



Annual Report

Contents

Section 1

OVERVIEW

Directory	04
Statutory Information	05
Performance Overview	08
Operations.....	09
Greenhouse Gas Emissions Summary	11

Section 2

FINANCIALS

Board Chair and Chief Executive's Report.....	13
Statement of Financial Position	18
Statement of Comprehensive Income	19
Statement of Changes in Equity.....	20
Statement of Cash Flows	21
Notes to the Financial Statements.....	23
Statement of Service Performance.....	38
Independent Auditor's Report.....	40



Approval by Directors

The Directors have approved for issue the financial statements of Invercargill Airport Limited for the year ended 30 June 2026.

G Lilly
Chair

D Addie
Director

For and on behalf of the Board of Directors 18 September 2026.

Overview

1

Directory

Directors who held office during the year ended 30 June 2026

G Lilly - Chair
D Addie
J George
P Halstead - until 30 September 2025
A Hercus
H Preston - from 1 May 2026

Management

S Harris - Chief Executive

Registered Office

C/- Invercargill City Council
101 Esk Street
Invercargill 9810

Physical Address

106 Airport Avenue
Invercargill
Phone (03) 218 6367

Postal Address

PO Box 1203
Invercargill 9840

Auditor

The Audit Office
Dunedin

Bankers

BNZ

Solicitors

AWS Legal
80 Don Street
Invercargill 9810



Fulton Hogan and Invercargill Airport team celebrate commencement of the final shift of runway resurfacing.

Statutory Information

Directors' Remuneration

Invercargill Airport Limited	\$
G Lilly (Chair)	54,000
D Addie	27,000
J George	27,000
P Halstead - until 30 September 2025	6,750
A Hercus	27,000
H Preston - from 1 May 2026	4,500

There was no remuneration or other benefits paid to Directors during the year for any of the following:

- Compensation for loss of office.
- Guarantees given by the Company for debts incurred by a Director.



Above from left to right: Terri Black, Health & Safety Manager; Stuart Harris, CEO; Todd Dallard, Project Manager; Julie Jack, Commercial and Business Development Manager; Rosa Sangster, Finance Manager; Rob Somers, Operations and Security Manager.

Directors' Interests

Invercargill Airport Limited maintains an interests register in which particulars of certain transactions and matters involving the directors are recorded.

This is a requirement under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2026.

Grant Lilly

Aviation Tourism Investments and Consulting Limited	Director and Shareholder
Hanmer Springs Thermal Pools and Spa	Chair
New Zealand Experience Limited	Chair
Rainbows End Theme Park Limited	Chair
Raumati Investments Limited	Director and Shareholder
Search and Rescue Services Limited	Director
Rotorua Regional Airport Limited	Director
Bus and Coach Association of New Zealand	Chair

Alastair Hercus

Natural Hazards Commission	Deputy Chair
Co-operative Life Limited	Chair
MG Charitable Trust	Trustee
Fonterra Shareholders' Fund	Director
FSF Management Company Limited	Director
Kaynemaile Limited	Shareholder
Nutcracker Limited	Shareholder
The Stroke Foundation of New Zealand	Director
Financial Markets Authority	Board Member
Buddle Findlay	Consultant

Jane George

AG Foley Limited	Director
Jane George Consulting	Director
Delta Utility Services Limited	Director
Queenstown Airport Corporation	Independent Consultant

Prue Halstead - until 30 September 2025

Invest South GP Limited	Executive Officer
COIN South Incorporated	Board Member
The Planter Limited	Shareholder
Angel Association of New Zealand	Executive Committee Member
Alexandra Building Limited	Shareholder
Bluff Services Limited	Shareholder
The Plant Store	Shareholder

Dean Addie

Dranda Investments Limited	Director and Shareholder
T4 Group Limited	Executive Director
Dog Island Motu Piu Trust	Chair
DADS Investments Limited	Director and Shareholder
Safety Solutions	Chair

Haylee Preston - from 1 May 2026

Milford Sound Tourism Limited	Chief Executive Officer
Fiordland Trails Trust	Trustee
Destination Milford Sound	Committee Member
Kincaid Investments Limited	Director and Shareholder

Use of Company Information by Directors

No Director of the Company has disclosed, used or acted on information that would not otherwise be available to a Director.

Shareholding by Directors

No Director has an interest in any of the Company shares held, acquired or disposed of during the year.

Directors' and Officers' Indemnity Insurance

The Company has insured all its Directors and Executive Officers against liabilities to other parties that may arise from their positions.

Employees' Remuneration

Six employees of the Company received remuneration and other benefits of \$100,000 or greater during the year.

\$000	No. of employees
280-290	1
180-190	1
150-160	2
140-150	1
100-110	1

Auditors' Remuneration

Audit fees for the Company totalled \$86,000. Details of fees payable are contained in Note 1.

Dividend

A dividend of \$500,000 was paid during the year.



