

A Delta employee is shown working on a utility site. He is wearing a white hard hat, safety glasses, an orange high-visibility jacket with the Delta logo, and heavy-duty gloves. He is focused on a task, possibly using a tool on a metal component. The background shows power lines and a cloudy sky. The image is overlaid with a large blue geometric shape that frames the text and logo.

ANNUAL REPORT

2026

DELTA
THINK.INFRASTRUCTURE

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WE ARE DELTA

At Delta, we make communities better for people to live, work and play in – keeping the lights on, the trees trimmed and the parks green.

WHAT WE DO

Delta is an infrastructure specialist providing a range of contracting services to local authority and private sector customers. We construct, manage and maintain essential energy and community infrastructure. Headquartered in Dunedin, with depots in Nelson, Rangiora, Christchurch, Cromwell, Alexandra, Wānaka, Queenstown and Auckland.

OUR VALUES

DO IT FIRST.

DO IT RIGHT.

DO IT TOGETHER.

OUR PURPOSE

Local professionals with innovative ideas, passionate about serving our communities.

OUR VISION

Great people shaping better communities together.

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

for year ended 30 June 2026

Delta's performance during the financial year ended 30 June 2026 (FY26) reflected a period of consolidation and strong operational delivery. The broader economic environment remained challenging with ongoing inflationary pressures and tighter customer spending. Fluctuating work volumes and contract variability tested forecasting and resourcing efforts. Despite these challenges Delta responded with experience and resilience, maintaining a clear focus on delivering safe, high-quality services, guided by its commitment to people, communities, and sustainability.

Throughout the year, we placed greater focus on improving how we plan, deliver and monitor our work. Stronger financial discipline, better operational visibility and more informed decision-making helped build a more resilient business while maintaining the high standards our customers expect. These improvements were not simply about financial performance; they were about providing a solid foundation for Delta to invest in its people, maintain service quality and respond well to future demands.

While there is always more to do, FY26 leaves Delta in a better position than it began. The progress made this year gives us greater confidence in the business and a strong base for the next stage of Delta's development.

FINANCIAL HIGHLIGHTS

Delta returned a very pleasing Net Profit After Tax of \$5.8 million in FY26. This is well up from the \$2.1 million generated in FY25. Earnings before interest, tax and depreciation were \$13.8 million, an increase of \$3.9 million from the prior year. The improved performance was driven by increased operating revenue of \$132 million, up from the \$130 million of the prior year, along with increased operational efficiencies, disciplined cost management and reliable service delivery.

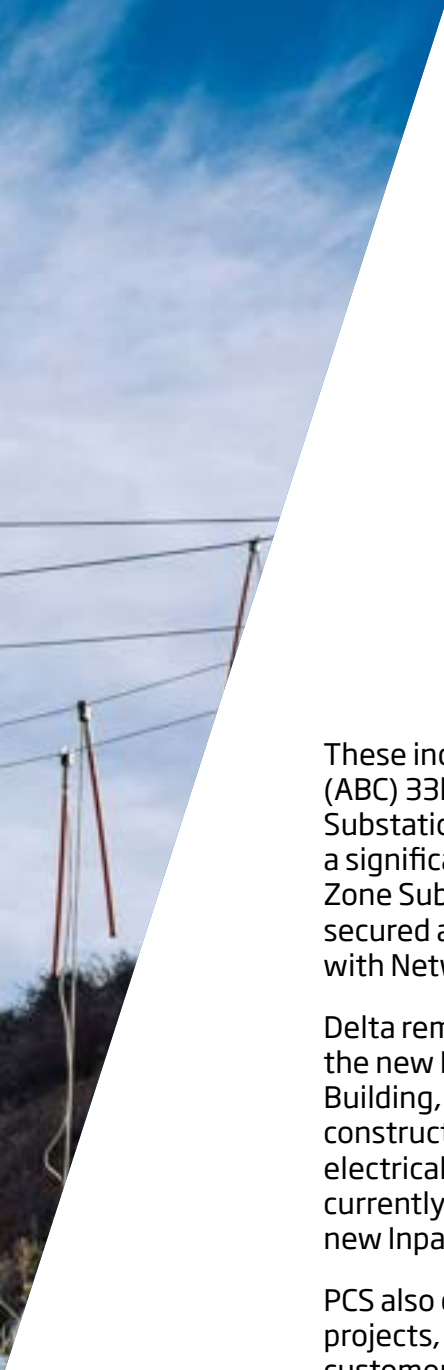
Cashflows from operations at \$13.9 million were well ahead of the \$5.7 million from FY25. Net assets finished the year at \$31.7 million, an increase of \$3.3 million over the \$28.4 million as at 30 June 2025.

The return on Shareholders' funds was 18%, a very good improvement on the 7% from FY25 and well ahead of the 10% Statement of Intent target. We were very pleased to pay total dividends for the year of \$2.5 million, slightly ahead of the target of \$2.25 million indicated in the Statement of Intent.

OPERATIONAL ACHIEVEMENTS

Delta continued to deliver essential electrical contracting services across the Aurora Energy and Network Tasman networks, including the former Nelson Electricity network following its acquisition by Network Tasman. The Power and Communication Services (PCS) team delivered another successful year, with strong performance across fault and emergency response, network maintenance, capital projects, and customer-initiated works (CIW). Delta completed several significant projects for Aurora Energy during FY26.





These included Stage 2 of the Waipori (ABC) 33kV Line Upgrade, a new Zone Substation at Green Island, Dunedin, and a significant upgrade at the Alexandra Zone Substation. Further north, Delta secured a five-year contract extension with Network Tasman.

Delta remained actively involved in the new Dunedin Hospital Outpatient Building, one of the region's largest construction projects, delivering the HV electrical network infrastructure. We are currently pricing similar works for the new Inpatient Hospital.

PCS also delivered some large CIW projects, some of which were linked to customers' decarbonisation initiatives, and HV infrastructure at Port Otago.

Together, these projects strengthened critical electrical infrastructure across the South Island. Delivering this work safely and reliably requires significant technical expertise, careful planning and close collaboration, helping keep communities connected and supporting growth across the regions we serve.

FY26 saw Delta's Metering & Field Operations (MFO) team deliver its strongest performance to date, completing more than 100,000 jobs and achieving a record revenue result. Throughout the year, the business unit continued to evolve by entering new markets, expanding its specialist

technical capability and growing its nationwide footprint.

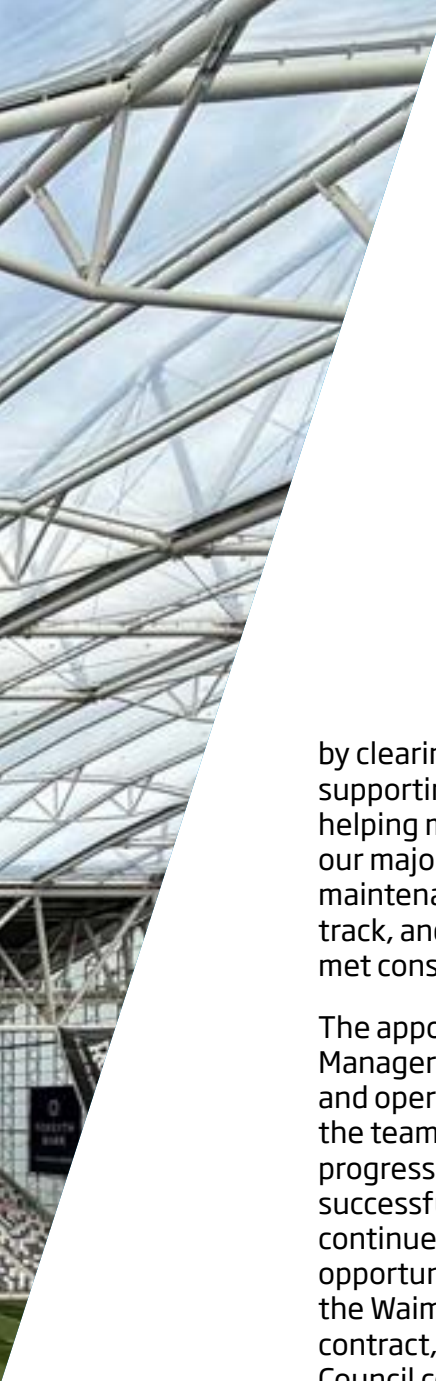
A key milestone was the launch of DELTABOX, Delta's purpose-built Builders Temporary Supply (BTS) unit, which entered the Auckland market in February 2026. The team also continued to grow its Current Transformer (CT) and Category 2 (CAT2) metering work, providing more complex metering services as customer requirements evolved.

Delta's willingness to innovate and respond to emerging customer needs, alongside consistent service delivery across multiple Metering Equipment Providers (MEPs) and Electricity Distribution Businesses (EDBs), strengthened MFO's position as a trusted nationwide delivery partner.

Our Greenspace Services teams continued to manage public spaces across the South Island. High-profile sports turf management, parks and reserves maintenance, roadside vegetation control, ecological support, and tree services remained at the heart of the business unit's work.

During the year, teams delivered sports-ground renovations, planting programmes and playground safety-surface improvements, while also responding to major storm events





by clearing debris and fallen trees, supporting sandbagging efforts and helping make public areas safe. Across our major Openspace contracts, planned maintenance programmes remained on track, and service KPIs continued to be met consistently.

The appointment of a new General Manager strengthened commercial and operational leadership within the team. This supported positive progress throughout the year, including successful contract reviews and the continued development of future opportunities. Delta also retained the Waimakariri Parks and Reserves contract, reflecting the confidence the Council continues to place in our people and the quality of our work.

