finance costs – impairment loss on debt securities (net of reversals)	32(C)(ii) (59)	(13)
NZ IAS 1.82(ba)	Financial liabilities not measured at FVTPL – interest expense ^e Net	(1,523)	(1,299)
NZ IFRS 7.20(b), 7.IG13	foreign exchange loss	(186)	(250)
NZ IAS 21.52(a)	Cash flow hedges – reclassified from OCI including costs of hedging reserve	32(C)(iv) 17	12
NZ IAS 37.84(e)	Unwind of discount on site restoration provision	31(C)(i) (60)	(50)
NZ IFRS 7.20(a)(i), NZ IFRS 7 RDR20.1	Change in fair value of contingent consideration	32(B)(iii) (20)	-
NZ IFRS 7.24C(b)(ii)	Cash flow hedges – ineffective portion of changes in fair value	32(C)(v) (51)	(16)
NZ IFRS 7.24C(b)(ii)	Net investment hedge – ineffective portion of changes in fair value	(1)	-
NZ IFRS 7.20(a)(i), NZ IFRS 7 RDR20.1	Financial assets at FVTPL – net change in fair value:		
	– Mandatorily measured at FVTPL – held for trading	-	(19)
	Finance costs – other	(1,824)	(1,622)
	Net finance costs recognised in profit or loss	(752)	(1,188)

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NZ IAS 36.126,
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3.10.410.20

NZ IFRS 44 RDR8.3A

NZ IFRS 7.20(b),
NZ IAS 1.97
NZ IAS 32.40
NZ IFRS 7.IG13

- a. There is no guidance in NZ IFRS on how specific expenses are allocated to functions. An entity establishes its own definitions of functions. In our view, cost of sales includes only costs directly related to the provision of goods or services for which the entity recognises revenue. Only expenses that cannot be allocated to a specific function are classified as 'other expenses'.
- b. The Group has classified expenses by function and has therefore allocated the impairment loss to the appropriate function. In our view, in the rare case that an impairment loss cannot be allocated to a function, it should be included in 'other expenses' as a separate line item if it is significant (e.g. impairment of goodwill), with additional information given in a note.
- c. Tier 2 entities only have to disclose the total fees incurred for all other services provided with a general description of the services.
- d. Under NZ IFRS 7 an entity is required to disclose the total interest income (calculated under the effective interest method) for financial assets that are measured at amortised cost or at FVOCI – showing these amounts separately.
- e. The Group has grouped interest expense on lease liabilities and dividends classified as an expense with interest expense on financial liabilities not measured at FVTPL. Alternatively, they may be presented as a separate item. If there are differences between interest and dividends with respect to matters such as tax deductibility, then it is desirable to disclose them separately.

Notes to the consolidated financial statements (continued)

11. Earnings per share

A. Basic earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

NZ IAS 33.70(a)

i. Profit (loss) attributable to ordinary shareholders (basic)

In thousands of New Zealand Dollars	2026			2025			
	Note	Continuing operations	Discontinued operation	Total	Continuing operations (restated)*	Discontinued operation (restated)*	Total (restated)*
Profit (loss) for the year, attributable to the owners of the Company		6,676	379	7,055	6,045	(422)	5,623
Dividends on non-redeemable preference shares	26(C)	(438)	-	(438)	(438)	-	(438)
Profit (loss) attributable to ordinary shareholders		6,238	379	6,617	5,607	(422)	5,185

* See Notes 7 and 43.

NZ IAS 33.70(b)

ii. Weighted-average number of ordinary shares (basic)^a

In thousands of shares	Note	2026	2025
Issued ordinary shares at 1 January	26(A)(i)	3,100	3,100
Effect of treasury shares held	26(B)(vii)	(49)	(40)
Effect of share options exercised	26(A)(i)	3	-
Effect of shares issued related to a business combination	26(A)(i)	6	-
Effect of shares issued in October 2026	26(A)(i)	23	-
Weighted-average number of ordinary shares at 31 December		3,083	3,060

B. Diluted earnings per share

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

NZ IAS 33.70(a)

i. Profit (loss) attributable to ordinary shareholders (diluted)

In thousands of New Zealand Dollars	2026			2025			
	Note	Continuing operations	Discontinued operation	Total	Continuing operations (restated)*	Discontinued operation (restated)*	Total (restated)*
Profit (loss) attributable to ordinary shareholders (basic)		6,238	379	6,617	5,607	(422)	5,185
Interest expense on convertible notes, net of tax	28(C)-(D)	61	-	61	-	-	-
Profit (loss) attributable to ordinary shareholders (diluted)		6,299	379	6,678	5,607	(422)	5,185

* See Notes 7 and 43.

a. In addition to disclosing the weighted-average number of ordinary shares used as a denominator in calculating basic EPS, the Group has disclosed information to show how the number is calculated. This information is not specifically required by NZ IAS 33 Earnings per Share – it is provided for illustrative purposes only.

Notes to the consolidated financial statements (continued)

11. Earnings per share (continued)

B. Diluted earnings per share (continued)

II. Weighted-average number of ordinary shares (diluted)

In thousands of shares	Note	2026	2025
Weighted-average number of ordinary shares (basic)		3,083	3,060
Effect of conversion of convertible notes	28(C)-(D)	101	-
Effect of share options on issue		47	18
Weighted-average number of ordinary shares (diluted) at 31 December		3,231	3,078

At 31 December 2026, 135,000 options (2024: 44,000) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.^a

NZ IAS 33.70(b)

NZ IAS 33.70(c)

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Notes to the consolidated financial statements (continued)

12. Share-based payment arrangements

See accounting policy in [Note 44\(E\)\(ii\)](#).

A. Description of share-based payment arrangements

At 31 December 2026, the Group had the following share-based payment arrangements.

I. Share option programmes (equity-settled)

On 1 January 2022 and 1 January 2025, the Group established share option programmes that entitle key management personnel to purchase shares in the Company. On 1 January 2026, a further grant on similar terms was offered to key management personnel and senior employees. Under these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at grant date. Currently, these programmes are limited to key management personnel and other senior employees.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions	Contractual life of options
Options granted to key management personnel			
On 1 January 2022	400	3 years' service from grant date and 5% increase in operating income in each of the 3 years	7 years
On 1 January 2025	200	Same as above	10 years
On 1 January 2026	225	Same as above	10 years
Options granted to senior employees			
On 1 January 2026	100	3 years' service from grant date	10 years
Total share options	925		

II. Replacement awards (equity-settled)

In connection with the acquisition of Papyrus, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus for 150,000 equity-settled share-based payment awards of the Company with a contractual life of nine years from the vesting date (see [Note 34\(A\)\(ii\)](#)).

III. Share purchase plan (equity-settled)

On 1 January 2026, the Group offered 26 of its employees the opportunity to participate in an employee share purchase plan. To participate in the plan, the employees are required to save an amount of 5 percent of their gross monthly salary, up to a maximum of NZD 300 per month, for a period of 36 months. Under the terms of the plan, at the end of the 36-month period the employees are entitled to purchase shares using funds saved at a price of 20 percent below the market price at grant date. Only employees who remain in service and save the required amount of their gross monthly salary for 36 consecutive months will become entitled to purchase the shares. Employees who cease their employment, do not save the required amount of their gross monthly salary in any month before the 36-month period expires, or elect not to exercise their options to purchase shares will be refunded their saved amounts. The arrangement includes a dividend protection feature, preventing any decline in the value of the option caused by the payment of a dividend.

IV. Share appreciation rights (cash-settled)

On 1 January 2021 and 1 January 2026, the Group granted 100,000 and 300,000 share appreciation rights (SARs), respectively, to employees that entitle them to a cash payment after three years of service. The SARs expire at the end of a five-year period after grant date. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

NZ IFRS 2.44–45(a), 50,
NZ IFRS 2.RDR 50.1

Notes to the consolidated financial statements (continued)

12. Share-based payment arrangements (continued)

A. Description of share-based payment arrangements (continued)

iv. Share appreciation rights (cash-settled) (continued)

Details of the liabilities arising from the SARs were as follows.

In thousands of New Zealand Dollars

	Note	2026	2025
Total carrying amount of liabilities for SARs	13	440	380
Total intrinsic value of liabilities for vested benefits		-	380

NZ IFRS 2.51(b)(i),
NZ IFRS 2.RDR 50.1
NZ IFRS 2.51(b)(ii)

The liabilities at 31 December 2025 were settled during 2026.

B. Measurement of fair values

I. Equity-settled share-based payment arrangements

NZ IFRS 2.46, 47(a)(i),
47(a)(iii)
NZ IFRS 2.RDR 46.1

The fair value of the employee share purchase plan (see (A)(iii)) has been measured using a Monte Carlo simulation. The fair value of the employee share options (see (A)(i) and (A)(ii)) has been measured using the Black-Scholes model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

NZ IFRS 2.47(a)(iii)

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

	Share option programmes				
	Key management personnel (see (A)(i))		Senior employees (see (A)(i))	Replacement awards (see (A)(ii))	Share purchase plan (see (A)(iii))
	2026	2025	2026	2026	2026
Fair value at grant date	NZD 3.54	NZD 3.72	NZD 3.14	NZD 3.81	NZD 4.02
Share price at grant date	NZD 10.10	NZD 10.50	NZD 10.10	NZD 10.30	NZD 10.10
Exercise price	NZD 10.10	NZD 10.50	NZD 10.10	NZD 10.30	NZD 8.08
Expected volatility (weighted average)	46.6%	48.7%	45.7%	52.0%	46.1%
Expected life (weighted average)	8.6 years	8.8 years	5.4 years	5.9 years	3.0 years
Expected dividends	3.2%	3.2%	3.2%	3.2%	N/A
Risk-free interest rate (based on government bonds)	1.0%	0.2%	0.9%	1.5%	0.8%

NZ IFRS 2.47(a)(i)

NZ IFRS 2.47(a)(ii)

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

At 31 December 2026, a total amount of NZD 78 thousand was invested by the participants in the share purchase plan (see Note 40(B)(i)) and has been included in 'trade and other payables' (see Note 29).

Notes to the consolidated financial statements (continued)

12. Share-based payment arrangements (continued)

B. Measurement of fair values (continued)

ii. Cash-settled share-based payment arrangement^a

The fair value of the SARs (see Note 12(A)(iv)) has been measured using the Black-Scholes model. Service and non-market performance conditions attached to the arrangement were not taken into account in measuring fair value.

The inputs used in the measurement of the fair values at grant date and measurement date of the SARs were as follows.

	Grant date 1 January 2026	Measurement date 31 December 2026
Fair value	NZD 2.82	NZD 4.40
Share price	NZD 10.10	NZD 12.70
Exercise price	NZD 10.10	NZD 10.10
Expected volatility (weighted-average)	46.4%	48.5%
Expected life (weighted-average)	3.2 years	2.8 years
Expected dividends	3.2%	3.3%
Risk-free interest rate (based on government bonds)	0.8%	1.6%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

C. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes (see Note 12(A)(ii)) and replacement awards (see Note 12(A)(iii)) were as follows.

In thousands of options	2026		2025	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Outstanding at 1 January	550	NZD 10.18	400	NZD 10.00
Forfeited during the year	(50)	NZD 10.00	(50)	NZD 10.00
Exercised during the year	(5)	NZD 10.00	-	-
Granted during the year	505	NZD 10.04	200	NZD 10.50
Outstanding at 31 December	1,000	NZD 10.12	550	NZD 10.18
Exercisable at 31 December	295	NZD 10.00	350	NZD 10.00

The options outstanding at 31 December 2026 had an exercise price in the range of NZD 8.08 to NZD 10.50 (2025: NZD 10.00 to NZD 10.50) and a weighted-average remaining contractual life of 6.4 years (2025: 5.2 years).

The weighted-average share price at the date of exercise for share options exercised in 2026 was NZD 10.70 (2025: no options exercised).

D. Expense recognised in profit or loss

For details of the related employee benefit expenses, see Note 13(E).

NZ IFRS 2.33A
NZ IFRS RDR 46.2

NZ IFRS 2.52

NZ IFRS 2.45(b)

NZ IFRS 2.45(b)(i)

NZ IFRS 2.45(b)(iii)

NZ IFRS 2.45(b)(iv)

NZ IFRS 2.45(b)(ii)

NZ IFRS 2.45(b)(vi)

NZ IFRS 2.45(b)(vii)

NZ IFRS 2.45(d)

NZ IFRS 2.45(c)

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^a. Although it is not specifically required by NZ IFRS 2, the Group has disclosed information about the fair value measurement of its SARs. In our view, these disclosures should be provided for cash-settled share-based payments. For awards granted during the period, disclosures about fair value measurement at grant date and at the reporting date should be given; for awards granted in previous periods but unexercised at the reporting date, disclosures about fair value measurement at the reporting date should be given.

Notes to the consolidated financial statements (continued)

13. Employee benefits

See accounting policies in [Note 44\(E\)](#).

In thousands of New Zealand Dollars

	<i>Note</i>	2026	2025
Net defined benefit asset		(671)	(731)
Total employee benefit asset		(671)	(731)
Net defined benefit liability		285	280
Liability for social security contributions		8	5
Liability for long-service leave		199	176
Cash-settled share-based payment liability	<i>12</i>	440	380
Total employee benefit liabilities		932	841
Non-current		912	453
Current ^a		20	388
		932	841

For details on the related employee benefit expenses, see [Note 13\(E\)](#).

The Group contributes to the following post-employment defined benefit plans in [Countries X and Y].

- Plan A entitles a retired employee to receive an annual pension payment. Directors and executive officers (see [Note 40\(B\)\(i\)](#)) retire at age 60 and are entitled to receive annual payments equal to 70 percent of their final salary until the age of 65, at which time their entitlement falls to 50 percent of their final salary. Other retired employees are entitled to receive annual payments equal to 1/60 of final salary for each year of service that the employee provided.
- Plan B reimburses certain medical costs for retired employees.

The defined benefit plans are administered by a single pension fund that is legally separated from the Group. The board of the pension fund comprises three employee and two employer representatives and an independent chair. The board of the pension fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

A. Funding

Plan A is fully funded by the Group's subsidiaries, except for the obligation for directors and executive officers, which is funded by the Company. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of Plan A is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in (D). Employees are not required to contribute to the plans. Plan B is unfunded.

The Group has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements (including minimum funding requirements for Plan A) for the plans of the respective jurisdictions, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. This determination has been made on a plan-by-plan basis. As such, no decrease in the defined benefit asset was necessary at 31 December 2026 or 31 December 2025.

The Group expects to pay NZD 350 thousand in contributions to its defined benefit plans in 2027.

NZ IFRS 2.51(b)(i) NZ
IFRS 2.RDR.50.1(b)

NZ IAS 19.139(a)

NZ IAS 19.139(b)

NZ IAS 19.147(a)

NZ IAS 19.147(b)

NZ IAS 1.69,
19.133

- a. Although it is not required to distinguish the current and non-current portions of assets and liabilities arising from post-employment benefits, the Group distinguishes between the current and non-current portions of obligations arising from long-term employee benefits if it does not have the right to defer settlement of the liability at least 12 months from the reporting date.

Notes to the consolidated financial statements (continued)

13. Employee benefits (continued)

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.^a

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	2026	2025	2026	2025	2026	2025
<i>In thousands of New Zealand Dollars</i>						
NZ IAS 19.140						
Balance at 1 January	7,057	6,718	(7,508)	(7,162)	(451)	(444)
Included in profit or loss^b						
NZ IAS 19.141(a)	497	456	-	-	497	456
NZ IAS 19.141(d)	(100)	-	-	-	(100)	-
NZ IAS 19.141(b)	360	322	(383)	(344)	(23)	(22)
	757	778	(383)	(344)	374	434
Included in OCI^b						
NZ IAS 19.141(c)						
Remeasurement loss (gain):						
– Actuarial loss (gain) arising from:						
NZ IAS 19.141(c)(ii)	(31)	4	-	-	(31)	4
NZ IAS 19.141(c)(iii)	(21)	8	-	-	(21)	8
	(30)	6	-	-	(30)	6
– Return on plan assets excluding interest income	-	-	10	(3)	10	(3)
NZ IAS 19.141(e)	21	(1)	76	(1)	97	(2)
Effect of movements in exchange rates ^c						
	(61)	17	86	(4)	25	13
Other						
NZ IAS 19.141(f), NZ IAS 19.RDR 141.1	-	-	(325)	(403)	(325)	(403)
NZ IAS 19.141(g), NZ IAS 19.RDR 141.1	(433)	(456)	424	405	(9)	(51)
	(433)	(456)	99	2	(334)	(454)
NZ IAS 19.140						
Balance at 31 December	7,320	7,057	(7,706)	(7,508)	(386)	(451)
Represented by:						
<i>In thousands of New Zealand Dollars</i>					2026	2025
Net defined benefit asset (Plan A)					(671)	(731)
Net defined benefit liability (Plan B)					285	280
					(386)	(451)

NZ IAS 19.139(c)

During 2026, the pension arrangements for a number of employees in New Zealand were adjusted to reflect new legal requirements in that country regarding the retirement age. As a result of the plan amendment, the Group's defined benefit obligation decreased by NZD 100 thousand (2025: nil). A corresponding past service credit was recognised in profit or loss during 2026.

NZ IAS 19.138

a. The Group has more than one defined benefit plan and has generally provided aggregated disclosures in respect of these plans, on the basis that they are not exposed to materially different risks. Further disaggregation of some or all of the disclosures – e.g. by geographic locations or by different characteristics – would be required if this were not the case.

b. Although it is not specifically required by NZ IAS 19 *Employee Benefits*, the Group has disclosed the subtotals of items recognised in profit or loss and OCI. This disclosure is provided for illustrative purposes only.

NZ IAS 21.39, Insights 4.4, 1010

c. A net obligation under a defined benefit plan may be denominated in a foreign currency from the point of view of the sponsor's financial statements. In our view, in that case the net defined benefit liability (asset) should first be calculated in the currency in which it is denominated, and the resulting net amount should then be translated into the sponsor's functional currency. As a result, the foreign exchange gain or loss arising on translation will be recognised together with other foreign exchange gains and losses, rather than as part of the IAS 19 remeasurement. This is different from the situation illustrated above. In this case, the sponsor of the plan is a foreign subsidiary, and therefore the translation difference is recognised in OCI in the usual way.

Notes to the consolidated financial statements (continued)

13. Employee benefits (continued)

C. Plan assets

Plan assets comprise the following.

NZ IAS 19.142

In thousands of New Zealand Dollars

2026

2025

NZ IAS 19.142(b),
NZ IAS 19.RDR 142.1

Equity securities:

– Consumer markets	1,725	1,842
– Pharmaceuticals	602	555
– Oil and gas	218	239
– Telecoms	343	260
– Financial institutions	213	561
	3,101	3,457

NZ IAS 19.142(c),
NZ IAS 19.RDR 142.1

Government bonds

3,587 3,254

NZ IAS 19.142(e),
NZ IAS 19.RDR 142.1

Derivatives:

– Interest rate swaps	29	37
– Forward foreign currency contracts	185	70
– Longevity swaps	97	39
	311	146

NZ IAS 19.143

Property occupied by the Group

525 497

NZ IAS 19.143

Company's own ordinary shares

182 154

7,706 7,508

NZ IAS 19.142

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by New Zealand governments and are rated AAA or AA, based on [Rating Agency Y] ratings.

NZ IAS 19.146

At each reporting date, an Asset-Liability Matching study is performed by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the pension fund can be summarised as follows:

- a strategic asset mix comprising 40–50 percent equity securities, 40–50 percent government bonds and 0–15 percent other investments;
- interest rate risk is managed with the objective of reducing the cash flow interest rate risk by 40 percent through the use of debt instruments (government bonds) and interest rate swaps;
- currency risk is managed with the objective of reducing the risk by 30 percent through the use of forward foreign currency contracts; and
- longevity risk is managed with the objective of reducing the risk by 25 percent through the use of longevity swaps.

D. Defined benefit obligation

I. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

NZ IAS 1.125, 19.144,
NZ IAS 19.RDR 144.1

	2026	2025
Discount rate	5.1%	4.8%
Future salary growth	2.5%	2.5%
Future pension growth	3.0%	2.0%
Medical cost trend rate	4.5%	4.0%

Notes to the consolidated financial statements (continued)

13. Employee benefits (continued)

D. Defined benefit obligation

I. Actuarial assumptions

Assumptions regarding future longevity have been based on published statistics and mortality tables. The current longevity underlying the values of the defined benefit obligation at the reporting date were as follows.

	2026		2025	
	Plan A	Plan B	Plan A	Plan B
Longevity at age 65 for current pensioners				
Males	18.5	18.2	18.3	18.0
Females	21.0	19.0	21.0	18.8
Longevity at age 65 for current members aged 45				
Males	19.2	19.0	19.0	18.7
Females	22.9	20.5	22.9	20.0

At 31 December 2026, the weighted-average duration of the defined benefit obligation was 17.5 years (2025: 17.1 years).

II. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Effect in thousands of <i>New Zealand Dollars</i>	31 December 2026		31 December 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(338)	354	(335)	350
Future salary growth (1% movement)	187	(176)	180	(172)
Future pension growth (1% movement)	181	(173)	175	(168)
Medical cost trend rate (1% movement)	389	(257)	380	(250)
Future mortality (1% movement)	(73)	69	(70)	67

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

E. Employee benefit expenses

In thousands of <i>New Zealand Dollars</i>	Note	2026	2025
Wages and salaries		18,286	16,229
Social security contributions		1,468	1,267
Contributions to defined contribution plans		455	419
Termination benefits	31(B)	350	450
Expenses related to post-employment defined benefit plans	13(B)	374	434
Expenses related to long-service leave		26	12
Equity-settled share-based payments	12	755	248
Cash-settled share-based payments ^a	12	440	380
	9(C)	22,154	19,439

NZ IAS 1.125, 19.144

NZ IAS 19.RDR 144.1

NZ IAS 19.147(c)

NZ IAS 1.125, 129, 19.145

NZ IAS 19.53

NZ IFRS 2.51(a),
NZ IFRS 2
RDR 50.1(a)

NZ IFRS 2.IG1 9, BC252–BC255, Insights 4.5.970.20 ^a. The Group has included the remeasurement of the liability in relation to its cash-settled share-based payment arrangement in 'employee benefit expenses'. Alternatively, in our view an entity may include the amount in 'finance income' or 'finance costs'.

Notes to the consolidated financial statements (continued)

14. Income taxes^a

See accounting policy in Note 44(I).

A. Amounts recognised in profit or loss^b

In thousands of New Zealand Dollars

	2026	2025 Restated*
Current tax expense		
Current year		
– Corporate income tax	2,931	3,594
– Global minimum top-up tax (see Note 14(K))	132	144
Changes in estimates related to prior years	116	(178)
	3,179	3,560
Deferred tax expense		
Origination and reversal of temporary differences	77	(865)
Reduction in tax rate	(15)	(5)
Recognition of previously unrecognised tax losses (see Note 14(I))	(50)	(240)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	(13)	10
	(1)	(1,100)
	3,178	2,460

* See Notes 7 and 43.

'Tax expense on continuing operations' excludes the Group's share of the tax expense of equity-accounted investees^c of NZD 492 thousand (2025: NZD 261 thousand), which has been included in 'share of profit of equity-accounted investees, net of tax'. The amount also excludes the tax income from the discontinued operation of NZD 25 thousand (2025: NZD 44 thousand) and the tax expense on the gain on sale of the discontinued operation of NZD 330 thousand (2025: nil); both of these have been included in 'profit (loss) from discontinued operation, net of tax' (see Note 7).

In December 2026, a new corporate tax law was enacted in France. Consequently, as of 1 July 2027, the corporate tax rate in France will be reduced from 30 to 29 percent. This change resulted in a gain of NZD 15 thousand related to the remeasurement of deferred tax assets and liabilities of the Group's French subsidiary, Baguette S.A., being recognised during the year ended 31 December 2026. In addition, on 23 March 2027, an increase in the corporate tax rate in the Netherlands from 25 to 30 percent was substantively enacted, effective from 1 January 2028. This increase does not affect the amounts of current or deferred income taxes recognised at 31 December 2026. However, this change will increase the Group's future current tax charge accordingly. If the new tax rate were applied to calculate taxable temporary differences and tax losses recognised as at 31 December 2026, then the net deferred tax assets would increase by NZD 27 thousand.

In December 2025, numerous changes to the tax law were enacted in Denmark, including a decrease in the corporate tax rate from 35 to 21 percent. This change resulted in a gain of NZD 5 thousand related to the remeasurement of deferred tax assets and liabilities of the Group's consolidated Danish entity, Mermaid A/S, being recognised during the year ended 31 December 2025.

- The changes in tax laws and the tax rates disclosed or applied throughout this guide to calculate the tax impact amounts are for illustrative purposes only and do not reflect actual changes in tax laws or corporate tax rates in the respective jurisdictions. In practice, the applicable changes in tax laws need to be considered and tax rates of the respective entities need to be used. All tax impacts in this guide are calculated using the Company's domestic tax rate of 33 percent, except for global minimum top-up tax.
- The Group has allocated the entire amount of current income tax related to cash contributions to funded post-employment benefit plans to profit or loss because the cash contributions relate primarily to service costs. In our view, the allocation of the current income tax effect to profit or loss and OCI should reflect the nature of the cash contribution, unless it is impracticable to identify whether the cost to which the funding relates affects profit or loss or OCI. We believe that if the nature of the cash contribution is unclear, then an entity may choose an accounting policy, to be applied consistently, based on one of three specific approaches. For further information about the three approaches, see [Insights into IFRS](#) 3.13.580.30.
- Although it is not specifically required, the Group has disclosed the share of tax of equity-accounted investees. This disclosure is provided for illustrative purposes only.

NZ IAS 12.80(a)

NZ IAS 12.88(B)

NZ IAS 12.80(b)

NZ IAS 12.80(c)

NZ IAS 12.80(d)

NZ IAS 12.80(f)

NZ IAS 12.80(f)–(g)

NZ IAS 1 2.81(h)(i)–(ii)

NZ IAS 10.22(h),
12.81(d), 88

NZ IAS 12.81(d)

Insights
3.1 3.580.20–80

Notes to the consolidated financial statements (continued)

14. Income taxes (continued)

B. Amounts recognised in OCI

	2026			2025 Restated		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>In thousands of New Zealand Dollars</i>						
Items that will not be reclassified to profit or loss						
Revaluation of property, plant and equipment	200	(66)	134	-	-	-
Remeasurements of defined benefit liability (asset)	72	(24)	48	(15)	5	(10)
Equity investments at FVOCI – net change in fair value	141	(47)	94	59	(19)	40
Equity-accounted investees – share of OCI	15	(48)	15	(3)	-	(3)
	428	(137)	291	41	(14)	(27)
Items that are or may be reclassified subsequently to profit or loss						
Foreign operations – foreign currency translation differences	679	-	679	471	-	471
Net investment hedge	(3)	-	(3)	(8)	-	(8)
Cash flow hedges reserve:						
– Effective portion of changes in fair value	(62)	21	(41)	95	(30)	65
– Net amount reclassified to profit or loss	(31)	10	(21)	(12)	4	(8)
Cost of hedging reserve:						
– Net change in fair value	34	(12)	22	10	(3)	7
– Net amount reclassified to profit or loss	8	(3)	5	2	-	2
Debt investments at FVOCI:						
– Net change in fair value	54	(18)	36	60	(19)	41
– Net amount reclassified to profit or loss	(64)	21	(43)	-	-	-
Reclassification of foreign currency differences on loss of significant influence	(20)	-	(20)	-	-	-
Equity-accounted investees – share of OCI	(172)	-	(172)	(166)	-	(166)
	423	19	442	452	(48)	404
	851	(118)	733	493	(62)	431

NZIAS 12.RDR 81.1^a

NZIAS 12.RDR 81.1 ^a. Tier 2 entities applying RDR are not required to disclose the amount of income tax relating to each component of other comprehensive income. NZ IAS 12. RDR 81.1 requires the Tier 2 entity to disclose the aggregate amount of current and deferred income tax relating to items recognised in other comprehensive income.

Notes to the consolidated financial statements (continued)

14. Income taxes (continued)

C. Imputation credits

In thousands of New Zealand Dollars

2026 2025

Imputation credits available for use in subsequent reporting periods 3,484 (1,471)

D. Amounts recognised directly in equity

<i>In thousands of New Zealand Dollars</i>	2026			2025		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Convertible notes	163	(54)	109	-	-	-
Share-based payments	-	-	-	-	2	2

For amounts recognised directly in equity relating to correction of an error – see [Note 43](#).

E. Reconciliation of effective tax rate^{a, b}

<i>In thousands of New Zealand Dollars</i>	2026		2025 Restated*	
Profit before tax from continuing operations		10,351		8,856
Tax using the Company's domestic tax rate	33.00%	3,416	33.00%	2,922
Effect of tax rates in foreign jurisdictions	(0.71%)	(73)	(0.55%)	(49)
Current tax expense related to global minimum top-up tax (see Note 14(K)) ^c	1.28%	(132)	1.63%	144
Reduction in tax rate	(0.14%)	(15)	(0.06%)	(5)
Tax effect of:				
Share of profit of equity-accounted investees reported, net of tax	(3.64%)	(377)	(2.19%)	(194)
Non-deductible expenses	1.09%	113	0.41%	36
Tax-exempt income	(0.23%)	(24)	(0.56%)	(50)
Tax incentives	(0.85%)	(88)	(0.71%)	(63)
Current-year losses for which no deferred tax asset is recognised	0.40%	41	1.43%	127
Recognition of previously unrecognised tax losses (see Note 14(I))	(0.48%)	(50)	(2.71%)	(240)
Recognition of previously unrecognised (derecognition of previously recognised) deductible temporary differences	(0.13%)	(13)	0.11%	10
Changes in estimates related to prior years	1.12%	116	(2.02%)	(178)
	30.70%	3,178	27.78%	2,460

* See [Notes 7](#) and [43](#).

- [NZ IAS 12.85](#) a. The Group's reconciliation of the effective tax rate is based on its domestic tax rate, with a reconciling item in respect of tax rates applied by Group companies in other jurisdictions. The reconciliation of the effective tax rate is based on an applicable tax rate that provides the most meaningful information to users. In some cases, it might be more meaningful to aggregate separate reconciliations prepared using the domestic tax rate in each individual jurisdiction.
- [NZ IAS 12.81\(c\)](#) b. Rather than presenting either a numerical reconciliation between total tax expense and the product of accounting profit multiplied by the applicable tax rates, or a numerical reconciliation between the average effective tax rate and the applicable tax rate, the Group has elected to present both.
- [Insights 3.13.645.60–70](#) c. IAS 12 *Income Taxes* does not provide specific guidance on how to reflect the impact of global minimum top-up tax in the reconciliation of the effective tax rate. In our view, an entity can develop an accounting policy, to be applied consistently, to reflect the impact considering its specific facts and circumstances, including the particular Pillar Two mechanisms that apply and its user perspective. The Group's approach is to disclose a separate line item for the total amount of top-up tax levied on the Group.

Notes to the consolidated financial statements (continued)

14. Income taxes (continued)

NZ IAS 12.81(g)(i)–(iii)

F. Movement in deferred tax balances^{a, b, c}

2026 <i>In thousands of New Zealand Dollars</i>	Net balance at 1 January	Recognised in profit or loss (see Note 14(A))
Property, plant and equipment (including right-of-use assets ^d)	(1,006)	71
Intangible assets	56	4
Biological assets	(22)	(182)
Investment property	(30)	(7)
Investment in securities	(56)	(7)
Trade and other receivables, including contract assets	53	17
Derivatives	(39)	(5)
Inventories	64	96
Loans and borrowings (including lease liabilities ^d)	1,586	(142)
Employee benefits	(91)	21
Equity-settled share-based payments	225	88
Provisions	508	(13)
Deferred income	54	(15)
Other items	14	25
Tax losses carried forward	386	50
Tax assets (liabilities) before set-off	1,702	1
Set-off of tax		
Net tax assets (liabilities)		

2025 <i>In thousands of New Zealand Dollars</i>	Net balance at 1 January	Recognised in profit or loss (see Note 14(A)) Restated*
Property, plant and equipment (including right-of-use assets ^d)	(1,515)	509
Intangible assets	(38)	94
Biological assets	(25)	3
Investment property	(10)	(20)
Investment in securities	(18)	1
Trade and other receivables, including contract assets	-	53
Derivatives	(12)	1
Inventories	8	56
Loans and borrowings (including lease liabilities ^d)	1,729	(143)
Employee benefits	(90)	(6)
Equity-settled share-based payments ^e	141	82
Provisions	290	218
Deferred income	46	8
Other items	10	4
Tax losses carried forward	146	240
Tax assets (liabilities) before set-off	662	1,100
Set-off of tax		
Net tax assets (liabilities)		

* See Note 43.

NZ IAS 1 2.81(g),
Insights
3.1 3.640.60

a. NZ IAS 12 *Income Taxes* requires disclosure of the amount of recognised deferred tax assets and liabilities in respect of each type of temporary difference. NZ IFRS is unclear on what constitutes a 'type', and the Group has provided the disclosures based on the classes of assets and liabilities related to the temporary differences. Another possible interpretation is to present disclosures based on the reason for the temporary difference – e.g. depreciation.

Insights
3.1 3.640.70

b. In our view, it is not appropriate to disclose the tax effects of both recognised and unrecognised deferred tax assets as a single amount – e.g. similar to the 'gross' approach under US GAAP – because under the NZ IFRS it is recognised deferred tax assets that are required to be disclosed.

Insights 3.1 3.30 0

c. The Group does not plan to dispose of its investments in associates in the foreseeable future, and therefore has measured deferred tax relating to these investments using the tax rates applicable to dividends, which are nil because such dividends are tax-exempt. As a result, no deferred tax has been recognised.

