

Transwaste Canterbury Limited

Annual Report

For the year ended 30 June 2025



View across Kate Valley to Waipara Valley and Mt Grey



The Board of Directors is pleased to present the Annual Report of Transwaste Canterbury Limited for the year ended 30 June 2025

For and on behalf of the board

A blue ink signature, appearing to be "G S Miller", enclosed within a blue oval stamp.

G S Miller
Chairman

A blue ink signature, appearing to be "H. E. G. Maehl", written in a cursive style.

H E G Maehl
Director

25 September 2025

Contents

	Page
Directory	4
Directors' Report to the Shareholders	5 – 8
Chairman's Review	9 - 12
Directors' Responsibility Statement	13
Statement of Objectives and Performance	14 - 19
<i>Financial Statements</i>	
Statement of Comprehensive Income	20
Statement of Changes in Equity	21
Statement of Financial Position	22
Cash Flow Statement	23
Notes to the Financial Statements	24 - 57
Audit Report	58 - 61

Directory

Company Number 951024

Registered Office and Address for Service Buddle Findlay
33 Cathedral Square
Christchurch 8011

Directors Mr G S Miller (appointed Independent Chairman on 21 May 2025)
Mr W G Cox (finished 21 May 2025)
Mr H E G Maehl
Mr I G Kennedy
Mr T H Nickels
Mr R A Pickworth
Mr J T Gough

Shareholders	No. of Shares (Ordinary)
Waste Management NZ Limited	10,000,000
Christchurch City Council	7,780,000
Waimakariri District Council	780,000
Selwyn District Council	600,000
Ashburton District Council	600,000
Hurunui District Council	240,000
	20,000,000

Independent Chair of the Audit Committee Brent McKenzie

Auditors Ernst & Young on behalf of the Auditor-General

Solicitors	Buddle Findlay 33 Cathedral Square Christchurch 8011	Chapman Tripp Level 5, 60 Cashel Street Christchurch 8013
-------------------	--	---

Bankers Westpac Banking Corporation
83 Cashel Street
Christchurch 8011

Principal Activity To own, operate and continue development of a non-hazardous regional landfill in Canterbury.

Directors' Report to the Shareholders

For the year ended 30 June 2025

Your directors take pleasure in presenting their Annual Report including the financial statements of the company for the year ended 30 June 2025.

Principal Activities

The company was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury.

The company holds six wholly owned name protection subsidiaries, all of which are inactive and have no assets and liabilities.

State of Affairs

The nature of the company's business activities remained unchanged during the accounting period.

The results of operations during the period, financial position and state of affairs of the company are as detailed in the accompanying financial statements.

Directors' Remuneration

	Directors Fees	Other Remuneration
	\$	\$
Mr G S Miller	51,295	-
Mr W G Cox	73,279	-
Mr T H Nickels	43,967*	-
Mr I G Kennedy	43,967*	-
Mr R A Pickworth	50,712	3,843
Mr H E G Maehl	43,967*	-
Mr J T Gough	43,967	-

*The directors fees for these directors are paid to the companies they represent.

No other remuneration or benefits have been paid to directors, with the exception of Mr R A Pickworth who has received \$3,843 in consulting fees. The fees and remuneration have been entered in the interests register.

The company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for the company is available for inspection by shareholders at the registered office.

Directors' Report to the Shareholders

For the year ended 30 June 2025

Directors' Interests

The directors have disclosed an interest in the following entities pursuant to section 140 of the Companies Act 1993:

MR W G COX (finished 21 May 2025)

	<i>Position Held</i>
Elastomer Products Limited	Director
Barlow Brothers NZ Limited	Director
Anderson Lloyd	Board Member
MOTUS Health Limited	Director
Waimakariri Irrigation Limited and subsidiary	Director
Venues Otautahi Limited	Director
Christchurch City Holdings Limited	Director
Te Kaha Project Delivery Limited	Director
Committee for Canterbury	Trustee
Project Crimson	Trustee
Foodco New Zealand Limited (finished 30 November 2024)	Director

MR I G KENNEDY

	<i>Position Held</i>
Waste Management NZ Limited	Employee

MR T H NICKELS

	<i>Position Held</i>
KT Advisory Limited	Director
OCS Australia & New Zealand	Advisory Board Member
City Care Limited (commenced 25 October 2024)	Director
Whangarei Anglican Church	Commissioner

MR R A PICKWORTH

	<i>Position Held</i>
Westroads Limited	Director
Ashburton Contracting Limited	Director
Pipeline Group Limited, plus various wholly owned subsidiaries	Director
McLenaghan Contracting Limited (finished 24 October 2024)	Director
Industrial Controls South Canterbury Limited	Director
Waiotahi Contractors Limited	Director
Network Tasman Limited	Director
Electraserve Limited (commenced 1 April 2025)	Director

MR G S MILLER

	<i>Position Held</i>
Selwyn District Council	Councillor
Canterbury Regional Landfill Joint Committee	Committee Member
Central Plains Water Limited	Director
Porahui Farms Limited	Shareholder

Directors' Report to the Shareholders

For the year ended 30 June 2025

MR H E G MAEHL

Position Held

Waste Management NZ Limited and its NZ parent companies, plus various wholly owned subsidiaries	Director
Waste Management NZ Limited	Employee
Waste Disposal Services	Executive Committee Member
WM Risk Management Ltd	Director

MR J T GOUGH

Position Held

Christchurch City Council	Councillor
Canterbury Regional Landfill Joint Committee	Committee Member
Fendalton-Waimairi-Harewood Community Board	Board Member
Civic Building Limited	Director
Gough Property Corporation Limited	Shareholder and Director
Gough Family Limited	Shareholder and Director
Gough Family Investments Limited	Shareholder and Director
Gough Corporation Holdings Limited and various wholly owned subsidiaries	Shareholder and Director
Antony Gough Trust	Trustee
The Terrace Carpark Limited	Director
The Terrace Christchurch Limited	Director
The Terrace on Avon Limited	Director
Te Runanga O Waihao Holdings Limited (commenced 18 December 2024)	Director
Canterbury Rugby Football Union (incorporated society)	Director

All transactions the company has entered into with parties in which directors hold directorships have been entered into in the ordinary course of business.

Directors' Remuneration and Other Benefits

Details of the directors' remuneration are provided above.

Information used by Directors

No member of the board of Transwaste Canterbury Limited issued a notice requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Indemnification and Insurance of Officers and Directors

The company indemnifies all directors named in this report against all liabilities (other than to the company) that arise out of the performance of their normal duties as director, unless the liability relates to conduct involving lack of good faith. An indemnity is also provided to the independent chair of the audit committee. To manage this risk, the company has indemnity insurance. The annual cost of this insurance is \$27,650 (2024: \$31,650).

Directors' Report to the Shareholders

For the year ended 30 June 2025

Dividend

The general policy for the company is to declare dividends calculated at 100% of the net profit after tax after allowing for working capital requirements, as set out in the company's Statement of Intent. Dividends of \$19,650,000 were paid during the year.

A final dividend in relation to the 2025 year of \$7,000,000, which was declared after balance date, is disclosed in note 7.

Donations

The company made donations of \$90,831 to the Kate Valley Landfill Community Trust (2024: \$91,681) during the year.

Auditor's Remuneration

The auditor of the company is Ernst & Young, acting on behalf of the Auditor-General.

The annual remuneration for auditing services for the company provided by Ernst & Young was \$79,000 (2024: \$75,000). No other services were provided by the auditor.

Chairman's Review

For the year ended 30 June 2025

Welcome to the Transwaste Canterbury Limited (Transwaste) 2025 Annual Report.

Transwaste recognised several milestones this year the most significant being the retirement of long serving Chair Mr Gill Cox.

Gill was appointed in 1999 and retired this year having completed 25 years of service to the company.

On behalf of Transwaste, its shareholders, and the wider stakeholder community, I wish to thank Gill for his outstanding contribution to the company.

Transwaste now enters its 21st year of physical operations at our Kate Valley site.

Our Operations

Total tonnes to landfill were 346,287 in the year compared to 355,048 in the previous year.

The general waste portion (commercial and domestic sources) remained similar to the previous year at 298,096 t vs 299,936 t.

However, high-density waste (mostly contaminated soils) reduced in volume from 29,937 t to 21,339 t. This reduction is largely responsible for the reduction in volume to landfill compared to the 2024 year.

The Waste Levy increased on 1 July 2024 to \$60 per tonne for class 1 landfills such as Kate Valley (an increase of \$10 over previous year).