Delta's specialised Tree Services team delivered a very successful year across its utility and local government contracts. Delta secured the associated Waimakariri Tree Maintenance contract, expanded its work with Orion in Christchurch, and continued its vegetation management services with Aurora Energy in Central Otago. Trusted customer relationships, experienced crews, and consistent service delivery contributed to the strong commercial result, leaving the team well-positioned for FY27.

SAFETY & RISK

Working safely is fundamental to every part of Delta. Our people regularly operate in high-risk environments across electrical infrastructure and public spaces, making effective safety leadership and risk management essential.

During FY26, we continued to strengthen how we manage critical risks. A more formalised internal audit structure was introduced, supported by an audit schedule covering all regions and key risk areas. We also improved how lessons from incidents and close calls were shared across the business through safety alerts, toolbox meetings and regional communication.

While Delta achieved its total recordable injury frequency rate (TRIFR) target and all three business units maintained work completed without harm at 98.9% or higher, our lost-time injury frequency rate (LTIFR) did not meet its target. We remain focused on improving safety performance through stronger forward planning and closer collaboration with customers to identify and manage risks before work begins.





Throughout the year, Delta maintained its ISO 45001, 14001 and 9001 certifications and continued to strengthen the systems that help keep our people safe, supporting our commitment to Everyone Home Safe, Every Day.

PEOPLE & COMMUNITY

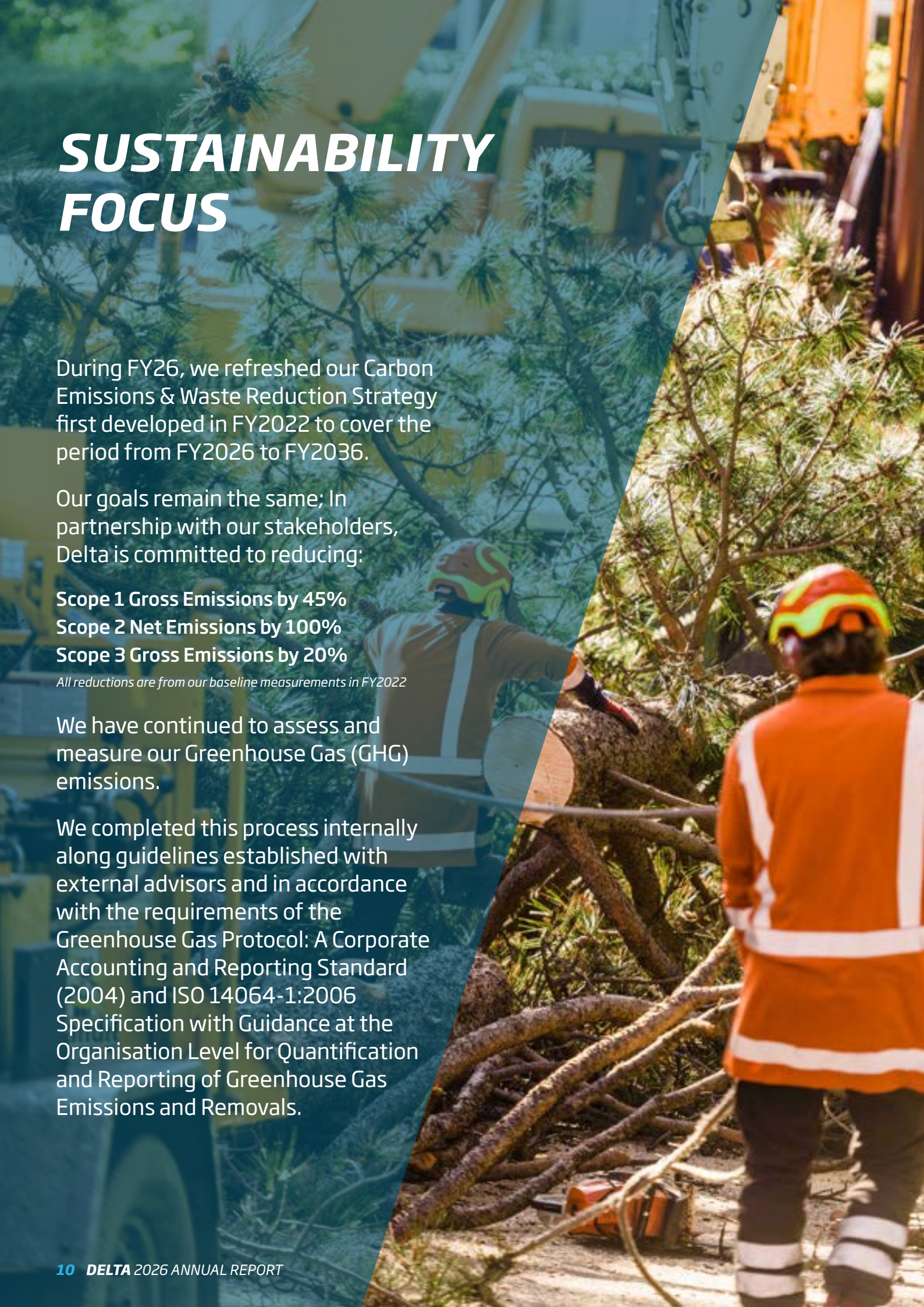
Delta's people remain the foundation of our business. During the year, we continued to invest in apprenticeships, training and professional development. By the end of FY26, Delta employed 23 apprentices and trainees across the business, helping build the technical capability and practical experience needed across our operations.

We also strengthened the way we support, develop and engage our wider workforce, with a renewed focus on people leadership, workforce planning and employee experience. Feedback gathered through employee surveys provided valuable insight into what matters most to our people and helped inform priorities for the year ahead. The appointment of a dedicated People & Culture Manager marked an important step in building the systems and capabilities needed for the future.

Delta's commitment to developing technical capability was also reflected at the Connexis Annual Connection competition in October 2025, where our Central Otago lines team won the Hardware Part One event before severe weather brought the competition to an early close. Delta was also represented on the judging panel, with our Tasman Contract Manager, Henry Lotter, serving as a Cable Joining judge.

Beyond our day-to-day work, Delta continued to support initiatives that strengthen the communities we serve. During FY26, we maintained valued partnerships with Otago Cricket and the Otago Medical Research Foundation, established a new relationship with Com2Tech to support access to technology within our community, and provided one-off tree services support to the Orokonui Ecosanctuary. Through our employee-led Kaitiaki Groups, we also supported local causes across our regions. Together, these partnerships and contributions reflect Delta's commitment to making a positive difference in the places where we live and work.

SUSTAINABILITY FOCUS



During FY26, we refreshed our Carbon Emissions & Waste Reduction Strategy first developed in FY2022 to cover the period from FY2026 to FY2036.

Our goals remain the same; In partnership with our stakeholders, Delta is committed to reducing:

Scope 1 Gross Emissions by 45%

Scope 2 Net Emissions by 100%

Scope 3 Gross Emissions by 20%

All reductions are from our baseline measurements in FY2022

We have continued to assess and measure our Greenhouse Gas (GHG) emissions.

We completed this process internally along guidelines established with external advisors and in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

