

Invercargill Airport Limited

Interim Financial Statements

For the six months ended
31 December 2025



Invercargill Airport Limited - Interim Financial Statements

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Company Directory

Directors who held office at 31 December 2025

G Lilly - Chairman

A Hercus

D Addie

J George

P Halstead (until 30 September 2025)

Management

S Harris - Chief Executive

Registered office

C/- Invercargill City Council

101 Esk Street

Invercargill

Physical address

106 Airport Avenue

Invercargill

Phone (03) 218 6367

Postal address

PO Box 1203

Invercargill 9840

Auditor

Audit New Zealand

Dunedin

Bankers

BNZ

Solicitors

AWS Legal

80 Don Street

Invercargill

Statement of Accounting Policies

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, Awarua Rūnaka Limited 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 (NZIFRS).

The financial statements of the Company are for the six month period ended 31 December 2025. The financial statements were authorised for issue by the Company on 27 February 2026. The Company'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, the Financial Reporting Act 2013 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 equivalent to International Financial Reporting Standards (NZ IFRS RDR). The condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the New Zealand equivalents to International Accounting Standard (NZIAS) 34 as it applies to Tier 2 entities.

The accounting policies are consistent with those followed in the preparation of the Company's Financial Statements for the year ended 30 June 2025.

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.

Statement of Financial Position

As at 31 December 2025

| | Note | 2025 \$000 | 2024 \$000 |
|---|------|---------------|---------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 251 | 260 |
| Trade and other receivables | 6 | 941 | 1,141 |
| Inventories | | 52 | 2 |
| Total current assets | | 1,244 | 1,403 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 21,210 | 16,626 |
| Investment property | 8 | 11,305 | 9,264 |
| Construction work in progress | | 5,929 | 6,849 |
| Investments | | 6 | - |
| Total non-current assets | | 38,450 | 32,739 |
| Total assets | | 39,694 | 34,143 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 1,224 | 677 |
| Retentions | | 61 | - |
| Employee benefit liabilities | 10 | 131 | 132 |
| Tax payable | | 296 | 271 |
| Provisions | 11 | 3,895 | 3,895 |
| Total current liabilities | | 5,607 | 4,975 |
| Non-current liabilities | | | |
| Borrowings | 12 | 7,350 | 3,520 |
| Deferred tax liability | 13 | 1,106 | 939 |
| Total non-current liabilities | | 8,456 | 4,459 |
| Total liabilities | | 14,063 | 9,434 |
| Equity | | | |
| Share capital | 14 | 12,325 | 12,325 |
| Retained earnings | 14 | 8,776 | 7,854 |
| Additional paid in capital | 14 | 4,530 | 4,530 |
| Total equity attributable to the equity holders of the company | | 25,631 | 24,709 |
| Total liabilities and equity | | 39,694 | 34,143 |

Statement of Comprehensive Income

For the six months ended 31 December 2025

| | Note | 2025 \$000 | 2024 \$000 |
|---|------|-------------------|-------------------|
| Income | | | |
| Operating revenue | | 5,919 | 4,861 |
| Total income | | <u>5,919</u> | <u>4,861</u> |
| Expenditure | | | |
| Employee expenses | 2 | 1,060 | 997 |
| Depreciation | 7 | 931 | 784 |
| Other expenses | 1 | 2,716 | 1,694 |
| Total operating expenditure | | <u>4,707</u> | <u>3,475</u> |
| Finance income | 3 | 5 | 13 |
| Finance expenses | 3 | (107) | (90) |
| Net finance expense | | <u>(102)</u> | <u>(77)</u> |
| Operating surplus/(deficit) before tax | | <u>1,110</u> | <u>1,309</u> |
| Income tax expense | 4 | 364 | 381 |
| Surplus/(deficit) after tax | | <u>746</u> | <u>928</u> |
| Other comprehensive income | | | |
| Total other comprehensive income | | - | - |
| Total comprehensive income | | <u>746</u> | <u>928</u> |

Statement of Movements in Equity

For the six months ended 31 December 2025

| | Note | 2025 \$000 | 2024 \$000 |
|---|------|----------------------|----------------------|
| Balance at 1 July | | 25,385 | 23,995 |
| Total Comprehensive Income for the year | 14 | 746 | 928 |
| <i>Distributions to Shareholders</i> | | | |
| Dividends Paid | 14 | (500) | (214) |
| Balance at 31 December | | <u>25,631</u> | <u>24,709</u> |