Transwaste continues to be concerned that without the Levy being uniformly applied across all waste disposal facilities, the incentive exists for waste to be inappropriately disposed of into facilities operating at a lower environmental standard than Kate Valley.

We continue to actively plan for the future by always having a minimum of 12 months airspace developed at Kate Valley with significant potential future capacity (100+ years).

Energy production onsite increased from 16,517 Mwh to 17,584 Mwh. It was pleasing to note that this was achieved with a higher energy generated per engine hour (.79 Mwh 2025 vs .72 Mwh 2024).

The company continues to advance options to fully utilise the generation capacity available.

Our commitment to reducing the GHG emissions produced in the operation of Kate Valley continues with the recent acquisition of our first fully electric linehaul truck which will transport waste from transfer stations to Kate Valley. This will initially be operated as a trial to ascertain the best operable utility and how this trial may be extended if successful. We look forward to being able to report further on this exciting development in 2026.



EV Truck about to start its trial hauling to Kate Valley

Transwaste Green House Gas emissions are audited and certified by Toitu. The audit occurs post the publication of the Annual Report so the 2025 Information is not yet available.

The most recent certified emissions results are shown below
All figures are tonnes of CO2 equivalent (t CO2e)

	Certified 2024	Certified 2022 Baseline
Potential emissions from landfill gas	297,608	261,676
Less gas captured and destroyed or otherwise oxidised	<u>282,693</u>	<u>226,135</u>
Direct emission	14,915	35,541
Emissions from fuel for transport and landfill plant	<u>4,581</u>	<u>3,794</u>
Green House Gas Emission Footprint	19,496	39,335
Sequestration into Transwaste's own forest (commercial and indigenous)	<u>- 7,295</u>	<u>- 6,612</u>
Net Emission	<u><u>12,201</u></u> CO2e	<u><u>32,723</u></u> CO2e

Transwaste captured and destroyed of 95% of the landfill gas produced in 2024, by way of comparison this was approximately the emissions produced by 118,000 cars.

The destruction of the gas also generated enough electricity to power over 2,000 homes.

Offsetting the above, Transwaste Canterbury as a major Class 1 landfill, is required to participate in the Emissions Trading Scheme. During this financial year Transwaste surrendered 31,140 ETS units relating to the calendar year 2024.

Our People

Care for our people remains our top priority, making sure that each of our team members are safe at work and come home safely to their families each day.

The board wholeheartedly supports our safety culture and commends our principal contractor, WM New Zealand, for the passion, resources, and dedication to health and safety they apply in the daily operations of Transwaste.

Board members actively participate in reviewing all aspects of health, safety and wellbeing as well as undertaking regular site visits to the business.

Transwaste, in consultation with its shareholders, engaged BDO in 2024 to undertake a comprehensive independent review of the company and operations.

In submitting its report and recommendations, BDO noted Transwaste as being a unique and highly successful public/private partnership that is very well governed and managed.

Our Financials

	2025 \$'000's	2024 \$'000's
Waste related operations (excluding levy)	55,677	53,536
Generation	3,088	2,597
Other (Forestry)	1,293	-
Trading Revenue	60,058	56,133
Profit After Tax	13,939	14,542
Dividends paid:		
Landfill	14,650	12,050
BRRP project final dividend	5,000	-
Total paid in the year	19,650	12,050

The Waste Levy has been excluded from the figures (\$60/t 2025 \$ 50/t 2024).

Waste related income rose 4%. This was not reflected in the earnings due to an increase in operational costs and amortisation of the Whole of Life capital cost of the landfill.

Similarly, Generation income rose 19% but was offset by scheduled generator servicing that occurred in 2025 rather than 2024.

The Forestry Income whilst significant had minimal impact on the year's profit as the margin earned was offset by the reduction the harvest caused in the forestry valuation.

The board was pleased to be able to declare and pay \$14.65m of dividends during the year relating to both the 2024 and 2025 financial years. I note a further \$7m relating to the 2025 year was declared and paid during August 2025.

In addition, the board was pleased to be able to release the final contingency funds held from the Burwood Resource Recovery Park project (BRRP) as a dividend this year.

Transwaste is proud of its role in assisting Canterbury recover from the devastating 2011 earthquake sequence, being able to provide and manage significant waste volumes at short notice with potentially high risk.

The project ceased receiving material in December 2019 with the site being restored over the following years to a park environment.

I particularly wish to thank the Transwaste team associated with setting up and operating this project whilst dealing with the impact the earthquakes had on their own family lives.

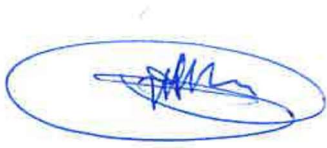
Our Future

As we move into our third decade of operations it is appropriate to reflect on the foresight and actions of people such as Gareth James, Denis O'Rourke, Jim Fulton and Gill Cox in the establishment of Transwaste as an awarded world class landfill that provides high quality management of residual community waste and energy generation.

The company seeks to maintain and enhance this legacy, maintaining high environmental standards and controls, supporting the community in its desire to reduce its creation of waste.

Tiromoana Bush, our indigenous conservation and regeneration project is now attracting national attention and recently featured in a short film 'Think Like a Forest'. We encourage you to walk its trails and enjoy its resurgence.

We thank our shareholders and the wider community for their continued support.



Grant Miller

Chair

25 September 2025

Directors' Responsibility Statement

For the year ended 30 June 2025

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the company as at 30 June 2025 and its financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

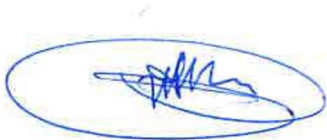
The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Companies Act 1993.

The directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors have pleasure in presenting the statement of objectives and performance, and the financial statements, set out on pages 14 to 57 of Transwaste Canterbury Limited for the year ended 30 June 2025.

The board of directors of Transwaste Canterbury Limited authorised these financial statements for issue on 25 September 2025.

For and on behalf of the board



G S Miller
Chairman



H E G Maehl
Director

25 September 2025

Statement of Objectives and Performance

For the year ended 30 June 2025

Targets were set under the Statement of Intent for the three years ending 30 June 2027. A comparison of achievement against those targets is as follows:

Objective

Environment: *To ensure that Transwaste, as a minimum, meets present and future environmental standards in a manner which is consistent with the preservation of the natural environment and the careful and sustainable management of its natural resources.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) No proven breaches of Resource Management Act consents.	Nil established consent breaches notified during the year by ECan or Hurunui District Council.	There were no breaches notified by Ecan or Hurunui District Council.

Objective

Environment: *Support New Zealand's "Predator Free by 2050" goal.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Limit large mammal pests (pigs and deer) to low levels in Tiromoana Bush.	No adverse impacts on restoration plantings from deer and pig rooting (such damage being evident in <5% of vegetation monitoring plots).	Achieved – maintained active pest control resulting in minimal damage
(b) Small mammal pests (mustelids, rodents, possums, cats, hedgehogs) reduced to levels that have minimal impact on native biodiversity in Tiromoana Bush.	The abundance of bird life (as indicated by remeasuring of the bird monitoring transects) is greater than the 2005-2009 baseline for bellbird and grey warbler.	No monitoring completed during the year. A survey is scheduled for the 2026 year alongside upgraded automated monitors.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2025

Objective

Environment: Reduce Green House Emission intensity, to use the gas captured in a socially and economically sustainable way and to generate carbon offsets via commercial and indigenous forestry.