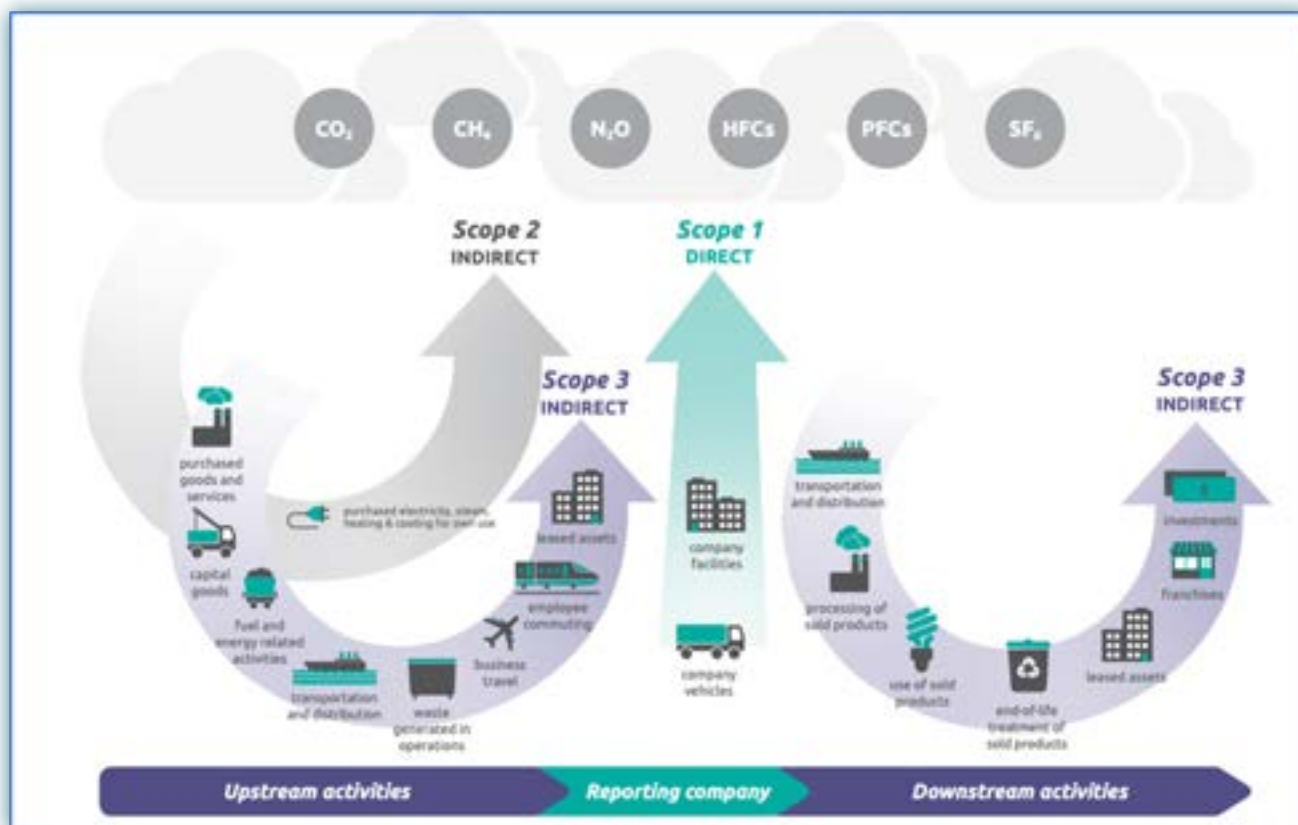


FIGURE 1 SOURCE: GHG PROTOCOL - FIGURE 1.1 OF SCOPE 3 STANDARD

We completed our first Greenhouse gas inventory in the 2021 financial year, and we have continued to focus on measuring our Scope 1 and 2 emissions and an agreed selection of Scope 3 (indirect, or value chain) emissions each year since.

Scope 1 - direct emissions that are operationally controlled by Delta, including:

- Mobile consumption emissions related to fleet vehicles and trucks, owned or operated by Delta.
- Stationary combustion emissions related to machinery and equipment.

Scope 2 - indirect GHG emissions from imported energy, including:

- Purchased electricity that is consumed at sites we operate.

Scope 3 - we have reported on a minimum set of Scope 3 emissions which are waste, freight and travel.

Our Scope 3 emissions measured include the following:

- Waste generated from our own operations (the waste owned by our customers has not been measured).
- Upstream transportation (the freight of goods purchased by Delta), where freight costs have been paid by Delta directly to freight companies.
- Business travel (primarily flights and accommodation).

At this stage we have not captured all emissions relating to our suppliers and contractors. We will review which Scope 3 emissions are relevant and appropriate during FY2027, as we continue to measure and report our carbon footprint.

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.

MEASURED EMISSIONS BY SCOPE

Delta's measured GHG emissions for the year end June 2026 are **4,003 tCO₂-e**.

As a contracting company, our primary source of emissions is associated with Scope 1, mainly related to fuel use for our fleet.

Electricity emissions (Scope 2) were measured using a market-based approach and were covered by Renewable Energy Certificates (RECs) purchased from Meridian Energy. The RECs covered all electricity consumed by Delta in FY26.

Scope 3 emissions measured cover waste, freight, travel and accommodation. Other Scope 3 emissions have not been measured.

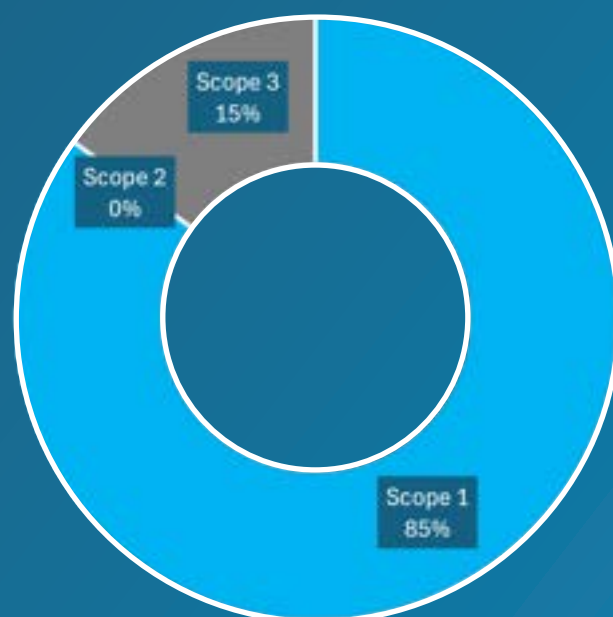


FIGURE 1: MEASURED EMISSIONS BY SCOPE

	2026		2025		2024		2023		2022	
Emissions	t CO ₂ -e	%	t CO ₂ -e	%	t CO ₂ -e	%	t CO ₂ -e	%	t CO ₂ -e	%
Scope 1	3,425	85%	3,708	92%	3,623	92%	3,706	85%	3,692	84%
Scope 2	0	0%	0	0%	0	0%	0	0%	104	2%
Scope 3	622	15%	318	8%	335	8%	631	15%	611	14%
Total	4,047	100%	4,026	100%	3,958	100%	4,337	100%	4,407	100%

TABLE 1: MEASURED EMISSIONS BY SCOPE

MEASURED EMISSIONS BY ACTIVITY

Our top emissions sources measured are summarised below.

SCOPE	CATEGORY EMISSION SOURCE	2026 t CO ₂ -e	2025 t CO ₂ -e	2024 t CO ₂ -e	2023 t CO ₂ -e	2022 t CO ₂ -e
1	Fuels	3,425	3,708	3,623	3,706	3,692
2	*Purchased Electricity	0 (69)	0 (66)	0 (57)	0 (64)	104
3	Waste to Landfill	126	65	102	67	59
3	Freight	417	86	79	446	447
3	Flights - Air Travel	59	149	130	76	62
3	Accommodation	12	17	23	35	30
3	Rental cars	2	1	1	7	5
3	T&D losses	0 (7)	0 (5)	0 (4)	0 (7)	8

TABLE 2: MEASURED EMISSIONS BY ACTIVITY

* Purchased electricity emissions (scope 2) and Transmission & Distribution Losses (T&D (scope 3) have been covered by Renewable Energy Certificates (RECs) purchased from Meridian Energy from 2023 onwards. The numbers in brackets disclosed above are the emissions prior to purchasing the RECs.

CARBON EMISSION AND WASTE REDUCTION STRATEGY

Our emissions reduction strategy focuses on gross emissions reduction which is demonstrated through the actions we have taken this year.

We will continue to target reductions in staff travel including flights, accommodation and rental cars where possible, and run virtual meetings more frequently.

Where appropriate to operational requirements, we have continued to replace light vehicles (passenger cars) with those using hybrid technology and we have recently ordered two fully electric vehicles to replace two of the combustion engine vehicles in the fleet.

PROGRESS

Percentage change since FY2022

	FY2026	FY2025	FY2024	FY2023	Target
Emissions	%	%	%	%	%
Scope 1	-7%	0%	-2%	0%	-45%
Scope 2	-100%	-100%	-100%	-100%	-100%
Scope 3	2%	-48%	-45%	3%	-20%

CONCLUSION

Delta has refreshed its Carbon Emissions & Waste Reduction Strategy, first developed in FY2022, to cover the period from FY2026 to FY2036. It is our intention to measure and manage our footprint on an ongoing basis and to report on this annually.

We have made progress in reducing our emissions by the following percentages over the baseline measurements taken in FY22.

Scope 1 – gross reduction of 7%

Scope 2 – net reduction of 100% due to the purchase of Renewable Energy Certificates (RECs) from Meridian Energy

Scope 3 – gross increase of 2%

While we have recorded a 2% increase in scope 3 emissions since the base year in FY2022 and a 96% increase since FY25. The increase from FY25 is largely due to a change in our supply chain, meaning that we have freighted some stock items from Australia in FY26, whereas we have been able to source these items in country in the previous two years.

During FY27, we will complete an inventory of our remaining Scope 3 emissions to determine if there are other emissions in this category that we can start to measure and reduce in due course.

We have yet to make significant progress on reducing our Scope 1 emissions, largely due to the lack of suitable replacement options for internal combustion vehicles. However, we are pleased to be in the process of adding two fully electric vehicles to the fleet. We are also continuing to purchase hybrid vehicles where appropriate and are replacing another Elevated Work Platform (EPV) truck with a fitted Electric Power Take Off (EPTO), further supporting our transition to lower-emission technologies. At the same time, we are seeing our revenue and business activity increase over time, which impacts on the total amount of greenhouse gas emissions generated by the business.





OUR THANKS

As we reflect on FY26, we thank our people for the commitment and expertise they bring to Delta every day. The achievements outlined in this report are the result of hundreds of individuals working together across the business, often in challenging environments and changing conditions. We also thank our customers, shareholder, and partners for their continued trust and support as we work together to deliver essential services for the communities we serve. We look forward to building on this progress in FY27.

Peter Carnahan
CHAIRMAN

Grant Sime
CHIEF EXECUTIVE

10 September 2026



DIRECTORS' REPORT

The Directors of Delta Utility Services Limited are pleased to report on the financial results and associated matters for the year ended 30 June 2026.

The financial accounts in this report include the activities of Delta Utility Services Limited only as the Company has no subsidiaries.

DIRECTORS' REPORT

for the year ended 30 June 2026 - continued

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company are the construction, operation and maintenance of infrastructure assets and the provision of contracting and related services.

RESULTS FOR THE YEAR ENDED 30 JUNE 2026

	\$000
Operating profit before income tax	6,788
Income tax expense	955
Net profit for the period	5,833

STATE OF AFFAIRS

The Directors believe that the state of affairs of the Company is satisfactory.

DIVIDENDS

Dividends of \$2.5 million were declared and paid during the year.

