Channel

Infrastructure NZ

Interim Financial Statements

For the six months ended 30 June 2026

Contents

Consolidated Income Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	NOTE	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
CONTINUING OPERATIONS			
INCOME			
Revenue		**72,926**	70,213
TOTAL INCOME	2	**72,926**	70,213
EXPENSES			
Energy and utility costs		**4,372**	4,100
Materials and contractor payments		**5,668**	4,524
Salaries, wages and benefits		**8,220**	7,264
Administration and other costs		**5,818**	5,868
TOTAL EXPENSES		**24,078**	21,756
EARNINGS BEFORE DEPRECIATION, FINANCE COSTS AND INCOME TAX	11	**48,848**	48,457
Depreciation		**22,360**	22,001
NET PROFIT BEFORE FINANCE COSTS AND INCOME TAX		**26,488**	26,456
Finance income		**(35)**	(67)
Finance costs	4	**262**	8,136
NET FINANCE COSTS		**227**	8,069
NET PROFIT BEFORE INCOME TAX		**26,261**	18,387
Income tax		**7,005**	5,300
NET PROFIT AFTER INCOME TAX FROM CONTINUING OPERATIONS		**19,256**	13,087
Net loss after income tax from discontinued operations	1	**(1,075)**	(1,459)
NET PROFIT AFTER INCOME TAX		**18,181**	11,628
ATTRIBUTABLE TO:			
Owners of the Parent		**18,181**	11,628

EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS	**CENTS**	CENTS
Basic and diluted earnings per share from continuing operations	**4.7**	3.2
Basic and diluted earnings per share	**4.4**	2.8

Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
NET PROFIT AFTER INCOME TAX	**18,181**	11,628
OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to the Income Statement		
Movement in cash flow hedge reserve	**(1,621)**	(1,736)
Exchange difference on translation of foreign operations	**2**	-
Deferred tax	**454**	486
Total items that may be subsequently reclassified to the Income Statement	**(1,165)**	(1,250)
TOTAL OTHER COMPREHENSIVE LOSS AFTER INCOME TAX	**(1,165)**	(1,250)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER INCOME TAX	**17,016**	10,378
ATTRIBUTABLE TO:		
Owners of the Parent	**17,016**	10,378

Consolidated Balance Sheet

AS AT 30 JUNE 2026

	NOTE	UNAUDITED 30 June 2026 $000	AUDITED 31 December 2025 $000
CURRENT ASSETS			
Cash and cash equivalents		**2,730**	2,902
Trade and other receivables	5	**16,514**	21,288
Derivative financial instruments		**985**	387
Inventories		**5,152**	5,052
TOTAL CURRENT ASSETS		**25,381**	29,629
NON-CURRENT ASSETS			
Derivative financial instruments		**942**	2,707
Goodwill		**6,839**	6,604
Intangibles		**6,133**	6,036
Property, plant and equipment		**1,319,049**	1,297,424
Other assets		**8,427**	8,427
Right-of-use assets	8	**241**	732
TOTAL NON-CURRENT ASSETS		**1,341,631**	1,321,930
TOTAL ASSETS		**1,367,012**	1,351,559
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**21,902**	18,314
Income tax payable		**87**	-
Borrowings	4	**100,229**	-
Lease liabilities	8	**213**	133
Employee benefits		**2,385**	3,261
Provisions	9	**6,534**	7,030
TOTAL CURRENT LIABILITIES		**131,350**	28,738
NON-CURRENT LIABILITIES			
Derivative financial instruments		**1,265**	369
Borrowings	4	**249,834**	334,723
Lease liabilities	8	**2,155**	702
Employee benefits		**2,978**	2,978
Provisions	9	**66,037**	72,242
Deferred tax liabilities		**138,354**	132,195
TOTAL NON-CURRENT LIABILITIES		**460,623**	543,209
TOTAL LIABILITIES		**591,973**	571,947
NET ASSETS		**775,039**	779,612

	NOTE	UNAUDITED 30 June 2026 $000	AUDITED 31 December 2025 $000
EQUITY			
Contributed equity		**377,459**	371,465
Revaluation reserve		**726,482**	726,482
Treasury stock		**(195)**	(256)
Share-based payments reserve		**681**	502
Cash flow hedge reserve		**(154)**	1,013
Foreign currency translation reserve		**2**	-
Retained earnings		**(329,236)**	(319,594)
TOTAL EQUITY		**775,039**	779,612

The Board of Directors of Channel Infrastructure NZ Limited authorised these financial statements for issue on 27 August 2026.

For and on behalf of the Board

J B Miller, ONZM
Chair of the Board

A M Molloy
Chair, Audit and Finance Committee

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	NOTE	CONTRIBUTED EQUITY $000	REVALUATION RESERVE $000	TREASURY STOCK $000	SHARE-BASED PAYMENTS RESERVE $000	CASH FLOW HEDGE RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
AT 1 JANUARY 2025		366,420	726,482	(341)	315	3,139	(277,758)	818,257
COMPREHENSIVE INCOME								
Net profit after income tax		-	-	-	-	-	11,628	11,628
Other comprehensive income								
Movement in cash flow hedge reserve		-	-	-	-	(1,736)	-	(1,736)
Deferred tax on other comprehensive income		-	-	-	-	486	-	486
TOTAL OTHER COMPREHENSIVE LOSS, AFTER INCOME TAX		-	-	-	-	(1,250)	-	(1,250)
TRANSACTIONS WITH OWNERS OF THE PARENT								
Equity-settled share-based payments		-	-	-	124	-	-	124
Shares vested to employees		-	-	85	(85)	-	-	-
Dividends paid	3	-	-	-	-	-	(27,060)	(27,060)
TOTAL TRANSACTIONS WITH OWNERS OF THE PARENT		-	-	85	39	-	(27,060)	(26,936)
AT 30 JUNE 2025 (UNAUDITED)		366,420	726,482	(256)	354	1,889	(293,190)	801,699

	NOTE	CONTRIBUTED EQUITY $000	REVALUATION RESERVE $000	TREASURY STOCK $000	SHARE-BASED PAYMENTS RESERVE $000	CASH FLOW HEDGE RESERVE $000	FOREIGN CURRENCY TRANSLATION RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
AT 1 JANUARY 2026		371,465	726,482	(256)	502	1,013	-	(319,594)	779,612
COMPREHENSIVE INCOME									
Net profit after income tax		-	-	-	-	-	-	18,181	18,181
Other comprehensive income									
Movement in cash flow hedge reserve		-	-	-	-	(1,621)	-	-	(1,621)
Exchange difference on translation of foreign operations		-	-	-	-	-	2	-	2
Deferred tax on other comprehensive income		-	-	-	-	454	-	-	454
TOTAL OTHER COMPREHENSIVE LOSS, AFTER INCOME TAX		-	-	-	-	(1,167)	2	-	(1,165)
TRANSACTIONS WITH OWNERS OF THE PARENT									
Shares issued	3	5,994	-	-	-	-	-	-	5,994
Equity-settled share-based payments		-	-	-	240	-	-	-	240
Shares vested to employees		-	-	61	(61)	-	-	-	-
Dividends paid	3	-	-	-	-	-	-	(27,823)	(27,823)
TOTAL TRANSACTIONS WITH OWNERS OF THE PARENT		5,994	-	61	179	-	-	(27,823)	(21,589)
AT 30 JUNE 2026 (UNAUDITED)		377,459	726,482	(195)	681	(154)	2	(329,236)	775,039

Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	NOTE	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**73,784**	71,128
Payment for supplies and expenses		**(13,713)**	(16,742)
Payments to employees		**(8,687)**	(7,246)
Interest received		**137**	67
Interest paid		**(7,449)**	(7,507)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**44,072**	39,700
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of legacy platinum		**-**	7,624
Payments for property, plant and equipment		**(38,315)**	(20,467)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(38,315)**	(12,843)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		**16,090**	1,500
Lease payments		**(190)**	(42)
Dividends paid	3	**(21,829)**	(27,060)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(5,929)**	(25,602)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(172)**	1,255
Cash and cash equivalents at the beginning of the year		**2,902**	1,283
Foreign exchange movements on cash and cash equivalents		**-**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**2,730**	2,538

Notes to the Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2026

Reporting Entity

Channel Infrastructure NZ Limited ('Parent', 'Company' or 'Channel Infrastructure') is a profit-oriented company registered under the Companies Act 1993 and an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. The Company is domiciled and incorporated in New Zealand.

The Company's ordinary shares are quoted under the ticker CHI on the NZX Main Board Equity Market ('NZX Main Board') and as a Foreign Exempt Listing on the Australian Securities Exchange operated by ASX Limited. The Company's corporate bonds (ticker CHI020 and CHI030) are quoted on the NZX Debt Market.

These consolidated interim financial statements ('financial statements') comprise Channel Infrastructure together with its subsidiaries ('the Group'). Subsidiaries are all entities over which the Group has control and include Channel Terminal Services Limited, Independent Petroleum Laboratory Limited and Channel Infrastructure Australia Pty Ltd.

Basis of Preparation

These financial statements have been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* and New Zealand Equivalents to International Accounting Standard 34: *Interim Financial Reporting,* and also in accordance with Generally Accepted Accounting Practice in New Zealand ('GAAP') applicable to for-profit entities. These financial statements do not include all the information required to be disclosed in annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025.

Accounting Policies

The accounting policies used in the preparation of these financial statements are consistent with those used in the Group's consolidated financial statements for the year ended 31 December 2025.

Accounting standards not yet effective

In May 2024 the External Reporting Board issued NZ IFRS 18: *Presentation and Disclosure in Financial Statements* ('NZ IFRS 18'), effective for reporting periods commencing on or after 1 January 2027. This accounting standard is expected to change:

- The presentation of the Group's income statement as it introduces mandatory subtotals and classification categories.
- The presentation of the Group's statement of cash flows as it requires interest paid to be classified as a cash flow from financing activities. Channel Infrastructure currently presents interest paid as a cash flow from operating activities.

NZ IFRS 18 is a presentation and disclosure standard and therefore does not impact the financial position, financial performance or cash flows of the Group.

Other standards, amendments and interpretations which are not yet effective are not expected to have a material impact on the Group.

Segment Reporting

The Group operates in one reportable segment, Infrastructure, which comprises the fuels import terminal system based at Marsden Point (including jetty infrastructure at Marsden Point, storage tanks, and the Marsden Point to Auckland pipeline), the Somerton pipeline, and fuel testing laboratories. The Group operates in New Zealand and Australia.

Use of Judgements and Estimates

The preparation of financial statements requires judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The following areas involve significant judgements and estimates:

- **Fair value of property, plant and equipment –** the Group adopts the fair value model as the measurement base for property, plant and equipment (refer to Note 6 for further details).
- **Assets held for sale –** the Group continues to report decommissioned refinery assets that are subject to a conditional sale agreement, as property, plant and equipment, rather than as assets held for sale (refer to Note 6 for further details).
- **Provisions –** the Group continues to recognise several provisions in relation to the conversion of the refinery into a dedicated fuels import terminal operation (refer to Note 9 for further details).
- **Recoverability of tax losses –** the Group's accumulated tax losses amount to $348 million at

30 June 2026. A deferred tax asset in respect of these unutilised tax losses is recognised, having regard to the Shareholder Continuity Test and an assessment of future taxable profits available against which the tax losses can be recovered, and therefore the deferred tax asset realised.

- **Discontinued operations –** the Group continues to present the results from discontinued operations associated with the refining operations which ceased in March 2022 (refer to Note 1 for further details).

1 Discontinued Operations

Discontinued operations relate to refining operations which ceased in March 2022.

The results from discontinued operations include revenue from scrap metal and redundant equipment sales and on-going costs associated with ceasing refining operations, including retiree medical scheme costs and costs associated with the sale of permanently decommissioned refining plant.

Conversion costs relate to costs associated with the transition to an import terminal and include the reassessment of long-term provisions (including demolition) due to cost re-estimation and/or changes in discount rates.

Revaluation of assets relates to the change in fair value of the decommissioned refining plant (refer to Note 6 for further details).

	NOTE	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
INCOME			
Revenue	2	**67**	27
TOTAL INCOME		**67**	27
EXPENSES			
Salaries, wages and benefits		**207**	237
Administration and other costs		**224**	472
TOTAL EXPENSES		**431**	709
NET LOSS BEFORE CONVERSION COSTS, ASSET REVALUATION, FINANCE COSTS AND INCOME TAX	11	**(364)**	(682)
Conversion costs		**3,102**	571
Revaluation of assets - net revaluation gain	6	**(2,580)**	-
TOTAL CONVERSION COSTS AND REVALUATION GAIN		**522**	571
NET LOSS BEFORE FINANCE COSTS AND INCOME TAX		**(886)**	(1,253)
Finance income		**(102)**	-
Finance costs		**709**	773
NET FINANCE COSTS		**607**	773
NET LOSS BEFORE INCOME TAX		**(1,493)**	(2,026)
Income tax		**(418)**	(567)
NET LOSS AFTER INCOME TAX		**(1,075)**	(1,459)

	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
CASH FLOWS FROM / (USED IN) DISCONTINUED OPERATIONS		
Net cash from/(used in) operating activities	**2,310**	(2,517)
Net cash from investing activities	**-**	7,624
Net cash from financing activities	**102**	-
NET CASH FLOWS FROM DISCONTINUED ACTIVITIES FOR THE PERIOD	**2,412**	5,107

2 Income

	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
CONTINUING OPERATIONS		
Import terminal fees	**56,285**	55,484
Contracted storage	**11,674**	10,229
Laboratory revenue	**2,511**	2,704
Other operating revenue	**2,456**	1,796
TOTAL REVENUE FROM CONTINUING OPERATIONS	**72,926**	70,213
DISCONTINUED OPERATIONS		
Revenue	**67**	27
TOTAL REVENUE FROM DISCONTINUED OPERATIONS	**67**	27
TOTAL REVENUE	**72,993**	70,240

Major customers

The Group has three major customers that each individually account for more than 10% of the Group's revenue from continuing operations. The revenue earned from each major customer is shown below.

	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
Major customer A	**28,290**	28,630
Major customer B	**22,275**	21,360
Major customer C	**17,535**	17,095

3 Equity

Contributed equity

The issued capital of the Company is represented by 414,389,163 ordinary shares (31 December 2025: 412,198,231) issued and fully paid, less 157,965 (31 December 2025: 197,576) treasury shares. All ordinary shares rank equally with one vote attached to each ordinary share.

Share performance rights issued

Competitive Advantage Award

On 26 February 2026 the Company issued 1,563,599 share rights to the CEO under the Company's Share Rights Plan and on 15 May 2026 the Company issued 390,900 share rights to the CFO under the Company's Share Rights Plan. Each share right converts on a 1:1 basis for nil cash consideration into fully paid ordinary shares subject to satisfaction of workplace safety and environmental conditions, maintenance of security of supply to Auckland and the Board's assessment of satisfaction of certain performance conditions, to be met over the vesting period ending on 31 December 2029:

- 50% of the award is conditional on the successful execution of designated projects for the Marsden Point Energy Precinct that seek to secure a long-term competitive advantage for the Company, and
- 50% of the award is conditional on the successful execution of designated strategic acquisitions and developments outside of Marsden Point that seek to secure a long-term competitive advantage for the Company.

Vesting is also subject to the participant remaining employed during the vesting period, except in certain "good leaver" cessation of employment scenarios at the discretion of the Board.

The weighted average grant-date fair value of the CAA awards is $2.39 per Share Right. The expense recognised in the period ended 30 June 2026 relating to the CAA is $0.1 million.

Share Rights Scheme (Long-Term Incentive)

On 15 May 2026 the Company issued 223,093 share rights to the Leadership Team (of which 116,523 were issued to the CEO) under the Company's Share Rights Plan. Each share right converts on a 1:1 basis for nil cash consideration into fully paid ordinary shares following the release of the Company's financial results for the year ending 31 December 2028, subject to a workplace safety condition being satisfied and performance of the Company's Total Shareholder Return (TSR):

- 50% of the award is conditional on the performance of the Company's TSR relative to a comparator group of selected members of the NZX50 at 2 March 2026, and
- 50% of the award is conditional on the Company's TSR exceeding its cost of equity plus 0.5% compounding annually from 2 March 2026 to the vesting date.

Vesting is also subject to the participant remaining employed during the three-year vesting period, except in certain "good leaver" cessation of employment scenarios at the discretion of the Board.

Dividends

	30 June 2026		30 June 2025	
Dividends	**UNAUDITED $000**	**UNAUDITED cents per share**	**UNAUDITED $000**	**UNAUDITED cents per share**
2024 final dividend	**-**	**-**	27,060	6.60
2025 final dividend	**27,823**	**6.75**	-	-
Dividends distributed	**27,823**	**6.75**	27,060	6.60
Less dividends reinvested				
2025 final dividend	**(5,994)**		-	
Dividends paid	**21,829**		27,060	

Dividends declared

On 27 August 2026 the Board declared an ordinary unimputed interim dividend of 7.25 cents per share, to be paid on 24 September 2026. The dividend reinvestment plan is applicable for this dividend.

4 Borrowings

At 30 June 2026 the Group has total debt funding facilities available of $439.3 million (represented by NZ$215.0 million NZD bank facilities, A$20.0 million AUD bank facilities and NZ$200.0 million retail bonds).

The Group borrows under a Common Terms Deed which requires the Group to maintain an Interest Cover Ratio of at least 2.5 to 1, and a Gearing Ratio of not more than 55% at each reporting date (30 June and 31 December). The Group was in compliance with these financial undertakings as at the end of, and in respect of, the six months ended 30 June 2026 and the year ended 31 December 2025.

The borrowings are unsecured.

At 30 June 2026 the average tenor is 3.1 years (31 December 2025: 3.6 years).

The carrying amount of the Group's borrowings issued at floating rate (revolving cash advances) closely approximate their fair value.

At 30 June 2026, the fair value of the CHI020 retail bond is $101.8 million compared to its carrying amount of $100.2 million. The fair value is based on the quoted market price at 30 June 2026.

At 30 June 2026, the fair value of the CHI030 retail bond is $106.5 million compared to its carrying amount of $100.8 million. The CHI030 retail bond ($100 million, maturing in November 2029) is subject to a fair value hedge for a notional amount of $50 million maturing in May 2027. The fair value is based on the quoted market price at 30 June 2026, adjusted for effective changes in the fair value of the hedging instrument.

The table below outlines the maturity profile of the facilities at 30 June 2026:

	MATURITY DATE	UNAUDITED 30 June 2026 $000	AUDITED 31 December 2025 $000
BORROWINGS			
Current borrowings:			
Retail bonds - CHI020 (5.8%)[1]	May-27	**100,229**	-
Total current borrowings		**100,229**	-
Non-current borrowings:			
Revolving cash advances	Nov-30	**149,028**	132,938
Retail bonds - CHI020 (5.8%)[1]	May-27	**-**	100,028
Retail bonds - CHI030 (6.75%)[1]	Nov-29	**100,806**	101,757
Total non-current borrowings		**249,834**	334,723
TOTAL BORROWINGS		**350,063**	334,723
UNDRAWN FACILITIES			
Revolving cash advances	Nov-28	**30,000**	30,000
Revolving cash advances	Nov-29	**35,000**	35,000
Revolving cash advances	Nov-30	**25,305**	40,207
TOTAL UNDRAWN BORROWING FACILITIES		**90,305**	105,207

1 The difference between the carrying value of the retail bonds and their face values is due to unamortised issue costs and accrued interest.

	UNAUDITED 30 June 2026 $000	AUDITED 31 December 2025 $000
NET DEBT		
Total Borrowings	**350,063**	334,723
Less: Fair value adjustment	**(875)**	(1,912)
Less: Cash and cash equivalents	**(2,730)**	(2,902)
NET DEBT	**346,458**	329,909

Finance costs

Finance costs include the changes in fair value of derivatives used to manage interest rate risk, and the associated changes in fair value of the borrowings designated in a fair value hedge relationship.

	GROUP 30 June 2026 $000	GROUP 30 June 2025 $000
Interest on bank borrowings and related interest rate swaps	**2,283**	1,730
Interest on bonds and related interest rate swaps	**6,644**	6,461
Fair value hedge adjustment on bond	**(1,037)**	(310)
Interest on lease liabilities	**25**	11
Unwinding of discount rates and changes in discount rates on provisions	**255**	244
Jetty seabed lease extension[1]	**(7,198)**	-
Interest capitalised on qualifying assets	**(710)**	-
TOTAL FINANCE COSTS	**262**	8,136

1 Non-cash adjustment relating to the extension of the jetty seabed lease term, extending the date when the jetty demolition costs are expected to be incurred.

5 Trade and other receivables

	UNAUDITED 30 June 2026 $000	AUDITED 31 December 2025 $000
Trade receivables	**13,949**	14,315
Other receivables and prepayments	**2,565**	6,973
TOTAL TRADE AND OTHER RECEIVABLES	**16,514**	21,288

Trade receivables are non-interest bearing and are normally settled on seven to 21-day terms. Due to the short-term nature of trade receivables, their carrying amount is considered the same as their fair value.

At 31 December 2025, other receivables included $3.8 million held in the Employment Court's trust account. The funds were returned to the Company during the period following its successful appeal (on certain matters) of the Employment Relations Authority's determination that the Group incorrectly calculated redundancy compensation payments.

6 Property, Plant and Equipment

Property, plant and equipment except capital work in progress is recognised at fair value less accumulated depreciation and any impairment losses recognised after the date of revaluation. Capital work in progress is recognised at cost. The Group's import terminal assets, decommissioned refining plant and unutilised land are all categorised as Level 3 in the fair value hierarchy. During the period there were no transfers between the levels of the fair value hierarchy.

Valuation of property, plant and equipment

Import terminal assets

The Import Terminal System (ITS) was independently valued by Deloitte at 31 December 2024.

The net present value methodology was used to determine a market participant's sales value. This approach values the assets of the ITS that are currently in operation and the land that the ITS occupies. The fair value of the ITS excludes the unutilised land, the residual value of decommissioned refinery plant and the revenue from tanks that require additional growth capex as at the valuation date. This means that the revenue to be earned from the 10-year jet fuel storage contract with Z Energy (announced in August 2024) and the contract to develop a bitumen import terminal for Higgins (announced in November 2024) is not included in the ITS fair value assessment.

The key assumptions used in the valuation include the September 2024 Envisory fuel demand forecasts, forecast import terminal fees, forecast operational and capital expenditure, and discount rates. A review of the key inputs used in the 2024 valuation, updated to 30 June 2026 indicates that there has been no material change in the fair value of the import terminal assets at 30 June 2026.

Decommissioned refining plant

The decommissioned refining plant is valued at fair value less costs of disposal.

The fair value of the decommissioned refining plant is primarily based on an estimate of the quantity (tonnes) of ferrous and non-ferrous materials embedded in the refining plant and an estimate of scrap metal prices for the expected grade quality of the materials.

The quantity of ferrous and non-ferrous materials is estimated based on industry norms, and the scrap metal prices are estimated based on market pricing provided by a local (New Zealand) scrap metal merchant. The most recent pricing was provided in June 2026.

The fair value of the decommissioned refinery plant was updated at 30 June 2026 to reflect:

- The reduction in quantity of metal due to the transfer of the diesel tanks used in the government fuel security contract to the Import Terminal System, and
- The change in the scrap metal prices during the period.

This resulted in recognition of a revaluation gain of $2.6 million in discontinued operations.

Unutilised land

The land held outside the ITS was independently valued by CBRE (Northland) at 31 December 2024.

A market-based comparison valuation approach was used. This approach determines fair value through considering recent land sales and applying adjustments to reflect their different attributes including scale, location and condition.

There have been no indicators of a material change to the fair value of the unutilised land at 30 June 2026.

Additions

During the six months ended 30 June 2026 the Group recognised capital additions (including work in progress) of $41.7 million (31 December 2025: $44.1 million). Additions in the period relate to the Government fuel security contract (93 million litres of diesel), tank conversion for the Z Energy jet fuel storage contract, the construction of a bitumen import terminal for Higgins and statutory tank inspection upgrades.

Depreciation

During the six months ended 30 June 2026 the Group recognised depreciation of $22.4 million (30 June 2025: $22.0 million).

Conditional option agreement for decommissioned hydrocracking assets

On 8 July 2023, the Company entered into an Asset Sale Agreement (ASA) with US-based Seadra Energy Incorporated (Seadra), granting Seadra an option to purchase certain decommissioned assets from the hydrocracking complex (part of the former refinery) for US$33.875 million. Channel has received US$4.7 million in option payments (recognised as deferred income).

On 30 September 2024 Channel and Seadra entered into a Project Development Agreement (PDA) relating to the potential development of a biorefinery at Marsden Point. Should the PDA become unconditional, the proposed biorefinery project would utilise the hydrocracking units that were the subject of the initial ASA plus potentially additional decommissioned assets for further proceeds of up to US$22.96 million (total sale price of up to US$56.835 million before transaction costs customary for asset sales of this nature).

Non-current assets are classified by the Group as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable within 12 months. Due to the challenges of developing technically feasible and financially viable projects involving second-hand refining plant globally, and specifically noting the agreement with Seadra is conditional, the decommissioned assets subject to the PDA have not been classified as assets held for sale at 30 June 2026.

Asset Sale Agreement for decommissioned CCR Platformer unit (July 2026)

In July 2026 the Company entered into an Asset Sale Agreement with Integrate Scope DMCC relating to the sale, dismantling and removal of the decommissioned CCR Platformer unit (CCR).

The classification of the CCR as held for sale is a non-adjusting event after the reporting period and results in the following, to be recognised in discontinued operations in July 2026:

- Revaluation of the CCR to its fair value less costs to sell, an estimated increase of $8 million, and
- Release of the proportion of the demolition provision relating to the CCR, estimated to be $3 million.

Net cash proceeds of US$5.95 million (NZ$10 million) will be received in instalments during 2026 and 2027.

7 Contractual Commitments

The Group has contractual obligations to purchase assets and complete capital project works relating to the development of a bitumen import terminal for Higgins, bund upgrades and Marsden Point site redevelopment including the relocation of the control room and administration building. At 30 June 2026 contractual commitments amounted to $38 million (31 December 2025: $43 million).

8 Right-of-use assets and lease liabilities

The Group leases the jetty seabed at Marsden Point, Auckland office space and a vehicle. The right-of-use assets are depreciated over the period until the expiry of the lease.

During the period the jetty seabed lease was renewed and the lease term reassessed, resulting in an increase in lease liabilities. The associated reduction in the jetty demolition provision (refer to Note 9 for further details) resulted in the write-down of the right-of-use asset relating to the jetty lease.

The Consolidated Balance Sheet shows the following amounts relating to right-of-use assets and lease liabilities:

	UNAUDITED 30 June 2026 $000	AUDITED 31 December 2025 $000
RIGHT-OF-USE ASSETS	**241**	732
Lease liabilities - current	**213**	133
Lease liabilities - non-current	**2,155**	702
TOTAL LEASE LIABILITIES	**2,368**	835

9 Provisions

The movement in provisions during the six months ended 30 June 2026 is shown in the table below:

	SHUT DOWN AND DECOMMISSIONING $000	DEMOLITION AND RESTORATION $000	TOTAL $000
AT 1 JANUARY 2026	1,495	77,777	79,272
Additions - conversion related	-	2,278	2,278
Utilisation	-	(1,036)	(1,036)
Adjustment for change in discount rate	16	483	499
Jetty lease extension	-	(9,405)	(9,405)
Finance costs	31	932	963
AT 30 JUNE 2026	**1,542**	**71,029**	**72,571**
Current	-	6,534	6,534
Non-current	1,542	64,495	66,037

The demolition and restoration provision includes the costs associated with the demolition of the jetty structure at the end of the lease term. During the period the jetty seabed lease was renewed and the expected timing of the jetty demolition was reassessed. The net impact of the reassessment is a reduction in the jetty demolition provision of $9.4 million due to discounting the expected cost over an extended timeframe. This non-cash adjustment is initially recognised as a write-down of the right-of-use asset, with the remaining amount of $7.2 million recognised as a reduction in finance costs.

10 Contingencies

From time to time in the normal course of business, the Group is exposed to claims and legal proceedings that may in some cases result in costs. Estimates and assumptions are made in determining the likelihood, amount and timing of cash outflows when the outcome is uncertain.

As a condition of the 35 year resource consent granted in March 2021, the Group has committed to work with the Northland Regional Council ahead of time (during the 20th year of consent or at least 12 months prior to the cessation of terminal operations) to set out the actions necessary to maintain compliance for the discharges of contaminants. Given the unknown nature of the future activities that may be agreed with the Northland Regional Council, no liability has been recognised other than in relation to ongoing environmental monitoring activities over the remaining term of the consent.

The Group has no other contingent liabilities as at 30 June 2026 (31 December 2025: Nil).

11 Non-GAAP measures

Channel uses several non-GAAP measures when discussing financial performance. The Directors and management believe that these measures provide useful information as they are used internally to evaluate the underlying performance of the Group.

Non-GAAP profit measures are not prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and are not uniformly defined, therefore the non-GAAP profit measures used by Channel may not be comparable with similarly titled measures used by other companies. Non-GAAP measures should not be used in isolation nor as a substitute for measures reported in accordance with NZ IFRS.

The definitions of the non-GAAP measures used by Channel and reconciliations to the amounts presented in the Consolidated Income Statement are detailed below.

EBITDA from Continuing Operations:	Earnings before depreciation, net finance costs and income tax from continuing operations
EBITDA from Discontinued Operations:	Earnings before conversion costs, asset revaluation, net finance costs and income tax from discontinued operations.

	UNAUDITED 30 June 2026 $000	UNAUDITED 30 June 2025 $000
CONTINUING OPERATIONS		
Net profit after income tax	**19,256**	13,087
Add: Depreciation	**22,360**	22,001
Add: Net finance costs	**227**	8,069
Add: Income tax	**7,005**	5,300
EBITDA from continuing operations	**48,848**	48,457
DISCONTINUED OPERATIONS		
Net loss after income tax	**(1,075)**	(1,459)
Add: Conversion costs	**3,102**	571
Less: Revaluation of assets	**(2,580)**	-
Add: Net finance costs	**607**	773
Less: Income tax	**(418)**	(567)
EBITDA from discontinued operations	**(364)**	(682)

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ASB Bank Limited
Bank of New Zealand
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Commonwealth Bank of Australia
Industrial and Commercial Bank of China (New Zealand) Limited
National Australia Bank Limited
Westpac New Zealand Limited

Directors
J B Miller (Chair)
A T Brewer
A J Bull
A Holmes
A M Molloy
F J C Underhill

Chief Executive
R C Buchanan

General Counsel & Company Secretary
C D Bougen

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To change your address, update your payment instructions and to view your registered details including transactions, please visit: www.computershare.co.nz/investorcentre Please assist our registrar by quoting your CSN or shareholder number.

Channel

Infrastructure NZ