Desired Outcomes	Performance Measures and Target	Achievement
(a) Measure Transwaste's carbon footprint.	An independent certifier has been engaged to provide certification and annual audit services, with appropriate KPIs.	Achieved – certification obtained and audit completed for the year ended 30 June 2024.
(b) Maximise capture and destruction of landfill gas from Kate Valley landfill.	Ensure the capture and destruction of in excess of 95% of landfill gas produced by Kate Valley landfill.	Achieved for the year ended 31 December 2024. The next measurement date is 31 December 2025.
(c) Reduce GHG emission intensity from Controlled Waste haulage.	Increased average Eurostar certification of the fleet.	Achieved – average rose from 5.1 to 5.2.
(d) Reduce GHG emissions from leachate haulage.	Use of BeneVap for a 50% reduction in leachate hauled offsite over the Sol period.	Achieved – zero leachate hauled.
(e) Reduce embedded GHG emissions from grid supply.	Replacement of grid supply by onsite green supply for a 50% reduction in grid electricity consumption over the Sol period.	Not yet achieved – to meet by 2027. Striving to use more of own generation, including onsite supply to the Benevap in the 2026 financial year.
(f) To ensure the beneficial use of landfill gas to obtain the best economic value.	To increase the beneficial use of landfill gas by 25% over the five year period to 2029.	Not yet achieved – sufficient generation capacity is available on site to support the target, however achieving the target remains dependent on transmission line improvements, which is under continuing investigation.
(g) Increase in carbon sequestration of exotic forestry (subject to harvest and replanting).	Monitor and report the tonnage of carbon sequestered (5 yearly) (measured by accrual of ETS units).	Next ETS vesting period is December 2026.
(h) Provide ongoing planting and growth of native trees and bush in the Tiromoana Bush area.	Monitor and report the tonnage of carbon sequestered (5 yearly) (measured by accrual of ETS units).	Next ETS vesting period is December 2026.
(i) Report annually carbon emissions attributable to the waste received from each Territorial Local Authority area, both before and after carbon reduction initiatives.	Development and distribution of carbon emissions reporting to Territorial Local Authorities.	Not achieved – methodology in place but reporting delayed.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2025

Objective

Corporate Citizenship/Community Relations: *To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Finance the Kate Valley Landfill Community Trust (from the Disposal Charge) for the purpose of benefiting the local community.	Annual payment to Kate Valley Landfill Community Trust, to be determined on an annual basis.	Achieved. The company has made contributions to the trust for the 2024/25 year totalling \$90,831.
(b) Develop, maintain and promote the use of education material with regard to waste management and the environment.	Material is being used by schools.	Achieved. However, usage of online material remains low. Investigating options to increase this.
(c) Plan for sites aftercare and closure – financially and revenue streams.	Adequate provisioning, which stands up to audit scrutiny, in financial statements for aftercare and closure costs.	Achieved. Methodologies comply with the applicable accounting standards, no audit adjustments required.

Objective

Service Quality: *Meet the present and future needs of the people of Canterbury with high standards of value, quality and service and establish effective relations with customers.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Timely, high quality and reliable waste transport services.	Zero events where a transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers.	Achieved – zero events.
(b) Reliability of access to the Kate Valley landfill.	Landfill is available to waste transporters for more than 99% of normal annual transport access hours.	Achieved – more than 99% availability for normal access hours, with no closure events during the period.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2025

Objective

Health and Safety: *Strive for zero injury accidents in all operations the Company and its main contractor, WM New Zealand, will be responsible for, whilst maintaining a high level of service and production.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Ensuring that in all activities the Company and its contractors have Health and Safety Management Plans in place.	Maintain or improve current total recordable injury frequency rate (TRIFR) for the last 12 months.	Not achieved. 1 Medical Treatment Injury (MTI), resulting in TRIFR of 8.2, compared to nil last year.
(b) Maintain Kate Valley public walkways to an acceptable standard, (track maintenance, signage).	Annual operational plans objectives met, with no serious avoidable injuries.	Achieved.
(c) No traffic incidents where WM New Zealand drivers at fault.	No at-fault incidents.	Not achieved – 1 at fault event, which has been appropriately addressed.

Objective

Good Employer: *Be a Good Employer, through either direct employment or by way of the management contract with WM New Zealand.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Ensure WM New Zealand has objectives and policies that detail the relationship with employees, their remuneration, safety and other issues such as equal opportunity in employment.	No more than 15% of WM New Zealand landfill and transport staff annual FTE turnover.	Achieved. Turnover of permanent employees was 13% for the 12 month period.
(b) Ensuring that its employees have secure and rewarding employment which provides the means for personal development.	10 hours per FTE annually for WM New Zealand staff training.	Achieved. Kate Valley staff have undertaken 18 hours per FTE.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2025

Objective

Consultation/Communication: *Establish and maintain good relations with the local host community of the Kate Valley landfill and consult with those groups and other interest groups (including Tangata Whenua) on issues that are likely to affect them.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Consult with the host community concerning landfill operations by way of direct communication and via the Community Liaison Group.	At least two Kate Valley Community Liaison group meetings held per year.	Achieved. The Community Liaison Group held quarterly meetings in the period.
(b) Engage with other interest groups including Tangata Whenua and discuss all issues likely to affect them.	Three interactions with interest groups per year.	Achieved. More than three interactions with Kate Valley neighbours, community and interest groups.

Objective

Legislative/Regulatory Compliance: *To be a good Corporate Citizen by acting lawfully, to ensure compliance with all relevant legislative requirements.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) Monthly reporting to Board of any non-compliance.	Monthly reports received.	Achieved. Monthly reporting is undertaken. Compliance reporting up to date at Kate Valley.
(b) No legislative and statutory non-compliance notices received.	No non-compliance in all key areas.	Achieved. No actions required notified.

Statement of Objectives and Performance (Continued)

For the year ended 30 June 2025

Objective

Shareholder Interests: *To operate a successful business, providing a fair rate of return to its shareholders.*

Desired Outcomes	Performance Measures and Target	Achievement
(a) To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets.	Total Revenue (inclusive of waste levy) of \$79,979,000	Achieved. \$80,811,000 – log sales offset waste volume drop.
	EBIT of \$21,329,000	Not achieved. \$1,054,000 (5%) below budget at \$20,275,000 through a combination of decreased tonnes of waste to landfill compared to budget and continuing cost pressures.
	Dividends paid (relating to Kate Valley) of \$14,900,000	Not achieved. Dividends totalling \$14,650,000 were paid during the year for the Kate Valley operations, the lower dividend corresponding to the slightly reduced earnings compared to budget. A further, final project dividend of \$5,000,000 was paid in relation to the now completed Burwood Resource Recovery Park project.

Statement of Comprehensive Income

For the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Revenue			
Sales excluding waste levy		60,058	56,133
Waste levy		20,753	17,753
Sales including waste levy	3	80,811	73,886
Rental		63	63
Changes in fair value of forest	9	345	(368)
Total revenue		81,219	73,581
Expenses			
Audit fees	4	75	89
Depreciation and amortisation	4,8	7,237	6,721
Directors' fees	4	351	382
Forestry harvest costs		1,250	-
Landfill and facilities operating costs		27,842	24,998
Loss on sale of property, plant and equipment		47	17
Waste levy	3	20,777	17,753
Other expenses		3,365	2,523
Total expenses		60,944	52,483
Profit before finance costs and tax		20,275	21,098
Net finance costs	5	865	901
Profit before tax		19,410	20,197
Income tax expense	6	5,471	5,655
Profit for the year		13,939	14,542
Other comprehensive income			
Net change in fair value of cash flow hedging instrument	14	206	(206)
Total comprehensive income for the year		14,145	14,336

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2025

	Notes	Contributed equity \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance 1 July 2023		16,000	625	18,141	34,766
Profit for the year		-	-	14,542	14,542
Other comprehensive income	14	-	(206)	-	(206)
Total comprehensive income for the year ended 30 June 2024		16,000	419	32,683	49,102
Dividends	7	-	-	(12,050)	(12,050)
Balance 30 June 2024		16,000	419	20,633	37,052
Balance 1 July 2024		16,000	419	20,633	37,052
Profit for the year		-	-	13,939	13,939
Other comprehensive income	14	-	206	-	206
Total comprehensive income for the year ended 30 June 2025		16,000	625	34,572	51,197
Dividends	7	-	-	(19,650)	(19,650)
Balance 30 June 2025		16,000	625	14,922	31,547

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Assets			
Non-current assets			
Property, plant & equipment	8	58,911	55,149
Forestry	9	2,400	2,338
Emission units	10	1,093	456
Environmental restoration account	6	5,370	5,370
Derivative financial instruments	24	19	42
Total non-current assets		67,793	63,355
Current assets			
Cash and cash equivalents	11	100	5,658
Trade and other receivables	12	7,616	6,655
Emission units	10	1,935	1,137
Derivative financial instruments	24	-	69
Total current assets		9,651	13,519
Total assets		77,444	76,874
Equity			
Contributed equity	13	16,000	16,000
Reserves	14	625	419
Retained earnings	15	14,922	20,633
Total equity		31,547	37,052
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	16	200	-
Provisions	17	25,157	21,513
Deferred income tax liability	6	6,633	7,693
Total non-current liabilities		31,990	29,206
Current liabilities			
Trade and other payables	19	10,528	8,954
Derivative financial instruments	24	-	285
Income tax payable	6	2,218	1,107
Provisions	17	1,161	245
Directors' fees	18	-	25
Total current liabilities		13,907	10,616
Total liabilities		45,897	39,822
Total equity and liabilities		77,444	76,874