Recognised in OCI (see Note 14(B))	Recognised directly in equity (see Note 14(D))	Acquired in business combinations (see Note 34(C))	Other (see Notes 7(C), 20(B) and 25)	Balance at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
(66)	-	(35)	210	(826)	553	(1,379)
-	-	(38)	-	22	98	(76)
-	-	-	-	(204)	-	(204)
-	-	-	-	(37)	-	(37)
(44)	-	-	30	(77)	32	(109)
-	-	-	-	70	70	-
16	-	-	-	(28)	3	(31)
-	-	(3)	40	197	197	-
-	(54)	(9)	-	1,381	1,444	(63)
(24)	-	-	-	(94)	160	(254)
-	-	-	-	313	313	-
-	-	6	-	501	501	-
-	-	-	-	39	39	-
-	-	-	-	39	50	(11)
-	-	-	-	436	436	-
(118)	(54)	(79)	280	1,732	3,896	(2,164)
				-	(1,645)	1,645
				1,732	2,251	(519)

Recognised in OCI (see Note 14(B))	Recognised directly in equity (see Note 14(D))	Acquired in business combinations (see Note 34(C))	Other (see Notes 7(C) and 20(B))	Balance at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
-	-	-	-	(1,006)	531	(1,537)
-	-	-	-	56	94	(38)
-	-	-	-	(22)	-	(22)
-	-	-	-	(30)	-	(30)
-	-	-	-	(55)	16	(71)
(38)	-	-	-	53	53	-
-	-	-	-	(40)	3	(43)
(29)	-	-	-	64	64	-
-	-	-	-	1,586	1,586	-
5	-	-	-	(91)	150	(241)
-	2	-	-	225	225	-
-	-	-	-	508	508	-
-	-	-	-	54	54	-
-	-	-	-	14	18	(4)
-	-	-	-	386	386	-
(62)	2	-	-	1,702	3,688	(1,986)
				-	(1,580)	1,580
				1,702	2,108	(406)

NZ IAS 12.15, 22A, d. The tax deductions in the Group's jurisdictions related to leases are allocated to the lease liabilities rather than the right-of-use assets. Therefore, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

24, Insights
3.1 3.230.25–30

NZ IAS 12.68C e. When the amount of the tax deduction (or estimated future tax deduction) exceeds the amount of the related cumulative share-based payment expense, the excess of the associated income tax is recognised directly in equity. Any subsequent reduction in the excess is also recorded in equity.

Notes to the consolidated financial statements (continued)

14. Income taxes (continued)

G. Unrecognised deferred tax liabilities^a

At 31 December 2026, there was a deferred tax liability of NZD 1,523 thousand (2025: NZD 1,146 thousand) for temporary differences of NZD 4,615 thousand (2025: NZD 3,473 thousand) related to investments in subsidiaries and the joint venture. However, this liability was not recognised because the Group controls the dividend policy of its subsidiaries and is able to veto the payment of dividends of its joint venture – i.e. the Group controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.^b

In some of the countries in which the Group operates, local tax laws provide that gains on the disposal of certain assets are tax-exempt, provided that the gains are not distributed.

At 31 December 2026, total tax-exempt reserves amounted to NZD 613 thousand (2025: NZD 540 thousand), which would result in a tax liability of NZD 202 thousand (2025: NZD 178 thousand) if the subsidiaries paid dividends from these reserves.

H. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.^c

In thousands of New Zealand Dollars	2026		2025	
	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	161	53	200	66
Tax losses	644	213	672	222
	805	266	872	288

I. Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows.

In thousands of New Zealand Dollars	2026	Expiry date	2025	Expiry date
Expire	644	2027–2031	520	2027–2028
Never expire	-	-	152	-

In 2026, one of the Group's UK subsidiaries, Paper Pabus Co, successfully launched a new type of paper and entered into a number of long-term supply contracts. As a result, management revised its estimates of future taxable profits and the Group recognised the tax effect of NZD 152 thousand of previously unrecognised tax losses (tax impact: NZD 50 thousand) because management considered it probable that future taxable profits would be available against which such losses can be used.

In 2025, the Group's Danish subsidiary, Mermaid A/S, launched a new production line that would allow it to reduce costs significantly going forward and improve profitability. As a result, management revised its estimates of future taxable profits and the Group recognised the tax effect of NZD 727 thousand of previously unrecognised tax losses (tax impact: NZD 240 thousand) because management considered it probable that future taxable profits would be available against which such losses can be used. In 2026, Mermaid A/S achieved its planned profitability; therefore, management continues to consider it probable that future taxable profits would be available against which the tax losses can be recovered and, therefore, the related deferred tax asset can be realised.

NZ IAS 12.81(f), 87

NZ IAS 12.82A,
NZ RDR 82A.1

NZ IAS 12.81(e)

NZ IAS 12.81(e)

NZ IAS 1.125, 129,
12.82NZ IAS 1.2.81(f),
87Insights
3.13.310.10

NZ IAS 12.81(e)

- a.** Although it is not required, in addition to the aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements for which deferred tax liabilities have not been recognised, the Group has also provided the encouraged disclosure of the amounts of unrecognised deferred tax liabilities. This disclosure is provided for illustrative purposes only.
- b.** In our view, the ability of a joint venturer to veto the payment of dividends is sufficient to demonstrate control for the purpose of recognising deferred tax.
- c.** Although NZ IAS 12 only requires the disclosure of the amount of deductible temporary differences and unused tax losses for which no deferred tax asset has been recognised, the Group has also disclosed their respective tax effects. This disclosure is for illustrative purposes only.

Notes to the consolidated financial statements (continued)

14. Income taxes (continued)

I. Tax losses carried forward (continued)

In 2026, the Group's Romanian subsidiary, Lei Sure Limited, incurred a tax loss of NZD 124 thousand, increasing cumulative tax losses to NZD 644 thousand (2025: NZD 520 thousand). Management has determined that the recoverability of cumulative tax losses, which expire in 2029–2033, is uncertain due to surplus capacity/supply depressing paper prices in Romania. Based on the five-year business plan and taking into account the reversal of existing taxable temporary differences, Lei Sure Limited is not expected to generate taxable profits until 2032. However, if paper prices improve more quickly than forecast or new taxable temporary differences arise in the next financial year, then additional deferred tax assets and a related income tax benefit of up to NZD 213 thousand could be recognised.

J. Uncertainty over income tax treatments^{a, b}

From 2022 until 2025, the Group's Canadian subsidiary Maple-leaf Inc benefited from a tax ruling of the Canadian tax authorities allowing it to qualify for a reduced corporate tax rate. In 2026, there was a change in the Canadian Government. The new Government is currently debating certain tax rulings granted in the past, which include the tax ruling applied by the Group. If the tax ruling applied in the past is retroactively revoked, then additional tax expenses for the period 2022–2025 of up to NZD 53 thousand may be incurred. This amount has not been recognised in these consolidated financial statements because the Group believes that the tax ruling granted in the past was in compliance with the applicable law and, if revoked, the Group believes that it is probable that it would successfully defend the Group's tax treatment in court.

Of the Group's current tax provision, NZD 63 thousand (2025: nil) relates to management's estimation of the amount of tax payable by the Group's German subsidiary Papier GmbH for the ongoing tax review, which its tax authority opened in March 2026. The uncertain tax treatment relates to the interpretation of how the tax legislation applies to the Group's transfer pricing arrangements. Due to the uncertainty involved, there is a possibility that the outcome of the tax review is significantly different from the amount currently recognised. Although management has used a single best estimate of the tax amount expected to be paid, it is anticipated that the reasonably possible outcome of current tax liabilities sits within a range between NZD 51 thousand and NZD 72 thousand.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

NZ IAS 1.122,
125, 129, 2.88

NZ IAS 1.125

a. Management of the Group analysed the specific facts and circumstances of the open tax review and determined that it is necessary to provide information about assumptions and estimates related to the uncertain tax treatment.

NZ IAS 1.129

b. The Group provided quantitative disclosure of the sensitivity of the amount of the uncertain tax treatment to the method, assumptions and estimates underlying the calculation. Other approaches to the disclosure may be acceptable to meet the requirements of paragraph 129 of NZ IAS 1.

Notes to the consolidated financial statements (continued)

14. Income taxes (continued)

K. Global minimum top-up tax^{a, b}

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The top-up tax relates to the Group's operations in [Country F] and [Country G]. In [Country F], the statutory tax rate is 10 percent, and top-up tax is levied on the Company under the Income Inclusion Rule (IIR)^c. In [Country G], Subsidiary X receives government support through additional tax deductions that reduce its effective tax rate to below 15 percent and is subject to a qualified domestic minimum top-up tax^d. The Group recognised a current tax expense of NZD 132 thousand related to the top-up tax (2025: NZD 144 thousand).

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

NZ IAS 12.88A–88D,
E1.88C–88D(a)(b)(i)

- a. The Organisation for Economic Co-operation and Development (OECD)'s legislative framework for the global minimum top-up tax (GloBE model rules) applies to multinational enterprise groups with a total consolidated group revenue of NZD 750 million or more in at least two of the four preceding years, although jurisdictions may introduce a lower threshold. Although the Group may not be subject to this global minimum top-up tax, the disclosures are included for illustrative purposes.
- b. Global minimum top-up taxes are often referred to as 'top-up taxes' or 'Pillar Two taxes'. For further information about the financial reporting impacts of these taxes, see our [digital guide](#) with FAQs and Chapter 3.13 of our publication [Insights into IFRS®](#).
- c. The ultimate parent company of the Group is Cameron Paper Co (see [Note 40\(A\)](#)). However, it is located in a jurisdiction that has not adopted Pillar Two legislation. Therefore, the Company, as an intermediate parent, is liable for Pillar Two taxes levied under the IIR in relation to the Group's operations in [Country F].
- d. The mandatory deferred tax exception applies to three active mechanisms under Pillar Two model rules that countries can adopt, including a qualified domestic minimum top-up tax. A domestic minimum top-up tax (DMTT) may be substantively enacted or become effective in one reporting period but its qualified status may be confirmed only in a later reporting period. In our view, a DMTT may be considered qualified for the purpose of applying the mandatory deferred tax exception for Pillar Two taxes, based on an assessment performed at a jurisdictional level, before its qualified status is formally confirmed. We believe that this assessment requires judgement, based on the specific facts and circumstances.

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Notes to the consolidated financial statements (continued)

15. Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)^a

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the remeasurement of disposal groups, and share of profit of equity-accounted investees.

Adjusted EBITDA is not a defined performance measure in IFRS Accounting Standards. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	2026	2025 Restated*
Profit from continuing operations		7,173	6,396
Income tax expense	14	3,178	2,460
Profit before tax		10,351	8,856
Adjustments for:			
– Net finance costs	10	752	1,188
– Depreciation	21(A)	5,339	5,122
– Amortisation	22(A)	785	795
– (Reversal of) impairment losses on property, plant and equipment	21(B)	(393)	1,123
– Impairment losses on goodwill	22(C)	116	-
– (Reversal of) impairment losses on intangible assets	22(C)	(100)	285
– Impairment loss on remeasurement of disposal group	20(A)	35	-
– Share of profit of equity-accounted investees, net of tax	24	(1,141)	(587)
Adjusted EBITDA		15,744	16,782

* See [Notes 7](#) and [43](#).

NZ IAS 1.85–85B, BC38G, Insights 4.1.150

- a. The Group has disclosed adjusted EBITDA because management believes that this measure is relevant to an understanding of the Group's financial performance. This disclosure is provided for illustrative purposes only. If an entity presents additional subtotals in the statement of financial position or statement of profit or loss and OCI, then the subtotals:
- comprise line items made up of amounts recognised and measured in accordance with NZ IFRS;
 - are presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
 - are consistent from period to period;
 - are displayed with no more prominence than other subtotals and totals presented in the statement of financial position or statement of profit or loss and OCI; and
 - for the additional subtotals presented in the statement of profit or loss and OCI, are reconciled with the subtotals and totals required by NZ IAS 1.

Notes to the consolidated financial statements (continued)

16. Biological assets

See accounting policies in Note 44(J).

A. Reconciliation of carrying amount

NZ IAS 41.50,
NZ IFRS 13.93(e)
NZ IAS 41.50(b),
NZ IFRS 13.93(e)(iii)
NZ IAS 41.50(c),
NZ IFRS 13.93(e)(iii)
NZ IAS 41.50(d),
NZ IFRS 13.93(e)(iii)
NZ IAS 41.40, 50(a)
NZ IAS 41.51
NZ IAS 41.51
NZ IAS 41.50(f)
NZ IAS 41.50

NZ IAS 41, RDR 50.1

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	Standing timber	Livestock	Total
Balance at 1 January 2025		3,240	196	3,436
Purchases		743	92	835
Sales of livestock		-	(63)	(63)
Harvested timber transferred to inventories		(293)	-	(293)
Change in fair value less costs to sell:				
– Due to price changes	9(A)	(17)	22	5
– Due to physical changes	9(A)	15	8	23
Effect of movements in exchange rates		68	45	113
Balance at 31 December 2025		3,756	300	4,056
Non-current		3,756	269	4,025
Current		-	31	31
		3,756	300	4,056
Balance at 1 January 2026		3,756	300	4,056
Purchases		294	11	305
Sales of livestock		-	(127)	(127)
Harvested timber transferred to inventories		(135)	-	(135)
Change in fair value less costs to sell:				
– Due to price changes	9(A)	92	59	151
– Due to physical changes	9(A)	315	121	436
Effect of movements in exchange rates		30	14	44
Balance at 31 December 2026		4,352	378	4,730
Non-current		4,352	346	4,698
Current		-	32	32
		4,352	378	4,730

NZ IAS 41.50,
NZ IFRS 13.93(e)
NZ IAS 41.50(b),
NZ IFRS 13.93(e)(iii)
NZ IAS 41.50(c),
NZ IFRS 13.93(e)(iii)
NZ IAS 41.50(d),
NZ IFRS 13.93(e)(iii)
NZ IAS 41.40, 50(a)
NZ IAS 41.51
NZ IAS 41.51
NZ IAS 41.50(f)
NZ IAS 41.50

Notes to the consolidated financial statements (continued)

16. Biological assets (continued)

A. Reconciliation of carrying amount (continued)

At 31 December 2026, standing timber comprised approximately 3,310 hectares of pine tree plantations (2025: 3,230 hectares), which ranged from newly established plantations to plantations that were 30 years old. NZD 282 thousand (2025: NZD 513 thousand) of the standing timber was less than one year old and considered to be immature assets.^a

At 31 December 2026, livestock comprised 1,875 cattle and 3,781 sheep (2025: 1,260 cattle and 3,314 sheep). During 2026, the Group sold 289 cattle and 286 sheep (2025: 150 cattle and 175 sheep).^a

B. Measurement of fair values

I. Fair value hierarchy

The fair value measurements for the standing timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data (see Note 4(B)).

II. Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values (standing timber).^b

<i>In thousands of New Zealand Dollars</i>	2026	2025
Gain included in 'other income'		
Change in fair value (realised)	60	3
Change in fair value (unrealised)	347	(5)
Gain included in OCI		
Effect of movements in exchange rates	30	68

NZ IAS 41.41, 43, 46(b)(i)

NZ IAS 41.41, 43, 46(b)(i)–(ii)

NZ IFRS 1 3.93(b)

NZ IFRS 13.93(e)(i)

NZ IFRS 13.93(f)

NZ IFRS 13.93(e)(ii)

NZ IFRS 13.93(e)(ii)

NZ IAS 41.43

- a. This is an example of encouraged disclosures providing a quantified description of each group of biological assets, distinguishing between mature and immature biological assets (for standing timber), and the basis for making such distinctions.
- b. Because the Group classifies the entire category of standing timber as Level 3 in the fair value hierarchy, this table illustrates only those disclosures that are incremental to the information in the reconciliation in Note 16(A).

Notes to the consolidated financial statements (continued)

16. Biological assets (continued)

B. Measurement of fair values (continued)

III. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

NZ IFRS 13.93(d),
93(h), 99

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber Standing timber older than 25 years (the age at which it becomes marketable)	<i>Discounted cash flows:</i> The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for [X] years. The expected net cash flows are discounted using a risk-adjusted discount rate.	<ul style="list-style-type: none"> – Estimated future timber market prices per tonne (2026: NZD 12.8–17.9, weighted average NZD 16.25; 2025: NZD 11.6–16.3, weighted average NZD 15.15). – Estimated yields per hectare (2026: 6–10, weighted average 8; 2025: 5–10, weighted average 7.5). – Estimated harvest and transportation costs (2026: 6.4–8.3%, weighted average 7.5%; 2025: 6.3–7.8%, weighted average 6.7%). – Risk-adjusted discount rate (2026: 7.9–9.0%, weighted average 8.6%; 2025: 7.1–8.3%, weighted average 7.8%). 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> – the estimated timber prices per tonne were higher (lower); – the estimated yields per hectare were higher (lower); – the estimated harvest and transportation costs were lower (higher); or – the risk-adjusted discount rates were lower (higher).
Younger standing timber	<i>Cost approach and discounted cash flows:</i> The Group considers both approaches, and reconciles and weighs the estimates under each approach based on its assessment of the judgement that market participants would apply. The cost approach considers the costs of creating a comparable plantation, taking into account the costs of infrastructure, cultivation and preparation, buying and planting young trees with an estimate of the profit that would apply to this activity. Discounted cash flows consider the present value of the net cash flows expected to be generated by the plantation at maturity, the expected additional biological transformation and the risks associated with the asset; the expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> – Estimated costs of infrastructure per hectare (2026: NZD 0.8–1.1, weighted average NZD 0.95; 2025: NZD 0.8–1.2, weighted average NZD 0.97). – Estimated costs of cultivation and preparation per hectare (2026: NZD 0.2–0.4, weighted average NZD 0.3; 2025: NZD 0.3–0.4, weighted average NZD 0.35). – Estimated costs of buying and planting young trees (2026: NZD 1.0–1.3, weighted average NZD 1.25; 2025: NZD 1.1–1.3, weighted average NZD 1.2). – Estimated future timber market prices per tonne (2026: NZD 13.8–19.8, weighted average NZD 17.05; 2025: NZD 13.7–19.5, weighted average NZD 16.6). – Estimated yields per hectare (2026: 6–11, weighted average 8.6; 2025: 7–11, weighted average 8.9). – Risk-adjusted discount rate (2026: 8.9–9.9 percent, weighted average 9.4 percent; 2025: 9.3–9.9 percent, weighted average 9.6 percent). 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> – the estimated costs of infrastructure, cultivation and preparation and buying and planting trees were higher (lower); – the estimated timber prices per tonne were higher (lower); – the estimated yields per hectare were higher (lower); or – the risk-adjusted discount rates were lower (higher).
Livestock Livestock comprises cattle and sheep, characterised as commercial or breeders	Market comparison technique: The fair values are based on the market price of livestock of similar age, weight and market values.	Not applicable.	Not applicable.

Notes to the consolidated financial statements (continued)

16. Biological assets (continued)

B. Measurement of fair values (continued)

III. Valuation techniques and significant unobservable inputs (continued)

The estimated yields per hectare of pine tree plantations are determined mainly based on the age of the plantation, historical yields, the potential impact of extreme weather events and harvest loss due to disease and pests. Historical yields of younger standing timber have been adjusted downwards by 0.8 percent (2026: 0.78 percent) to reflect potential losses due to severe storms and high winds and by 0.3 percent (2026: 0.26 percent) for all other factors. The risk of potential losses due to fire is reflected in the cash flows by including the estimated cost of fire insurance.

The Group assessed the impact of climate-related risks and opportunities on the estimated yields per hectare for younger standing timber. By considering the impact of higher temperatures (an increase of 2°C by 2052) on the growth rate of pine trees and on the intensity and frequency of storms, the Group concluded that, overall, the positive effects (accelerated growth) and negative effects (increase in the frequency of storms) would have an immaterial impact on yields. Due to the high degree of estimation uncertainty around the climate-related impact on the intensity and frequency of storms, this conclusion may change in the future.

The fair value of younger timber reflects on average five days per year of intense high winds. Fair value would decrease by NZD 323 thousand assuming 10 days per year of intense high winds.^a

As described in [Note 30\(D\)](#), a flood occurred in 2026 in an area near one of the Group's standing timber plantations, temporarily affecting the access roads to it but not the plantation itself. Although employees were temporarily unable to access the plantation, there was no damage to the plantation itself and no significant impact on the fair value of the standing timber.

C. Risk management strategy related to agricultural activities

The Group is exposed to the following risks relating to its pine tree plantations. These risks and management's strategies to mitigate them are described below.

I. Regulatory and environmental risks

The Group is subject to environmental and other laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with these laws.

II. Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

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NZ IAS 1.31, 112

NZ IAS 1.125, 129

NZ IAS 41.49(c)

^a The educational guidance *Effects of climate-related matters on financial statements* republished by the International Accounting Standards Board in July 2023 noted that IFRS 13 requires that unobservable inputs reflect the assumptions that market participants would use when pricing, including assumptions about risk that may include climate-related risk.

Notes to the consolidated financial statements (continued)

16. Biological assets (continued)

C. Risk management strategy related to agricultural activities (continued)

III. Climate-related risks

The Group's pine plantations are exposed to the risk of damage from extreme weather events such as storms, high winds and drought. Changes in global climate-related conditions could intensify one or more of these events. Periods of drought and associated high temperatures may increase the risk of forest fires and insect outbreaks. In addition to their effects on forest yields, extreme weather events may also increase the cost of operations. The Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Group has incorporated considerations for climate change into its reforestation practices, such as the establishment and maintenance of fire breaks and increased monitoring during fire danger periods.

Physical risks arising from fires and drought are to a great extent subject to risk transfer and thereby within the cover of the Group's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

For information on the impact of extreme weather events and climate change on the valuation of standing timber, see Note 16(B)(iii).

17. Inventories

See accounting policies in Notes 44(K) and 8(D).

In thousands of New Zealand Dollars

	2026	2025
Raw materials and consumables	7,415	6,914
Finished goods	4,200	4,705
Right to recover returned goods ^a	533	500
Inventories	12,148	12,119
Carrying amount of inventories pledged as security for liabilities	1,650	2,090

In 2026, inventories of NZD 54,019 thousand (2025: NZD 53,258 thousand) were recognised as an expense during the year and included in 'cost of sales'.

During 2025, due to regulatory restrictions imposed on the manufacture of a new product in the Non-recycled Papers segment, the Group tested the related product line for impairment (see Note 22(C)(ii)) and wrote down the related inventories to their net realisable value, which resulted in a loss of NZD 42 thousand. In 2026, following a change in estimates, NZD 10 thousand of the write-down was reversed.

In addition, inventories have been reduced by NZD 345 thousand (2025: NZD 125 thousand) as a result of the write-down to net realisable value. This write-down was recognised as an expense during 2026.

The write-downs and reversals are included in 'cost of sales'.^b

NZ IAS 1.78(c), 2.36(b)

NZ IAS 1.78(c), 2.36(b)

NZ IAS 2.36(h)

NZ IAS 2.36(d)

NZ IAS 1.98(a),
NZ IAS 2.36(e)– (g)

NZ IFRS 15.B21,
BC367

Insights
3.8.40 0.70

a. NZ IFRS 15 and other standards do not specify where assets for rights to recover products from customers with regards to sales with a right of return should be presented. The Group has included the assets in 'inventories' and disclosed them separately in the note.

b. In our view, for an entity that presents an analysis of expenses by function in the statement of profit or loss and OCI, the write-down of inventories to net realisable value and any reversals should be included in 'cost of sales'.

Notes to the consolidated financial statements (continued)

18. Trade and other receivables

See accounting policies in Notes 44(P)(i)–(iii) and (S)(i).

<i>In thousands of New Zealand Dollars</i>	Note	2026	2025
Trade receivables due from related parties	40(C)	1,236	642
Other trade receivables		31,282	21,683
		32,518	22,325

A. Transfer of trade receivables^a

The Group sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Group retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a secured bank loan (see Note 28(A)). The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

The receivables are held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

<i>In thousands of New Zealand Dollars</i>	2026	2025
Carrying amount of trade receivables transferred to a bank	600	1,000
Carrying amount of associated liabilities	598	985

B. Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 32(C).

NZ IAS 1.78(b)

NZ IAS 1.78(b)

NZ IFRS 7.14, 42D(a)–(c)

NZ IFRS 7.42D(e)

Insights
2.3.150.20, 170.30

- a.** There is no specific guidance in the Accounting Standards on the classification of cash flows from factoring arrangements – e.g. whether the entity should classify the cash inflows from the factor as operating or financing in the statement of cash flows. The primary consideration for the classification of cash flows is the nature of the activity to which they relate and judgement may be needed to apply this to factoring arrangements.

Considering that the customers remit cash directly to the Group, the Group has presented a financing cash inflow for the proceeds received from the bank, followed by an operating cash inflow for the proceeds received from the customer and a financing cash outflow for the settlement of amounts due to the bank.

NZ IAS 7.45

Notes to the consolidated financial statements (continued)

19. Cash and cash equivalents

See accounting policies in Notes 44(P)(i)–(ii) and (S)(i).

<i>In thousands of New Zealand Dollars</i>	2026	2025
Bank balances	50	988
Demand deposits	1,352	861
Cash	1,402	1,849
3-month deposit (cash equivalent)	102	-
Cash and cash equivalents in the statement of financial position	1,504	1,849
Bank overdrafts repayable on demand and used for cash management purposes	(334)	(282)
Cash and cash equivalents in the statement of cash flows	1,170	1,567

An amount of NZD 300 thousand (2025: nil) included in demand deposits is subject to restrictions imposed by certain customers. Although the amount can be withdrawn at any time from the bank without penalty, the agreements with the customers require the Group to keep an aggregate amount of NZD 300 thousand in a demand deposit account and to use it only to meet warranty claims arising in the next 12 months (see Note 31(A)).^a

Insights 2.3.1 0.20, 40, 70, IU 03-22

a. The Group has classified the amount of NZD 300 thousand as cash because it assessed that the contractual restrictions on use of the amount held in the demand deposit do not change the nature of the demand deposit because the amount can still be accessed on demand from the bank without penalty. The Group has included the demand deposit as a component of cash and cash equivalents in its statement of cash flows and presents the demand deposit as cash and cash equivalents in its statement of financial position. The Group has also provided disclosure about the restriction on use in Note 19 and disclosure about liquidity risk arising from this demand deposit and how it manages that risk (see Note 32(C)(iii)).

Notes to the consolidated financial statements (continued)

20. Disposal group held for sale^a

See accounting policy in [Note 44\(O\)](#).

In June 2026, management committed to a plan to sell part of a manufacturing facility **within the Non-recycled Papers segment**. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected by April 2027.

A. Impairment losses relating to the disposal group

Impairment losses of NZD 35 thousand for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in 'other expenses' (see [Note 9\(B\)](#)). The impairment losses have been applied to reduce the carrying amount of property, plant and equipment within the disposal group.

B. Assets and liabilities of disposal group held for sale^b

At 31 December 2026, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	
Property, plant and equipment	21(A)	8,129
Inventories		2,775
Trade and other receivables		3,496
Assets held for sale		14,400
<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	
Trade and other payables		4,270
Deferred tax liabilities	14(E)	140
Liabilities held for sale		4,410

C. Cumulative income or expenses included in OCI

There are no cumulative income or expenses included in OCI relating to the disposal group.

D. Measurement of fair values

1. Fair value hierarchy

The non-recurring fair value measurement for the disposal group of NZD 10,050 thousand (before costs to sell of NZD 60 thousand) **has been categorised as a Level 3 fair value** based on the inputs to the valuation technique used (see [Note 4\(B\)](#)).^c

- a.** The part of the Group's manufacturing facility that has been presented as a disposal group held for sale does not meet the definition of a discontinued operation in NZ IFRS 5. If it did, then additional disclosures applicable to the discontinued operation would be required.
- b.** The Group has elected to disclose major classes of assets and liabilities classified as held-for-sale in the notes. Alternatively, this information may be provided in the statement of financial position.
- c.** A non-recurring fair value measurement – e.g. related to an asset classified as held-for-sale – may occur during the reporting period. The disclosures required for a non-recurring fair value measurement are applicable in the financial statements for the period in which the fair value measurement occurred.

NZ IFRS 5.41(a)–(b),
41(d)

NZ IFRS 5.41(c)

NZ IFRS 5.38

NZ IFRS 5.38

NZ IFRS 1 3.93(a)– (b)

NZ IFRS 5.38

NZ IFRS 13.93(a),
Insights 2.4.530

Notes to the consolidated financial statements (continued)

20. Disposal group held for sale (continued)

D. Measurement of fair values (continued)

II. Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of the disposal group, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
<p>Cost approach and discounted cash flows: The Group considers both approaches, and reconciles and weighs the estimates under each technique based on its assessment of the judgement that market participants would apply. The cost approach considers the current replacement costs of replicating the manufacturing facility, including the costs of transportation, installation and start-up. Discounted cash flows consider the present value of the net cash flows expected to be generated from the facility, taking into account the forecast EBITDA growth rate and forecast capital expenditure growth rate; the expected net cash flows are discounted using a risk-adjusted discount rate.</p>	<ul style="list-style-type: none"> – Forecast EBITDA growth rate (4.2–5.1%, weighted average 4.7%). – Forecast capital expenditure growth rate (3–4%, weighted average 3.5%). – Risk-adjusted discount rate (7.7%).

Notes to the consolidated financial statements (continued)

21. Property, plant and equipment

See accounting policies in Notes 44(L), (S)(ii) and (U)(ii).

A. Reconciliation of carrying amount^a

<i>In thousands of New Zealand Dollars</i>		Note	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Cost							
NZ IAS 16.73(d)			10,746	29,509	5,289	-	45,544
NZ IAS 16.73(e)(i)			193	1,540	675	-	2,408
NZ IAS 16.73(e)(ii)			(315)	(1,081)	-	-	(1,396)
NZ IAS 16.73(e)(viii)							
NZ IAS 16.73(d)			-	316	171	-	487
			10,624	30,284	6,135	-	47,043
Balance at 31 December 2025							
NZ IAS 16.73(d)			10,624	30,284	6,135	-	47,043
NZ IAS 16.73(e)(iii)							
NZ IAS 16.73(e)(i)		34(C)	185	1,580	190	-	1,955
NZ IAS 16.73(e)(ix)			1,750	9,694	657	4,100	16,201
NZ IAS 16.73(e)(ix)							
NZ IAS 16.73(e)(ix)		21(F)	(300)	-	-	-	(300)
NZ IAS 16.73(e)(ix)							
NZ IAS 16.73(e)(ix)		21(F)	200	-	-	-	200
NZ IAS 16.73(e)(ix)							
NZ IAS 16.73(e)(ix)		21(F)	(800)	-	-	-	(800)
NZ IAS 16.73(e)(ii)							
NZ IAS 16.73(e)(ii)		20(B)	-	(9,222)	-	-	(9,222)
NZ IAS 16.73(e)(ii)			(402)	(11,659)	(2,100)	-	(14,161)
NZ IAS 16.73(e)(viii)							
NZ IAS 16.73(d)			-	91	50	-	141
			11,257	20,768	4,932	4,100	41,057
Balance at 31 December 2026							

NZ IAS 16.73(d)–(e)

^a Although NZ IAS 16 Property, Plant and Equipment only requires the reconciliation of the carrying amount at the beginning and at the end of the reporting period, the Group has also provided separate reconciliations of the gross carrying amount and accumulated depreciation. These additional reconciliations are not required and a different format may be used.

Notes to the consolidated financial statements (continued)

21. Property, plant and equipment (continued)

A. Reconciliation of carrying amount (continued)

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total
Accumulated depreciation and impairment losses						
NZ IAS 16.73(d)		1,615	5,557	939	-	8,111
NZ IAS 16.73(e)(vii)	9(C)	123	4,240	759	-	5,122
NZ IAS 16.73(e)(v)	21(B), 9(C)	-	1,123	-	-	1,123
NZ IAS 16.73(e)(ii)		-	(700)	-	-	(700)
NZ IAS 16.73(e)(viii)		-	98	59	-	157
Balance at 31 December 2025						
NZ IAS 16.73(d)		1,738	10,318	1,757	-	13,813
Balance at 1 January 2026						
NZ IAS 16.73(d)		1,738	10,318	1,757	-	13,813
NZ IAS 16.73(e)(vii)	9(C)	120	4,478	741	-	5,339
NZ IAS 16.73(e)(vi)	21(B), 9(C)	-	(393)	-	-	(393)
NZ IAS 16.73(e)(ix)		(300)	-	-	-	(300)
NZ IAS 16.73(e)(iii)	21(F)	(300)	-	-	-	(300)
NZ IAS 16.73(e)(ii)	20(B)	-	(1,058)	-	-	(1,058)
NZ IAS 16.73(e)(ii)		-	(3,808)	(1,127)	-	(4,935)
NZ IAS 16.73(e)(viii)		-	63	38	-	101
Balance at 31 December 2026						
NZ IAS 16.73(d)		1,558	9,600	1,409	-	12,567
Carrying amounts						
NZ IAS 1.78(a), 16.73(e)		9,131	23,952	4,350	-	37,433
At 31 December 2025						
		8,886	19,966	4,378	-	33,230
At 31 December 2026						
		9,699	11,168	3,523	4,100	28,490

Property, plant and equipment includes right-of-use assets of NZD 3,593 thousand (2025: NZD 4,153 thousand) related to leased properties that do not meet the definition of investment property (see Note 37(A)(i)).

B. Impairment loss and subsequent reversal

During 2025, due to regulatory restrictions imposed on the manufacture of a new product in the Non-recycled Papers segment, the Group tested the related product line for impairment and recognised an impairment loss of NZD 1,123 thousand with respect to plant and equipment. In 2026, NZD 393 thousand of the loss was reversed. Further information about the impairment loss and subsequent reversal is included in Note 22(C)(ii).

C. Leased property, plant and equipment

During 2026, the Group recognised additions to right-of-use assets related to leased properties that do not meet the definition of investment property of NZD 150 thousand (2025: NZD 180 thousand in relation to leases of production equipment). Some leases provide the Group with the option to buy the equipment at a beneficial price.

Notes to the consolidated financial statements (continued)

21. Property, plant and equipment (continued)

D. Security

NZ IAS 16.74(a)

At 31 December 2026, properties with a carrying amount of NZD 5,000 thousand (2025: NZD 4,700 thousand) were subject to a registered debenture that forms security for bank loans (see [Note 28\(A\)](#)).

E. Property, plant and equipment under construction

NZ IAS 16.74(b)

During 2026, the Group acquired a piece of land for NZD 3,100 thousand, with the intention of constructing a new factory on the site.

NZ IAS 23.26 (a), (b)

The Group has started construction and costs incurred up to 31 December 2026 totalled NZD 1,000 thousand. Included in this amount are capitalised borrowing costs related to the acquisition of the land and the construction of the factory of NZD 194 thousand, **calculated using a capitalisation rate of 5.2 percent.**

F. Transfer to investment property

During 2026, a building was transferred to investment property (see [Note 23\(A\)](#)), because it was no longer used by the Group and it was decided that the building would be leased to a third party.