THE NET TRANSFERS FROM RETAINED EARNINGS

The net transfers from retained earnings during the year was \$3.333 million.

DIRECTORS' REPORT

for the year ended 30 June 2026 - continued

REVIEW OF OPERATIONS

Delta's performance during the financial year ended 30 June 2026 (FY26) reflected a period of consolidation and strong operational delivery. The broader economic environment remained challenging with ongoing inflationary pressures and tighter customer spending. Fluctuating work volumes and contract variability tested forecasting and resourcing efforts. Despite these challenges Delta responded with experience and resilience, maintaining a clear focus on delivering safe, high-quality services, guided by its commitment to people, communities, and sustainability.

FINANCIAL STATEMENTS

The audited financial statements in the year ended 30 June 2026 are attached to this report.

DIRECTORS' INTERESTS IN CONTRACTS

Disclosures of interests made by Directors are recorded in the Company's interests register. These general disclosures of interests are made in accordance with S140 (2) of the Companies Act 1993 and serve as notice that the Directors may benefit from any transaction between the Company and any of the disclosed entities. Details of these declarations are included in the Information on Directors section of this report.

Any significant contracts involving Directors' interests that were entered into during the year ended 30 June 2026 or existed at that date are disclosed in the related parties section of the financial statements.

DIRECTORS' BENEFITS

No Director has received or become entitled to receive a benefit since the end of the previous financial period other than a benefit included in the total remuneration received or due and receivable by the Directors as shown in the financial statements.

There were no notices from Directors requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

CHANGE OF DIRECTORS

There were no changes of directors during the current financial year.

DIRECTORS' INSURANCE

In accordance with the Constitution, the Company has arranged policies of Directors' Liability Insurance, which ensure generally that the Directors will incur no monetary loss as a result of actions undertaken by them as Directors, provided that they operate within the law.

DIRECTORS' REPORT

for the year ended 30 June 2026 - continued

DIRECTORS' REMUNERATION

The remuneration paid to Directors during the year was:

Peter J Carnahan	\$90,000
Jane George	\$45,000
Steve W Grave	\$45,000
Cameron J Baudinet	\$45,000
	\$225,000

BOARD MEETINGS ATTENDED

The Board held 12 meetings during the year. The attendance of Directors is set out below, showing the number of meetings attended.

Peter J Carnahan	11
Jane George	11
Steve W Grave	12
Cameron J Baudinet	12

EMPLOYEES' REMUNERATION

The number of current employees and former employees, whose remuneration and benefits exceeded \$100,000 for the year ended 30 June 2026 is listed below. Remuneration includes all non-cash benefits and redundancy payments at total cost to the company, where applicable:

\$100,000 - \$109,999	46
\$110,000 - \$119,999	46
\$120,000 - \$129,999	28
\$130,000 - \$139,999	20
\$140,000 - \$149,999	34
\$150,000 - \$159,999	11
\$160,000 - \$169,999	8
\$170,000 - \$179,999	12
\$180,000 - \$189,999	4
\$190,000 - \$199,999	5
\$200,000 - \$209,999	2
\$210,000 - \$219,999	1
\$220,000 - \$229,999	2
\$230,000 - \$239,999	2
\$260,000 - \$269,999	3
\$380,000 - \$389,999	1
\$420,000 - \$429,999	1
	226

In the year ended 30 June 2026 the Chief Executive received a base remuneration of \$400,000 and superannuation of \$15,500. The Chief Executive's remuneration does not include any other short-term or long-term incentives or performance based payments.

DIRECTORS' REPORT

for the year ended 30 June 2026 - continued

GENDER DIVERSITY

The gender composition of current employees as at 30 June 2026 is listed below.

DIRECTORS		SENIOR MANAGEMENT		ALL STAFF	
Male	3	Male	6	Male	462
Female	1	Female	3	Female	112
	4		9		574

AUDIT AND RISK COMMITTEE

All Directors are members of the Audit and Risk Committee. The Audit and Risk Committee has the responsibility for agreeing the arrangements for audit of the Company's financial statements. Its responsibilities include ensuring that appropriate audit consideration is given to the following issues:

- effectiveness of systems and standards of internal control
- quality of management controls
- management of business risk
- compliance with legislation, standards, policies and procedures
- appointing and monitoring the internal audit function.

HEALTH AND SAFETY COMMITTEE

All Directors are members of the Health and Safety Committee. The Committee's principal responsibility is to review and make recommendations to the Board on the appropriateness and effectiveness of the Company's health and safety strategy, performance and governance.

AUDITOR

The Auditor-General is appointed as Auditor pursuant to S70 of the Local Government Act 2002. The Auditor-General has contracted the audit to The Audit Office.

On behalf of the Directors



Peter Carnahan
CHAIRMAN



Cameron Baudinet
DIRECTOR

10 September 2026



STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2026

STRATEGIC OBJECTIVE	ACTIVITY	TARGET	OUTCOME
The Shareholder			
<i>We are committed to communicating our activities and strategy clearly to our shareholder and to continue to maintain an active dialogue</i>			
Bring to the attention of DCHL any strategic or operational matters where there may be a conflict between the Dunedin City Council's community outcomes and those of Delta and seek DCHL's view on these	Consult with DCHL at the earliest possible time on matters where conflict may or could result	All potential conflicts notified	Regular communication with the Shareholder (DCHL) was maintained throughout the period.
Keep DCHL informed of all substantive matters	On a "no surprises" basis, advise DCHL promptly of any substantive matter that has the potential to impact negatively on DCHL and Delta with a particular focus on the media	Substantive matters reported to DCHL within 24 hours	Any substantive matters were reported to DCHL promptly
Keep DCHL well briefed on monthly financial results and progress in respect of the Delta Boards plans for business strategy and performance improvement	Provide monthly KPI reports that include financial results and progress on performance improvement initiatives	KPI reports provided each month	Monthly KPI reports and financial information were provided in line with the agreed timetable.
Community			
<i>We are big believers in supporting the communities in which we operate. Our main contribution is through the essential infrastructure services we provide every day. Plus, we support organisations in the local community, nurture the next generation of smart thinking infrastructure specialists, and promote our brand to our stakeholders.</i>			
Make a positive contribution to the communities in which we operate	Provide community support through local sponsorship/ donations	Sponsorship/ donation value of ≥ \$25,000 per annum	Over \$30,000 in sponsorship / donations was provided to local community groups during the year ending 30 June 2026.
Support community recreation and visitor experience	Maintain parks, reserves, sports fields, walking tracks, and amenities in the northern part of Dunedin city, including significant tourist attractions (e.g. the Railway Station and Chinese Gardens)	Achieve KPIs on relevant service contracts	Target KPIs were maintained or exceeded on average throughout the year
Promote economic development	Maintain essential infrastructure to support Dunedin City Council's strategy to be one of the world's great small cities	Deliver maintenance services per contractual arrangements with Aurora Energy Ltd and Dunedin City Council	Delta generally met or exceeded its KPI's on maintenance contracts held with Aurora Energy and the Dunedin City Council throughout the year

STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2026 - continued

STRATEGIC OBJECTIVE	ACTIVITY	TARGET	OUTCOME
People			
<i>It is the skill and dedication of our people that makes the difference for our customers and keeps everyone safe at work. Our safety goal is 'Everyone Home Safe, Every day'. We are committed to the provision of safe and healthy work environments for our workers and the public.</i>			
Safe and healthy outcomes for our people are expected.	Maintain effective Health and Safety systems and processes supported by positive organisational culture to enable the Company value of Everyone Home Safe, Every Day.	Total recordable injury frequency rate (TRIFR) per 200,000 hours worked of ≤ 3.50	Total recordable injury frequency rate (TRIFR) for the year was 3.40 per 200,000 hours worked. This was slightly under the target of ≤ 3.5 . The severity of the incidents was minor and most related to the high amount of manual handling that is a requirement of the work we complete.
		Maximum total lost time injury frequency rate (LTIFR) per 200,000 hours worked of ≤ 1	Total lost time injury frequency rate (LTIFR) for the year was 2.10 per 200,000 hours worked. This was over the target of ≤ 1 due to a small number of incidents which, while they required some time off work, were not severe in nature.
		Maintain ISO 45001 Occupational Health and Safety Management System accreditation	The Company maintained ISO 45001 Occupational Health and Safety Management System accreditation throughout the year.
Fully comply with Health and Safety legislation	Maintain a legislative compliance process that includes Health and Safety legislation.	Legislative compliance process is completed.	The legislative compliance process was completed for the period.
Maintain the health and wellbeing of staff	Maintain an employee wellbeing programme	Programme maintained throughout the year	The WorkWell employee wellbeing programme was maintained throughout the year. A WorkWell survey was completed in April 2026 and there has been continued work within the board meetings. Bronze accreditation was awarded in September 2024, and we are working towards achieving silver status.
	Ensure that all direct employees are paid at living wage or above	No direct employee is paid at less than the living wage	All direct employees are paid at the living wage or above.

STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2026 - continued

STRATEGIC OBJECTIVE	ACTIVITY	TARGET	OUTCOME
People - continued			
Run an effective apprenticeship/trainee scheme	Develop skill sets and succession planning through Delta's apprenticeship/trainee scheme	Average number of apprentices/trainees per annum of ≥ 20	The average number of apprentices was 25.16 throughout the year. As at the 30th of June 2026 there were 23 apprentices in the scheme.
Maintain a positive and satisfying working environment	Monitor staff retention as a percentage of permanent staff	Staff retention $\geq 85\%$ per annum	Staff retention was 78.89% during the period.
Environment			
<i>We are committed to continual improvement in our environmental performance, prevention of harm to the environment and adoption of sustainable work practices.</i>			
Operate using sustainable work practices that prevent harm to the environment	Maintain a well-recognised environmental accreditation	ISO14001 accreditation is maintained	The Company maintained ISO 14001 Environmental Management accreditation throughout the period.
Fully comply with environmental and resource consents	Maintain full compliance with the Resource Management Act (RMA)	Nil breaches of the RMA	There were no breaches of the RMA during the year.
Contribute to Dunedin City Councils city-wide carbon neutrality initiatives	Refresh Delta's Carbon Emission and Waste Reduction strategy developed in the 2022 financial year.	Carbon Emission and Waste Reduction Strategy is refreshed. Selected Greenhouse Gas (GHG) emissions are measured and reported in our Annual Report	The Carbon Emission and Waste Reduction Strategy has been refreshed this financial year. We have reported on selected greenhouse gas (GHG) emissions in the annual report.

STATEMENT OF SERVICE PERFORMANCE

for the year ended 30 June 2026 - continued

FINANCIAL OBJECTIVES

PERFORMANCE MEASURE	TARGET	RESULT
	\$000	\$000
EBITDA	≥12,357	13,756
Net profit after income tax	≥2,990	5,833
Shareholders funds	≥28,981	31,690
Return on Shareholders' funds	≥10%	18%
Cash flow from operations	≥14,227	13,928
Capital expenditure	≤6,000	3,827
Term borrowings	≤6,100	5,640
Dividend distributions	≥2,250	2,500
Shareholders' funds to total assets	≥46%	52%

Delta delivered a strong financial performance in FY26, achieving all key financial targets set out in the Statement of Intent, with the exception of operating cash flow. Net profit after tax increased to \$5.8 million, significantly ahead of the target of \$3 million and up from \$2.1 million in FY25. This result reflects continued focus on operational efficiency, disciplined cost management, and reliable service delivery.

The return on Shareholders' funds was 18%, which exceeds the target of 10%, and was up from the 7% in FY25. Earnings before interest, tax and depreciation were \$13.8 million, exceeding the target of \$12.4 million, and up from \$9.9 million for FY25.

The favourable financial performance shown in the profit and loss report was impacted by movements in working capital balances resulting in cash flow from operations slightly behind target at \$13.9 million (target of \$14.2 million). Term borrowings at \$5.6 million are below the target of \$6.1 million. Planned capital expenditure was \$6 million, and we came in below this at \$3.8 million. The business has continued to be conservative with capital spending while we target improved overall financial performance. The capex that we invested this year was largely on targeted initiatives to increase profitability and took place in areas where we had good secured forward revenue. As a result of this some capital expenditure investment planned for FY26 will now take place in future years.

We were pleased to pay dividends of \$2.5 million for FY26, ahead of the \$2.25 million target in our FY26 Statement of Intent. Shareholders' funds were \$31.7 million against a target of 29 million, with the Company's equity ratio increasing to 52% from 47% in FY25. In approving the dividend payment, the Board carefully considered the prudent balance between shareholder returns and retained earnings.

As one of the Dunedin City Council's group of companies, the Company's financial returns and dividends ultimately benefit its community owners.

INFORMATION ON THE DIRECTORS

DIRECTOR	DATE APPOINTED	DECLARATIONS OF INTERESTS
Peter Carnahan Non-Executive Chairman	August 2022	Director and Shareholder - Peak Consulting Limited Chairman - Waikaia Gold Limited Chairman and Shareholder - Waikaka Gold Mines Limited Director and Shareholder - OKC Holdings Limited Director - SF Holdings Limited Director - Fern Energy Limited Director - SouthFuels (2022) Limited Director and Employee - Trojan Holdings Limited Director - Beach St Holdings Limited Director - Runway Investments Limited Director - Grant Road Properties Limited Director - Aoraki/Mount Cook Alpine Village Limited Director - Aoraki Mount Cook Airport Limited Director - Alpine Guides Mt Cook Limited Director - Allied Queenstown Concrete Director - The Real Meal Company Limited Director - Invercargill City Holdings Limited Director - 211 High Street Limited Director and Shareholder - 211 High Street Investments Limited Shareholder - Techemy Limited Shareholder - Rise and Shine Holdings Limited Shareholder - Magic Memories Group Holdings Limited Shareholder - Tracplus Global Limited Shareholder - Glenda Drive Property Limited Shareholder - Skyline Enterprises Limited Shareholder - Santa Minerals Limited Shareholder - Lilo Desserts Ltd
Steven Grave Non-Executive Director	July 2017	Chairman - Whitestone Contracting Limited Shareholder - Fulton Hogan Limited Chairman - Buller Holdings Limited Chairman - Westreef Services Limited Chairman - Buller Recreation Limited
Jane George Non-Executive Director	November 2021	Director and Shareholder - Jane George Consulting Limited Director - A.G. Foleys Limited Director - Invercargill Airport Limited Consultant - The Building Intelligence Group (TBIG)
Cameron Baudinet Non-Executive Director	August 2023	Director & Shareholder - Murray & Company Limited





FINANCIAL STATEMENTS

for the year ended 30 June 2026

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
REVENUE			
Operating revenue	3	132,187	130,144
Other revenue	4	1,890	1,212
Total revenue		134,077	131,356
LESS EXPENSES			
Operating expenses	5	126,741	128,440
Financial expenses	6	548	677
Total expenses		127,289	129,117
Profit before tax		6,788	2,239
Income tax expense	8	955	178
Net profit after tax		5,833	2,061
Other comprehensive income		-	-
Total comprehensive income		5,833	2,061

The accompanying notes and accounting policies form an integral part of these audited financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2026

	Note	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance at 01 July 2025		17,000	11,357	28,357
Total comprehensive income		-	5,833	5,833
Less dividends paid		-	(2,500)	(2,500)
Balance at 30 June 2026		17,000	14,690	31,690

	Note	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance at 01 July 2024		17,000	11,296	28,296
Total comprehensive income		-	2,061	2,061
Less dividends paid		-	(2,000)	(2,000)
Balance at 30 June 2025		17,000	11,357	28,357

The accompanying notes and accounting policies form an integral part of these audited financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2026

	Note	2026 \$000	2025 \$000
EQUITY			
Share capital	9	17,000	17,000
Retained earnings		14,690	11,357
TOTAL EQUITY		31,690	28,357
CURRENT ASSETS			
Cash and cash equivalents		62	89
Trade and other receivables	16	12,970	15,477
Work in progress	17	12,016	10,812
Inventories - materials and stores		3,903	3,939
Prepayments		972	905
Total current assets		29,923	31,222
NON-CURRENT ASSETS			
Intangible assets	19	2,236	2,695
Right of use asset	20	5,870	7,870
Property, plant and equipment	18	22,937	22,367
Total non-current assets		31,043	32,932
Total assets		60,966	64,154

The accompanying notes and accounting policies form an integral part of these audited financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2026 - continued

	Note	2026 \$000	2025 \$000
CURRENT LIABILITIES			
Trade and other payables	10	8,998	9,255
GST payable		756	991
Employee Entitlements - current	12	5,552	5,564
Taxation payable	8	1,135	476
Lease liabilities - current	11	2,343	2,760
Total current liabilities		18,784	19,044
NON-CURRENT LIABILITIES			
Borrowings	13	5,640	10,770
Lease liabilities	11	3,814	5,408
Deferred tax Liability	8	403	10
Employee Entitlements	12	635	565
Total non-current liabilities		10,492	16,753
Total liabilities		29,276	35,797
NET ASSETS		31,690	28,357

For and on behalf of the Board of Directors



Peter Carnahan
CHAIRMAN



Cameron Baudinet
DIRECTOR

10 September 2026

The accompanying notes and accounting policies form an integral part of these audited financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2026

	Note	2026 \$000	2025 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from :			
Receipts from customers		134,621	127,013
Wage subsidy		15	25
Interest received		3	-
Net GST received/(paid)		64	(79)
		134,703	126,959
Cash was disbursed to :			
Payments to suppliers		60,165	60,002
Payments to employees		60,393	60,945
Intra-group tax payments		(97)	(50)
Interest paid		314	383
		120,775	121,280
Net cash inflows/(outflows) from operating activities		13,928	5,679
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from :			
Sale of property, plant and equipment		526	290
		526	290
Cash was disbursed to :			
Purchase of property, plant and equipment		3,881	3,101
Purchase of intangibles		(92)	327
		3,789	3,428
Net cash inflows/(outflows) from investing activities		(3,263)	(3,138)

The accompanying notes and accounting policies form an integral part of these audited financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2026 - continued

	Note	2026 \$000	2025 \$000
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from :			
Receipt from borrowings		117,440	114,130
		117,440	114,130
Cash was disbursed to :			
Repayment of borrowings		122,570	111,260
Repayment of lease liabilities		3,062	3,491
Dividends paid		2,500	2,000
		128,132	116,751
Net cash inflows/(outflows) from financing activities		(10,692)	(2,621)
Cash and cash equivalents at the beginning of the period		89	169
Net increase/(decrease in cash, cash equivalents and bank overdraft		(27)	(80)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		62	89

The accompanying notes and accounting policies form an integral part of these audited financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2026 - continued

	Note	2026 \$000	2025 \$000
RECONCILIATION OF NET PROFIT AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		5,833	2,061
Non-cash items			
Depreciation and amortisation		3,603	3,724
Depreciation - right of use asset		2,817	3,215
Interest - leases		234	293
Deferred tax		393	(258)
		7,047	6,974
Changes in working capital items			
(Increase)/decrease in trade and other receivables		2,507	(2,616)
(Increase)/decrease in inventories		39	(233)
(Increase)/decrease in work in progress		(1,204)	(1,803)
(Increase)/decrease in prepayments		(67)	(246)
Increase/(decrease) in trade and other payables		(263)	575
Increase/(decrease) in provision for tax		659	486
Increase/(decrease) in provisions		58	557
Increase/(decrease) in GST payable		(235)	222
		1,494	(3,058)
Items classified as investing or financing activities			
Net (gain)/loss on sale of property, plant and equipment		(410)	(234)
Change in trade and other payables		(36)	(64)
		(446)	(298)
Net cash inflow from operating activities		13,928	5,679

The accompanying notes and accounting policies form an integral part of these audited financial statements.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026

1 REPORTING ENTITY

The financial statements presented are for the reporting entity Delta Utility Services Limited.