For and on behalf of the board

G S Miller
Chairman
25 September 2025

H E G Maehl
Director
25 September 2025

The accompanying notes form part of these financial statements

Cash Flow Statement

For the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers (including waste levy)		79,850	73,736
Interest received		417	342
Other revenue		63	63
Payments to suppliers and employees		(29,978)	(29,841)
Interest paid		(36)	(51)
Waste levy paid		(19,737)	(16,100)
Income tax paid	6	(5,500)	(6,262)
Goods and services tax (net)		(355)	846
Net cash from operating activities	20	24,724	22,733
Cash flows from investing activities			
Purchase of property, plant & equipment		(7,629)	(5,684)
Purchase of emission units	10	(3,203)	-
Environmental restoration account	6	-	45
Net cash used in investing activities		(10,832)	(5,639)
Cash flows from financing activities			
Bank funding	16	200	-
Dividends paid	7	(19,650)	(12,050)
Net cash used in financing activities		(19,450)	(12,050)
Net increase/(decrease) in cash and cash equivalents		(5,558)	5,044
Cash and cash equivalents at the beginning of the year		5,658	614
Cash and cash equivalents at the end of the year	11	100	5,658

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2025

1. General Information

Reporting Entity

Transwaste Canterbury Limited is a company registered under the Companies Act 1993 and is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The company represents a joint venture between Waste Management NZ Limited and five local authorities in Canterbury.

The primary objective of the company is to own, operate and continue development of a non-hazardous landfill for the Canterbury region. The company continues to hold six wholly owned non-trading subsidiaries, which are held for name protection purposes and have no assets and liabilities. All companies are incorporated and domiciled in New Zealand.

The financial statements of Transwaste Canterbury Limited are for the year ended 30 June 2025. The financial statements were authorised for issue by the Board on 25 September 2025.

The entity's owners do not have the power to amend these financial statements once issued.

2. Summary of Material Accounting Policies

2.1 Basis of preparation

The financial statements of the company have been prepared on a going concern basis in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to for-profit entities.

The company is designated as a for-profit entity for financial reporting purposes. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

For the purposes of complying with NZ GAAP, the company is required to apply Tier 1 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards). In complying with NZ IFRS the company also complies with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of financial instruments (including derivative instruments) and forestry.

The financial statements are presented in New Zealand dollars (NZD) and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Transwaste Canterbury Limited is New Zealand dollars.

Notes to the Financial Statements

For the year ended 30 June 2025

Certain comparatives have been restated to conform with current year presentation.

There have been no changes in accounting policies, which have been consistently applied during the financial year.

The company has applied the following relevant standards and amendments for the first time for their annual reporting period commencing 1 July 2024:

- Amendments to FRS-44 - *Disclosure of Fees for Audit Firms' Services*

There are standards issued that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- NZ IFRS 18 *Presentation and Disclosure in Financial Statements* is effective for the year ending 30 June 2028 and will impact the presentation of the Statement of Profit or Loss and Other Comprehensive Income, with an allocation of income and expenses between operating, investing and financing categories, and new sub-totals such as Operating profit. Financial performance measures used to explain the company's financial performance in public communications outside the financial statements will also be required to be disclosed. The company has not yet made an assessment of the scope of changes and as such the impact of adoption has not yet been determined.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

a) Sales of goods

Sales of goods are recognised at a point in time when the company has delivered products to the customer and the customer has accepted the products, fulfilling the company's performance obligations.

b) Sales of services

Sales of services are recognised at a point in time in the accounting period in which the services are rendered, by reference to completion of the specific transaction.

c) Government grants

Government grants relating to the purchase of plant and equipment are recorded as a reduction in the cost of the plant and equipment.

Notes to the Financial Statements

For the year ended 30 June 2025

d) Interest income

Interest income is recognised on an accrual basis using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

2.3 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, other than borrowing costs directly attributable to the construction of any qualifying assets, including the initial construction of the landfill, which are capitalised as part of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time (typically a minimum of twelve months) to get ready for its intended use or sale.

2.4 Income tax

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Notes to the Financial Statements

For the year ended 30 June 2025

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

2.5 Environmental restoration account

The environmental restoration account is a scheme administered by Inland Revenue, intended to provide certainty on securing appropriate tax deductions for closure and post-closure costs incurred by landfill operators. Deposits into, and withdrawals from, the company's environmental restoration account are recorded at cost, with a corresponding entry to or from deferred tax liability.

2.6 Cash, cash equivalents and bank overdrafts

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position where the bank has no right of setoff.

2.7 Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. 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 amount of the provision is recognised in the profit and loss component of the statement of comprehensive income.

The company applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and days past due.

2.8 Financial assets

Classification

The company classifies its financial assets as being measured at amortised cost.

Financial assets measured at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's financial assets measured at amortised cost comprise 'trade and other receivables', 'cash and cash equivalents', 'term deposits' and 'owing from related party' in the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 30 June 2025

Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade date - the date on which the company commits to purchase or sell the asset. All financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The financial assets are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The company assesses at the end of each reporting period the estimated 12-month expected loss allowance for credit losses.

Credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract; and the cash flows that the entity expects to receive.

The company will measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If the asset's carrying amount is reduced, the amount of the loss is recognised in the profit and loss component of the statement of comprehensive income.

If, in a subsequent period, the amount of the expected credit loss decreases and the decrease can be related objectively to an event occurring after the loss was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised loss is recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Notes to the Financial Statements

For the year ended 30 June 2025

2.9 Property, plant and equipment

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the future economic benefits or service potential associated with the item will flow to Transwaste Canterbury Limited and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the profit or loss.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Transwaste Canterbury Limited and the cost of the item can be measured reliably.

Borrowing costs incurred for the construction of any qualifying assets, including the initial construction of the landfill, are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time (typically a minimum of twelve months) to get ready for its intended use or sale.

Notes to the Financial Statements

For the year ended 30 June 2025

2.10 Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, landfill development costs and future landfill site restoration and aftercare costs, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Life
Landfill development	Expected physical life
Deferred site restoration and aftercare costs	Pattern of benefits from landfill use
Buildings and site improvements	15 – 50 years, or length of resource consent if shorter
Plant and machinery	5 – 33 years, or length of resource consent if shorter
Motor vehicles and related equipment	3 – 15 years
Office equipment, furniture and fittings	3 – 5 years

Assets under construction are not depreciated until commissioned.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

The depreciation of the total landfill development costs is based upon the total anticipated waste volume of the landfill over its economic life (being the physical capacity of the landfill). The annual depreciation amount is calculated based on the waste volumes consumed for the financial year as compared to the anticipated waste volume over the economic life of the landfill.

Future landfill site restoration and aftercare costs capitalised in the Statement of Financial Position are depreciated at rates that match the pattern of benefits expected to be derived from the landfill, including power generation using landfill gas.

Notes to the Financial Statements

For the year ended 30 June 2025

2.11 Forestry assets

Forestry assets are revalued annually at fair value less estimated point of sale costs using appropriate valuation methods and techniques, depending on the age and species of the trees.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in profit or loss.

The costs to maintain the forestry assets are recognised as an expense as incurred.

2.12 Emission units and emissions obligations

Emission units that have been allocated by the Government under the forestry scheme are recorded at nominal value (nil value). Purchased emission units are recorded at cost (purchase price). Emission units, whether allocated or purchased, are recorded as intangible assets. Emission units are not revalued subsequent to initial recognition.

Emission obligations are recognised as a current liability as the emission obligation is incurred. Up to the level of units held, the liability is recorded at the carrying value of those units. When emission obligations exceed the units held the liability is calculated either at contract prices under forward purchase agreements for the number of units contracted where these exist, or at fair value at balance date.

Forward contracts for the purchase of emission units are recognised when the contracts are settled.

2.13 Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. The impairment loss is recognised in the profit or loss. For assets other than goodwill, the reversal of an impairment loss is recognised in the profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2025

2.14 Provisions - General

Transwaste Canterbury Limited recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and described in the profit or loss as a time value adjustment.

2.15 Closure and Post-Closure Costs

A provision for future landfill site restoration and aftercare costs is recognised when the activities giving rise to the need for site restoration and aftercare have commenced. The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time. Any increase in the provision due to the change in present value is recognised in profit or loss as a time value adjustment in interest expense.

Future landfill site restoration and aftercare costs provided for are initially capitalised in the Statement of Financial Position. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs (through discount rate or closure and post-closure cost estimate updates) is also recognised in non current assets in the Statement of Financial Position.