NZ IFRS 13.93(d)

Immediately before the transfer, the Group remeasured the property to fair value and recognised a gain of NZD 200 thousand in OCI. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment property at the reporting date (see [Note 23\(C\)\(ii\)](#)).

G. Change in estimates^a

NZ IAS 8.39, 16.76

During 2026, the Group conducted an operational efficiency review at one of its plants, which resulted in changes in the expected usage of certain dyeing equipment. The dyeing equipment, which management had previously intended to sell after five years of use, is now expected to remain in production for 12 years from the date of purchase. As a result, the expected useful life of the equipment increased and its estimated residual value decreased.

As part of its commitment to reduce the carbon footprint of its Timber Products segment (see [Note 38](#)), the Group decided to replace its fleet of diesel trucks. This resulted in a reduction in the expected useful life of the trucks, which were originally intended to be sold after eight years of use but are now expected to remain in use for only two more years. Consequently, the estimated residual value of the trucks has increased.

The effect of these changes on actual and expected depreciation expense, included in 'cost of sales', was as follows.

<i>In thousands of New Zealand Dollars</i>	2026	2027	2028	2029	2030	Later
(Decrease) increase in depreciation expense	(256)	(113)	150	150	130	170

H. Change in classification

NZ IAS 1.41(a)–(c)

During 2026, the Group modified the classification of depreciation expense on certain office space to reflect more appropriately the way in which economic benefits are derived from its use. Comparative amounts in the statement of profit or loss and OCI were reclassified for consistency. As a result, NZD 120 thousand was reclassified from 'administrative expenses' to 'selling and distribution expenses'.

I. Temporarily idle property, plant and equipment

NZ IAS 16.79

At 31 December 2026, plant and equipment with a carrying amount of NZD 503 thousand were temporarily idle, but the Group plans to operate the assets in 2027.

^a Transitioning to a lower-carbon economy can pose climate-related risks and opportunities that may affect an entity's business and strategic plans. It can also affect the useful lives and residual values of assets and the methods of depreciation or amortisation. See our [article](#) for more information on how climate-related matters influence useful lives and residual values of property, plant and equipment and intangible assets.

Notes to the consolidated financial statements (continued)

22. Intangible assets and goodwill

See accounting policies in Notes 44(M) and (S)(ii).

A. Reconciliation of carrying amount^a

NZ IFRS 3.RDR

B67.1

In thousands of New Zealand Dollars	Note	Goodwill	Patents and trademarks	Development costs	Customer relationships	Emissions allowances ^b	Total
Cost							
NZ IFRS 3.B67(d)(i), NZ IAS 38.118(c)		3,545	1,264	4,011	-	100	8,920
Balance at 1 January 2025							
Acquisitions							
NZ IAS 38.118(e)(i)		-	-	515	-	-	515
NZ IAS 38.118(e)(i)	30(B)	-	-	-	-	120	120
NZ IAS 38.118(e)(i)		-	-	-	-	10	10
NZ IAS 38.118(e)(ii)		-	-	-	-	(110)	(110)
Disposals							
NZ IAS 38.118(e)(vii)		-	(171)	(95)	-	-	(266)
Effect of movements in exchange rates							
Balance at 31 December 2025		3,545	1,093	4,431	-	120	9,189
Balance at 1 January 2026							
NZ IFRS 3.B67(d)(i), NZ IAS 38.118(c)		3,545	1,093	4,431	-	120	9,189
Acquisitions							
Business combinations							
NZ IFRS 3.B67(d)(ii), NZ IAS 38.118(e)(i)	34(C)-(D)	541	170	-	80	-	791
NZ IAS 38.118(e)(i)		-	-	1,272	-	-	1,272
NZ IAS 38.118(e)(i)	30(B)	-	-	-	-	115	115
NZ IAS 38.118(e)(i)		-	-	-	-	20	20
NZ IAS 38.118(e)(ii)	31(D)	-	-	-	-	(140)	(140)
Disposals							
NZ IAS 38.118(e)(vii)		-	186	200	-	-	386
Effect of movements in exchange rates							
Balance at 31 December 2026		4,086	1,449	5,903	80	115	11,633
Accumulated amortisation and impairment losses							
NZ IFRS 3.B67(d)(i), NZ IAS 38.118(c)		138	552	2,801	-	-	3,491
Balance at 1 January 2025							
NZ IAS 38.118(e)(vi)	22(B), 9(C)	-	118	677	-	-	795
NZ IAS 38.118(e)(iv)	22(C), 9(C)	-	-	285	-	-	285
NZ IAS 38.118(e)(vii)		-	(31)	(12)	-	-	(43)
Effect of movements in exchange rates							
Balance at 31 December 2025		138	639	3,751	-	-	4,528
Balance at 1 January 2026							
NZ IFRS 3.B67(d)(i), NZ IAS 38.118(c)		138	639	3,751	-	-	4,528
NZ IAS 38.118(e)(vi)	22(B), 9(C)	-	129	646	10	-	785
NZ IFRS 3.B67(d)(v), NZ IAS 38.118(e)(iv)	22(C), 9(B)	116	-	-	-	-	116
Impairment loss							
NZ IAS 38.118(e)(v)	22(C), 9(C)	-	-	(100)	-	-	(100)
Reversal of impairment loss							
NZ IAS 38.118(e)(vii)		-	61	17	-	-	78
Effect of movements in exchange rates							
Balance at 31 December 2026		254	829	4,314	10	-	5,407

NZ IAS 38.118(c), (e) a. Although NZ IAS 38 *Intangible Assets* only requires the reconciliation of the carrying amount at the beginning and at the end of the reporting period, the Group has also provided separate reconciliations of the gross carrying amount and accumulated amortisation. These additional reconciliations are not required and a different format may be used.

Insights 5.14.100.10 b. The Standards do not contain specific guidance on accounting for emissions allowances. In our view, a polluting entity participating in a cap and trade scheme should choose an accounting policy, to be applied consistently, to account for emissions allowances based on one of the following approaches.

- As intangible assets: Under this approach, it is argued that emissions allowances are identifiable non-monetary assets that do not have physical substance and that therefore they meet the definition of an intangible asset.
- As inventories: Under this approach, it is argued that emissions allowances are effectively an input to be consumed in the production process, similar to inventories.

The Group has elected to account for emissions allowances as intangible assets.

Notes to the consolidated financial statements (continued)

22. Intangible assets and goodwill (continued)

A. Reconciliation of carrying amount (continued)

	<i>In thousands of New Zealand Dollars</i>	Note	Goodwill	Patents and trademarks	Development costs	Customer relationships	Emissions allowances	Total
Carrying amounts								
NZ IAS 38.118(c)	At 1 January 2025		3,407	712	1,210	-	100	5,429
	Non-current							5,329
	Current							100
NZ IAS 38.118(c)	At 31 December 2025		3,407	454	680	-	120	4,661
	Non-current							4,541
	Current							120
NZ IAS 38.118(c)	At 31 December 2026		3,832	620	1,589	70	115	6,226
	Non-current							6,111
	Current							115

B. Amortisation

The amortisation of patents, trademarks and development costs is allocated to the cost of inventory and is included in 'cost of sales' as inventory is sold; the amortisation of customer relationships is included in 'cost of sales'.

C. Impairment test^a

The impairment loss and its subsequent reversal were recognised in relation to the manufacture of a new product in the Non-recycled Papers segment and the goodwill in the Timber Products CGU as follows.

	<i>In thousands of New Zealand Dollars</i>	Note	2026	2025
NZ IAS 36.131(b)				
NZ IAS 36.130(d)(ii)	Non-recycled Papers			
	Plant and equipment and development costs	22(C)(ii)	(493)	1,408
NZ IAS 36.126(a)–(b)	The impairment loss and subsequent reversal in relation to the Non-recycled Papers segment were included in 'cost of sales' (see Note 9(C)). ^b			
NZ IAS 36.130(d)(ii)	Timber Products			
	Goodwill	22(C)(iii)	116	-

The impairment loss on goodwill in the Timber Products CGU was included in 'other expenses' (see Note 9(B)).^b

I. Recoverability of development costs^c

NZ IAS 36.132 Included in the carrying amount of development costs at 31 December 2026 is an amount of NZD 400 thousand related to a development project for a new process in one of the Group's factories in the Non-recycled Papers segment. The regulatory approval that would allow this new process was delayed; consequently, the benefit of the new process will not be realised as soon as previously expected and management has carried out an impairment test.

The recoverable amount of the CGU that included these development costs (the factory using the process) was estimated based on the present value of the future cash flows expected to be derived from the CGU (value in use), assuming that the regulatory approval would be passed by July 2027 and using a pre-tax discount rate of 12 percent and a terminal value growth rate of 2 percent from 2031. The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

- a.** See our [digital guide](#) for information on how climate-related matters may impact impairment testing of non-financial assets, as well as disclosure considerations.
- NZ IAS 36.126, **b.** The Group has classified expenses by function and has therefore allocated the impairment loss to the appropriate function. In our view, in the rare case that an impairment loss cannot be allocated to a function, it should be included in 'other expenses' as a separate line item if it is significant (e.g. impairment of goodwill), with additional information given in a note.
- Insights 3.10.410.20
- NZ IAS 36.132, 134 **c.** The Group has disclosed the key assumptions (discount rate and terminal growth rate) used to determine the recoverable amount of assets and CGUs, although disclosures beyond the discount rate are only required for CGUs containing goodwill or indefinite-lived intangible assets.

Notes to the consolidated financial statements (continued)

22. Intangible assets and goodwill (continued)

C. Impairment test (continued)

I. Recoverability of development costs (continued)

Management considers it possible that the regulatory approval may be delayed by a further year to July 2028. This further delay would result in an impairment of approximately NZD 100 thousand in the carrying amount of the factory^a.

II. Impairment loss and subsequent reversal in relation to a new product

During 2025, a regulatory inspection revealed that a new product in the Non-recycled Papers segment did not meet certain environmental standards, necessitating substantial changes to the manufacturing process. Before the inspection, the product was expected to be available for sale in 2026; however, as a result of the regulatory restrictions, production and the expected launch date were deferred.

Accordingly, management estimated the recoverable amount of the CGU (the product line) in 2025 and recognised an impairment loss. The recoverable amount was estimated based on its value in use, assuming that the production line would go live in August 2027.

In 2026, following certain significant changes to the recovery plan, the Group reassessed its estimates and reversed part of the initially recognised impairment.

The estimate of value in use was determined using a pre-tax discount rate of 10.5 percent (2025: 9.8 percent) and a terminal value growth rate of 3 percent from 2031 (2025: 3 percent from 2030).^b

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	2026	2025
Plant and equipment	21(B)	(393)	1,123
Development costs		(100)	285
(Reversal of) impairment loss		(493)	1,408

At 31 December 2026, the recoverable amount of the CGU was as follows.

<i>In thousands of New Zealand Dollars</i>	2026	2025
Recoverable amount	1,576	1,083

III. Impairment testing for CGUs containing goodwill^c

For the purpose of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

<i>In thousands of New Zealand Dollars</i>	2026	2025
European Paper manufacturing and distribution	2,676	2,135
Timber Products	960	1,076
	3,636	3,211
Multiple units without significant goodwill	196	196
	3,832	3,407

NZ IAS 1.125, 129

NZ IAS 36.130(a),
130(d)(i)

NZ IAS 36.130(e)

NZ IAS 36.130(g), 132

NZ IAS 36.130(e),
NZ IAS 36.RDR130.1

NZ IAS 36.134(a)

NZ IAS 36.135

NZ IAS 1.IG31–IG39 **a.** See the [IASB's new example](#) illustrating how an entity applies the requirements in paragraphs 125 and 129 of IAS 1 to disclose information about assumptions used to determine a CGU's recoverable amount. The example includes assumptions about climate-related transition risks to which the entity is exposed that have a significant risk of resulting in a material adjustment to the carrying amount of the CGU within the next financial year. The considerations in the example are relevant to assumptions about uncertainties more broadly. See our [article](#) for more information on the six new illustrative examples issued by the IASB which aim to help drive clarity on uncertainty in financial reporting.

NZ IAS 36.132, 134 **b.** The Group has disclosed the key assumptions used (discount rate and terminal growth rate) to determine the recoverable amount of assets and CGUs, although disclosures beyond the discount rate are required only for CGUs containing goodwill or indefinite-lived intangible assets.

NZ IAS 36.134 **c.** Separate disclosures are required for each CGU (or group of CGUs) for which the carrying amount of goodwill or intangible assets with an indefinite useful life allocated to the CGU is significant in comparison with its carrying amount.

Notes to the consolidated financial statements (continued)

22. Intangible assets and goodwill (continued)

C. Impairment test (continued)

III. Impairment testing for CGUs containing goodwill (continued)

New Zealand paper manufacturing and distribution

NZ IAS 36.134(c), (e)

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4(B)).

NZ IAS 36.134(e)(i)

The key assumptions^a used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

In percent	2026	2025
Discount rate	8.7	8.5
Terminal value growth rate	1.0	0.9
Forecast EBITDA growth rate (average of next five years)	5.2	4.8

NZ IAS 36.134(e)(v), (f)(ii)

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 40 percent at a market interest rate of 7 percent.

NZ IAS 36.134(e)(iv)

NZ IAS 36.134(e)(i), (f)(ii)

NZ IAS 36.134(e)(ii)

NZ IAS 36.134(e)(ii)–(iii)

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

NZ IAS 36.134(e)(ii)

Forecast EBITDA was estimated taking into account past experience, adjusted as follows.

- Sales volume for the next five years were projected based on their average increase over the past five years. This is in line with market expectations of demand for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.
- Significant one-off environmental costs have been factored into the forecast EBITDA, reflecting various potential regulatory developments in a number of European countries in which the CGU operates. Other environmental costs are assumed to grow with inflation in other years.
- Estimated cash flows related to a restructuring that is expected to be carried out in 2027.^b
- A decrease of 20 percent in water-usage-related costs starting in 2028, assuming that the construction of a water recycling facility is finalised in 2027. The project has been approved by the board of directors and is expected to reduce the costs of acquiring and disposing of water during the paper recycling process. Water recycling supports the Group's strategy to mitigate the key climate-related risks to which the CGU is exposed – the unavailability of clean water resources, a significant cost increase in acquiring clean water and exposure to water-usage-related taxes or levies.^c

The estimated costs of constructing the water recycling facility were also included in calculating the recoverable amount.^b

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately NZD 300 thousand (2025: NZD 250 thousand). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

NZ IAS 36.134(d)(iii), (iv)–(v), (e)(ii), (iv)–(v), (f), IE89

- a. NZ IAS 36 Impairment of Assets specifically requires quantitative disclosures (i.e. values) in respect of the discount rates and growth rates used to extrapolate cash flow projections. Additionally, it requires an entity to disclose the key assumptions on which management has based its cash flow projections for the forecast period, a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information. An entity also discloses additional quantitative information if a reasonably possible change in key assumptions would result in an impairment. Management needs to apply judgement in determining the level of disclosures, to ensure that the level of aggregation in providing the disclosures – e.g. averages or ranges – does not obscure information that would be useful to users of the financial statements.

NZ IAS 36.6, Insights 3.10.185.10

- b. Fair value is determined from a market participant's perspective in accordance with NZ IFRS 13. Cash flows related to restructurings and capital expenditure are included if consistent with a market participant's perspective.

NZ IAS 36.134(e)(iii)

- c. The Group has disclosed information on the impact of significant climate-related risks and opportunities on the key assumptions used in calculating the fair value less costs of disposal of the CGU. This is because the CGU is highly exposed to climate-related risks and opportunities and the impact on the key assumptions used is significant.

Notes to the consolidated financial statements (continued)

22. Intangible assets and goodwill (continued)

C. Impairment test (continued)

III. Impairment testing for CGUs containing goodwill (continued)

New Zealand paper manufacturing and distribution (continued)

NZ IAS 36.134(f)(iii)
NZ IAS 36.134(f)(iii)

In percent	Change required for carrying amount to equal recoverable amount	
	2026	2025
Discount rate	1.6	1.3
Forecast EBITDA growth rate	(4.4)	(3.6)

Timber Products

NZ IAS 1.125,
36.1 34(c)–(d)

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of NZD 960 thousand and an impairment loss of NZD 116 thousand during 2026 (2025: nil) was recognised. The impairment loss was fully allocated to goodwill and included in 'other expenses'.

The Group voluntarily committed in 2026 to reduce the carbon footprint of its Timber Products segment to 50 percent of its 2020 levels by 2030 and to purchase carbon credits to offset its residual emissions produced in 2030 and thereafter (see Note 38). The impact of this project – which substantively commenced in 2025, incurring costs of NZD 100 thousand and under which additional capital expenditure of NZD 1,500 thousand is expected in the next four years – was included in calculating the recoverable amount.^a The recoverable amount also includes expected costs to purchase carbon credits. Furthermore, the forecast EBITDA growth rate is expected to decrease by 1 percent on average in the next five years due to higher energy costs. The Group expects that the project will decrease its carbon footprint to sufficiently low levels that potential regulatory developments will not adversely affect the forecast EBITDA.

NZ IAS 36.1 34(d)(i)

The key assumptions used in the estimation of value in use were as follows.^{b, c}

NZ IAS 36.1 34(d)(v)

NZ IAS 36.1 34(d)(iv)

NZ IAS 36.1 34(d)(i),
(f)(ii)

NZ IAS 36.134(d)(i)–
(ii), (f)(ii)

In percent	2026	2025
Discount rate	9.6	10.0
Terminal value growth rate	1.8	2.0
Forecast EBITDA growth rate (average of next five years)	8.0	9.0

The prices of carbon credits are a key assumption used in determining the terminal value. These prices are based on externally sourced forecast prices in voluntary carbon credit markets in the countries in which the CGU operates. Prices are expected to increase from a range of NZD 75–85/tonne in 2030 to NZD 240–260/tonne in 2050.

NZ IAS 36.48,
Insights 3.1 0.250.20

a. NZ IAS 36 requires that, when determining value in use, the benefits from capital expenditure to improve or enhance an asset's performance are taken into account in the future net cash flow estimation only once the expenditure is incurred. In our view, capital expenditure should be considered incurred once the project has substantively commenced, rather than it being necessary for the project to have been completed.

NZ IAS 36.1 34(d)(ii),
(iv)–(v), (e)(ii),
(iv)–(v), (f), IE89

b. NZ IAS 36 specifically requires quantitative disclosures (i.e. values) in respect of the discount rates and growth rates used to extrapolate cash flow projections. Narrative disclosures are sufficient for other key assumptions, having regard to the requirement for an entity to disclose a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information. An entity also discloses additional quantitative information if a reasonably possible change in key assumptions would result in an impairment.

NZ IAS 36. IE90-IE95

c. See the [IASB's new example](#) illustrating how an entity applies the requirements in paragraph 134(d)(i)–(ii) and (f) of IAS 36 to disclose information about key assumptions used to measure value in use. This example includes assumptions about future emissions allowance costs, including the future price of emissions allowances and future emissions regulations. The considerations in the example are relevant to assumptions about uncertainties more broadly. See our [article](#) for more information on the six new illustrative examples issued by the IASB which aim to help drive clarity on uncertainty in financial reporting.

Notes to the consolidated financial statements (continued)

22. Intangible assets and goodwill (continued)

C. Impairment test (continued)

iii. Impairment testing for CGUs containing goodwill (continued)

Timber Products (continued)

NZ IAS 36.134(d)(ii)

The discount rate was a pre-tax measure^a based on the yield on 10-year government bonds issued by the Government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

NZ IAS 36.134(d)(ii)–(iii)

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management.

Forecast EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth and cost increases. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

NZ IAS 36.1 34(f)

Following the impairment loss recognised in the Group's Timber Products CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse change in a key assumption would lead to further impairment.

D. Development costs

NZ IAS 23.26(a)– (b)

Included in development costs is an amount of NZD 37 thousand (2025: NZD 12 thousand) that represents borrowing costs capitalised during the year using a capitalisation rate of 5.1 percent (2025: 5.4 percent).

E. Emissions allowances

The Group participates in a 'cap and trade' scheme in various countries. Under the scheme, at the beginning of each year the Government in each country sets specific annual limits for emitting pollutants and grants the Group the respective number of emissions allowances. The Group can settle its annual obligation created by the emissions of pollutants only by surrendering emissions allowances by a specified date, which is usually within 12 months after the reporting date. If the Group's annual emissions are below the limit, then it can sell the remaining allowances to other parties on a trading platform. Conversely, if the annual emissions exceed the limit, then the Group purchases additional allowances to settle its obligation. Historically, the Group has emitted more pollutants than its annual allocation of emissions allowances from the Government and has had to purchase additional allowances.

The Group recognises emissions allowances as intangible assets. Emissions allowances received from the Government are initially measured at fair value, which is determined based on the market price of allowances traded on the platform at that date. Emissions allowances purchased on the trading platform are initially measured at cost.

In 2026, the Group received emissions allowances amounting to NZD 115 thousand (2025: NZD 120 thousand) (see [Note 31\(D\)](#)). In addition, the Group purchased emissions allowances amounting to NZD 20 thousand during 2026 (2025: NZD 10 thousand) on a trading platform. The additional allowances are purchased and surrendered within a period of less than 12 months to settle the obligation to the Government.

NZ IAS 36.50(b),
55, A20, BCZ85,
Insights 3.10.840.10
–50

- a. NZ IAS 36 prima facie requires value in use to be determined using pre-tax cash flows and a pre-tax discount rate. However, in our experience it is more common to use post-tax cash flows and a post-tax discount rate such as the weighted-average cost of capital. Challenges arise in following a post-tax approach appropriately so that the resulting value in use is consistent with the pre-tax principle. Whichever rate is used (pre or post-tax), the pre-tax discount rate needs to be disclosed. When value in use is determined using post-tax cash flows and a post-tax discount rate, the pre-tax discount rate needs to be calculated to comply with the disclosure requirements.

Notes to the consolidated financial statements (continued)

23. Investment property^a

See accounting policy in [Note 44\(N\)](#).

A. Reconciliation of carrying amount

NZ IAS 40.76,
NZ IFRS 13.93(e)
NZ IAS 40.76(a),
NZ IFRS 13.93(e)(iii),
NZ IAS 40 RDR 76.2
NZ IAS 40.76(f),
NZ IFRS 13.93(e)(iii)
NZ IAS 40.76(d),
NZ IFRS 13.93(e)(i), (f)
NZ IAS 40.76,
NZ IFRS 13.93(e)
NZ IFRS 16.92(a)

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	2026	2025
Balance at 1 January		400	300
Acquisitions		300	40
Reclassification from property, plant and equipment	21(F)	800	-
Change in fair value	9(A)	20	60
Balance at 31 December		1,520	400

NZ IAS
40.RDR 76.1

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 10 years. Subsequent renewals are negotiated with the lessee and historically the average renewal period is four years. Further information about these leases is included in [Note 37\(B\)](#).

NZ IFRS 13.93(e)(i), (f)

Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

NZ IAS 40.75(f)(i)-(iii)

B. Amounts recognised in profit or loss

Rental income recognised by the Group during 2026 was NZD 460 thousand (2025: NZD 302 thousand) and was included in 'other revenue' (see [Note 8\(A\)](#)). Maintenance expense, included in 'cost of sales' (see [Note 9\(C\)](#)), was as follows.

<i>In thousands of New Zealand Dollars</i>	2026	2025
Income-generating property	45	30
Vacant property	20	15
	65	45

Insights 3.4.260.40 ^a. Because NZ IAS 40 Investment Property makes no reference to making disclosures on a class-by-class basis, it could be assumed that the minimum requirement is to make the disclosures on an aggregate basis for the whole investment property portfolio. If investment property represents a significant portion of the assets, then it may be appropriate to disclose additional analysis – e.g. portfolio by types of investment property.

Notes to the consolidated financial statements (continued)

23. Investment property (continued)

C. Measurement of fair values

i. Fair value hierarchy

NZ IAS 40.75(e)

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every six months.

NZ IFRS 13.93(b)

The fair value measurements for all of the investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4(B)).

ii. Valuation technique and significant unobservable inputs

NZ IFRS 13.93(d),
(h)(i), 99

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Discounted cash flows:</i> The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	<ul style="list-style-type: none"> - Expected market rental growth (2026: 2–3%, weighted average 2.6%; 2025: 2–3%, weighted average 2.5%). - Void periods (2026 and 2025: average 6 months after the end of each lease). - Occupancy rate (2026: 90–95%, weighted average 92.5%; 2025: 91–95%, weighted average 92.8%). - Rent-free periods (2026 and 2025: 1-year period on new leases). - Risk-adjusted discount rates (2026: 5–6.3%, weighted average 5.8%; 2025: 5.7–6.8%, weighted average 6.1%). 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - expected market rental growth were higher (lower); - void periods were shorter (longer); - the occupancy rate were higher (lower); - rent-free periods were shorter (longer); or - the risk-adjusted discount rates were lower (higher).

Notes to the consolidated financial statements (continued)

24. Equity-accounted investees^{a, b}

See accounting policies in Notes 44(A)(v)–(vi) and (S)(i).

In thousands of New Zealand Dollars

	Note	2026	2025
Interest in joint venture	24(A)	2,217	1,048
Interests in associates	24(B)	272	900
Balance at 31 December		2,489	1,948

A. Joint venture^c

Paletel AG (Paletel) is a joint venture in which the Group has joint control and a 40 percent ownership interest. It is **one of the Group's strategic suppliers and is principally engaged in the production of paper pulp** in Himmerland, Denmark. Paletel is not publicly listed.

Paletel is structured as a separate vehicle and the Group has a residual interest in the net assets of Paletel. Accordingly, the Group has classified its interest in Paletel as a joint venture. **In accordance with the agreement under which Paletel is established, the Group and the other investor in the joint venture have agreed to make additional contributions in proportion to their interests to make up any losses, if required, up to a maximum amount of NZD 6,000 thousand.** This commitment has not been recognised in these consolidated financial statements.

NZ IFRS 12.20(a),
21(a)(i), (ii), (iii), (b)(iii)

NZ IFRS 12.7(c),
20(b), 23(a), B18

- a.** For additional disclosure examples and explanatory notes on NZ IFRS 12 Disclosure of Interests in Other Entities, see our [Guide to annual financial statements – IFRS 12 supplement](#).
- b.** The extent of disclosures required by NZ IFRS 12 for individually material interests in joint arrangements and associates differs from that for individually immaterial interests. For example, required financial information may be disclosed in aggregate for all individually immaterial associates.
- c.** The extent of disclosures required by NZ IFRS 12 for individually material joint ventures and joint operations is different. For example, the disclosure of summarised financial information, fair value (if there is a quoted market price) and commitments is not required for joint operations.

NZ IFRS 12.21

NZ IFRS 12.21–23,
B12–B13

Notes to the consolidated financial statements (continued)

24. Equity-accounted investees (continued)

A. Joint venture (continued)

The following table summarises the financial information of Paletel as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Paletel.

In thousands of New Zealand Dollars

	2026	2025
Percentage ownership interest	40%	40%
Non-current assets	5,953	3,259
Current assets (including cash and cash equivalents – 2026 NZD 200 thousand, 2025: NZD 150 thousand)	1,089	821
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2026: NZD 1,211 thousand, 2025: NZD 986 thousand)	(1,716)	(1,320)
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 2026: NZD 422 thousand, 2025: NZD 930 thousand)	(543)	(1,130)
Net assets (100%)	4,783	1,630
Group's share of net assets (40%)	1,913	652
Elimination of unrealised profit on downstream sales	(96)	(4)
Goodwill	400	400
Carrying amount of interest in joint venture	2,217	1,048
Revenue	25,796	21,405
Depreciation and amortisation	(445)	(350)
Interest expense	(396)	(218)
Income tax expense	(1,275)	(290)
Profit and total comprehensive income (100%)	3,205	690
Profit and total comprehensive income (40%)	1,282	276
Elimination of unrealised profit on downstream sales	(92)	(4)
Group's share of total comprehensive income	1,190	272
Dividends received by the Group	21	-

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NZ IFRS 12.21(b),
B12–B14

NZ IFRS 12.21(a)(iv)

NZ IFRS 12.B12(b)(ii)
NZ IFRS 12.B12(b)(i),
B13(a)

NZ IFRS 12.B12(b)(iv)
B13(c)

NZ IFRS 12.B12(b)(iii)
B13(b)

NZ IFRS 12.B12(b)(v)

NZ IFRS 12.B13(d)

NZ IFRS 12.B13(f)

NZ IFRS 12.B13(g)

NZ IFRS 12.B12(b)(vi), (ix)

NZ IFRS 12.B12(a)

Notes to the consolidated financial statements (continued)

24. Equity-accounted investees (continued)

B. Associates

On 31 March 2026, the Group's equity interest in its material associate, Papyrus, increased from 25 to 90 percent and Papyrus became a subsidiary from that date (see Note 34). Papyrus is one of the Group's strategic suppliers and is principally engaged in the production of paper pulp in Kentucky, US Papyrus is not publicly listed.

The following table summarises the financial information of Papyrus as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Papyrus. The information for 2025 presented in the table includes the results of Papyrus for the period from 1 January to 31 December 2025. The information for 2026 includes the results of Papyrus only for the period from 1 January to 31 March 2026, because Papyrus became a subsidiary on 31 March 2026.

In thousands of New Zealand Dollars

	2026	2025
Percentage ownership interest	25%	25%
Non-current assets	-	1,280
Current assets	-	1,975
Non-current liabilities	-	(1,087)
Current liabilities	-	(324)
Net assets (100%)	-	1,844
Group's share of net assets (25%)	-	461
Elimination of unrealised profit on downstream sales	-	(8)
Carrying amount of interest in associate	-	453
Revenue	7,863	19,814
Profit from continuing operations	271	857
Other comprehensive income	(408)	(552)
Total comprehensive income (100%)	(137)	305
Total comprehensive income (25%)	(34)	76
Elimination of unrealised profit on downstream sales	1	(1)
Group's share of total comprehensive income	(33)	75

The Group also has interests in a number of individually immaterial associates. For one of these associates, the Group owns 20 percent of the equity interests but has less than 20 percent of the voting rights; however, the Group has determined that it has significant influence because it has meaningful representation on the board of the investee.

The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

In thousands of New Zealand Dollars

	2026	2025
Carrying amount of interests in associates	272	447
Share of:		
– Profit from continuing operations	(133)	102
– OCI	(57)	(31)
	(190)	71

The Group has not recognised losses totalling NZD 15 thousand (2025: nil) in relation to its interests in associates, because the Group has no obligation in respect of these losses.

During 2026, the Group repaid a loan of NZD 1,000 thousand received from one of its associates (see Notes 28 and 40(C)).

NZ IFRS 12.20, 21(a)
(i), (ii), (iii), 21(b)(iii)

NZ IFRS 12.21(b),
B12–B14

NZ IFRS 1 2.21(a)(iv)

NZ IFRS 12.B12(b)(ii)

NZ IFRS 12.B12(b)(i)

NZ IFRS 12.B12(b)(iv)

NZ IFRS 12.B12(b)(iii)

NZ IFRS 12.B12(b)(v)

NZ IFRS 12.B12(b)(vi)

NZ IFRS 12.B12(b)(viii)

NZ IFRS 12.B12(b)(ix)

NZ IFRS 12.7(b),
12.9(e), NZ IAS 1.122

NZ IFRS 12.21(c), B16

NZ IFRS 12.22(c)

Notes to the consolidated financial statements (continued)

25. Other investments, including derivatives

See accounting policies in Notes 44(P) and (S)(i).

In thousands of New Zealand Dollars

2026

2025

Non-current investments

Corporate debt securities – at amortised cost	2,664	2,243
Corporate debt securities – at FVOCI	118	373
Equity securities – at FVOCI	467	511
Equity securities – mandatorily at FVTPL	251	254
Interest rate swaps used for hedging	116	131
	3,616	3,512

Current investments

Sovereign debt securities – mandatorily at FVTPL	243	591
Forward exchange contracts used for hedging	297	352
Other forward exchange contracts	122	89
	662	1,032

Corporate debt securities classified as at amortised cost have interest rates of 6.3 to 7.8 percent (2025: 7.5 to 8.3 percent) and mature in two to five years. Corporate debt securities at FVOCI have stated interest rates of 5.2 to 7.0 percent (2025: 6.5 to 8.0 percent) and mature in two to three years.

Sovereign debt securities at FVTPL have stated interest rates of 3.5 to 4.0 percent (2025: 3.2 to 3.8 percent) and are held for trading.

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 32(C).

Equity securities designated at FVOCI^a

The Group designated the investments shown below as equity securities at FVOCI because these securities represent investments that the Group intends to hold for strategic purposes on a medium- to long-term basis. On 30 November 2026 the Group disposed of its investment in MSE Limited because holding this no longer aligns with its investment strategy.

<i>In thousands of New Zealand Dollars</i>	Investment in MSE Limited		Investment in DEF Limited		Total	
	Carrying amount	OCI	Carrying amount	OCI	Carrying amount	OCI
Balance at 1 January 2025	-	-	300	-	300	-
Investments acquired	152	-	-	-	152	-
Fair value gains related to:						
– Investments held at reporting date	23	23	36	36	59	59
Balance at 1 January 2026	175	23	336	36	511	59
Investments acquired	-	-	58	-	58	-
Fair value gains related to:						
– Investments held at reporting date	-	-	73	73	73	73
– Investments disposed of	68	68	-	-	68	68
Investments disposed of	(243)	-	-	-	(243)	-
Transfers to retained earnings on disposal	-	(91)	-	-	-	(91)
Balance at 31 December 2026	-	-	467	109	467	109

On disposal of the investment in MSE Limited during 2026, the related cumulative gain within the fair value reserve was transferred to retained earnings, net of tax of NZD 30 thousand (see Note 14(E)).

In 2025, no strategic investments were disposed of, and there were no transfers of any cumulative gains or losses to retained earnings relating to these investments.