Delta Utility Services Limited ("the Company") is a Council Controlled Trading Organisation as defined in the Local Government Act 2002. The Company, incorporated in New Zealand under the Companies Act 1993, is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

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

The financial statements are presented in New Zealand dollars (the functional currency of the company) and have been rounded to the nearest thousand.

2 MATERIAL ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Company is a Tier 1 for-profit entity as defined by the External Reporting Board (annual expenses over \$30 million) and has reported in accordance with Tier 1 for-Profit Accounting Standards. These annual financial statements are general purpose financial reports which have been presented in accordance with NZ IAS 1, and NZ GAAP. They comply with New Zealand Equivalents to IFRS and other applicable Financial Reporting Standards, as appropriate to for-profit orientated entities.

The financial statements were authorised for issue by the Directors on 10 September 2026.

BASIS OF ACCOUNTING

The financial statements have been prepared on the historic cost basis. The going concern basis of accounting has been applied.

The accounting policies set out below and in the following notes have been applied consistently to all periods in these financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated. Accounting policies that are relevant to the understanding of the financial statements and that summarise the measurement basis are provided throughout the notes to the financial statements. These standards have been consistently applied to all the years presented unless otherwise stated.

The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year include:

- carrying value of the deferred tax liability (note 8)
- calculation of profit elimination on intra-group transactions for tax purposes (note 8)
- valuation of provisions for staff entitlements (note 12)
- valuation of borrowings (note 13)
- valuation of work in progress (note 17)
- impairment of property, plant and equipment (note 18)
- classification of property, plant and equipment (note 18)
- impairment of intangible assets (note 19)
- valuation of right of use assets and liabilities (notes 11 and 20)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

2 MATERIAL ACCOUNTING POLICIES - continued

GOODS AND SERVICES TAX (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for trade receivables and trade payables, which are recognised inclusive of GST.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is immediately expensed to the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year. Accounting policies have been applied consistently to all years presented in these financial statements.

STANDARDS AMENDED OR ISSUED DURING THE YEAR

During the period, there were no new or amended accounting standards which materially affected the Company or its reporting.

STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

Amendments to the following Standards have been issued but are not yet effective:

- IFRS 18 Presentation and disclosure of Financial Statements,
- NZ IFRS 9 Financial Instruments and NZ IFRS 7 Financial Instruments: Disclosures.

The New Zealand Accounting Standards Board issued NZ IFRS 18 Presentation and Disclosure in Financial Statements, which replaces NZ IAS 1 and introduces new requirements relating to the presentation of financial performance, including specified categories within the statement of profit or loss and enhanced management-defined performance measure disclosures. The standard is expected to primarily affect the presentation and disclosure of financial information and is not expected to have a significant impact on the recognition or measurement of the Company's assets, liabilities, income or expenses. The amendments are effective for accounting periods beginning on or after 1 January 2027.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

2 MATERIAL ACCOUNTING POLICIES - continued

The amendments to NZ IFRS 9 Financial Instruments and NZ IFRS 7 Financial Instruments: Disclosures include clarifying the classification of financial assets with ESG features, allowing derecognition of financial liabilities settled electronically before cash delivery if criteria are met, and adding new disclosures for FVOCI-designated equity investments and instruments with contingent features.

The Company has not yet assessed in detail the impact of these amendments.

The amendments to these standards will not have a material impact on the financial reporting of the Company.

3 OPERATING REVENUE

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, net of discounts and goods and services tax (GST).

MAINTENANCE SERVICES

The Company enters into contracts that involve various different processes, activities and services. Where these processes and activities tend to be highly inter-related, these are taken to be one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each service or performance obligation based on contracted prices/schedules of rates. Revenue from maintenance services rendered is recognised in the Statement of Comprehensive Income in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the proportion of costs incurred to date compared to the estimated total costs of the contract. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15.

The Company becomes entitled to invoice customers on a periodic basis, at particular stages of completion or upon completion of works. The Company recognises a contract asset (Work in Progress) for any work performed and not invoiced, derived on the basis of costs incurred to date plus an estimated margin. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the stage of completion method, then the Company recognises a contract liability (Income in Advance) for the difference.

CONSTRUCTION CONTRACTS

The Company derives revenue from the construction of electrical infrastructure assets. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for several projects, the total transaction price is allocated across each project based on stand-alone selling prices. Revenue from construction contracts is recognised over time on a cost-to-cost method i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15. The Company generally becomes entitled to invoice customers through a monthly claim based on a measure and value calculation or on a milestone basis. The customer is sent a relevant claim or statement of work, the customer assesses the claim and approves it for payment on which an invoice is raised. The Company recognises a contract asset (Work in Progress) for any work performed. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the cost-to-cost method, then the Company recognises a contract liability (Income in Advance) for the difference.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

3 OPERATING REVENUE - continued

VARIABLE CONSIDERATION

A small number of the Company's contracts include performance bonuses for meeting relevant performance KPIs. In this instance the expected value of revenue is only recognised to the amount management considers it likely, measurable and recoverable. This is assessed on a periodic basis and is based on all available information including historic performance.

Where modifications/variations in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification/variation has not been confirmed, an estimate is made of the amount of revenue to recognise.

WARRANTIES AND DEFECT PERIODS

Construction and service contracts can include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions. Where material, a retention is held, or a performance bond is put in place to reflect this claim/defects period.

The Company has applied the practical expedient in paragraph B16 of IFRS 15 Revenue from Contracts with Customers, in that disclosure information regarding future performance obligations is not required, as the Company has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

	2026 \$000	2025 \$000
Revenue from contracts with customers		
Power and communication services	78,907	79,171
Metered field operations	20,938	17,260
Greenspace services	32,342	33,713
	132,187	130,144

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

4 OTHER REVENUE

Other

Other sundry revenue

Lease income

Interest received - related parties

Gain on sale / disposal of assets

	2026 \$000	2025 \$000
Other sundry revenue	784	321
Lease income	693	657
Interest received - related parties	3	-
Gain on sale / disposal of assets	410	234
	1,890	1,212

Lease income relates to the leasing out of surplus buildings and land. The Company classifies these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of future lease income, showing the undiscounted future lease amounts to be received after the reporting date.

Less than one year

One to two years

Two to three years

Three to four years

Four years and greater

	2026 \$000	2025 \$000
Less than one year	515	498
One to two years	64	48
Two to three years	53	11
Three to four years	53	-
Four years and greater	9	-
	694	557

5 OPERATING EXPENSES

Included in the operating expenses are the following items:

Employee remuneration and benefits

Superannuation

Subcontractor costs

Materials

Depreciation and amortisation - property, plant and equipment / intangibles

Depreciation - right of use asset

Plant and vehicle costs

Directors' fees

Donations

	2026 \$000	2025 \$000
Employee remuneration and benefits	58,081	59,118
Superannuation	2,369	2,384
Subcontractor costs	26,405	24,976
Materials	16,392	18,190
Depreciation and amortisation - property, plant and equipment / intangibles	3,603	3,724
Depreciation - right of use asset	2,817	3,215
Plant and vehicle costs	7,072	6,543
Directors' fees	225	216
Donations	13	6

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

6 FINANCIAL EXPENSES

	2026 \$000	2025 \$000
Interest - related parties	314	383
Interest - leases	234	294
	548	677

7 AUDITOR'S REMUNERATION

During the year ended 30 June 2026, the following fees were paid or payable to the Company's audit firm for services provided:

SERVICE CATEGORY	DESCRIPTION OF SERVICES	2026 \$000	2025 \$000
Audit or review of the financial statements	Statutory audit of annual financial statements	177	172

8 TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Current tax and deferred tax is charged or credited to the statement of comprehensive income except when deferred tax relates to items charged directly to equity, in which case the tax is dealt with in equity.

The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

8 TAXATION - continued

INCOME TAX RECONCILIATION

	2026 \$000	2025 \$000
Profit before tax	6,788	2,239
Tax thereon at 28%	1,901	627
<i>Plus/(less) tax effect of:</i>		
Expenditure non-deductible for taxation	114	6
Non-assessable income	(1,499)	(470)
Intra-group tax compensation	750	217
Under/(over) tax provision in prior years	(316)	(218)
Reclassification of commercial building	(17)	17
Unwind of unrecognised temporary difference on commercial buildings	21	(1)
Tax expense / (benefit)	955	178
<i>Represented by:</i>		
Current tax provision	385	258
Intra-group tax compensation	750	217
Prior period adjustments to current tax	(573)	(40)
Deferred tax provision	132	(95)
Prior period adjustments to deferred tax	257	(178)
Reclassification of commercial building	(17)	17
Unwind of unrecognised temporary difference on commercial buildings	21	(1)
	955	178
Effective tax rate	14%	8%

Profits arising on assets constructed for DCHL subsidiary, Aurora Energy Limited, have been deducted from the calculation of taxable income for the consolidated tax group, and have also been removed from the cost of the relevant Aurora Energy assets for tax depreciation purposes. For accounting purposes, the Company has recognised the adjustment to remove the profit component of these assets and has reflected a tax compensation of \$750,000 (2025: \$217,000).