Statement of Cash Flows

For the six months ended 31 December 2025

| | Note | 2025 \$000 | 2024 \$000 |
|--|----------|----------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 6,050 | 4,322 |
| Interest received | | 5 | 13 |
| Payments to suppliers and employees | | (4,690) | (2,635) |
| Interest paid | | (107) | (90) |
| Income tax (paid) / refund | | (519) | (641) |
| Goods and services tax [net] | | 49 | 273 |
| Net cash from operating activities | | <u>788</u> | <u>1,242</u> |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | - | 3 |
| Purchase of property, plant and equipment and work in progress | | (3,605) | (1,378) |
| Purchase of investment property and work in progress | | (434) | (936) |
| Purchase of investments | | (6) | - |
| Net cash from investing activities | | <u>(4,045)</u> | <u>(2,311)</u> |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 3,830 | 2,020 |
| Repayment of borrowings | | - | (650) |
| Dividends paid | | (500) | (214) |
| Net cash from financing activities | | <u>3,330</u> | <u>1,156</u> |
| Net (decrease)/increase in cash and cash equivalents | | <u>73</u> | <u>87</u> |
| Cash and cash equivalents at the beginning of the year | | 178 | 173 |
| Cash and cash equivalents at the end of the period | 5 | <u>251</u> | <u>260</u> |

Reconciliation of net surplus/(deficit) to net cash inflows (outflows) from operating activities

| | 2025 \$000 | 2024 \$000 |
|---|---------------|---------------|
| Reconciliation with reported operating surplus | | |
| Net surplus after tax | 746 | 928 |
| Add/(deduct) non-cash items: | | |
| Depreciation | 931 | 784 |
| Net (profit)/loss on sale of fixed assets | - | - |
| Increase/(decrease) in deferred taxation | (70) | (103) |
| | <u>861</u> | <u>681</u> |
| Add/(less) movements in working capital: | | |
| (Increase)/decrease in receivables | 131 | (538) |
| (Increase)/decrease in inventories | (19) | - |
| (Increase)/decrease in prepayments | 37 | (1) |
| Increase/(decrease) in accounts payable and accruals | (933) | 57 |
| Increase/(decrease) in GST/taxation | (35) | 115 |
| | <u>(819)</u> | <u>(367)</u> |
| Net cash inflow (outflow) from operating activities | <u>788</u> | <u>1,242</u> |

Invercargill Airport Limited - Interim Financial Statements

Notes to the Financial Statements

For the six months ended 31 December 2025

| | | |
|--|--------------|--------------|
| 1 Other expenses (includes) | 2025 | 2024 |
| | \$000 | \$000 |
| Director fees | 74 | 81 |
| Auditor's remuneration to Audit New Zealand comprises: | | |
| · audit of financial statements | 38 | 42 |
| 2 Employee expenses | 2025 | 2024 |
| | \$000 | \$000 |
| Wages and salaries | 1,030 | 970 |
| Defined contribution expenses | 30 | 27 |
| Total employee expenses | <u>1,060</u> | <u>997</u> |
| 3 Finance income and expense | 2025 | 2024 |
| | \$000 | \$000 |
| Finance Income | | |
| Interest income on bank deposits | 5 | 13 |
| Total finance income | <u>5</u> | <u>13</u> |
| Financial expense | | |
| Interest expense on financial liabilities measured at amortised cost | (107) | (90) |
| Total financial expenses | <u>(107)</u> | <u>(90)</u> |
| Net finance costs | <u>(102)</u> | <u>(77)</u> |
| 4 Income tax expense in the Income Statement | 2025 | 2024 |
| | \$000 | \$000 |
| Current tax expense | | |
| Current period | 434 | 484 |
| Total current tax expense | <u>434</u> | <u>484</u> |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (70) | (103) |
| Total deferred tax expense | <u>(70)</u> | <u>(103)</u> |
| Total income tax expense | <u>364</u> | <u>381</u> |

Invercargill Airport Limited - Interim Financial Statements

Notes to the Financial Statements

For the six months ended 31 December 2025

| Reconciliation of effective tax rate | 2025 | 2024 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Profit for the year | 1,110 | 1,309 |
| Permanent differences | - | - |
| Profit excluding income tax | <u>1,110</u> | <u>1,309</u> |
| Tax at 28% | 311 | 367 |
| Deferred tax adjustment | 53 | 14 |
| Total income tax expense | <u>364</u> | <u>381</u> |
| Effective Tax Rate | 33% | 29% |

| 5 Cash and cash equivalents | 2025 | 2024 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Cash and cash equivalents | 251 | 260 |
| Cash and cash equivalents in the statement of cash flows | <u>251</u> | <u>260</u> |

| 6 Trade and other receivables | 2025 | 2024 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Trade receivables | 140 | 593 |
| Less allowance for expected credit losses | - | - |
| Accrued revenue | 787 | 523 |
| Prepayments | 14 | 25 |
| | <u>941</u> | <u>1,141</u> |