NZ IFRS 7.8(f)
NZ IFRS 7.8(h)
NZ IFRS 7.8(h)
NZ IFRS 7.8(a),
NZ IFRS 7.RDR. 8.1
NZ IFRS 7.22B(a)

NZ IFRS 7.8(a),
NZ IFRS 7.RDR. 8.1
NZ IFRS 7.22B(a)

NZ IFRS 7.7

NZ IFRS 7.11A(a)-
(b), 11B(a)

NZ IFRS 7.11A(c), (e), (f),
11B(b)-(d)

NZ IFRS 7.6, Insights
7.10.40.20

- a. NZ IFRS 7 requires the disclosures about investments in equity instruments designated at FVOCI to be provided for each 'class' of investment. There is no specific guidance on what comprises a class, except that financial instruments are grouped into classes that (i) are appropriate to the nature of the disclosure; and (ii) take into account the characteristics of those financial instruments.

Notes to the consolidated financial statements (continued)

25. Other investments, including derivatives (continued)

Dividend income received from these investments is shown in the table below.

NZ IFRS 7.11A(d)

	Investment in MSE Limited		Investment in DEF Limited		Total	
	2026	2025	2026	2025	2026	2025
<i>In thousands of New Zealand Dollars</i>						
Dividend income recognised in profit or loss	10	12	16	20	26	32

Notes to the consolidated financial statements (continued)

26. Capital and reserves

See accounting policies in Notes 44(B)(i)–(ii), (E)(iv), (L)(iv), (P)(ii), (P)(iv)–(v), (Q) and (R).

A. Share capital and share premium

NZ IAS 1.79(a)(iv)	In thousands of shares	Ordinary shares		Non-redeemable preference shares	
		2026	2025	2026	2025
	In issue at 1 January	3,100	3,100	1,750	1,750
	Issued for cash	130	-	-	-
	Exercise of share options	5	-	-	-
	Issued in business combination	8	-	-	-
	In issue at 31 December – fully paid	3,243	3,100	1,750	1,750
	Authorised – par value NZD 3	10,000	10,000	2,000	2,000

All ordinary shares rank equally with regard to the Company's residual assets. Preference shareholders participate only to the extent of the face value of the shares.

I. Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Issue of ordinary shares

In October 2026, the general meeting of shareholders approved the issue of 130,000 ordinary shares at a price of NZD 11.92 per share (2025: nil).

Additionally, 5,000 ordinary shares were issued as a result of the exercise of vested options arising from the 2022 share option programme granted to key management personnel (2025: nil) (see Note 12). Options were exercised at an average price of NZD 10 per share.

During 2026, 8,000 ordinary shares were also issued as a result of the acquisition of Papyrus (see Note 34(A)) (2025: nil).

II. Non-redeemable preference shares

Holders of these shares receive a non-cumulative dividend of 25.03 cents per share at the Company's discretion, or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

B. Nature and purpose of reserves

I. Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see Note 44(P)(v)).

Notes to the consolidated financial statements (continued)

26. Capital and reserves (continued)

B. Nature and purpose of reserves (continued)

ii. Hedging reserve

NZ IAS 1.79(b)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

iii. Cost of hedging reserve

NZ IAS 1.79(b)

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

iv. Fair value reserve

NZ IAS 1.79(b)

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of the loss allowance.

v. Revaluation reserve

NZ IAS 1.79(b)

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

vi. Convertible notes

NZ IAS 1.79(b)

The reserve for convertible notes comprises the amount allocated to the equity component for the convertible notes (series A) issued by the Group in August 2026 (see Note 28(C)).

vii. Treasury share reserve

NZ IAS 1.79(b), 32.34

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2026, the Group held 48,000 of the Company's shares (2025: 50,000).^a

C. Dividends

NZ IAS 1.107
NZ IAS 1 RDR.107.1

The following dividends were declared and paid by the Company for the year.

<i>In thousands of New Zealand Dollars</i>	2026	2025
25.97 cents per qualifying ordinary share (2025: 4.28 cents)	805	133
25.03 cents per non-redeemable preference share (2025: 25.03 cents)	438	438
	1,243	571

After the reporting date, the following dividends were proposed by the board of directors. The dividends have not been recognised as liabilities and there are no tax consequences.

NZ IAS 1.137(a),
10.13, 12.81(i)

<i>In thousands of New Zealand Dollars</i>	2026	2025
27.92 cents per qualifying ordinary share (2025: 25.97 cents)	892	805
25.03 cents per non-redeemable preference share (2025: 25.03 cents)	438	438
	1,330	1,243

NZ IAS 1.79(a)(vi),
32.34

^a The Group has elected to disclose the number of treasury shares held in the notes. Alternatively, it may be disclosed in the statement of financial position or the statement of changes in equity.

Notes to the consolidated financial statements (continued)

26. Capital and reserves (continued)

D. OCI accumulated in reserves, net of tax^a

NZ IAS 1.106(d)(ii),
106A

**Cost of hedging
reserve
(see Note 26(B)(iii))**

In thousands of New Zealand Dollars

	Cost of hedging reserve (see Note 26(B)(iii))
2026	
NZ IAS 16.77(f) Revaluation of property, plant and equipment	-
Remeasurements of defined benefit liability/asset	-
NZ IFRS 7.20(a)(vii) Equity investments at FVOCI – net change in fair value	-
NZ IAS 21.52(b) Foreign operations – foreign currency translation differences	-
NZ IAS 21.52(b) Reclassification of foreign currency differences on loss of significant influence	-
NZ IAS 21.52(b) Net investment hedge – net loss	-
NZ IFRS 7.24C(b)(ii) Cash flow hedges – effective portion of changes in fair value	-
NZ IFRS 7.24C(b)(iv) Cash flow hedges – reclassified to profit or loss	-
Cost of hedging reserve – changes in fair value	22
Cost of hedging reserve – reclassified to profit or loss	5
NZ IFRS 7.20(a)(viii) Debt investments at FVOCI – net change in fair value	-
NZ IFRS 7.20(a)(viii) Debt investments at FVOCI – reclassified to profit or loss	-
Equity-accounted investees – share of OCI	-
Total	27
2025	
Remeasurements of defined benefit liability/asset	-
Equity investments at FVOCI – net change in fair value	-
Foreign operations – foreign currency translation differences	-
Net investment hedge – net loss	-
NZ IFRS 7.24C(b)(ii) Cash flow hedges – effective portion of changes in fair value	-
NZ IFRS 7.23C(b)(iv) Cash flow hedges – reclassified to profit or loss	-
Cost of hedging reserve – changes in fair value	7
Cost of hedging reserve – reclassified to profit or loss	2
NZ IFRS 7.20(a)(viii) Debt investments at FVOCI – net change in fair value	-
Equity-accounted investees – share of OCI	-
Total	9

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Attributable to owners of the Company							
Translation reserve (see Note 26(B)(i))	Hedging reserve (see Note 26(B)(ii))	Fair value reserve (see Note 26 (B)(iv))	Revaluation reserve (see Note 26 (B)(v))	Retained earnings	Total	NCI (see Note 34)	Total OCI
-	-	-	134	-	134	-	134
-	-	-	-	48	48	-	48
-	-	94	-	-	94	-	94
653	-	-	-	-	653	26	679
(20)	-	-	-	-	(20)	-	(20)
(3)	-	-	-	-	(3)	-	(3)
-	(41)	-	-	-	(41)	-	(41)
-	(21)	-	-	-	(21)	-	(21)
-	-	-	-	-	22	-	22
-	-	-	-	-	5	-	5
-	-	36	-	-	36	-	36
-	-	(43)	-	-	(43)	-	(43)
(172)	-	-	-	15	(157)	-	(157)
458	(62)	87	134	63	707	26	733
-	-	-	-	(10)	(10)	-	(10)
-	-	41	-	-	41	-	41
449	-	-	-	-	449	22	471
(8)	-	-	-	-	(8)	-	(8)
-	64	-	-	-	64	-	64
-	(8)	-	-	-	(8)	-	(8)
-	-	-	-	-	7	-	7
-	-	-	-	-	2	-	2
-	-	41	-	-	41	-	41
(166)	-	-	-	(3)	(169)	-	(169)
275	56	82	-	(13)	409	22	431

NZ IAS 1.106A

a. The Group has elected to present the disaggregation of changes in each component of equity arising from transactions recognised in OCI in the notes. Alternatively, an entity may present the disaggregation in the statement of changes in equity.

Notes to the consolidated financial statements (continued)

27. Capital management

NZ IAS 1.134–135(a)

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

NZ IAS 1.135(a)

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital above 23 percent; in 2026 the return was 29.9 percent (2025: 24.3 percent). The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 5.8 percent (2025: 5.5 percent).

Management is considering extending the Group's share option programme beyond key management and other senior employees. Currently, other employees are awarded SARs and participate in an employee share purchase programme (see Note 12(A)). The Group is in discussions with employee representatives, but no decisions have been made.

NZ IAS 1.135(a)

The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging and cost of hedging reserves.^a

The Group's policy is to keep the ratio below 1.95. The Group's net debt to adjusted equity ratio at 31 December 2026 was as follows.

<i>In thousands of New Zealand Dollars</i>	2026	2025 Restated*
Total liabilities	67,638	54,647
Less: cash and cash equivalents	(1,504)	(1,849)
Net debt	66,134	52,798
Total equity	45,222	35,366
Less: hedging reserve	(433)	(491)
Less: cost of hedging reserve	(4)	27
Adjusted equity	44,785	34,902
Net debt to adjusted equity ratio	1.48	1.51

* See Note 43.

See Notes 28(B) and 32(C)(iii) for information about loans subject to covenants.

NZ IAS 1.135(a)

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. The shares are primarily intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the risk management committee; the Group does not have a defined share buy-back plan.

^a. The Group has provided the definitions of 'net debt' and 'adjusted equity' because they are relevant to understanding how it manages capital and are not defined in NZ IFRS. It has also provided the reconciliations between these measures and items presented in the consolidated financial statements.

Notes to the consolidated financial statements (continued)

28. Loans and borrowings

See accounting policies in Notes 44(B)(i)–(ii), (P)(i), (P)(iii), (S)(i) and (U).

In thousands of New Zealand Dollars

	Note	2026	2025
Non-current liabilities			
Secured bank loans		8,057	8,093
Unsecured bond issues		6,136	9,200
Convertible notes (series A)		3,728	-
Redeemable preference shares		1,939	-
Lease liabilities		3,451	3,975
		23,311	21,268
Current liabilities			
Current portion of secured bank loans		1,055	3,985
Unsecured bank loans		-	117
Unsecured bond issues		3,064	-
Convertible notes (series B) including embedded conversion option		950	-
Dividends on redeemable preference shares		51	-
Current portion of lease liabilities		674	554
Loan from associate	40(C)	-	1,000
		5,794	5,656

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 32(C).

NZ IFRS 7.8(g)

NZ IAS 1.77

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Notes to the consolidated financial statements (continued)

28. Loans and borrowings

A. Terms and repayment schedule

The terms and conditions of outstanding loans are as follows.

In thousands of New Zealand Dollars	Currency	Nominal interest rate	Year of maturity	31 December 2026		31 December 2025	
				Face value	Carrying amount	Face value	Carrying amount
Secured bank loan (see Note 18(A))	NZD	3.60–3.90%	2026–27	600	598	1,000	985
Secured bank loan	CHF	3.90%	2030	1,240	1,240	1,257	1,257
Secured bank loan	USD	4.70%	2028–29	1,447	1,447	1,521	1,521
Secured bank loan (see Note 28(B)(i))	NZD	4.50%	2028–29	3,460	3,460	3,460	3,460
Secured bank loan (see Note 28(B)(ii))	GBP	SONIA+1.1%	2026–28	1,864	1,864	4,855	4,855
Secured bank loan assumed (see Note 28(B)(iii))	NZD	BKBM+ (0.65–1.1%)	2032	510	503	-	-
Unsecured bank loan	NZD	5.50%	2026	-	-	117	117
Unsecured bond issues	NZD	BKBM+0.5%	2030	1,023	1,023	1,023	1,023
Unsecured bond issues	NZD	BKBM+1%	2031	5,113	5,113	5,113	5,113
Unsecured bond issues	NZD	BKBM	2027	3,064	3,064	3,064	3,064
Loan from associate	NZD	4.80%	2026	-	-	1,000	1,000
Convertible notes (series A) (see Note 28(C))	NZD	3.00%	2029	4,000	3,728	-	-
Convertible notes (series B) including embedded conversion option (see Note 28(D))	USD	4.50%	2029	1,000	950	-	-
Redeemable preference shares	NZD	4.40%*	2032	2,051	1,990	-	-
Lease liabilities	NZD	6.0–7.0%	2026–40	5,697	4,125	5,936	4,529
Total interest-bearing liabilities				31,069	29,105	28,346	26,924

* Dividend rate for redeemable preference shares.

The secured bank loans are secured over land and buildings, inventories and trade receivables with a carrying amount of NZD 5,000 thousand (2025: NZD 4,700 thousand) (see Note 21(D)), NZD 1,650 thousand (2025: NZD 2,090 thousand) (see Note 17) and NZD 600 thousand (2025: NZD 1,000 thousand) (see Note 18(A)) respectively.

NZ IFRS 7.7, 14, NZ IAS 16.74(a)

Notes to the consolidated financial statements (continued)

28. Loans and borrowings (continued)

B. Secured bank loans

The Group's secured bank loans are subject to various covenants. Two of these loans include covenants that need to be complied with within 12 months of the reporting date.

i. Secured bank loan (NZD)

The Group has a secured bank loan with a carrying amount of NZD 3,460 thousand at 31 December 2026 (2025: NZD 3,460 thousand). This loan is repayable in tranches within five years from the issue date, with the next tranche due in January 2028. However, the loan contains a covenant stating that at the end of each quarter the Group's debt (defined in the covenant as the Group's loans and borrowings and trade and other payables) cannot exceed 2.5 times the Group's quarterly revenue from continuing operations, otherwise the loan will be repayable on demand.

The Group exceeded its maximum leverage threshold in the third quarter of 2026; however, management obtained a waiver from the bank in October 2026, and the breach was remedied. At 31 December 2026, the threshold was no longer exceeded and the Group complied with the covenant. Accordingly, the loan is classified as non-current at 31 December 2026. ^{a, b}

The Group expects to comply with the quarterly covenants within 12 months after the reporting date.

ii. Secured bank loan (GBP)

The Group has another secured bank loan with a carrying amount of GBP 1,864 thousand at 31 December 2026 (2025: GBP 4,855 thousand). This loan is repayable in tranches within three years from the issue date, with the next and final tranche due in June 2028. The loan contains a covenant that requires the Group to reach a cumulative revenue threshold (from both continuing and discontinued operations) of at least NZD 105,060 thousand per year, over the period from 1 July to 30 June of each year. The covenant is tested annually on 30 June. The loan becomes repayable on demand if the cumulative threshold is not met at any testing date.

The Group complied with the cumulative revenue threshold when it was tested on 30 June 2026. The Group earned revenue of NZD 50,330 thousand from 1 July 2026 through 31 December 2026. As at 31 December 2026, management is uncertain whether the Group will meet the cumulative revenue threshold at 30 June 2027. However, the loan is classified as non-current at 31 December 2026 because the Group has an existing right to defer settlement of the loan for at least 12 months after the reporting period. ^b

NZ IAS 1.69(a)-(d),
72A, 72B, 75-75A,
76ZA,
NZ IFRS 7.18-19

NZ IFRS 7 RDR 18.1

NZ IAS 1.69(d),
72A-72B, Insights
3.1.50.100, 190,
3.1.70.20

NZ IAS 1.76ZA,
Insights 3.1.80.10

- a.** Any breach of a covenant at or before the reporting date, that triggers a repayment of the related liability within 12 months after the reporting date, results in the entity classifying that liability as current unless the breach is remediated at or before the reporting date. In this case, the Group breached the covenant but obtained a remedy or 'waiver' from the lender before the reporting date. In addition, the Group complied with the covenant at 31 December 2026 resulting in the Group having the right to defer settlement of the loan for at least 12 months after the reporting date. The covenants with which the Group needs to comply after the reporting date (i.e. future covenants) do not affect the Group's right to defer settlement of the loan at the reporting date.
- b.** When an entity classifies a liability arising from a loan arrangement as non-current, and that liability is subject to covenants with which an entity is required to comply within 12 months after the reporting date, the entity discloses information in the notes that enables users of the financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting date.

Notes to the consolidated financial statements (continued)

28. Loans and borrowings (continued)

B. Secured bank loans (continued)

The Group has also entered into a sustainability-linked secured bank loan whereby the amount of contractual interest cash flows could decrease based on the occurrence of certain contingent events.

iii. Sustainability-linked secured bank loan (NZD)

In January 2026, Papyrus entered into a sustainability-linked secured bank loan with a term of six years. The Group assumed this loan when it gained control of Papyrus during the year (see Note 34(C)). The loan has a face value of NZD 510 thousand and a carrying amount of NZD 503 thousand at 31 December 2026. Interest is borne at a rate of BKBM plus 1.10 percent, subject to a non-cumulative maximum annual step-down of 45 basis points dependent on the Group's performance against the following annual sustainability targets:

- reduced carbon footprint of its manufacturing facilities located in Kentucky; and
- increased recycling rate for packaging paper and cardboard consumed in Kentucky.

If either target is met, then the interest rate applied to the next interest period decreases by 25 basis points. If both targets are met, the interest rate further decreases by 20 basis points.

The following table shows the amounts by which the contractual interest cash flows could decrease as a result of the Group meeting these targets.

Number of sustainability targets met	Annual interest step-down (basis points)	Annual interest discount (NZD)
1	(25)	(1,275)
2	(45)	(2,295)

For the year ended 31 December 2026, the Group only met the carbon footprint reduction target. Therefore, the interest rate applicable to the 2027 interest period will decrease by 25 basis points, resulting in interest savings for 2027 of NZD 1,275.

C. Convertible notes (series A)

In thousands of New Zealand Dollars

Note

Proceeds from issue of convertible notes (1,000,000 notes at NZD 4 par value)		4,000
Transaction costs		(200)
Net proceeds		3,800
Amount classified as equity (net of transaction costs of NZD 9 thousand)	14(D)	(163)
Accrued interest		91
Carrying amount of liability at 31 December 2026		3,728

The Company issued 1,000,000 convertible notes on 6 August 2026 (2025: nil). The notes have a three-year term. Interest is payable at maturity. The conversion option may be exercised by the holders of the notes at any time until maturity. When the conversion option is exercised, the outstanding principal of the notes are converted into 250,000 ordinary shares of the Company; any accrued but unpaid interest as at the exercise date is required to be paid in cash. Otherwise, the total principal and accrued interest outstanding is repayable in cash at maturity. The liability is classified as non-current at 31 December 2026.^a

NZ IFRS 7.20(B)-(D)

NZ IAS 1.69(a)-(d),
76A-76B,
NZ IAS 32.11, 16,
Insights 3.1.100

a. The Group classified the liability as non-current at 31 December 2026 as the maturity date is not within 12 months of the reporting date and the equity-classified conversion option does not impact the classification of the liability as current or non-current. The Group therefore has the right to defer settlement of the liability for at least 12 months after the reporting date. The conversion option is classified as an equity component under IAS 32 because the conversion will result in a fixed amount (i.e. the outstanding principal amount of the notes), exchanged for a fixed number of ordinary shares (i.e. the 'fixed for fixed' requirement is met).

Notes to the consolidated financial statements (continued)

28. Loans and borrowings (continued)

D. Convertible notes (Series B)

In thousands of New Zealand Dollars

	<i>Note</i>	
Proceeds from issue of convertible notes (250,000 notes at NZD 4 (USD 4.4) par value)		1,000
Transaction costs ^a		(50)
Net proceeds		950
Fair value of embedded derivative liability (equity conversion option)	32(A)-(B)	(45)
Accrued interest		-
Carrying amount of host liability at 31 December 2026		905

The Company issued 250,000 foreign currency (USD) convertible notes on 31 December 2026 (2025: nil). The notes have a three-year term. Interest is payable annually in arrears. The conversion option may be exercised by the holders of the notes at any time until maturity. When the conversion option is exercised, the outstanding principal of the notes are converted into 100,000 ordinary shares of the Company; any accrued but unpaid interest as at the exercise date is required to be paid in cash. Otherwise, the total principal and accrued interest outstanding is repayable in cash at maturity. The host liability is classified as current at 31 December 2026.^b

E. Redeemable preference shares

In thousands of New Zealand Dollars

Proceeds from issue of redeemable preference shares	2,000
Transaction costs	(61)
Accrued dividend	51
Carrying amount at 31 December 2026	1,990

During 2026, 1,000,000 redeemable preference shares were issued as fully paid with a par value of NZD 2 per share (2025: nil). The redeemable preference shares do not carry the right to vote. The holders of the redeemable preference shares participate in the Company's residual assets only to the extent of the face value of the shares.

The redeemable preference shares are mandatorily redeemable at par on 31 May 2032 and classified as a non-current liability at 31 December 2026. The Group is obliged to pay holders of these shares annual dividends of 4.4 percent of the par amount on 31 May each year until and including on maturity.

* A Tier 2 entity is only required to disclose the detail in NZ IFRS 7.18 for a breach of terms or default of principal, interest, sinking fund, or redemption of terms that has not been remedied by the end of the reporting period.

Insights 7.7.50.80

- a. In our view, an entity should choose an accounting policy, to be applied consistently, to allocate transaction costs relating to a hybrid (combined) instrument that includes a non-derivative host contract which is not accounted for at FVTPL and an embedded derivative that is accounted for at FVTPL. The Group's accounting policy is to allocate all of the transaction costs to, and deduct from, the carrying amount of the non-derivative host contract on initial recognition and measure the embedded derivative at fair value on initial recognition.

*NZ IAS 1.69(a)-(d),
76A-76B,
NZ IAS 32.11,
Insights 3.1.100*

- b. Even though the maturity date is not within 12 months from the reporting date, the Group classified the host liability as current at 31 December 2026 because the Group takes the liability-classified conversion option into account when classifying the host liability. The note holders may exercise the conversion option at any time, which would result in the notes being settled by the Group. As such, the Group does not have the right to defer settlement of the host liability for at least 12 months after the reporting date. The conversion option contains an obligation for the Company to issue a fixed number of shares in exchange for a variable amount of cash. As the note payable is denominated in USD rather than NZD, the Company's functional currency, the cash is fixed in USD terms but is variable in the Company's functional currency terms. In addition, the conversion option has economic characteristics of equity and is not closely related to those of the host debt instrument. Therefore, the conversion option is a separable embedded derivative liability.

Notes to the consolidated financial statements (continued)

28. Loans and borrowings (continued)

F. Reconciliation of movements of liabilities to cash flows arising from financing activities^a

NZ IAS 7.44A–E

	Note	Liabilities		
		Bank overdrafts used for cash management purposes	Other loans and borrowings	Convertible notes
<i>In thousands of New Zealand Dollars</i>				
Balance at 1 January 2026		282	22,395	-
Changes from financing cash flows				
Proceeds from issue of share capital	26(A)	-	-	-
Proceeds from issue of convertible notes	28(C)-(D)	-	-	4,828
Proceeds from issue of redeemable preference shares	28(E)	-	-	-
Proceeds from loans and borrowings		-	591	-
Proceeds from sale of treasury shares		-	-	-
Proceeds from exercise of share options	26(A)	-	-	-
Proceeds from settlement of derivatives		-	-	-
Transaction costs related to loans and borrowings	28(C)-(E)	-	-	(241)
Acquisition of NCI	36	-	-	-
Repayment of borrowings		-	(5,055)	-
Payment of lease liabilities		-	-	-
Dividend paid	26(C)	-	-	-
Total changes from financing cash flows		-	(4,464)	4,587
Changes arising from obtaining or losing control of subsidiaries or other businesses				
		-	500	-
The effect of changes in foreign exchange rates				
		-	(122)	-
Changes in fair value				
		-	-	-
Other changes				
Change in bank overdraft	19	52	-	-
New leases	37(A)	-	-	-
Capitalised borrowing costs	21(E), 22(D)	-	231	-
Interest expense	10	-	1,061	91
Interest paid		-	(1,289)	-
Transfer to retained earnings on disposal of equity securities designated at FVOCI (net of tax)	25	-	-	-
Total liability-related other changes		52	3	91
Total equity-related other changes				
		-	-	-
Balance at 31 December 2026		334	18,312	4,678

NZ IAS 7.44B(a)

NZ IAS 7.44B(b)

NZ IAS 7.44B(c)

NZ IAS 7.44B(d)

NZ IAS 7.44B(e)

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Liabilities		Derivatives (assets)/ liabilities held to hedge long- term borrowings		Equity				
Redeemable preference shares	Lease liabilities	Interest rate swap and forward exchange contracts used for hedging – assets	Interest rate swap and forward exchange contracts used for hedging – liabilities	Share capital/ premium	Reserves	Retained earnings	NCI	Total
-	4,529	(205)	8	18,050	439	13,786	3,091	62,375
-	-	-	-	1,550	-	-	-	1,550
-	-	-	-	-	171	-	-	5,000
2,000	-	-	-	-	-	-	-	2,000
-	-	-	-	-	-	-	-	591
-	-	-	-	19	11	-	-	30
-	-	-	-	50	-	-	-	50
-	-	4	1	-	-	-	-	5
(61)	-	-	-	-	(9)	-	-	(311)
-	-	-	-	-	8	(93)	(115)	(200)
-	-	-	-	-	-	-	-	(5,055)
-	(554)	-	-	-	-	-	-	(554)
-	-	-	-	-	-	(1,243)	-	(1,243)
1,939	(554)	4	1	1,619	182	(1,336)	(115)	1,863
-	-	-	-	87	-	120	-	707
-	-	-	-	-	-	-	-	(122)
-	-	24	16	-	-	-	-	40
-	-	-	-	-	-	-	-	52
-	150	-	-	-	-	-	-	150
-	-	-	-	-	-	-	-	231
51	320	-	-	-	-	-	-	1,523
-	(320)	-	-	-	-	-	-	(1,609)
-	-	-	-	-	(61)	61	-	-
51	150	-	-	-	-	-	-	347
-	-	-	-	-	598	7,873	828	9,299
1,990	4,125	(177)	25	19,756	1,158	20,504	3,804	74,509

NZ IAS 7.44D–44E, 60 a. This example illustrates one possible format to meet the disclosure requirement in paragraphs 44A–44E of NZ IAS 7 by providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. Other presentation formats are possible. Although NZ IAS 7 only requires disclosure of a reconciliation of changes in liabilities arising from financing activities, the Group has elected to expand the disclosure to cover changes in bank overdrafts used for cash management purposes and changes in equity balances arising from financing activities as well. If an entity provides the disclosures required by paragraph 44A of NZ IAS 7 in combination with disclosures of changes in other assets and liabilities, then it discloses the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

Notes to the consolidated financial statements (continued)

28. Loans and borrowings (continued)

F. Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

NZ IAS 7.44A–E

NZ IAS 7.44B(a)

NZ IAS 7.44B(c)

NZ IAS 7.44B(d)

NZ IAS 7.44B(e)

	Liabilities		
	Bank overdrafts used for cash management purposes	Other loans and borrowings	Convertible notes
<i>In thousands of New Zealand Dollars</i>			
	<i>Note</i>		
Restated balance at 1 January 2025	303	20,769	-
Changes from financing cash flows			
Proceeds from loans and borrowings	-	4,079	-
Proceeds from sale of treasury shares	-	-	-
Proceeds from settlement of derivatives	-	-	-
Repayment of borrowings	-	(2,445)	-
Payment of lease liabilities	-	-	-
Dividend paid	26(C)	-	-
Total changes from financing cash flows	-	1,634	-
The effect of changes in foreign exchange rates	-	(30)	-
Changes in fair value	-	-	-
Other changes			
Liability-related			
Change in bank overdraft	19	(21)	-
New leases	21(C)	-	-
Capitalised borrowing costs	22(D)	-	12
Interest expense	10	-	1,061
Interest paid	-	(1,051)	-
Total liability-related other changes	(21)	22	-
Total equity-related other changes	-	-	-
Balance at 31 December 2025	282	22,395	-

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Liabilities		Derivatives (assets)/liabilities held to hedge long-term borrowings		Equity				
Redeemable preference shares	Lease liabilities	Interest rate swap and forward exchange contracts used for hedging – assets	Interest rate swap and forward exchange contracts used for hedging – liabilities	Share capital/premium	Reserves	Retained earnings	NCI	Total
-	4,939	(204)	1	18,050	297	8,497	2,718	55,370
-	-	-	-	-	-	-	-	4,079
-	-	-	-	-	(280)	-	-	(280)
-	-	8	3	-	-	-	-	11
-	-	-	-	-	-	-	-	(2,445)
-	(590)	-	-	-	-	-	-	(590)
-	-	-	-	-	-	(571)	-	(571)
-	(590)	8	3	-	(280)	(571) -	-	204
-	-	-	-	-	-	-	-	(30)
-	-	(9)	4	-	-	-	-	(5)
-	-	-	-	-	-	-	-	(21)
-	180	-	-	-	-	-	-	180
-	-	-	-	-	-	-	-	12
-	238	-	-	-	-	-	-	1,299
-	(238)	-	-	-	-	-	-	(1,289)
-	180	-	-	-	-	-	-	181
-	-	-	-	-	422	5,860	373	6,655
-	4,529	(205)	8	18,050	439	13,786	3,091	62,375

Notes to the consolidated financial statements (continued)

29. Trade and other payables

See accounting policies in Notes 44(P)(iii) and (iv).

	Note	2026	2025 Restated*
<i>In thousands of New Zealand Dollars</i>			
Trade payables due to related parties	40	174	351
Trade payables – supplier arrangement		5,515	4,900
Other trade payables		17,016	14,700
Accrued expenses		312	487
Trade payables		23,017	20,438
Forward exchange contracts used for hedging	32(C)-(D)	8	7
Interest rate swaps used for hedging	32(C)-(D)	20	5
Contingent consideration	34(A)(iii)	270	-
Refund liabilities	8(D)	988	883
Other payables		1,286	895
		24,303	21,333
Non-current		290	5
Current		24,013	21,328
		24,303	21,333

* See Note 43.

Information about the Group's exposure to currency and liquidity risks is included in Note 32(C).

Supplier finance arrangement

The Group participates in a supplier finance arrangement under which its suppliers may elect to receive early payment of their invoices from a bank. Under the arrangement, the bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and the Group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the participating suppliers early payment terms, compared with the related invoice payment due date.

The Group has not derecognised the original trade payables relating to the arrangement because neither a legal release was obtained nor were the original liabilities substantially modified on entering into the arrangement.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; however, the arrangement does provide participating suppliers with the benefit of early payment. Additionally, the Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remain the same as those of other trade payables.

All payables under the arrangement are classified as current as at 31 December 2026 and 2025.

Additional information about the Group's trade payables is provided in the table below.

	31 December 2026	31 December 2025	1 January 2025
<i>In thousands of New Zealand Dollars</i>			
Carrying amount of financial liabilities subject to supplier finance arrangement			
Presented within trade and other payables	5,515	4,900	6,215
– of which suppliers have received payment from the bank	3,860	3,430	4,350
Range of payment due dates			
Trade payables subject to supplier finance arrangement (days after invoice date)	45-60	45-60	45-60
Comparable trade payables (days after invoice date)	40-55	40-55	40-55

NZ IFRS 78(g)

NZ IAS 7.44G, 44H(a),
NZ IFRS 7.B11F(j)

NZ IAS 7.44F, 44H(b)

Notes to the consolidated financial statements (continued)

29. Trade and other payables (continued)

NZ IAS 7.44H(c)

Non-cash changes

There were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements.

NZ IAS 7.43,
Insights 2.3.190.120

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services. The payments to a supplier by the bank of NZD 3,860 thousand (2025: NZD 3,430 thousand) are considered non-cash transactions.

For additional information about how these arrangements affect the Group's exposure to liquidity risk, see Note 32(C)(iii).

30. Government grants

See accounting policies in Notes 8(D) and 44(F)–(G).

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	2026	2025
Deferred income – Asset acquisition ^a	30(A)	1,424	1,462
		1,424	1,462
Non-current		1,424	1,462
Current		-	-
		1,424	1,462

A. Asset acquisitions

NZ IAS 20.39(b)–(c)

In 2025, the Group was awarded a grant, amounting to NZD 1,462 thousand, conditional on the acquisition of factory premises in a specified region. The factory has been in operation since early 2026 and the grant, recognised as deferred income, is being amortised over the useful life of the building. In accordance with the terms of the grant, the Group is prohibited from selling the factory premises for a period of 15 years from the date of the grant.

B. Emissions schemes^b

NZ IAS 20.39(b)–(c)

The Group participates in a 'cap and trade' scheme in various countries. Under the scheme, at the beginning of each year the Government in each country sets specific annual limits for emitting pollutants and grants the Group the respective number of emissions allowances. The Group recognises emissions allowances and the related deferred income at the fair value of allowances granted, which is determined based on the quoted market price of allowances traded in an active market. When the Group emits pollutants and recognises a liability (see Note 31(D)), it reduces the related expense in profit or loss by releasing the deferred income. In 2026, the Group received emissions allowances amounting to NZD 115 thousand (2025: NZD 120 thousand) (see Note 22). The Group emitted pollutants above the limit in 2026 and 2025, and therefore the deferred income related to this grant as at 31 December 2026 is nil (2025: nil).

C. New pine tree plantations

NZ IAS 41.57(a)–(b)

In 2026, the Group was awarded an unconditional grant, amounting to NZD 130 thousand, for plantations of pine trees in a specified region. This grant was recognised in profit or loss in full and presented in 'other income' when it became receivable (see Note 9(A)). There is no outstanding balance of deferred income related to this grant as at 31 December 2026.

NZ IAS 20.24,
Insights
4.3.1 30.60

- a. The Group has elected to present government grants related to assets as deferred income. Alternatively, an entity may present these grants as a deduction in arriving at the carrying amount of the asset. The deferred income is generally classified as a non-current liability when an entity presents a classified statement of financial position.

NZ IAS 20.23,
Insights 5.14.110.
20

- b. In our view, if emissions allowances are received from a government for less than their fair value, then the entity should choose an accounting policy, to be applied consistently, either to recognise the resulting government grant at fair value (as the difference between the fair value of the allowances and the consideration (if any) paid) or to recognise them at the nominal amount paid for the certificates. NZ IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* notes that fair value is the usual approach for non-monetary grants.

The Group has elected to account for the government grant related to emissions allowances at their fair value.