IMPUTATION CREDIT ACCOUNT

The Company is a member of an income tax consolidated group and has access to the income tax consolidated group's imputation credit account.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

8 TAXATION - continued

DEFERRED TAX

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

	Opening position \$000	Charged to income \$000	Closing assets position \$000	Closing liabilities position \$000	Closing net position \$000
YEAR ENDED 30 JUNE 2026					
Property, plant and equipment	(115)	(172)	-	(287)	(287)
Intangible assets	(595)	89	-	(506)	(506)
Employee benefits	1,586	(20)	1,566	-	1,566
Provisions	(970)	(288)	-	(1,258)	(1,258)
IFRS 16 leases	84	(3)	81	-	81
Balance at the end of the year	(10)	(394)	1,647	(2,051)	(403)

	Opening position \$000	Charged to income \$000	Closing assets position \$000	Closing liabilities position \$000	Closing net position \$000
YEAR ENDED 30 JUNE 2025					
Property, plant and equipment	(145)	30	-	(115)	(115)
Intangible assets	(646)	51	-	(595)	(595)
Employee benefits	1,399	187	1,586	-	1,586
Provisions	(955)	(15)	-	(970)	(970)
IFRS 16 leases	79	5	84	-	84
Balance at the end of the year	(268)	258	1,670	(1,680)	(10)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

9 SHARE CAPITAL

	2026 \$000	2025 \$000
Issued capital		
17,000,000 fully paid ordinary shares	17,000	17,000

10 TRADE AND OTHER PAYABLES

	2026 \$000	2025 \$000
Trade payables	3,773	4,100
Due to related parties	298	92
Income in advance	1,198	569
Other payables	3,729	4,494
	8,998	9,255

Trade and other payables are stated at cost.

The Directors consider that the carrying amount of trade payables approximates their fair value. Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

11 LEASE LIABILITIES

Land and Building leases

The Company leases land and buildings for operational purposes. The leases typically have an initial term of between 3 and 10 years and most include an option to renew for an additional period beyond this term.

Where applicable the Company seeks to include extension options in new leases to provide operational flexibility. Options to extend are held by the Company and not by the lessor. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. This is reassessed at each reporting date.

Vehicle leases

The Company leases vehicle and plants for operational purposes. The Company leases vehicles and plant with lease terms of up to 10 years. The residual value of the leased assets is agreed with the lessor at the start of the lease. The residual value is reviewed if the lease is extended or there is a material change in the number of kilometres travelled per annum.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

11 LEASE LIABILITIES - continued

	2026 \$000	2025 \$000
(i) Current liabilities		
Building and land leases	1,141	1,016
Vehicle leases	1,202	1,744
	2,343	2,760
(ii) Non-current liabilities		
Building and land leases	2,501	3,096
Vehicle leases	1,313	2,312
	3,814	5,408

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate inherent in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate, as the interest rate inherent in its building leases is not easily identified and the interest rate noted for the vehicle leases includes a significant margin component. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate. Interest rates used range from 2.78% to 4.64% (2025: 2.78% - 5.10%)

MATURITY ANALYSIS - CONTRACTUAL UNDISCOUNTED CASHFLOWS

	2026 \$000	2025 \$000
Payable within one year	2,343	2,760
Payable between one to five years	3,682	4,844
Payable later than five years	132	564
	6,157	8,168

12 EMPLOYEE ENTITLEMENTS

A provision is 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 will be required to settle the obligation.

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

12 EMPLOYEE ENTITLEMENTS - continued

The Company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the average value of excess sick leave.

	2026 \$000	2025 \$000
(i) Current liabilities		
Long service leave	200	255
Annual leave	4,884	4,800
Gratuities	161	158
Sick Leave	172	218
Superannuation	135	133
	5,552	5,564
(ii) Non-current liabilities		
Long service leave	635	565
	635	565

13 BORROWINGS

All borrowings are provided under a facility agreement with Dunedin City Treasury (DCTL), a related party of the Company. DCTL provides corporate treasury services to Dunedin City Council (DCC), Dunedin City Holdings Limited (DCHL) and its subsidiaries. DCTL sources external debt and on-lends to DCC and the council-controlled organisations based on an average cost of borrowings. The borrowings are not required to be repaid provided the borrower is not in default and continues to meet the terms of the borrowing. The borrower may repay principal balances at any time.

The setting of the interest rate is on a quarterly basis. The fixed interest rate reflects the internal borrowing rate index of DCTL for the interest period. At the end of the financial year, or sooner if necessary, a retrospective interest rate adjustment is calculated to ensure that the effective rate charged to borrowers for the period reflects the actual costs of DCTL.

The Company has assessed that the fair value of borrowings on initial recognition is the face value. The interest rate set by DCTL is considered a market rate as it is based on an internal borrowing index for a fixed interest period. Debt is sourced by DCTL on ordinary commercial terms, arranged by major trading banks. DCTL also borrows from the Local Government Funding Agency (LGFA). DCTL has a credit rating equal to that of DCC and has assessed the same level of credit risk for all borrowers within the DCC group since they are ultimately owned by DCC and rely on their underlying support in a stress scenario. Accordingly, DCTL does not apply different credit spreads to different borrowers.

For the reasons noted above, the Company continues to deem it appropriate to measure its loan from DCTL at amortised cost.

Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the Statement of Comprehensive Income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026- continued

13 BORROWINGS- continued

	2026 \$000	2025 \$000
Dunedin City Treasury Limited - related party	5,640	10,770
	5,640	10,770

The total facility available as at 30 June 2026 was \$22.500 million. The repayment period on the non-current borrowings is as follows:

Repayable between one to two years	-	-
Repayable between two to five years	-	-
Repayable greater than five years	5,640	10,770
	5,640	10,770

The effective interest rate for the loan at balance date was 4.0% (2025: 4.2%).

14 CONTINGENT LIABILITIES

	2026 \$000	2025 \$000
Performance bonds	636	636
	636	636

The performance bonds issued are principally in favour of South Island Local Authorities for contract work. There is no indication that any of these contingent liabilities will crystallise in the foreseeable future.

Employment Matters: There is one employment matter in progress relating to a former employee who has raised a personal grievance claim for wrongful dismissal. The matter remains unresolved as at 30 June 2026. The financial consequences (if any) cannot be reliably estimated at this time.

The company knows of no other contingent assets or liabilities as at balance date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

15 CAPITAL EXPENDITURE COMMITMENTS

	2026 \$000	2025 \$000
Plant and equipment	1,173	265
	1,173	265

16 TRADE AND OTHER RECEIVABLES

	2026 \$000	2025 \$000
Trade receivables	7,762	7,594
Less expected credit loss	-	(1)
	7,762	7,593
Due from related parties	5,208	7,884
	12,970	15,477

Trade and other receivables are classified as financial assets at fair value less any allowances for estimated irrecoverable amounts.

Ageing of trade receivables which the group has not provided against as still deemed recoverable:

	2026 \$000	2025 \$000
Age analysis Not past due	11,786	13,584
1 - 30 days	720	1,253
30 - 60 days	320	470
60 - 90 days	87	154
90 days plus	56	16
	12,970	15,477

The loss allowance as at 30 June 2026 and 30 June 2025 was determined as follows:

Expected loss rate	0.0%	0.004%
Gross carrying amount - trade receivables	12,970	15,477

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

16 TRADE AND OTHER RECEIVABLES - continued

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2026 and 30 June 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted for current and forward-looking information including macroeconomic factors affecting the company's customers.

In the current year this provision is \$nil (2025: \$547) on the basis that limited amounts of trade receivables have been written off in the preceding two year period, the company's debt is concentrated around a low number of large customers that are predominantly councils or large electrical distribution boards, and the outstanding amounts have been reviewed on a line by line basis with specific provisions put in place where deemed necessary for doubtful amounts (\$nil as at 30 June 2026).

Movement in lifetime expected credit losses:

	2026 \$000	2025 \$000
Opening expected credit loss	(1)	(4)
Provisions reversed during the year	1	3
Closing expected credit loss	-	(1)

17 WORK IN PROGRESS

Work in progress is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents work from contracts which has been performed, but which is unable to be billed as the right to consideration remains conditional.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer and the performance obligations have been satisfied.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable and where Delta believes the identified performance obligations have been satisfied. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

17 WORK IN PROGRESS - continued

	2026 \$000	2025 \$000
Work in progress - construction contracts	4,751	4,004
Work in progress - other contracts	7,265	6,808
	12,016	10,812

18 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are those assets held by the Company for the purpose of carrying on its business activities on an ongoing basis.

All property, plant and equipment is stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Self-constructed assets include the direct cost of construction to the extent that they relate to bringing the fixed assets to the location and condition for their intended service.

Depreciation is charged so as to write off the costs of assets, other than land, properties under construction and capital work in progress, on a straight-line basis. Rates used have been calculated to allocate the assets' costs less estimated residual values over their estimated remaining useful lives.