2.16 Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

2.17 Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue (IR) is included as part of receivables or payables in the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 30 June 2025

2.18 Derivatives: Hedges Receivable and Payable

Transwaste Canterbury Limited enters into derivative financial instruments including power supply agreements to manage its exposure to price fluctuation risks. 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 fair value of forward power supply agreements is their quoted market price at the Statement of Financial Position date, being the present value of the quoted forward price. The effective portion of the gain or loss on the hedging instrument is recognised in the Statement of Comprehensive Income as other comprehensive income, while any ineffective portion is recognised immediately in the Statement of Comprehensive Income as selling and administration expenses.

Initial recognition and measurement

Derivatives are classified, at initial recognition, as financial liabilities at fair value through profit or loss or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All derivatives are recognised initially at fair value.

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Critical accounting estimates and assumptions

Landfill closure and post-closure provisions

In preparing these financial statements Transwaste Canterbury Limited has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The key area in which estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are applied is detailed in Note 17 - landfill closure and post-closure provisions.

Notes to the Financial Statements

For the year ended 30 June 2025

3. Revenue

	2025 \$'000	2024 \$'000
Waste disposal (excluding waste levy)	44,934	44,136
Waste levy on-charged to customers	20,753	17,753
Waste disposal sales including waste levy	65,687	61,889
Waste transport	10,743	9,400
Electricity generation	3,088	2,597
Forestry harvesting	1,293	-
	80,811	73,886

Waste levy cost

The Ministry for the Environment introduced a waste levy in 2009. The waste levy payable in respect of the year to 30 June 2025 was \$60 per tonne of waste to landfill (2024: \$50 per tonne). The waste levy is on-charged to customers and the on-charge is included in sales revenue. The waste levy cost is included in expenses.

Nature of revenue

The company contracts with its customers to lawfully dispose of waste at the Kate Valley landfill. For shareholders, the Company contracts to deliver empty waste containers to refuse stations, and collect full containers and deliver them to the landfill.

Contractual payment terms are typically within one month after the month the contents are lawfully disposed into landfill.

The company has a contract to sell electricity generated at its Kate Valley landfill into the national grid.

The company, as lessor, has entered into contracts to lease land for farming activities, and has entered into a contract with a third party to harvest and sell forestry assets as required.

Consideration is fixed and there is no significant financing component in the contracts.

4. Expenses

Profit before tax includes the following specific expenses:

Directors' fees

	2025 \$'000	2024 \$'000
Directors' fees	351	382

Notes to the Financial Statements

For the year ended 30 June 2025

Depreciation and amortisation

	2025 \$'000	2024 \$'000
Landfill development	5,631	5,414
Deferred closure costs	646	529
Buildings	18	6
Plant and machinery	942	772
Total depreciation and amortisation	<u>7,237</u>	<u>6,721</u>

Audit fees

Audit services - Ernst & Young		
- Additional audit fees for prior year annual audit of the financial statement	75	75
- Audit fees adjustment for prior year financial statements audit	-	14
Total remuneration for audit services	<u>75</u>	<u>89</u>

The auditor did not provide any other audit related services or non-audit services during the year ended 30 June 2025 (2024: nil).

5. Finance income and costs

	2025 \$'000	2024 \$'000
<i>Finance income</i>		
Interest received	417	342
Total finance income	<u>417</u>	<u>342</u>
<i>Finance costs</i>		
Interest paid	129	176
Provisions - Time value adjustment (Note 17)	1,153	1,067
Total finance costs	<u>1,282</u>	<u>1,243</u>
Net finance costs	<u>865</u>	<u>901</u>

6. Tax

Components of tax expense

	2025 \$'000	2024 \$'000
Current tax expense	6,611	5,657
Deferred tax expense	(1,140)	(2)
Income tax expense	<u>5,471</u>	<u>5,655</u>

Notes to the Financial Statements

For the year ended 30 June 2025

Relationship between tax expense and accounting profit

	2025 \$'000	2024 \$'000
Profit before tax	19,410	20,197
Tax at 28%	5,435	5,655
Non-deductible expenses	36	-
Tax expense	<u>5,471</u>	<u>5,655</u>

Deferred tax assets/ (liabilities)	Property, plant and equipment \$'000	Environmental Restoration \$'000	Other \$'000	Total \$'000
Balance at 1 July 2023	(3,235)	(5,370)	831	(7,774)
Credited/(charged) to profit or loss	(418)	-	419	1
Charged to equity	-	-	80	80
Balance at 30 June 2024	<u>(3,653)</u>	<u>(5,370)</u>	<u>1,330</u>	<u>(7,693)</u>
Credited to profit or loss	847	-	293	1,140
Charged to equity	-	-	(80)	(80)
Balance at 30 June 2025	<u>(2,806)</u>	<u>(5,370)</u>	<u>1,543</u>	<u>(6,633)</u>

Income tax payable

	2025 \$'000	2024 \$'000
Opening tax payable	(1,107)	(1,712)
Current tax expense	(6,611)	(5,657)
Income tax paid	5,500	6,262
Closing tax payable	<u>(2,218)</u>	<u>(1,107)</u>

Environmental restoration account

The company utilises the environmental restoration scheme, administered by Inland Revenue. The scheme allows funds to be deposited with Inland Revenue up to an amount based on the closure and post-closure provision at year end, with a deduction against current tax payable. The corresponding amount to the deposit made is recognised in deferred tax. The deposit is only refundable in line with reductions in the closure and post-closure provision.

Notes to the Financial Statements

For the year ended 30 June 2025

The environmental restoration account movements follow:

	2025 \$'000	2024 \$'000
Opening balance	5,370	5,414
Interest paid out	-	(44)
Closing balance	<u>5,370</u>	<u>5,370</u>

Imputation Credit Account

	2025 \$'000	2024 \$'000
Imputation credits available for subsequent reporting periods based on a tax rate of 28% (2024: 28%)	<u>6,348</u>	<u>7,379</u>

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

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

7. Dividends

	2025 \$'000	2024 \$'000
Dividends paid during the year		
Interim dividends for current year ¹	7,000	6,850
Final dividends for prior year ²	7,650	5,200
BBRP Project Final Dividend ³	5,000	-
	<u>19,650</u>	<u>12,050</u>

¹ A fully imputed interim dividend of \$7,000,000 was declared and paid on 29 February 2025 (2024: \$6,850,000 fully imputed on 29 February 2024).

² A fully imputed final dividend for 2024 of \$7,650,000 was declared and paid on 24 August 2024 (2023: \$5,200,000 fully imputed on 24 August 2023).

³ A fully imputed final dividend of \$5,000,000 in respect of the Burwood Resource Recovery Park (BRRP) project was declared and paid on 30 May 2025.

Post balance date, a fully imputed final dividend of \$7,000,000 in respect of 2025 was declared and paid on 28 August 2025.

Notes to the Financial Statements

For the year ended 30 June 2025

8. Property, plant and equipment 2025

	Cost 1 July 2024	Accumulated depreciation and impairment charges 1 July 2024	Carrying amount 1 July 2024	Current year additions/ transfers & reassessments	Current year disposals/ reassessments	Current year depreciation	Cost 30 June 25	Accumulated depreciation and impairment charges 30 June 25	Carrying amount 30 June 25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment									
Landfill development	90,779	(61,902)	28,877	4,352	-	(5,631)	95,131	(67,533)	27,598
Land	3,190	-	3,190	-	-	-	3,190	-	3,190
Buildings	376	(260)	116	525	(42)	(18)	794	(213)	581
Assets under construction ¹	6,411	-	6,411	1,079	-	-	7,490	-	7,490
Deferred site restoration costs (Note 17)	18,712	(6,941)	11,771	3,418	-	(646)	22,130	(7,587)	14,543
Plant and equipment	11,932	(7,148)	4,784	1,672	(5)	(942)	13,445	(7,936)	5,509
Total property, plant & equipment	131,400	(76,251)	55,149	11,046	(47)	(7,237)	142,180	(83,269)	58,911

Approximately 1,050 hectares of the land held by the company is designated as relating to its current landfill activities. The area directly utilised for landfill-related activities is approximately 140 ha, with the balance comprising 500 ha of farming and forestry land and 410 ha of the Tiromoana Bush conservation area.

Westpac holds a Registered First Debenture dated 7 July 2000 over assets, undertakings and uncalled capital of the company and a Registered First Mortgage dated 11 August 2000 and 21 October 2003 over the property located at Kate Valley, North Canterbury.