Notes to the consolidated financial statements (continued)

30. Government grants(continued)

D. Payroll expenses for employees in flood-affected areas

In 2026, the Group received support from the Government in [Country X], amounting to NZD 70 thousand, towards payroll for employees who were temporarily out of work in flood-affected areas. The full amount of the grant was received in 2026 and recognised in profit or loss as 'other income' (see Note 9(A)).

31. Provisions

See accounting policy in Note 44(T).

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	Warranties	Restructuring	Site restoration	Emissions schemes	Legal	Total
NZ IAS 37.84(a)							
Balance at 1 January 2026		200	460	740	140	-	1,540
Assumed in a business combination	34	-	-	150	-	20	170
Provisions made during the year		440	280	660	120	-	1,500
Provisions used during the year	22	(200)	(360)	(800)	(140)	-	(1,500)
Provisions reversed during the year ^a		-	(100)	-	-	-	(100)
Unwind of discount	10	-	-	60	-	-	60
Balance at 31 December 2026		440	280	810	120	20	1,670
Non-current		200	-	810	-	-	1,010
Current		240	280	-	120	20	660
		440	280	810	120	20	1,670

A. Warranties

The provision for warranties relates mainly to paper sold during 2025 and 2026. The provision has been estimated based on historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year. An expected reimbursement of warranty expense incurred of NZD 25 thousand has been included in 'other trade receivables' (see Note 18) following a supplier accepting responsibility for the defective products.

B. Restructuring

During 2026, a provision of NZD 280 thousand was made to cover the costs associated with restructuring part of a manufacturing facility within the Non-recycled Papers segment that will be retained when the remainder of the facility is sold (see Note 20). Estimated restructuring costs mainly include employee termination benefits (see Note 13(E)) and are based on a detailed plan agreed between management and employee representatives. The restructuring and the sale are expected to be completed by June 2027.

During 2025, the Group committed to a plan to restructure a product line in the American paper manufacturing and distribution division due to a decrease in demand as a result of a deterioration in economic conditions. Following the announcement of the plan, the Group recognised a provision of NZD 460 thousand for expected restructuring costs, including contract termination costs, consulting fees and employee termination benefits (see Note 13(E)). Estimated costs were based on the terms of the relevant contracts. The restructuring was completed in 2026, and NZD 360 thousand of the provision was used during the year. The unused provision of NZD 100 thousand was reversed and has been included in 'cost of sales'.

NZ IAS 37.85(a),(b), (c)

NZ IAS 1.98(b), 125, 37.85(a)-(b), Insights 4.1.30.40

Insights 3.12.850 .10^a. In our view, in the statement of profit or loss and OCI, the reversal of a provision should be presented in the same line item as the original estimate.

Notes to the consolidated financial statements (continued)

31. Provisions (continued)

C. Site restoration

I. France

NZ IAS 37.85(a)

A provision of NZD 740 thousand was made during 2025 and an unwind of the discount of NZD 60 thousand was recognised in 2026 in respect of the Group's obligation to rectify environmental damage in France. The required work was completed during 2026 at a cost of NZD 800 thousand.

II. Romania

NZ IAS 1.125, 1.29, 37.85(a)–(b)

Under Romanian law, the Group's subsidiary in Romania is required to restore contaminated land to its original condition before the end of 2029. During 2026, the Group provided NZD 660 thousand for this purpose.

Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are currently available. The Group has been provided with a range of reasonably possible outcomes for the total cost, which range from NZD 500 thousand to NZD 700 thousand, reflecting different assumptions about pricing of the individual components of the cost. The provision has been calculated using a discount rate of 5.9 percent, which is the risk-free rate in Romania. The rehabilitation is expected to occur in the next two to three years.

NZ IAS 34.26

The provision has increased compared with the amount of NZD 500 thousand reported in the Company's interim financial statements as at 30 June 2026 due to a change in estimated costs. At the time of preparing the interim financial statements, the extent of restoration work required was uncertain, because the inspection report by the Romanian authorities had not yet been finalised. The estimates were subsequently revised based on the final report.

III. Acquisition of Papyrus

As part of the acquisition of Papyrus, the Group recognised environmental provisions of NZD 150 thousand, measured on a provisional basis (see [Note 34\(C\)](#)).

D. Emissions schemes

NZ IAS 37.85(a)

The Group participates in a 'cap and trade' scheme in various countries (see [Note 30\(B\)](#)). The Group recognises a liability to surrender emissions allowances as it emits pollutants. The liability is measured based on the carrying amount of the allowances on hand to the extent of emissions within the annual limit (see [Note 22](#)), and at the current market value of allowances to the extent that the Group would be required to purchase additional allowances to settle the obligation.

During 2026, the Group recognised a provision for pollutants emitted of NZD 120 thousand. The provision will be settled by surrendering the emissions allowances to the Government in 2027. A provision of NZD 140 thousand at 31 December 2025 was settled in 2026 in a similar manner.

E. Legal

NZ IAS 37.86(a)–(b)

As a result of the acquisition of Papyrus, the Group assumed a contingent liability of NZD 20 thousand, measured on a provisional basis (see [Note 34\(C\)](#)).

F. Levies

NZ IAS 37.85(a)

The Group operates in a number of countries in which it is subject to government levies. It assesses the timing of when to accrue environmental taxes imposed by legislation at the end of the tax year (31 March) on entities that manufacture pulp products. The Group recognised a liability to pay environmental taxes on 31 March, when the obligating event as stated in the legislation occurred. It paid that liability in full at a later date.

Therefore, at 31 December 2026 no liability for environmental taxes has been recognised. An expense of NZD 102 thousand has been recognised in profit or loss for the year ended 31 December 2026.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management

A. Accounting classifications and fair values^{a, b}

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below (see Note 20). Their carrying amount is a reasonable approximation of fair value.

31 December 2026 <i>In thousands of New Zealand Dollars</i>	Note	Carrying amount		
		Fair value – hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments
Financial assets measured at fair value				
Interest rate swaps used for hedging	25	116	-	-
Forward exchange contracts used for hedging	25	297	-	-
Other forward exchange contracts	25	-	122	-
Sovereign debt securities	25	-	243	-
Corporate debt securities	25	-	-	118
Equity securities	25	-	251	-
		413	616	118
Financial assets not measured at fair value				
Trade and other receivables	18	-	-	-
Cash and cash equivalents	19	-	-	-
Corporate debt securities	25	-	-	-
		-	-	-
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	29	(20)	-	-
Forward exchange contracts used for hedging	29	(8)	-	-
Contingent consideration	29	-	(270)	-
Convertible notes - embedded derivative liability	28	-	(45)	-
		(28)	(315)	-
Financial liabilities not measured at fair value				
Bank overdrafts	19	-	-	-
Secured bank loans	28	-	-	-
Unsecured bond issues	28	-	-	-
Convertible notes – liability	28	-	-	-
Redeemable preference shares	28	-	-	-
Dividends payable on redeemable shares	28	-	-	-
Trade and other payables*	29	-	-	-
		-	-	-

* Other payables that are not financial liabilities (refund liabilities recognised under NZ IFRS 15 – NZD 988 thousand) are not included.

NZ IFRS 7.8, 25–26, 13.93(a)–(b), 94, 97, 99

NZ IFRS 7.8, 29

a. In this table, the Group has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in NZ IFRS 9. This presentation method is optional and different presentation methods may be appropriate, depending on circumstances.

The Group has not disclosed the fair values of financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value.

Carrying amount				Fair value			
FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
-	-	-	116	-	116	-	116
-	-	-	297	-	297	-	297
-	-	-	122	-	122	-	122
-	-	-	243	43	200	-	243
-	-	-	118	48	70	-	118
467	-	-	718	718	-	-	718
467	-	-	1,614				
-	32,518	-	32,518	-	-	-	-
-	1,504	-	1,504	-	-	-	-
-	2,664	-	2,664	2,704	-	-	2,704
-	36,686	-	36,686				
-	-	-	(20)	-	(20)	-	(20)
-	-	-	(8)	-	(8)	-	(8)
-	-	-	(270)	-	-	(270)	(270)
-	-	-	(45)	-	-	(45)	(45)
-	-	-	(343)				
-	-	(334)	(334)				
-	-	(9,112)	(9,112)	-	(9,484)	-	(9,484)
-	-	(9,200)	(9,200)	-	(9,675)	-	(9,675)
-	-	(4,633)	(4,663)	-	(4,671)	-	(4,671)
-	-	(1,939)	(1,939)	-	(1,936)	-	(1,936)
-	-	(51)	(51)	-	(51)	-	(51)
-	-	(23,017)	(23,017)				
-	-	(48,286)	(48,286)				

 NZ IFRS 7, B1–B3 ^b

An entity groups financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. Although NZ IFRS 7 does not define 'classes', as a minimum instruments measured at amortised cost need to be distinguished from instruments measured at fair value.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

A. Accounting classifications and fair values (continued)

31 December 2025 <i>In thousands of New Zealand Dollars</i>	Note	Carrying amount		
		Fair value – hedging instruments	Mandatorily at FVTPL – others	FVOCI – debt instruments
Financial assets measured at fair value				
Interest rate swaps used for hedging	25	131	-	-
Forward exchange contracts used for hedging	25	352	-	-
Other forward exchange contracts	25	-	89	-
Sovereign debt securities	25	-	591	-
Corporate debt securities	25	-	-	373
Equity securities	25	-	254	-
		483	934	373
Financial assets not measured at fair value				
Trade and other receivables	18	-	-	-
Cash and cash equivalents	19	-	-	-
Corporate debt securities	25	-	-	-
		-	-	-
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	29	(5)	-	-
Forward exchange contracts used for hedging	29	(7)	-	-
Contingent consideration	29	-	-	-
		(12)	-	-
Financial liabilities not measured at fair value				
Bank overdrafts	19	-	-	-
Secured bank loans	28	-	-	-
Unsecured bank loans	28	-	-	-
Unsecured bond issues	28	-	-	-
Loan from associate		-	-	-
Trade and other payables*	29	-	-	-
		-	-	-

* Other payables that are not financial liabilities (refund liabilities recognised under NZ IFRS 15 – NZD 883 thousand) are not included.

Carrying amount				Fair value			
FVOCI – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
-	-	-	131	-	131	-	131
-	-	-	352	-	352	-	352
-	-	-	89	-	89	-	89
-	-	-	591	81	510	-	591
-	-	-	373	151	222	-	373
511	-	-	765	590	-	175	765
511	-	-	2,301				
-	22,325	-	22,325				
-	1,849	-	1,849				
-	2,243	-	2,243	2,249	-	-	2,249
-	26,417	-	26,417				
-	-	-	(5)	-	(5)	-	(5)
-	-	-	(7)	-	(7)	-	(7)
-	-	-	-	-	-	-	-
-	-	-	(12)				
-	-	(282)	(282)				
-	-	(12,078)	(12,078)	-	(12,078)	-	(12,078)
-	-	(117)	(117)	-	(117)	-	(117)
-	-	(9,200)	(9,200)	-	(9,301)	-	(9,301)
-	-	(1,000)	(1,000)	-	(997)	-	(997)
-	-	(20,438)	(20,438)				
-	-	(43,115)	(43,115)				

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in [Note 4\(B\)\(i\)](#).

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	<i>Discounted cash flows:</i> The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	<ul style="list-style-type: none"> Expected cash flows (31 December 2026: NZD318 – NZD388 thousand). Risk-adjusted discount rate (31 December 2026: 15%). 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> the expected cash flows were higher (lower); or the risk-adjusted discount rate were lower (higher).
Equity securities	<i>Market comparison technique:</i> The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee.	<ul style="list-style-type: none"> Adjusted market multiple (2025: 4–7). 	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).
Corporate debt securities	Market comparison/ discounted cash flow: The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.	Not applicable.
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.

NZ IFRS 13.91(a), 92, 93(d), 93(h)(i), 99

NZ IFRS 3.B67(b)(iii)

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values (continued)

i. Valuation techniques and significant unobservable inputs (continued)

Financial instruments measured at fair value (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable.	Not applicable.
Equity conversion option (embedded in convertible notes)^a	Least Squares Monte Carlo: The fair value is estimated by utilising a simulation of possible future share prices and foreign exchange rates, and applying least squares regression analysis, as well as comparing at each potential exercise date the discounted risk-neutral expectation of the option payoff if not exercised, and the relevant exercise price.	Expected volatility (31 December 2026: 47%, 31 December 2025: N/A).	The estimated fair value would increase (decrease) if the expected volatility were higher (lower).

Financial instruments not measured at fair value

Type	Valuation technique
Other financial liabilities*	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

* Other financial liabilities include secured and unsecured bank loans, unsecured bond issues, convertible notes – liability component, redeemable preference shares and loans from associates.

NZ IFRS 13.91(a), 92, 93(d), 93(h)(i), 99

NZ IFRS 13.93(d), 97

^a In practice, there may be other significant unobservable inputs used in the valuation of a similar equity conversion option. This disclosure is provided for illustrative purposes only.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values (continued)

ii. Transfers between Levels 1 and 2

At 31 December 2026, FVOCI corporate debt securities with a carrying amount of NZD 40 thousand were transferred from Level 1 to Level 2 because quoted prices in the market for such debt securities were no longer regularly available. To determine the fair value of such debt securities, management used a valuation technique in which all significant inputs were based on observable market data (see Note 32(B)(i)). There were no transfers from Level 2 to Level 1 in 2026 and no transfers in either direction in 2025.

iii. Level 3 recurring fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	Equity securities	Contingent consideration	Equity conversion option
Balance at 1 January 2025		-	-	-
Gain included in OCI				
– Net change in fair value (unrealised)		23	-	-
Purchases		152	-	-
Balance at 31 December 2025		175	-	-
Balance at 1 January 2026		175	-	-
Assumed in a business combination	34(A)	-	(250)	-
Issues	28(D)	-	-	(45)
Loss included in 'finance costs'				
– Net change in fair value (unrealised)	10	-	(20)	-
Gain included in OCI				
– Net change in fair value (unrealised)		68	-	-
Disposal		(243)	-	-
Balance at 31 December 2026		-	(270)	(45)

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NZ IFRS 13.93(c), 95

NZ IFRS 13.91(b), 92, 93(e)(ii)

NZ IFRS 13.93(e)(iii)

NZ IFRS 13.93(e)(iii)

NZ IFRS 13.93(e)(iii)

NZ IFRS 13.91(b), 92, 93(e)(i), (f)

NZ IFRS 13.91(b), 92, 93(e)(ii)

NZ IFRS 13.93(e)(iii)

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

B. Measurement of fair values (continued)

iii. Level 3 recurring fair values (continued)

Sensitivity analysis

For the fair values of contingent consideration and equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Contingent consideration

Effect in thousands of New Zealand Dollars

	Profit or loss	
	Increase	Decrease
31 December 2026		
Expected cash flows (10% movement) Risk-adjusted discount rate (1% movement (100 bps))	(23) 6	23 (6)

Equity conversion option

Effect in thousands of New Zealand Dollars

	Profit or loss	
	Increase	Decrease
31 December 2026		
Expected volatility (10% movement)	13	(13)

Equity securities

In thousands of New Zealand Dollars

	OCI, net of tax	
	Increase	Decrease
31 December 2025		
Adjusted market multiple (5% movement)	81	(81)

C. Financial risk management^a

The Group has exposure to the following risks arising from financial instruments:

- credit risk (see Note 32(C)(ii));
- liquidity risk (see Note 32(C)(iii)); and
- market risk (see Note 32(C)(iv)).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

NZ IFRS 13.93(h)(iii)

NZ IFRS 7.31, 33(b)

NZ IFRS 7.34

- a. The financial risk disclosures presented are only illustrative and reflect the facts and circumstances of the Group. In particular, NZ IFRS 7 requires the disclosure of summary quantitative data about an entity's risk exposures based on information provided internally to an entity's key management personnel, although certain minimum disclosures are also required to the extent that they are not otherwise covered by the disclosures made under the 'management approach' above.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

In thousands of New Zealand Dollars

	2026	2025
Impairment loss on trade receivables and contract assets arising from contracts with customers*	210	192
Impairment loss on lease receivable	1	1
Impairment loss on debt securities at amortised cost	62	13
Impairment loss (reversal) on debt securities at FVOCI	(3)	-
	270	206

* Of which, NZD11 thousand (2025: NZD 3 thousand) related to a discontinued operation (see [Notes 6 and 7](#)).

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in [Notes 6\(D\)–\(E\)](#).

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

More than 85 percent of the Group's customers have been transacting with the Group for over four years and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

The Group is monitoring the economic environment in [Region Z] and is taking actions to limit its exposure to customers in countries experiencing particular economic volatility. In 2026, certain purchase limits have been reduced, particularly for customers operating in [Countries A, B, C, D and E], because the Group's experience is that the recent economic volatility has had a greater impact for customers in those countries than for customers in other countries.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The quantitative information below on trade receivables and contract assets includes amounts classified as held-for-sale (see [Note 20](#)).

NZ IFRS 7.31, 33

NZ IFRS 7.35K(a), 36(a)

NZ IAS 1.82(ba),

NZ IFRS 15.113(b)

NZ IFRS 7.33(a)–(b)

NZ IFRS 7.33(c)

NZ IFRS 7.35K(b), B8G

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Trade receivables and contract assets (continued)

At 31 December 2026, the exposure to credit risk for trade receivables and contract assets by geographic region was as follows.^a

<i>In thousands of New Zealand Dollars</i>	Carrying amount	
	2026	2025
[Countries A, B, C, D and E]	1,598	1,583
Other [Region Z] countries	24,027	13,649
US	11,374	7,687
Other regions	286	188
	37,285	23,107

At 31 December 2026, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows.^a

<i>In thousands of New Zealand Dollars</i>	Carrying amount	
	2026	2025
Wholesale customers	27,588	15,051
Retail customers	9,246	7,145
End-user customers	342	820
Other	109	91
	37,285	23,107

At 31 December 2026, the carrying amount of the receivable from the Group's most significant customer (a New Zealand wholesaler) was NZD 8,034 thousand (2025: NZD 4,986 thousand).

A summary of the Group's exposure to credit risk for trade receivables and contract assets is as follows.

<i>In thousands of New Zealand Dollars</i>	2026		2025	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
External credit ratings at least Baa3 from [Rating Agency X] or BBB- from [Rating Agency Y]	6,397	-	5,139	-
Other customers:				
– Four or more years' trading history with the Group*	21,298	-	14,230	-
– Less than four years' trading history with the Group*	8,735	-	3,290	-
– Higher risk	952	223	466	216
Total gross carrying amount	37,382	223	23,105	216
Loss allowance	(246)	(74)	(138)	(76)
	37,136	149	22,967	140

* Excluding 'higher risk'.

NZ IFRS 7.34(a), 34(c)

NZ IFRS 7.34(a), 34(c)

NZ IFRS 7.34(a), 34(c)

NZ IFRS 7.34(a), 35M, B8I

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Trade receivables and contract assets (continued)

Expected credit loss assessment for corporate customers

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies [Rating Agencies X and Y].

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on GDP forecast and industry outlook and include the following: 1.3 (2025: 1.2) for New Zealand, 0.9 (2025: 0.8) for [Country Y], 1.1 for (2025: 1.2) [Country Z] and 1.8 (2025: 1.9) for [Industry A].

NZ IFRS 7.35B(a),
35F(c), 35G(a)–(b)

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Trade receivables and contract assets (continued)

Expected credit loss assessment for corporate customers (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at 31 December 2026.

31 December 2026 <i>In thousands of New Zealand Dollars</i>	Equivalent to external credit rating [Agency Y]	Weighted- average loss rate	Gross carrying amount	Impairment loss allowance	Credit- impaired
Grades 1–6: Low risk	BBB- to AAA	0.30%	9,163	(27)	No
Grades 7–9: Fair risk	BB- to BB+	0.60%	16,094	(97)	No
Grade 10: Substandard	B- to CCC-	2.60%	1,633	(42)	No
Grade 11: Doubtful	C to CC	23.20%	118	(27)	Yes
Grade 12: Loss	D	44.90%	67	(30)	Yes
			27,075	(223)	

Expected credit loss assessment for individual customers

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated under a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2026.

31 December 2026 <i>In thousands of New Zealand Dollars</i>	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
Current (not past due)	0.40%	8,511	(34)	No
1–30 days past due	1.10%	1,638	(18)	No
31–60 days past due	5.60%	232	(13)	No
61–90 days past due	13.20%	111	(15)	No
More than 90 days past due	43.60%	38	(17)	Yes
		10,530	(97)	

Loss rates are based on actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast unemployment rates and are as follows: 1.3 (2025: 1.2) for New Zealand, 0.95 (2025: 1.0) for [Country Y] and 1.2 (2025: 1.1) for [Country Z].

NZ IFRS 7.35M, B8I

NZ IFRS 7.35B(a),
35F(c), 35G(a)–(b)

NZ IFRS 7.35M,
35N, B8I

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Trade receivables and contract assets (continued)

Expected credit loss assessment for corporate customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at 31 December 2025.

31 December 2025 <i>In thousands of New Zealand Dollars</i>	Equivalent to external credit rating [Agency Y]	Weighted- average loss rate	Gross carrying amount	Impairment loss allowance	Credit- impaired
Grades 1–6: Low risk	BBB- to AAA	0.20%	4,786	(10)	No
Grades 7–9: Fair risk	BB- to BB+	0.60%	8,141	(49)	No
Grade 10: Substandard	B- to CCC-	2.60%	865	(22)	No
Grade 11: Doubtful	C to CC	24.20%	100	(24)	Yes
Grade 12: Loss	D	44.80%	101	(45)	Yes
			13,993	(150)	

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2025.

31 December 2025 <i>In thousands of New Zealand Dollars</i>	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit- impaired
Current (not past due)	0.30%	7,088	(21)	No
1–30 days past due	1.10%	2,012	(22)	No
31–60 days past due	5.60%	193	(11)	No
61–90 days past due	14.60%	20	(3)	No
More than 90 days past due	43.50%	15	(7)	Yes
		9,328	(64)	

NZ IFRS 7.35M, B8I

NZ IFRS 7.35M,
35N, B8I

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Trade receivables and contract assets (continued)

Movements in the allowance for impairment in respect of trade receivables and contract assets

NZ IFRS 7.35H

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

In thousands of New Zealand Dollars

	2026	2025
Balance at 1 January	214	26
Amounts written off	(80)	(5)
Amounts derecognised due to discontinued operation	(25)	-
Net remeasurement of loss allowance	211	193
Balance at 31 December	320	214

NZ IFRS 7.35L

Trade receivables with a contractual amount of NZD 70 thousand written off during 2026 are still subject to enforcement activity.

NZ IFRS 7.35I, B8D

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2026:

- the growth of the business in [Countries A, B, X and Y] resulted in increases in trade receivables of NZD 4,984 thousand (2025: NZD 2,356 thousand) and NZD 4,556 thousand (2025: NZD 2,587 thousand) respectively and increases in impairment allowances of NZD 30 thousand (2025: NZD 14 thousand) and NZD 44 thousand (2025: NZD 23 thousand) respectively;
- increases in credit-impaired balances in [Countries D and Z] of NZD 143 thousand (2025: NZD 98 thousand) resulted in increases in impairment allowances of NZD 47 thousand (2025: NZD 44 thousand); and
- a decrease in trade receivables of NZD 3,970 thousand attributed to the Packaging segment, which was sold in February 2026 (see Note 7), resulted in a decrease in the loss allowance in 2026 of NZD 25 thousand.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Debt securities

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least A2 from [Rating Agency X] and A from [Rating Agency Y].

The Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

12-month and lifetime probabilities of default are based on historical data supplied by [Rating Agency X] for each credit rating and are recalibrated based on current bond yields and CDS prices. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 40 percent except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The exposure to credit risk for debt securities at amortised cost, FVOCI and FVTPL at the reporting date by geographic region was as follows.

In thousands of <i>New Zealand Dollars</i>	Net carrying amount	
	2026	2025
[Country X]	1,815	2,338
[Countries A, B, C, D and E] Other [Region Z]	68	115
countries UK	366	273
US	478	430
	298	51
	3,025	3,207

NZ IFRS 7.33(a)–33(b), 35B(a), 35F(a), 35G(a)–(b)

NZ IFRS 7.34(a), (c)

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Debt securities (continued)

The following table presents an analysis of the credit quality of debt securities at amortised cost, FVOCI and FVTPL. It indicates whether assets measured at amortised cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

Credit rating	2026					2025				
	FVTPL	FVOCI	At amortised cost			FVTPL	FVOCI	At amortised cost		
			12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired			12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired
In thousands of New Zealand Dollars										
BBB- to AAA	243	122	2,007	-	-	591	378	1,569	-	-
BB- to BB+	-	-	-	207	-	-	-	-	334	-
B- to B+	-	-	-	113	-	-	-	-	233	-
C to CCC+	-	-	-	247	-	-	-	-	73	-
D	-	-	-	-	185	-	-	-	-	67
Gross amounts		122	2,007	567	185		378	1,569	640	67
Loss allowance		(1)	(15)	(25)	(55)		(4)	(7)	(7)	(19)
Amortised cost		121	1,992	542	130		374	1,562	633	48
Carrying amount	243	118	1,992	542	130	591	373	1,562	633	48

An impairment allowance of NZD 55 thousand (2025: NZD 19 thousand) related to debt securities at amortised cost with a credit rating of D was recognised because of significant financial difficulties being experienced by the debtors. The Group has no collateral in respect of these investments.

NZ IFRS 7.34(a), 35M, B8I

NZ IFRS 7.35I

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Debt securities (continued)

The movement in the allowance for impairment for debt securities at amortised cost during the year was as follows.

NZ IFRS 7.35H, 42P

NZ IFRS 7.42P

	2026			Total
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	
<i>In thousands of New Zealand Dollars</i>				
Balance at 1 January	10	3	20	33
Net remeasurement of loss allowance	5	46	27	78
Transfer to lifetime ECL – not credit-impaired	(1)	1	-	-
Transfer to lifetime ECL – credit-impaired	-	(8)	8	-
Financial assets repaid	(2)	(17)	-	(19)
New financial assets acquired	3	-	-	3
Balance at 31 December	15	25	55	95

NZ IFRS 7.42P

	2025			Total
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	
<i>In thousands of New Zealand Dollars</i>				
Balance at 1 January	6	2	12	20
Net remeasurement of loss allowance	-	10	6	16
Transfer to lifetime ECL – not credit-impaired	-	-	-	-
Transfer to lifetime ECL – credit-impaired	-	(1)	1	-
Financial assets repaid	-	(4)	-	(4)
New financial assets acquired	1	-	-	1
Balance at 31 December	7	7	19	33

NZ IFRS 7.35I, B8D

The following contributed to the increase in the loss allowance during 2026.

- An issuer of a debt security with a gross carrying amount of NZD 109 thousand entered administration. The Group classified the debt security as credit-impaired and increased the loss allowance by NZD 25 thousand.
- A recession in [Country Y] in the fourth quarter of 2026 resulted in credit rating downgrades and transfers to lifetime ECL measurement, with consequent increases in loss allowances of NZD 33 thousand.

NZ IFRS 7.16A, 35H, 42P

The movement in the allowance for impairment in respect of debt securities at FVOCI during the year was as follows.

	2026 12-month ECL	2025 12-month ECL
<i>In thousands of New Zealand Dollars</i>		
Balance at 1 January	4	4
Net remeasurement of loss allowance	(1)	(1)
Financial assets derecognised	(3)	-
New financial assets acquired	1	1
Balance at 31 December	1	4

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

ii. Credit risk (continued)

Cash and cash equivalents

NZ IFRS 7.33(a)–(b),
34(a), 35B(a),
35F(a), 35G(a)–(b),
35M

The Group held cash and cash equivalents of NZD 1,504 thousand at 31 December 2026 (2025: NZD 1,850 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on [Rating Agency Y] ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

NZ IFRS 7.35H, 42P

The amount of impairment allowance at 31 December 2026 is NZD 1 thousand (2025: NZD 1 thousand).

Derivatives

NZ IFRS 7.33(a)–(b),
34(a)

The derivatives are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on [Rating Agency Y] ratings.

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 31 December 2026 and 2025, the Company has issued a guarantee to certain banks in respect of credit facilities granted to two subsidiaries (see Note 33(B)).

iii. Liquidity risk

NZ IFRS 7.31, 33

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

NZ IFRS 7.34(a),
39(c), B10A, B11F,
IG18A

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. As described in Note 19, cash of NZD 300 thousand (2025: nil) is subject to restrictions imposed by certain customers. As such, this cash amount was excluded when calculating the ratio for the current period. The ratio of investments to outflows was 1.17 at 31 December 2026 (2025: 1.21).

The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2026, the expected cash inflows from trade and other receivables maturing within two months were NZD 30,892 thousand (2025: NZD 21,209 thousand) and the expected cash outflows from trade and other payables due within two months were NZD 23,024 thousand (2025: NZD 20,444 thousand). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As described in Note 29, the Group also participates in a supplier finance arrangement with the principal purpose of facilitating efficient payment processing of supplier invoices and providing the willing suppliers early payment terms compared with the related invoice payment due date. The arrangement allows the Group to centralise payments of trade payables to the bank rather than paying each supplier individually.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; on average, the payment terms for invoices relating to participating suppliers are extended by 5 days compared with the normal terms agreed with other suppliers that are not participating (see Note 29).

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iii. Liquidity risk (continued)

In addition, the Group maintains the following lines of credit.

- NZD 10 million overdraft facility that is unsecured. Interest would be payable at the rate of BKBM plus 250 basis points (2025: BKBM plus 160 basis points).
- NZD 15 million facility that is unsecured and can be drawn down to meet short-term financing needs. The facility has a 30-day maturity that renews automatically at the option of the Group. Interest would be payable at a rate of BKBM plus 200 basis points (2025: BKBM plus 110 basis points).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.^{a, b}

31 December 2026 <i>In thousands of New Zealand Dollars</i>	Carrying amount	Contractual cash flows					
		Total	2 months or less	2–12 months	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Contingent consideration	270	(330)	-	-	-	(330)	-
Bank overdrafts	334	(334)	(334)	-	-	-	-
Secured bank loans	9,112	(9,929)	(367)	(720)	(2,810)	(5,512)	(520)
Unsecured bond issues	9,200	(10,272)	(59)	(3,195)	(709)	(6,309)	-
Convertible notes ^c	4,678	(5,156)	-	-	(81)	(5,075)	-
Redeemable preference shares	1,990	(2,528)	-	(88)	(88)	(264)	(2,088)
Lease liabilities	4,125	(5,697)	(381)	(334)	(963)	(1,450)	(2,569)
Trade payables	23,017	(23,017)	(23,017)	-	-	-	-
	52,726	(57,263)	(24,158)	(4,337)	(4,651)	(18,940)	(5,177)
Derivative financial liabilities^d							
Interest rate swaps used for hedging	20	(21)	(1)	(6)	(6)	(8)	-
Forward exchange contracts used for hedging:							
– Outflow	8	(152)	(91)	(61)	-	-	-
– Inflow	-	142	85	57	-	-	-
	28	(31)	(7)	(10)	(6)	(8)	-

NZ IAS 7.50(a),
NZ IFRS 7.B11F

NZ IFRS 7.39(a)

NZ IFRS 7.39(a),
B11A–B11D

NZ IFRS 16.58

NZ IFRS 7.39(b),
B11A–B11D

NZ IFRS 7.39, B11, a. The Group has disclosed a contractual maturity analysis for its financial liabilities, which is the minimum disclosure under NZ IFRS 7 in respect of liquidity risk. Because NZ IFRS 7 does not mandate the number of time bands to be used in the analysis, the Group has applied judgement to determine an appropriate number of time bands.

Insights 7.10.650.70 b. The Group has included both the interest and principal cash flows in the analysis. In our view, this best represents the liquidity risk being faced by the Group.

Insights 7.10.650.60, NZ IFRS 7.B11A c. In disclosing information about the maturity analysis of financial liabilities, an entity does not separate an embedded derivative from a hybrid financial instrument. For such an instrument, the entity applies the disclosure requirements for non-derivative financial liabilities. The Group has therefore also included the contractual cash flows associated with the embedded derivative related to the series B convertible notes.

Insights 7.10.650.30 d. In our view, the maturity analysis should include all derivative financial liabilities, but contractual maturities only are required for those essential for an understanding of the timing of the cash flows.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iii. Liquidity risk (continued)

Exposure to liquidity risk (continued)

31 December 2025 <i>In thousands of New Zealand Dollars</i>	Carrying amount	Contractual cash flows						
		Total	2 months or less	2–12 months	1–2 years	2–5 years	More than 5 years	
Non-derivative financial liabilities								
NZ IFRS 7.39(a), B11A–B11D	Bank overdrafts	282	(282)	(282)	-	-	-	-
	Secured bank loans	12,078	(13,112)	(1,720)	(3,605)	(518)	(6,357)	(912)
	Unsecured bank loan	117	(125)	(63)	(62)	-	-	-
	Unsecured bond issues	9,200	(10,613)	(61)	(184)	(3,306)	(1,703)	(5,359)
	Lease liabilities	4,529	(5,936)	(200)	(400)	(900)	(1,400)	(3,036)
NZ IFRS 16.58	Loan from associate	1,000	(1,048)	(8)	(1,040)	-	-	-
	Trade payables	20,438	(20,438)	(20,438)	-	-	-	-
		47,644	(51,554)	(22,772)	(5,291)	(4,724)	(9,460)	(9,307)
Derivative financial liabilities								
NZ IFRS 7.39(b), B11A–B11D	Interest rate swaps used for hedging	5	(5)	-	(2)	(1)	(2)	-
	Forward exchange contracts used for hedging:							
	– Outflow	7	(41)	(25)	(16)	-	-	-
	– Inflow	-	32	19	13	-	-	-
		12	(14)	(6)	(5)	(1)	(2)	-

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

As disclosed in [Note 28\(B\)](#), the Group's secured bank loans are subject to various covenants. A future breach of any of these covenants may require the Group to repay the related loan earlier than indicated in the above table.

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration (see [Note 34\(A\)](#)) and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.^a

NZ IFRS 7.39(b)–(c), B11D

NZ IFRS 7.B10A

Insights
7.10.650.1 10

- ^a When the amount payable is not fixed, the amount to be disclosed is determined with reference to conditions existing at the reporting date. For example, for a floating-rate bond with interest payments indexed to three-month Euribor, in our view the amount to be disclosed should be based on forward rates rather than spot rates prevailing at the reporting date because the spot interest rates do not represent the level of the index based on which the cash flows will be payable. The forward interest rates better describe the level of the index in accordance with the conditions existing at the reporting date.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk

NZ IFRS 7.33

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Currency risk^a

NZ IFRS 7.21C, 22A(a)

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the New Zealand dollars and Swiss francs (CHF). The currencies in which these transactions are primarily denominated are New Zealand dollars, USD, GBP and CHF.

