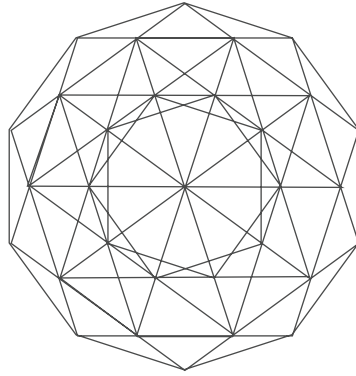




Example Annual Report

This example
was prepared using



Pinnacle Listed IFRS NZ Limited

NZIFRS18(27)(a)

NZBN 01234567

Annual Report - 31 December 2025

Pinnacle Listed IFRS NZ Limited
Corporate directory
31 December 2025

Directors	Anthony Example Brad Example Christina Example Daniel Example
Notice of annual general meeting	The details of the annual general meeting of Pinnacle Listed Comprehensive Limited are: 6th Floor Universal Administration Building 12 Highland Street Wellington 6010
Company secretary	Fabian Example
Registered office	10th Floor Universal Administration Building 12 Highland Street Wellington 6010
Principal place of business	5th Floor Pinnacle Business Centre 247 Edward Street Auckland 1010
Share register	ShaReg New Zealand Limited 3rd Floor AIR Tower 66 Hay Street Wellington 6010 Phone: 0800 808 280
Auditor	Accounting Firm 123 Level 18 BLB Complex 312 Druitt Street Auckland 1010
Solicitors	Harrington Legal Level 3 Harrington United Building 12 Collins Street Auckland 1010
Bankers	Federation Bank Level 4 Federation Square 65 Market Street Auckland 1010
Stock exchange listing	Pinnacle Listed IFRS NZ Limited shares are listed on the New Zealand Stock Exchange (NZX code: PNC)
Website	www accurri.com
Corporate Governance Statement	www accurri.com/cgs

The following is a summary of our approach towards climate-related issues across the consolidated entity.

Governance

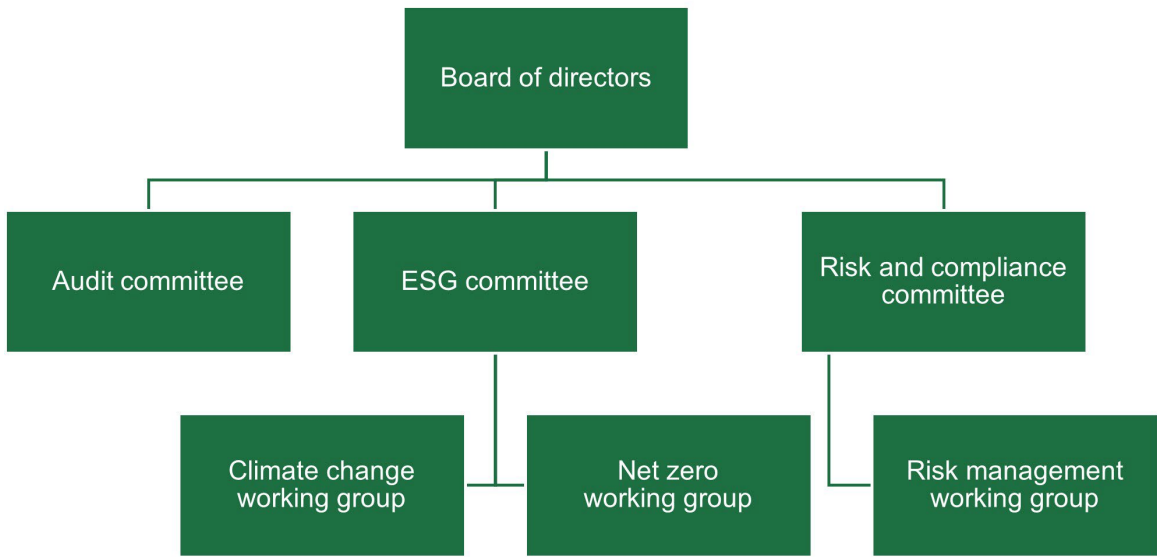
NZCS1(7)-(9)

Governance processes, controls and procedures

The consolidated entity recognises that good governance is essential to delivering on our strategic and climate-related goals. There are various processes, controls and procedures in place to ensure good governance, underpinned by the Code of Conduct and policies in place. These ensure that our employees understand the expectations on our business to meet employment standards, maintain a safe and healthy workplace, respect human rights and protect customers.

The Planet Plan details the consolidated entity's climate-related risks and opportunities. It is reviewed, updated as required and approved by the Pinnacle Listed IFRS NZ Limited Board on an annual basis.

The diagram below demonstrates how climate-related information flows through the consolidated entity's governance structure. This allows for the integration of climate-related considerations in day-to-day operations and supports informed decision-making on material climate-related risks and opportunities across the organisation.



Board-level governance

NZCS1(7)(a),(b),(8)

The Pinnacle Listed IFRS NZ Limited Board is the governance body responsible for the oversight and implementation of Pinnacle Listed IFRS NZ Limited's overall strategic and environmental goals, including oversight of climate-related risks and opportunities.

The Board sets, oversees and monitors progress against metrics and targets for managing climate-related risks and opportunities via the following processes:

- Quarterly meetings, which include discussion of updates on emerging climate-related risks and opportunities from relevant members of the Executive team
- Quarterly special purpose meetings, where strategy and specific governance matters are discussed with the relevant committees
- Review and discussion of updates on Environmental, Social and Governance (ESG) and climate-related topics throughout the year via Board papers and training and focus sessions

The Board monitors its skills and competencies to identify any areas where further training, knowledge and/or expertise may be required to ensure that it can provide appropriate oversight of climate-related risks and opportunities relevant to the consolidated entity. The Board also commissions an external review of its performance and skills at least every three years.

The consolidated entity's climate-related disclosures are approved by the Board based on the recommendation of the ESG committee, which assists the Board to oversee the integrity of the annual climate-related disclosures.

Executive-level governance

NZCS1(7)(c),(9)

The Executive team receives advice from employees, suppliers and customers regarding the impact of climate-related risks and opportunities, which is considered when making recommendations to the Board.

The risk management working group supports the risk and compliance committee and is responsible for the oversight of material risks across the consolidated entity, including climate-related risks. The risk management working group receives quarterly risk reporting, which includes updates on sustainability and climate-related risks, from the wider organisation.

The ESG committee meets monthly. It provides recommendations to the Executive team and oversees the implementation of the climate-related targets in the Planet Plan. The ESG committee has the authority to consider climate-related risks and opportunities including:

- Strategic direction in response to climate change and ESG
- Decarbonisation and position statements
- Physical and transition climate risk modelling
- Climate risk appetite decisions relating to suppliers and customers with sustainability risk factors

Management-level governance

NZCS1(7)(c),(9)

The climate change working group supports the ESG committee and advocates for climate action and increased awareness and capacity across the organisation. The group meets monthly and consists of key senior managers who implement ESG initiatives.

The net zero working group supports the implementation of the consolidated entity's emissions reduction target. The group meets monthly and its membership consists of management and employees who work with suppliers and employees to influence the operational emissions.

Remuneration

NZCS1(8)(d)

The consolidated entity's performance is assessed on the achievement of financial and non-financial measures as detailed in relevant Executive team scorecards. Scorecard measures are linked to the key strategic priorities, including risk, performance and customer and colleague outcomes.

The Executive team performance metrics are reviewed and approved annually by the Board. The Board determines progress and performance against outcomes against the metrics for each financial year as part of the consolidated entity's performance review process.

Strategy

NZCS1(11)-(16)

As New Zealand transitions to a low-carbon economy, the electronics industry has a large role to play. The consolidated entity's Strategic Plan contains the roadmap for its climate-related actions with a view to play an important part in that transition.

The consolidated entity understands that climate change will impact its operations, suppliers, customers and employees. This section outlines significant transition risks, physical risks and opportunities that have been identified based on the current understanding of its exposure to the impacts of climate change.

Current climate-related impacts

NZCS1(11)(a),(12)

Two major floods occurred during the financial year in the Auckland and Hawkes Bay regions, both caused by unprecedented rainfall. These floods caused extensive damage to the region and the consolidated entity's property.

In addition, Cyclone Christoph impacted the majority of the East Coast of the North Island, resulting in landslides, property damage and power outages.

Scenario analysis

NZCS1(11)(b),(13)

Climate scenario analysis is a strategy and risk management tool used to help the consolidated entity understand the climate-related risk and opportunities to its business model over time.

The consolidated entity has undertaken various scenario analysis projects using the three scenarios as per the XRB recommended guidance *The Futures of Retail* (Integrated Climate Change Scenarios for New Zealand's Retail Sector). An overview of the three scenarios is shown below.

	Scenario 1 Orderly +1.5C aligned	Scenario 2 Disorderly +1.7C aligned	Scenario 3 Hothouse +3.0C aligned
Key assumption	International and domestic policy settings aim to limit total warming by the end of this century to less than 1.5C. This entails halving greenhouse gas emissions by 2030 and reaching net zero emissions around 2050.	International and domestic policy settings aim to limit total warming to less than 1.5C in this century. However, decisive action is delayed. Global emissions peak in 2030, then drop sharply. As a result of delayed action, deeply destabilising policies are now required to keep total warming below potentially catastrophic levels.	A divided world that refuses to cooperate and confront the non-negotiable realities of planetary boundaries. Instead, countries focus on their short-term domestic best interests, resulting in persistent and worsening inequality and environmental degradation. International and domestic policy settings result in well over 3.0C warming by the end of this century.
Global warming trajectory	+1.4C global warming at 2100	+1.7C global warming at 2100	+3.9C global warming at 2100
Policy response	Immediate and smooth	Delayed	Indiscernible
Demand for technology change	Fast	Slow then fast	Slow
Physical risk	Low	Moderate	High
Transition risk	Moderate	High	Low

The Executive team participated in a series of workshops where the risks and opportunities of each scenario were considered and actions the consolidated entity could take were discussed and documented. The consolidated entity plans to conduct further scenario analysis workshops throughout the greater organisation.

Climate-related risks and opportunities

NZCS1(11)(c),(14)(a),(c)

Climate-related risks and opportunities are assessed across short-term (2026), medium-term (2030) and long-term (2050) horizons. The Planet Plan details the consolidated entity's response in delivering its strategic objectives and how it will ensure that capital is deployed to the right parts of the organisation to address climate-risks and opportunities and to accelerate the transition to a low-emissions, climate-resilient organisation.

The organisational structure of the consolidated entity has been designed to ensure that climate-related considerations are embedded into its day-to-day operations with advice on material climate-related risks and opportunities being informed from across the organisation. This allows for informed decision-making processes including regarding funding and internal capital deployment.

Climate-related physical risks

NZCS1(11)(c),(14)(b)

Climate-related physical risks are risks that arise from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

The nature, sector and geography of the consolidated entity's assets or business activities vulnerable to climate-related physical risks are detailed as follows:

Risk	Sector	Geography
Impact of damage from adverse weather on asset carrying values	All	All
Operational interruptions caused by extreme weather events	All	All
Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	Logistics, Manufacturing	All
Increased operating costs due to supply and demand for resources impacted by adverse climate events	Retailing	All
Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	All	All

Climate-related transition risks

NZCS1(11)(c),(14)(b)

Climate-related transition risks are risks that arise from transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for the consolidated entity such as increased operating costs or asset impairment due to new or amended climate-related regulations.

The nature, sector and geography of the consolidated entity's assets or business activities vulnerable to climate-related transition risks are detailed as follows:

Risk	Sector	Geography
Impairment of plant and equipment highly exposed to transition risk	All	All
Concentration of credit exposure to carbon-related assets	Retailing	All
Revenue derived from sales to customers susceptible to transition risk	Retailing	All
Inadequate market supply or price volatility in credible carbon credits	All	All
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	Manufacturing	All

Climate-related opportunities

NZCS1(11)(c),(14)(b)

Responding to climate change provides opportunities for the consolidated entity as the technology industry and entire economy moves towards a low emissions, climate-resilient era. Opportunities to assist the community may emerge from resource efficiency and cost savings, development of new products and services and access to new markets.

Examples of climate-related opportunities that the consolidated entity has identified to date include:

- New Zealand's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics
- Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff
- Engaging with high-emitting customers on their specific ESG risks and opportunities and supporting their transition planning
- Integrating sustainability into our business and consumer product offerings
- Thought leadership through our participation in conferences, panels and partnerships

Anticipated climate-related impacts

NZCS1(11)(d),(15)

Uncertainty around variables including climate legislation and adaptation plans present challenges in the meaningful financial quantification of anticipated impacts of climate-related risks and opportunities. The consolidated entity has engaged industry experts to assist in assigning metrics to its disclosures relating to anticipated impacts, with a view to including further disclosures in its next Annual Report.

The consolidated entity has identified the following anticipated impacts of its climate-related physical risks:

Source	Anticipated impacts of physical risk	Anticipated timeframe
Increase in frequency and intensity of adverse weather events (e.g. droughts, floods, storms)	Impact on physical asset carrying values	Long-term
Operational interruptions caused by extreme weather events	Decrease in margin/profit	Short-term
Decreased production capacity (e.g. transport difficulties, supply chain interruptions)	Reduced revenue due to reduced supply of goods	Medium-term
Supply and demand for resources impacted by adverse climate events	Increased operating costs associated with supply and demand	Medium-term
Increased claims made on insurers due to physical risks	Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	Short-term

The consolidated entity has identified the following anticipated impacts of its climate-related transition risks:

Source	Anticipated impacts of transition risk	Anticipated timeframe
Manufacturing facilities determined to be in 'at risk' locations	Impairment of plant and equipment highly exposed to transition risk	Long-term
Consumer preferences and expectations regarding 'green' investments	Concentration of credit exposure to carbon-related assets	Medium-term
Changing market / consumer preferences towards products seen as better for the environment	Revenue derived from sales to customers susceptible to transition risk	Medium-term
Inadequate market supply or price volatility in credible carbon credits	Risk of impairment in carbon credit financial statement recognition	Medium-term
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	Decrease in margin/profit	Medium-term

The consolidated entity has identified the following anticipated impacts of its climate-related opportunities:

Source	Anticipated impacts of opportunities	Anticipated timeframe
New Zealand's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics	Diversified revenue streams and associated increases in profit	Short-term
Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff	Increased employee engagement and likelihood of quality recruitment	Medium-term
Engaging with high-emitting customers on their specific ESG risks and opportunities and supporting their transition planning	Completeness of emissions profile	Medium-term
Integrating sustainability into our business and consumer product offerings	Reduced cost of decarbonisation and associated impact on profit	Long-term
Thought leadership through our participation in conferences, panels and partnerships	Positioning as a leader in sustainability and associated reputational advantages	Short-term

Transition planning

NZCS1(11)(e),(16)

The Planet Plan details the consolidated entity's vision to transition to a zero emissions economy which supports the regeneration of the natural environment and builds climate resilience.

To achieve its vision, the consolidated entity has set the transition planning objectives and key actions / targets outlined below.