¹ The net movement in Assets under construction comprises additions of \$7,518,000 and transfers to completed property plant and equipment of \$6,439,000

Notes to the Financial Statements

For the year ended 30 June 2025

8. Property, plant and equipment (continued) 2024

	Cost 1 July 2023	Accumulated depreciation and impairment charges 1 July 2023	Carrying amount 1 July 2023	Current year additions/ transfers & reassessments	Current year disposals/ reassessments	Current year depreciation	Cost 30 June 24	Accumulated depreciation and impairment charges 30 June 24	Carrying amount 30 June 24
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant & equipment									
Landfill development	87,111	(56,487)	30,624	3,667	-	(5,414)	90,779	(61,902)	28,877
Land	3,190	-	3,190	-	-	-	3,190	-	3,190
Buildings	376	(254)	122	-	-	(6)	376	(260)	116
Assets under construction ²	6,442	-	6,442	(31)	-	-	6,411	-	6,411
Deferred site restoration costs (Note 17)	16,392	(6,412)	9,980	2,320	-	(529)	18,712	(6,941)	11,771
Plant and equipment	10,045	(6,520)	3,525	2,048	(17)	(772)	11,932	(7,148)	4,784
Total property, plant & equipment	123,556	(69,673)	53,883	8,004	(17)	(6,721)	131,400	(76,251)	55,149

² The net movement in Assets under construction comprises additions of \$5,429,000 and transfers to completed property plant and equipment of \$5,460,000

Notes to the Financial Statements

For the year ended 30 June 2025

9. Forestry assets

	2025 \$'000	2024 \$'000
Balance at 1 July	2,338	2,706
Decreases due to harvest	(283)	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	345	(368)
Balance at 30 June	2,400	2,338

Transwaste Canterbury Limited owns 315.9 hectares of forest area, of which 297.0 hectares is stocked and 18.9 hectares is unstocked, awaiting replanting. The standing trees are predominantly pinus radiata, which are at varying stages of maturity ranging from 12 to 44 years.

A total of 18.9 hectares of forest has been harvested during the period (2024: nil).

Registered valuer Kirsten Stuart of Laurie Forestry Limited has valued forestry assets as at 30 June 2025 using, depending on the age and species of the trees, the Immediate Liquidation method, a blended Cost Compounded and NPV method or Nominal Value method.

The Immediate Liquidation method is applied to mature standing trees. Net (stumpage) values are derived by deducting average current day marketing, harvesting, infrastructure and transportation costs from one-year straight average point of sale log prices. Point of sale can include "at mill door" or "at wharf gate".

In the absence of reliable transaction evidence of recent forest sales, a blending of the Cost Compounded and Net Present Value (NPV) methods has been used for pinus radiata that is between the ages of 6 and 15 years.

For the Cost Compounded Method values are calculated as the sum of costs compounded from the time of occurrence to the present day. A compound rate of 3.8% (2024:5.5%) has been used in the valuation.

The NPV method calculates the Crop Expectation Value, which is the value of the tree crop calculated by discounting a net cash flow at a specified discount rate. A pre-tax discount rate of 8.0% (2024: 8.0%) has been used in discounting the present value of expected pre-tax cash flows.

The Nominal Value Method, reflecting the direct costs of inputs to date, is used to value species where there is difficulty in applying standard growth modelling and crop performance assumptions.

Fair value hierarchy

Fair value for the forestry assets is based on valuation techniques with significant non-observable inputs (level 3), where one or more significant inputs are not observable.

Notes to the Financial Statements

For the year ended 30 June 2025

Sensitivity analysis – impact of changes in key variables

The impact of changes in key assumptions on the forestry asset value are shown in the table below.

	Change in variable	2025 \$'000	2024 \$'000
Discount rate (and offsetting compound cost rate)	+1.0%	(149)	(140)
	-1.0%	167	159
Log prices	+5.0%	331	345
	-5.0%	(331)	(345)

Financial risk management strategies

Transwaste Canterbury Limited is exposed to financial risks arising from changes in timber prices. Transwaste Canterbury Limited is a long-term forestry investor and does not expect timber prices to decline significantly in the longer term and, therefore, has not taken any measures to manage the risks of a decline in timber prices. Transwaste Canterbury Limited reviews its outlook for timber prices regularly in considering the need for active financial risk management.

10. Emissions units

The New Zealand Emissions Trading Scheme (ETS) became law on 28 September 2008 with the passing of the Climate Change Response (Emissions Trading) Amendment Act 2009 (the Act).

Transwaste Canterbury Limited is a participant in the ETS as follows:

- As a landfill operator, the company is liable to surrender carbon credits for greenhouse gas emissions resulting from tonnes of waste to landfill.
- Through its holdings of 315.9 hectares of forestry, the company is a participant in the forestry scheme, with the effect that
 - NZ Carbon Credit allocations are granted for pre-1990 forest to compensate for lost value and, if harvested trees are not replanted within 4 years the company is liable to surrender carbon credits. Approximately 11.0 hectares of the forestry held at balance date is pre-1990 forest
 - For post-1989 forest, carbon credits accrue as the trees grow and credits must be surrendered on deforestation.

	2025 Units	2025 \$000	2024 Units	2024 \$000
Balance at the beginning of the year	166,133	1,593	199,056	2,652
Purchased units	35,000	3,203	-	-
Surrendered to the Crown (Note 20)	(31,140)	(1,768)	(32,923)	(1,059)
Balance at the end of the year	169,993	3,028	166,133	1,593

Notes to the Financial Statements

For the year ended 30 June 2025

Comprising:

	2025 \$000	2024 \$000
Current	1,935	1,137
Non-current	1,093	456
Total emission units on hand	3,028	1,593

The NZUs on hand comprise:

	2025 Units	2024 Units
Purchased units (landfill)	53,345	49,485
Allocated units (forestry)	116,648	116,648
Total units on hand	169,993	166,133

All units held are recorded at cost, which is nil for forestry units. The market value of all units held as at 30 June 2025 is approximately \$10,030,000 (cost \$3,028,000).

Landfill

The company has adopted policies to manage the pricing and risk issues arising from the commencement of ETS obligations from 1 January 2013 for the Kate Valley landfilling operations.

The company has entered into a forward agreement to purchase 35,000 units, totalling \$2,379,300, to acquire emissions units to be used to meet its ETS obligations. The cost of the acquisition under this agreement is recognised when the units are acquired.

Forestry

Transwaste Canterbury Limited is registered for both the pre-1990 forest and post-1989 forest.

With regard to pre-1990 forestry:

- Under the NZ Government's Allocation Plan, the company has received its allocation of 4,260 emissions units. The units are recorded at cost (nil).
- Additionally, under the ETS the company will have an obligation to account for any emission released as a consequence of deforestation of pre-1990 land by surrendering credits equal to the extent of that emission. There is no liability for deforestation as at 30 June 2025, on the basis that it is intended to replant areas that were harvested in the 2025 financial year.

With regard to post-1989 forestry, the company has received its allocation entitlements to 31 December 2022 and there is no liability for deforestation at 30 June 2025.

Notes to the Financial Statements

For the year ended 30 June 2025

11. Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank - current account/short term deposits	100	5,658
Total cash and cash equivalents	100	5,658

12. Trade and other receivables

	2025 \$'000	2024 \$'000
Trade receivables	2,700	2,582
Related party receivables (Note 23)	4,916	4,073
Gross trade and other receivables	7,616	6,655
Less provision for impairment	-	-
Total trade and other receivables	7,616	6,655

The carrying value of trade and other receivables approximates their fair value.

The ageing profile of receivables at year end is detailed below:

	Gross \$'000	2025 Impairment \$'000	Net \$'000	Gross \$'000	2024 Impairment \$'000	Net \$'000
Not past due	7,568	-	7,568	6,655	-	6,655
Past due 1-60	48	-	48	-	-	-
Past due >90	-	-	-	-	-	-
Total	7,616	-	7,616	6,655	-	6,655

All receivables greater than 30 days in age are considered to be past due.

The company applies the NZ IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

There were no individual or collective impairment provisions at 30 June 2025 (2024: nil), nor were there any movements in provisions.

Notes to the Financial Statements

For the year ended 30 June 2025

13. Contributed equity

	2025 \$'000	2024 \$'000
<i>Issued and paid in capital</i>		
20,000,000 ordinary shares	20,000	20,000
Less: Uncalled capital	(4,000)	(4,000)
Total paid in capital 30 June	<u>16,000</u>	<u>16,000</u>

None of the above shares are held by the company. All ordinary shares on issue have been paid to the proportion held by each shareholder.

Uncalled capital is payable at such times as the board may from time to time determine.

All ordinary shares rank equally with one vote attached to each share. Ordinary shares do not have a par value.

