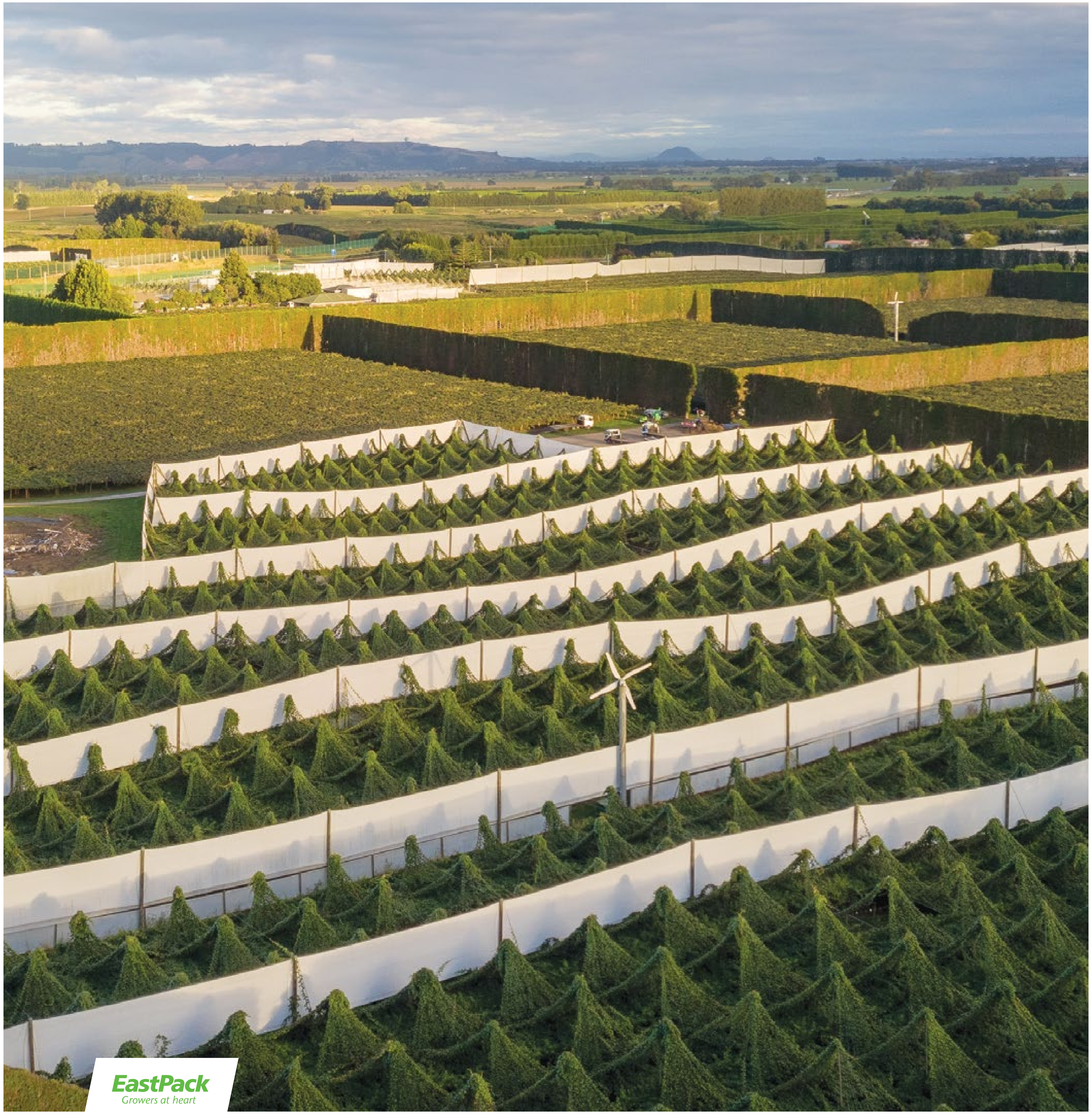
Interim Report

JUNE 2025

EastPack
Growers at heart



EastPack Ltd

Interim Financial Statements

Six months to June 2025

Consolidated Income Statement

For the six months ended 30 June 2025

	NOTES	6 MONTHS TO JUNE 2025 UNAUDITED ($000'S)	6 MONTHS TO JUNE 2024 UNAUDITED ($000'S)	12 MONTHS TO DECEMBER 2024 AUDITED ($000'S)
Revenue	1	253,937	238,839	297,307
Packaging materials		(48,208)	(46,120)	(48,338)
Employee benefits expense		(72,192)	(72,053)	(112,057)
Directors compensation		(311)	(316)	(726)
Other expenses		(51,978)	(45,107)	(65,044)
		(172,689)	(163,596)	(226,165)
Earnings before net finance costs, tax and depreciation		**81,248**	**75,243**	**71,142**
Depreciation		(13,136)	(12,359)	(25,218)
Earnings before net finance costs and tax		**68,112**	**62,884**	**45,924**
Finance income including unrealised gain/(loss) on derivatives		(174)	574	(19)
Interest expense		(6,573)	(8,325)	(15,899)
Net finance Costs		(6,747)	(7,751)	(15,918)
Net profit before taxation		**61,365**	**55,133**	**30,006**
Taxation expense		(17,004)	(15,629)	(5,094)
Deferred tax charge		(45)	(145)	(5,990)
Net profit/(loss) after taxation		**44,316**	**39,359**	**18,922**
Earnings per share				
Basic and diluted earnings per share		$0.63	$0.37	$0.27
Number of shares		70,450,388	105,907,968	70,409,189

The company completed a 1.5:1.0 share consolidation of all fully paid shares on 3 December 2024, the number of outstanding shares was significantly reduced. The June 2024 comparative earnings per share would have been $0.56 had the shares been consolidated at that time.

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Other Comprehensive Income

For the six months ended 30 June 2025

	NOTES	6 MONTHS TO JUNE 2025 UNAUDITED ($000'S)	6 MONTHS TO JUNE 2024 UNAUDITED ($000'S)	12 MONTHS TO DECEMBER 2024 AUDITED ($000'S)