NZ IFRS 7.21A, 7.22A(b)–(c), 22C

The Group's risk management policy is to hedge 75 to 85 percent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months at any point in time. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These contracts are generally designated as cash flow hedges.^b

NZ IFRS 7.22B

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

NZ IFRS 7.22B(b)

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

NZ IFRS 7.23D

In these hedge relationships, the main sources of ineffectiveness are:^c

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

NZ IFRS 7.24B(a) (i, ii, iii, iv, v)
24C(a) (i), (ii)

- a. The Group did not designate any net positions in a hedging relationship. For an entity that did, the required disclosures would include the hedging gains or losses recognised in a separate line item in the statement of profit or loss and OCI.
- b. The Group has not designated any fair value hedging relationships. For an entity that has a fair value hedge, the required disclosures would include:
 - the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);
 - the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);
 - the line item in the statement of financial position that includes the hedged item;
 - the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period;
 - the accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses;
 - hedge ineffectiveness: i.e. the difference between the hedging gains or losses of the hedging instrument and the hedged item recognised in profit or loss; and
 - the line item in the statement of profit or loss and OCI that includes the recognised hedge ineffectiveness.
- c. The Group has not designated any fair value hedging relationships. For an entity that has a fair value hedge, the required disclosures would include:

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Currency risk (continued)

NZ IFRS 7.34(a)

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

In thousands of New Zealand Dollars	31 December 2026				31 December 2025			
	NZD	USD	GBP	CHF	NZD	USD	GBP	CHF
Trade receivables	1,977	8,365	2,367	-	3,099	6,250	1,780	-
Secured bank loans	-	(1,447)	(886)	(1,240)	-	(1,521)	(4,855)	(1,257)
Trade payables	(876)	(7,956)	(4,347)	-	(5,411)	(10,245)	(2,680)	-
Convertible notes (series B) including embedded conversion option	-	(950)	-	-	-	-	-	-
Net statement of financial position exposure	1,101	(1,988)	(2,866)	(1,240)	(2,312)	(5,516)	(5,755)	(1,257)
Next six months' forecast sales ^a	9,000	23,000	12,000	-	18,700	17,000	24,000	-
Next six months' forecast purchases ^a	(10,000)	(20,000)	(8,000)	-	(9,800)	(10,000)	(17,000)	-
Net forecast transaction exposure	(1,000)	3,000	4,000	-	8,900	7,000	7,000	-
Forward exchange contracts	-	(950)	(946)	-	-	(1,042)	(870)	-
Net exposure	101	62	188	(1,240)	6,588	442	375	(1,257)

NZ IFRS 7.34(a)

- a. Disclosure of estimated forecast sales and purchases does not form part of the minimum disclosure requirements in NZ IFRS 7, because estimated forecast sales and purchases are not financial instruments. However, the Group has disclosed this information because it is relevant to an understanding of its exposure to currency risk. In addition, NZ IFRS 7 requires quantitative data about risk exposures to be based on information provided internally to key management personnel and the Group provides forecast sales and purchase information to management as part of its management of currency risk.

Notes to the consolidated financial statements (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Currency risk (continued)

Exposure to currency risk (continued)

The following significant exchange rates have been applied.^a

New Zealand Dollars	Average rate		Year-end spot rate	
	2026	2025	2026	2025
USD 1	0.758	0.765	0.750	0.758
GBP 1	1.193	1.214	1.172	1.230
CHF 1	0.818	0.825	0.810	0.828

Sensitivity analysis

A reasonably possible strengthening (weakening) of the New Zealand Dollars, USD, GBP or CHF against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in thousands of New Zealand Dollars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2026				
NZD (9% movement)	(33)	33	25	(25)
USD (10% movement)	25	(25)	(7)	7
GBP (8% movement)	17	(17)	(5)	5
CHF (3% movement)	2	(2)	(30)	30
31 December 2025				
NZD (10% movement)	(37)	37	28	(28)
USD (12% movement)	85	(85)	(8)	8
GBP (10% movement)	92	(92)	(7)	7
CHF (5% movement)	6	(6)	(50)	50

NZ IFRS 7.34(a)

NZ IFRS 7.31

NZ IFRS 7.40

NZ IFRS 7.31

- a. Although it is not specifically required by the Standards, the Group has disclosed the significant exchange rates applied. This disclosure is provided for illustrative purposes only. In addition, NZ IFRS 7 requires information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Interest rate risk

The Group adopts a policy of ensuring that between 80 and 90 percent of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:^a

- the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal amount	
	2026	2025
<i>In thousands of New Zealand Dollars</i>		
Fixed-rate instruments		
Financial assets	2,554	2,629
Financial liabilities	(18,041)	(12,869)
	(15,487)	(10,240)
Effect of interest rate swaps	(8,000)	(7,500)
	(23,487)	(17,740)
Variable-rate instruments		
Financial liabilities	(11,064)	(14,055)
Effect of interest rate swaps	8,000	7,500
	(3,064)	(6,555)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased equity by NZD 65 thousand after tax (2025: NZD 66 thousand). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

NZ IFRS 7.21C,
22A(b)–22A(c),
22B–C

NZ IFRS 7.22B(b)
NZ IFRS 9.6.8.6

NZ IFRS 7.34(a)
NZ IFRS 7.23D

NZ IFRS 7.23E

- a. The Group did not have any new sources of hedge ineffectiveness emerging in designated hedging relationships. If it had, then it would be required to disclose those sources by risk category and explain the resulting hedge ineffectiveness.

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Effect in thousands of New Zealand Dollars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2026				
Variable-rate instruments	(66)	66	-	-
Interest rate swaps	61	(61)	310	(302)
Cash flow sensitivity (net)	(5)	5	310	(302)
31 December 2025				
Variable-rate instruments	(142)	142	-	-
Interest rate swaps	61	(61)	280	(275)
Cash flow sensitivity (net)	(81)	81	280	(275)

Other market price risk

The primary goal of the Group's investment in equity securities is to hold the investments for the long term for strategic purposes. Management is assisted by external advisers in this regard. However, the Group also holds certain equity securities for the purpose of trading. See [Note 25](#) for further details.

Sensitivity analysis – Equity price risk

All of the Group's listed equity investments are listed on either the London Stock Exchange or the New York Stock Exchange. For such investments classified at FVOCI, a 2 percent increase in the FTSE 100 plus a 3 percent increase in the Dow Jones Industrial Average at the reporting date would have increased equity by NZD 28 thousand after tax (2025: an increase of NZD 18 thousand after tax); an equal change in the opposite direction would have decreased equity by NZD 28 thousand after tax (2025: a decrease of NZD 18 thousand after tax). For such investments classified as at FVTPL, the impact of a 2 percent increase in the FTSE 100 plus a 3 percent increase in the Dow Jones Industrial Average at the reporting date on profit or loss would have been an increase of NZD 16 thousand after tax (2025: NZD 18 thousand after tax). An equal change in the opposite direction would have decreased profit or loss by NZD 16 thousand after tax (2025: NZD 18 thousand after tax).

NZ IFRS 7.40

NZ IFRS 7.B5(a)(iii)

NZ IFRS 7.40

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Cash flow hedges^{a, b}

At 31 December 2026, the Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

NZ IFRS 7.23B

	Maturity		
	1–6 months	6–12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of NZD)	253	63	-
Average NZD:USD forward contract rate	0.91	0.87	0.83
Average NZD:GBP forward contract rate	1.27	1.23	1.20
Average NZD:CHF forward contract rate	0.92	0.91	0.90

NZ IFRS 7.23B(a)

NZ IFRS 7.23B(b)

Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of NZD)	-	41	78
Average fixed interest rate	2.2%	2.4%	2.8%

At 31 December 2025, the Group held the following instruments to hedge exposures to changes in foreign currency rates.

	Maturity		
	1–6 months	6–12 months	More than one year
Foreign currency risk			
Forward exchange contracts			
Net exposure (in thousands of NZD)	293	73	-
Average NZD:USD forward contract rate	0.93	0.89	0.85
Average NZD:GBP forward contract rate	1.35	1.32	1.28
Average NZD:CHF forward contract rate	0.95	0.93	0.91

Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of NZD)	-	63	67
Average fixed interest rate	2.1%	2.2%	2.9%

NZ IFRS 7.23C, 24D ^{a.} *The Group does not frequently reset hedging relationships because both the hedging instrument and the hedged item frequently change (i.e. the entity does not use a dynamic process in which neither the exposure nor the hedging instruments used to manage that exposure remain the same for a long period). If it did, then it would be exempt from providing the disclosures required by paragraphs 23A and 23B of NZ IFRS 7, but would instead provide information about the ultimate risk management strategy, how it reflects its risk management strategy in its hedge accounting and designations, and how frequently hedging relationships are discontinued and restarted. If the volume of these hedges is unrepresentative of normal volumes during the year (i.e. the volume at the reporting date does not reflect the volumes during the year), then the entity would disclose that fact and the reason it believes the volumes are unrepresentative.*

NZ IFRS 7.23F ^{b.} *The Group did not have any forecast transaction for which cash flow hedge accounting had been used in the previous period, but which is no longer expected to occur. If it did, then it would be required to disclose a description of the forecast transaction as well as the amount reclassified from the cash flow hedge reserve to profit or loss.*

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Cash flow hedges (continued)

The amounts at the reporting date relating to items designated as hedged items were as follows.

	31 December 2026			
	Change in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Costs of hedging hedge reserve	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
<i>In thousands of New Zealand Dollars</i>				
Foreign currency risk				
Sales, receivables and borrowings	23	154	2	-
Inventory purchases	15	101	2	-
Interest rate risk				
Variable-rate instruments	24	178	-	-
31 December 2025				
Foreign currency risk				
Sales, receivables and borrowings	(35)	181	(27)	-
Inventory purchases	(23)	119	-	-
Interest rate risk				
Variable-rate instruments	(37)	191	-	-

NZ IFRS 7.24B(b)

NZ IFRS 7.RDR 24B.1

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Cash flow hedges (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

2026

In thousands of New Zealand Dollars	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
Foreign currency risk				
Forward exchange contracts – sales, receivables and borrowings	1,138	178	(5)	Other investments including derivatives (assets), trade and other payables (liabilities)
Forward exchange contracts – inventory purchases	758	119	(3)	Other investments including derivatives (assets), trade and other payables (liabilities)
Interest rate risk				
Interest rate swaps	8,000	116	(20)	Other investments including derivatives (assets), trade and other payables (liabilities)

NZ IFRS 7.21B, 21D, 24A, 24B(b), 24C(b)

NZ IFRS 7 RDR 24A.1

During the period – 2026

Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Costs of hedging recognised in OCI	Amount from hedging reserve transferred to cost of inventory	Amount from costs of hedging reserve transferred to cost of inventory	Amount reclassified from hedging reserve to profit or loss	Amount reclassified from costs of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
(23)	(45)	Finance costs – other	20	-	-	(12)	6	Revenue
			-	-	-	(6)	2	Finance costs – other
(15)	-	-	14	6	6	-	-	
(24)	(6)	Finance costs – other	-	-	-	(13)	-	Finance costs – other

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Cash flow hedges (continued)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2025			Line item in the statement of financial position where the hedging instrument is included
	Nominal amount	Carrying amount		
		Assets	Liabilities	
<i>In thousands of New Zealand Dollars</i>				
Foreign currency risk				
Forward exchange contracts – sales, receivables and borrowings	1,147	211	(4)	Other investments including derivatives (assets), trade and other payables (liabilities)
Forward exchange contracts – inventory purchases	765	141	(3)	Other investments including derivatives (assets), trade and other payables (liabilities)
Interest rate risk				
Interest rate swaps	7,500	131	(5)	Other investments including derivatives (assets), trade and other payables (liabilities)

NZ IFRS 7.21B, 21D, 24A, 24C(b)

NZ IFRS 7 RDR 24A.1

During the period – 2025

Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Costs of hedging recognised in OCI	Amount from hedging reserve transferred to cost of inventory	Amount from costs of hedging reserve transferred to cost of inventory	Amount reclassified from hedging reserve to profit or loss	Amount reclassified from costs of hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
35	(11)	Finance costs – other	6	-	-	(3)	7	Revenue
			-	-	-	(3)	(5)	Finance costs – other
23	-	-	4	1	(1)	-	-	
37	(5)	Finance costs – other	-	-	-	(5)	-	Finance costs – other

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Cash flow hedges (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

NZ IFRS 7.24E

	2026	
	Hedging reserve	Cost of hedging reserve
<i>In thousands of New Zealand Dollars</i>		
Balance at 1 January 2026	491	(27)
Cash flow hedges		
Changes in fair value:		
Foreign currency risk – inventory purchases	(15)	14
Foreign currency risk – other items	(23)	20
Interest rate risk	(24)	-
Amount reclassified to profit or loss:		
Foreign currency risk – other items	(18)	8
Interest rate risk	(13)	-
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	6	6
Tax on movements on reserves during the year	29	(17)
Balance at 31 December 2026	433	4

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Cash flow hedges (continued)

	2025	
<i>In thousands of New Zealand Dollars</i>	Hedging reserve	Cost of hedging reserve
Balance at 1 January 2025	434	(35)
Cash flow hedges		
Effective portion of changes in fair value:		
Foreign currency risk – inventory purchases	23	4
Foreign currency risk – other items	35	6
Interest rate risk	37	-
Amount reclassified to profit or loss:		
Foreign currency risk – other items	(6)	2
Interest rate risk	(5)	-
Amount included in the cost of non-financial items:		
Foreign currency risk – inventory purchases	1	(1)
Tax on movements on reserves during the year	(28)	(3)
Balance at 31 December 2025	491	(27)

Net investment hedges

A foreign currency exposure arises from the Group's net investment in its Swiss subsidiary that has a Swiss franc functional currency. The risk arises from the fluctuation in spot exchange rates between the CHF and NZD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedge is the risk of a weakening CHF against NZD that will result in a reduction in the carrying amount of the Group's net investment in the Swiss subsidiary.

Part of the Group's net investment in its Swiss subsidiary is hedged by a CHF-denominated secured bank loan (carrying amount: NZD 1,240 thousand (2025: NZD 1,257 thousand)), which mitigates the foreign currency risk arising from the subsidiary's net assets. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the NZD/CHF spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

NZ IFRS 7.22A

NZ IFRS 7.22B(a)

NZ IFRS 7.22B(b)

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Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

C. Financial risk management (continued)

iv. Market risk (continued)

Net investment hedges (continued)

The amounts related to items designated as hedging instruments were as follows.

		2026		
		Carrying amount		Line item in the statement of financial position where the hedging instrument is included
<i>In thousands of New Zealand Dollars</i>	Nominal amount	Assets	Liabilities	
Foreign exchange-denominated debt (CHF)	1,240	-	1,240	Loans and borrowings

The amounts related to items designated as hedged items were as follows.

		2026
<i>In thousands of New Zealand Dollars</i>	Change in value used for calculating hedge ineffectiveness	
CHF net investment	3	

The amounts related to items designated as hedging instruments were as follows.

		2025		
		Carrying amount		Line item in the statement of financial position where the hedging instrument is included
<i>In thousands of New Zealand Dollars</i>	Nominal amount	Assets	Liabilities	
Foreign exchange-denominated debt (CHF)	1,257	-	1,257	Loans and borrowings

The amounts related to items designated as hedged items were as follows.

		2025
<i>In thousands of New Zealand Dollars</i>	Change in value used for calculating hedge ineffectiveness	
CHF net investment	8	

NZ IFRS 7.24A,
24C(b)(i)–(iii)

NZ IFRS 7.24B(b)

During the period – 2026

Change in value used for calculating hedge ineffectiveness for 2026	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss	Line item affected in profit or loss because of the reclassification
(4)	(3)	(1)	Finance costs – other	-	N/A

During the period – 2026

Foreign currency translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
125	-

During the period – 2025

Change in value used for calculating hedge ineffectiveness for 2025	Change in value of hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss	Line item affected in profit or loss because of the reclassification
(8)	(8)	-	Finance costs – other	-	N/A

During the period – 2025

Foreign currency translation reserve	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied
105	-

Notes to the consolidated financial statements (continued)

32. Financial instruments – Fair values and risk management (continued)

D. Master netting or similar agreements^{a, b}

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under these agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	Gross amounts of financial instruments in the statement of financial position	Related financial instruments that are not offset	Net amount
31 December 2026				
Financial assets				
Other investments, including derivatives				
– Interest rate swaps used for hedging	25	116	(5)	111
– Forward exchange contracts used for hedging	25	297	(16)	281
– Other forward exchange contracts	25	122	(7)	115
		535	(28)	507
Financial liabilities				
Trade and other payables				
– Interest rate swaps used for hedging	29	(20)	20	-
– Forward exchange contracts used for hedging	29	(8)	8	-
		(28)	28	-
31 December 2025				
Financial assets				
Other investments, including derivatives				
– Interest rate swaps used for hedging	25	131	(2)	129
– Forward exchange contracts used for hedging	25	352	(8)	344
– Other forward exchange contracts	25	89	(2)	87
		572	(12)	560
Financial liabilities				
Trade and other payables				
– Interest rate swaps used for hedging	29	(5)	5	-
– Forward exchange contracts used for hedging	29	(7)	7	-
		(12)	12	-

NZ IFRS 7.13C, B51–B52, Insights 7.10.250.70

a. The disclosure requirements in paragraph 13C of NZ IFRS 7 may be grouped by type of financial instrument or transaction. Alternatively, an entity may present the disclosures in paragraph 13C(a)–(c) by type of financial instrument, and those in 13C(c)–(e) by counterparty.

NZ IFRS 7.13C, B52–B53, Insights 7.10.250.120

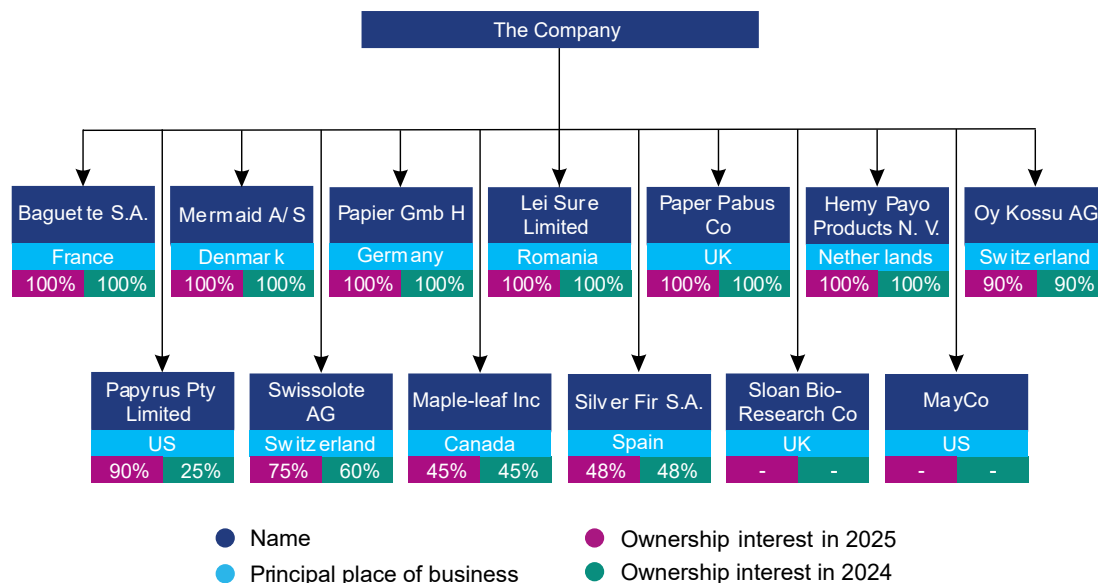
b. The disclosure requirements described in paragraph 13C of NZ IFRS 7 are minimum requirements. An entity supplements them with additional qualitative disclosures if they are necessary for financial statement users to evaluate the actual or potential effect of netting arrangements on its financial position. When disclosing quantitative information by counterparty, an entity considers qualitative disclosure about the type of counterparty.

Notes to the consolidated financial statements (continued)

33. List of subsidiaries^a

See accounting policy in Note 44(A)(ii).

Set out below is a list of material subsidiaries of the Group.



A. Maple-leaf Inc and Silver Fir S.A.

Although the Group owns less than half of Maple-leaf Inc and Silver Fir S.A. and has less than half of their voting power, management has determined that the Group controls these two entities. The Group controls Maple-leaf Inc by virtue of an agreement with its other shareholders; the Group has control over Silver Fir S.A., on a de facto power basis, because the remaining voting rights in the investee are widely dispersed and there is no indication that all other shareholders exercise their votes collectively.

B. Sloan Bio-Research Co and MayCo

The Group does not hold any ownership interests in two structured entities, Sloan Bio-Research Co and MayCo. However, based on the terms of agreements under which these entities were established, the Group receives substantially all of the returns related to their operations and net assets (these entities perform research activities exclusively for the Group) and has the current ability to direct these entities' activities that most significantly affect these returns. Because the owners' interests in these entities are presented as liabilities of the Group, there are no NCI for these entities.

The Company has issued guarantees to certain banks in respect of the credit facilities of NZD 700 thousand granted to these entities, which is the maximum amount the Company is exposed to.

NZ IFRS 12.1 0(a),
12(a)-(b), NZ IAS 24.1
3-14

NZ IFRS 12.7(a),
9(b), NZ IAS 1.122

NZ IFRS 12.7(a),
9(b), 10(b)(ii)

NZ IFRS 12.1 4

^a. For additional disclosure examples and explanatory notes on NZ IFRS 12, see our publication [Guide to annual financial statements – IFRS 12 supplement](#).

Notes to the consolidated financial statements (continued)

34. Acquisition of subsidiary

NZ IFRS 3.B64(a)–(c)

See accounting policies in [Note 44\(A\)\(i\)–\(iii\)](#).

On 31 March 2026, the Group acquired 65 percent of the shares and voting interests in Papyrus. As a result, the Group's equity interest in Papyrus increased from 25 to 90 percent, granting it control of Papyrus (see [Note 24\(B\)](#)).

Included in the identifiable assets and liabilities acquired at the date of acquisition of Papyrus are inputs (a head office, several factories, patented technology, inventories and customer relationships), production processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

NZ IFRS 3.B64(d)

Taking control of Papyrus will enable the Group to modernise its production process through access to Papyrus's patented technology. The acquisition is also expected to provide the Group with an increased share of the standard paper market through access to Papyrus's customer base. The Group also expects to reduce costs through economies of scale.

NZ IFRS 3.B64(q)

For the nine months ended 31 December 2026, Papyrus contributed revenue of NZD 20,409 thousand and profit of NZD 425 thousand to the Group's results. If the acquisition had occurred on 1 January 2026, management estimates that consolidated revenue would have been NZD 107,091 thousand, and consolidated profit for the year would have been NZD 8,128 thousand. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2026.

A. Consideration transferred

NZ IFRS 3.B64(f)

The following table summarises the acquisition date fair value of each major class of consideration transferred.

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	<i>2026</i>
Cash		2,500
Equity instruments (8,000 ordinary shares)	<i>26(A)(i)</i>	87
Replacement share-based payment awards		120
Contingent consideration	<i>32(B)(iii)</i>	250
Settlement of pre-existing relationship	<i>9(B)</i>	(326)
Total consideration transferred		2,631

I. Equity instruments issued

NZ IFRS 3.B64(f)(iv)

The fair value of the ordinary shares issued was based on the listed share price of the Company at 31 March 2026 of NZD 10.88 per share.

II. Replacement share-based payment awards

NZ IFRS 3.B64(l)

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Papyrus (the acquiree's awards) for equity-settled share-based payment awards of the Company (the replacement awards). The details of the acquiree's awards and replacement awards were as follows.

	Acquiree's awards	Replacement awards
Terms and conditions	Grant date: 1 April 2025 Vesting date: 31 March 2029 Service condition	Vesting date: 31 March 2029 Service condition
Fair value at date of acquisition	NZD 527 thousand	NZD 571 thousand

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Notes to the consolidated financial statements (continued)

34. Acquisition of subsidiary (continued)

A. Consideration transferred (continued)

ii. Replacement share-based payment awards (continued)

The value of the replacement awards is NZD 520 thousand, after taking into account an estimated forfeiture rate of 9 percent. The consideration for the business combination includes NZD 120 thousand transferred to employees of Papyrus when the acquiree's awards were substituted by the replacement awards, which relates to past service. The balance of NZD 400 thousand will be recognised as post-acquisition compensation cost. For further details on the replacement awards, see Note 12(A)(ii).

NZ IFRS 3.B64(g), B67(b)

iii. Contingent consideration

The Group has agreed to pay the selling shareholders in three years' time additional consideration of NZD 600 thousand if the acquiree's cumulative EBITDA over the next three years exceeds NZD 10,000 thousand. The Group has included NZD 250 thousand as contingent consideration related to the additional consideration, which represents its fair value at the date of acquisition. At 31 December 2026, the contingent consideration had increased to NZD 270 thousand (see Note 29).

NZ IFRS 3.B64(i)

iv. Settlement of pre-existing relationship

The Group and Papyrus were parties to a long-term supply contract under which Papyrus supplied the Group with timber products at a fixed price. Under the contract, the Group could terminate the agreement early by paying Papyrus NZD 326 thousand. This pre-existing relationship was effectively terminated when the Group acquired Papyrus.

The Group has attributed NZD 326 thousand of the consideration transferred to the extinguishment of the supply contract, and has included the amount in 'other expenses' (see Note 9(B)). This amount is the lower of the termination amount and the value of the off-market element of the contract. The fair value of the contract at the date of acquisition was NZD 600 thousand, of which NZD 400 thousand related to the unfavourable aspect of the contract to the Group relative to market prices.

NZ IFRS 3.B64(i)-(m)

B. Acquisition-related costs

The Group incurred acquisition-related costs of NZD 50 thousand relating to external legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

NZ IFRS 3.B64(i),
NZ IAS 7.40(a)-(d)

C. Identifiable assets acquired and liabilities assumed

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

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	<i>2026</i>
Property, plant and equipment	21(A)	1,955
Intangible assets	22(A)	250
Inventories		825
Trade receivables		848
Cash and cash equivalents		375
Loans and borrowings	28(B)(iii)	(500)
Deferred tax liabilities	14(F)	(79)
Contingent liabilities	31	(20)
Site restoration provision	31	(150)
Trade and other payables		(460)
		3,044
Total identifiable net assets acquired		

NZ IFRS 3.B64(h)(i)
NZ IAS 7.40(c)

Notes to the consolidated financial statements (continued)

34. Acquisition of subsidiary (continued)

C. Identifiable assets acquired and liabilities assumed (continued)

I. Measurement of fair values^a

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Property, plant and equipment	<i>Market comparison technique and cost technique:</i> The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	<i>Relief-from-royalty method and multi-period excess earnings method:</i> The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Inventories	<i>Market comparison technique:</i> The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of NZD 900 thousand, of which NZD 52 thousand was expected to be uncollectable at the date of acquisition.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of Papyrus's intangible assets (patented technology and customer relationships) has been measured provisionally, pending completion of an independent valuation.
- Papyrus is the defendant in legal proceedings brought by a customer that alleges that Papyrus supplied defective goods. Management's assessment, based on its interpretation of the underlying sales contract and independent legal advice, is that the basis for the customer's claim has little merit and it is not probable that an outflow will be required to settle the claim. Management's assessment of the fair value of this contingent liability, taking into account the range of possible outcomes of the judicial process, is NZD 20 thousand (see Note 39).
- Papyrus's operations are subject to specific environmental regulations. The Group has conducted a preliminary assessment of site restoration provisions arising from these regulations and has recognised a provisional amount. The Group will continue to review these matters during the measurement period.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

NZ IFRS 3.61

NZ IFRS 3.B64(h)
(ii)–(iii)NZ IFRS 3.B67(a),
NZ IAS 1.125NZ IFRS 3.B64(j),
B67(c), NZ IAS
37.86

^a NZ IFRS 13.BC1 84. The Group has disclosed information about the fair value measurement of assets acquired in a business combination, although the disclosure requirements of NZ IFRS 13 do not apply to the fair value of these assets if they are subsequently measured at other than fair value. This disclosure is provided for illustrative purposes only.

Notes to the consolidated financial statements (continued)

34. Acquisition of subsidiary (continued)

D. Goodwill

Goodwill arising from the acquisition has been recognised as follows.

In thousands of New Zealand Dollars

	<i>Note</i>	2026
Consideration transferred	34(A)	2,631
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Papyrus		305
Fair value of pre-existing interest in Papyrus		649
Fair value of identifiable net assets	34(C)	(3,044)
Goodwill	22(A)	541

NZ IFRS 3.B64(o)(i)

NZ IFRS 3.B64(p)(i)

NZ IFRS 3.B64(p)(ii)

The remeasurement to fair value of the Group's existing 25 percent interest in Papyrus resulted in a gain of NZD 250 thousand (NZD 649 thousand less the NZD 419 thousand carrying amount of the equity-accounted investee at the date of acquisition plus NZD 20 thousand of translation reserve reclassified to profit or loss). This amount has been included in 'finance income' (see Note 10).

NZ IFRS 3.B64(e), B64(k)

The goodwill is attributable mainly to the skills and technical talent of Papyrus's work force and the synergies expected to be achieved from integrating Papyrus into the Group's existing Standard Papers business. None of the goodwill recognised is expected to be deductible for tax purposes.

Notes to the consolidated financial statements (continued)

35. Non-controlling interests^a

See accounting policies in Note 44(A)(ii)–(iii) and (vi).

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.^b

NZ IFRS 1 2.1 0(a)(ii),
12, B10–B11

31 December 2026	Papyrus Pty Limited
<i>In thousands of New Zealand Dollars</i>	
NCI percentage	10%
Non-current assets	2,500
Current assets	1,780
Non-current liabilities	(715)
Current liabilities	(43)
Net assets	3,522
Net assets attributable to NCI	352
Revenue	20,409
Profit	450
OCI	25
Total comprehensive income	475
Profit allocated to NCI	45
OCI allocated to NCI	3
Cash flows from operating activities	430
Cash flows from investment activities	(120)
Cash flows from financing activities (dividends to NCI: nil)	12
Net increase (decrease) in cash and cash equivalents	322
31 December 2025	
<i>In thousands of New Zealand Dollars</i>	
NCI percentage	-
Non-current assets	-
Current assets	-
Non-current liabilities	-
Current liabilities	-
Net assets	-
Net assets attributable to NCI	-
Revenue	-
Profit	-
OCI	-
Total comprehensive income	-
Profit allocated to NCI	-
OCI allocated to NCI	-
Cash flows from operating activities	-
Cash flows from investment activities	-
Cash flows from financing activities (dividends to NCI: nil)	-
Net increase (decrease) in cash and cash equivalents	-

* See Note 43.

On 31 March 2026, the Group's equity interest in Papyrus increased from 25 to 90 percent and Papyrus became a subsidiary from that date (see Note 34). Accordingly, the information relating to Papyrus is only for the period from 1 April to 31 December 2026.

Oy Kossu AG	Swissolote AG	Maple-leaf Inc	Silver Fir S.A.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
10%	25%	55%	52%			
9,550	7,438	1,550	4,948			
5,120	1,115	890	1,272			
(5,230)	(6,575)	(1,280)	(533)			
(5,084)	(915)	(442)	(1,018)			
4,356	1,063	718	4,669			
436	266	395	2,428	7	(80)	3,804
10,930	9,540	8,112	15,882			
566	410	245	309			
-	-	44	-			
566	410	289	309			
57	103	135	161	3	(7)	497
-	-	24	-	-	(1)	26
210	166	(268)	(135)			
510	75	(269)	(46)			
(600)	(320)	(270)	130			
120	(79)	(268)	(51)			

Oy Kossu AG Restated*	Swissolote AG Restated*	Maple-leaf Inc	Silver Fir S.A.	Other individually immaterial subsidiaries	Intra-group eliminations	Total
10%	40%	55%	52%			
9,120	7,322	1,394	4,874			
4,960	1,278	850	638			
(5,900)	(6,900)	(1,200)	-			
(4,390)	(1,047)	(615)	(1,152)			
3,790	653	429	4,360			
379	261	236	2,267	2	(54)	3,091
8,660	9,390	6,259	13,743			
150	252	236	285			
-	-	40	-			
150	252	276	285			
15	101	130	148	(5)	(38)	351
-	-	22	-	-	-	22
300	115	530	(100)			
(25)	(40)	(788)	(30)			
(200)	(50)	190	130			
75	25	(68)	-			

- a. For additional disclosure examples and explanatory notes on NZ IFRS 12, see our publication [Guide to annual financial statements - IFRS 12 supplement](#).
- b. Although it is not required by NZ IFRS 12, the Group has reconciled from the summarised financial information about subsidiaries with material NCI to the total amounts in the financial statements. This disclosure is provided for illustrative purposes only.

Notes to the consolidated financial statements (continued)

36. Acquisition of NCI

See accounting policies in [Note 44\(A\)\(ii\)–\(iii\)](#).

In June 2026, the Group acquired an additional 15 percent interest in Swissolote, increasing its ownership from 60 to 75 percent. The carrying amount of Swissolote's net assets in the Group's consolidated financial statements on the date of the acquisition was NZD 767 thousand.

The following table summarises the effect of changes in the Company's ownership interest in Swissolote.

In thousands of New Zealand Dollars

Carrying amount of NCI acquired (NZD 767 x 15%)	115
Consideration paid to NCI	200
A decrease in equity attributable to owners of the Company	(85)

The decrease in equity attributable to owners of the Company comprised:

- a decrease in retained earnings of NZD 93 thousand; and
- an increase in the translation reserve of NZD 8 thousand.

NZ IFRS 12.10(b)(iii), 18

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Notes to the consolidated financial statements (continued)

37. Leases^a

See accounting policy in Note 44(U).

A. Leases as lessee

NZ IFRS 16.51, 59

The Group leases warehouse and factory facilities. The leases typically run for a period of 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements. The Group also leases production equipment.

NZ IAS 1.122

The warehouse and factory leases were entered into many years ago as combined leases of land and buildings.

During 2026, one of the leased properties has been sub-let by the Group. The lease and sub-lease expire in 2028.

NZ IFRS 16.60

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NZ IFRS 16.53 -54
 NZ IFRS 16
 RDR 54.1

Information about leases for which the Group is a lessee is presented below.^a

NZ IFRS 16.47(a)(ii)

i. Right-of-use assets^b

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 21(A)).

<i>In thousands of New Zealand Dollars</i>	Land and buildings	Production equipment	Total
2026			
Balance at 1 January	2,181	1,972	4,153
Depreciation charge for the year	(25)	-	(308)
Additions to right-of-use assets	150	-	150
Derecognition of right-of-use assets*	(402)	-	(402)
Balance at 31 December	1,904	1,689	3,593

* Derecognition of the right-of-use assets is as a result of entering into a finance sub-lease.

<i>In thousands of New Zealand Dollars</i>	Land and buildings	Production equipment	Total
2025			
Balance at 1 January	2,526	2,057	4,583
Depreciation charge for the year	(30)	(265)	(295)
Additions to right-of-use assets	-	180	180
Derecognition of right-of-use assets*	(315)	-	(315)
Balance at 31 December	2,181	1,972	4,153

* Derecognition of the right-of-use assets is as a result of entering into a finance sub-lease.

NZ IFRS 16.53(j)

NZ IFRS 16.53(a)

NZ IFRS 16.53(h)

NZ IFRS 16.53(j)

NZ IFRS 16.53(j)

NZ IFRS 16.53(a)

NZ IFRS 16.53(h)

NZ IFRS 16.53(j)

NZ IFRS 16
 RDR 54.1

a. A Tier 2 entity is not required to disclose the information under NZ IFRS 16.53 in a tabular format.

b. Although it is not required by NZ IFRS 16 Leases, the Group has reconciled the opening and closing right-of-use asset carrying amounts in the financial statements. This disclosure is provided for illustrative purposes only.

Notes to the consolidated financial statements (continued)

37. Leases (continued)

A. Leases as lessee (continued)

ii. Amounts recognised in profit or loss^a

In thousands of New Zealand Dollars

	2026	2025
Interest on lease liabilities	320	238
Income from sub-leasing right-of-use assets presented in 'other revenue'	(150)	(90)
Expenses relating to short-term leases	80	90
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	65	119

iii. Amounts recognised in statement of cash flows

In thousands of New Zealand Dollars

	2026	2025
Total cash outflow for leases	1,019	1,037

iv. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. *Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility.* The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of NZD 120 thousand.

B. Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties as well as leased property (see [Note 23](#)). All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

NZ IFRS 16
RDR 54.1

NZ IFRS 16.53(b)
NZ IFRS 16.53(f)
NZ IFRS 16.53(c)
NZ IFRS 16.53(d)

NZ IFRS 16
RDR 54.1

NZ IFRS 16.53(g)

NZ IFRS 16.59(b)
(ii), B50 (a), (c),
IE10 Ex.23

NZ IFRS 16.90–91

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NZ IFRS 16
RDR 54.1

a. A Tier 2 entity is not required to disclose the information under NZ IFRS 16.53 in a tabular format.

Notes to the consolidated financial statements (continued)

37. Leases (continued)

B. Leases as lessor (continued)

i. Finance lease

NZ IFRS 16.92(a)

During 2026, the Group has sub-leased a building that has been presented as a right-of-use asset – property, plant and equipment.

NZ IFRS 16.90(a)(i)

During 2026, the Group recognised a gain of NZD 22 thousand (2025: nil on derecognition of the right-of-use asset pertaining to the building and presented the gain as part of ‘Gain on sale of property, plant and equipment’ (see [Note 9\(A\)](#)).

NZ IFRS 16.90(a)(ii)

During 2026, the Group recognised interest income on lease receivables of NZD 31 thousand (2025: NZD 10 thousand).

NZ IFRS 16.94

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

In thousands of New Zealand Dollars

	2026	2025
Less than one year	143	35
One to two years	180	100
Two to three years	131	120
Three to four years	-	100
Four to five years	-	-
More than five years	-	-
Total undiscounted lease receivable	454	355
Unearned finance income	30	40
Net investment in the lease	424	315

ii. Operating lease

NZ IFRS 16.92(a)

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. [Note 23](#) sets out information about the operating leases of investment property.

NZ IFRS 16.90(b)

Rental income recognised by the Group during 2026 was NZD 460 thousand (2025: NZD 302 thousand).

NZ IFRS 16.97

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

In thousands of New Zealand Dollars

	2026	2025
Less than one year	450	332
One to two years	400	420
Two to three years	380	390
Three to four years	350	360
Four to five years	340	300
More than five years	145	445
Total	2,065	2,247

Notes to the consolidated financial statements (continued)

38. Commitments

A. Property, plant and equipment

NZ IAS 16.74(c)

During 2026, the Group entered into a contract to purchase property, plant and equipment and patents and trademarks in 2026 for NZD 1,465 thousand (2025: nil) and NZD 455 thousand (2025: nil) respectively.

The Group has voluntarily committed to reduce the carbon footprint of its Timber Products segment to 50 percent of its 2020 levels by 2030. This will be achieved by increasing the use of green energy in the production and transportation of timber products. The Group's project to replace its fleet of diesel trucks with electric vehicles and to use solar energy in one of its factories has substantively commenced. The Group incurred costs of NZD 100 thousand in 2025 and is committed to incurring capital expenditure of NZD 1,500 thousand over the next four years. As part of the plan, the Group entered into a contract in 2026 to acquire property, plant and equipment in 2027 in the amount of NZD 640 thousand. See [Notes 21\(G\)](#) and [22\(C\)](#) for the plan's impact on the useful life and impairment of property, plant and equipment.

The Group is committed to incurring other capital expenditure of NZD 150 thousand (2025: NZD 45 thousand). The Group's joint venture is committed to incurring capital expenditure of NZD 23 thousand (2025: NZD 11 thousand), of which the Group's share is NZD 9 thousand (2025: NZD 4 thousand). These commitments are expected to be settled in 2027.

B. Investment property

NZ IAS 40.75(h)

The Group has entered into contracts for the management and maintenance of certain commercial properties that are leased to third parties. These contracts will give rise to annual expense of NZD 15 thousand for the next five years.

C. Nature-dependent electricity contracts

NZ IFRS 7.30A

On 1 July 2026 the Group entered into a fixed-price pay-as-produced power purchase agreement (PPA) with the operator of a solar photovoltaic (PV) plant, for a five-year supply of solar energy to one of its European paper manufacturing facilities. Payment to the operator is based on the actual energy produced by the solar PV plant and delivered to the Group's facility, which varies depending on hours of sunlight. Therefore, the Group is exposed to the risk of having to purchase energy from the solar PV plant during a delivery interval, which exceeds the amount required to power its manufacturing facility over that interval. In these cases, the Group may be required to sell the unused energy shortly after delivery and at the then-available spot price.

The Group has determined that the PPA meets the own-use exemption and it is therefore not recognised as a derivative in the statement of financial position.^a

[NZ IFRS 9.B2.7–8, BC2.18G–18H, Insights 7.1.235.100–110]

^a The Group has determined that the own-use exemption in NZ IFRS 9 applies to the PPA because the Group has been, and expects to be, a 'net-purchaser' of energy for the contract period. In making this assessment, the Group anticipates that it will be able to buy sufficient energy to offset the sales of any unused energy no later than six months from its delivery date, in the same market in which the Group sold the energy. To avoid double counting, the Group excludes any expected purchases of unusable energy from its six-month energy purchase forecast. See our [article](#) for more information on applying the own-use exemption to nature-dependent energy contracts and the disclosures required.

Notes to the consolidated financial statements (continued)

38. Commitments (continued)

C. Nature-dependent electricity contracts (continued)

The estimated future cash outflows of purchasing energy under the PPA are provided in the table below.

<i>In thousands of New Zealand Dollars</i>	2027	2028	2029	2030	2031
Estimated future cash outflows	1,827	1,918	2,022	2,178	1,066

The Group does not assess whether the PPA is onerous because the related cash flows are not clearly distinguishable from the Group's paper manufacturing operations as a whole (except for proceeds from the sale of unused energy). However, if the operations become loss-making, the Group will assess the related paper manufacturing facilities for impairment.

The PPA has enabled the Group to lock in the cost of a significant proportion of the paper manufacturing facility's forecast energy demand, at lower than the average annual spot price in the same energy market. The effect on the Group's financial performance for the reporting period is provided in the table below.

<i>In thousands of NZD</i>	2026
Costs from purchases of energy made under the PPA:	852
– Of which was unused at the time of delivery	59
Proceeds from sale of unused energy	58
Costs from purchases of energy made to offset sales of unused energy	61

39. Contingencies

A subsidiary is defending an action brought by an environmental agency in Europe. Although liability is not admitted, if the defence against the action is unsuccessful, then fines and legal costs could amount to NZD 950 thousand, of which NZD 250 thousand would be reimbursable under an insurance policy. Based on legal advice, management believes that the defence against the action will be successful.

As part of the acquisition of Papyrus, the Group recognised a contingent liability of NZD 20 thousand in respect of a claim for contractual penalties made by one of Papyrus's customers (see [Note 34\(C\)](#)).

[Insights 3.12.620.10]

NZ IAS 1.125, 3786

Notes to the consolidated financial statements (continued)

40. Related parties^a

A. Parent and ultimate controlling party

During 2026, a majority of the Company's shares were acquired by Cameron Paper Co from Brown Products Corporation. As a result, the new ultimate controlling party of the Group is AJ Pennypacker. The previous ultimate controlling party was Sigma Global Investment Holdings.^b

B. Transactions with key management personnel

I. Key management personnel compensation

Key management personnel compensation comprised the following.

<i>In thousands of New Zealand Dollars</i>	2026	2025
Short-term employee benefits	502	420
Post-employment benefits	82	103
Other long-term benefits	3	2
Termination benefits	25	-
Share-based payments	516	250
	1,128	775

Executive officers also participate in the Group's share option programme (see [Note 12\(A\)\(ii\)](#)). Furthermore, employees of the Company are entitled to participate in a share purchase programme (see [Note 12\(A\)\(iii\)](#)) if they meet the criteria of investing a percentage of each month's salary for a period of 36 months. Consequently, the Group has deducted NZD 78 thousand from the salaries of the employees concerned (including an amount of NZD 37 thousand that relates to key management personnel), to satisfy the criteria. The amounts withheld are included in 'trade and other payables' (see [Note 29](#)).

As a result of the termination of the employment of one of the Group's executives in France, the executive received an enhanced retirement entitlement. Accordingly, the Group has recognised an expense of NZD 25 thousand during the year (2025: nil).

II. Key management personnel transactions

Directors of the Company control 12 percent of the voting shares of the Company. A relative of a director of a subsidiary has a 10 percent share in the Group's joint venture (see [Note 24\(A\)](#)).

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

NZ IAS 1.138(c), 24.13

NZ IAS 24.18

NZ IAS 24.17(a)

NZ IAS 19.151(b), 24.17(b)

NZ IAS 24.17(c)

NZ IAS 24.17(d)

NZ IAS 24.17(e)

NZ IAS 24.RDR 17.1

NZ IAS 24.17(d)

NZ IAS 24.18(b)(i)

a. For example disclosures for government-related entities that apply the exemption in paragraph 25 of NZ IAS 24 Related Party Disclosures, see [Appendix IV](#).

NZ IAS 24.13

b. The Company's parent produces consolidated financial statements that are available for public use. If neither the Company's parent nor its ultimate controlling party produced consolidated financial statements available for public use, then the Company would disclose the name of the next most senior parent that does so. If neither the ultimate controlling party nor any intermediate controlling party produced consolidated financial statements that are available for public use, then this fact would be disclosed.

Notes to the consolidated financial statements (continued)

40. Related parties (continued)

B. Transactions with key management personnel (continued)

ii. Key management personnel transactions (continued)

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or joint control were as follows.

Transaction	Note	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2026	2025	2026	2025
Legal fees	40 (a)	12	13	-	-
Repairs and maintenance	40 (b)	410	520	137	351
Inventory purchases – paper	40 (c)	66	-	-	-

- a. The Group used the legal services of one of its directors in relation to advice over the sale of certain non-current assets of the Company. Amounts were billed based on market rates for such services and were due and payable under normal payment terms.
- b. In 2025, the Group entered into a two-year contract with On-Track Limited, a company controlled by another director, to buy repairs and maintenance services on production equipment. The total contract value is NZD 986 thousand. The contract terms are based on market rates for these types of services and amounts are payable on a quarterly basis for the duration of the contract.
- c. The Group bought various paper supplies from Alumfab Limited, a company that is controlled by another director. Amounts were billed based on market rates for such supplies and were due and payable under normal payment terms.

From time to time directors of the Group, or their related entities, may buy goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

C. Other related party transactions^a

Transaction	Note	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
		2026	2025	2026	2025
Sale of goods and services					
Parent of the Group – Cameron Paper Co (2025: Brown Products Corporation)		350	320	253	283
Joint venture		745	250	651	126
Associates		400	150	332	233
Purchase of goods					
Joint venture		1,053	875	-	-
Others					
Joint venture					
– Dividends received	24	21	-	-	-
Associates					
– Loan and related interest	28	5	6	-	1,000

^a In our view, an entity should disclose the portions of transactions with joint ventures or associates that are not eliminated in applying equity accounting in the consolidated financial statements.

NZ IAS 24.18(a)–(b)

NZ IAS 24.18(b)(i), 23

NZ IAS 24.18

NZ IAS 24.18(a)–(b), 19

Insights 5.5.120.30 ^a In our view, an entity should disclose the portions of transactions with joint ventures or associates that are not eliminated in applying equity accounting in the consolidated financial statements.

Notes to the consolidated financial statements (continued)

40. Related parties (continued)

C. Other related party transactions (continued)

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within two months of the reporting date. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. During 2026, there were no transactions or outstanding balances with Brown Products Corporation, the previous parent of the Group. No guarantees have been given or received.

To support the activities of the joint venture, the Group and the other investors in the joint venture have agreed to make additional contributions in proportion to their interests to make up any losses, if required (see [Note 24](#)).

Purchase obligations in relation to recycled paper products arise from supply and service contracts signed by the Group. During 2026, the Group entered into an NZD 89 thousand supply agreement with Cameron Paper Co. At 31 December 2026, the Group has used NZD 25 thousand of its commitment under the agreement.

NZ IAS 24.18

NZ IAS 24.18(b),
18(c)–(d), 23

NZ IAS 24.21

Notes to the consolidated financial statements (continued)

41. Subsequent events

A. Restructuring

At the end of January 2027, the Group announced its intention to implement a cost-reduction programme and to take further measures to reduce costs. Additionally, to enable the Group to adapt its size to current market conditions, it intends to reduce the Group's workforce by 400 positions worldwide by the end of 2027, by means of non-replacement whenever possible. The Group expects the restructuring associated with the reduction in positions to cost between NZD 600 thousand and NZD 850 thousand in 2027 and 2028.

B. Others

Subsequent to 31 December 2026, one of the Group's major trade customers went into liquidation following a natural disaster in February 2027 that damaged its operating plant. Of the NZD 100 thousand owed by the customer, the Group expects to recover less than NZD 10 thousand. No additional allowance for impairment has been made in these consolidated financial statements.

On 10 January 2027, one of the premises of Oy Kossu AG, having a carrying amount of NZD 220 thousand, was seriously damaged by fire. Surveyors are in the process of assessing the extent of the loss, following which the Group will file a claim for reimbursement with the insurance company. The Group is unable to estimate the incremental costs relating to refurbishment and temporary shift of production to other locations (in excess of the reimbursement expected).

On 23 March 2027, an increase in the Netherlands corporate tax rate from 25 to 30 percent was substantively enacted, effective from 1 January 2027. This increase does not affect the amounts of current or deferred income taxes recognised at 31 December 2026. However, this change will increase the Group's future current tax charge accordingly. If the new tax rate were applied to calculate taxable temporary differences and tax losses recognised as at 31 December 2026 the effect would be that net deferred tax assets would increase by NZD 27 thousand (see [Note 14](#)).

On 22 July 2026, the Group announced its intention to acquire all of the shares of ABC Company for NZD 6,500 thousand. On 4 January 2027, the Group's shareholders approved the transaction and the Group is now awaiting approval from regulatory authorities before proceeding with the acquisition. Management anticipates that this approval will be received by April 2027.

NZIAS 10.21–22

NZIAS 10.21–22

Notes to the consolidated financial statements (continued)

42. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Derivative financial instruments	Fair value
Non-derivative financial instruments at FVTPL	Fair value
Debt and equity securities at FVOCI	Fair value
Contingent consideration assumed in a business combination	Fair value
Biological assets	Fair value less costs to sell
Investment property	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 44(E)(iv)

NZ IAS 1.112(a), 117

Notes to the consolidated financial statements (continued)

43. Correction of errors ^a

During 2026, the Group discovered that maintenance expenses had been erroneously duplicated in its financial statements since 2024. As a consequence, maintenance expenses and the related liabilities have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

I. Consolidated statement of financial position

1 January 2025 <i>In thousands of New Zealand Dollars</i>	Impact of correction of error		
	As previously reported	Adjustments	As restated
Total assets	86,344	-	86,344
Trade and other payables (current)	(28,335)	85	(28,250)
Deferred tax liabilities	(295)	(28)	(323)
Others	(28,209)	-	(28,209)
Total liabilities	(56,839)	57	(56,782)
Retained earnings	(8,440)	(57)	(8,497)
Others	(21,065)	-	(21,065)
Total equity	(29,505)	(57)	(29,562)
31 December 2025 <i>In thousands of New Zealand Dollars</i>	As previously reported	Adjustments	As restated
Total assets	90,013	-	90,013
Trade and other payables (current)	(21,424)	96	(21,328)
Deferred tax liabilities	(374)	(32)	(406)
Others	(32,913)	-	(32,913)
Total liabilities	(54,711)	64	(54,647)
Retained earnings	(13,722)	(64)	(13,786)
Others	(21,580)	-	(21,580)
Total equity	(35,302)	(64)	(35,366)

II. Consolidated statement of profit or loss and OCI

For the year ended 31 December 2025 <i>In thousands of New Zealand Dollars</i>	Impact of correction of error		
	As previously reported	Adjustments	As restated
Administrative expenses	(14,439)	11	(14,428)
Income tax expense	(2,456)	(4)	(2,460)
Others	22,862	-	22,862
Profit	5,967	7	5,974
Total comprehensive income	6,398	7	6,405

There is no material impact on the Group's basic or diluted EPS and no impact on the total operating, investing or financing cash flows for the year ended 31 December 2025.

NZ IAS 8.49

NZ IAS 8.49

NZ IAS 8.49

^a. The Group has disclosed the nature of the prior-period error and the amount of the correction for each financial line item affected as required by NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Notes to the consolidated financial statements (continued)

44. Material accounting policies^a

NZ IAS 1.112(a), 116,

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

Certain comparative amounts in the statement of profit or loss and OCI have been restated, reclassified or re-presented, as a result of a correction of a prior-period error (see [Note 43](#)), a change in the classification of certain depreciation expenses during the current year (see [Note 21\(H\)](#)) or an operation discontinued during the current year (see [Note 7](#)).

NZ IFRS 5.34, NZ IAS 1.41, 8.28

Set out below is an index of the material accounting policies, the details of which are available on the pages that follow.

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- a.** The example accounting policies illustrated reflect the circumstances of the Group on which these financial statements are based, by describing only the specific policies that are relevant to an understanding of the Group's consolidated financial statements. For example, the accounting policy for preference shares (see [Note 44\(Q\)\(iii\)](#)) is not intended to be a complete description of the classification of such shares in general. These example accounting policies should not be relied on for a complete understanding of IFRS Accounting Standards and should not be used as a substitute for referring to the accounting standards and interpretations themselves. To help you identify the underlying requirements in IFRS Accounting Standards, references to the recognition and measurement requirements in IFRS Accounting Standards that are relevant for a particular accounting policy have been included and indicated by square brackets – g. [\[NZ IFRS 3.19\]](#).

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

A. Basis of consolidation

I. Business combinations

[NZ IFRS 3.3-4, 32, 34
53, B5-B12]

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 44(A)(iii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Note 44(S)(ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see Note 44(Q)).

[NZ IFRS 3.B52]

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

[NZ IFRS 3.40, 58]

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

[NZ IFRS 3.30,
B57–B61]

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

II. Subsidiaries

[NZ IFRS 10.6, 20]

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

III. Non-controlling interests

[NZ IFRS 3.19]

NCl are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.^a

[NZ IFRS 10.23, B96]

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

IV. Loss of control

[NZ IFRS 10.25,
B98–B99]

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

NZ IFRS 3.19

- a. An entity has a choice on a combination-by-combination basis to measure any NCl in the acquiree at either the proportionate share of the acquiree's identifiable net assets or fair value. The Group has elected the former approach.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

A. Basis of consolidation (continued)

v. Interests in equity-accounted investees^a

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.^b Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.^c

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see [Note 44\(P\)\(v\)](#)); and
- qualifying cash flow hedges to the extent that the hedges are effective.

[NZ IFRS 11.15–16,
NZ IAS 28.3]

[NZ IAS 28.38–39]

[NZ IFRS 10.B86(c),
NZ IAS 28.28]

[NZ IAS 21.21]

[NZ IAS 21.23]

[NZ IFRS 9.B5.7 .3]

Insights
5.1 0.1 40.1 50

^a Although it is not illustrated, an entity's equity-accounted investee may have accounting policies for items that do not apply to the investor. In our view, this information should be included in the accounting policy note for equity-accounted investees if it is necessary for an understanding of equity-accounted earnings or the carrying amount of equity-accounted investees.

Insights 3.5.430.30

^b In the absence of specific guidance in the Accounting Standards, the Group has elected to eliminate unrealised gains and losses resulting from transactions with equity-accounted investees against the investment in the investees. Alternatively, the elimination may be presented as a reduction in the underlying asset – e.g. inventory.

Insights 2.7.160.20

^c In our experience, the most common practice is for all such exchange differences related to monetary items to be included as part of finance costs. However, it is also acceptable to allocate the exchange differences to the various line items affected. If exchange differences are allocated in this way, then this should be done consistently from period to period having regard to the guidance in IAS 1 on offsetting, and in our view it would be necessary to disclose the entity's allocation policy, if it is significant, in the financial statements.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

B. Foreign currency (continued)

II. Foreign operations

[NZ IAS 21.39]

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Zealand Dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into New Zealand Dollars at the exchange rates at the dates of the transactions.

[NZ IFRS 10.B94,
NZ IAS 21.41]

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

[NZ IAS 21.48–48D]

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C. Discontinued operation

[NZ IFRS 5.32]

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

NZ IFRS 5.34

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

D. Revenue from contracts with customers^a

Information about the Group's accounting policies relating to contracts with customers is provided in [Note 8\(D\)](#).

E. Employee benefits

I. Short-term employee benefits

[NZ IAS 19.11]

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

^a NZ IAS 1.117-117E The Group presents material accounting policies related to revenue from contracts with customers in the 'revenue' note, rather than in a separate note with other material accounting policies. Other approaches to presenting accounting policies may be acceptable.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

E. Employee benefits (continued)

ii. Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SARs, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

vi. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

[NZ IFRS 2.14–15,
19–21, 21A]

[NZ IFRS 2.30, 32]

[NZIAS 19.28, 51]

[NZIAS 19.57, 83]

[NZIAS 19.63–64,
NZ IFRIC 14.23–24]

[NZIAS 19.1 22,
127–130]

[NZIAS 19.103,
109–110]

[NZIAS 19.155–1 56]

[NZIAS 19.165]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

F. Government grants^a

NZ IAS 20.39(a),
IAS 20.7, 26,
41.34–35]

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants related to emissions allowances are recognised in profit or loss as a reduction of emissions expense in cost of sales as the Group emits pollutants (see [Note 44\(G\)](#)).

[NZ IAS 20.12, 20, 29]

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

G. Emissions schemes^{b, c}

[NZ IAS 38.7.4]

The Group participates in a ‘cap and trade’ scheme in various countries. Under the scheme, the Government in each country sets specific annual limits for emitting pollutants and grants the Group the respective number of emissions allowances. The Group can settle its annual obligation created by the emission of pollutants only by surrendering emissions allowances. If the Group’s annual emissions are below the limit, then it can sell the remaining allowances to other parties on a trading platform. Conversely, if the annual emissions exceed the limit, then the Group purchases additional allowances to settle its obligation.

The Group recognises emissions allowances as intangible assets (see [Note 44\(M\)](#)). Emissions allowances received from the Government are initially measured at fair value, which is determined based on the market price of allowances traded on the platform at that date. Emissions allowances purchased on the trading platform are initially measured at cost. Subsequent to initial recognition, the emissions allowances are measured at cost less any accumulated impairment losses. The cost of emissions allowances is based on the first-in, first-out allocation method.

Emissions allowances received from the Government are government grants (see [Note 44\(F\)](#)).

The Group recognises a liability to surrender emissions allowances as it emits pollutants. The Group measures the liability based on the carrying amount of the allowances on hand to the extent of emissions within the annual limit, and at the current market value of allowances to the extent that it would be required to purchase additional allowances to settle the obligation. The liability is presented as a provision and derecognised when the allowances are surrendered to the Government (see [Note 44\(T\)](#)).

- [Insights 4.3.140.10](#) a. An entity chooses a presentation format, to be applied consistently, either to offset a grant related to income against the related expenditure (net presentation) or to present it separately or under a general heading such as ‘other income’ (gross presentation).
- [Insights 3.3.100.70, 5.14.130.10](#) b. Emissions allowances are often interchangeable. The Accounting Standards are silent on how an entity should determine the carrying amount of such assets – e.g. whether to calculate a gain or loss on disposal. In some cases, it is feasible to identify and track the specific units sold or transferred – e.g. when the units have unique identification numbers. Conversely, if it is not feasible to identify and track the specific units, then in our view an entity should apply the guidance for determining cost formulas for inventories by analogy (see [Insights into IFRS 3.8.280](#)) under the hierarchy for selecting accounting policies. We believe that a reasonable cost allocation method may be used – i.e. average cost or first-in, first-out. An entity should apply the elected accounting policy consistently.
- [Insights 5.14.170.30](#) c. The Group has elected the first-in, first-out allocation method for emissions allowances.
- In our view, when other means of settlement than surrendering emissions allowances are not possible, the provision could be measured based on the current carrying amount of the certificates on hand if sufficient allowances are owned to settle the current obligation, because that could be viewed as being the best estimate of the expenditure required to settle the obligation. Otherwise, the provision should be based on the current market value of the emissions allowances at the reporting date.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

H. Finance income and finance costs^a

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued that are classified as financial liabilities;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the fair value gain or loss on financial assets measured at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities; impairment losses (and reversals) on investments in debt securities measured at amortised cost or FVOCI;
- the gain or loss on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the unwind of the discount on provisions (see [Note 44\(T\)](#));
- the fair value gain or loss on contingent consideration classified as a financial liability;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings (see [Note 32\(C\)\(iv\)](#)).

Interest income or expense is recognised under the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

[NZ IFRS 9.5.4.1–5.4.2,A]

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Insights 7.10.70.37 ^a. There is no guidance in the Accounting Standards on what is included in finance income and finance costs and the Group has disclosed as part of its accounting policy which items constitute finance income and finance costs.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

I. Income tax

[NZ IAS 12.58]

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets.^a

[NZ IAS 12.88A]

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of NZ IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.^b

i. Current tax

[NZ IAS 12.2, 12, 46],
[NZ IFRIC 23.1 1]

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

[NZ IAS 12.71]

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

[NZ IAS 12.15, 24, 39, 44]

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

[NZ IAS 12.56]

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Insights 3.13.45.10

- a.** Interest and penalties related to income taxes are not explicitly included in the scope of IAS 12. The IFRS Interpretations Committee discussed the accounting for interest and penalties related to income taxes and noted that an entity first considers whether interest or a penalty itself is an income tax. If so, then it applies IAS 12. If the entity does not apply IAS 12, then it applies IAS 37 to that amount. The Committee also noted that this is not an accounting policy choice – i.e. an entity needs to apply judgement based on the specific facts and circumstances.

Insights 3.1 3.43.20

- b.** Pillar Two top-up taxes are determined based on taxable profit or loss in a specific jurisdiction. They are included in the consolidated financial statements of the ultimate parent entity, before eliminating intra-group items and after making other adjustments – i.e. top-up taxes are levied on a net amount. Therefore, in our view all Pillar Two top-up taxes levied by tax authorities are generally income taxes in the scope of IAS 12.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

I. Income tax (continued)

ii. Deferred tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

J. Biological assets

Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

K. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

The cost of standing timber transferred from biological assets is its fair value less costs to sell at the date of harvest.

L. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2005, the Group's date of transition to NZ IFRS, was determined with reference to its fair value at that date.^a

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values under the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- buildings: 40 years;
- plant and equipment: 3–12 years; and
- fixtures and fittings: 5–10 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

^a. The Group was previously a first-time adopter of NZ IFRS. It has included the accounting policy for the determination of the cost of property, plant and equipment at the date of transition to NZ IFRS because it regards this information as relevant to an understanding of its financial statements.

[NZ IAS 12.51, 51C]

[NZ IAS 12.74]

[NZ IAS 41.12–13]

[NZ IAS 2.9, 25],
NZ IAS 2.36(a)]

[NZ IAS 2.20]

[NZ IFRS 1.D5, NZ
IAS 16.30, NZ IAS
16.73(a)]

[NZ IAS 16.45]

[NZ IAS 16.41, 71]

[NZ IAS 16.13]

[NZ IAS 16.53, 58,
60], NZ IAS 16.73(b)]

[NZ IAS 16.73(c)]

[NZ IAS 16.51]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

L. Property, plant and equipment (continued)

iv. Reclassification to investment property

[NZIAS 40.62]

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in OCI and reduces the revaluation surplus within equity.

M. Intangible assets and goodwill

i. Recognition and measurement

[NZIAS 38.1 07–1 08]

Goodwill Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

[NZIAS 38.54–55]

Research and development Expenditure on research activities is recognised in profit or loss as incurred.

[NZIAS 38.57, 66, 71, 74]

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Emissions allowances See Note 44(G).

[NZIAS 38.7 4]

Other intangible assets Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

[NZIAS 38.1 8]

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

[NZIAS 38.97],
NZIAS 38.1 18(a)–
(b)

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values under the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill and emissions allowances^a are not amortised.

The estimated useful lives for current and comparative periods are as follows:

- patents and trademarks: 3–20 years;
- development costs: 2–5 years; and
- customer relationships: 4–5 years.

[NZIAS 38.1 04]

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

N. Investment property

[NZIAS 40.7, 33, 35]

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

[NZIAS 16.41, 71]

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve (see Note 44(L)(iv)) is transferred to retained earnings.

Insights

5.14.120.20

- ^a For most emissions allowances traded in an active market, no amortisation will be required because the condition of the asset does not change over time, and therefore the residual value will be the same as cost. As a result, the depreciable amount will be nil.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

N. Investment property (continued)

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

O. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

P. Financial instruments

i. Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. However, if the Group has an unconditional right to an amount that differs from the transaction price (e.g. due to the Group's refund policy), the trade receivable will be initially measured at the amount of that unconditional right.

ii. Classification and subsequent measurement

Financial assets - classification

On initial recognition, a financial asset is classified as subsequently measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

[NZ IFRS 16.81]

[NZ IFRS 5.6]

[NZ IFRS 5.1 5–15A, 18–23]

[NZ IFRS 5.25, NZ IAS 28.20]

NZ IFRS 7.21

[NZ IFRS 9.3.1 .1]

[NZ IFRS 9.5.1 .1, 5.1.3, NZ IFRS 15. 60-65, A, 108, Insights 7.7.20.10, 4.2.500.13]]

[NZ IFRS 9.4.1 .1]

[NZ IFRS 9.4.4.1, 5.6.1]

[NZ IFRS 9.4.1 .2]

[NZ IFRS 9.4.1 .2A]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

P. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets - classification (continued)

On initial recognition of certain equity investments that are not held for trading, the Group has made an irrevocable election to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. See [Note 25](#) for further details.

All financial assets not measured at amortised cost or FVOCI as described above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL. This includes all derivative financial assets (see [Note 32\(A\)](#)).

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level^a because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.^b

The business models of the Group are as follows.

Held to collect

There are two main portfolios of financial assets that have a held-to-collect business model.

The Group holds financial assets which arise from its paper manufacturing business and investment property. The objective of the business model for these financial instruments is to collect the amounts due from the Group's receivables and to earn contractual interest income on the amounts collected.

The Group also holds a portfolio of corporate debt securities for the purpose of earning fixed coupons throughout the life of the instrument, as well as maintaining a largely fixed interest rate profile to manage its interest rate risk exposure (see [Notes 25](#) and [32](#) for further details).

Held to collect and sell

The Group holds a portfolio of corporate debt securities for liquidity management purposes (see [Notes 25](#) and [32](#) for further details).

Held for trading

The Group holds a portfolio of listed equity securities and sovereign debt securities for the purpose of trading (see [Note 25](#) for further details).

NZ IFRS 7.21

[NZ IFRS 9.4.1.4, 5.7.5]

[NZ IFRS 9.4.1.5] IFRS 9.B4.1 .6]

[NZ IFRS 9.B4.1.2]

NZ IFRS 9.B4.1.1–B4.1 .2, Insights 7.4.70.30

Insights 7.4.1 10.15

- a.** The objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather is determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business or businesses. A single reporting entity may have more than one business model for managing its financial instruments.
- b.** IFRS 9 does not provide specific guidance for business model assessment related to portfolios of financial assets for which the entity's objectives include transfers of financial assets to third parties in transactions that do not qualify for derecognition. In our view, whether such a portfolio is considered consistent with a held-to-collect business model depends on the circumstances.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

P. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are SPPI

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition. The Group had no financial assets held outside trading business models that failed the SPPI assessment.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 44(P)(v) for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. On derecognition, gains and losses accumulated in OCI are transferred to retained earnings.

NZ IFRS 7.21

[NZ IFRS 9.B4.1 .11(b), B4.1 .12]

NZ IFRS 7.B5(e)

[NZ IFRS 9.5.7.1]

[NZ IFRS 9.5.7.2]

[NZ IFRS 9.5.7 .10–5.7.11]

[NZ IFRS 9.5.7 .5–5.7.6, B5.7.1]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

P. Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See [Note 44\(P\)\(v\)](#) for financial liabilities designated as hedging instruments.

iii. Derecognition

Financial assets

The Group derecognises financial assets on the date on which the contractual rights to the cash flows expire or the asset is transferred.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. See [Note 18\(A\)](#) for further details.

Financial liabilities

The Group derecognises financial liabilities on the settlement date. However, for certain financial liabilities settled with cash using electronic payment systems, the Group applies an exception on a system-by-system basis to derecognise financial liabilities earlier. For these liabilities, derecognition occurs when the Group's ability to withdraw, stop or cancel the payment instruction is surrendered and the other eligibility criteria are met.

NZ IFRS 7.21

[NZ IFRS 9.5.71]

[NZ IFRS 9.B3.1.2A,
Insights 76.65.10–20]

[NZ IFRS 9.3.2.6(b)]

[NZ IFRS 9.B3.1.2A,
B3.3.8]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

P. Financial instruments (continued)

iv. Offsetting

Information about the Group's accounting policies relating to offsetting of financial assets and financial liabilities is provided in [Note 32\(D\)](#).

v. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

More information about the Group's accounting policies and risk management activities related to derivative financial instruments and hedge accounting is provided in [Note 32\(C\)\(iv\)](#).

NZ IFRS 7.21

[NZ IFRS 9.5.1.1,
5.2.1(c)]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

P. Financial instruments (continued)

v. Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in other comprehensive income and accumulated in a separate component of equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

NZ IFRS 7.21

[NZ IFRS 9.6.5.11, 6.5.1 6]

[NZ IFRS 9.6.5.6–6.5.7, 6.5.12]

[NZ IFRS 9.6.5.13–6.5.14]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

Q. Share capital

i. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with NZ IAS 12 (see 44(I)).

ii. Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

iii. Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium^a.

R. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in NZD, which can be converted by the holder at any time until maturity to a fixed number of ordinary shares. See Note 28(C) for further details.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost under the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss (see Note 44(H)). On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

[NZ IAS 32.35–35A]

[NZ IAS 32.A G25–AG26]

[NZ IAS 32.33]

[NZ IAS 32.28–32]

[NZ IAS 32.38, AG31, NZ IFRS 9.5.1.1]

[NZ IFRS 9.5.3.1]

[NZ IAS 32.A G32]

Insights 7.3.750.10 ^a. The Accounting Standards do not mandate a specific method of presenting treasury shares within equity. However, local laws may prescribe the allocation method. Therefore, an entity needs to take into account its legal environment when choosing how to present its own shares within equity. An entity needs to choose a presentation format, to be applied consistently to all treasury shares.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

S. Impairment

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost (cash and cash equivalents and trade and other receivables);
- debt securities measured at FVOCI (disclosed as part of 'other investments including derivatives'; see [Note 25](#) for further details); and
- contract assets.

The Group also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables. See [Note 32\(C\)\(ii\)](#) for further details.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.^a

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information. See [Note 32\(C\)\(ii\)](#) for further details.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per [*Rating Agency X*] or BBB- or higher per [*Rating Agency Y*].

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

[NZ IFRS 9.2, 9.5.5.1, NZ IFRS 16.77]

[NZ IFRS 9.5.5.3, 5.5.5, 5.5.11, 5.5.1 5–5.5.16]

[NZ IFRS 7.35F(b), B8A]

[NZ IFRS 7.35F(a)(i), NZ IFRS 9.5.5.10, B5.5.22–B5.5.24, A]

[NZ IFRS 9.5.5.1 9, B5.5.38]

[NZ IFRS 9.5.5.1 7, A, B5.5.28–B5.5.30, B5.5.33]

NZ IFRS 9.5.1 5

- a. For lease receivables, contract assets and trade receivables with a significant financing component, an entity can choose as an accounting policy either to apply the general model for measuring loss allowance or always to measure the loss allowance at an amount equal to the lifetime ECL. The Group has chosen the latter policy.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

S. Impairment (continued)

i. Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, if financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after six months.

NZ IFRS 7.35F(d),
35G(a)(iii), [NZ
IFRS 9.A]

[NZ IFRS 9.5.5.1–
5.5.2]

NZ IFRS 7.35F(e),
[NZ IFRS 9.5.4.4]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

S. Impairment (continued)

ii. Non-financial assets

[NZIAS 36.9, 10, 59]

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

[NZIAS 36.22, 80]

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

[NZIAS 36.6, 30]

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

[NZIAS 36.59]

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

[NZIAS 36.104]

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

[NZ IAS 36.117, 122, 124]

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

T. Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

Emissions schemes

See [Note 44\(G\)](#).

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see [Note 44\(S\)\(ii\)](#)).

U. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NZ IAS 37.14, 45, 47, IFRIC 1.8]

[NZ IAS 37.39]

[NZ IAS 37.72]

[NZ IAS 37.21]

[NZ IAS 37.66, 68, 68A, 69]

[NZ IFRS 16.9]

[NZ IFRS 16.15, 45]

[NZ IFRS 16.22–24]

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

U. Leases (continued)

i. As a lessee (continued)

[NZ IFRS 16.29–33]

The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

[NZ IFRS 16.26]

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

NZ IAS 1.112(c)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

[NZ IFRS 16.27]

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

[NZ IFRS 16.36, 40, 42]

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

[NZ IFRS 16.39]

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

[NZ IFRS 16.47–48]

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

NZ IFRS 16.60,
[NZ IFRS 16.5–6, 8,
B3–B8, BC100]

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

U. Leases (continued)

ii. As a lessor

[NZ IFRS 16.17]

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

[NZ IFRS 16.61–62]

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

[NZ IFRS 16.63]

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

[NZ IFRS 16.B58]

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

[NZ IFRS 16.17]

If an arrangement contains lease and non-lease components, then the Group applies NZ IFRS 15 to allocate the consideration in the contract.

[NZ IFRS 16.77]

The Group applies the derecognition and impairment requirements in NZ IFRS 9 to the net investment in the lease (see [Note 44\(S\)\(i\)](#)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

[NZ IFRS 16.81]

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Notes to the consolidated financial statements (continued)

44. Material accounting policies (continued)

V. Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

W. Fair value measurement

[NZ IFRS 13.9, 24, 42]

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

NZ IFRS 13.93(g)

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and financial and non-financial liabilities (see Note 4(B)(i)).

[NZ IFRS 13.77, 79, A]

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

[NZ IFRS 13.61–62]

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

[NZ IFRS 13.70–71]

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

NZ IFRS 7.29(a)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Notes to the consolidated financial statements (continued)

45. Accounting standards issued but not yet effective

NZ IAS 8.30–31

NZ IFRS 18 *Presentation and Disclosure in Financial Statements*^a will replace NZ IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The Group has not early adopted the new accounting standard in preparing these financial statements; however, earlier application is permitted.^b

NZ IFRS 18 requires a more structured statement of profit or loss and greater disaggregation of information. The Group is in the process of assessing the estimated impact that the initial application of NZ IFRS 18 will have on its consolidated financial statements.

The expected impacts in the period of initial application are described below. The actual impacts of adopting the accounting standard on 1 January 2027 may change because:

- the Group has not finalised the assessment and implementation of changes to processes and controls; and
- the new accounting policies are subject to change until the Group presents its first consolidated financial statements that include the date of initial application.

A. Structure of the statement of profit or loss

NZ IFRS 18 requires entities to classify all income and expenses into five categories in the statement of profit or loss – namely operating, investing, financing, income tax and discontinued operations. Classification of income and expenses depends on the main business activities of an entity. The Group has determined that it does not have a specified main business activity of investing in assets and/or providing financing to customers.

Neither net profit nor net assets will change as a result of the Group's adoption of NZ IFRS 18. However, the Group will be required to present two newly defined subtotals, which are 'operating profit' and 'profit or loss before financing and income taxes'. The operating profit subtotal differs from the current operating profit subtotal presented by the Group. Based on the information currently available, the Group expects significant changes to the current structure of the statement of profit or loss to result from the following.

- Share of profit (loss) of equity-accounted investees is currently presented below net finance costs and above profit before tax. Income and expenses from equity-accounted investments are always classified in the investing category under NZ IFRS 18. Accordingly, the Group's share of profit of equity-accounted investees will be classified and presented in the investing category.
- Interest income and expenses are generally included in finance income and finance costs under the Group's current accounting policy and are presented in the 'net finance costs' subtotal. NZ IFRS 18 provides specific guidance on the income and expenses classified in the investing and financing categories.
 - Interest income on certain financial assets held by the Group (e.g. interest income on corporate debt securities and on cash and cash equivalents) will be classified and presented in the investing category.
 - Interest expense on certain liabilities will continue to be classified and presented in the financing category (e.g. interest expense on financial liabilities not measured at FVTPL and unwind of discount on site restoration provision).

a. For further information on NZ IFRS 18, see our [article](#) and read our [First Impressions](#) publication.

b. The Group has not early adopted NZ IFRS 18 in its consolidated financial statements for the year ended 31 December 2026. It has disclosed known or reasonably estimable information relevant to assessing the possible impact that the application of NZ IFRS 18 will have on its consolidated financial statements in the period of initial application that was available when the financial statements were prepared.

Notes to the consolidated financial statements (continued)

45. Accounting standards issued but not yet effective (continued)

A. Structure of the statement of profit or loss (continued)

- Net foreign exchange losses are currently included in finance costs and presented in net finance costs. Under NZ IFRS 18, foreign exchange differences are required to be presented in the same category as the income and expenses from the items that gave rise to the differences. The Group has determined that it has foreign exchange differences to be classified in the operating, investing and financing categories. For example, foreign exchange differences on trade payables will be classified in the operating category.
- Gains and losses on certain designated cash flow hedging instruments are currently included in finance costs and presented in net finance costs. Under NZ IFRS 18, gains and losses on designated hedging instruments are required to be classified in the same category as the income and expenses affected by the hedged risks. The Group has determined that gains or losses on these hedging instruments will be classified in the operating and financing categories.

Under NZ IFRS 18, operating expenses are classified and presented by nature, function or using a mixed presentation. The Group has determined that classification and presentation on a mixed basis will provide the most useful structured summary of operating expenses.

B. Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Group will be required to disclose specific information about MPMs in a single note in the financial statements.

The Group has developed a process to determine public communications relevant when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Therefore, MPMs disclosed by the Group following adoption of NZ IFRS 18 will be determined based on public communications issued by the Group relating to the 2027 reporting period.

C. Principles of aggregation and disaggregation

NZ IFRS 18 provides enhanced principles on how to group information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group is assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes.

The Group is also assessing line items currently labelled as 'other' and will use more informative labels.

D. Consequential amendments

NZ IFRS 18 introduces consequential amendments to NZ IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group currently uses 'profit or loss' as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point. For example, the Group's share of profit (loss) of equity-accounted investees will no longer be an adjusting item, as this amount will not be included in the operating profit starting point. Cash distributions from these investees will be included in cash flows from investing activities.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

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Appendix I

New accounting standards or amendments for 2026 and forthcoming requirements

Since the September 2025 edition of this guide, a number of accounting standards, amendments to or interpretations of accounting standards have been issued. This appendix lists these new requirements that have been issued by the IASB as at 20 March 2026, and it contains two tables, as follows.

- **New currently effective requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2026.
- **Forthcoming requirements:** This table lists the recent changes to the Accounting Standards that are required to be applied for annual reporting periods beginning after 1 January 2026 and that are available for early adoption in annual reporting periods beginning on 1 January 2026.

The tables also include a cross-reference to further KPMG guidance, as appropriate. All of the effective dates in the tables refer to the beginning of an annual accounting period.

New currently effective requirements

Effective date	New accounting standards or amendments	KPMG guidance
1 January 2026	<i>Classification and Measurement of Financial Instruments – Amendments to NZ IFRS 9 and NZ IFRS 7</i>	Insights into IFRS® (2.3.15, 7.4.175, 7.4.295, 7.4.335, 7.4.372, 7.4.385, 7.6.15, 7.6.65, 7.6.365, 7.10.235, 7.10.357, 7.11.260), Classification of financial assets article , Settlement by electronic payments article
	<i>Contracts Referencing Nature-dependent Electricity – Amendments to NZ IFRS 9 and NZ IFRS 7</i>	Insights into IFRS® (7.1.235, 7.9.305, 7.10.677, 7.11.270), article
	<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Insights into IFRS® (5.1.379, 7.1.155, 7.7.22), article

Forthcoming requirements

Effective date	New accounting standards or amendments	KPMG guidance
1 January 2027	NZ IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	Insights into IFRS® (1.2.45, 2.1.15, 2.2.15, 2.3.35, 2.3.55, 2.7.165, 2.10.116, 3.1.15, 3.12.155, 3.13.535, 3.13.647, 4.1A, 4.4.1105, 5.1.385, 5.3.565, 5.8.15, 5.9.45, 5.9.68, 7.7.376, 7.10.95, 7.10.175, 7.10.355, 8.1.405), article , First Impressions
To be determined ^a	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to NZ IFRS 10 and NZ IAS 28</i>	

^a The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

Appendix II

Presentation of comprehensive income – Two-statement approach

Consolidated income statement^a

For the year ended 31 December

<i>In thousands of New Zealand Dollars</i>	<i>Note</i>	2026	2025 restated*
Continuing operations			
Revenue	8	102,860	96,719
Cost of sales	9(C)	(55,432)	(56,186)
Gross profit		47,428	40,533
Other income	9(A)	893	104
Selling and distribution expenses	9(C)	(18,322)	(15,865)
Administrative expenses	9(C)	(17,732)	(14,428)
Research and development expenses	9(C)	(1,109)	(697)
Impairment loss on trade receivables and contract assets	31(C)(ii)	(200)	(190)
Other expenses	9(B)	(996)	-
Operating profit		9,962	9,457
Finance income		1,131	447
Finance costs		(1,883)	(1,635)
Net finance costs	10	(752)	(1,188)
Share of profit of equity-accounted investees, net of tax	24	1,141	587
Profit before tax		10,351	8,856
Income tax expense	14	(3,178)	(2,460)
Profit from continuing operations		7,173	6,396
Discontinued operation			
Profit (loss) from discontinued operation, net of tax	7	379	(422)
Profit for the period		7,552	5,974
Profit attributable to:			
Owners of the Company		7,055	5,623
Non-controlling interests	35	497	351
		7,552	5,974
Earnings per share			
Basic EPS (NZD)	11	2.15	1.69
Diluted EPS (NZD)	11	2.07	1.68
EPS – Continuing operations			
Basic EPS (NZD)	11	2.02	1.83
Diluted EPS (NZD)	11	1.95	1.82
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	15	15,744	16,782

* The comparative information is restated on account of correction of errors. See Note 43. Comparative information has also been re-presented due to a discontinued operation and a change in classification. See Notes 7 and 21(H) respectively.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements

NZ IAS 1.10(b),
10A, 29, 38–38A,
81A–85, 113

NZ IAS 1.82(a)
NZ IAS 1.99, 103

NZ IAS 1.103
NZ IAS 1.85
NZ IAS 1.99, 103
NZ IAS 1.99, 103
NZ IAS 1.99, 103, 38.126

NZ IAS 1.99, 103
NZ IAS 1.85, BC55–BC56

NZ IAS 1.85
NZ IAS 1.82(b)
NZ IAS 1.85

NZ IAS 1.82(c)
NZ IAS 1.85
NZ IAS 1.82(d), 12.77
NZ IAS 1.85

NZ IFRS 5.33A,
NZ IAS 1.82(ea)
NZ IAS 1.81A(a)

NZ IAS 1.81B(a)(iii)
NZ IAS 1.81B(a)(i)

NZ IAS 33.4A
NZ IAS 33.66, 67A

NZ IAS 33.66, 67A

NZ IAS 33.66, 67A

NZ IAS 33.66, 67A

NZ IAS 1.10A

a. This appendix illustrates the two-statement approach to the presentation of comprehensive income, consisting of an income statement displaying profit or loss, and a separate statement displaying the components of OCI.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

	Note	2026	2025 Restated*
<i>In thousands of New Zealand Dollars</i>			
Profit for the period		7,552	5,974
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	21(F)	200	-
Remeasurements of the defined benefit liability (asset)	13(B)	72	(15)
Equity investments at FVOCI – net change in fair value	26(D)	141	59
Equity-accounted investees – share of OCI	24, 26(D)	15	(3)
Related tax	14(B)	(137)	(14)
		291	27
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences		679	471
Net investment hedge – net loss		(3)	(8)
Equity-accounted investees – share of OCI	24, 26(D)	(172)	(166)
Reclassification of foreign currency differences on loss of significant influence	34(D)	(20)	-
Cash flow hedges – effective portion of changes in fair value	26(D)	(62)	95
Cash flow hedges – reclassified to profit or loss	26(D)	(31)	(12)
Cost of hedging reserve – changes in fair value	26(D)	34	10
Cost of hedging reserve – reclassified to profit or loss	26(D)	8	2
Debt investments at FVOCI – net change in fair value	26(D)	54	60
Debt investments at FVOCI – reclassified to profit or loss	26(D)	(64)	-
Related tax	14(B)	19	(48)
		442	404
OCI for the period, net of tax		733	431
Total comprehensive income for the period		8,285	6,405
Total comprehensive income attributable to:			
Owners of the Company		7,762	6,032
Non-controlling interests	35	523	373
		8,285	6,405

* The comparative information is restated on account of correction of errors. See Note 43. Comparative information has also been re-presented due to a discontinued operation and a change in classification. See Notes 7 and 21(H) respectively.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

Appendix III

Statement of cash flows – Direct method^a

NZ IAS 1.10(d), 29,
38–38A, 113

NZ IAS 7.18(a)

NZ IAS 7.31–32

NZ IAS 7.35

NZ IAS 7.10

NZ IAS 7.31

NZ IAS 7.31

NZ IAS 7.16(b)

NZ IAS 7.16(d), 16(h)

NZ IAS 7.39

NZ IAS 7.39

NZ IAS 7.16(a)

NZ IAS 7.16(a)

NZ IAS 7.16(a)

NZ IAS 7.16(c), (g)

NZ IAS 24.18

NZ IAS 7.16(a)

NZ IAS 7.10

NZ IAS 7.17(a)

NZ IAS 7.17(c)

NZ IAS 7.17(c)

NZ IAS 7.17(c)

NZ IAS 7.17(a)

NZ IAS 7.17(a)

NZ IAS 7.16(h)

NZ IAS 7.21

NZ IAS 7.42A

NZ IAS 7.17(b)

NZ IAS 7.17(d)

NZ IAS 7.17(e)

NZ IAS 7.31, 34

NZ IAS 7.10

NZ IAS 7.28

NZ IAS 7.45

Consolidated statement of cash flows

For the year ended 31 December

In thousands of New Zealand Dollars

	Note	2026	2025
Cash flows from operating activities			
Cash receipts from customers		95,008	97,935
Cash paid to suppliers and employees		(89,020)	(94,079)
Cash generated from operating activities		5,988	3,856
Interest paid		(1,609)	(1,289)
Income taxes paid		(400)	(1,910)
Net cash from operating activities		3,979	657
Cash flows from investing activities			
Interest received		37	29
Dividends received		26	32
Proceeds from sale of property, plant and equipment		1,179	397
Proceeds from sale of investments		1,589	534
Disposal of discontinued operation, net of cash disposed of	7	10,890	-
Acquisition of subsidiary, net of cash acquired	34	(1,799)	-
Acquisition of property, plant and equipment		(15,857)	(2,228)
Acquisition of investment property	23(A)	(300)	(40)
Purchase of non-current biological assets	16(A)	(305)	(835)
Acquisition of other investments		(602)	(342)
Dividends from equity-accounted investees	24(A)	21	-
Development expenditure	22(A), (D)	(1,235)	(503)
Receipt of asset-related government grant	30	130	1,462
Net cash used in investing activities		(6,226)	(1,494)
Cash flows from financing activities			
Proceeds from issue of share capital	26(A)	1,550	-
Proceeds from issue of convertible notes	28(C)-(D)	5,000	-
Proceeds from issue of redeemable preference shares	28(E)	2,000	-
Proceeds from loans and borrowings		591	4,079
Proceeds from sale of treasury shares		30	-
Proceeds from exercise of share options	26(A)	50	-
Proceeds from settlement of derivatives		5	11
Transaction costs related to loans and borrowings	28(C)-(E)	(311)	-
Acquisition of NCI	36	(200)	-
Repurchase of treasury shares		-	(280)
Repayment of borrowings		(5,055)	(2,445)
Payment of lease liabilities		(554)	(590)
Dividends paid	26(C)	(1,243)	(571)
Net cash from financing activities		1,863	204
Net decrease in cash and cash equivalents		(384)	(633)
Cash and cash equivalents at 1 January*		1,567	2,226
Effect of movements in exchange rates on cash held		(13)	(26)
Cash and cash equivalents at 31 December*	19	1,170	1,567

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes on pages 28 to 195 are an integral part of these consolidated financial statements.

FRS 44.10

a. When an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to profit (loss).

Appendix IV

Other disclosures not illustrated in the consolidated financial statements

Going concern matters

Extracts of notes to the consolidated financial statements

2. Basis of accounting

X. Going concern basis of accounting **a, b, c**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities including the mandatory repayment terms of the banking facilities as disclosed in Note [X].

The Group has recognised a net profit after tax of NZD 7,937 thousand for the year ended 31 December 2026 and, as at that date, current assets exceed current liabilities by NZD 22,046 thousand. However, as described in Note [X], significant one-off environmental costs are expected in 2027, reflecting various regulatory developments in a number of European countries.

In addition to the above, fully drawn banking facilities of NZD 7,012 thousand are subject to review by 30 June 2027. The lenders are expected to undertake a review, which will include (but is not limited to) an assessment of:

- the financial performance of the Group against budget; and
- the progress of compliance with new regulatory requirements.

Management believes that the repayment of the facilities will be met out of operating cash flows and the immediate and significant mitigating actions taken by management to reduce costs and optimise the Group's cash flow and liquidity. Among these are the following mitigating actions: reducing capital and investment expenditure through postponing or pausing projects and change activity; deferring or cancelling discretionary spend; freezing non-essential recruitment; and reducing marketing spend. Management anticipates that any additional cash flow needs will be met out of asset sales. Management is confident that the asset sales will be finalised before 30 June 2027 as disclosed in Note [X] and that the proceeds will be sufficient to meet any additional cash flow needs.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

4. Use of judgements and estimates

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2(X) – going concern: whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern [...]

NZ IAS 1.25-26, 122,
FRS 44.12A.2

NZ IAS 1.122,
FRS 44.12A.2

NZ IAS 1.122, IU 07-14,
Insights 1.2.83.10, FRS
44.12A.2

NZ IAS 1.122, IU
07-14, Insights
1.2.85.10

FRS 44.12A.1-2

- a. This appendix illustrates one possible example of disclosures in a close-call scenario.
- b. In some cases, management may conclude that there are no material uncertainties that require disclosure in accordance with paragraph 25 of NZ IAS 1. However, reaching that conclusion involved significant judgement (i.e. a 'close-call' scenario). In these cases, a question arises about whether any disclosures are required. The IFRS Interpretations Committee discussed this issue and noted that the disclosure requirements in paragraph 122 of NZ IAS 1 apply to the judgements made in concluding that there are no material uncertainties related to the events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. To meet these disclosure requirements, in our view similar information to that in respect of material uncertainties (see first three points in [Insights into IFRS 1.2.83.10](#)) may be relevant to the users' understanding of the entity's financial statements.
- c. FRS 44.12A.1 and 12A.2 provide more specific going concern disclosure requirements when material uncertainties exist or significant judgements are made when assessing the appropriateness of applying the going concern basis of preparation. Click [here](#) to access FRS 44..

Distributions of non-cash assets to owners

Extracts of notes to the consolidated financial statements

X. Distribution of wholly owned subsidiary to owners of the Company ^{a, b, c}

NZ IFRIC 17.16(a)

On 15 May 2026, the board of directors of the Company announced that the Group would distribute all of its shares in Papier GmbH, a wholly owned subsidiary within the Recycled Papers segment, to the Company's shareholders. On authorisation of the distribution, the Group recognised a dividend payable of NZD 12,500 thousand, being the fair value of the assets to be distributed.

On 3 June 2026, the shares were distributed. The net assets comprised assets of NZD 17,408 thousand less liabilities of NZD 7,464 thousand as follows.

In thousands of <i>New Zealand Dollars</i>	2026
Property, plant and equipment	9,650
Investment property	100
Intangible assets	400
Deferred tax assets	225
Inventories	2,900
Trade and other receivables	4,133
Loans and borrowings	(3,064)
Provisions	(200)
Deferred tax liabilities	(450)
Trade and other payables	(3,750)
Carrying amount of net assets distributed	9,944
Dividend to shareholders	12,500
Carrying amount of net assets distributed	(9,944)
Gain on distribution to owners of the Company	2,556^c

NZ IFRIC 17.16(b)

There was no change in the fair value of the assets to be distributed between the date on which the distribution was approved and the date on which the dividend was settled.

NZ IFRS 5.5A,
Insights 5.4.130.30

- a.** This appendix illustrates the disclosures that may be necessary to provide information about distributions of non-cash assets to owners and/or non-current assets (or disposal groups) that are held for distribution (or distributed) to owners.
- b.** It is not clear whether a business that will be disposed of by distribution to owners could be classified as a discontinued operation before its disposal. Although NZ IFRS 5 was amended to extend the requirements in respect of non-current assets or disposal groups held for sale to such items held for distribution to owners, the cross-referencing in the amendments does not extend to discontinued operations. In our view, although the definition of a discontinued operation has not been extended explicitly, classification of non-current assets or disposal groups held for distribution to owners as a discontinued operation is appropriate if the remaining criteria of NZ IFRS 5 are met.

NZ IFRIC 17.14

- c.** The difference between the dividend paid/payable and the carrying amount of the assets distributed is presented as a separate line item in profit or loss.

Government-related entities under NZ IAS 24

Extracts of notes to the consolidated financial statements

40. Related parties ^a

Example 1 – Individually significant transaction because of size of transaction

In 2023, a subsidiary entity, Griffin Limited, entered into a procurement agreement with the Department of Commerce of the Government of New Zealand, such that Griffin Limited would act as the sole supplier of recycled paper products to the Department's various agencies for a term of three years from 2025 to 2027, with an agreed bulk discount of 10 percent compared with the list prices that Griffin Limited would generally charge on individual orders.

The aggregate sales value under the agreement for the year ended 31 December 2026 amounted to NZD 3,500 thousand (2025: NZD 2,800 thousand). As at 31 December 2026, the aggregate amounts due from the Department amounted to NZD 10 thousand (2025: NZD 30 thousand) and were payable under normal 30 days' credit terms.

Example 2 – Individually significant transaction carried out on 'non-market' terms

On 30 December 2025, the Department of Finance of the Government of New Zealand contracted Griffin Limited to be the sole designer and supplier of materials for office fit-outs for all of Government. The contract lasts for a term of five years from 2026 to 2030. Under the agreement, the Department of Finance will reimburse Griffin Limited for the cost of each fit-out. However, Griffin Limited will not be entitled to earn a margin above cost for this activity. The aggregate sales value under the agreement for the year ended 31 December 2026 amounted to NZD 3,500 thousand. As at 31 December 2026, the aggregate amounts due from the Department amounted to NZD 1,000 thousand and were payable under normal 30 days' credit terms.

Example 3 – Individually significant transaction outside normal day-to-day business operations

Under an agreement dated 1 January 2026, Griffin Limited and the Department of Trade and Enterprise of the Government of New Zealand agreed to participate and co-operate with a third party consortium in the development, funding and operation of a research and development centre. Griffin Limited will also sub-lease a floor in its headquarters building as an administrative office for the joint operation. As at 31 December 2026, the capital invested in the venture amounted to NZD 700 thousand and total lease payments of NZD 100 thousand were received as rental income.

Example 4 – Individually significant transaction subject to shareholder approval

Griffin Limited currently owns 40 percent of Galaxy Corp, with the remaining 60 percent owned by the Department of Commerce of the Government of New Zealand (25 percent) and Lex Corp (35 percent), a party indirectly controlled by the Department of Commerce.

On 1 December 2026, Griffin Limited entered into a sale-and-purchase agreement (the Agreement) with the Department of Commerce and Lex Corp, such that Griffin Limited will buy their shares in Galaxy Corp at NZD 1 per share, at a total consideration of NZD 6,000 thousand. The terms of the Agreement are subject to independent shareholders' approval at the extraordinary general meeting to be held on 1 February 2027. On completion of the proposed acquisition, Galaxy Corp will become a wholly owned subsidiary of Griffin Limited.

^a. This appendix illustrates a variety of disclosures that an entity may make under paragraph 26 of NZ IAS 24; other formats are possible. We assume that the Group is indirectly controlled by the government of New Zealand. We also assume that, in addition to selling to various private sector entities, products are sold to government agencies and departments of New Zealand.

Extracts of notes to the consolidated financial statements (continued)

40. Related parties (continued)

Example 5 – Collectively, but not individually, significant transactions

Griffin Limited operates in an economic regime dominated by entities directly or indirectly controlled by the Government of New Zealand through its government authorities, agencies, affiliations and other organisations, collectively referred to as government-related entities. Griffin Limited has transactions with other government-related entities, including but not limited to sales and purchases of goods and ancillary materials, rendering and receiving services, lease of assets, and use of public utilities.

These transactions are conducted in the ordinary course of Griffin Limited's business on terms comparable to those with other entities that are not government-related. Griffin Limited has established procurement policies, a pricing strategy and an approval process for purchases and sales of products and services, which are independent of whether the counterparties are government-related entities.

For the year ended 31 December 2026, management estimates that the aggregate amount of Griffin Limited's significant transactions with other government-related entities is at least 50 percent of its sales of recycled paper products and between 30 and 40 percent of its purchase of materials.

NZ IAS 24.26

Entities with a service concession arrangement

Extracts of notes to the consolidated financial statements

X. Service concession arrangement ^{a, b}

NZ SIC-29.6

On 1 July 2026, the Group entered into a service concession agreement with a local township (the grantor) to construct a toll road near one of the Group's forestry operations. The construction of the toll road started in July 2026 and it was completed and available for use on 30 September 2026. Under the terms of the agreement, the Group will operate and make the toll road available to the public for a period of five years, starting from 1 October 2026. The Group will be responsible for any maintenance services required during the concession period. The Group does not expect major repairs to be necessary during the concession period.

NZ SIC-29.6(c)(iv)

The grantor will provide the Group a guaranteed minimum annual payment for each year that the toll road is in operation. Additionally, the Group has received the right to charge users a fee for using the toll road, which the Group will collect and retain; however, this fee is capped to a maximum amount as stated in the service concession agreement. The usage fees collected and earned by the Group are over and above the guaranteed minimum annual payment to be received from the grantor. At the end of the concession period, the toll road will become the property of the grantor and the Group will have no further involvement in its operation or maintenance requirements.

NZ SIC-29.6(c)(v)

The service concession agreement does not contain a renewal option. The rights of the grantor to terminate the agreement include poor performance by the Group and in the event of a material breach in the terms of the agreement. The rights of the Group to terminate the agreement include failure of the grantor to make payment under the agreement, a material breach in the terms of the agreement and any changes in law that would render it impossible for the Group to fulfil its requirements under the agreement.

NZ SIC-29.6(e), 6A

For the year ended 31 December 2026, the Group has recognised revenue of NZD 350 thousand, consisting of NZD 320 thousand on construction and NZD 30 thousand on operation of the toll road, which is the amount of tolls collected. The Group has recognised profit of NZD 20 thousand, consisting of a profit of NZD 25 thousand on construction and a loss of NZD 5 thousand on operation of the toll road. The revenue recognised in relation to construction in 2026 represents the fair value of the construction services provided in constructing the toll road. The Group has recognised a service concession receivable, initially measured at the fair value of the construction services, of NZD 260 thousand representing the present value of the guaranteed annual minimum payments to be received from the grantor, discounted at a rate of 5 percent, of which NZD 11 thousand represents accrued interest.

The Group has recognised an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement of NZD 95 thousand, of which NZD 5 thousand has been amortised in 2026. The intangible asset represents the right to charge users a fee for use of the toll road.^c

- NZ SIC-29.7
- a. This appendix illustrates one possible format for the disclosure of a service concession arrangement to help in the preparation of consolidated financial statements. Other presentation formats are possible.
 - b. Disclosures about the nature and extent of service concession arrangements are provided individually for each service concession arrangement or in aggregate for each class of service concession arrangement.
 - c. The disclosure requirements in NZ IFRS 13 do not apply to assets and liabilities that are not measured at fair value after initial recognition.

Extracts of notes to the consolidated financial statements (continued)

44. Material accounting policies

D. Revenue

x. Service concession arrangements

[NZ IFRIC 12.13]

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time, consistent with the Group's accounting policy on recognising revenue on construction contracts. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

M. Intangible assets and goodwill

x. Service concession arrangements

[NZ IFRIC 12.17]

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

P. Financial instruments

x. Non-derivative financial assets – Service concession arrangements

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction or upgrade services provided, and the right to receive cash depends only on the passage of time. Such financial assets are measured at fair value on initial recognition and classified as financial assets measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration (see also [Note 44\(M\)\(x\)](#)).

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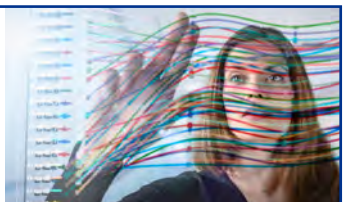
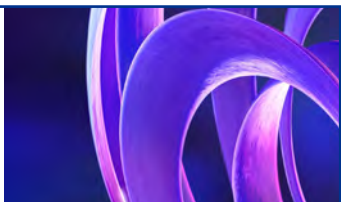
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<p>Fair value measurement IFRS 13</p>		<p>Business combinations and consolidation IFRS 10, 11, 12</p>	
<p>Financial instruments IFRS 9</p>		<p>Share-based payments IFRS 2</p>	
<p>Earnings per share IAS 33</p>		<p>Income taxes IAS 12 Including the global minimum top-up tax</p>	

Sectors

<p>Banks</p>		<p>Investment funds</p>	
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