14. Reserves

Capital reserve

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	625	625
Balance at end of year	<u>625</u>	<u>625</u>

Capital reserves comprise capital gains realised on sales to third party purchasers of land and buildings.

Hedging reserve

	2025 \$'000	2024 \$'000
Balance at the beginning of the year	(206)	-
Total recognised comprehensive income, net of tax	206	(206)
Total retained surplus	<u>-</u>	<u>(206)</u>

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions relating to electricity contracts for difference that have not yet impacted on the Statement of Comprehensive Income.

Notes to the Financial Statements

For the year ended 30 June 2025

15. Retained earnings

	2025 \$'000	2024 \$'000
As at 1 July	20,633	18,141
Profit for the year	13,939	14,542
Dividends paid	(19,650)	(12,050)
As at 30 June	<u>14,922</u>	<u>20,633</u>

16. Borrowings

	2025 \$'000	2024 \$'000
Non-current borrowings – Bank loans		
Westpac multi-option credit facility	<u>200</u>	<u>-</u>

Bank loans

The company has entered into a multi option credit facility with Westpac totalling \$15,000,000 for ongoing funding of the Kate Valley landfill construction and operations. The facility is secured by way of a registered first general security agreement over all owned assets, undertakings and uncalled capital of the parent company and first ranking mortgage over the property owned by the company.

During the financial year, the facility has been utilised periodically as required, with a \$200,000 balance at balance date.

The weighted average effective interest rate on the facility for the year is 1.27% (2024: 1.09%).

Fair value of non-current borrowings

Bank loans, where applicable, have been valued at fair value. The carrying amounts of other non-current borrowings approximate their fair values. The carrying amounts of borrowings repayable within one year approximate their fair value.

Notes to the Financial Statements

For the year ended 30 June 2025

17. Provisions

Provisions are represented by:

Closure and post-closure provisions

	2025 \$'000	2024 \$'000
Opening balance	21,758	20,512
Assessment of current value of landfill costs:		
- Closure and post-closure - cost assessment	5,169	3,935
- Discount rate change	(1,751)	(1,615)
Effect of time value adjustment	1,153	1,067
Amounts incurred during the period	(11)	(2,141)
Closing balance	26,318	21,758
Comprising:		
Current	1,161	245
Non-current	25,157	21,513
Total closure and post-closure provisions	26,318	21,758

Provision is made for the future costs of closing the company's landfill during and at the end of its economic life and for the associated post-closure costs, being the aftercare of the landfill for the prescribed periods. Estimated costs, adjusted for inflation, are built up on an item by item basis. The provision held, at each balance date, represents the net present value of the estimated future costs. A detailed reassessment of these costs and the anticipated remaining life of the landfill is performed on a regular basis, usually three yearly, by the WM New Zealand landfill advisory team, with the current reassessment completed at year end. In the intermediate years an annual high-level review of costs is performed, together with a reassessment of anticipated inflation and the discount rate applicable. The discount rates used are the Treasury's central table of risk-free discount rates as at 30 June 2025 as applicable to each forecast period (2024: Treasury's central table of risk-free discount rates).

The impact of changes to the provision arising from the reassessment of the life of the landfill and estimated future costs are capitalised to deferred closure and post-closure costs within property, plant and equipment in the Statement of Financial Position. The annual change in the net present value of the provision due to the passage of time is recorded as the time value adjustment of provisions in the profit or loss. The financial reporting standards require this to be disclosed as an interest cost in the profit or loss (see Note 5).

Notes to the Financial Statements

For the year ended 30 June 2025

Kate Valley Landfill

The remaining economic life of the currently consented Kate Valley landfill is estimated to be at least 17 years and an extension of the resource consent to operate the landfill is assumed to occur.

The cash outflows for landfill post-closure are expected to occur in 18 to 47 years time (or between 2043 and 2072). The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred and as a result changes in estimates occur over time. The provision has been estimated taking into account existing technology and using discount rates applicable to the timing of estimated cash outflows, which range from 3.2% to 6.0%, at an average rate of 5.5% (2024: 4.3% to 5.3%, average rate 4.7%). An average inflation rate of 1.99% (2024: 2.01%) has been applied. The combination of applying a multi-rate discount rate, the inflation rate, closure and post-closure cost reassessments and the long term nature of the expected cash outflows has resulted in an increase to the provision and the closure and post closure asset of \$3,418,000 which will be reflected in increased amortisation of the asset in future years.

18. Directors' fees

	2025 \$'000	2024 \$'000
Directors fees payable and accrued	-	25
Comprising:		
Current	-	25
Total directors' fees	-	25

19. Trade and other payables

	2025 \$'000	2024 \$'000
Trade payables	6,691	5,998
Accrued expenses	1,414	1,968
Related party payables (Note 23)	2,423	988
Total trade and other payables	10,528	8,954

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates to their fair value.

Notes to the Financial Statements

For the year ended 30 June 2025

20. Cash flow information

Reconciliation of profit for the period to net cash flow from operating activities

	2025 \$'000	2024 \$'000
Total comprehensive income for the year	14,145	14,336
Add/(less) non-cash items:		
Depreciation and amortisation	7,237	6,721
(Gain)/loss on changes in fair value of forestry	(345)	368
Cost of forestry harvested (Note 9)	283	-
Cash flow hedges	(114)	331
Time value adjustment (Note 5)	1,153	1,067
ETS surrendered (Note 10)	1,768	1,059
Loss on sale of property, plant and equipment	47	17
Deferred tax expense	(1,140)	(2)
	8,889	9,561
Add/(less) movements in working capital items:		
Trade and other receivables	(961)	(150)
Income tax payable	1,111	(605)
Trade and other payables	1,551	1,732
	1,701	977
Less items classified as investing activities:		
Closure and post-closure provisions utilised	(11)	(2,141)
	(11)	(2,141)
Net cash inflow/(outflow) from operating activities	24,724	22,733

Non-cash investing and financing activities

There were no non-cash investing and financing transactions during the period (2024: nil).

Changes in liabilities arising from financing activities

	Non-current loans and borrowings \$'000 (Note 16)	Current loans and borrowings \$'000	Total \$'000
Balance at 1 July 2023	-	-	-
Cash flows	-	-	-
Balance at 30 June 2024	-	-	-
Cash flows	200	-	200
Balance at 30 June 2025	200	-	200

Notes to the Financial Statements

For the year ended 30 June 2025

21. Capital commitments and operating leases as lessor

	2025 \$'000	2024 \$'000
Capital commitments contracted for at balance date but not yet incurred for property, plant and equipment	383	1,309

The company has entered into forward contracts totalling \$2,379,300 (2024: \$3,202,500) for the purchase of emissions units. There are no capital commitments in relation to forestry.

Operating leases as lessor

The company leases land not immediately required for its operations under operating leases. The leases are with one external party and have non-cancellable terms of 5 years from June 2023 with the exception of one area which is leased to the same party on a month-to-month basis. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2025 \$'000	2024 \$'000
Not later than one year	53	55
Later than one year and not later than five years	92	144
Later than five years	-	-
Total non-cancellable operating leases	145	199

No contingent rents have been recognised during the period.

22. Contingent assets and liabilities

Contingent assets

Under the New Zealand Emissions Trading Scheme (ETS) the company is eligible for carbon credits on sequestration of carbon in the company's post-1989 forests. Credits have been received for periods up to 31 December 2022.

The company will have an obligation to account for any emission released as a consequence of deforestation of pre-1990 land by surrendering credits equal to the extent of that emission. The company has not recognised a liability for deforestation as at 30 June 2025, on the basis that forestry harvested during the period will be replanted.

Contingent liabilities

	2025 \$'000	2024 \$'000
Bonds	15,912	15,912
Deforestation of pre-1990 forestry (if not replanted)	620	-
	16,532	15,912

Notes to the Financial Statements

For the year ended 30 June 2025

Bonds of \$15,912,500 (2024: \$15,912,500) have been arranged with the company's bankers in terms of resource consents granted to the company. The bond is renewed annually, with the current period expiring on 31 December 2025. The directors anticipate there being no issues arising for renewal of the bond and that no material liabilities will arise under the bond.

23. Related party transactions

The company's shareholders are considered to be related parties of the company. This includes the five territorial local authorities with shareholdings in the company and Waste Management NZ Limited.

The company has negotiated waste disposal and transport contracts with the related parties. The company also contracts with Waste Management NZ Limited for costs relating to the on-going landfill construction, landfill disposal and transport services. Pricing under the contracts is subject to annual inflation indexing and detailed three-yearly reviews which include oversight by a probity auditor.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables from related parties (2024: Nil).