Invercargill Airport Limited - Interim Financial Statements

Notes to the Financial Statements

For the six months ended 31 December 2025

7 Property, Plant and Equipment

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 Disposals - Impairment Charges | Current Year Depreciation | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges | Carrying Amount |
|----------------------------|----------------------|---|--------------------|----------------------------------|----------------------------------|---|--|------------------------------|----------------------|---|--------------------|
| | 1-Jul-2025 | 1-Jul-2025 | 1-Jul-2025 | | | | | | 31-Dec-2025 | 31-Dec-2025 | 31-Dec-2025 |
| Land | 668 | - | 668 | - | - | - | - | - | 668 | - | 668 |
| Land improvements | 2,721 | 12 | 2,709 | - | - | - | - | 71 | 2,721 | 83 | 2,638 |
| Carpark and fencing | 4,912 | 2,167 | 2,745 | 41 | - | - | - | 97 | 4,953 | 2,264 | 2,689 |
| Runway, apron and taxiways | 18,049 | 13,044 | 5,005 | - | - | - | - | 310 | 18,049 | 13,354 | 4,695 |
| Terminal and buildings | 8,479 | 2,178 | 6,301 | 49 | 5 | - | 5 | 143 | 8,523 | 2,316 | 6,207 |
| Plant and equipment | 1,806 | 847 | 959 | 718 | 3 | 3 | - | 98 | 2,521 | 942 | 1,579 |
| Motor vehicles | 1,539 | 452 | 1,087 | - | - | - | - | 47 | 1,539 | 499 | 1,040 |
| Furniture and fittings | 5,491 | 3,810 | 1,681 | 179 | - | - | - | 165 | 5,670 | 3,975 | 1,695 |
| Total assets | 43,665 | 22,510 | 21,155 | 987 | 8 | 3 | 5 | 931 | 44,644 | 23,433 | 21,210 |

2024 (\$'000)

| | Cost/ revaluation | Accumulated Depreciation and Impairment Charges | Carrying Amount | Current Year Additions - Cost | Current Year Disposals - Cost | Current Year Disposals - Depreciation | Current Year Disposals - Impairment Charges | Current Year Depreciation | Cost/ Revaluation | Accumulated Depreciation and Impairment Charges | Carrying Amount |
|----------------------------|----------------------|---|--------------------|----------------------------------|----------------------------------|---|--|------------------------------|----------------------|---|--------------------|
| | 1-Jul-2024 | 1-Jul-2024 | 1-Jul-2024 | | | | | | 31-Dec-2024 | 31-Dec-2024 | 31-Dec-2024 |
| Land | 668 | - | 668 | - | - | - | - | - | 668 | - | 668 |
| Carpark and fencing | 4,505 | 1,990 | 2,515 | 111 | - | - | - | 88 | 4,616 | 2,078 | 2,538 |
| Runway, apron and taxiways | 17,391 | 12,448 | 4,943 | - | - | - | - | 300 | 17,391 | 12,748 | 4,643 |
| Terminal and buildings | 7,371 | 1,947 | 5,424 | - | - | - | - | 111 | 7,371 | 2,058 | 5,313 |
| Plant and equipment | 1,504 | 1,021 | 483 | 50 | 15 | 14 | - | 47 | 1,539 | 1,054 | 485 |
| Motor vehicles | 1,539 | 335 | 1,204 | - | - | - | - | 59 | 1,539 | 394 | 1,145 |
| Furniture and fittings | 5,459 | 3,466 | 1,993 | 20 | - | - | - | 179 | 5,479 | 3,645 | 1,834 |
| Total assets | 38,437 | 21,207 | 17,230 | 181 | 15 | 14 | - | 784 | 38,603 | 21,977 | 16,626 |

Notes to the Financial Statements

For the six months ended 31 December 2025

| 8 Investment Property | 2025 | 2024 |
|------------------------------|---------------|--------------|
| | \$000 | \$000 |
| Balance at 1 July | 11,305 | 7,775 |
| Additions | - | 1,489 |
| Balance at 31 December | <u>11,305</u> | <u>9,264</u> |

Investment property comprises a number of commercial properties that are leased to third parties.

The Company's investment properties are valued annually at fair value effective 30 June. For 2025 and 2024, all investment properties were valued based on the income approach and comparable sales approach except for one property being less than 5% of the portfolio value. This property is planned to be demolished within the next year but no decision has been made on its replacement (2024: this property is planned to be demolished within the next year but no decision has been made on its replacement), hence the open market evidence valuation has been adjusted by management to be valued on a discounted cashflow basis of their remaining expected earnings. The 2025 and 2024 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.

| 9 Trade and Other Payables | 2025 | 2024 |
|-----------------------------------|--------------|--------------|
| | \$000 | \$000 |
| Trade payables | 48 | 221 |
| Accrued expenses | 1,107 | 296 |
| GST payable | 69 | 160 |
| Total trade and other payables | <u>1,224</u> | <u>677</u> |

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.

| 10 Employee benefit liabilities | 2025 | 2024 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Annual leave | 131 | 132 |
| | <u>131</u> | <u>132</u> |
| Comprising: | | |
| Current | 131 | 132 |
| Non-current | - | - |
| Total employee benefit liabilities | <u>131</u> | <u>132</u> |

Notes to the Financial Statements

For the six months ended 31 December 2025

| 11 Provisions | 2025 | 2024 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Lessee Improvement Settlement Provision | | |
| Balance at 1 July | 3,895 | 3,895 |
| Balance at 31 December | <u>3,895</u> | <u>3,895</u> |

A provision has been recognised 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 the Company is required to provide compensation for improvements made during the tenure of the leases.

The provision has been disclosed as a current liability as settlement is expected to occur within the next financial year. As arbitration is required the timeframe for settlement may be extended and the final costs may differ subject to the arbitration process.

The provision is calculated based on an independent valuation performed by CBRE of the lessee improvements. The valuation methodology applied is based on a market approach using comparative sales.

| 12 Borrowings | 2025 | 2024 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Invercargill City Holdings Ltd - Non Current Portion | 7,350 | 3,520 |
| Total borrowings | <u>7,350</u> | <u>3,520</u> |

A general facility agreement for \$10 million was entered into with ICHL in 2023, 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 3.84% (2024: 4.98%).

Notes to the Financial Statements

For the six months ended 31 December 2025

13 Deferred Tax Assets and Liabilities

| Recognised deferred tax assets and liabilities | Balance | Recognised in: | | Balance |
|--|-------------------|----------------------------|-----------------|--------------------|
| | 1-Jul-25 \$000 | Profit or loss \$000 | Equity \$000 | 31-Dec-25 \$000 |
| Property, plant and equipment | 721 | (100) | - | 621 |
| Investment property | 527 | 5 | - | 532 |
| Trade payables and accruals | (72) | 25 | - | (47) |
| Total movements | 1,176 | (70) | - | 1,106 |

| Recognised deferred tax assets and liabilities | Balance | Recognised in: | | Balance |
|--|-------------------|----------------------------|-----------------|--------------------|
| | 1-Jul-24 \$000 | Profit or loss \$000 | Equity \$000 | 31-Dec-24 \$000 |
| Property, plant and equipment | 717 | (98) | - | 619 |
| Investment property | 368 | - | - | 368 |
| Trade payables and accruals | (43) | (5) | - | (48) |
| Total movements | 1,042 | (103) | - | 939 |

14 Equity

| | Attributable to equity holders of the Company | | | |
|--------------------------------------|---|---|-------------------------------|----------------|
| | Share capital \$000 | Additional paid in capital \$000 | Retained earnings \$000 | Total \$000 |
| Balance at 1 July 2025 | 12,325 | 4,530 | 8,530 | 25,385 |
| Surplus/(deficit) after tax | - | - | 746 | 746 |
| <i>Distributions to Shareholders</i> | | | | |
| Dividends paid | - | - | (500) | (500) |
| Balance at 31 December 2025 | 12,325 | 4,530 | 8,776 | 25,631 |
| Balance at 1 July 2024 | 12,325 | 4,530 | 7,140 | 23,995 |
| Surplus/(deficit) after tax | - | - | 928 | 928 |
| <i>Distributions to Shareholders</i> | | | | |
| Dividends paid | - | - | (214) | (214) |
| Balance at 31 December 2024 | 12,325 | 4,530 | 7,854 | 24,709 |

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.

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Notes to the Financial Statements

For the six months ended 31 December 2025

| 15 | Capital commitments | 2025 | 2024 |
|-----------|---|--------------|--------------|
| | | \$000 | \$000 |
| | Capital commitments | | |
| | Capital expenditure contracted for at balance date but not yet incurred | 9,514 | 935 |

16 Contingencies

There are no other contingent liabilities or assets at 31 December 2025 (2024: Nil).

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

17 Events after the Balance Sheet date

There have been no significant events after balance date.