Performance Overview

REVENUE

\$13.2m

⬆ 29%

EBITDA

\$5.3m

⬆ 30%

PROFIT FOR THE PERIOD

\$1.9m

⬆ 17%

NON-AERO REVENUE

\$5.3m

⬆ 39%

VALUE OF PROPERTY, PLANT
& EQUIPMENT ASSETS

\$34.2m

⬆ 62%

VALUE OF INVESTMENT
PROPERTY ASSETS*

\$13.6m

⬆ 21%

**Investment Property Assets include Hangars, Carparks, Washbays and Offices.*

Operations

TOTAL AIRCRAFT MOVEMENTS



9,578

1 July 2025 to 30 June 2026,
compared with the previous year

↓ 6%

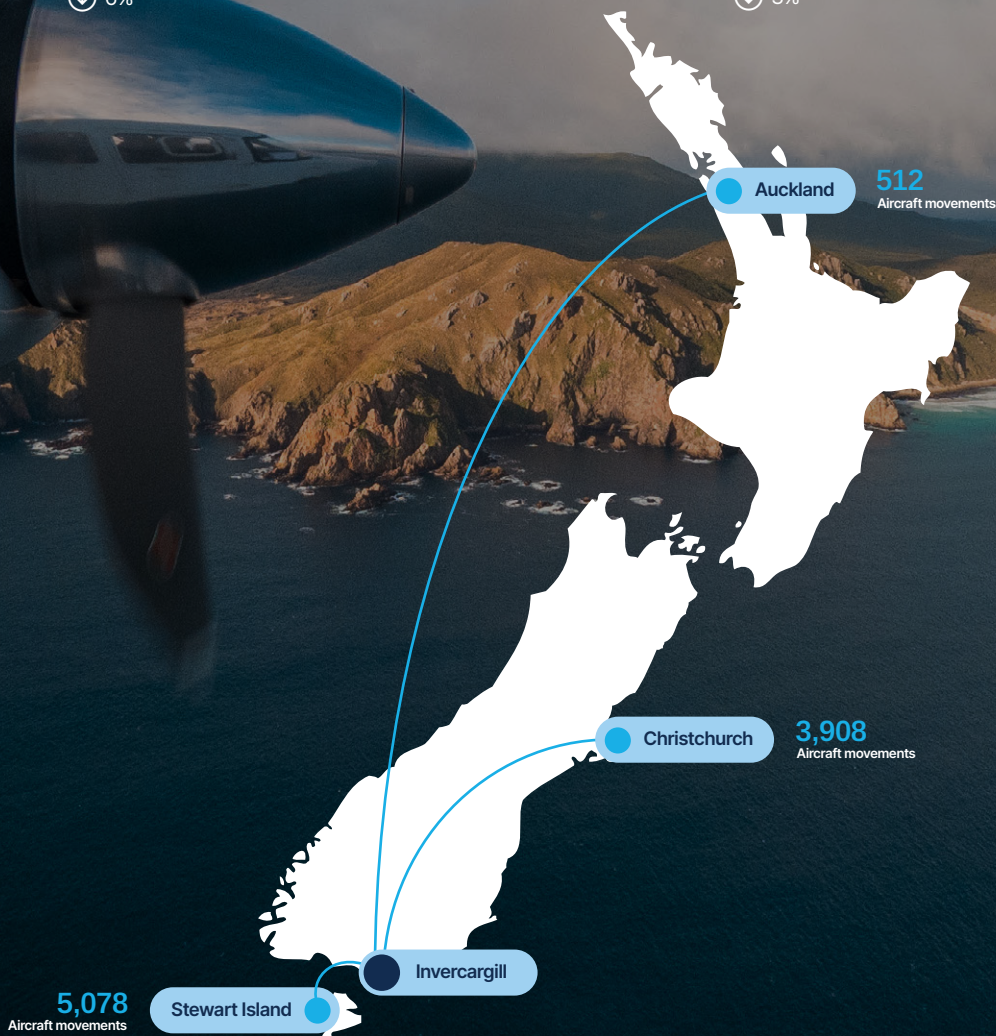
TOTAL PASSENGER MOVEMENTS



327,635

1 July 2025 to 30 June 2026,
compared with the previous year

↓ 3%



Aircraft and Passenger Movements Explained

Airports report passengers and aircrafts as movements. A plane arriving in Invercargill and then departing counts as two aircraft movements. Similarly, about half of the total passenger movements are arrivals and half are departures.



 Hump Ridge Track, Southland

Greenhouse Gas Emissions Summary

During the year ended 30 June 2026 Invercargill Airport assessed and measured its Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions.

Invercargill Airport has prepared this emissions summary with reference to the requirements of the International Standard ISO 14064-1 (2018) Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals, and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Invercargill Airport has at this stage focused on measuring Scope 1 and 2 emissions. This is the first year these emissions have been reported. On this basis, there are no prior year results to compare against. The FY26 results will be used as a base year for future years.

IAL has applied the operational control approach to define its greenhouse gas inventory boundary, accounting for emissions from sources and activities over which it has operational control and excluding emissions from tenant-controlled operations.

Scope 1

Emissions are direct greenhouse gas emissions from sources under IAL's operational control, including:

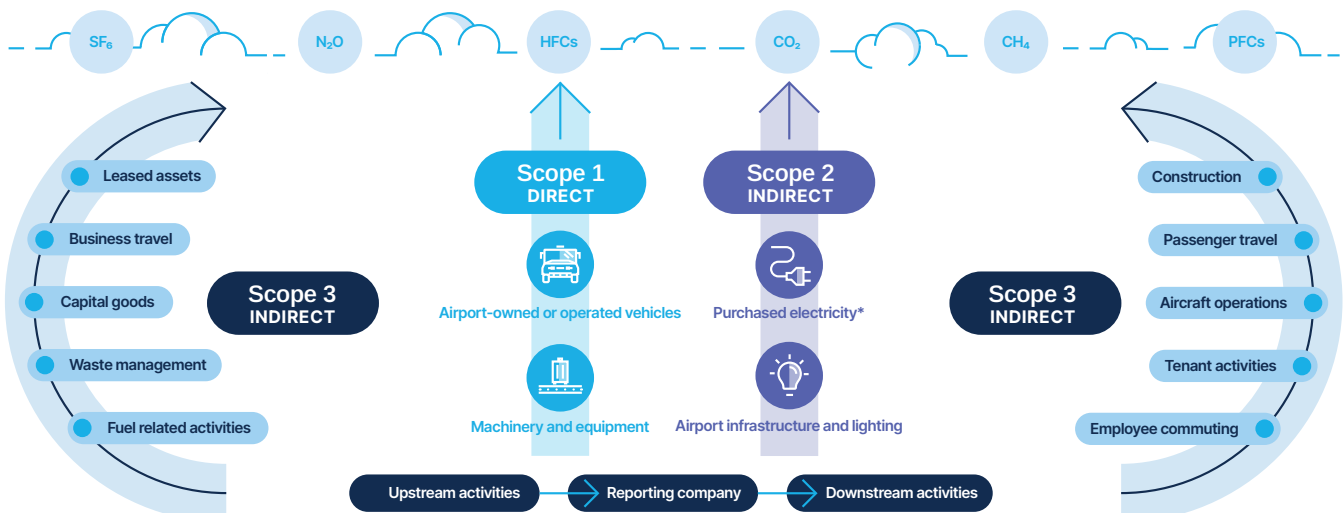
- Mobile fuel consumption from vehicles owned or operated by IAL
- Stationary fuel combustion from machinery and equipment operated by IAL
- Fugitive emissions from refrigeration and air conditioning equipment operated by IAL

Scope 2

Emissions are indirect greenhouse gas emissions from purchased energy consumed in activities under IAL's operational control, including:

- Purchased electricity used in IAL's operations at the Invercargill Airport site, excluding electricity consumed by tenant-controlled operations.

Greenhouse Gas Protocol illustration of Scope 1, 2 (reported) and Scope 3 (not reported)



*Excludes energy used by tenants



Food waste from the airport terminal is composted at Bainfield Gardens, supporting local food production and community wellbeing.



Results

Emissions are reported as tonnes (t) of Carbon Dioxide (CO₂) equivalent (e); or tCO₂-e. "Carbon dioxide equivalent" is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another greenhouse gas.

Invercargill Airport measured a gross emissions total of 92 tCO₂-e, across Scope 1 and 2 in the year ended 30 June 2026. The table below shows how these emissions are broken down by scope and emissions source.

FY26 Emissions by Scope

Scope 1	Scope 2	Total
46 tCO ₂ -e	46 tCO ₂ -e	92 tCO ₂ -e



No refrigerant leakages were identified during FY26. Accordingly, fugitive emissions from refrigerants were reported as zero tCO₂-e for the reporting period.

On-going Decarbonisation Activities

In FY26, the Invercargill Airport fleet consists of two fire appliances, two utes, plus a tractor, mower and mobile equipment for grounds maintenance. All of these vehicles have conventional combustion engines, i.e. there are no hybrid or electric vehicles in the fleet. Additionally, there are some large diesel and small petrol generators on site to provide emergency backup power. The FY27 Statement of Intent includes fleet replacements across many of these smaller vehicles. IAL anticipates replacing these with electric/hybrid equivalents, which should deliver meaningful reductions in fuel consumption in FY27 and beyond.

All buildings across the Airport are currently heated by electric appliances, providing low emissions heating. The lighting throughout the terminal and through many of the other buildings is efficient LED systems. There are minor opportunities for improvement, as a small portion of those buildings use inefficient heating systems or have older-style lighting systems. These are being addressed as building upgrades have been taking place.

In November 2025 IAL acquired the airfield lighting assets from Airways. This system comprises predominantly of older-style technology, which will have a significant electricity consumption. This system is being extensively upgraded to LED technology, which will go live in the first half of FY27 and is expected to deliver large reductions in electricity consumption.

Except as stated, emission factors used were sourced from Ministry for the Environment (MfE, New Zealand) (now MCERT, New Zealand). All calculations in this report are expressed in tonnes of carbon dioxide equivalent. Quantities of each greenhouse gas are converted to tonnes CO₂e using the global warming potential from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report. The time horizon is 100 years.

Board Chair and Chief Executive's Report

We are pleased to report on the performance of Invercargill Airport Limited for the financial year that ended on 30 June 2026, the twenty ninth year of trading for the Airport Company.

Southland continues to have a strong local economy, with tourism, industry, agriculture, and hospitality all thriving. House prices continue to rise in the region and have been selling faster than anywhere in the country. This year there were again a series of popular events which packed out the city. These included the Tour of Southland, Waimumu Field Days, Burt Munro Festival, and multiple business conferences.

Invercargill Airport has continued to operate, manage, and invest in the airport and its associated facilities to ensure that it remains an effective and welcoming gateway to the Southern region.

Aviation has suffered since the outbreak of war in Iran in early 2026. Soaring jet fuel prices forced many airlines, including Air New Zealand, to increase fares and reduce their schedules. This reduced capacity by around 7% during this period, reducing connectivity to the region. This capacity reduction was in addition to years of constrained capacity at Air New Zealand arising from engine issues with the A320XLR fleet. On top of the removal of the direct Wellington-Invercargill service 12 months earlier, this has hurt the region, suppressing the ability for locals and visitors alike to travel for business and leisure, reducing the economic and social benefits which flow from increased travel. Overall passenger numbers for FY26 were 327,635, down 3% on FY25. For context, this passenger number is equivalent to every person in Invercargill taking six flights per year.

Investment into capital assets has been strong in the recent few years, with multiple new buildings constructed around the airport.

This year we have completed two of the key projects amongst the capital works programme – upgrading the terminal and resealing the runway. We are especially pleased with how both projects were delivered, under budget and within programme.

“We are especially pleased with how both projects were delivered, under budget and within programme.”

These large investments ensure the airport's core aviation infrastructure meets the best standard for the next 15 years or more.

The terminal upgrade and associated furniture refresh has given the terminal a new look, but most importantly has changed its flow and function. Whilst the upgrade was driven by the need to accommodate larger screening equipment, the real gains are in additional comfort in the jet lounge, and reduced security queues. Invercargill is the only airport in New Zealand where the Air New Zealand lounge can operate either secure or non-secure (i.e. before or after security screening). This allows it to be available to jet and turboprop passengers right up to boarding and has removed the last-minute demand on aviation security screening.

Above: Chair, Grant Lilly at the Terminal Upgrade celebration.

Along with the resealing of the runway, the airport purchased the entire airfield lighting system from Airways and has largely progressed with replacing the runway and approach lights, plus associated cabling. The replacement system will provide significant improvements in energy efficiency, plus reliability when commissioned in the first half of FY27.

IAL has completed its first full season with a sharemilker on the dairy farm. This farm was substantially upgraded during the transition to sharemilking. The farm provides valuable revenue, but also provides a noise buffer to our neighbours and other operational benefits.

The resilience of the Airport was tested this year by the October wind event, which created a local state of emergency. The winds exceeded 140km/h, which damaged some landside assets and led to flight cancellations. The aeronautical assets of the airport performed well and remained operational. This proved valuable in supporting Air Force deliveries by C130 Hercules aircraft in the subsequent days to aid the Civil Defence operation.

"The ongoing investment in assets saw the total value of fixed assets climb nearly 50%."

The Airport's revenues and profitability have continued to grow through FY26. Total income was up 29% on FY25 to \$13.2m, with profit after tax up 17% to \$1.9m. Increases in income were across the Airport, with the first full season of sharemilking being completed, plus increased rental returns on improved and additional landside assets. Aeronautical asset investments also returned increased aeronautical income. The ongoing investment in assets saw the total value of fixed assets (property, plant, equipment, plus investment property) climb nearly 50% from \$32.5m in FY25 to \$47.9m in FY26.





April 2026 marked 10 years since Invercargill Airport's terminal was officially opened on 14 April 2016.

IAL has now completed three years as manager of Milford Sound Piopiotahi Aerodrome for the Ministry of Transport. This aerodrome has been upgraded during IAL's tenure, with our team delivering a series of ongoing improvements focused on improving safety and usability. This year included a major project to reseal the runway, which is incredibly challenging in a national park with hostile weather conditions and high traffic volumes.

The Board would like to thank several important partners and stakeholders in our Airport operations. Firstly, our Airport staff team for their commitment and professionalism during a year which had several large and complex projects. We would like to thank Prue Halstead for her time as a board director, and to welcome Haylee Preston to the board. Also, our aviation and travel partners, the scheduled airlines, our general aviation companies, our rental vehicle partners, and all the other people and firms who help us deliver service on a day by day, passenger by passenger, basis.

The Board would like to acknowledge and thank our shareholders and our many wider community stakeholders for their continued support of our fantastic Airport. It has been another successful year across many factors, and we are excited by the growth and opportunities which are planned over the coming years.

G Lilly
Chair

S Harris
Chief Executive

"It has been another successful year, and we are excited by the growth and opportunities planned over the coming years."





Financials

2

Statement of Financial Position

As at 30 June 2026

	Note	2026 \$000	2025 \$000
Assets			
Current assets			
Cash and cash equivalents		286	178
Trade and other receivables	5	868	1,109
Inventories		48	33
Tax receivable		79	-
Total current assets		1,281	1,320
Non-current assets			
Property, plant and equipment	6	34,232	21,155
Investment property	7	13,625	11,305
Capital work in progress		3,609	2,273
Investments		4	-
Total non-current assets		51,470	34,733
Total assets		52,751	36,053
Liabilities			
Current liabilities			
Short term borrowings	8	63	9
Trade and other payables	9	2,169	1,449
Retentions		39	-
Employee benefit liabilities	10	357	240
Tax payable		-	380
Provisions	11	-	3,895
Total current liabilities		2,628	5,973
Non-current liabilities			
Borrowings	12	20,570	3,520
Deferred tax liability	13	1,801	1,176
Total non-current liabilities		22,371	4,696
Total liabilities		24,999	10,669
Equity			
Share capital	14	12,325	12,325
Retained earnings	14	9,906	8,529
Additional paid in capital	14	4,530	4,530
Reserves	14	991	-
Total equity attributable to the equity holders of the company		27,752	25,384
Equity is attributable to:			
Parent entity	14	25,837	23,528
Minority interest	14	1,915	1,856
		27,752	25,384

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

Statement of Comprehensive Income

For the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
Income			
Aircraft movement and terminal charges		7,438	5,812
Ground transportation		1,333	1,220
Rental income		1,288	1,183
Sundry income		2,632	1,365
Change in fair value of investment property		472	624
Total income		13,163	10,204
Expenditure			
Employee expenses	2	2,116	2,008
Depreciation	6	2,107	1,603
Other expenses	1	5,772	4,159
Total operating expenditure		9,995	7,770
Finance income	3	10	27
Finance expenses	3	(767)	(150)
Net finance expense		(757)	(123)
Operating profit / (loss) before tax		2,411	2,311
Income tax expense	4	534	708
Profit / (loss) after tax		1,877	1,603
Other comprehensive income			
Property, plant and equipment revaluation gains/(losses)		1,216	-
Income tax effect of above items		(225)	-
Total other comprehensive income, net of tax		991	-
Total comprehensive income		2,868	1,603
Total comprehensive income attributable to:			
Parent entity		2,821	1,562
Minority interest		47	41
		2,868	1,603

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.

Statement of Changes in Equity

For the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
Balance at 1 July		25,384	23,995
Total Comprehensive Income for the year	14	2,868	1,603
Distributions to Shareholders			
Dividends paid	14	(500)	(214)
Balance at 30 June		27,752	25,384
Attributable to:			
Parent entity		25,837	23,528
Minority interest		1,915	1,856
Balance at 30 June		27,752	25,384

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with, the Financial Statements.



Statement of Cash Flows

For the year ended 30 June 2026

	2026 \$000	2025 \$000
Cash Flows from Operating Activities		
Receipts from customers	12,571	9,101
Interest received	10	27
Payments to suppliers and employees	(8,120)	(5,268)
Interest paid - amortised cost	(300)	(150)
Interest paid - other	(404)	-
Income tax (paid) / refund	(592)	(385)
Subvention payment	-	(237)
Goods and services tax [net]	(81)	132
Net cash from operating activities	3,084	3,220
Cash flows from investing activities		
Purchase of property, plant and equipment and work in progress	(18,356)	(3,054)
Purchase of investment property and work in progress	(1,166)	(1,317)
Purchase of short term investments	(4)	-
Net cash from investing activities	(19,526)	(4,371)
Cash flows from financing activities		
Proceeds from borrowings	17,050	2,520
Repayment of borrowings	-	(1,150)
Dividends paid	(500)	(214)
Net cash from financing activities	16,550	1,156
Net (decrease) / increase in cash and cash equivalents	108	5
Cash and cash equivalents at the beginning of the year	178	173
Cash and cash equivalents at the end of the year	286	178





Notes to the Financial Statements

For the year ended 30 June 2026

Reporting Entity

Invercargill Airport Limited (the Company) is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is 97.47% owned by Invercargill City Holdings Limited, Hokonui Research and Development Ltd, Waihōpai Rūnaka Holdings Ltd, Te Rūnaka O Awarua Charitable Trust and Ōraka- Aparima Rūnanga Incorporated Society each hold 0.63% of the share capital.

The Company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

The primary objective of the Company is to operate the Invercargill Airport and associated assets.

Accordingly, the Company has designated itself as a profit orientated entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the year ended 30 June 2026 were approved and authorised for issue by the Board of Directors on 18 September 2026. The entity's directors do not have the right to amend the financial statements after issue.

Basis of Preparation

The financial statements of the Company have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (NZ IFRS RDR).

The Company is a Tier 2 for-profit entity and has elected to report in accordance with the NZ IFRS Reduced Disclosure Regime on the basis that it does not have public accountability and is not a large for-profit public sector entity.

The accounting policies that have been applied to these financial statements are based on the External Reporting Board A1, Accounting Standards Framework (For-profit Entities Update).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated. The functional currency of the Company is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

Revenue

Revenue is recognised as the amount of consideration expected to be received in exchange for transferring promised goods or services to a customer.

Aircraft movement and terminal charges are recognised over time as the passenger travels or uses the airport facilities and the Company provides the service to the customer.

Car parking revenue is earned by charging customers a fee for the use of the airport carpark. The revenue earned is recognised over time as the service is used.

Rent and lease income is recognised on a straight line basis over the term of the lease.

Interest income is recognised using the effective interest method.

Sundry income is recognised over time as the Company provides the goods or services to the customer.

Café income included within Sundry income is derived from the sale of food, beverages and other café items. Revenue is recognised at the point in time when control of the goods transfers to the customer, which is generally at the time of purchase.

Milk sales income included within Sundry income is derived from the Company's ownership of a dairy farm which supplies milk to Fonterra. Revenue is based on the farm gate milk price at the time of sale applied to the quantity of milk supplied. Revenue is recognised at the point in time in which control of the product passes to Fonterra, being when the milk is loaded into the tanker.

Capital Work in Progress

Work in progress includes the cost of direct materials and direct labour used in putting replacement and new systems and plant in their present location and condition. It includes accruals for the proportion of work completed at the end of the period. Capital work in progress is not depreciated.

Impairment of Assets

The carrying amounts of the Company's assets, other than investment property, are reviewed at each balance date to determine whether there is any indication that an asset may be impaired. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss and any subsequent reversal are recognised in the Statement of Comprehensive Income. If an impairment loss is reversed, the carrying value of the asset is stated at no more than what its carrying value would have been had the earlier impairment not occurred.

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, the Inland Revenue Department ("IRD") is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Borrowings

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

Borrowings are included as non-current liabilities except for those with maturities less than 12 months from the reporting date, which are classified as current liabilities.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Company makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These estimates and assumptions may differ from the subsequent actual results. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates, assumptions and critical judgements in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows. In particular, estimates and assumptions have been used in the following areas:

Determination of the recoverable amount of assets. There are estimates and judgements made to determine the fair value of investment property. These are discussed in Note 7.

For 2026, due to the impact of decreasing passenger volumes, airline capacity reductions and the New Zealand economic environment, an impairment assessment was carried out.

The following major inputs and assumptions were adopted:

- The forecast free cash flows reflect the charges determined following the 2026 Aeronautical Charges Review.
- Expected revenues reflect expected passenger numbers and other contractual revenues.
- The weighted average cost of capital (WACC) used ranges from 6.75% to 8.52% (2025: 6.79% to 8.58%) depending on the asset class.

The assessment indicated that the value of property, plant and equipment was not impaired. The assessment is sensitive to the WACC applied. An impairment would have arisen if the WACC for all asset classes had increased by any amount more than 0.94% (resulting in an average WACC of 8.37%).

New Standards Adopted

No new or amended standards have been adopted by the company during the financial year.

Changes in Accounting Policies

There have been no changes in accounting policies during the period except for those arising from the adoption of the new standards. All accounting policies have been consistently applied throughout the period covered by these financial statements.



1 | Other expenses (includes)

	2026 \$000	2025 \$000
Director fees	146	162
Net loss / (gain) on sales of property, plant and equipment	102	21
Auditor's remuneration to The Audit Office comprises:		
- audit of financial statements	86	75
- cost recovery for the 2024 financial statements audit	-	22

2 | Employee expenses

	2026 \$000	2025 \$000
Wages and salaries	2,049	1,955
Defined contribution expenses	67	53
Total employee expenses	2,116	2,008

3 | Finance income and expense

	2026 \$000	2025 \$000
Finance Income		
Interest income on bank deposits	10	27
Total finance income	10	27
Financial expense		
Interest expense on financial liabilities measured at amortised cost	(363)	(150)
Other interest expense	(404)	-
Total financial expenses	(767)	(150)
Net finance costs	(757)	(123)

4 | Income tax expense

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 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.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.



	2026 \$000	2025 \$000
Current tax expense		
Current period	125	574
Adjust for prior periods	9	-
Total current tax expense	134	574
Deferred tax expense		
Origination and reversal of temporary differences	400	134
Total deferred tax expense	400	134
Total income tax expense	534	708
Reconciliation of effective tax rate	2026 \$000	2025 \$000
Profit for the year	2,411	2,311
Permanent differences	-	-
Profit excluding income tax	2,411	2,311
Tax at 28%	675	647
Non-taxable income	-	-
Deferred tax adjustment	(150)	61
Under/(over) provided in prior periods	9	-
Total income tax expense	534	708
Effective Tax Rate	22%	31%

5 | 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 any provision for expected credit losses.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

	2026 \$000	2025 \$000
Trade receivables	92	298
Less allowance for expected credit losses	-	-
GST Receivable	62	-
Accrued revenue	690	760
Prepayments	24	51
Total trade and other receivables	868	1,109

Trade receivables are non-interest bearing and are generally on terms of 30 days. For terms and conditions relating to related party receivables, refer to Note 15.

As at 30 June, the ageing analysis of trade receivables is, as follows:

	2026 \$000	2025 \$000
Neither past due nor impaired	7	128
Past due but not impaired <30d	77	159
Past due but not impaired >30d	8	11
Total	92	298



6 | Property, Plant And Equipment

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

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, the date of transition to NZ IFRS are measured on the basis of deemed cost, being the revalued amount at the date of transition.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company 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 Statement of Comprehensive Income.

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 the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on all property, plant and equipment other than land, 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:

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

a. Buildings	1.5%-23.3%	Straight Line
b. Furniture and Fittings	9.6%-30%	Diminishing Value
	2.6%-80.6%	Straight Line
c. Plant	8%-50%	Diminishing Value
	5%-67%	Straight Line
d. Crash Fire Vehicle, other vehicles, tractors and mowing equipment	10%-15.6%	Diminishing Value
	7%-25%	Straight Line
e. Other Airport Assets-		
- Runway, Apron and Taxiway (Base-course and sub-base)	3%	Straight Line
- Top Surface (Runway, Apron and Taxiway)	6.7%	Straight Line
- Roads, carparks, fencing and stop banks	1%-30%	Straight Line
f. Land Improvements	5%	Diminishing Value
	3%-10%	Straight Line

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

2026 (\$000)	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions - Cost	Current year disposals - Cost	Current year disposals - Depreciation	Current year transfers from/(to) IP	Current year impairment charges	Current year impairment charges - Reversal	Revaluation surplus	Current year depreciation	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount
	1 July 2025			30 June 2026										
Land	668	-	668	-	-	-	(294)	-	-	411	-	785	-	785
Land improvements	2,721	(12)	2,709	553	-	-	-	-	-	-	(147)	3,274	(159)	3,115
Carpark and fencing	4,912	(2,167)	2,745	254	-	-	(1,068)	-	-	805	(186)	4,812	(2,262)	2,550
Runway, apron and taxiway	18,049	(13,044)	5,005	7,891	(4,588)	4,588	-	-	-	-	(755)	21,352	(9,211)	12,141
Terminal and buildings	8,479	(2,178)	6,301	2,291	(5)	-	-	-	(5)	-	(299)	10,765	(2,472)	8,293
Plant and equipment	1,806	(847)	959	1,078	(41)	39	-	-	-	-	(239)	2,843	(1,047)	1,796
Motor vehicles	1,539	(452)	1,087	-	(1)	1	-	-	-	-	(92)	1,538	(543)	995
Furniture and fittings	5,491	(3,810)	1,681	3,365	(240)	140	-	-	-	-	(389)	8,616	(4,059)	4,557
Total assets	43,665	(22,510)	21,155	15,432	(4,875)	4,768	(1,362)	-	(5)	1,216	(2,107)	53,985	(19,753)	34,232

2025 (\$000)	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount	Current year additions - Cost	Current year disposals - Cost	Current year disposals - Depreciation	Current year transfers from/(to) IP	Current year impairment charges	Current year impairment charges - Reversal	Revaluation surplus	Current year depreciation	Cost/ revaluation	Accumulated depreciation and impairment charges	Carrying amount
	1 July 2024			30 June 2025										
Land	668	-	668	-	-	-	-	-	-	-	-	668	-	668
Land improvements	-	-	-	2,721	-	-	-	-	-	-	(12)	2,721	(12)	2,709
Carpark and fencing	4,505	(1,990)	2,515	407	-	-	-	-	-	-	(177)	4,912	(2,167)	2,745
Runway, apron and taxiway	17,391	(12,448)	4,943	658	-	-	-	-	-	-	(596)	18,049	(13,044)	5,005
Terminal and buildings	7,371	(1,947)	5,424	1,129	(21)	-	-	(5)	-	-	(226)	8,479	(2,178)	6,301
Plant and equipment	1,504	(1,021)	483	607	(305)	305	-	-	-	-	(131)	1,806	(847)	959
Motor vehicles	1,539	(335)	1,204	-	-	-	-	-	-	-	(117)	1,539	(452)	1,087
Furniture and fittings	5,459	(3,466)	1,993	32	-	-	-	-	-	-	(344)	5,491	(3,810)	1,681
Total assets	38,437	(21,207)	17,230	5,554	(326)	305	-	(5)	-	-	(1,603)	43,665	(22,510)	21,155

As presented in the Statement of Financial Position work in progress of \$3,609,000 for 2026 is disclosed (2025: \$2,273,000).

Of this balance \$2,700,000 relates to property, plant and equipment (2025: \$2,173,000).

7 | Investment Property

Land is held by the Company for long term strategic purposes as guided by the Master Plan and is not held for resale. Investment properties are land and buildings that are not occupied by the Company and is held for long term rental yield, where the Company intends to maximise the return on the land and buildings. Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Company measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Income.

	2026 \$000	2025 \$000
Balance at 1 July	11,305	7,775
Additions	486	2,906
Transfers from/(to) property, plant and equipment	1,362	-
Change in fair value	472	624
Balance at 30 June	13,625	11,305

The Company's investment properties are valued annually at fair value effective 30 June. For 2026 and 2025, all investment properties were valued based on the income approach and comparable sales approach. The 2026 and 2025 valuations were performed by Robert Todd, an independent valuer from TelferYoung from CBRE. The valuer is an experienced valuer who holds a recognised and relevant professional qualification and has extensive market knowledge in the types of investment properties owned by the Company.

On the 30 June 2026 the Company transferred a carpark asset from property, plant and equipment to investment property.

As presented in the Statement of Financial Position work in progress of \$3,609,000 for 2026 is disclosed (2025: \$2,273,000). Of this balance \$909,000 relates to investment property (2025: \$100,000).

8 | Short Term Borrowings

The Company's short term borrowings are unsecured and are arranged at floating interest rates thus exposing the Company to cash flow interest rate risk.

	2026 \$000	2025 \$000
Short term borrowings	63	9
Total short term borrowings	63	9

9 | Trade And Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are non-interest bearing and are normally settled within 30 day terms.

	2026 \$000	2025 \$000
Trade payables	48	311
Accrued expenses	2,121	1,113
Income in advance	-	5
GST payable	-	20
Total trade and other payables	2,169	1,450

10 | Employee Benefit Liabilities

Short-Term Benefits

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, expected to be settled within 12 months, and sick leave. Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

	2026 \$000	2025 \$000
Accrued pay	226	119
Annual leave	131	121
	357	240
Comprising:		
Current	357	240
Non-current	-	-
Total employee benefit liabilities	357	240

11 | Provisions

Provisions are recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Lessee Improvements Settlement Provision	2026 \$000	2025 \$000
Balance at 1 July	3,895	3,895
Provisions made during the year	-	-
Release of provision	(3,895)	-
Expenditure for the year	-	-
Balance at 30 June	-	3,895

A provision was recognised in 2024 for the estimated cost of settlement for improvements made to Invercargill Airport land by a former lessee.

Under the terms of the leases and in accordance with the Public Bodies Leases Act 1969, the Company was required to provide compensation for improvements made during the tenure of the leases.

During the current year, the Company settled its obligation relating to the improvements made to Invercargill Airport land by a former lessee. As a result, the provision has been fully utilised and released upon payment of the settlement amount. Accordingly, no provision remains outstanding in respect of this matter at balance date.

12 | Borrowings

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

	2026 \$000	2025 \$000
Invercargill City Holdings Ltd - Non Current Portion	20,570	3,520
Total borrowings	20,570	3,520

Accrued interest of \$63k on the loan balance of \$20.57 million has been included in short term borrowings (note 8).

The Company's shareholder Invercargill City Holdings Ltd (ICHL) provides all loan facilities for companies in the ICHL Group including Invercargill Airport Limited. Costs incurred by ICHL on their borrowings and facilities are passed directly through to the Company.

A general facility agreement for \$30 million was entered into with ICHL in 2026, for a five year term and is available for extension from time to time in accordance with the agreement.

The weighted average interest rate for the loan is 3.67% (2025: 4.53%).

13 | Deferred Tax Assets And Liabilities

Recognised deferred tax assets and liabilities	Recognised in:			
	BALANCE	PROFIT OR LOSS	EQUITY	BALANCE
	1 July 2025 \$000	\$000	\$000	30 June 2026 \$000
Property, plant and equipment	721	319	225	1,265
Investment property	527	87	-	614
Trade payables and accruals	(72)	(6)	-	(78)
Total movements	1,176	400	225	1,801

Recognised deferred tax assets and liabilities	Recognised in:			
	BALANCE	PROFIT OR LOSS	EQUITY	BALANCE
	1 July 2024 \$000	\$000	\$000	30 June 2025 \$000
Property, plant and equipment	717	4	-	721
Investment property	368	159	-	527
Trade payables and accruals	(43)	(29)	-	(72)
Total movements	1,042	134	-	1,176

14 | Equity

	Attributable to equity holders of the Company						
	Share Capital \$000	Additional Paid In Capital \$000	Revaluation Reserve	Retained Earnings \$000	Total \$000	Minority Interest \$000	Parent Interest \$000
Balance at 1 July 2024	12,325	4,530	-	7,140	23,995	1,820	22,175
Profit / (loss) after tax	-	-	-	1,603	1,603	41	1,562
Other comprehensive income, net of tax	-	-	-	-	-	-	-
Distributions to Shareholders							
Dividends Paid	-	-	-	(214)	(214)	(5)	(209)
Balance at 30 June 2025	12,325	4,530	-	8,529	25,384	1,856	23,528

	Share Capital \$000	Additional Paid In Capital \$000	Revaluation Reserve	Retained Earnings \$000	Total \$000	Minority Interest \$000	Parent Interest \$000
Balance at 1 July 2025	12,325	4,530	-	8,529	25,384	1,856	23,528
Profit / (loss) after tax	-	-	-	1,877	1,877	47	1,830
Other comprehensive income, net of tax	-	-	991	-	991	25	966
Distributions to Shareholders							
Dividends Paid	-	-	-	(500)	(500)	(13)	(487)
Balance at 30 June 2026	12,325	4,530	991	9,906	27,752	1,915	25,837

Asset revaluations in 2026 relate to assets transferred to Investment Property.

The revaluation reserve arises on the revaluation of land and carparking assets. Where revalued assets are sold or disposed of, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The Company has 9,324,560 ordinary shares issued and fully paid at \$1.00 and 49,868,679 ordinary shares issued and fully paid at \$0.06. All ordinary shares, whether called or uncalled, have equal voting rights and have no par value.

15 | Related Party Transactions

The Company is 97.47% owned by Invercargill City Holdings Limited and its ultimate parent is the Invercargill City Council.

	2026 \$000	2025 \$000
(a) Invercargill City Holdings Limited		
Expenditure		
Provision of services	196	196
Interest paid	363	150
Subvention payment	-	237
Loss offset	-	609
Loans repaid / (drawdown)	(17,050)	(1,370)
Loans outstanding at balance date by the Company	20,633	3,529
Expenditure outstanding at balance date by the Company	-	-
(b) Invercargill City Council		
Revenue		
Provision of services	1	-
Expenditure		
Provision of services	161	157
Subvention payment	-	-
Loss offset	-	-
Expenditure outstanding at balance date by the Company	11	3
(c) PowerNet Limited		
Provision of services	-	11

PowerNet ceased to be a related party after FY2025 following the sale of Pylon Ltd.

No related party transactions have been written off or were forgiven during the 2026 year (2025: nil).

Key Management Personnel Compensation

Key management personnel include the Directors and Chief Executive.

	2026 \$000	2025 \$000
Short term employment benefits	288	286
Directors fees	146	162

16 | Capital Commitments and Operating Leases

	2026 \$000	2025 \$000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred.	2,399	666

Operating leases as lessor

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income over a straight-line basis over the period of the lease.

The Company leases its investment property under operating leases. Standard lease terms have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Non-cancellable operating leases as lessor	2026 \$000	2025 \$000
Not later than one year	698	920
Later than one year and not later than five years	1,595	2,052
Later than five years	512	679
Total non-cancellable operating leases	2,805	3,651

There are no restrictions placed on the Company by any of the leasing arrangements.

Operating leases as lessee

The Company does not have any operating leases where it is the lessee (2025: Nil).

17 | Contingencies

During the 2020 year the Company received a \$500,000 grant from the Provincial Growth Fund. The grant was in recognition that Air New Zealand was to commence a 12 month pilot of scheduled jet services from Auckland to Invercargill on 25 August 2019 and the Company needed to rapidly deliver urgent airside and non-airside upgrades to handle the scheduled jet services.

A contingency for repayment exists for a 10 year term from 31 October 2019 if the Company either:

- sells, disposes or transfers the asset, without the Ministry's prior written consent; or
- the asset will no longer be used for the purpose intended.

There are no other contingent liabilities or assets at 30 June 2026 (2025: Nil).



18 | Events After the Balance Sheet Date

There have been no significant events after balance date.

19 | Financial Instruments

Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value.

Trade and Other Payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability at least 12 months after the balance date.



Statement of Service Performance

For the year ended 30 June 2026

The Statement of Service Performance for Invercargill Airport Limited prepared for the year ended 30 June 2026 sets a number of financial performance measures. The targets and the Company's achievement, as reported under International Financial Reporting Standards, in relation to those targets are set out in the following table.

Financial	ACTUAL 2026 \$000	TARGET 2026 \$000
Total Capital Expenditure*	19,522	25,098
Total Revenue	13,163	11,276
EBITDA	5,285	4,690
Interest Expense (net)	(757)	(908)
Net Profit after Taxation	1,877	954
EBITDA as % of Revenue	40%	42%
Return on Capital	7%	4%
Total Debt	20,633	28,653
Total Equity	27,752	25,342
Total Assets	52,751	58,468
Total Equity/Total Assets	53%	43%
Passenger Numbers	327,635	304,880

*Total capital expenditure is below target due to delayed capital expenditure which is scheduled to be progressed during FY2027.



Non Financial



HEALTH AND SAFETY

Zero lost time injuries for staff	There were no lost time injuries to IAL staff related to the IAL workplace. IAL continues to advance safety in the workplace, reporting and addressing minor incidents and observations. Leaders within the business are ensuring the safety culture continues to grow positively.	✓ ACHIEVED
No events which are notifiable to WorkSafe	There were no events notifiable to WorkSafe recorded in this period which relate to IAL staff	✓ ACHIEVED



OPERATIONS

Retain Aerodrome Operator Certification from the Civil Aviation Authority	IAL has retained its Aerodrome Certificate from CAA. The Civil Aviation Authority audited the Airport in October 2023. The aerodrome operator's certification was renewed for five years following that audit.	✓ ACHIEVED
No significant investigation findings by MPI, CAA or ES	There have been no findings from MPI, CAA or ES in this period.	✓ ACHIEVED



INFRASTRUCTURE AND PROPERTY

No significant disruption to airport operations	No significant disruption to airport operations in the reporting period, caused by infrastructure or property.	✓ ACHIEVED
Successfully complete runway resurfacing project	The runway resurfacing project was successfully completed in March 2026.	✓ ACHIEVED
Complete acquisition of airfield power and lighting from Airways	The power and lighting acquisition was completed in November 2025.	✓ ACHIEVED
Commence redevelopment of airfield lighting and its infrastructure	The airfield lighting and infrastructure redevelopment commenced in FY2026 and is due for completion early in FY2027.	✓ ACHIEVED



ENVIRONMENTAL AND SUSTAINABILITY

Repurpose all waste millings from runway resurfacing project	All of the runway millings were stockpiled for future use. Much of this has been repurposed into airside roads. Fulton Hogan is repurposing half of the quantity off site. None will be disposed to landfill.	✓ ACHIEVED
Partner with local recycling agents to incorporate local crushed glass into runway asphalt for resurfacing project	IAL investigated opportunities to incorporate crushed glass into the runway asphalt however it was found to be incompatible with the asphalt design selected for the runway resurfacing project.	✗ NOT ACHIEVED
Measure and report Scope 1 and 2 emissions	Refer to details in Section 1 of this Annual Report where IAL have measured and reported Scope 1 and 2 emissions.	✓ ACHIEVED
No notifiable environmental incidents on airport-managed property	There were no notifiable environmental incidents on airport-managed property in this period.	✓ ACHIEVED



CUSTOMER EXPERIENCE

Terminal Development – complete security lane and jet lounge expansion	IAL completed the security lane and jet lounge expansion in May 2026.	✓ ACHIEVED
Complete airside passenger walkway	IAL completed the airside passenger walkway in May 2026.	✓ ACHIEVED



Independent Auditor's Report

To the readers of Invercargill Airport Limited's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Invercargill Airport Limited (the Company). The Auditor-General has appointed me, Jenna Hills, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 18 to 37; and
- the performance information that consists of the statement of service performance for the year ended 30 June 2026 on pages 38 to 39.

In our opinion:

- the financial statements of the Company present fairly, in all material respects, its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

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* 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 performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime. The Board of Directors is also responsible for preparing performance information contained in the statement of service 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 performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information, 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 there is an intention to liquidate the Company or to cease operations, or there is 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 performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit 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 readers, taken on the basis of these financial statements and performance information.

For performance targets reported in the performance information, 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 performance information.

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 performance information, 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 information we audited 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 transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers 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 performance information consisting of the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and performance information 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 performance information, 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 performance information 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)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Company.



Jenna Hills
The Audit Office
On behalf of the Auditor-General
Dunedin, New Zealand
18 September 2026