The following transactions were carried out with related parties:

	2025 \$'000	2024 \$'000
(a) Sales of services		
Entities with joint control or significant influence over the entity (landfilling and transport)	30,139	24,520
Other related parties (landfilling and transport)	27,302	24,964
	<u>57,441</u>	<u>49,484</u>
(b) Purchases of services		
Entities with joint control or significant influence over the entity (waste disposal, transport and construction)	35,771	33,316
Entities with joint control or significant influence over the entity (rates)	30	27
	<u>35,801</u>	<u>33,343</u>
(c) Year end balances arising from sales/purchases of services		
<i>Receivables from related parties (Note 12)</i>		
Entities with joint control or significant influence over the entity	2,538	2,015
Other related parties	2,378	2,058
	<u>4,916</u>	<u>4,073</u>
<i>Payables to related parties (Note 19)</i>		
Entities with joint control or significant influence over the entity	2,423	988
	<u>2,423</u>	<u>988</u>

Notes to the Financial Statements

For the year ended 30 June 2025

	2025 \$'000	2024 \$'000
Key management personnel		
Directors' fees	351	382

Directors' remuneration is detailed in the Directors' Report to Shareholders on page 5, with amounts payable at year end detailed in Note 18.

24. Financial instruments

24A. Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

			2025 \$'000	2024 \$'000
FINANCIAL ASSETS				
Financial assets at amortised cost				
Cash and cash equivalents			100	5,658
Debtors and other receivables			7,616	6,655
<i>Total loans and receivables</i>			7,716	12,313
	Notional amount	Line item in the statement of financial position		
	\$'000			
Financial assets at fair value				
Interest rate swaps – non-current	2,000	Derivative financial instruments	19	42
Interest rate swaps - current	-	Derivative financial instruments	-	69
			19	111

Notes to the Financial Statements

For the year ended 30 June 2025

		2025 \$'000	2024 \$'000
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Creditors and other payables		10,528	8,954
Borrowings:			
- Secured loans		200	-
<i>Total financial liabilities at amortised cost</i>		<u>10,728</u>	<u>8,954</u>
	Notional amount		
	\$'000		
Financial liabilities at fair value			
Electricity hedges payable – current	-	Derivative financial instruments	-
			285
			<u>-</u>
			<u>285</u>

The derivative financial instruments relating to interest rate swaps were deemed to be ineffective from 1 July 2022. The ineffectiveness recognised in profit or loss during the June 2025 year is \$93,000 which is included in interest expense (2024: \$126,000 interest expense).

24B Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

Notes to the Financial Statements

For the year ended 30 June 2025

In the normal course of business, Transwaste Canterbury Limited is exposed to risk from debtors. There are no significant concentrations of credit risk other than the Joint Venture parties. The business does not require any collateral or security to support its financial instruments. The business is not exposed to any material foreign exchange or interest rate risk. At balance date, the carrying cost and estimated fair value of the business's financial assets and liabilities were not materially different.

Derivative financial instruments are used by Transwaste Canterbury Limited in the normal course of business in order to hedge exposure to fluctuation in the movements in electricity prices and interest rates.

24C. Financial instrument risks

Transwaste Canterbury Limited has a series of policies to manage the risks associated with financial instruments. Transwaste Canterbury Limited is risk averse and seeks to minimise exposure from its treasury activities. The Treasury policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Transwaste Canterbury Limited manages its price risk on electricity prices under its policies by entering into contracts for difference agreements to hedge exposure to price fluctuations.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Transwaste Canterbury Limited is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The interest rates on Transwaste Canterbury Limited's borrowings are disclosed in Note 16.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed interest rates expose Transwaste Canterbury Limited to fair value interest rate risk. Transwaste Canterbury Limited's Treasury policy outlines the level of borrowing that is to be secured using fixed interest rate instruments. Fixed to floating interest rate swaps may be entered into to hedge the fair value interest rate risk arising where Transwaste Canterbury Limited has borrowed at fixed rates. In addition, investments at fixed interest rates expose Transwaste Canterbury Limited to fair value interest rate risk.

Notes to the Financial Statements

For the year ended 30 June 2025

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Transwaste Canterbury Limited to cash flow interest rate risk.

Transwaste Canterbury Limited manages its cash flow interest rate risk on borrowings under the terms of its Treasury policy by, where appropriate, using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if Transwaste Canterbury Limited borrowed at fixed rates directly. Under the interest rate swaps, Transwaste Canterbury Limited agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Transwaste Canterbury Limited, causing Transwaste Canterbury Limited to incur a loss. The company has five to ten significant customers, which are actively managed to minimise credit risk.

Transwaste Canterbury Limited invests funds in deposits with registered banks. Accordingly, the company does not require any collateral or security to support these financial instruments.

Transwaste Canterbury Limited has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Transwaste Canterbury Limited's maximum credit exposure for each class of financial instrument is as follows:

	2025 \$'000	2024 \$'000
Cash and cash equivalents (Note 11)	100	5,658
Trade and other receivables (Note 12)	7,616	6,655
Total credit risk	<u>7,716</u>	<u>12,313</u>

Notes to the Financial Statements

For the year ended 30 June 2025

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S & P Global Ratings' credit ratings (if available) or to historical information about counterparty default rates:

	2025 \$'000	2024 \$'000
Counterparties with credit ratings		
Cash and cash equivalents		
AA-	100	5,658

Debtors and other receivables mainly arise from ongoing transactions with seven significant customers with no significant concentration of credit risk. There are procedures in place to monitor and report the credit quality of debtors and other receivables on a monthly basis, to minimise credit risk.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Transwaste Canterbury Limited will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Transwaste Canterbury Limited aims to maintain flexibility in funding by keeping committed credit lines available.

Transwaste Canterbury Limited manages its borrowings in accordance with its Treasury Policy.

The maturity profiles of Transwaste Canterbury Limited's interest bearing borrowings are disclosed in Note 16.

Contractual maturity analysis of financial liabilities

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contract- ual cash flows \$'000	Less than 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000
2025					
Creditors and other payables	10,528	10,528	10,528	-	-
Total	10,528	10,528	10,528	-	-

Notes to the Financial Statements

For the year ended 30 June 2025

	Carrying amount \$'000	Contract- ual cash flows \$'000	Less than 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000
2024					
Creditors and other payables	8,954	8,954	8,954	-	-
Total	8,954	8,954	8,954	-	-

Contractual maturity analysis of financial assets

The table below analyses the company's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$'000	Contract- ual cash flows \$'000	Less than 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	More than 5 years \$'000
2025						
Cash and cash equivalents	100	100	100	-	-	-
Trade and other receivables	7,616	7,616	7,616	-	-	-
Total	7,716	7,716	7,716	-	-	-
2024						
Cash and cash equivalents	5,658	5,658	5,658	-	-	-
Trade and other receivables	6,655	6,655	6,655	-	-	-
Total	12,313	12,313	12,313	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2025

25. Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company monitors capital on the basis of the equity ratio. This ratio is calculated as total equity divided by total assets. The company's strategy, as set out in the Statement of Intent for the 2025 year, is to endeavour to operate with a consolidated shareholders' funds to total assets of 40.7% during the 2024/2025 financial year.

The equity ratio achieved at 30 June 2025 is 40.7% (2024: 48.2%), in line with the budgeted ratio.

26. Events after balance date

On 28 August 2025, a fully imputed final dividend of \$7,000,000 in respect of 2025 was declared and paid.

There have been no other significant events after the reporting date that are not otherwise disclosed in these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TRANSWASTE CANTERBURY LIMITED FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Transwaste Canterbury Limited (the Company). The Auditor-General has appointed me, Brendan Summerfield, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the statement of performance of the Company on his behalf.

We have audited:

- the financial statements of the Company on pages 20 to 57, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Company for the year ended 30 June 2025 on pages 14 to 19.

Opinion

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards; and
- the statement of performance:
 - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and



**Shape the future
with confidence**

- has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 26 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audit of the financial statements and the statement of performance section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the statement of performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the *statement of performance* in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the statement of performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of performance, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the statement of performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of performance, 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.



**Shape the future
with confidence**

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of shareholders, taken on the basis of these financial statements and the statement of performance.

For the budget information reported in the financial statements and in the statement of performance, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of performance.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying



**Shape the future
with confidence**

transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and assess whether the statement of performance achieves its statutory purpose of enabling the Company's shareholders to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of performance, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the statement of performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

A handwritten signature in blue ink, appearing to read 'B Summerfield'.

Brendan Summerfield
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand