



Consolidated Financial Statements 2026

Farmlands Co-operative Society Limited





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Farmlands Co-operative Society Limited Consolidated Financial Statements

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Consolidated Income Statement and Statement of Comprehensive Income

For the year ended 30 June 2026

	Notes	2026 \$000	2025 \$000
Revenue	2	921,997	847,324
Cost of goods sold		(719,099)	(661,939)
Gross profit		202,898	185,385
Less other operating expenses		(167,461)	(151,884)
Operating EBITDA *		35,437	33,501
Plus other income	2	509	1,611
Less depreciation and amortisation	8,9,10	(28,819)	(27,088)
Less finance costs		(6,653)	(9,254)
Plus share of gain in equity accounted investments	7	4,057	3,300
Profit before income tax		4,531	2,070
Income tax benefit/(expense)	3	16,683	683
Net profit/(loss) after income tax		21,214	2,753
Other comprehensive income/(loss), net of tax		-	(1)
Total comprehensive income/(loss) for the year		21,214	2,752

* Earnings before interest, tax, depreciation and amortisation
The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Notes	Share Capital \$000	Retained Earnings \$000	Cash Flow Hedge Reserve \$000	Total Equity \$000
2026					
Balance at 1 July 2025		122,274	(19,731)	-	102,543
Net profit after tax for the year		-	21,214	-	21,214
Movement in share capital	4	(425)	-	-	(425)
Balance at end of year		121,849	1,483	-	123,332

	Notes	Share Capital \$000	Retained Earnings \$000	Cash Flow Hedge Reserve \$000	Total Equity \$000
2025					
Balance at 1 July 2024		122,211	(22,484)	1	99,728
Net profit after tax for the year		-	2,753	-	2,753
Movement in cash flow hedge reserve, net of tax		-	-	(1)	(1)
Movement in share capital	4	63	-	-	63
Balance at end of year		122,274	(19,731)	-	102,543

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

As at 30 June 2026

	Notes	2026 \$000	2025 \$000
Equity			
Retained earnings		1,483	(19,731)
Share capital	4	121,849	122,274
Total equity		123,332	102,543
Represented by:			
Current assets			
Cash and cash equivalents		2,151	2,229
Trade and other receivables	5	269,294	231,125
Inventories	6	140,630	121,207
Derivatives – current		61	-
Income tax receivable		-	5
Total current assets		412,136	354,566
Non-current assets			
Investments	7	25,433	24,876
Property, plant and equipment	8	74,671	74,164
Intangible assets	9	48,468	32,342
Right-of-use assets	10	41,811	40,952
Deferred tax asset	3	16,890	-
Total non-current assets		207,273	172,334
Total assets		619,409	526,900
Current liabilities			
Bank borrowing	11	109,409	75,794
Trade and other payables	12	265,808	226,166
Employee entitlements – current		11,103	8,904
Lease liabilities – current	10	16,951	14,574
Derivatives – current		373	410
Income tax payable		142	-
GST payable		31,341	28,637
Total current liabilities		435,127	354,485
Non-current liabilities			
Term bank loans	11	31,416	38,762
Derivatives – non-current		25	261
Employee entitlements – non-current		613	591
Lease liabilities – non-current	10	28,896	30,258
Total non-current liabilities		60,950	69,872
Total liabilities		496,077	424,357
Net assets		123,332	102,543

For and on behalf of the Board



Rob Hewett – Chair of the Board
16 September 2026



Julie Bohnenn – Chair of the Audit and Risk Management Committee

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	Notes	2026 \$000	2025 \$000
Cash flows from operating activities			
Cash was provided from:			
Gross sales collected		2,735,946	2,551,808
Less rebates to shareholders	2	(85,067)	(81,895)
Cash receipts from customers		2,650,879	2,469,913
Interest received		352	397
		2,651,231	2,470,310
Cash was applied to:			
Cash paid to suppliers and employees		2,628,088	2,435,579
Interest paid		6,868	8,641
Income tax paid		78	-
		2,635,034	2,444,220
Net cash inflows/(outflows) from operating activities	17	16,197	26,090
Cash flows used in investing activities			
Cash was provided from:			
Dividends received	7	4,300	3,050
Proceeds from sale of property, plant and equipment		155	5,574
		4,455	8,624
Cash was applied to:			
Purchase of property, plant and equipment	8	5,856	5,490
Purchase of intangible assets	9	4,396	2,934
Acquisition of subsidiary (net of cash acquired)	18	21,265	-
		31,517	8,424
Net cash inflows/(outflows) from investing activities		(27,062)	200
Cash flows from financing activities			
Cash was provided from:			
Share capital issued	4	963	720
Drawdown on term loan	11	21,769	-
Net movement on call loan	11	10,000	-
		32,732	720
Cash was applied to:			
Share capital repaid	4	1,388	657
Principal elements of lease payments		15,057	14,935
Net movement on call loan	11	-	12,500
Repayment of term loans	11	5,500	3,706
		21,945	31,798
Net cash inflows/(outflows) from financing activities		10,787	(31,078)
Net increase/(decrease) in cash held		(78)	(4,788)
Cash on hand at beginning of year		2,229	7,017
Cash on hand at the end of the year		2,151	2,229

The accompanying notes form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

1 General information

1.1 Reporting entity

Farmlands Co-operative Society Limited (the Society) is a New Zealand-based rural supplies and services co-operative. Together with its subsidiaries (the Group), it provides a broad range of products and services through retail stores, card partners, energy solutions, and a national fuel distribution network via joint ventures (Fern Energy Limited and Flex Energy Limited). The Group also offers nutrition solutions and grain and seed products.

The Group's primary objective is to reduce farmers' costs by means of a collective buying group. For financial reporting purposes, it is classified as a for-profit entity.

These Consolidated Financial Statements represent the financial position and performance of the Group comprising Farmlands Co-operative Society Limited and its controlled entities. The Society is incorporated under the Industrial and Provident Societies Act 1908.

These Consolidated Financial Statements are authorised for issue by the board of directors on 16 September 2026.

1.2 Statutory base

The Consolidated Financial Statements have been prepared in accordance with the requirements of the Industrial and Provident Societies Act 1908 and the Financial Markets Conduct Act 2013. The Society and Group are non-exempt entities under the Financial Markets Conduct Act 2013 (FMCA). As the Group reports under the FMCA, Group only financial statements have been prepared.

1.3 Key accounting estimates and judgements

Key assumptions concerning the sources of estimation at the reporting date that may have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are described in the note or policy to which they relate. These include revenue judgements (including principal versus agent considerations) and estimates, doubtful debt provisioning, the net realisable value of inventories, fair value determination for acquisition of subsidiary (including both identifying and measuring separately identifiable intangible assets and fair value of contingent consideration) and recognition of deferred tax assets for accumulated tax losses. The Group bases its assumptions and estimates on historical experience and other factors such as future expectations at the time the Consolidated Financial Statements are prepared.