Net profit/(loss) after taxation		44,316	39,359	18,922
Items that will not be reclassified subsequently to profit or loss				
(Loss)/Gain on revaluation of property, plant and equipment, net of tax		-	-	-
Changes in the fair value of equity investments		97	(1)	28
Total items that will not be reclassified subsequently to profit or loss		**97**	**(1)**	**28**
Items that may be reclassified subsequently to profit or loss				
Movement in cash flow hedge reserve		(116)	881	(473)
Total items that may be reclassified subsequently to profit or loss		**(116)**	**881**	**(473)**
Total comprehensive (loss)/income for the year		**44,297**	**40,239**	**18,477**
Total comprehensive income attributable to:				
Owners of the company		44,297	40,239	18,477
Total comprehensive income for the year		**44,297**	**40,239**	**18,477**

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	NOTES	SHARE CAPITAL ($000'S)	OTHER RESERVES ($000'S)	RETAINED EARNINGS ($000'S)	TOTAL ($000'S)
Opening balance 1 January 2024 (audited)		48,073	73,166	70,023	191,262
Net profit after taxation		-	-	39,359	39,359
Other comprehensive income, net of tax		-	880	-	880
Total comprehensive income for the year		-	880	39,359	40,239
Nil paid Shares cancelled	3	(1,396)	-	-	(1,396)
Closing balance 30 June 2024		**46,677**	**74,046**	**109,382**	**230,105**
Opening balance 1 January 2025 (audited)		46,397	72,721	85,768	204,886
Net profit after taxation		-	-	44,316	44,316
Other comprehensive income, net of tax		-	(19)	-	(19)
Total comprehensive income for the year		-	(19)	44,316	44,297
Dividends paid		-	-	(4,239)	(4,239)
Shares issued under dividend reinvestment programme	4	49	-	-	49
Closing balance 30 June 2025		**46,446**	**72,702**	**125,845**	**244,993**

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2025

	NOTES	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Equity				
Share capital	3	46,446	46,677	46,397
Other reserves		72,702	74,046	72,721
Retained earnings		125,845	109,382	85,768
Total equity		244,993	230,105	204,886
Current assets				
Cash and cash equivalents		-	-	3,127
Trade and other receivables	9	120,340	116,373	14,236
Biological assets	10	-	-	4,663
Inventories	11	7,419	8,076	7,038
Total current assets		127,759	124,449	29,064
Non current assets				
Property, plant and equipment	8	415,160	376,371	400,179
Right of use assets		7,381	5,996	6,118
Derivative financial instruments		25	1,428	-
Investments		1,980	1,677	1,883
Total non current assets		424,546	385,472	408,180
Total assets		552,305	509,921	437,244
Current Liabilities				
Borrowings	5	47,500	29,500	17,100
Cash and cash equivalents		203	138	-
Lease liabilities		2,207	2,251	1,650
Trade and other payables	6	29,468	29,822	24,226
Employee entitlements	7	2,873	2,869	2,302
Provision for taxation		16,138	15,537	4,617
Income in advance		-	-	643
Total current liabilities		98,389	80,117	50,538
Non current liabilities				
Derivative financial instruments		1,088	-	748
Deferred taxation		25,318	18,571	24,497
Borrowings	5	177,718	177,274	152,496
Lease liabilities		4,799	3,854	4,079
Total non current liabilities		208,923	199,699	181,820
Total liabilities		**307,312**	**279,816**	**232,358**
Net assets		**244,993**	**230,105**	**204,886**

For and on behalf of the Board

Braden Hungerford – Chairman

Mark Yeoman – Director

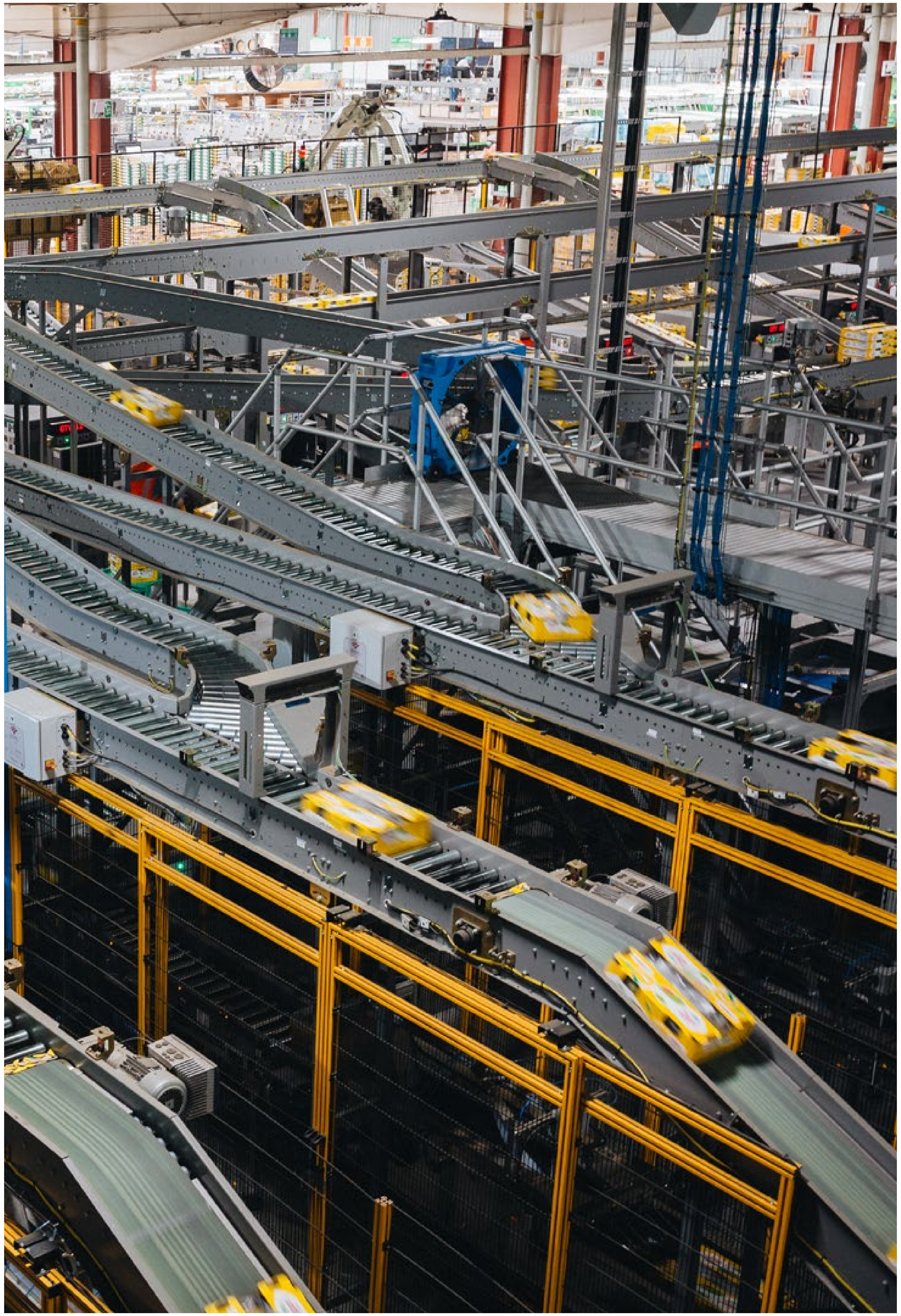
The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the six months ended 30 June 2025

	NOTES	6 MONTHS TO JUNE 2025 UNAUDITED ($000'S)	6 MONTHS TO JUNE 2024 UNAUDITED ($000'S)	12 MONTHS TO DECEMBER 2024 AUDITED ($000'S)
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		187,361	178,952	299,147
Interest received		121	122	985
Dividends received		-	-	278
		187,482	179,074	300,410
Cash was applied to:				
Payments to suppliers and employees		(160,114)	(152,235)	(217,574)
Interest paid		(6,548)	(8,211)	(15,073)
Lease interest paid		-	-	(590)
Taxation paid		(5,385)	68	-
		(172,047)	(160,378)	(233,237)
Net cash flows from operating activities	2	15,435	18,696	67,173
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		14	-	-
		14	-	-
Cash was applied to:				
Advances to grower entity		(43,757)	(36,168)	-
Purchase of property, plant and equipment		(25,029)	(13,150)	(51,712)
		(68,786)	(49,318)	(51,712)
Net cash flows from investing activities		(68,772)	(49,318)	(51,712)
Cash flows from financing activities				
Cash was provided from:				
Shareholder charge converted to shares from treasury stock		-	-	4,393
Proceeds of current bank borrowings		30,400	-	7,044
Proceeds from non-current bank borrowings		24,778	29,222	35,000
		55,178	29,222	46,437
Cash was applied to:				
Payment of lease liability		(981)	444	(1,940)
Payment of dividends		(4,190)	-	(3,177)
Repayment of non-current bank borrowings		-	-	(50,000)
Purchase of own shares as treasury stock		-	(258)	(4,730)
		(5,171)	186	(59,847)
Net cash flows from financing activities		50,007	29,408	(13,410)
Net increase/(decrease) in cash and cash equivalents		(3,330)	(1,214)	2,051
Opening cash and cash equivalents		3,127	1,076	1,076
Closing cash and cash equivalents		(203)	(138)	3,127

The accompanying notes form an integral part of these financial statements



Notes to the Interim Financial Statements

For the six months ended 30 June 2025

This section contains the notes to the consolidated financial statement for EastPack Limited, its subsidiaries and associates. To give stakeholders a clear insight into how EastPack organises its business, the note disclosures are grouped into six sections:

Basis of Preparation

Reporting entity and statutory base

EastPack Ltd (the "Company") is a co-operative Company domiciled and incorporated in New Zealand under the Companies Act 1993 and registered under the Co-operative Companies Act 1996. The Company is an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated financial statements for the "Group" are for the economic entity comprising the Company and its subsidiaries. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013.

Nature of operations

The principal activities of the Group are operating packhouses, providing coolstorage services and providing orchard management.

Statement of compliance and basis of preparation

Group consolidated interim financial statements for the six month reporting period ended 30 June 2025 have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP") and NZ IAS 34, Interim Financial Reporting. For the purposes of complying with NZ GAAP, the Company is a for-profit entity. The financial statements also comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS").

The unaudited consolidated interim financial information has been prepared utilising the same accounting policies and method of computation as the audited 31 December 2024 financial statements. The interim financial statements should be read in conjunction with those financial statements, which have been prepared in accordance with NZ IFRS and IFRS.

The consolidated financial statements are presented in New Zealand dollars (NZD)($), which is the Company's functional currency. All financial information presented in NZD($) has been rounded to the nearest thousand unless otherwise stated.

The financial statements have been prepared on a historical cost basis, with the following exceptions:

- Shares in unlisted companies are measured at fair value.
- Land, land improvements and buildings are remeasured using the revaluation model
- Biological assets are measured at fair value
- Derivative financial instruments are measured at fair value

The material accounting policies applied in the preparation of the financial statements are set out below and in the relevant notes.

The interim financial statements were approved by the Board of Directors on 20 August 2025. Once issued, the Directors do not have the power to amend these financial statements.

Seasonal nature of Group operations

A high proportion of the Groups' revenue is generated and cost of sales incurred in the Autumn and Winter when produce is harvested. Accordingly, a high proportion of the Group's earnings is shown in this interim report. Seasonal fluctuations impact the timing of gross profit.

Goods and Services Tax (GST)

All revenue and expense transactions are recorded exclusive of GST. Assets and liabilities are similarly stated exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST recoverable from, or payable to, Inland Revenue, is included in the Statement of Financial Position.

Summary of material changes in accounting policies

The accounting policies have been applied consistently throughout the periods presented in the financial statements.

There are no new standards, amendments or interpretations that have been issued and are effective that are expected to have a material impact on the Group.

1. Revenue

The Group's major revenue streams are post harvest operations and orchard management.

	6 MONTHS TO JUNE 2025 UNAUDITED ($000'S)	6 MONTHS TO JUNE 2024 UNAUDITED ($000'S)	12 MONTHS TO DECEMBER 2024 AUDITED ($000'S)
Revenue from contracts with customers			
· Post harvest operations	230,588	217,498	265,257
· Orchard management	17,926	15,811	20,071
· Laboratory services	3,842	-	3,845
· Labour hire revenue	156	-	2,004
Other revenue	1,112	-	1,803
Total revenue from contracts with customers	253,624	233,309	292,980
Dividends received	-	-	278
Rent revenue	28	8	21
Interest revenue	163	122	985
Pollen revenue	122	74	3,043
Other revenue	-	5,326	-
Total	253,937	238,839	297,307

2. Reconciliation of net surplus with cash flow from operating activities

	6 MONTHS TO JUNE 2025 UNAUDITED ($000'S)	6 MONTHS TO JUNE 2024 UNAUDITED ($000'S)	12 MONTHS TO DECEMBER 2024 AUDITED ($000'S)
Net profit/(loss) after tax	44,316	39,359	18,922
Add / (less) Non cash items			
Depreciation	13,136	12,359	25,218
Bonus issue of shares in unlisted companies	-	-	(177)
Deferred tax expense/(income)	(45)	(145)	5,990
Derivative financial (income)/expense	200	(574)	19
Amortisation of bond costs	444	-	-
Gain/(loss) on sale of fixed assets	4	-	-
	13,739	11,640	31,050
Movement in Working Capital			
Increase/(decrease) in trade and other payables, excluding movement relating to purchases of property, plant and equipment	3,895	8,400	7,752
Increase/(decrease) in employee entitlements	571	582	15
(Increase)/decrease in trade and other receivables	(62,347)	(60,162)	4,459
Decrease/(increase) in biological assets	4,663	4,109	(554)
Decrease/(increase) in inventory	(381)	70	1,108
(Decrease)/increase in income in advance	(643)	(1,144)	(501)
Increase/(decrease) in provision for tax	11,622	15,842	4,922
	(42,620)	(32,303)	17,201
Net cash flow from operating activities	15,435	18,696	67,173

Accounting Policies

Cash flow statements are prepared using the direct approach. Cash and cash equivalents are shown as exclusive of GST.

3. Share capital

	JUNE 2025 UNAUDITED NUMBER OF SHARES	JUNE 2024 UNAUDITED NUMBER OF SHARES	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)
Ordinary shares as at 1 January	70,409,189	106,921,916	46,397	48,073
Shares issued under dividend reinvestment programme	32,283	-	49	-
Cancellation of Nil Paid shares	8,916	(1,013,948)	-	(1,396)
Ordinary Shares Balance as at 31 December	70,450,388	105,907,968	46,446	46,677
Ordinary shares are classified as follows:				
Held by ordinary shareholders	70,450,388	105,907,968		
Held by EastPack as treasury stock	224,670	-		
	70,675,058	105,907,968		

	2025 NUMBER OF SHARES	2024 NUMBER OF SHARES
Treasury stock		
Treasury stock as at 1 January	224,670	-
Treasury Stock as at 30 June	224,670	-

On 3 December 2024 the company completed a 1.5:1.0 share consolidation of all fully paid shares decreasing the total number of shares on issue at that time from 105,950,412 shares to 70,633,859 shares (including treasury stock).

All ordinary shares have no par value, rank equally subject to the voting cap and are classified as equity. Each shareholder is entitled to one vote per ordinary share up to a maximum that is calculated by reference to the lesser of the number of shares held or that shareholders' New Zealand production supplied to EastPack. The voting rights of shareholders are capped by reference to the individual shareholders' share of total production supplied to the Company during the year.

In August 2024, the Company completed a share buy-back and acquired 4,729,725 shares at $1.00 per share. In October 2024 the company issued 4,392,721 shares to undershared shareholders through the shareholder charge mechanism. The remaining 337,004 shares were consolidated in December 2024 to 224,670 shares which are held as Treasury stock. These shares will be issued to undershared shareholders in 2025.

4. Distributions to owners

	6 MONTHS TO JUNE 2025 UNAUDITED ($000'S)	6 MONTHS TO JUNE 2024 UNAUDITED ($000'S)
Ordinary shares - dividend paid	4,190	-
Ordinary Shares - share issued under dividend reinvestment programme	49	-
	4,239	-

Dividends paid on ordinary shares amounted to 6.0 cents per share fully imputed. (2024: 0 cents per share).

5. Borrowings

	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Banking facility	197,500	179,500	142,100
Subordinated note	28,810	28,810	28,810
Subordinated note issue costs	(1,092)	(1,536)	(1,314)
Total	**225,218**	**206,774**	**169,596**
Current portion	47,500	29,500	17,100
Non current portion	177,718	177,274	152,496
Total	**225,218**	**206,774**	**169,596**

The current portion represents borrowings which have a maturity date of less than twelve months from reporting date. The Group secured a new banking facility in December 2024 with a syndicate of 4 banks (ASB Bank, Rabobank, Bank of New Zealand and Construction Bank of China) with a total facility of $212m (2024: $205m). The facility is in three tranches that mature on 12 December 2027 and 12 December 2029. Bank of New Zealand operate as security agent for the syndicate.

On 4 September 2022, EastPack Limited released a Product Disclosure Statement of subordinated unsecured fixed rate notes to New Zealand retail investors. The note issue offer was subscribed at $28.8m on 12 December 2022 and issued on 16 December 2022. The bond issue has a term of five years and matures on 16 December 2027 with a fixed 8.51% interest rate for the year to 16 December 2025. The interest rate is set annually at the 5 Year Government bond rate plus a margin of 4.5%. A minimum interest rate of 8.5% applies over the term of the Notes. Transaction costs associated with the issue of the bond totalling $2.3m is recognised in the profit and loss using the effective interest rate methodology over the term of the Note.

Banking covenants

The Group is subject to various banking covenants as part of the Group's total facility with the syndicate of banks. The Group obtained agreement from its banking syndicate in October 2023 to reduce the 30 June 2024 interest cover ratio. The long-term covenants returned to the agreed levels from 31 December 2024.

6. Trade and other payables

	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Trade payables	13,833	15,167	7,532
Sundry payables	13,715	7,371	11,087
GST payable	1,920	7,284	1,254
Related party payables (note 12)	-	-	4,353
Total	29,468	29,822	24,226

7. Employee entitlements

	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Balance as at 1 January	2,302	2,287	2,287
Net movement in provision	571	582	15
Closing Balance	2,873	2,869	2,302
This is represented by:			
Current liability	2,873	2,869	2,302
Non-current liability	-	-	-
Total	2,873	2,869	2,302

8. Property, plant and equipment

	JUNE 2025			JUNE 2024		
	COST/ VALUATION ($000'S)	ACCUMULATED DEPRECIATION ($000'S)	BOOK VALUE ($000'S)	COST/ VALUATION ($000'S)	ACCUMULATED DEPRECIATION ($000'S)	BOOK VALUE ($000'S)
Buildings	288,458	70,841	217,617	285,666	62,496	223,170
Land and improvements	48,869	4,644	44,225	48,486	4,261	44,225
Plant and equipment	251,683	138,666	113,017	209,231	124,333	84,898
Furniture and fittings	10,253	4,708	5,545	8,209	4,046	4,163
Capital work in progress	34,756	-	34,756	19,915	-	19,915
Total	634,019	218,859	415,160	571,507	195,136	376,371

If land and buildings had been carried at cost less depreciation, the carrying amounts would have been:

	JUNE 2025 ($000'S)	JUNE 2024 ($000'S)
Buildings	158,023	163,026
Land and improvements	23,147	23,147

Key land and improvements and buildings were revalued to their estimated fair value in accordance with the valuation reports dated 28 November 2023 by independent registered valuer, Paul Higson (ANZIV, MPINZ) and Michael Reay (ANZIV, MPINZ) of the firm CBRE Limited ("valuer").