Objectives	Key actions / targets
Transition the investment portfolio to net zero emissions by 2030	Develop an action plan to decarbonise the investment portfolio and increase investment in climate solutions
Support our customers to transition to low-emissions, climate-resilient technology	Innovate with new, targeted sustainability products technology and identify customer growth opportunities
Understand the climate-related risks and opportunities and support our customers to adapt and build resilience	Integrate climate change into the Risk Management Strategy and core risk and operational policies
Continue to actively reduce emissions across our operations and supply chain	Reduce operational emissions by 50% by the end of 2030

During the next year, the consolidated entity plans to evolve the Planet Plan to include further information on its response to climate change based on progress to date against its targets and how it needs to ensure capital is deployed to the right parts of the organisation to address climate risk and accelerate the transition to a low-emissions, climate-resilient economy.

Risk management

NZCS1(18),(19)
NZCS1(18)

Risk management approach

The consolidated entity assesses climate-related transition and physical risks to the extent possible based on available data. Further information is available in the Strategy section of the Climate Statement.

The Board approves the overarching Risk Management Strategy (RMS) following receipt of a recommendation from the risk and compliance committee.

Both the RMS and ESG policies are implemented through risk appetite metrics and matrices and ESG checklists to ensure these are appropriately rolled out to and implemented across the organisation.

Risk identification

NZCS1(19)(a),(b)

The consolidated entity uses risk identification tools and methods to understand current and emerging risks. It also monitors and assesses current risks to manage these effectively within the recognised risk appetite. The consolidated entity continues to make progress on the use of tools and methods to integrate climate-related risk into the overall risk identification process, as more data and tools become available.

Examples of tools and methods used to identify the scope, size and potential impacts of climate-related risks are detailed below:

- Customer engagement: ESG checklists are completed to identify ESG risks, including climate-related risk for customers who fall within defined sector criteria.
- Stress testing: Every year, participation in the Institute of Technology stress testing assessment of flooding risks to technology companies. Stress test results are incorporated into the RMS.
- Scenario analysis: Information on the approach to scenario analysis is included in the Strategy section of the Climate Statement.
- Regulatory change monitoring: The consolidated entity follows its existing regulatory change process for monitoring and identifying regulatory change relating to climate-related risk and where necessary, embeds required changes into the organisation.

Climate-related risks are assessed across short-term (2026), medium-term (2030) and long-term (2050) horizons. The Planet Plan details the consolidated entity's response in delivering its strategic objectives and how it will ensure that capital is deployed to the right parts of the organisation to address climate-risks and opportunities and to accelerate the transition to a low-emissions, climate-resilient organisation.

Risk assessment

NZCS1(19)(c),(d)

The consolidated entity uses annual stress testing and scenario analysis to assess risk, understand vulnerabilities and inform risk assessments and decision making. The impacts of climate-related risks across other relevant material risk categories, including credit risk and operational risk are also assessed monthly via the various climate-related working groups.

Due to the nature of understanding evolving climate-related impacts, data is limited in relation to some customers, sectors and suppliers. These limitations mean that there may be aspects of the value chain that are currently not included in the risk assessment processes detailed above.

Aspects of the value chain that are currently excluded are as follows:

- Emissions reporting of purchased goods and services
- The impact of physical risks on certain parts of the value chain

Risk management

NZCS1(19)(e)

The consolidated entity's approach to managing climate-related risk continues to evolve as its understanding of risk improves. The consolidated entity also acknowledges that its exposure to climate-related risk extends beyond its core business, impacting customers and communities.

The consolidated entity prioritises risks with the largest potential consequences and aims for proportionate risk management. Proportionate means risks are identified, assessed, evaluated and significant risks are treated in a timely and reasonably practicable ways.

Risk management options used to manage climate-related risks are as follows:

- Working with customers, counterparties and suppliers identified as having higher climate risks to manage and improve climate risk profiles
- Setting limits and applying other risk management measures to companies, economic sectors, geographical regions or segments of products or services that do not align with the consolidated entity's strategy or risk appetite
- The ESG policies detail high risk and sensitive categories for certain sectors which supply materials for manufacturing. The consolidated entity applies sector specific criteria when onboarding suppliers
- Encouraging suppliers and customers to implement adaptation or transition plans

Metrics and targets

NZCS1(21)-(24)
NZCS1(21)(a),
(22)(a)(i),(ii)

Greenhouse gas emissions

The measurement approach, inputs and assumptions used to measure greenhouse gas (GHG) emissions are detailed below.

Pinnacle Listed IFRS NZ Limited
Climate statement
31 December 2025

The consolidated entity measures its GHG inventory in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and Toitū net carbonzero certification requirements.

The greenhouse gas emissions are categorised as follows:

- Scope 1: Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity
- Scope 2: Indirect greenhouse gas emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity
- Scope 3: Indirect emissions outside of Scope 2 emissions that occur in the value chain of an entity, including both upstream and downstream emissions

Location-based emissions

NZCS1(21)(b),
(22)(a)(i),(ii)

The location-based method is used to report Scope 2 emissions. It reflects the average emissions factors of the electricity grids on which the consolidated entity consumes electricity.

The Scope 1 and Scope 2 carbon dioxide emissions by the consolidated entity during the year ended 31 December 2025 were as follows:

	2025 mtCO ₂ e	2024 mtCO ₂ e
Fuel combustion	5,897	6,237
Facility operation	9,317	9,249
Total Scope 1 emissions	15,214	15,486
Total Scope 2 emissions (location-based)	76,152	78,819

The Scope 1 and Scope 2 carbon dioxide emissions by other investees (associates, joint ventures and unconsolidated subsidiaries) excluded from the consolidated entity's calculations during the year ended 31 December 2025 were as follows:

	2025 mtCO ₂ e	2024 mtCO ₂ e
Fuel combustion	2,433	1,896
Facility operation	4,579	4,627
Total Scope 1 emissions	7,012	6,523
Total Scope 2 emissions (location-based)	52,044	54,197

Scope 3 categories

NZCS1(22)(a)(iii)

In accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Scope 3 emissions are classified as upstream or downstream based on the financial transactions of the consolidated entity as follows:

- Upstream emissions are indirect greenhouse gas emissions related to purchased or acquired goods and services
- Downstream emissions are indirect greenhouse gas emissions related to sold goods and services

The Standard further classifies Scope 3 emissions into 15 distinct categories. Where relevant to the consolidated entity, Scope 3 emissions are reported according to these categories. The Scope 3 emissions of the consolidated entity were as follows:

	2025 mtCO ₂ e	2024 mtCO ₂ e
1. Purchased goods and services	10,371	10,428
2. Capital goods	2,693	1,872
4. Upstream transportation and distribution	6,390	7,421
6. Business travel	937	884
7. Employee commuting	1,263	1,455
Total upstream emissions	21,654	22,060
9. Downstream transportation and distribution	8,944	10,612
10. Processing of sold products	48,849	50,336
11. Use of sold products	23,683	24,871
15. Investments	2,551	2,087
Total downstream emissions	84,027	87,906
Total Scope 3 emissions	105,681	109,966

Greenhouse gas emissions intensity

NZCS1(22)(b)

Intensity ratios express GHG emissions impact per unit of physical activity or unit of economic output.

Pinnacle Listed IFRS NZ Limited
Climate statement
31 December 2025

The consolidated entity's emissions intensity performance was as follows:

	2025	2024
Operating revenue (gross mandatory tCO ₂ e/\$Millions)	3.34	3.61
Operating revenue (gross tCO ₂ e/\$Millions)	3.66	3.79

Financed emissions

As a result of participating in financial activities, the consolidated entity faces risks and opportunities related to the greenhouse gas emissions associated with those activities.

The consolidated entity has identified the following risks relating to its investments in listed and unlisted ordinary shares:

- Credit risk relating to investing in companies affected by increasingly stringent carbon taxes, fuel efficiency regulations and/or other policies
- Credit risk relating to investing in companies susceptible to technological shifts
- Reputational risk arising from investing in companies financing fossil-fuel projects

Transition risks

NZCS1(22)(c)

The amount and percentage of the consolidated entity's assets or business activities vulnerable to climate-related transition risks are detailed as follows:

	2025 \$'000	2024 \$'000	2025 %	2024 %
Impairment of plant and equipment highly exposed to transition risk	29,680	32,487	28.3%	32.4%
Concentration of credit exposure to carbon-related assets	6,358	2,727	48.9%	56.1%
Revenue derived from sales to customers susceptible to transition risk	80,861	92,660	18.6%	22.9%
Inadequate market supply or price volatility in credible carbon credits	22,106	32,948	0.1%	0.1%
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	76,509	74,392	66.2%	67.7%

Physical risks

NZCS1(22)(d)

The amount and percentage of the consolidated entity's assets or business activities vulnerable to climate-related physical risks are detailed as follows:

	2025 \$'000	2024 \$'000	2025 %	2024 %
Impact of damage from adverse weather on asset carrying values	116,698	128,129	18.7%	20.2%
Operational interruptions caused by extreme weather events	168,893	167,213	38.2%	40.6%
Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	98,594	108,729	22.3%	26.4%
Increased operating costs due to supply and demand for resources impacted by adverse climate events	14,458	17,367	12.5%	15.8%
Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	45	38	2.1%	1.7%

Climate-related opportunities

NZCS1(22)(e)

The amount and percentage of the consolidated entity's assets or business activities aligned with climate-related opportunities are detailed as follows:

	2025 \$'000	2024 \$'000	2025 %	2024 %
New Zealand's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics	39,525	43,048	6.3%	6.8%
Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff	12,170	11,616	1.9%	1.8%
Engaging with high-emitting customers on their specific ESG risks and opportunities and supporting their transition planning	192,300	194,597	41.2%	44.7%
Integrating sustainability into our business and consumer product offerings	460,740	430,883	73.6%	68.1%
Thought leadership through participation in conferences, panels and partnerships	65,105	49,985	10.4%	7.9%

In 2023, the consolidated entity committed to delivering \$20.2 million in climate change solutions by 2030, addressing the risks and opportunities detailed above and in accordance with the Planet Plan and its commitment to allocating capital in a way that drives positive economic, social and environmental impacts.

Internal emissions price

NZCS1(22)(g)

The consolidated entity acknowledges the importance of having an internal price of carbon that is supported by robust methodology and is regularly reviewed and has contracted an independent expert to assist in this process.

The independent expert provided three price path scenarios covering a high, mid and low-price path using current New Zealand Unit (NZU) prices as below:

	2025 \$	2030 \$	2050 \$
High-price-path	69	271	426
Mid-price-path	69	178	291
Low-price-path	69	102	164

The consolidated entity currently uses the mid-price-path for internal risk management. This decision will continue to be reviewed and updated as required.

Management remuneration

NZCS1(22)(h)

The consolidated entity's performance is assessed on the achievement of financial and non-financial measures as detailed in relevant Executive team scorecards. Scorecard measures are linked to the key strategic priorities, including risk, performance and customer and colleague outcomes.

The Executive team performance metrics are reviewed and approved annually by the Board. The Board determines progress and performance against outcomes against the metrics for each financial year as part of the consolidated entity's performance review process.

Targets

NZCS1(21)(d),(23)

The Planet Plan details the consolidated entity's vision to transition to a zero emissions economy which supports the regeneration of the natural environment and builds climate resilience.

Details of decarbonisation targets that have been set across the consolidated entity are as follows:

Sector	Scope	Target type	Target	Metric	Reference year	Interim target
Manufacturing	Scope 1, 2 and 3	Absolute emissions	60% reduction by 2030	tCO ₂ e	2021	N/A
Retailing	Scope 1 and 2	Emissions intensity	42% reduction by 2030	kgCO ₂ e	2022	N/A
Logistics	Scope 1, 2 and 3	Absolute emissions	25% reduction by 2030	tCO ₂ e	2021	N/A

Pinnacle Listed IFRS NZ Limited
Climate statement
31 December 2025

As per the scenario analysis included in the Strategy section of this Climate Statement, the consolidated entity has analysed the risks and opportunities associated with the Orderly assumption whereby international and domestic policy settings aim to limit total warming by the end of this century to less than 1.5C. This entails halving greenhouse gas emissions by 2030 and reaching net zero emissions around 2050.

The following table provides details of the consolidated entity's GHG emissions targets.

Target	Metric	Performance against metric	Offset
Reduce operational CO2e by 50% (vs 2020) by 2030	Reduce scope 1, 2 and 3 mandatory emissions to 120,000 tCO2e	18% reduction in 2025 vs 2020. Aided in part by a reduction in the national electricity emissions factor	Offset remaining emissions in line with Toitū net carbonzero certification
Convert vehicle fleet to 100% EV by 2030	Number of electric vehicles in the fleet	68% (122) of the vehicle fleet is now EV/PHEVs as at 31 December 2025	No offsets used
Transition all cash investments to sustainable finance by 2030	Total monetary value of cash invested with finance institutions that have achieved global sustainable finance market standards	As at 31 December 2025 76% (74%) of cash investments are invested with verified sustainable finance providers	No offsets used
Achieve net zero whole of company operations by 2050	Sector specific scope 1, 2 and 3 targets across manufacturing, logistics and retailing sectors	Net 20% reduction in 2025 vs 2020. Aided in part by a reduction in the national electricity emissions factor	Offsets are used only when deemed appropriate and in accordance with the criteria detailed in the Planet Plan

Metrics

NZCS1(21)(d),(23)

The following table provides an overview of the consolidated entity's performance against climate metrics.

	Baseline 2020 mtCO2e	2023 mtCO2e	2024 mtCO2e	2025 mtCO2e	Target 2030 mtCO2e
Scope 1	20,841	17,891	15,486	15,214	10,420
Scope 2	87,412	82,667	78,819	76,152	43,706
Scope 3	131,446	112,208	109,966	105,681	65,723
Total gross operational emissions against baseline	239,699	212,766	204,271	197,047	119,849

Additional information

NZCS1(24)(a),(b)

The consolidated entity's operational emissions have been certified by Toitū Envirocare, in line with ISO 14064-3:2019 and Toitū net carbonzero Programme Technical Requirements for the 1 January 2025 to 31 December 2025 measurement period.

Organisational targets were set with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standard. The operational control consolidation approach has been applied, which aligns with the direct operational footprint of all our businesses worldwide. This scope includes our corporate offices, manufacturing facilities, warehouses and retail spaces.

Data sources

NZCS1(24)(c)

Emissions factors for Scope 1 and Scope 2 were derived based on information from a combination of:

- Statistics New Zealand (Stats NZ) GHG emissions (industry and household) for the 2024 financial year
- Stats NZ Annual Enterprise Survey for the 2024 financial year

Where New Zealand industry sector emissions factors were not available, sectoral emissions factors for Scope 1 and Scope 2 for Australian industry sectors were used, being derived on a per-dollar revenue basis for each sector (i.e. tCO2e/\$Millions of revenue) based on publicly available information.

Where relevant, the global warming potential rate GWP100 has been used. This represents the average warming potential over 100 years.

Exclusions

NZCS1(24)(d)

There are a number of identified emissions sources that have been excluded from the inventory due to being de minimis or limitations in the availability or quality of the requisite data. These sources include Scope 1 direct emissions from refrigerants and mobile combustion from leased petrol vehicles.