1.4 Basis of preparation

These Consolidated Financial Statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for for-profit entities. They also comply with IFRS Accounting Standards (IFRS).

These Consolidated Financial Statements are presented in New Zealand dollars (\$) which is the Group's reporting currency. Unless otherwise stated, all financial information presented in New Zealand dollars has been rounded to the nearest thousand, (\$000).

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Group. A summary of material accounting policy information is included at Note 20.

1.5 New Accounting standards

No new accounting standards have materially impacted the preparation of these Consolidated Financial Statements.

1.6 Accounting standards issued but not yet effective

A number of new accounting standards will be effective for the Group for periods beginning after 30 June 2026. NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (NZ IFRS 18) was issued in May 2024 and is effective for the Group's 30 June 2028 reporting period (with 2027 comparatives). Entities can early adopt this accounting standard. NZ IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements and is expected to impact the way the Group's Consolidated Financial Statements are presented. The Group is continuing to assess NZ IFRS 18's full impact.

1.7 Basis of consolidation

All material transactions between subsidiaries or between the Group and subsidiaries are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the date of acquisition or up to the date of disposal.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Group. The Group controls an entity

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

1.7 Basis of consolidation (continued)

when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Group. Acquisition of subsidiaries are accounted for using the acquisition method. The costs of acquisition are accounted for using the acquisition method. Consideration transferred is measured at fair value at the acquisition date and includes the fair value of any contingent consideration. Acquisition-related costs are recognised in profit or loss as incurred. Contingent consideration classified as a financial liability is subsequently measured at fair value, with changes in fair value recognised in profit or loss, except for measurement period adjustments.

Associates and joint ventures are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Associates and joint ventures are accounted for using the equity method. The Consolidated Financial Statements include the Group's share of the income and expenses of any such equity accounted investees. The carrying value of equity accounted investees is reviewed where any indicators of impairment are present. Refer to Note 7.

1.8 Going concern

During the year, the Group renewed its syndicated banking facilities. While a portion of the facilities are due for renewal in May 2027 (refer to Note 11), the Directors have considered the Group's forecast cash flows, available funding facilities and ongoing support from its lending syndicate in concluding that the going concern basis of preparation remains appropriate. \$39,500k of the on-demand overdraft facility and the working capital facilities were undrawn at 30 June 2026 (2025: \$49,500k). At balance date, current liabilities exceed current assets by \$22,991k due to the reclassification of term loan bank borrowings as current due to contractual maturity within 12 months of balance date.

The Group has positive total net assets, operating cash inflows and cash position.

2 Revenue, gross turnover, other income and other operating expenses

	2026 \$000	2025 \$000
Revenue from contracts with customers:		
Rural supplies	867,530	793,039
Card	26,215	25,190
Other	28,252	29,095
Total revenue from contracts with customers	921,997	847,324
Interest earned on short-term bank deposits	352	397
Dividend income	2	-
Gain on disposal of property, plant and equipment	155	1,214
Other income	509	1,611
Gross turnover generated is comprised as follows:		
	2026 \$000	2025 \$000
Gross turnover generated	2,771,594	2,554,966
Less turnover as agent	(1,764,176)	(1,625,350)
Less rebates to members	(85,067)	(81,895)
Less dividend income	(2)	-
Less interest earned on short-term bank deposits	(352)	(397)
Total Revenue	921,997	847,324

The Group's gross turnover represents the total value generated from the sale of goods and services (excluding GST) by the Group as Agent, as Principal in accordance with NZ IFRS and revenue from other sources. The Group has disclosed total gross turnover generated as the directors believe this provides members and other interested parties with a clearer understanding of the scale of operations and member engagement.

For sales of goods or services under an agency relationship, the recognised revenue is commission and other fees agreed.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

2 Revenue, gross turnover, other income and other operating expenses (continued)

	2026 \$000	2025 \$000
Other operating expenses include:		
Audit and review of the financial statements:	373	326
	373	326
Other assurance services:		
- Reasonable assurance engagement over share register	9	8
Total fees incurred for services provided by Auditors	382	334

As part of the audit of the Group's Consolidated Financial Statements the Group's auditor also performs audit services for the Group's joint ventures, which incurred \$58k (2025: \$55k).

	Notes	2026 \$000	2025 \$000
Bad debts		69	130
Directors' fees	13	781	800
Employee entitlements		110,233	102,425
Increase/(decrease) in stock obsolescence provision	6	104	(3,569)
Increase/(decrease) in provision for doubtful debts	5	(36)	(982)
Short term lease expense - property	10	462	658
Short term expense - vehicles	10	694	926

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

3 Income tax

	Note	2026 \$000	2025 \$000
Operating profit before income tax		4,531	2,070
Permanent differences			
Expenditure not deductible for income tax		1,685	(2,427)
Operating profit/(loss) adjusted for permanent differences		6,216	(357)
Tax expense/(benefit) @28%		1,740	(100)
Tax impact of imputation credits		(1,361)	(1,128)
Tax losses (recognised)/derecognised		(17,300)	1,597
Prior period adjustment		238	(1,052)
Income tax (benefit)/expense		(16,683)	(683)
Comprising:			
Current tax (benefit)/expense		(23)	-
Deferred tax (benefit)/expense		(16,660)	(683)
		(16,683)	(683)
Deferred tax asset/(liability)			
Balance at beginning of year		-	(683)
Current year movement		16,660	683
Acquired in business combination	18	230	-
Balance at end of year		16,890	-
Comprising tax effect of:			
Employee entitlements		2,823	2,211
Inventory and sundry provisions		1,768	1,469
Property, plant and equipment differences		(8,915)	(10,246)
Income tax losses carried forward		18,834	4,196
Revenue in advance		1,469	1,360
Leased assets		911	1,010
		16,890	-

At balance date the Group has (tax effected) tax losses of \$18,834k (2025: \$21,409k). These losses were primarily caused by the accelerated tax depreciation of the Group's ERP project (completed in 2020) and the supply chain transformation program (completed in 2024).

In 2024 the Group partially derecognised previously recognised tax losses, reflecting uncertainty at that time over the period in which they would be utilised. In 2026, the Group reassessed the recoverability of its tax losses in accordance with NZ IAS 12. Based on recent trading performance, and projections of future taxable profits, the Group concluded that it is probable that the full amount will be utilised in the medium term and has recognised the remaining deferred tax asset accordingly. This recognition contributes \$17,300k towards the Group's total income tax benefit of \$16,683k for the year. The recognition reflects an updated assessment of the probability that sufficient future taxable profits will be available and does not itself change the quantum of tax losses available to the Group. In 2025, the Group recognised a deferred tax asset of \$4,196k in respect of tax losses. This amount was supported by deferred tax liabilities arising on other temporary differences and resulted in a net deferred tax position of nil at 30 June 2025.

The Group may attach imputation credits to dividends paid or bonus shares issued which represent the tax already paid by the Group on profits. Due to no dividends being paid during the period, no imputation credits were allocated (2025: nil). Imputation credits available for future use \$9,794k (2025: \$7,299k).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

4 Share Capital

	Shareholders	Shares 000's	Share Capital \$000
2026			
Balance at 1 July 2025	80,008	122,274	122,274
Plus: new shareholders during the year	1,997	963	963
Less: co-operative shares surrendered	(964)	(1,388)	(1,388)
Balance at the end of year	81,041	121,849	121,849
	Shareholders	Shares 000's	Share Capital \$000
2025			
Balance at 1 July 2024	79,057	122,211	122,211
Plus: new shareholders during the year	1,497	720	720
Less: co-operative shares surrendered	(546)	(657)	(657)
Balance at the end of year	80,008	122,274	122,274

All shares rank equally, with one vote attached to each fully paid share. To exercise voting rights the shareholder must be a transacting shareholder and not be in default of any obligations to the Group.

A deceased estate or a shareholder who has ceased being a transacting shareholder, may request the surrender of their co-operative shares at nominal value. The Board may refuse to accept a surrender of shares.

If a request to surrender has been accepted, the consideration can be paid in one sum or in instalments, provided that the full consideration be paid within 5 years. Where the Board has required the surrender of the shares, the consideration must be paid within three months.

5 Trade and other receivables

	Notes	2026 \$000	2025 \$000
Trade receivables		249,573	212,086
Less provision for doubtful debts		(1,489)	(1,525)
Other receivables		14,389	13,581
Receivables from joint venture	13	874	1,098
Prepayments		5,947	5,885
		269,294	231,125
Provision for doubtful debts			
Balance at beginning of year		1,525	2,507
Increase/(decrease) in provision	2	(36)	(982)
Balance at end of year		1,489	1,525

Trade receivables include amounts due from customers for goods and services provided by the Group, as well as purchases made through the Group's partner network. Partner-related receivables typically represent 50–60% of total trade receivables, consistent with the Group's trading activity. Based on historical debtor collection trends, the Group considers that there is no material difference in credit risk profile between the different sales channels and therefore provides against total overdue balances rather than specifically based on transaction type.

Other receivables include amounts due from suppliers, including supplier rebates, interest receivable from bank deposits and receivables.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

5 Trade and other receivables (continued)

Trade receivables ageing are as follows:

30 June 2026	Current \$000	0-30 days \$000	31-60 days \$000	61+ days \$000	Total \$000
Trade receivables	244,949	2,684	267	1,673	249,573
Provision	185	0	114	1,190	1,489
Expected loss rate	0.08%	0.00%	42.77%	71.17%	0.60%
30 June 2025	Current \$000	0-30 days \$000	31-60 days \$000	61+ days \$000	Total \$000
Trade receivables	206,175	3,899	553	1,459	212,086
Provision	363	0	146	1,016	1,525
Expected loss rate	0.18%	0.00%	26.43%	69.68%	0.72%

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2026 or 30 June 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information and macroeconomic factors affecting the ability of the customers to settle the trade receivables. The Group has identified the GDP and the unemployment rate of New Zealand in which it sells its goods and services to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group applies the simplified approach under NZ IFRS 9 Financial Instruments to measure expected credit losses (ECL), using a lifetime expected loss allowance for trade receivables. A review of alternative models confirmed that applying the general approach would not result in a materially different outcome.

6 Inventories

	2026 \$000	2025 \$000
Farm merchandise	110,776	103,966
Raw materials	14,051	8,675
Finished goods	17,394	10,521
Other inventory	1,273	805
Inventory provision	(2,864)	(2,760)
	140,630	121,207

Inventories comprise farm merchandise in retail branches and distribution centres, with raw materials and finished goods held at manufacturing locations. All inventories are pledged as security to the Group's bankers. \$9,877k of inventory was acquired as part of the Donaghys acquisition (refer to Note 18).

At balance date, the Group had purchase commitments of \$115,077k for goods for resale (2025: \$98,602k). At balance date, the Group has no impairment of future purchase commitments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

7 Investments

Investment in Fern Energy Limited (joint venture)

The Group holds a 50% ownership interest in Fern Energy, which is a national fuel distributor.

The joint venture is accounted for using the equity method. The Group has determined that it exercises joint control as pursuant to a shareholder agreement, the Group has the right to cast 50% of the votes at shareholder meetings and by virtue of its contractual right to appoint 2 of the 4 directors.

The following table summarises the financial information of Fern Energy:

	Note	Fern Energy Limited	
		2026 \$000	2025 \$000
Current assets		57,798	37,418
Non-current assets		104,918	105,942
Current liabilities		(83,037)	(57,665)
Non-current liabilities		(39,029)	(45,953)
Equity attributable to owners of Fern Energy		40,650	39,742
Revenue		499,238	541,112
Profit after tax for the year		8,114	6,600
Group share of profit		4,057	3,300
Net dividends received from joint venture during the year*		3,500	2,900
Equity Investment			
Balance at start of year		24,876	24,476
Share of profit		4,057	3,300
Dividend received		(3,500)	(2,900)
Balance at end of year		25,433	24,876

*2026 dividend: Nil receivable (2025 dividend: \$800k receivable and is included as part of the receivables from joint ventures in Note 5).

Investment in Flex Energy Limited (joint venture)

The Group holds a 50% ownership interest in Flex Energy Limited (trading as Farmlands FLEX), which provides rural businesses with an energy system designed specifically for rural New Zealand.

The joint venture is accounted for using the equity method. The Group has determined that it exercises joint control as pursuant to a shareholder agreement, the Group has the right to cast 50% of the votes at shareholder meetings and by virtue of its contractual right to appoint 1 of 2 directors.

The contribution from Flex Energy was not material for the year ended 30 June 2026 (2025: not material).

Impairment testing

The Group reviews the recoverable amount of its investments at each balance date. The recoverable amount is the higher of an asset's fair value less costs to sell, and present value of future cash flows expected to be generated by the assets (also known as value in use). If the carrying value of an asset exceeds the recoverable amount, an impairment expense is recognised in the Consolidated Income Statement.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

8 Property, plant and equipment

2026	Freehold Land \$000	Buildings \$000	Motor Vehicles \$000	Plant & Equipment \$000	Work in Progress \$000	Total \$000
At 1 July 2025						
Cost	10,830	35,708	5,576	91,571	1,617	145,302
Accumulated depreciation	-	(6,779)	(4,045)	(60,314)	-	(71,138)
Net book value	10,830	28,929	1,531	31,257	1,617	74,164
Additions	-	-	-	-	5,856	5,856
Acquired in business combination	-	838	-	1,741	121	2,700
Transfers	-	252	389	4,853	(5,494)	-
Disposals	-	(13)	(60)	(55)	-	(128)
Depreciation	-	(1,198)	(289)	(6,434)	-	(7,921)
Closing net book value	10,830	28,808	1,571	31,362	2,100	74,671
At 30 June 2026						
Cost	10,830	36,176	5,422	96,278	2,100	150,806
Accumulated depreciation	-	(7,368)	(3,850)	(64,916)	-	(76,135)
Net book value	10,830	28,808	1,571	31,362	2,100	74,671
2025	Freehold Land \$000	Buildings \$000	Motor Vehicles \$000	Plant & Equipment \$000	Work in Progress \$000	Total \$000
At 1 July 2024						
Cost	11,829	36,562	5,317	89,822	601	144,132
Accumulated depreciation	-	(5,619)	(3,779)	(53,888)	-	(63,286)
Net book value	11,829	30,944	1,538	35,934	601	80,846
Additions	-	-	-	416	5,074	5,490
Transfers	1,000	1,164	264	1,670	(4,058)	40
Disposals	(1,999)	(2,019)	(5)	(337)	-	(4,360)
Depreciation	-	(1,160)	(266)	(6,426)	-	(7,852)
Closing net book value	10,830	28,929	1,531	31,257	1,617	74,164

Freehold land is not depreciated. Depreciation is calculated using the following rates and methods:

Buildings	15- 50 years	Straight Line
Plant & equipment	2 - 33 years	Straight Line
Motor vehicles	5 - 14 years	Straight Line

Plant & equipment includes tenant leasehold improvements. Depreciation on leasehold improvements is charged at the lower of the estimated useful life and the lease term. Work in progress is depreciated when the asset is available for its intended use and concurrently placed into one of the asset categories above.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

9 Intangible Assets

2026	Software \$000	Goodwill \$000	**Other intangibles \$000	Total \$000
At 1 July 2025				
Cost	57,066	8,896	-	65,962
Accumulated amortisation / impairment	(33,370)	(250)	-	(33,620)
Net book value	23,696	8,646	-	32,342
Additions	4,311	-	85	4,396
Acquired in business combination*	39	8,454	9,353	17,846
Transfers	-	-	-	-
Disposals	(430)	-	-	(430)
Amortisation	(5,590)	-	(96)	(5,686)
Closing net book value	22,026	17,100	9,342	48,468
At 30 June 2026				
Cost	60,110	17,350	9,438	86,898
Accumulated amortisation	(38,084)	(250)	(96)	(38,430)
Net book value	22,026	17,100	9,342	48,468
2025	Software \$000	Goodwill \$000	**Other intangibles \$000	Total \$000
At 1 July 2024				
Cost	54,172	8,896	-	63,068
Accumulated amortisation / impairment	(28,775)	(250)	-	(29,025)
Net book value	25,397	8,646	-	34,043
Additions	2,934	-	-	2,934
Transfers to property, plant and equipment	(40)	-	-	(40)
Amortisation	(4,595)	-	-	(4,595)
Closing net book value	23,696	8,646	-	32,342

* Fair value of intangible assets acquired in business combination are provisional (refer Note 18).

** Comprising patents, registration and product development costs.

Impairment testing

Goodwill has been tested for impairment based on value-in-use calculations for operational cash generating units using discounted five-year cash flow projections and the board approved 2027 budget. The Group has applied a discount rate of 10.6% (2025: 10.6%) and terminal growth of 2.2% (2025: 2.0%). The calculations use past experience and expectations for future. The recoverable amount of the cash generating units exceeds carrying value, and no reasonably possible change in the cashflows, discount rate or terminal growth rate used would cause the carrying amount to exceed the recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

10 Leases

This note provides information for leases where the Group is a lessee.

Right-of-use assets	Buildings	Vehicles	Total
2026	\$000	\$000	\$000
At 1 July 2025	32,258	8,694	40,952
Additions	4,432	741	5,173
Acquired in business combination (Note 18)	2,259	564	2,823
Depreciation	(12,395)	(2,817)	(15,212)
Modification to lease terms	8,047	(44)	8,003
Variable lease payments adjustments	394	(322)	72
Closing balance 30 June 2026	34,995	6,816	41,811
2025			
At 1 July 2024	31,522	8,749	40,271
Additions	3,965	2,156	6,121
Depreciation	(12,156)	(2,485)	(14,641)
Modification to lease terms	8,418	-	8,418
Variable lease payments adjustments	509	274	783
Closing balance 30 June 2025	32,258	8,694	40,952
Lease liabilities	Buildings	Vehicles	Total
2026	\$000	\$000	\$000
At 1 July 2025	35,883	8,950	44,833
Additions	4,432	741	5,173
Acquired in business combination (Note 18)	2,259	564	2,823
Interest expense	1,654	449	2,103
Modification to lease terms	7,825	(32)	7,793
Variable lease payment adjustments	928	83	1,011
Lease payments	(14,658)	(3,231)	(17,889)
Closing balance 30 June 2026	38,323	7,524	45,847
Current	13,695	3,256	16,951
Non-current	24,628	4,268	28,896
	38,323	7,524	45,847
2025			
At 1 July 2024	35,471	8,973	44,444
Additions	4,465	2,157	6,622
Interest expense	1,435	544	1,979
Modification to lease terms	8,418	-	8,418
Variable lease payment adjustments	509	249	758
Lease payments	(14,415)	(2,973)	(17,388)
Closing balance 30 June 2025	35,883	8,950	44,833
Current	11,996	2,578	14,574
Non-current	23,887	6,371	30,258
	35,883	8,950	44,833

The maturity analysis of lease liabilities is presented in Note 14.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

10 Leases (continued)

Amounts recognised in the Consolidated Income Statement

	2026 \$000	2025 \$000
Depreciation - Right-of-use assets	15,212	14,641
Interest - Lease liabilities	2,103	1,979
Expense relating to short-term leases	1,156	1,584

The total cash outflow for the leases in 2026 was \$18,316k (2025: \$18,497k).

The Group's lease arrangements have right of renewal options for varying terms. The average lease term for building leases, including expected renewals, is 2.5 years (2025: 2.4 years). The average lease term for vehicles is 2.2 years (2025: 3.2 years).

11 Bank Borrowing

The overdraft and other borrowings from ASB Bank Limited and Coöperatieve Rabobank U.A., New Zealand Branch, are secured by a General Security Agreement (GSA) over all Group assets. There are no registered mortgages held over the Group's properties. Interest rates varied from 3.9% to 5.4% for the financial year (2025: 4.9% to 7.7%).

Following an amendment on 30 March 2026, the Group has the following facilities until 30 March 2029 (2025: 29 October 2026):

- On-demand overdraft facility of \$10,000k (2025: \$10,000k) as at 30 June 2026, which is unutilised at year end (2025: unutilised);
- Working capital facilities of \$110,000k (2025: \$110,000k) as at 30 June 2026, of which \$29,500k are unutilised at year end (2025: \$39,500k);

With Term loan facilities available, which are being repaid in-line with the terms of the facility and have balances of, respectively as at 30 June 2026:

- \$14,529k (2025: \$16,794k) until 30 March 2029 (2025: 29 October 2026);
- \$24,027k (2025: \$27,262k) until 31 May 2027 and therefore classified as current (2025: 18 March 2027); and
- \$21,769k (2025: nil) until 30 March 2029 (2025: not applicable) with an additional \$6,231k available for further costs relating to the purchase of Donaghys Limited (refer to Note 18).

Current liabilities include \$109,409k of the Group's bank borrowing facilities (2025: \$75,794k), which had a term expiring within 12 months of balance date.

	Borrowing < 1-year \$000	Borrowing >1-year \$000	Borrowing Total \$000
Borrowing as at 1 July 2025	75,794	38,762	114,556
Drawdown Term Loan	2,000	19,769	21,769
Term loan amortisation	(5,500)	-	(5,500)
Term Loan transfer to current	27,115	(27,115)	-
Net movement on call loan	10,000	-	10,000
Borrowing as at 30 June 2026	109,409	31,416	140,825

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

12 Trade and other payables

	2026 \$000	2025 \$000
Trade payables	260,387	221,097
Revenue in advance	5,421	5,069
	265,808	226,166

13 Related party transactions

Balances and transactions between the Society and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below.

Material trading subsidiaries

	Equity Holding	
	2026	2025
Donaghys Limited (acquired 31 March 2026)	100%	-
Seales Winslow Limited	100%	100%

All subsidiary entities have a balance date of 30 June. All subsidiary entities are incorporated in New Zealand.

Joint Ventures

	2026	2025
Fern Energy Limited (Fern Energy)	50%	50%
Flex Energy Limited (Flex Energy) (incorporated 2 April 2025)	50%	50%

During the year the Group entered into the following transactions with its Joint Ventures:

	2026 \$000	2025 \$000
Turnover as agent	112,406	88,227
Sale of goods & services	924	584
Purchase of goods & services	1,918	1,498
Amounts owed to Joint Ventures by the Group	10,617	6,244
Amounts owed by Joint Ventures to the Group	874	1,054

Farmlands operates billing arrangements with its joint ventures, where sales are charged through Farmlands accounts on an agency basis and recognised as turnover. Purchases are made at market price, subject to the commercial relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions (2025: no provisions) have been made for doubtful debts in respect of the amounts owed by related parties.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

13 Related party transactions (continued)

Other related parties

All transactions with related parties, including directors and key management personnel are made on normal commercial terms and conditions. No related party debts were forgiven or written off during the year.

Compensation paid or payable to key management personnel as short-term benefits was \$5,397k (2025: \$5,572k).

Directors' information

The names of the directors of the Group in office during and at the end of the period:

	Remuneration	
	2026 \$000	2025 \$000
R J Hewett, Lawrence (Chair)	164	159
J A Bohnenn, Moana, Independent (Chair of the Audit & Risk Management Committee)	85	83
Dr. C R Nicholson, Mt Maunganui (Chair of People & Performance Committee)	85	83
G W Baldwin, Putaruru	80	77
W Clarke, Clinton	80	77
C J Dennison, Oamaru (retired August 2025)	7	78
J Journee, Auckland, Independent	80	83
MO'Donnell, Hamilton, Independent	80	77
A Priest, Te Awanga (appointed January 2026)	40	-
H D Sangster, Ranfurly	80	83
	781	800

All directors are ordinarily resident in New Zealand.

Directors' insurance

Farmlands Co-operative Society Limited and its subsidiaries have arranged policies of directors' liability insurance.

Directors' benefits

No director of the Group has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total emoluments received or due and receivable by directors shown in the Group Consolidated Financial Statements) other than normal rebates received by them as shareholders as a result of trading with the Group in the same manner as all other shareholders.

Use of information

There were no notices from directors of the Group requesting to use Group information received in their capacity as directors which would not otherwise have been available to them.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

14 Financial risk management

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk.

Market risk

The directors are of the opinion that the Group's exposure to market risk at balance date is defined as:

<i>Risk factor</i>	<i>Description</i>	<i>Sensitivity</i>
i) Currency risk	No significant assets are denominated in overseas currencies	Immaterial
ii) Interest rate risk	Exposure to changes in interest rates of bank borrowings	As below
iii) Other price risk	No securities are bought, sold or traded	Nil

Interest rate risk

The short-term deposits are at the ruling overnight rate and mature within one month. The interest rate on the Group's bank borrowings averages 4.9% (2025: 6.3%). Interest rates on current borrowing can be reviewed based on movements in wholesale interest rates at the lender's discretion. Interest rate risk on bank borrowing is managed by maximising bank loan facilities (with lower interest rates) and minimising the use of the bank overdraft facility (which has a higher interest rate). The Group has interest rate swaps to manage exposure to variable interest rates.

A 1.00% (100bps) increase/decrease in bank interest rates over the past 12 months would have led to an increase/decrease to interest expense by +/- \$815k (2025: +/- \$998k).

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash and trade receivables. Sales to members are a large component of the Group's credit risk. The maximum exposure to credit risk is equal to the carrying values in the Consolidated Balance Sheet plus the total value of any undrawn credit facilities.

The Group's cash and cash equivalents are only placed with registered banking institutions.

Trade receivables are presented net of the allowance for expected credit losses. Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas. Accordingly, the directors believe the Group has no significant concentration of credit risk. The amount that represents the maximum exposure to credit risk for a single debtor as at 30 June 2026 is a trade customer of \$2,999k (2025: \$1,229k) (this has subsequently been received).

As at 30 June 2026 past due trade receivables were \$4,624k (2025: \$5,911k) which are amounts that are overdue from the normal due date of payment by the debtor. Security in respect of the debts is with registered securities on the Personal Property Securities Register on the trade receivables for a portion of these debts. Secured collateral totals nil (2025: nil) with the remaining balance of trade being unsecured. To mitigate credit risk the Group can offset any member's impaired receivable balance against the member's share capital.

The Group manages the exposure to credit risk by setting and reviewing credit limits for accounts with reference to performance of specific industry segments. Customer limits are reviewed and adjusted on an ongoing basis. There are monitoring systems in place to control exposure to individual customers. The Group continuously monitors its credit risk by review of irregular or delinquent accounts. The credit management and credit control teams have specific responsibility for the management of credit limits and management of delinquent accounts respectively within approved delegated authorities.

Trade receivables that are impaired as at 30 June 2026 were \$1,412k (2025: \$1,980k) and are impaired because the amounts are significantly overdue. The provision for doubtful debts of \$1,489k (2025: \$1,525k) substantially provides for potential losses on these receivables.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

14 Financial risk management (continued)

Undrawn credit commitments

The maximum credit exposure of the Group is the full amount of the commitment to extend credit, with approved terms designed to manage individual customer peaks and troughs throughout the year. Credit extended to customers are revocable commitments as they can be cancelled at any time.

The credit exposure of revocable commitments will vary day to day impacted by seasonal trading patterns. The undrawn credit commitments are in a range of \$1.7 to \$1.9 billion during the year (2025: \$1.7 to \$1.9 billion). The utilisation of the total facility ranges between 8% to 20% (2025: 8% to 19%).

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments as they fall due. Management maintains sufficient cash and marketable securities and the availability of funding through an adequate amount of committed revolving credit facilities.

The non-discounted contractual cash flows are as follows:

30 June 2026	0-1 years \$000	1-2 years \$000	2-5 years \$000	5+ years \$000	Total \$000
Group liabilities					
Trade and other payables	265,808	-	-	-	265,808
Bank borrowing	110,823	7,740	24,994	-	143,557
GST payable	31,341	-	-	-	31,341
Lease liabilities	16,951	11,832	14,440	6,335	49,558
Derivatives	373	25	-	-	398
	425,296	19,597	39,434	6,335	490,662

30 June 2025	0-1 years \$000	1-2 years \$000	2-5 years \$000	5+ years \$000	Total \$000
Group liabilities					
Trade and other payables	221,097	-	-	-	221,097
Bank borrowing	78,002	40,139	-	-	118,141
GST payable	28,637	-	-	-	28,637
Lease liabilities	15,050	10,943	14,989	7,472	48,454
Derivatives	410	261	-	-	671
	343,196	51,343	14,989	7,472	417,000

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

15 Management of capital

The objectives of the Group when managing capital are to safeguard the Group's ability to continue as a going concern so it can continue to provide competition for products and services in the rural sector and to maintain a strong capital base to support the development of its business. The Group meets its objectives through a mix of funds comprising share capital, retained earnings and reserves, and facilities provided by its Banking Syndicate. The facilities provided by the Banking Syndicate carry certain financial & reporting covenants. The Group is compliant with all covenants.

Financial Covenant Metric	Threshold	Effective Period
(Trade receivables less >90-day receivables + stock) / Total borrowings	> 2.0	Quarterly testing
Adjusted EBITDA / Net interest expense	> 2.0	Quarterly testing
Net senior debt / Adjusted 12 month rolling EBITDA	< 4.0	Quarterly testing

Note: Adjusted EBITDA includes earnings before interest, tax, depreciation and amortisation, adjusted for certain non-cash transactions and the impact of IFRS 16 Leases.

Net senior debt includes Term Loan facilities less cash with the Banking Syndicate, and, if the Working capital facilities have not been cleared down for five consecutive days in the testing quarter, the Working capital facilities and overdraft facility.

There were no breaches of financial covenants during the year ended 30 June 2026 (2025: no breaches).

16 Categories of financial assets and liabilities

	2026 \$000	2025 \$000
Financial assets		
Cash and cash equivalents at amortised cost	2,151	2,229
Trade receivables at amortised cost	263,348	225,240
Derivatives at fair value	61	-
	265,560	227,469
	2026 \$000	2025 \$000
Financial liabilities		
Trade payables at amortised cost	260,387	221,097
Bank borrowing at amortised cost	140,825	114,556
Derivatives at fair value	398	671
Lease liabilities	45,847	44,833
	447,457	381,157

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

17 Reconciliation of profit after tax to cash flow from operating activities

	Notes	2026 \$000	2025 \$000
Net profit/(loss) after income tax		21,214	2,753
Plus / (less) non-cash / non-operating items			
Depreciation and amortisation	8,9,10	28,819	27,088
Net (gain) / loss on disposal of assets		403	(1,214)
Increase / (decrease) in provisions	2	68	(4,551)
Share of profits in associates	7	(4,057)	(3,300)
Fair value of derivatives		(213)	644
(Increase) / decrease in deferred taxation	3	(16,660)	(683)
Operating cashflows before movements in working capital		8,360	17,984
Plus / (less) movements in working capital items			
(Increase) / decrease in operating trade and other receivables		(39,531)	(7,401)
Increase / (decrease) in operating trade and other payables		33,272	16,964
Increase / (decrease) in GST payable		2,704	(996)
Increase / (decrease) in employee entitlements		2,221	3,627
Increase / (decrease) in income tax payable		(101)	-
(Increase) / decrease in inventories		(19,527)	(6,992)
Working capital items acquired	18	6,785	-
Working capital items shown in investing		800	150
Net increase in working capital		(13,377)	5,352
Net cash inflow from operating activities		16,197	26,090

18 Acquisition of subsidiary

Background of the acquisition:

On 31 March 2026, the Group acquired 100% of the shares and voting interests in Donaghys Limited (Donaghys). The acquisition of Donaghys strengthens the Group's position in animal health through expanded manufacturing capability, product innovation and technical expertise, and will deliver improved supply security, operating efficiencies and long-term value for customers and shareholders.

The Group has not yet finalised the fair value of acquired other intangible assets, including product development & patents, brand and customer relationships, and property, plant and equipment which remain subject to completion. As a result, goodwill has been provisionally recognised at \$8,454k.

If new information is acquired within one year of the acquisition about facts and circumstances that existed at the time of acquisition, or any additional provisions existed at the date of acquisition, then the accounting for the acquisition will be revised and if material could result in adjustment to the 2026 results.

Donaghys result for quarter ending June 2026

Donaghys generated revenue of \$5,893k and a net loss after tax of \$193k for the period post acquisition, prior to consolidation adjustments.

On consolidation \$2,805k of sales to Farmlands have been eliminated along with, \$800k of profit included in inventory held by Farmlands at 30 June 2026 as unrealised profit, reducing the contribution recognised by the Group to a loss of \$983k.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

18 Acquisition of subsidiary (continued)

Separately from Donaghys' trading result above, the Group incurred \$815k of costs directly related to the acquisition, which have been included within operating expenses in the Consolidated Income Statement. The Group also incurred \$200k of interest expense on debt drawn to fund the acquisition.

Consideration transferred:

	\$000
Cash paid to vendor	21,869
Settlement of pre-existing relationship	(502)
Less working capital adjustment and indebtedness adjustment	(202)
Contingent consideration	7,000
Total consideration	28,165

Total cash paid at balance date	21,869
Less cash acquired	(604)

Acquisition of subsidiary (net of cash acquired)	21,265
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The Group and Donaghys had existing supply relationships with the net amount of \$502k owed by the Group to Donaghys at acquisition. This pre-existing relationship was effectively terminated when the Group acquired Donaghys and the acquisition price has been reduced to reflect the theoretical settlement of the existing relationship, as required by the accounting standards.

The consideration includes contingent consideration not exceeding \$7,000k, representing an earn-out arrangement payable to the vendors if specified financial performance targets are achieved within 15 months following acquisition. As at 30 June 2026, achievement of the full \$7,000k earn-out is considered highly likely and the contingent consideration therefore provisionally recognised at its estimated fair value of \$7,000k.

The fair value measurement includes management's assessment of the probability of achieving the performance targets and therefore involves judgement and estimation. Should actual performance differ from current expectations, the amount ultimately payable may differ from the amount recognised. Any subsequent remeasurement of the contingent consideration liability will be recognised in profit or loss.

Identifiable assets acquired and liabilities assumed:

The following table summarises the provisional fair values of major classes of assets acquired and liabilities assumed at acquisition:

	Notes	31 March 2026 \$000
Cash and cash equivalents		604
Trade and other receivables		2,739
Inventory		9,877
Property, plant and equipment	8	2,700
Intangible assets	9	9,392
Right-of-use assets	10	2,823
Trade and other payables		(4,858)
Employee entitlements		(725)
Lease liabilities	10	(2,823)
Income tax payable		(248)
Deferred tax asset	3	230
Total identifiable net assets acquired		19,711
Provisional goodwill		8,454
Total consideration		28,165

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

18 Acquisition of subsidiary (continued)

Measurement of fair values:

Asset acquired

Trade and other receivables	The contractual amount of gross trade receivables due totalled \$2,396k (excluding trade receivables from the Group and prepayments), of which the entire amount is expected to be collected.
Inventory	The fair value of finished goods has been determined after considering the estimated selling price in the ordinary course of business less estimated costs of completion and sale and a reasonable profit margin for effort required to complete and sell the inventory.
Intangible assets	The Group has not yet finalised the fair value of identifiable intangible assets, including Product/ACVM registrations, brand and customer relationships. Pending receipt of the final valuation, other intangibles have been recognised at a provisional amount of \$9,392k, while fair values for the brand and customer relationships have not yet been determined. As a result, goodwill has been provisionally recognised at \$8,454k and may be adjusted during the measurement period as additional information becomes available about facts and circumstances existing at the acquisition date.
Property, plant and equipment	The Group has not yet finalised the fair value of identifiable property, plant and equipment assets, in particular plant and equipment, and may be adjusted during the measurement period as additional information becomes available about facts and circumstances existing at the acquisition date.

19 Events subsequent to balance date

In September 2026 the Banking Syndicate approved a further \$10,000k seasonal working capital increase to the on-demand overdraft facility. No other events have occurred subsequent to balance date that would impact these Consolidated Financial Statements (2025: none).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

20 Summary of material accounting policy information

20.1 Summary of material accounting policy information

a) Revenue from contracts with customers

Farmlands rural supplies:

The Group operates rural supply stores nationwide selling farming supplies and equipment. Sale of rural supplies also includes feed, fertiliser, grain and seed. Revenue from the sale of rural supplies is recognised when control of the product has transferred to the customer, being when the customer picks the goods up from the store, or when the products are delivered to the customer. The monthly rebates paid to customers are a sales discount under NZ IFRS 15 *Revenue from Contracts with Customers* and is part of the sales transaction price rather than an operating expense. Customers are entitled to monthly rebates if accounts are paid by the due date.

Farmlands card:

The Group offers a transaction card that can be used at more than 7,000 Farmlands card partner locations across New Zealand as well as at Farmlands stores. The Group is not a principal in the card partner transactions as it does not obtain sufficient control of the goods or services, instead the Group is an agent and therefore does not recognise the gross turnover on card transactions. The Group only recognises administration and other agreed fees from the card partners as revenue. The Group has negotiated discounts and rebates with card partners.

Other revenue:

Other revenue includes commission and fees received from agency relationships with third parties for agricultural supplies and services and annual card fee revenue from members. Commission and administration fees received are deducted from the gross amounts payable to the principal of the transaction. Annual card fee revenue is recognised over the period which the Cardholder can receive discounts and rebates from use of the Farmlands Card.

b) Other income

Other income includes interest earned on bank deposits and gains on the disposal of property, plant and equipment. The interest is recognised using the effective interest method.

c) Property, plant and equipment

Buildings, motor vehicles and plant & equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Income Statement during the financial period in which they are incurred. Residual values and useful lives are reviewed at least annually.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the Consolidated Income Statement within other income.

d) Trade receivables

Trade receivables are initially recorded at their transaction price and subsequently recorded at amortised cost. Trade receivables are assessed regularly for any impairment.

Trade receivables are usually due on the 20th of the month following purchase and collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established based on both objective evidence of significant financial difficulty of the debtor or a breach of contract and the loss the Group expects to incur based on prior history and the current economic conditions. The Group exercises judgement in determining the percent of expected loss. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement of the provision is recognised in the Consolidated Income Statement.

Supplier rebates receivable are accrued at balance date based on current period purchases and rates in accordance with supplier contracts. Most of these receivables are received soon after balance date. A proportion of these receivables relate to an annual growth rebate, which is not confirmed until after the suppliers' period-end. These are accrued based on expected growth rates and pro-rata the amount to the related Group's financial period.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

20.1 Summary of material accounting policy information (continued)

e) Intangible assets

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the assets and liabilities of the acquiree. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Computer software assets are initially measured at cost and amortised in subsequent years over the periods of expected benefit on a straight-line basis. The amortisation periods range from 1 to 10 years. Where the periods of expected benefit or recoverable values have diminished due to technical change or market conditions, amortisation is accelerated or the carrying value is written down.

Software-as-a-service (SaaS) arrangements are arrangements where the Group does not control the underlying software used in the arrangement. Where implementation costs for SaaS arrangements result in the creation of an identifiable software asset, and the Group expects to obtain future economic benefits, the costs are recognised as separate computer software assets.

f) Income tax

The income tax expense recognised for the period comprises current and deferred tax.

Current tax is calculated by reference to the amount of income tax payable calculated using tax laws that are enacted at balance date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements as per NZ IAS 12 *Income Taxes*. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by balance date and are expected to apply when the related deferred income tax asset is realised or deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

g) Inventories

Retail, feed, grain and seed stocks are valued at the lower of cost (determined on weighted average or standard cost) and the expected net realisable value on a line-by-line basis. The amount of any write down of inventories to net realisable value is recognised as an expense in the period the write down occurs.

h) Recognition of financial instruments

The Group classifies its financial assets in the following categories: subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss and classifies its financial liabilities in the following categories: subsequently measured at amortised cost or at fair value through profit or loss. Regular purchases and sales of financial assets are recognised on the trade date. Financial instruments are generally recognised at fair value in the Consolidated Balance Sheet and include cash and bank balances, trade receivables, trade payables and foreign exchange forward contracts. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

i) Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually payable within 30 days of recognition. Trade payables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

j) Bank borrowings and term bank loans

Bank borrowings and term bank loans (borrowings) are initially recognised at fair value plus transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (plus transaction costs) and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has a substantive right to defer settlement of the liability for at least 12 months after the end of the reporting period, and that right exists at year end. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2026

20.1 Summary of material accounting policy information (continued)

k) Share capital

Ordinary shares are classified as equity.

There are no incremental costs directly attributable to the issue of new shares. Shareholders can request redemption of co-operative shares on withdrawing from the Group, subject to Board approval.

l) Consolidated Statement of Cash Flows

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash and bank balances and bank overdrafts.

The following terms are used in the Consolidated Statement of Cash Flows:

Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities. Gross cash flows are recognised for receipts and payments as cash is physically paid to the Group, and in turn the Group makes payment to the end supplier (rather than being net settled).

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are the activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

m) Leasing activities

The Group leases various buildings, vehicles, and equipment. Rental contracts are typically made for fixed periods of 6 months to 30 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Consolidated Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases of equipment and all leases of low value assets are recognised on a straight-line basis as an expense in the Consolidated Income Statement.

Extension and termination options are included in a number of building and vehicle leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Management perform a periodic assessment of lease extensions and terminations for buildings to ensure they are in line with the Group's operating plan and strategy.

n) Goods and services tax (GST)

The Consolidated Income Statement and the Consolidated Statement of Cash Flows have been prepared so all components are stated exclusive of GST. Trade receivables and trade payables in the Consolidated Balance Sheet and in the notes are stated inclusive of GST.

20.2 Contingent liabilities

There were no contingent assets or contingent liabilities.

Society particulars

Registered Office in New Zealand

535 Wairakei Road, Burnside, Christchurch
Telephone 0800 200 600

Share and loan security registers

535 Wairakei Road, Burnside, Christchurch
Telephone 0800 200 600

Auditor

Deloitte Limited
Level 4, 151 Cambridge Terrace, Christchurch

Bankers

ASB Bank
12 Jellicoe Street, Auckland, New Zealand

Coöperatieve Rabobank U.A., New Zealand Branch
Croeselaan 18, P.O. Box 17100, 3500 HG Utrecht, The Netherlands

Society Secretary

J M Irvine
Farmlands, Christchurch

Solicitors

Anderson Lloyd
Anderson Lloyd House, 70 Gloucester Street, Christchurch

Subsidiary – Donaghys Limited (Trading)

Directors:
T D Houghton, executive
J E M Stockton, executive

Subsidiary – Seales Winslow Limited (Trading)

Directors:
T D Houghton, executive
J E M Stockton, executive

Subsidiary – Farmlands Fuel Limited (Non-Trading)

Director:
J E M Stockton, executive

Subsidiary – Farmlands Finance Limited (Non-Trading)

Director:
J E M Stockton, executive

Subsidiary – CRT Limited (Non-Trading)

Director:
J E M Stockton, executive

Society particulars (continued)

Subsidiary – Inovata Limited (Non-Trading)

Directors:

T D Houghton, executive

J E M Stockton, executive

Associate – Fern Energy Limited

Directors:

J E M Stockton, executive

R J Hewett, director

Associate – Flex Energy Limited

Directors:

T D Houghton, executive

M B O'Donnell, director

Directors

R J Hewett, Lawrence (Chair)

J A Bohnenn, Moana, Independent (Chair of the Audit & Risk Management Committee)

Dr C R Nicholson, Mt Maunganui (Chair of the People & Performance Committee)

G W Baldwin, Putaruru

W J Clarke, Clinton

C J Dennison, Oamaru (retired August 2025)

J Journee, Auckland, Independent

M O'Donnell, Hamilton, Independent

A R Priest, Te Awanga, (appointed January 2026)

H D Sangster, Ranfurly

Group Executives

Chief Executive Officer

Chief Financial Officer

Chief Digital Officer

Chief Legal Officer

Chief Merchandising Officer

Chief Product & Merchandising Officer

Chief People and Safety Officer

Chief Sales Officer

Chief Sales Officer

Chief Supply Chain & Manufacturing Officer

T D Houghton

J E M Stockton

A P M Scheepers

J M Irvine

M Barlabas (resigned September 2026)

C P Fisher (appointed September 2026)

R L Edwards

B C Robinson (resigned August 2025)

R A Aldikacti (appointed May 2026)

C Nicolson



Independent Auditor's Report

To the Members of Farmlands Co-operative Society Limited

Opinion

We have audited the consolidated financial statements of Farmlands Co-operative Society Limited (the 'Society') and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 30 June 2026, and the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 4 to 29, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2026, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our firm carries out other assignments for the Group in the area of share register assurance services. These services have not impaired our independence as auditor of the Society and Group. In addition to this, partners and employees of our firm deal with the Society and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Society and its subsidiaries. The firm has no other relationship with, or interest in, the Society or any of its subsidiaries.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be \$7.6m.

Key audit matters

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

Key audit matter

Revenue recognition

The Group's revenue primarily consists of the sale of goods and services to the members of the Society. Total revenue from continuing operations is \$922 million as outlined in Note 2 of the financial statements.

As described in Note 20.1(a) of the financial statements the Group applies NZ IFRS 15 *Revenue from Contracts with Customers* in determining its revenue recognition accounting policy.

Management uses judgement to assess whether the Group is an agent or a principal for certain sales arrangements. After considering the various contractual terms with the members and the suppliers of Farmlands Card purchases (Card Revenue) management has concluded that:

- for goods or services purchased by a member of the Group on their Farmlands Card, where the Group does not obtain control of the goods or services, the Group is acting as an agent.
- for goods and services sold by the Group where the Group obtains control of those goods or services before control transfers to the member, the Group is acting as a principal.

We have included the appropriateness of management's judgements in relation to revenue recognition as a key audit matter due to the significance of the balances to the financial statements.

How our audit addressed the key audit matter

Our audit procedures included:

- assessing the Group's revenue recognition policy for consistency with the requirements of NZ IFRS 15 *Revenue from Contracts with Customers*, specifically whether revenue should be recognised on a principal (gross) or agency (net) basis;
- examining, on a sample basis, contractual terms with suppliers and Co-operative members to determine that management's conclusion in relation to the transfer of control was appropriate;
- testing the accuracy of revenue recognition for sale of goods and services where the Group is acting as an agent, as well as for sale of goods and services where the Group is acting as a principal on a sample basis;
- performing substantive testing to validate the existence of a sample of revenue transactions;
- obtaining external turnover confirmations and testing the operational effectiveness of information technology general controls to allow us to perform substantive analytical procedures over the revenue earned from agency revenue relationships; and
- assessing the adequacy of disclosures in the financial statements to ensure that they are compliant with the requirements of NZ IFRS 15.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and consider further appropriate actions.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Restriction on use

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

Paul Seller
Partner
for Deloitte Limited
Auckland, New Zealand
16 September 2026

This audit report relates to the consolidated financial statements of Farmlands Co-operative Society Limited (the 'Society') for the year ended 30 June 2026 included on the Society's website. The Directors are responsible for the maintenance and integrity of the Member's website. We have not been engaged to report on the integrity of the Member's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 16 September 2026 to confirm the information included in the audited consolidated financial statements presented on this website.