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period are as follows:

	BUILDINGS UNAUDITED ($000'S)	LAND AND IMPROVMENTS UNAUDITED ($000'S)	PLANT AND EQUIPMENT UNAUDITED ($000'S)	FURNITURE AND FITTINGS UNAUDITED ($000'S)	CAPITAL WIP UNAUDITED ($000'S)	TOTAL UNAUDITED ($000'S)
2025						
Balance at 1 January 2025	220,470	44,072	82,451	4,489	48,697	400,179
Additions and Net Transfers	1,274	346	38,065	1,396	(13,941)	27,140
Revaluations	-	-	-	-	-	-
Disposals	-	-	(18)	-	-	(18)
Depreciation expense	(4,127)	(193)	(7,481)	(340)	-	(12,141)
Carrying amount at 30 June 2025	217,617	44,225	113,017	5,545	34,756	415,160
2024						
Balance at 1 January 2024	227,024	44,226	86,740	4,153	10,369	372,512
Additions and Net Transfers	359	188	4,803	315	9,546	15,211
Revaluations	-	-	-	-	-	-
Disposals	-	-	(52)	-	-	(52)
Depreciation expense	(4,213)	(189)	(6,593)	(305)	-	(11,300)
Carrying amount at 30 June 2024	223,170	44,225	84,898	4,163	19,915	376,371

Accounting Policies

Each class of land and improvements, and buildings is revalued to their estimated fair value on a rolling three year cycle, or more frequently if there is evidence that indicates the carrying value of these may differ significantly from their fair value.

9. Trade and other Receivables

	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Trade receivables	4,966	6,453	9,088
Expected credit loss allowance	(176)	(34)	(176)
Accrued income and sundry receivables	72,808	67,189	1,626
Prepayments	3,338	6,587	3,697
Related party receivables	39,404	36,178	-
Associate receivables	-	-	1
Total	120,340	116,373	14,236

Related part receivables represent temporary advances to EastPack Entity Trust grower pools. These advances will be full repaid by December 2025.

Sundry receivables includes $50.2m (June 2024 $46.0m) of income for post harvest operations.

Accounting Policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

The Group has recognised expected credit losses for all trade receivables. Debts which are known to be uncollectible are written off. As the Group experiences minimal impairment of receivables, the allowance for expected credit loss is established based upon the payment profiles and historical credit losses adjusted for forward looking information regarding customers' ability to pay

Critical accounting estimates and judgements

The group has reviewed trade and other receivables for any debtor impairment, credit risk, or any other such risks that may result in non-payment. The Group has not identified any circumstances where further provisioning or impairment of financial instruments is required.

10. Biological Assets

	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Balance at 1 January	4,663	4,109	4,109
Costs capitalised	-	-	4,663
Costs released to profit and loss	(4,663)	(4,109)	(4,109)
Balance at 31 December	-	-	4,663

Accounting Policies

Biological assets represent the value of developing the fruit on leased orchards that is due to be harvested in the following year and are measured at fair value.

Critical accounting estimates and judgements

The valuation of biological assets uses estimates of market returns to determine value.

11. Inventories

	JUNE 2025 UNAUDITED ($000'S)	JUNE 2024 UNAUDITED ($000'S)	DECEMBER 2024 AUDITED ($000'S)
Packaging stock	4,312	4,019	2,924
Pollen stock	3,814	3,675	3,856
Provision for obsolescence	(1,010)	(17)	(7)
Other materials and chemicals	303	399	265
Total	7,419	8,076	7,038

Packaging and other inventory is subject to retention of title clauses.

Accounting Policies

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

12. Transactions with related parties

EastPack Entity Trust is a related party that acts as an administrator of revenue and expenses for the sale of Kiwifruit on behalf of growers. EastPack Limited received $192.3m (June 2024: $213.9m) for the provision of services to EastPack Entity Trust.

13. Determination of fair values of assets and liabilities

Fair value measurement for financial assets, non-financial assets and liabilities

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their carrying value due to their short term nature.

Fair value measurement

The table below analyses those financial instruments carried at fair value. The different levels of the fair value hierarchy have been defined below.

Level 1	Quoted prices (unadjusted) in active markets for identified assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability that have to be developed to reflect the assumptions that a market participant would use when determining an appropriate price.

2025	LEVEL 1 ($000'S)	LEVEL 2 ($000'S)	LEVEL 3 ($000'S)
Derivative financial instruments – asset	-	25	-
Derivative financial instruments – liability	-	(486)	-
Unlisted equity shares	-	1,906	-
Land and improvements and buildings	-	-	261,842
	-	1,445	261,842

2024	LEVEL 1 ($000'S)	LEVEL 2 ($000'S)	LEVEL 3 ($000'S)
Derivative financial instruments – asset	-	1,428	-
Derivative financial instruments – liability	-	-	-
Unlisted equity shares	-	1,602	-
Land and improvements and buildings	-	-	267,395
	-	3,030	267,395

The fair value measurement for land and buildings has been categorised as Level 3, as the inputs used as part of the valuation techniques are based on unobservable inputs. There were no transfers into or out of Level 3 of the fair value hierarchy during the reporting period.

The following shows each valuation technique used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used and the inter-relationship between the key unobservable inputs and fair value measurement.

Land and Buildings

The fair value of land and buildings is determined using valuations as set out in Note 8. Three different approaches are used to arrive at the fair value of the land and improvements and buildings. A weighted average of the 3 valuation methods is applied to derive the final valuation, with greater weighting applied to the income capitalisation approach and equal weighting applied to the discounted cash flow approach and market approach. The information below relates to the valuations undertaken at 31 December 2023.

Discounted cash flow approach

The current market rental calculated under the income capitalisation approach is used to forecast net cash flows over a ten year period. Allowances are made for expected rental growth and estimated costs incurred to maintain the land & buildings. Having determined the net annual income, a terminal value is established using a terminal capitalisation rate (8.75% - 9.75%). Cash flows are discounted at a market related discount rate (9.00% – 10.00%).The present value of the aggregate of each cash flow establishes market value. This method assumes land & buildings are sold in the terminal year.

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Current market rental	Higher market rental results in increased fair value. Lower market rental results in a decreased fair value.
Discount rate	Higher discount rate results in decreased fair value. Lower discount rate results in an increased fair value. Specifically, an increase in the discount rate of 0.25% would decrease the fair value by approximately $4,011,000 and a decrease in the discount rate of 0.25% would increase the fair value by approximately $4,097,000.
Terminal capitalisation rate	Higher capitalisation rate results in decreased fair value. Lower capitalisation rate results in a increased fair value. Specifically, an increase in the capitalisation rate of 0.25% would decrease the fair value by approximately $3,225,000 and a decrease in the capitalisation rate of 0.25% would increase the fair value by approximately $3,401,000.

Income capitalisation approach

Assumes a hypothetical lease of the property with a current market rental being established and capitalised at an appropriate rate of return (8.25% – 9.25%) that would be expected by a prudent investor.

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Current market rental	Higher market rental results in increased fair value. Lower market rental results in a decreased fair value.
Capitalisation rate of return	Higher capitalisation rate results in decreased fair value. Lower capitalisation rate results in a increased fair value. Specifically, an increase in the capitalisation rate of 0.25% would decrease the fair value by approximately $7,354,000 and a decrease in the capitalisation rate of 0.25% would increase the fair value by approximately $7,788,000.

Market comparison

Considers recent sales of other comparable type properties.

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Current market sales	Higher market sales results in increased fair value. Lower market sales results in a decrease fair value.

Valuer's assumptions

In preparing the valuation reports, the valuer has made the assumption that the property will continue to be occupied by the existing business and accordingly the valuations are based on a notional lease being in place with a market rental being paid.

Derivative Financial Instruments

Derivatives are initially recognised at fair value at the date a derivative is entered into, and subsequently re-measured to their fair value at each balance date. The fair value is determined based on market rates and quotes provided by the Bank of New Zealand and ASB.

14. Commitments

As at 30 June 2025 the Group was committed to incur $8.2m (June 2024 – $20.8m) of capital expenditure for the expansion of coolstore capacity.

15. Significant events after the reporting date

There have been no material events occurring subsequent to balance date requiring adjustment to our disclosure in the financial statements.

Notes

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