Excluded Scope 3 items are now use of sold products, end-of-life treatment of sold products and investments. The Planet Plan details the adoption provision exemptions applied in the preparation of this Climate Statement.

Statement of compliance

This statement has been prepared in accordance with the requirements of the Aotearoa New Zealand Climate Standards.

NZCS3(55)

Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Independent auditor's report to the members of Pinnacle Listed IFRS NZ Limited
Statutory disclosures

General information

The financial statements cover Pinnacle Listed IFRS NZ Limited as a consolidated entity consisting of Pinnacle Listed IFRS ^{NZIFRS18(27)(b),(d)} NZ Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in New Zealand dollars, which is Pinnacle Listed IFRS NZ Limited's functional and presentation currency.

Pinnacle Listed IFRS NZ Limited is a company limited by shares, incorporated and domiciled in New Zealand. Its registered ^{NZIFRS18(116)(a)} office and principal place of business are:

Registered office	Principal place of business
10th Floor Universal Administration Building 12 Highland Street Wellington 6010	5th Floor Pinnacle Business Centre 247 Edward Street Auckland 1010

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Computer manufacturing
- Computer retailing
- Computer distribution

^{NZIFRS18(116)(b)}

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2026. The ^{NZIAS10(17)} directors have the power to amend and reissue the financial statements.

Pinnacle Listed IFRS NZ Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

NZIFRS18(10)(a),(86)

NZIFRS18(27)(c)

	Note	Consolidated		
		2025 \$'000	2024 \$'000	
Revenue	5	463,125	432,031	NZIFRS18(75)(a)(i)
Other income	6	692	192	
Expenses				NZIFRS18(75)(a)(ii)
Changes in inventories		(3,523)	(782)	
Raw materials and consumables used		(127,025)	(121,050)	
Employee benefits expense		(225,150)	(218,728)	
Depreciation and amortisation expense		(52,276)	(52,411)	
Impairment of goodwill		(500)	-	NZIFRS18(75)(b)(ii)
Impairment of receivables		(491)	(432)	
Other expenses		(4,513)	(4,252)	
Operating profit		50,339	34,568	NZIFRS18(69)(a)
Share of profits of associates accounted for using the equity method	8	3,211	2,661	NZIFRS18(75)(a)(iii)
Interest revenue calculated using the effective interest method		1,087	543	NZIFRS18(75)(b)(i)
Rent from investment properties		3,623	3,310	
Net fair value gain/(loss) on investment properties		(600)	1,500	
Net gain on derecognition of financial assets at amortised cost		50	-	NZIFRS18(75)(b)(iii)
Profit before financing and income taxes		57,710	42,582	NZIFRS18(69)(b)
Finance costs	10	(18,930)	(21,092)	
Profit before income taxes		38,780	21,490	NZIFRS18(69)(c)
Income tax expense	11	(10,150)	(5,358)	NZIFRS18(75)(a)(iv), NZIAS12(77)
Profit		28,630	16,132	NZIFRS18(69)(c)
Other comprehensive income				NZIFRS18(88),(89)
<i>Items that will not be reclassified subsequently to profit or loss</i>				NZIFRS18(88)(b)
Gain on the revaluation of land and buildings, net of tax		-	1,440	NZIFRS18(B87)(a)
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		36	-	NZIFRS18(B87)(d)
<i>Items that may be reclassified subsequently to profit or loss</i>				NZIFRS18(88)(a)
Cash flow hedges transferred to profit or loss, net of tax		-	(2)	NZIFRS18(B87)(f)
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		(3)	(7)	NZIFRS18(B87)(f)
Net change in the fair value of cash flow hedges taken to equity, net of tax		(8)	(18)	NZIFRS18(B87)(f)
Foreign currency translation		(257)	(218)	NZIFRS18(B87)(c)
Other comprehensive income, net of tax		(232)	1,195	NZIFRS18(86)(b)
Total comprehensive income		<u>28,398</u>	<u>17,327</u>	NZIFRS18(86)(c)
Profit is attributable to:				
Non-controlling interest		142	229	NZIFRS18(76)(a)
Owners of Pinnacle Listed IFRS NZ Limited	46	<u>28,488</u>	<u>15,903</u>	NZIFRS18(76)(b)
		<u>28,630</u>	<u>16,132</u>	
Total comprehensive income is attributable to:				
Non-controlling interest		142	369	NZIFRS18(87)(a)
Owners of Pinnacle Listed IFRS NZ Limited		<u>28,256</u>	<u>16,958</u>	NZIFRS18(87)(b)
		<u>28,398</u>	<u>17,327</u>	
		Cents	Cents	
Basic earnings per share	66	19.40	11.28	NZIAS33(66)
Diluted earnings per share	66	19.39	11.28	NZIAS33(66)

Refer to note 3 for detailed information on Restatement of comparatives.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pinnacle Listed IFRS NZ Limited
Statement of financial position
As at 31 December 2025

NZIFRS18(10)(b),(103)
NZIFRS18(27)(c)

	Note	Consolidated		
		2025	2024	
		\$'000	\$'000	
Assets				
Current assets				
Cash and cash equivalents	13	27,040	5,524	NZIFRS18(96),(99)
Trade and other receivables	14	13,349	12,354	NZIFRS18(103)(k)
Contract assets	15	2,617	2,144	NZIFRS18(103)(j)
Inventories	16	39,525	43,048	NZIFRS15(105)
Financial assets at fair value through profit or loss	17	360	-	NZIFRS18(103)(i)
Other	18	3,935	3,444	NZIFRS18(103)(e)
		86,826	66,514	
Non-current assets classified as held for sale	19	6,000	-	NZIFRS18(103)(l)
Total current assets		92,826	66,514	
Non-current assets				
Receivables	20	145	145	NZIFRS18(96),(100)
Investments accounted for using the equity method	21	34,192	30,981	NZIFRS18(103)(j)
Financial assets at fair value through other comprehensive income	22	170	-	NZIFRS18(103)(g)
Investment properties	23	46,900	47,500	NZIFRS18(103)(e)
Property, plant and equipment	24	117,139	128,883	NZIFRS18(103)(b)
Right-of-use assets	25	305,485	332,116	NZIFRS18(103)(a)
Intangibles	26	2,762	2,116	NZIFRS16(47)(a)
Goodwill	26	9,408	9,500	NZIFRS18(103)(c)
Deferred tax	27	14,536	11,724	NZIFRS18(103)(d)
Other	28	2,308	2,405	NZIFRS18(103)(r),(98)
Total non-current assets		533,045	565,370	
Total assets		625,871	631,884	
Liabilities				
Current liabilities				
Trade and other payables	29	20,004	17,306	NZIFRS18(96),(101)
Contract liabilities	30	2,269	2,135	NZIFRS18(103)(m)
Borrowings	31	4,500	3,273	NZIFRS15(105)
Lease liabilities	32	22,072	20,905	NZIFRS18(103)(o)
Derivative financial instruments	33	122	107	NZIFRS18(47)(b)
Income tax	34	6,701	2,351	NZIFRS18(103)(o)
Employee benefits	35	8,352	8,143	NZIFRS18(103)(q)
Provisions	36	3,494	2,837	NZIFRS18(103)(n)
Other	37	2,130	1,869	NZIFRS18(103)(n)
		69,644	58,926	
Liabilities directly associated with assets classified as held for sale	38	4,000	-	NZIFRS18(103)(s)
Total current liabilities		73,644	58,926	
Non-current liabilities				
Borrowings	39	19,000	19,000	NZIFRS18(96),(102)
Lease liabilities	40	301,714	322,745	NZIFRS18(103)(o)
Deferred tax	41	4,354	4,044	NZIFRS16(47)(b)
Employee benefits	42	11,149	10,854	NZIFRS18(103)(r),(98)
Provisions	43	1,475	1,070	NZIFRS18(103)(n)
Total non-current liabilities		337,692	357,713	
Total liabilities		411,336	416,639	
Net assets		214,535	215,245	

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

Pinnacle Listed IFRS NZ Limited
Statement of financial position
As at 31 December 2025

NZIFRS18(10)(b),(103)
NZIFRS18(27)(c)

	Note	Consolidated		
		2025 \$'000	2024 \$'000	
Equity				
Issued capital	44	182,925	182,650	NZIFRS18(104)(b)
Reserves	45	3,392	3,624	NZIFRS18(104)(b)
Retained profits	46	10,842	11,737	
Equity attributable to the owners of Pinnacle Listed IFRS NZ Limited		197,159	198,011	NZIFRS18(104)(b)
Non-controlling interest	47	17,376	17,234	NZIFRS18(104)(a)
Total equity		<u>214,535</u>	<u>215,245</u>	

Refer to note 3 for detailed information on Restatement of comparatives.

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

Pinnacle Listed IFRS NZ Limited
Statement of changes in equity
For the year ended 31 December 2025

NZIFRS18(10)(c),(107)
NZIFRS18(27)(c)

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000	
Balance at 1 January 2024	104,922	2,573	13,450	16,861	137,806	NZIFRS18(107)(c)
Profit	-	-	15,903	229	16,132	NZIFRS18(107)(c)(i)
Other comprehensive income, net of tax	-	1,051	-	144	1,195	NZIFRS18(107)(c)(ii)
Total comprehensive income	-	1,051	15,903	373	17,327	NZIFRS18(107)(a)
<i>Transactions with owners in their capacity as owners:</i>						NZIFRS18(107)(c)(iii)
Contributions of equity, net of transaction costs (note 44)	77,728	-	-	-	77,728	
Dividends paid (note 48)	-	-	(17,616)	-	(17,616)	NZIFRS18(110)
Balance at 31 December 2024	182,650	3,624	11,737	17,234	215,245	NZIFRS18(107)(c)
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000	
Balance at 1 January 2025	182,650	3,624	11,737	17,234	215,245	NZIFRS18(107)(c)
Profit	-	-	28,488	142	28,630	NZIFRS18(107)(c)(i)
Other comprehensive income, net of tax	-	(232)	-	-	(232)	NZIFRS18(107)(c)(ii)
Total comprehensive income	-	(232)	28,488	142	28,398	NZIFRS18(107)(a)
<i>Transactions with owners in their capacity as owners:</i>						NZIFRS18(107)(c)(iii)
Contributions of equity, net of transaction costs (note 44)	275	-	-	-	275	
Dividends paid (note 48)	-	-	(29,383)	-	(29,383)	NZIFRS18(110)
Balance at 31 December 2025	182,925	3,392	10,842	17,376	214,535	NZIFRS18(107)(c)

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

Pinnacle Listed IFRS NZ Limited
Statement of cash flows
For the year ended 31 December 2025

NZIFRS18(10)(d)

NZIFRS18(27)(c)

	Note	Consolidated		
		2025 \$'000	2024 \$'000	
Cash flows from operating activities				NZIAS7(10),(18)(a)
Receipts from customers (inclusive of GST)		508,045	474,832	NZIAS7(14)(a)
Payments to suppliers and employees (inclusive of GST)		(402,184)	(390,936)	NZIAS7(14)(c),(d)
		105,861	83,896	
Other revenue		341	48	NZIAS7(14)(b)
Income taxes paid		(8,243)	(8,461)	NZIAS7(14)(f),(35),(36)
Net cash from operating activities	62	97,959	75,483	
Cash flows from investing activities				NZIAS7(10),(21)
Payment for purchase of business, net of cash acquired	58	(8,072)	(155)	NZIAS7(39)
Payments for investments		(510)	-	NZIAS7(16)(a)
Payments for property, plant and equipment		(6,215)	(3,048)	NZIAS7(16)(a)
Proceeds from sale of investments		80	-	NZIAS7(16)(b)
Proceeds from sale of property, plant and equipment		1,511	250	NZIAS7(16)(b)
Proceeds from release of security deposits		155	-	
Interest received		1,084	540	NZIAS7(16)(i)
Rent received		3,623	3,310	
Net cash from/(used in) investing activities		(8,344)	897	
Cash flows from financing activities				NZIAS7(10),(21)
Proceeds from issue of shares	44	275	78,750	NZIAS7(17)(a)
Proceeds from borrowings		12,000	-	NZIAS7(17)(c)
Share issue transaction costs		-	(1,420)	
Interest and other finance costs paid		(18,845)	(21,030)	NZIAS7(17)(g)
Dividends paid	48	(29,383)	(17,616)	NZIAS7(17)(f)
Repayment of borrowings		(5,500)	(94,000)	NZIAS7(17)(d)
Repayment of lease liabilities		(25,385)	(21,555)	NZIFRS16(53)(g)
Net cash used in financing activities		(66,838)	(76,871)	
Net increase/(decrease) in cash and cash equivalents		22,777	(491)	
Cash and cash equivalents at the beginning of the financial year		4,251	4,734	
Effects of exchange rate changes on cash and cash equivalents		12	8	NZIAS7(28)
Cash and cash equivalents at the end of the financial year	13	27,040	4,251	

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

NZIFRS18(113)(a),
NZIAS8(27A)

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

NZIAS8(13)

New or amended Accounting Standards and Interpretations adopted

NZIFRS18(30)(a)

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the External Reporting Board ('XRB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

IFRS 18 Presentation and Disclosure in Financial Statements

The consolidated entity has early adopted IFRS 18 from 1 January 2025. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes.

Basis of preparation

Statutory base

Pinnacle Listed IFRS NZ Limited is a company registered under the Companies Act 1993, is an FMC reporting entity under the Financial Markets Conduct Act 2013 and is listed on the New Zealand Exchange ('NZX').

Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements of the Companies Act 1993, the Financial Markets Conduct Act 2013 and NZX Listing Rules. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for for-profit oriented entities.

NZFRS44(5.1),(7)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

NZIAS8(27C)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

NZIAS8(27G),(31A)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pinnacle Listed IFRS NZ Limited ('company' or 'parent entity') as at 31 December 2025 and the results of all subsidiaries for the year then ended. Pinnacle Listed IFRS NZ Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

NZIFRS10(4),(B86)(a)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

NZIFRS10(5)-(7)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

NZIFRS10(B86)(c)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

NZIFRS10(23),(B86)(b)

Note 1. Material accounting policy information (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. NZIFRS10(22),(B94)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. NZIFRS10(25),(B97)-(B99)

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. NZIFRS8(5)

Foreign currency translation

The financial statements are presented in New Zealand dollars, which is Pinnacle Listed IFRS NZ Limited's functional and presentation currency. NZIFRS18(27)(d)

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. NZIAS21(21),(28)

Foreign operations

The assets and liabilities of foreign operations are translated into New Zealand dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into New Zealand dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. NZIAS21(32)

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of. NZIAS21(32)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. NZIFRS15(119),(126)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability. NZIFRS15(119),(126)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. NZIFRS15(119)(a)

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. NZIFRS15(119)(a),(124)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. NZIFRS9(5.4.1)

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Note 1. Material accounting policy information (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. ^{NZIAS12(46)}

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for: ^{NZIAS12(15),(24),(47)}

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. ^{NZIAS12(24),(34)}

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. ^{NZIAS12(56)}

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously. ^{NZIAS12(74)}

Pillar Two income taxes

The consolidated entity is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules and it has applied the exemption to the requirements in NZ IAS 12 'Income Taxes' regarding disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also include a requirement for entities to disclose separately current tax related to Pillar Two income taxes and to disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes. ^{NZIAS12(88A)}

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. ^{NZIFRS18(96)}

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. ^{NZIFRS18(99)}

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. ^{NZIFRS18(101)}

Deferred tax assets and liabilities are always classified as non-current. ^{NZIFRS18(98)}

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position. ^{NZIAS7(6),(8),(46)}

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. ^{NZIFRS9(5.1.3)}

Note 1. Material accounting policy information (continued)

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. NZIFRS7(35F)(c)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. NZIFRS9(5.1.1)

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. NZIFRS15(107),(117)

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract. NZIFRS15(91),(92),(127)

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss. NZIFRS15(93),(94)

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract. NZIFRS15(95),(127)

Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment. NZIFRS15(126)(d)

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. NZIAS2(36)(a)
NZIAS2(9),(10),(25)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. NZIAS2(9)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. NZIAS2(6)

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. NZIFRS5(5.1)

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs. NZIAS39(95),(97),(98)

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss. NZIAS39(AG105),
(AG106)

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs. NZIAS39(101)

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. NZIFRS5(6),(15)

Note 1. Material accounting policy information (continued)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised. NZIFRS5(20)-(22)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. NZIFRS5(25)

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities. NZIFRS5(38)

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment. NZIAS28(10),(32)

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. NZIAS28(38),(39)

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss. NZIAS28(22)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. NZIFRS9(5.1.1)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off. NZIFRS9(3.2.3)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss. NZIFRS9(4.1.4)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. NZIFRS9(4.1.2A),
NZIFRS7(11A)(b)

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. NZIFRS9(5.5.1),(5.5.9)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. NZIFRS9(5.5.3)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss. NZIFRS9(5.5.2)

Note 1. Material accounting policy information (continued)

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. NZIAS40(75)(a)

Investment properties are derecognised when disposed of or when there is no future economic benefit expected. NZIAS40(66)

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use. NZIAS40(57)

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. NZIAS16(73)(a)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. NZIAS16(73)(a)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows: NZIAS16(73)(b),(c)

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. NZIAS16(51)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits. NZIAS16(67)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. NZIFRS16(23),(24)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. NZIFRS16(30),(32)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. NZIFRS16(5),(6)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. NZIAS38(24),(33),(74),(89)

Note 1. Material accounting policy information (continued)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. NZIFRS3(18),(32),
NZIAS38(10),
NZIAS38(107)

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. NZIAS38(54),(57),
(118)(a),(b)

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. NZIAS38(118)(a),(b)

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. NZIAS38(118)(a),(b)

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. NZIAS38(118)(a),(b)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. NZIAS38(9),(10)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. NZIAS38(18),(66)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. NZIFRS9(5.1.1)

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer. NZIFRS15(106),(117)

Refund liabilities

Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology. NZIFRS15(126)(d)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. NZIFRS9(5.1.1)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. NZIFRS16(26),(27),(38)

Note 1. Material accounting policy information (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down. NZIFRS16(39),(40),(42)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. NZIAS23(8)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost. NZIAS37(14),(36),(45),(47),(60)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. NZIAS19(11),(13)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. NZIAS19(154)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred. NZIAS19(51)

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. NZIFRS2(16)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. NZIFRS2(10)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows: NZIFRS2(30)

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability. NZIFRS2(30)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. NZIFRS2(21)

Note 1. Material accounting policy information (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification. ^{NZIFRS2(27)}

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. ^{NZIFRS2(28)(a)}

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification. ^{NZIFRS2(28)}

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. ^{NZIFRS13(9),(16)}

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. ^{NZIFRS13(22),(27),(61)}

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. ^{NZIFRS13(72),(95)}

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data. ^{NZIFRS13(93)(g)}

Issued capital

Ordinary shares are classified as equity. ^{NZIAS32(11)}

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. ^{NZIAS32(35),(37)}

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. ^{NZIFRS3(4)}

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss. ^{NZIFRS3(37),(B44)}

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. ^{NZIFRS3(10)}

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss. ^{NZIFRS3(42)}

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. ^{NZIFRS3(39),(40)}

Note 1. Material accounting policy information (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer. ^{NZIFRS3(32)}

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value. ^{NZIFRS3(45)}

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pinnacle Listed IFRS NZ Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year. ^{NZIAS33(10)}

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. ^{NZIAS33(31)}

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority. ^{NZIAS37(41)}

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar. ^{NZIFRS18(27)(e)}

New Accounting Standards and Interpretations not yet mandatory or early adopted

New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2025. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. ^{NZIAS8(30)}

Note 2. Critical accounting judgements, estimates and assumptions

^{NZIAS8(27G),(31A)}

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. ^{NZIFRS15(123),(125)}

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. ^{NZIFRS15(123),(125)}

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 14, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower. ^{NZIFRS9(5.5.17)}

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 51 for further information.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 26 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Restatement of comparatives

NZIFRS18(33)

Change in accounting policy

NZIAS8(36)

The consolidated entity early adopted IFRS 18 from 1 January 2025. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained. Changes to presentation and disclosure in the financial statements include the introduction of five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard also introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. Extracts (being only those line items affected) are disclosed below.

NZIAS8(28)(c),(29)(a)

Note 3. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

NZIAS8(49)(b)(i)

Extract	Consolidated		
	2024 \$'000 Reported	\$'000 Adjustment	2024 \$'000 Restated
Revenue	435,341	(3,310)	432,031
Share of profits of associates accounted for using the equity method	2,661	(2,661)	-
Other income	1,692	(1,500)	192
Interest revenue calculated using the effective interest method	543	(543)	-
Expenses			
Finance costs	(21,092)	21,092	-
Operating profit	21,490	13,078	34,568
Share of profits of associates accounted for using the equity method	-	2,661	2,661
Interest revenue calculated using the effective interest method	-	543	543
Rent from investment properties	-	3,310	3,310
Net fair value gain/(loss) on investment properties	-	1,500	1,500
Profit before financing and income taxes	21,490	21,092	42,582
Finance costs	-	(21,092)	(21,092)
Profit before income taxes	21,490	-	21,490
Income tax expense	(5,358)	-	(5,358)
Profit	16,132	-	16,132
Other comprehensive income, net of tax	1,195	-	1,195
Total comprehensive income	<u>17,327</u>	<u>-</u>	<u>17,327</u>
Profit is attributable to:			
Non-controlling interest	229	-	229
Owners of Pinnacle Listed IFRS NZ Limited	15,903	-	15,903
	<u>16,132</u>	<u>-</u>	<u>16,132</u>
Total comprehensive income is attributable to:			
Non-controlling interest	369	-	369
Owners of Pinnacle Listed IFRS NZ Limited	16,958	-	16,958
	<u>17,327</u>	<u>-</u>	<u>17,327</u>
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	11.28	-	11.28
Diluted earnings per share	11.28	-	11.28

Statement of financial position at the beginning of the earliest comparative period

NZIAS8(49)(b)(i),(c)

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 January 2024. However, as there were no adjustments made as at 1 January 2024, the consolidated entity has elected not to show the 1 January 2024 statement of financial position.

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

NZIAS8(49)(b)(i)

Extract	Consolidated	
	2024 \$'000 Reported	2024 \$'000 Restated
Assets		
Non-current assets		
Intangibles	11,616	(9,500)
Goodwill	-	9,500
Total non-current assets	565,370	565,370
Total assets	631,884	631,884
Net assets	215,245	215,245

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments based on differences in products and services provided: computer manufacturing, computer retailing and computer distribution. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. NZIFRS8(22)(a)

Other segments represent the investment property holdings and rental income of the consolidated entity. NZIFRS8(16)

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. NZIFRS8(23)

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows: NZIFRS8(22)(b)

Computer manufacturing	the manufacture and wholesaling of computers and components in New Zealand
Computer retailing	the retailing of computers and components predominately in New Zealand
Computer distribution	the freight and cartage of computers and components to customers in New Zealand

Intersegment transactions

Intersegment transactions were made at market rates. The computer retailing operating segment purchases finished goods from the computer manufacturing operating segment and pays for freight costs to the computer distribution operating segment. Intersegment transactions are eliminated on consolidation. NZIFRS8(27)(a)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation. NZIFRS8(27)(a)

Major customers

During the year ended 31 December 2025 approximately \$69,400,000 (2024: \$77,800,000) of the consolidated entity's external revenue was derived from sales to a major New Zealand retailer through the computer retailing and computer distribution operating segments. NZIFRS8(34)

Note 4. Operating segments (continued)

Operating segment information

	Computer manufacturing \$'000	Computer retailing \$'000	Computer distribution \$'000	Other segments \$'000	Total \$'000	
Consolidated - 2025						
Revenue						
Sales to external customers	26,465	432,893	3,696	-	463,054	NZIFRS8(23)(a)
Intersegment sales	200,017	-	8,905	-	208,922	NZIFRS8(23)(b)
Total sales revenue	226,482	432,893	12,601	-	671,976	
Other revenue	-	-	-	3,694	3,694	
Total segment revenue	226,482	432,893	12,601	3,694	675,670	
Intersegment eliminations					(208,922)	
<i>Unallocated revenue:</i>						
Interest revenue					1,087	
Total revenue					467,835	NZIFRS8(28)(a)
EBITDA						
	13,181	91,985	3,609	124	108,899	NZIFRS8(21)(b)
Depreciation and amortisation					(52,276)	NZIFRS8(23)(e)
Interest revenue					1,087	NZIFRS8(23)(c)
Finance costs					(18,930)	NZIFRS8(23)(d)
Profit before income taxes					38,780	NZIFRS8(28)(b)
Income tax expense					(10,150)	NZIFRS8(23)(h)
Profit					28,630	NZIFRS8(28)(b)
<i>Material items include:</i>						
Share of profits of associates	3,211	-	-	-	3,211	NZIFRS8(23)(g)
Write off of inventories	(212)	(326)	-	-	(538)	NZIFRS8(23)(f)
Net fair value loss on investment properties	-	-	-	(600)	(600)	NZIFRS8(23)(f)
Assets						
Segment assets	156,907	422,094	21,405	-	600,406	NZIFRS8(21)(b)
Intersegment eliminations					(16,652)	
<i>Unallocated assets:</i>						
Cash and cash equivalents					18,551	
Ordinary shares					530	
Land and buildings					8,500	
Deferred tax asset					14,536	
Total assets					625,871	NZIFRS8(28)(c)
<i>Total assets includes:</i>						
Investments in associates	34,192	-	-	-	34,192	NZIFRS8(24)(a)
Acquisition of non-current assets	365	5,027	9,091	-	14,483	NZIFRS8(24)(b)
Liabilities						
Segment liabilities	41,390	359,682	6,861	-	407,933	NZIFRS8(21)(b)
Intersegment eliminations					(16,652)	
<i>Unallocated liabilities:</i>						
Provision for income tax					6,701	
Bank loans					9,000	
Deferred tax liability					4,354	
Total liabilities					411,336	NZIFRS8(28)(d)

Note 4. Operating segments (continued)

Consolidated - 2024	Computer manufacturing \$'000	Computer retailing \$'000	Computer distribution \$'000	Other segments \$'000	Total \$'000	
Revenue						
Sales to external customers	24,339	403,776	3,868	-	431,983	NZIFRS8(23)(a)
Intersegment sales	191,423	-	2,808	-	194,231	NZIFRS8(23)(b)
Total sales revenue	215,762	403,776	6,676	-	626,214	
Other revenue	-	-	-	3,358	3,358	
Total segment revenue	215,762	403,776	6,676	3,358	629,572	
Intersegment eliminations					(194,231)	
<i>Unallocated revenue:</i>						
Interest revenue					543	
Total revenue					435,884	NZIFRS8(28)(a)
EBITDA	11,835	79,356	1,232	2,027	94,450	NZIFRS8(21)(b)
Depreciation and amortisation					(52,411)	NZIFRS8(23)(e)
Interest revenue					543	NZIFRS8(23)(c)
Finance costs					(21,092)	NZIFRS8(23)(d)
Profit before income taxes					21,490	NZIFRS8(28)(b)
Income tax expense					(5,358)	NZIFRS8(23)(h)
Profit					16,132	NZIFRS8(28)(b)
<i>Material items include:</i>						
Share of profits of associates	2,661	-	-	-	2,661	NZIFRS8(23)(g)
Write off of inventories	(45)	(67)	-	-	(112)	NZIFRS8(23)(f)
Assets						
Segment assets	169,272	450,244	8,539	-	628,055	NZIFRS8(21)(b)
Intersegment eliminations					(17,255)	
<i>Unallocated assets:</i>						
Cash and cash equivalents					860	
Land and buildings					8,500	
Deferred tax asset					11,724	
Total assets					631,884	NZIFRS8(28)(c)
<i>Total assets includes:</i>						
Investments in associates	30,981	-	-	-	30,981	NZIFRS8(24)(a)
Acquisition of non-current assets	230	4,436	716	-	5,382	NZIFRS8(24)(b)
Liabilities						
Segment liabilities	38,899	377,913	1,687	-	418,499	NZIFRS8(21)(b)
Intersegment eliminations					(17,255)	
<i>Unallocated liabilities:</i>						
Provision for income tax					2,351	
Bank loans					9,000	
Deferred tax liability					4,044	
Total liabilities					416,639	NZIFRS8(28)(d)

Geographical information

NZIFRS8(33)

	Sales to external customers		Geographical non-current assets	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
New Zealand	424,034	399,416	179,882	192,376
Australia	39,020	32,567	441	754
	463,054	431,983	180,323	193,130

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 5. Revenue

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Revenue from contracts with customers</i>		NZIFRS15(113)(a)
Sale of goods	459,358	428,115
Rendering of services	3,696	3,868
	<u>463,054</u>	<u>431,983</u>
<i>Other revenue</i>		
Other revenue	71	48
Revenue	<u>463,125</u>	<u>432,031</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2025	Computer manufacturing \$'000	Computer retailing \$'000	Computer distribution \$'000	Total \$'000	
<i>Major product lines</i>					NZIFRS15(115)
Laptops	13,395	360,009	3,292	376,696	
Desktops	4,214	47,226	404	51,844	
Components	8,856	25,658	-	34,514	
	<u>26,465</u>	<u>432,893</u>	<u>3,696</u>	<u>463,054</u>	
<i>Geographical regions</i>					NZIFRS15(115)
New Zealand	22,938	383,312	3,696	409,946	
Australia	2,293	36,727	-	39,020	
Rest of the World	1,234	12,854	-	14,088	
	<u>26,465</u>	<u>432,893</u>	<u>3,696</u>	<u>463,054</u>	
<i>Timing of revenue recognition</i>					NZIFRS15(115)
Goods transferred at a point in time	26,465	432,893	-	459,358	
Services transferred over time	-	-	3,696	3,696	
	<u>26,465</u>	<u>432,893</u>	<u>3,696</u>	<u>463,054</u>	
Consolidated - 2024	Computer manufacturing \$'000	Computer retailing \$'000	Computer distribution \$'000	Total \$'000	
<i>Major product lines</i>					NZIFRS15(115)
Laptops	12,114	328,816	3,355	344,285	
Desktops	4,842	53,566	513	58,921	
Components	7,383	21,394	-	28,777	
	<u>24,339</u>	<u>403,776</u>	<u>3,868</u>	<u>431,983</u>	
<i>Geographical regions</i>					NZIFRS15(115)
New Zealand	21,614	363,978	3,868	389,460	
Australia	1,911	30,656	-	32,567	
Rest of the World	814	9,142	-	9,956	
	<u>24,339</u>	<u>403,776</u>	<u>3,868</u>	<u>431,983</u>	
<i>Timing of revenue recognition</i>					NZIFRS15(115)
Goods transferred at a point in time	24,339	403,776	-	428,115	
Services transferred over time	-	-	3,868	3,868	
	<u>24,339</u>	<u>403,776</u>	<u>3,868</u>	<u>431,983</u>	

Note 6. Other income

	Consolidated	
	2025	2024
	\$'000	\$'000
Net gain on disposal of property, plant and equipment	422	192
Government grants	100	-
Insurance recoveries	170	-
	<u>692</u>	<u>192</u>
Other income		

NZIFRS18(B79)

NZIAS20(39)(b)

Note 7. Specified expenses classified in the operating category

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Cost of sales</i>		
Cost of sales	284,451	277,984
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	13	6
<i>Cash flow hedge ineffectiveness</i>		
Cash flow hedge ineffectiveness	4	2
<i>Leases</i>		
Variable lease payments	1,167	1,098
Short-term lease payments	902	127
Low-value assets lease payments	135	119
	<u>2,204</u>	<u>1,344</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	18,089	17,629
<i>Share-based payments expense</i>		
Share-based payments expense	253	1
<i>Research costs</i>		
Research costs	124	107
<i>Write off of assets</i>		
Inventories	538	112

NZIAS2(36)(d)

NZIAS21(52)(a)

NZIFRS7(24C)(b)(ii)

NZIFRS16(53)(e)

NZIFRS16(53)(c)

NZIFRS16(53)(d)

NZIAS19(53)

NZIFRS2(51)(a)

NZIAS38(126)

NZIFRS18(B79)

Note 8. Share of profits of associates accounted for using the equity method

	Consolidated	
	2025	2024
	\$'000	\$'000
Share of profit - associates	3,211	2,661

Note 9. Specified expenses classified in the investing category

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Expenses on investment properties</i>		
Direct operating expenses from property that generated rental income	61	59
Direct operating expenses from property that did not generate rental income	8	3
	<u>69</u>	<u>62</u>
Total expenses on investment properties		

NZIAS40(75)(f)(ii)

NZIAS40(75)(f)(iii)

Note 10. Specified expenses classified in the financing category

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	1,799	3,021
Interest and finance charges paid/payable on lease liabilities	17,046	18,009
Unwinding of the discount on provisions	85	62
Finance costs expensed	18,930	21,092

NZIFRS7(20)(b)

NZIFRS16(53)(b)

NZIAS37(60)

Note 11. Income tax expense

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	12,689	7,370
Deferred tax - origination and reversal of temporary differences	(2,443)	(2,012)
Adjustment recognised for prior periods	(96)	-
Aggregate income tax expense	10,150	5,358
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 27)	(2,389)	(3,495)
Increase/(decrease) in deferred tax liabilities (note 41)	(54)	1,483
Deferred tax - origination and reversal of temporary differences	(2,443)	(2,012)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income taxes	38,780	21,490
Tax at the statutory tax rate of 28%	10,858	6,017
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	12	22
Impairment of goodwill	140	-
Share of profits - associates	(899)	(745)
Sundry items	117	48
Adjustment recognised for prior periods	10,228	5,342
Current tax expense related to global minimum top-up tax	(96)	-
Income tax expense	18	16
Income tax expense	10,150	5,358

NZIAS12(79)

NZIAS12(80)(a)

NZIAS12(80)(c)

NZIAS12(80)(b)

NZIAS12(81)(c)(i)

NZIAS12(80)(b)

NZIAS12(88C)

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax assets (note 27)	(4)	(409)
Deferred tax liabilities (note 41)	14	560
	10	151

NZIAS12(81)(a)

Pillar Two income taxes

The consolidated entity has assessed Pillar Two tax legislation in the countries in which it operates to determine whether global minimum top-up taxes are payable. The total estimated component of current tax relating to Pillar Two income taxes is \$18,000 (2024: \$16,000) for the year ended 31 December 2025.

NZIAS12(88B)

The consolidated entity will continue to monitor legislation developments in Pillar Two income taxes. For jurisdictions where Pillar Two legislation is enacted or substantively enacted but not yet in effect, the consolidated entity will disclose known or reasonably estimable information regarding the entity's exposure to Pillar Two income taxes arising from the legislation.

NZIAS12(88C)

Note 12. Management-defined performance measures

NZIFRS18(121)-(125)

Management statement

NZIFRS18(122)

The management-defined performance measures provide management's view of an aspect of the financial performance of the consolidated entity as a whole and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities.

Description and calculation

NZIFRS18(123)(a)-(b)

The consolidated entity uses EBITDA (earnings before interest, tax, depreciation and amortisation) as its management-defined performance measure as this aligns with how its operating segments report to management, how investment decisions are made and how profitability is defined in its public communications.

	EBITDA / Operating profit \$'000	Income tax expense \$'000	Profit attributable to non- controlling interests \$'000
Consolidated - 2025			
Management-defined performance measure	108,899	-	-
Depreciation and amortisation	(52,276)	15,683	(35)
Share of profits of associates	(3,211)	963	-
Rent from investment properties	(3,623)	1,087	-
Net fair value gain/(loss) on investment properties	600	(180)	-
Net gain on derecognition of financial assets at amortised cost	(50)	15	-
Reported	<u>50,339</u>	<u>-</u>	<u>-</u>

	EBITDA / Operating profit \$'000	Income tax expense \$'000	Profit attributable to non- controlling interests \$'000
Consolidated - 2024			
Management-defined performance measure	94,450	-	-
Depreciation and amortisation	(52,411)	12,049	(48)
Share of profits of associates	(2,661)	726	-
Rent from investment properties	(3,310)	820	-
Net fair value gain/(loss) on investment properties	(1,500)	450	-
Reported	<u>34,568</u>	<u>-</u>	<u>-</u>

Note 13. Current assets - cash and cash equivalents

	Consolidated	
	2025	2024
	\$'000	\$'000
Cash on hand	123	107
Cash at bank	15,017	5,017
Cash on deposit	11,900	400
	<u>27,040</u>	<u>5,524</u>

NZIAS7(45)

NZIAS7(45)

NZIAS7(45)

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

NZIAS7(45)

Balances as above	27,040	5,524
Bank overdraft (note 31)	-	(1,273)
Balance as per statement of cash flows	<u>27,040</u>	<u>4,251</u>

Note 14. Current assets - trade and other receivables

	Consolidated	
	2025	2024
	\$'000	\$'000
Trade receivables	14,344	13,181
Less: Allowance for expected credit losses	(1,062)	(874)
	<u>13,282</u>	<u>12,307</u>
Other receivables	60	43
Interest receivable	7	4
	<u>13,349</u>	<u>12,354</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$491,000 in profit or loss in respect of the expected credit losses for the year ended 31 December 2025. NZIFRS15(113)(b)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows: NZIFRS7(35N)

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2025	2024	2025	2024	2025	2024
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	2%	1%	7,334	6,793	147	68
0 to 3 months overdue	7%	5%	5,128	3,951	359	198
3 to 6 months overdue	14%	10%	1,353	1,762	189	176
Over 6 months overdue	50%	50%	734	863	367	432
			<u>14,549</u>	<u>13,369</u>	<u>1,062</u>	<u>874</u>

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the current environment. As a result, the calculation of expected credit losses has been revised as at 31 December 2025 and rates have increased in each category up to 6 months overdue.

Movements in the allowance for expected credit losses are as follows: NZIFRS7(35H)

	Consolidated	
	2025	2024
	\$'000	\$'000
Opening balance	874	659
Additional provisions recognised	491	432
Receivables written off during the year as uncollectable	(287)	(209)
Unused amounts reversed	(16)	(8)
Closing balance	<u>1,062</u>	<u>874</u>

Note 15. Current assets - contract assets

	Consolidated	
	2025	2024
	\$'000	\$'000
Contract assets	<u>2,617</u>	<u>2,144</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: NZIFRS15(118)

Opening balance	2,144	2,511
Additions	5,687	4,788
Cumulative catch-up adjustments	1,531	1,374
Transfer to trade receivables	(6,745)	(6,529)
Closing balance	<u>2,617</u>	<u>2,144</u>

Note 16. Current assets - inventories

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Raw materials	6,817	6,081	NZIAS2(36)(b)
Work in progress	16,040	17,434	NZIAS2(36)(b)
Finished goods	16,464	19,346	NZIAS2(36)(c)
Stock in transit	204	187	NZIAS2(36)(b)
	<u>39,525</u>	<u>43,048</u>	

Note 17. Current assets - financial assets at fair value through profit or loss

NZIFRS7(8)(a)

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Listed ordinary shares - designated at fair value through profit or loss	82	-	NZIFRS7(6)
Listed ordinary shares - held for trading	278	-	
	<u>360</u>	<u>-</u>	

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	310	-
Revaluation increments	50	-
	<u>360</u>	<u>-</u>

Refer to note 51 for further information on fair value measurement.

Note 18. Current assets - other

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Prepayments	1,110	903	
Security deposits	65	35	
Customer acquisition costs	1,417	1,274	NZIFRS15(128)(a)
Customer fulfilment costs	672	614	NZIFRS15(128)(a)
Right of return assets	671	618	NZIFRS15(B21)(c)
	<u>3,935</u>	<u>3,444</u>	

Note 19. Current assets - non-current assets classified as held for sale

NZIFRS5(38)

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Land	<u>6,000</u>	<u>-</u>	

The vacant land situated at 22 Smith Street, Auckland is currently for sale and is expected to be sold within five months from the reporting date through an auction process. The proposed development of a head office building on the site has been abandoned and the land is now surplus to requirements.

NZIFRS5(41)(a)

Note 20. Non-current assets - receivables

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Other receivables	<u>145</u>	<u>145</u>	NZIFRS7(6)

Note 20. Non-current assets - receivables (continued)

The other receivables are due to be repaid by 31 December 2028 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 21. Non-current assets - investments accounted for using the equity method

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Investment in associate	34,192	30,981	NZIAS28(27)

Refer to note 60 for further information on interests in associates.

Note 22. Non-current assets - financial assets at fair value through other comprehensive income

NZIFRS7(8)(h)

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Unlisted ordinary shares	170	-	NZIFRS7(11A)(a),(c)

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	200	-
Disposals	(80)	-
Revaluation increments	50	-
Closing fair value	170	-

Refer to note 51 for further information on fair value measurement.

Note 23. Non-current assets - investment properties

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Investment properties - at independent valuation	46,900	47,500	NZIAS40(76)

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

NZIAS40(76)

Opening fair value	47,500	46,000
Revaluation increments	-	1,500
Revaluation decrements	(600)	-
Closing fair value	46,900	47,500

Refer to note 51 for further information on fair value measurement.

Note 23. Non-current assets - investment properties (continued)

Lessor commitments

NZIFRS16(97)

	Consolidated	
	2025	2024
	\$'000	\$'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	3,723	3,580
Between 1 and 2 years	3,872	3,723
Between 2 and 3 years	4,027	3,872
Between 3 and 4 years	4,188	4,027
Between 4 and 5 years	4,356	4,188
Over 5 years	14,140	18,496
	<u>34,306</u>	<u>37,886</u>

Note 24. Non-current assets - property, plant and equipment

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Land and buildings - at independent valuation	52,500	58,500	NZIAS16(73)(d)
Leasehold improvements - at cost	33,585	27,185	NZIAS16(73)(d)
Less: Accumulated depreciation	(18,401)	(13,120)	NZIAS16(73)(d)
	<u>15,184</u>	<u>14,065</u>	
Plant and equipment - at cost	105,607	100,362	NZIAS16(73)(d)
Less: Accumulated depreciation	(56,152)	(44,044)	NZIAS16(73)(d)
	<u>49,455</u>	<u>56,318</u>	
	<u>117,139</u>	<u>128,883</u>	

Reconciliations

NZIAS16(73)(e)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$'000	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 January 2024	56,500	17,478	69,050	143,028
Additions	-	2,308	740	3,048
Disposals	-	-	(58)	(58)
Revaluation increments	2,000	-	-	2,000
Depreciation expense	-	(5,721)	(13,414)	(19,135)
Balance at 31 December 2024	58,500	14,065	56,318	128,883
Additions	-	6,400	365	6,765
Additions through business combinations (note 58)	-	-	6,060	6,060
Classified as held for sale (note 19)	(6,000)	-	-	(6,000)
Disposals	-	-	(1,089)	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(17,480)
Balance at 31 December 2025	<u>52,500</u>	<u>15,184</u>	<u>49,455</u>	<u>117,139</u>

Refer to note 51 for further information on fair value measurement.

Land and buildings stated under the historical cost convention

NZIAS16(77)(e)

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	Consolidated	
	2025	2024
	\$'000	\$'000
Land and buildings - at cost	46,000	52,000
Less: Accumulated depreciation	(1,059)	(1,007)
	<u>44,941</u>	<u>50,993</u>

Note 25. Non-current assets - right-of-use assets

	Consolidated	
	2025	2024
	\$'000	\$'000
Land and buildings - right-of-use	271,636	271,636
Less: Accumulated depreciation	(37,350)	(23,768)
	<u>234,286</u>	<u>247,868</u>
		NZIFRS18(53)(j)
Plant and equipment - right-of-use	126,363	120,842
Less: Accumulated depreciation	(55,164)	(36,594)
	<u>71,199</u>	<u>84,248</u>
		NZIFRS18(53)(j)
	<u>305,485</u>	<u>332,116</u>

Additions to the right-of-use assets during the year were \$5,521,000.

NZIFRS18(53)(h)

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

NZIFRS18(59)

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

NZIFRS18(60)

For impairment testing, the right-of-use assets have been allocated to the computer retailing cash-generating unit. Refer to note 26 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 26. Non-current assets - intangibles

	Consolidated	
	2025	2024
	\$'000	\$'000
Goodwill	9,908	9,500
Less: Impairment	(500)	-
	<u>9,408</u>	<u>9,500</u>
		NZIAS38(118)(c)
Development - at cost	3,208	3,208
Less: Accumulated amortisation	(1,605)	(1,284)
	<u>1,603</u>	<u>1,924</u>
		NZIAS38(118)(c)
Patents and trademarks - at cost	320	320
Less: Accumulated amortisation	(224)	(192)
	<u>96</u>	<u>128</u>
		NZIAS38(118)(c)
Customer contracts - at cost	1,250	-
Less: Accumulated amortisation	(229)	-
	<u>1,021</u>	<u>-</u>
		NZIAS38(118)(c)
Software - at cost	108	108
Less: Accumulated amortisation	(66)	(44)
	<u>42</u>	<u>64</u>
		NZIAS38(118)(c)
	<u>12,170</u>	<u>11,616</u>

Note 26. Non-current assets - intangibles (continued)

Reconciliations

NZIAS38(118)(e)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Development \$'000	Patents and trademarks \$'000	Customer contracts \$'000	Software \$'000	Total \$'000
Balance at 1 January 2024	9,500	2,245	160	-	86	11,991
Amortisation expense	-	(321)	(32)	-	(22)	(375)
Balance at 31 December 2024	9,500	1,924	128	-	64	11,616
Additions through business combinations (note 58)	408	-	-	1,250	-	1,658
Impairment of assets	(500)	-	-	-	-	(500)
Amortisation expense	-	(321)	(32)	(229)	(22)	(604)
Balance at 31 December 2025	9,408	1,603	96	1,021	42	12,170

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

NZIAS36(134)(a)

	Consolidated	
	2025	2024
	\$'000	\$'000
Computer retailing	8,700	9,200
Computer distribution	708	300
	<u>9,408</u>	<u>9,500</u>

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

NZIAS36(130)(e),(134)(c)

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the computer retailing division:

- 18% (2024: 18%) pre-tax discount rate;
- 2% (2024: 5%) per annum projected revenue growth rate;
- 5% (2024: 8%) per annum increase in operating costs and overheads.

The discount rate of 18% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general slowing in the market.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions for the computer retailing division.

Based on the above, an impairment charge of \$500,000 has been applied as the carrying amount of goodwill exceeded its recoverable amount for the computer retailing division.

The following key assumptions were used in the discounted cash flow model for the computer distribution division:

- 17% (2024: 18%) pre-tax discount rate;
- 5% (2024: 5%) per annum projected revenue growth rate.

The discount rate of 17% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer distribution division, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

Note 26. Non-current assets - intangibles (continued)

There were no other key assumptions for the computer distribution division.

Based on the above, the recoverable amount of the computer distribution division exceeded the carrying amount by \$1,250,000.

Sensitivity

NZIAS36(134)(f)

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of computer distribution division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the computer retailing division's goodwill.

Note 27. Non-current assets - deferred tax

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	276	231
Property, plant and equipment	384	-
Contract liabilities	636	598
Employee benefits	5,460	5,320
Leases	5,506	3,596
Provision for legal claims	17	-
Provision for lease make good	478	300
Provision for warranties	897	794
Accrued expenses	320	259
Refund liabilities	276	264
	<u>14,250</u>	<u>11,362</u>
Amounts recognised in equity:		
Transaction costs on share issue	252	332
Derivative financial instruments	34	30
	<u>286</u>	<u>362</u>
Deferred tax asset	<u>14,536</u>	<u>11,724</u>
		NZIAS12(81)(g)(i)
<i>Movements:</i>		
Opening balance	11,724	7,820
Credited to profit or loss (note 11)	2,389	3,495
Credited to equity (note 11)	4	409
Additions through business combinations (note 58)	419	-
	<u>14,536</u>	<u>11,724</u>
		NZIAS12(81)(g)(ii)
		NZIAS12(81)(a)

Note 28. Non-current assets - other

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Security deposits	1,260	1,445	
Customer acquisition costs	564	517	NZIFRS15(128)(a)
Customer fulfilment costs	484	443	NZIFRS15(128)(a)
	<u>2,308</u>	<u>2,405</u>	

Note 29. Current liabilities - trade and other payables

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Trade payables	18,070	15,711	NZIFRS7(6)
Other payables	1,934	1,595	NZIFRS7(6)
	<u>20,004</u>	<u>17,306</u>	

Refer to note 50 for further information on financial instruments.

Note 30. Current liabilities - contract liabilities

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Contract liabilities	<u>2,269</u>	<u>2,135</u>	NZIFRS15(116)(a)
Reconciliation			
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:			NZIFRS15(118)
Opening balance	2,135	1,974	
Payments received in advance	1,441	1,473	
Cumulative catch-up adjustments	174	249	
Transfer to revenue - included in the opening balance	(1,141)	(1,236)	NZIFRS15(116)(b)
Transfer to revenue - performance obligations satisfied in previous periods	(208)	(178)	NZIFRS15(116)(c)
Transfer to revenue - other balances	<u>(132)</u>	<u>(147)</u>	
Closing balance	<u>2,269</u>	<u>2,135</u>	

Unsatisfied performance obligations

NZIFRS15(120)

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3,891,000 as at 31 December 2025 (\$3,507,000 as at 31 December 2024) and is expected to be recognised as revenue in future periods as follows:

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Within 6 months	1,482	1,344	
6 to 12 months	1,128	1,032	
12 to 18 months	874	817	
18 to 24 months	<u>407</u>	<u>314</u>	
	<u>3,891</u>	<u>3,507</u>	

Note 31. Current liabilities - borrowings

	Consolidated	
	2025	2024
	\$'000	\$'000
Bank overdraft	-	1,273
Bank loans	4,500	2,000
	<u>4,500</u>	<u>3,273</u>

NZIFRS7(8)(g)

NZIFRS7(8)(g)

Refer to note 39 for further information on assets pledged as security and financing arrangements.

Refer to note 50 for further information on financial instruments.

Note 32. Current liabilities - lease liabilities

	Consolidated	
	2025	2024
	\$'000	\$'000
Lease liability	22,072	20,905

Refer to note 50 for further information on financial instruments.

Note 33. Current liabilities - derivative financial instruments

	Consolidated	
	2025	2024
	\$'000	\$'000
Forward foreign exchange contracts - cash flow hedges	122	107

NZIFRS7(24A)(a)

Refer to note 50 for further information on financial instruments.

Refer to note 51 for further information on fair value measurement.

Note 34. Current liabilities - income tax

	Consolidated	
	2025	2024
	\$'000	\$'000
Provision for income tax	6,701	2,351

Note 35. Current liabilities - employee benefits

	Consolidated	
	2025	2024
	\$'000	\$'000
Employee benefits	8,352	8,143

Amounts not expected to be settled within the next 12 months

NZIFRS18(97)

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2025	2024
	\$'000	\$'000
Employee benefits obligation expected to be settled after 12 months	1,603	1,292

Note 36. Current liabilities - provisions

	Consolidated	
	2025	2024
	\$'000	\$'000
Lease make good	230	-
Legal claims	60	-
Warranties	3,204	2,837
	<u>3,494</u>	<u>2,837</u>

Lease make good

NZIAS37(85)

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Legal claims

NZIAS37(85)

The provision represents a claim by a customer of the computer retailing division. This claim is expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Warranties

NZIAS37(85)

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

NZIAS37(84)

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease make good \$'000	Legal claims \$'000	Warranties \$'000
Consolidated - 2025			
Carrying amount at the start of the year	-	-	2,837
Additional provisions recognised	-	60	503
Amounts transferred from non-current	230	-	-
Amounts used	-	-	(91)
Unused amounts reversed	-	-	(45)
	<u>230</u>	<u>60</u>	<u>3,204</u>

Note 37. Current liabilities - other

	Consolidated	
	2025	2024
	\$'000	\$'000
Accrued expenses	1,143	927
Refund liabilities	987	942
	<u>2,130</u>	<u>1,869</u>

NZIFRS15(B21)(b)

Note 38. Current liabilities - liabilities directly associated with assets classified as held for sale

NZIFRS5(38)

	Consolidated	
	2025	2024
	\$'000	\$'000
Bank loans	4,000	-

The liabilities identified above represents the bank loan secured over the vacant land currently for sale. Refer to note 19 for further information.

Note 39. Non-current liabilities - borrowings

	Consolidated	
	2025	2024
	\$'000	\$'000
Bank loans	19,000	19,000

NZIFRS7(8)(g)

Note 39. Non-current liabilities - borrowings (continued)

Refer to note 50 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2025	2024
	\$'000	\$'000
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	<u>27,500</u>	<u>22,273</u>

Assets pledged as security

The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

NZIFRS7(14)(a)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

NZIFRS7(39)(c)

	Consolidated	
	2025	2024
	\$'000	\$'000
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	25,000
	<u>45,000</u>	<u>30,000</u>
Used at the reporting date		
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	<u>27,500</u>	<u>22,273</u>
Unused at the reporting date		
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	<u>17,500</u>	<u>7,727</u>

NZIAS7(50)(a)

Loan covenants

The bank loans are subject to certain financial covenants and these are assessed at the end of each quarter. The loans will be repayable immediately if the covenants are breached. The consolidated entity is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period.

NZIFRS18(B106)(a),(b)

Note 40. Non-current liabilities - lease liabilities

	Consolidated	
	2025	2024
	\$'000	\$'000
Lease liability	301,714	322,745

Refer to note 50 for further information on financial instruments.

Note 41. Non-current liabilities - deferred tax

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Financial assets at fair value through profit or loss	14	-
Prepayments	281	212
Development costs	449	539
Customer contracts	286	-
Net fair value gain on investment properties	252	420
Contract assets	172	83
Customer acquisition costs	554	501
Customer fulfilment costs	324	296
Right of return assets	188	173
	<u>2,520</u>	<u>2,224</u>
Amounts recognised in equity:		
Revaluation of property, plant and equipment	1,820	1,820
Revaluation of financial assets at fair value through other comprehensive income	14	-
	<u>1,834</u>	<u>1,820</u>
Deferred tax liability	<u>4,354</u>	<u>4,044</u>
		NZIAS12(81)(g)(i)
<i>Movements:</i>		
Opening balance	4,044	2,001
Charged/(credited) to profit or loss (note 11)	(54)	1,483
Charged to equity (note 11)	14	560
Additions through business combinations (note 58)	350	-
	<u>4,354</u>	<u>4,044</u>
		NZIAS12(81)(g)(ii)
		NZIAS12(81)(a)

Note 42. Non-current liabilities - employee benefits

	Consolidated	
	2025	2024
	\$'000	\$'000
Employee benefits	<u>11,149</u>	<u>10,854</u>

Note 43. Non-current liabilities - provisions

	Consolidated	
	2025	2024
	\$'000	\$'000
Lease make good	<u>1,475</u>	<u>1,070</u>

Lease make good

NZIAS37(85)

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions

NZIAS37(84)

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease make good \$'000
Consolidated - 2025	
Carrying amount at the start of the year	1,070
Additional provisions recognised	550
Amounts transferred to current	(230)
Unwinding of discount	85
Carrying amount at the end of the year	<u>1,475</u>

Note 44. Equity - issued capital

	2025 Shares	Consolidated 2024 Shares	2025 \$'000	2024 \$'000	
Ordinary shares - fully paid	146,910,000	146,800,000	182,925	182,650	NZIFRS18(130)(a)(iii)

Movements in ordinary share capital

NZIFRS18(130)(a)(iv)

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2024	111,800,000		104,922
Issue of shares	[date]	35,000,000	\$2.25	78,750
Share issue transaction costs, net of tax	[date]			(1,022)
Balance	31 December 2024	146,800,000		182,650
Issue of shares	[date]	10,000	\$2.50	25
Issue of shares	[date]	100,000	\$2.50	250
Balance	31 December 2025	146,910,000		182,925

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. ^(v) NZIFRS18(130)(a)(i),(iii),

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. ^(v) NZIFRS18(130)(a)(iv)

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. ⁽¹²⁶⁾ NZIFRS18(126)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. ^{(127)(a)} NZIFRS18(127)(a)

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. ^{(127)(a)} NZIFRS18(127)(a)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies. ^{(127)(a)} NZIFRS18(127)(a)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. ^{(127)(d)} NZIFRS18(127)(d)

The capital risk management policy remains unchanged from the 31 December 2024 Annual Report. ^{(127)(c)} NZIFRS18(127)(c)

Note 45. Equity - reserves

	Consolidated 2025 \$'000	2024 \$'000	
Revaluation surplus reserve	4,212	4,212	
Financial assets at fair value through other comprehensive income reserve	36	-	
Foreign currency reserve	(769)	(512)	NZIAS21(52)(b)
Hedging reserve - cash flow hedges	(87)	(76)	
	3,392	3,624	

Revaluation surplus reserve

NZIFRS18(130)(b)

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Note 45. Equity - reserves (continued)

Financial assets at fair value through other comprehensive income reserve

NZIFRS18(130)(b)

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve

NZIFRS18(130)(b)

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to New Zealand dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges

NZIFRS18(130)(b)

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Revaluation surplus \$'000	Financial assets at fair value through OCI \$'000	Foreign currency \$'000	Hedging \$'000	Total \$'000	
Balance at 1 January 2024	2,916	-	(294)	(49)	2,573	
Revaluation - gross	1,800	-	-	(38)	1,762	NZIFRS18(109)
Deferred tax	(504)	-	-	11	(493)	NZIFRS18(93), NZIAS12(81)(ab)
Foreign currency translation	-	-	(218)	-	(218)	
Balance at 31 December 2024	4,212	-	(512)	(76)	3,624	
Revaluation - gross	-	50	-	(15)	35	NZIFRS18(109)
Deferred tax	-	(14)	-	4	(10)	NZIFRS18(93), NZIAS12(81)(ab)
Foreign currency translation	-	-	(257)	-	(257)	
Balance at 31 December 2025	4,212	36	(769)	(87)	3,392	

Note 46. Equity - retained profits

	Consolidated	
	2025	2024
	\$'000	\$'000
Retained profits at the beginning of the financial year	11,737	13,450
Profit	28,488	15,903
Dividends paid (note 48)	(29,383)	(17,616)
Retained profits at the end of the financial year	10,842	11,737

Note 47. Equity - non-controlling interest

	Consolidated	
	2025	2024
	\$'000	\$'000
Issued capital	16,000	16,000
Reserves	468	468
Retained profits	908	766
	17,376	17,234

The non-controlling interest has a 10% (2024: 10%) equity holding in Pinnacle Manufacturing Limited.

Note 48. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2025	2024
	\$'000	\$'000
Final dividend for the year ended 31 December 2024 (2024: 31 December 2023) of 15 cents (2024: 8 cents) per ordinary share	22,037	11,744
Interim dividend for the year ended 31 December 2025 (2024: 31 December 2024) of 5 cents (2024: 4 cents) per ordinary share	7,346	5,872
	<u>29,383</u>	<u>17,616</u>

NZIFRS18(110)

NZIFRS18(110)

On [date] the directors declared a final dividend for the year ended 31 December 2025 of 17 cents per ordinary share to be paid on [date], a total estimated distribution of \$24,975,000 based on the number of ordinary shares on issue as at [date].

NZIFRS18(132),
NZIAS10(13),
NZIAS12(81)(i)

Note 49. Imputation credit account

	Consolidated	
	2025	2024
	\$'000	\$'000
Imputation credits available for subsequent financial years based on a tax rate of 28%	<u>10,752</u>	<u>9,913</u>

The above amounts represent the balance of the imputation credit account as at the end of the financial year, adjusted for:

NZFRS44(9.3)

- Imputation credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 50. Financial instruments

Financial risk management objectives

NZIFRS7(31),(33)(a)

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

NZIFRS7(31),(33)(a)

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

NZIFRS7(31),(33)(b)

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

NZIFRS7(33)(a)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

NZIFRS7(33)(a)

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

NZIFRS7(33)(b),(21A),
(22A)

Note 50. Financial instruments (continued)

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows: ^{NZIFRS7(23B)}

	Sell New Zealand dollars		Average exchange rates	
	2025	2024	2025	2024
	\$'000	\$'000		
Buy US dollars				
Maturity:				
0 - 3 months	121	89	0.9123	0.8132
3 - 6 months	34	23	0.9057	0.8294
Buy Euros				
Maturity:				
0 - 3 months	274	207	0.6342	0.5861
3 - 6 months	86	49	0.6355	0.6082
Buy Australian dollars				
Maturity:				
0 - 3 months	182	163	0.9345	0.9643
3 - 6 months	107	71	0.9407	0.9847

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows: ^{NZIFRS7(34)(a)}

	Assets		Liabilities	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Consolidated				
US dollars	35	18	64	69
Euros	7	21	82	74
Australian dollars	45	32	61	52
	<u>87</u>	<u>71</u>	<u>207</u>	<u>195</u>

The consolidated entity had net liabilities denominated in foreign currencies of \$120,000 (assets of \$87,000 less liabilities of \$207,000) as at 31 December 2025 (2024: \$124,000 (assets of \$71,000 less liabilities of \$195,000)). Based on this exposure, had the New Zealand dollar weakened by 10%/strengthened by 5% (2024: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been \$12,000 lower/\$6,000 higher (2024: \$6,000 lower/\$6,000 higher) and equity would have been \$8,000 lower/\$4,000 higher (2024: \$4,000 lower/\$4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 December 2025 was \$13,000 (2024: loss of \$6,000). ^{NZIFRS7(40)}

Price risk

The consolidated entity is not exposed to any significant price risk. ^{NZIFRS7(33)(a),(34)(a)}

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. The policy is to maintain approximately 60% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary. ^{NZIFRS7(33)(a),(b)}

The consolidated entity's bank loans outstanding, totalling \$27,500,000 (2024: \$21,000,000), are principal and interest payment loans. Monthly cash outlays of approximately \$180,000 (2024: \$140,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2024: 100) basis points would have an adverse/favourable effect on profit before tax of \$275,000 (2024: \$210,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of \$8,500,000 (2024: \$2,000,000) are due during the year ending 31 December 2026 (2024: 31 December 2025). ^{NZIFRS7(40)}

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral. ^{NZIFRS7(35K)}

Note 50. Financial instruments (continued)

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 14, due to the current environment, the calculation of expected credit losses has been revised as at 31 December 2025 and rates have increased in each category up to 6 months overdue. ^{NZIFRS7(35G)}

The consolidated entity has a credit risk exposure with a major New Zealand retailer, which as at 31 December 2025 owed the consolidated entity \$10,680,000 (76% of trade receivables) (2024: \$9,510,000 (74% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 31 December 2025. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. ^{NZIFRS7(35B)(c)}

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. ^{NZIFRS7(35F)(e)}

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. ^{NZIFRS7(33)(a)}

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. ^{NZIFRS7(33)(b),(39)(c)}

Financing arrangements

^{NZIA57(50)(a)}

Unused borrowing facilities at the reporting date:

	Consolidated	
	2025	2024
	\$'000	\$'000
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	<u>17,500</u>	<u>7,727</u>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2024: 4 years).

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2025	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	18,070	-	-	-	18,070
Other payables	-	1,934	-	-	-	1,934
<i>Interest-bearing - fixed rate</i>						
Bank loans	8.20%	10,407	9,710	10,931	-	31,048
Lease liability	5.03%	37,574	37,542	112,415	290,764	478,295
Total non-derivatives		<u>67,985</u>	<u>47,252</u>	<u>123,346</u>	<u>290,764</u>	<u>529,347</u>
Derivatives						
<i>Forward foreign exchange contracts net settled</i>						
	-	122	-	-	-	122
Total derivatives		<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>

^{NZIFRS7(39)(a)}

^{NZIFRS7(39)(b)}

Note 50. Financial instruments (continued)

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Consolidated - 2024						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	15,711	-	-	-	15,711
Other payables	-	1,595	-	-	-	1,595
<i>Interest-bearing - variable</i>						
Bank overdraft	12.80%	1,355	-	-	-	1,355
<i>Interest-bearing - fixed rate</i>						
Bank loans	8.20%	3,640	9,710	11,095	-	24,445
Lease liability	5.03%	37,107	37,574	112,523	328,200	515,404
Total non-derivatives		59,408	47,284	123,618	328,200	558,510
Derivatives						
<i>Forward foreign exchange contracts net settled</i>						
	-	107	-	-	-	107
Total derivatives		107	-	-	-	107

NZIFRS7(39)(a)

NZIFRS7(39)(b)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. NZIFRS7(B10A)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NZIFRS7(25)

Hedge accounting

The effects of hedge accounting on the statement of financial position at the reporting date were as follows:

NZIFRS7(24A),(24B)

	Nominal amount \$'000	Carrying amount \$'000	Change in fair value \$'000	Hedging reserve \$'000	Cost of reserve \$'000
Consolidated					
Forward foreign exchange contracts for purchases at 31 December 2024	602	107	(9)	(76)	(20)
Forward foreign exchange contracts for purchases at 31 December 2025	804	122	4	(87)	(19)

Movements in hedging reserves by risk category during the current and previous financial year are set out below:

NZIFRS7(24E),(24F)

	Spot component \$'000	Value of options \$'000	Cost of reserve \$'000	Total \$'000
Consolidated				
Balance at 1 January 2024	(78)	47	(18)	(49)
Change in fair value of hedging instrument recognised in other comprehensive income	(73)	64	-	(9)
Costs of hedging deferred and recognised in other comprehensive income	-	-	(17)	(17)
Reclassified to the cost of inventory - recognised in other comprehensive income	(24)	-	14	(10)
Reclassified from other comprehensive income to profit or loss	(2)	-	-	(2)
Deferred tax	28	(18)	1	11
Balance at 31 December 2024	(149)	93	(20)	(76)
Change in fair value of hedging instrument recognised in other comprehensive income	(8)	12	-	4
Costs of hedging deferred and recognised in other comprehensive income	-	-	(15)	(15)
Reclassified to the cost of inventory - recognised in other comprehensive income	(20)	-	16	(4)
Deferred tax	8	(4)	-	4
Balance at 31 December 2025	(169)	101	(19)	(87)

Note 51. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: NZIFRS13(93)(a),(b)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date NZIFRS13(76)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly NZIFRS13(81)

Level 3: Unobservable inputs for the asset or liability NZIFRS13(86)

Consolidated - 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
Assets					NZIFRS13(93)(a),(b)
Ordinary shares at fair value through profit or loss	360	-	-	360	
Ordinary shares at fair value through other comprehensive income	-	-	170	170	
Investment properties	-	-	46,900	46,900	
Land and buildings	-	-	58,500	58,500	
Total assets	360	-	105,570	105,930	
Liabilities					
Forward foreign exchange contracts	-	122	-	122	
Total liabilities	-	122	-	122	

Consolidated - 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000	
Assets					NZIFRS13(93)(a),(b)
Investment properties	-	-	47,500	47,500	
Land and buildings	-	-	58,500	58,500	
Total assets	-	-	106,000	106,000	
Liabilities					
Forward foreign exchange contracts	-	107	-	107	
Total liabilities	-	107	-	107	

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. NZIFRS13(93)(a)

There were no transfers between levels during the financial year. NZIFRS13(93)(c)

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. NZIFRS13(93)(d)

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. NZIFRS13(93)(d)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model. NZIFRS13(93)(d)

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Property Institute of New Zealand having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. NZIFRS13(91)(a),
NZIFRS13(93)(d),
NZIAS40(75)(e)

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2024 based on independent assessments by a member of the Property Institute of New Zealand having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition. NZIFRS13(91)(a),
NZIFRS13(93)(d),
NZIAS16(77)(a),(b)

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. NZIFRS13(93)(d)

Note 51. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

NZIFRS13(93)(e)

Consolidated	Ordinary shares at fair value through OCI \$'000	Investment properties \$'000	Land and buildings \$'000	Total \$'000	
Balance at 1 January 2024	-	46,000	56,500	102,500	
Gains recognised in profit or loss	-	1,500	-	1,500	NZIFRS13(93)(e)(i)
Gains recognised in other comprehensive income	-	-	2,000	2,000	NZIFRS13(93)(e)(ii)
Balance at 31 December 2024	-	47,500	58,500	106,000	
Losses recognised in profit or loss	-	(600)	-	(600)	NZIFRS13(93)(e)(i)
Gains recognised in other comprehensive income	50	-	-	50	NZIFRS13(93)(e)(ii)
Additions	200	-	-	200	NZIFRS13(93)(e)(iii)
Disposals	(80)	-	-	(80)	NZIFRS13(93)(e)(iii)
Balance at 31 December 2025	170	46,900	58,500	105,570	

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

NZIFRS13(93)(h)

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through other comprehensive income	Growth rate	2.5% to 3.5% (3.0%)	0.25% change would increase/decrease fair value by \$5,000
	Discount rate	8.0% to 11.0% (9.5%)	1.00% change would increase/decrease fair value by \$14,000
Investment properties	Rental yield	7.5% to 9.0% (8.5%)	0.75% change would increase/decrease fair value by \$352,000
	Rental growth	1.25% to 2.0% (1.75%)	0.25% change would increase/decrease fair value by \$117,000
	Long-term vacancy rate	5.0% to 9.0% (7.5%)	0.75% change would increase/decrease fair value by \$276,000
	Discount rate	4.0% to 6.0% (5.25%)	0.5% change would increase/decrease fair value by \$57,000
Land and buildings	Rental yield	6.0% to 8.0% (7.5%)	0.75% change would increase/decrease fair value by \$440,000
	Discount rate	5.0% to 7.0% (6.25%)	0.5% change would increase/decrease fair value by \$61,000

Note 52. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated		
	2025	2024	
	\$	\$	
Short-term employee benefits	1,617,781	1,508,452	NZIAS24(17)(a)
Post-employment benefits	129,192	111,767	NZIAS24(17)(b)
Long-term benefits	10,059	22,776	NZIAS24(17)(c)
	<u>1,757,032</u>	<u>1,642,995</u>	

Note 53. Remuneration of auditors

NZFRS44(8.3)

During the financial year the following fees were paid or payable for services provided by Accounting Firm 123, the auditor of the company, its network firms and unrelated firms:

	Consolidated		
	2025	2024	
	\$	\$	
<i>Audit services - Accounting Firm 123</i>			NZFRS44(8.3)(a)
Audit or review of the financial statements	243,000	230,000	
<i>Other services - Accounting Firm 123</i>			NZFRS44(8.3)(b)
Preparation of the tax return	12,950	12,400	
Transfer pricing review	5,500	5,000	
	18,450	17,400	
	<u>261,450</u>	<u>247,400</u>	
<i>Audit services - network firms</i>			NZFRS44(8.3)(a)
Audit or review of the financial statements	-	15,000	
<i>Other services - network firms</i>			NZFRS44(8.3)(b)
Due diligence	-	22,450	
Transfer pricing review	18,000	64,500	
	18,000	86,950	
	<u>18,000</u>	<u>101,950</u>	
<i>Audit services - unrelated firms</i>			NZFRS44(8.3)(a)
Audit or review of the financial statements	<u>26,500</u>	<u>23,000</u>	

Note 54. Contingent assets

NZIAS37(89)

Pinnacle Manufacturing Limited, a subsidiary, will be paid a success premium of up to \$3,000,000 by Compdesign Partnership, in which it holds a 35% interest, if the rights to a computer manufacturing process are sold to a Korean based company. The likelihood of this proceeding is highly probable. No asset has been recognised within these financial statements.

Pinnacle Manufacturing Limited, a subsidiary, has an outstanding insurance claim with respect to inventory that was damaged in the Auckland floods that occurred during the financial year. An assessment is currently being undertaken by the insurer as to whether it was the cause of a flood or rising waters, which will affect the payout. Because the insurance proceeds are not virtually certain, no asset has been recognised within these financial statements. The inventory of approximately \$400,000 has been written off during the current financial year.

Note 55. Contingent liabilities

NZIAS37(86)

During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the consolidated entity will not be found to be at fault and any compensation will be covered by the consolidated entity's insurance policy. Accordingly, no provision has been provided within these financial statements.

The consolidated entity has given bank guarantees as at 31 December 2025 of \$3,105,000 (2024: \$2,844,000) to various landlords.

Note 56. Commitments

	Consolidated		
	2025	2024	
	\$'000	\$'000	
<i>Capital commitments</i>			
Committed at the reporting date but not recognised as liabilities, payable:			
Investment properties	170	170	NZIAS40(75)(h)
Property, plant and equipment	1,165	1,145	NZIAS16(74)(c)
Intangible assets	160	-	NZIAS38(122)(e)

Note 57. Related party transactions

Parent entity

Pinnacle Listed IFRS NZ Limited is the parent entity.

NZIFRS18(116)(c)
NZIAS24(13)

Subsidiaries

Interests in subsidiaries are set out in note 59.

Associates

Interests in associates are set out in note 60.

Key management personnel

Disclosures relating to key management personnel are set out in note 52.

Transactions with related parties

The following transactions occurred with related parties:

NZIAS24(18)(a)

	Consolidated		
	2025	2024	
	\$	\$	
Payment for goods and services:			
Payment for services from associate	3,397,327	3,234,986	NZIAS24(19)(d)
Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example)	81,238	67,905	NZIAS24(19)(f)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

NZIAS24(18)(b)

	Consolidated		
	2025	2024	
	\$	\$	
Current payables:			
Trade payables to associate	361,334	345,876	NZIAS24(19)(d)
Trade payables to BE Promotions Limited (director-related entity of Brad Example)	7,108	6,388	NZIAS24(19)(f)

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NZIAS24(18)(b)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NZIAS24(18)(b)(i)

Note 58. Business combinations

On [date] Pinnacle Logistics Limited, a subsidiary of Pinnacle Listed IFRS NZ Limited, acquired 100% of the ordinary shares of Pinnacle CompCarrier Limited (formerly known as CompCarrier Limited) for the total consideration transferred of \$8,230,000. This is a freight business and operates in the computer distribution division of the consolidated entity. It was acquired to better utilise the existing computer distribution division administrative function. The goodwill of \$408,000 represents the expected synergies from merging this business with the computer distribution division and eliminating third party freight costs. The acquired business contributed revenues of \$5,428,000 and profit after tax of \$670,000 to the consolidated entity for the period from [date] to 31 December 2025. If the acquisition occurred on 1 January 2025, the full year contributions would have been revenues of \$5,901,000 and profit after tax of \$729,000. The values identified in relation to the acquisition of CompCarrier are final as at 31 December 2025. NZIFRS3(B64)(a)-(e)

Details of the acquisition are as follows:

NZIFRS3(B64)(f),
NZIAS7(40)(d)

	Fair value \$'000	
Cash and cash equivalents	3	NZIAS7(40)(c)
Trade receivables	827	NZIFRS3(B64)(h)
Prepayments	106	
Plant and equipment	6,060	
Customer contracts	1,250	
Deferred tax asset	419	
Trade payables	(364)	
Deferred tax liability	(350)	
Employee benefits	(129)	
Net assets acquired	7,822	
Goodwill	408	
Acquisition-date fair value of the total consideration transferred	8,230	NZIFRS3(B64)(f)
Representing:		
Cash paid or payable to vendor	8,230	NZIAS7(40)(b)
Acquisition costs expensed to profit or loss	182	NZIFRS3(53)
Cash used to acquire business, net of cash acquired:		NZIAS7(40)(b)
Acquisition-date fair value of the total consideration transferred	8,230	NZIAS7(40)(a)
Less: cash and cash equivalents	(3)	
Less: payments made in prior periods	(155)	
Net cash used	8,072	

The fair value of trade receivables is \$827,000. The gross contractual amount for trade receivables due is \$879,000, of which \$52,000 is not expected to be collected. NZIFRS3(B64)(h)

Note 59. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1: NZIAS24(13)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
Pinnacle Retailing Limited	New Zealand	100.00%	100.00%
Pinnacle Logistics Limited	New Zealand	100.00%	100.00%
Pinnacle CompCarrier Limited	New Zealand	100.00%	-
Pinnacle Retailing International Pty Limited	Australia	100.00%	100.00%

Note 59. Interests in subsidiaries (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1: NZIFRS12(12)(a)-(c)

Name	Principal place of business / Country of incorporation	Principal activities	Parent	Parent	Non-controlling interest	Non-controlling interest
			Ownership interest 2025 %	Ownership interest 2024 %	Ownership interest 2025 %	Ownership interest 2024 %
Pinnacle Manufacturing Limited *	New Zealand	Computer manufacturing	90.00%	90.00%	10.00%	10.00%

* the non-controlling interests hold 25% of the voting rights of Pinnacle Manufacturing Limited

NZIFRS12(12)(d)

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	Pinnacle Manufacturing Limited	
	2025 \$'000	2024 \$'000
<i>Summarised statement of financial position</i>		
Current assets	48,800	50,443
Non-current assets	163,318	162,342
Total assets	212,118	212,785
Current liabilities	25,735	22,452
Non-current liabilities	18,183	23,047
Total liabilities	43,918	45,499
Net assets	168,200	167,286
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	231,564	219,870
Expenses	(229,506)	(216,649)
Profit before income taxes	2,058	3,221
Income tax expense	(644)	(935)
Profit	1,414	2,286
Other comprehensive income	-	1,400
Total comprehensive income	1,414	3,686
<i>Statement of cash flows</i>		
Net cash from operating activities	9,262	12,284
Net cash used in investing activities	(7,962)	(11,212)
Net cash used in financing activities	(2,500)	(500)
Net increase/(decrease) in cash and cash equivalents	(1,200)	572

Other financial information

Profit attributable to non-controlling interests
Accumulated non-controlling interests at the end of reporting period

142	229
17,363	17,221

NZIFRS12(12)(e)

NZIFRS12(12)(f)

Significant restrictions

Pinnacle Manufacturing Limited cannot move its manufacturing location without the prior consent of the non-controlling interests.

NZIFRS12(10)(b)(i),(13)

Note 60. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below: NZIFRS12(21)(a),(b)(i)

Name	Principal place of business / Country of incorporation	Ownership interest		
		2025 %	2024 %	
Compdesign Partnership	New Zealand	35.00%	35.00%	
Summarised financial information		NZIFRS12(21)(b)(ii)		
		Compdesign Partnership		
		2025 \$'000	2024 \$'000	
Summarised statement of financial position		NZIFRS12(B12)(b)		
Current assets		28,994	26,806	NZIFRS12(B12)(b)(i)
Non-current assets		205,203	198,240	NZIFRS12(B12)(b)(ii)
Total assets		234,197	225,046	
Current liabilities		19,440	16,486	NZIFRS12(B12)(b)(iii)
Non-current liabilities		117,066	120,043	NZIFRS12(B12)(b)(iv)
Total liabilities		136,506	136,529	
Net assets		97,691	88,517	
Summarised statement of profit or loss and other comprehensive income		NZIFRS12(B12)(b)		
Revenue		109,706	97,951	NZIFRS12(B12)(b)(v)
Expenses		(96,601)	(87,089)	
Profit before income taxes		13,105	10,862	NZIFRS12(B12)(b)(vi)
Income tax expense		(3,931)	(3,259)	
Profit		9,174	7,603	
Other comprehensive income		-	-	NZIFRS12(B12)(b)(viii)
Total comprehensive income		9,174	7,603	NZIFRS12(B12)(b)(ix)
Reconciliation of the consolidated entity's carrying amount		NZIFRS12(B14)(b)		
Opening carrying amount		30,981	28,320	
Share of profit		3,211	2,661	
Closing carrying amount		34,192	30,981	
Contingent liabilities		NZIFRS12(23)(b)		
		Consolidated		
		2025 \$'000	2024 \$'000	
Share of bank guarantees		276	266	
Commitments		NZIFRS12(23)(a)		
		Consolidated		
		2025 \$'000	2024 \$'000	
Committed at the reporting date but not recognised as liabilities, payable:				
Share of capital commitments		175	74	
Significant restrictions		NZIFRS12(22)(a)		
Compdesign Partnership must reduce its bank loans to under \$50,000,000 and achieve pre-determined profit targets before any cash dividends can be distributed.				

Note 61. Events after the reporting period

NZIAS10(21)

Apart from the dividend declared as disclosed in note 48, no other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 62. Reconciliation of operating profit to net cash from operating activities

NZFRS44(10)

	Consolidated	
	2025	2024
	\$'000	\$'000
Operating profit	50,339	34,568
Adjustments for:		
Depreciation and amortisation	52,276	52,411
Impairment of goodwill	500	-
Net gain on disposal of non-current assets	(422)	(192)
Foreign exchange differences	(269)	(226)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(165)	114
Decrease/(increase) in contract assets	(473)	367
Decrease in inventories	3,523	782
Increase in prepayments	(101)	(168)
Increase in other operating assets	(2,382)	(3,976)
Increase/(decrease) in trade and other payables	2,179	(457)
Increase in contract liabilities	134	161
Increase in employee benefits	375	283
Increase in other provisions	427	249
Increase in other operating liabilities	261	28
Income taxes paid	(8,243)	(8,461)
Net cash from operating activities	<u>97,959</u>	<u>75,483</u>

Note 63. Non-cash investing and financing activities

NZIAS7(43)

	Consolidated	
	2025	2024
	\$'000	\$'000
Additions to the right-of-use assets	5,521	6,228
Leasehold improvements - lease make good	550	-
	<u>6,071</u>	<u>6,228</u>

Note 64. Changes in liabilities arising from financing activities

NZIAS7(44A)

Consolidated	Bank loans	Lease liability	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2024	115,000	358,977	473,977
Net cash used in financing activities	(94,000)	(21,555)	(115,555)
Acquisition of leases	-	6,228	6,228
Balance at 31 December 2024	21,000	343,650	364,650
Net cash from/(used in) financing activities	6,500	(25,385)	(18,885)
Acquisition of leases	-	5,521	5,521
Balance at 31 December 2025	<u>27,500</u>	<u>323,786</u>	<u>351,286</u>

Note 65. Supplier finance arrangements

NZIAS7(44F)

	At 1 January 2025	At 31 December 2025	
Carrying amount of the financial liabilities that are part of supplier finance arrangements presented in trade and other payables (note 29)	\$1,850,000	\$2,145,000	NZIAS7(44H)(b)(i)
Carrying amount of payments suppliers have already received from the finance providers offset in trade and other payables (note 29)	\$1,454,000	\$1,722,000	NZIAS7(44H)(b)(ii)
Range of payment due dates that are part of supplier finance arrangements	30 - 45 days after invoice date	30 - 45 days after invoice date	NZIAS7(44H)(b)(iii)
Range of payment due dates for comparable trade payables that are not part of supplier finance arrangements	14 - 45 days after invoice date	14 - 45 days after invoice date	NZIAS7(44H)(b)(iii)

Terms and conditions

NZIAS7(44H)(a)

The consolidated entity has established a supplier finance arrangement that is offered to some of the consolidated entity's key suppliers and participation in the arrangement is at the discretion of the supplier. Suppliers that participate in the supplier finance arrangement will receive early payment from an external finance provider for approved invoices where goods have been received. If suppliers choose to receive early payment, they pay a fee to the finance provider and the consolidated entity is not party to this arrangement. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the consolidated entity settles the original invoice by paying the finance provider in line with the original invoice due date. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The consolidated entity provides no security to the finance provider.

Note 66. Earnings per share

	Consolidated		
	2025	2024	
	\$'000	\$'000	
Operating profit attributable to the owners of Pinnacle Listed IFRS NZ Limited	50,339	34,568	
Profit	28,630	16,132	
Non-controlling interest	(142)	(229)	
Profit attributable to the owners of Pinnacle Listed IFRS NZ Limited	28,488	15,903	NZIAS33(70)(a)
	Number	Number	
Weighted average number of ordinary shares used in calculating basic earnings per share	146,882,904	140,950,685	NZIAS33(70)(b)
Adjustments for calculation of diluted earnings per share:			
Options over ordinary shares	565	385	NZIAS33(70)(b)
Weighted average number of ordinary shares used in calculating diluted earnings per share	146,883,469	140,951,070	NZIAS33(70)(b)
	Cents	Cents	
Operating earnings per share	34.27	24.52	NZIAS33(73C)
Basic earnings per share	19.40	11.28	NZIAS33(66)
Diluted earnings per share	19.39	11.28	NZIAS33(66)

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Distribution of shareholders

NZX3.7.1(e)

Analysis of number of shareholders by size of holding as at 31 January 2026:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1,920	0.65
1,001 to 5,000	828	1.41
5,001 to 10,000	1,239	6.33
10,001 to 100,000	496	9.36
100,001 and over	16	82.25
	4,499	100.00

Twenty largest shareholders

NZX3.7.1(c)

The names of the twenty largest shareholders as at 31 January 2026 are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Madison Capital	25,000,000	17.02
Daniel and Claire Example Superannuation Fund (Daniel Example)	20,500,000	13.95
Allied New Zealand Bank AcTrade Limited	20,000,000	13.61
Passive Investment Limited	15,000,000	10.21
Manufacturers Credit Union Superannuation Fund	15,000,000	10.21
Blizzard Growth Solutions Limited	6,684,293	4.55
Andrew Brown Superannuation Fund	6,462,912	4.40
BE No 2 Superannuation Fund (Brad Example)	5,886,200	4.01
Egan and Forsyth Investments Limited	3,000,000	2.04
Greater Prospects Limited	1,243,955	0.85
Wilber Carroll Superannuation Fund	840,321	0.57
Alder and Associates Limited	745,632	0.51
Chee Leung Superannuation Fund	150,000	0.10
Townsend Holdings Limited	112,488	0.08
Prestige Cars Limited	100,000	0.07
Richard Long Family Trust	100,000	0.07
Technical Revolution Limited	89,437	0.06
The Yorke Family Trust	83,482	0.06
Lister Trading Limited	81,345	0.06
Craig and Mary Donaldson Superannuation Fund	76,437	0.05
	121,156,502	82.48

Substantial product holders

NZ-FMCA293

Substantial product holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Madison Capital	25,000,000	17.02
Daniel and Claire Example Superannuation Fund (Daniel Example)	20,500,000	13.95
Allied New Zealand Bank AcTrade Limited	20,000,000	13.61
Passive Investment Limited	15,000,000	10.21
Manufacturers Credit Union Superannuation Fund	15,000,000	10.21

Directors

NZ-CA211(1)(i)

The following persons were directors of Pinnacle Listed IFRS NZ Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony Example
Brad Example
Christina Example
Daniel Example
Elizabeth Example (resigned on 20 February 2026)

Relevant interests by directors

NZX3.7.1(d)

Relevant interests by directors in the company are set out below:

	Number held	Ordinary shares % of total shares issued
Brad Example	5,886,200	4.01
Christina Example	73,569	0.05
Daniel Example	20,500,000	13.95
Elizabeth Example	2,550,000	1.74

Other interests by directors

NZ-CA211(1)(e)

Other interests by directors are as follows:

Name	Entity	Interest
Anthony Example	Computer DisAbility Limited Computer Technologies Limited	Non-Executive Director Non-Executive Director and Shareholder
Christina Example	Early Childhood Education Limited	Non-Executive Director and Shareholder
Daniel Example	Non-Executive Director of Computer DisAbility Limited Secure Payment Processes Limited Computer Importers of NZ Limited Agile Teams Limited Dynamic Tools Limited	Non-Executive Director Non-Executive Director and Shareholder Non-Executive Director Shareholder Shareholder
Elizabeth Example	LogiComp Limited Ontrack Distribution Limited Dahl Systems Limited Delta Research Limited	Non-Executive Director Non-Executive Director and Shareholder Non-Executive Director Shareholder

Subsidiary company directors

NZ-CA211(1)(e)

Subsidiary company directors as at 31 December 2025 were as follows:

Company	Directors
Pinnacle Manufacturing Limited	Anthony Example, Brad Example, Christina Example and Grace Example
Pinnacle Retailing Limited	Anthony Example, Brad Example, Christina Example and Henry Example
Pinnacle Logistics Limited	Brad Example, Christina Example and Isabel Example
Pinnacle CompCarrier Limited	Brad Example, Christina Example and Isabel Example
Pinnacle Retailing International Pty Limited	Christina Example, Fabian Example, Jack Example and Kylie Example

Directors remuneration

NZ-CA211(1)(f)

Directors remuneration for the year ended 31 December 2025 was as follows:

Name	\$
Anthony Example	75,000
Brad Example	617,175
Christina Example	350,738
Daniel Example	40,000
Elizabeth Example	40,000

Use of company information by directors

NZ-CA211(1)(e)

During the financial year ended 31 December 2025, the consolidated entity received no notices for use of company information by directors.

Indemnity and insurance of directors

NZ-CA211(1)(e)

The consolidated entity has indemnified the directors of the company and its subsidiaries for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Employees by remuneration bands

NZ-CA211(1)(g)

The number of employees by remuneration bands who received remuneration and other benefits exceeding \$100,000 during the year ended 31 December 2025 were as follows:

Remuneration	Number of employees
\$100,000 - \$109,999	12
\$110,000 - \$119,999	9
\$120,000 - \$129,999	7
\$130,000 - \$139,999	3
\$140,000 - \$149,999	4
\$150,000 - \$159,999	2
\$160,000 - \$169,999	2
\$230,000 - \$239,999	1

Donations

NZ-CA211(1)(h)

During the financial year ended 31 December 2025, the consolidated entity paid donations of \$357,000 to various charities. No donations were made to political parties.

Credit rating status

NZX3.7.1(f)

The consolidated entity does not currently have an external credit rating status.

NZX waivers

NZX3.7.1(g)

During the financial year ended 31 December 2025, the consolidated entity did not apply for or receive any NZX waivers.