Depreciation of these assets commences when the assets are ready for their intended use and no depreciation is charged on assets under construction.

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.

The Company does not classify the property leased as investment property as the Company still occupies a significant portion of the leased space and, in many cases, overlap with the tenants.

Depreciation rates and methods used are as follows:

	Rate	Method
Buildings	2% to 14%	straight line
Metering equipment	7% to 10%	straight line
Plant and equipment	4% to 60%	straight line
Motor vehicles	5% to 33%	straight line

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

18 PROPERTY, PLANT AND EQUIPMENT - continued

	Opening balance \$000	Purchases \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Cost					
YEAR ENDED 30 JUNE 2026					
Land	4,556	-	-	-	4,556
Buildings	6,465	747	-	-	7,213
Meters	4,670	-	-	-	4,670
Plant and equipment	12,444	683	(313)	-	12,813
Motor vehicles	31,312	2,118	(2,116)	757	32,071
Assets under construction	757	371	-	(757)	371
	60,204	3,919	(2,429)	-	61,694
YEAR ENDED 30 JUNE 2025					
Land	4,556	-	-	-	4,556
Buildings	6,459	6	-	-	6,465
Meters	4,454	216	-	-	4,670
Plant and equipment	12,241	382	(179)	-	12,444
Motor vehicles	30,286	1,806	(915)	135	31,312
Assets under construction	135	757	-	(135)	757
	58,131	3,167	(1,094)	-	60,204

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

18 PROPERTY, PLANT AND EQUIPMENT - continued

	Opening balance \$000	Depreciation \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Accumulated depreciation					
YEAR ENDED 30 JUNE 2026					
Land	-	-	-	-	-
Buildings	2,814	292	(3)	-	3,103
Meters	1,983	312	-	-	2,295
Plant and equipment	9,737	931	(307)	-	10,360
Motor vehicles	23,303	1,702	(2,007)	-	22,998
	37,837	3,237	(2,317)	-	38,756

YEAR ENDED 30 JUNE 2025

Land	-	-	-	-	-
Buildings	2,588	226	-	-	2,814
Meters	1,677	306	-	-	1,983
Plant and equipment	8,850	1,059	(172)	-	9,737
Motor vehicles	22,374	1,793	(864)	-	23,303
	35,489	3,384	(1,036)	-	37,837

Carrying values

	2026 \$000	2025 \$000
Land	4,556	4,556
Buildings	4,109	3,651
Meters	2,375	2,687
Plant and equipment	2,453	2,707
Motor vehicles	9,073	8,009
Assets under construction	371	757
	22,937	22,367

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

19 INTANGIBLES

Intangibles contains software which is recognised at cost and amortised to the statement of comprehensive income on a straight-line basis over the estimated useful life - which is a maximum period of ten years.

	Opening balance \$000	Purchases \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Cost					
YEAR ENDED 30 JUNE 2026					
Software	4,799	(92)	-	278	4,985
Software work in progress	278	-	-	(278)	-
	5,077	(92)	-	-	4,985
YEAR ENDED 30 JUNE 2025					
Software	4,630	49	-	120	4,799
Software work in progress	120	278	-	(120)	278
	4,750	327	-	-	5,077
	Opening balance \$000	Amortisation \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Accumulated depreciation					
YEAR ENDED 30 JUNE 2026					
Software	2,382	367	-	-	2,749
	2,382	367	-	-	2,749
YEAR ENDED 30 JUNE 2025					
Software	2,041	341	-	-	2,382
	2,041	341	-	-	2,382
Carrying values					
Software				2,236	2,417
Software work in progress				-	278
				2,236	2,695

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

20 RIGHT-OF-USE-ASSET

	Opening balance \$000	Purchases \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Cost					
YEAR ENDED 30 JUNE 2026					
Property	7,514	585	(325)	-	7,774
Motor Vehicles	13,437	232	(2,262)	-	11,406
	20,951	816	(2,587)	-	19,180
YEAR ENDED 30 JUNE 2025					
Property	6,369	1,571	(426)	-	7,514
Motor Vehicles	13,438	350	(351)	-	13,437
	19,807	1,921	(777)	-	20,951
	Opening balance \$000	Amortisation \$000	Sales/ disposals \$000	Transfers \$000	Closing balance \$000
Accumulated depreciation					
YEAR ENDED 30 JUNE 2026					
Property	3,537	1,076	(325)	-	4,288
Motor Vehicles	9,544	1,742	(2,264)	-	9,022
	13,081	2,818	(2,589)	-	13,310
YEAR ENDED 30 JUNE 2025					
Property	3,075	888	(426)	-	3,537
Motor Vehicles	7,569	2,327	(352)	-	9,544
	10,644	3,215	(778)	-	13,081
Carrying values				2026 \$000	2025 \$000
Property				3,486	3,977
Motor Vehicles				2,384	3,893
				5,870	7,870

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

20 RIGHT-OF-USE-ASSET - continued

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is recognised at the present value of lease payments, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus, where applicable, any indirect costs incurred and an estimate of costs to dismantle or/and remove the asset or reinstate/restore the asset or the site where it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The estimated useful lives of the assets are determined on the same basis as those of property and equipment. In addition, the asset is periodically reviewed for impairment.

21 RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening balance \$000	Cashflows \$000	Non-Cash Movement \$000	Closing balance \$000
Year ended 30 June 2026				
Long term borrowings	10,770	(5,130)	-	5,640
Short term borrowings	-	-	-	-
Lease liabilities	8,168	(3,062)	1,051	6,157
	18,938	(8,192)	1,051	11,797
Year ended 30 June 2025				
Long term borrowings	7,900	2,870	-	10,770
Short term borrowings	-	-	-	-
Lease liabilities	9,445	(3,491)	2,214	8,168
	17,345	(621)	2,214	18,938

22 RELATED PARTY TRANSACTIONS

Delta Utility Services Limited is a wholly owned subsidiary of Dunedin City Holdings Limited. Dunedin City Holdings Limited is wholly owned by Dunedin City Council.

TRANSACTIONS WITH DUNEDIN CITY COUNCIL GROUP

The Company undertakes transactions with Dunedin City Council and other Dunedin City Council controlled entities.

The amounts owing to/from related parties are payable in accordance with the Company's normal terms of trade. No related party debts have been written off or forgiven during the year and no provision has been required for impairment of any receivables to related parties.

Treasury services are provided by Dunedin City Treasury Limited (DCTL). Borrowings are detailed in note 13 and Interest is detailed in Note 6. The draw down and repayment of borrowings is disclosed in the Statement of Cash Flows.

During the year, the Company provided services and traded with the Dunedin City Council Group in respect of the following transactions:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

22 RELATED PARTY TRANSACTIONS - continued

	2026 \$000	2025 \$000
PROVISION OF SERVICES PROVIDED TO THE GROUP:		
Contracting Services - Dunedin City Council	12,191	11,638
Contracting Services - Dunedin International Airport Ltd	58	47
Contracting Services - Dunedin Venues Ltd	138	131
Contracting Services - City Forests Ltd	13	-
Contracting Services - Dunedin Railways Ltd	-	-
Capital construction - Aurora Energy	52,377	52,872
Rent - Auroroa Energy Ltd	610	604
	65,387	65,292
AT YEAR END THE AMOUNTS RECEIVABLE FROM THE GROUP:		
Other contracting - Dunedin City Council	1,325	1,549
Work in Progress - Dunedin City Council	225	65
Capital construction - Aurora Energy Ltd	3,864	6,319
Work in Progress - Aurora Energy Ltd	7,959	7,968
Other contracting - Dunedin International Airport Ltd	6	4
Other contracting - Dunedin Venues Ltd	13	12
	13,392	15,917
RECEIPT OF GOODS AND SERVICES FROM THE GROUP:		
Contracting services and supplies - Dunedin City Council	435	348
Rates and Property services - Dunedin City Council	130	121
Contracting services and supplies - Aurora Energy Ltd	1,186	413
Rent/Administration - Aurora Energy Ltd	610	180
Tax Compensation - Aurora Energy Ltd	750	217
Interest - Dunedin City Treasury Ltd	314	383
	3,425	1,662
AT YEAR END THE AMOUNTS PAYABLE TO THE GROUP:		
Rates and Property services - Dunedin City Council	15	16
Interest - Dunedin City Treasury Ltd	9	20
Contracting services and supplies - Aurora Energy Ltd	266	29
Rent/Administration - Aurora Energy Ltd	8	27
	298	92

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

22 RELATED PARTY TRANSACTIONS - continued

	2026 \$000	2025 \$000
INTRAGROUP TRANSFERS TO:		
Dividend Payment - Dunedin City Council	2,500	2,000
Tax Compensation/Subvention payment - Aurora Energy Ltd	528	523
	3,028	2,523
INTRAGROUP TRANSFERS FROM:		
Tax Compensation/Subvention payment - Aurora Energy Ltd	626	573

TRANSACTIONS WITH ENTITIES IN WHICH DIRECTORS HAVE AN INTEREST:

The Company undertakes transactions with entities in which Directors have an interest. These are detailed below:

Mr Peter J Carnahan is a Director and employee of Trojan Holdings Limited. During the financial period covered by this report, waste disposal purchases of \$3,509 were made from Trojan Holdings Limited (2025: \$nil). Monies payable as at 30 June 2026 were \$nil (2025: \$nil). No contracting services were provided to Trojan Holdings Limited (2025: \$nil). No monies were receivable as at 30 June 2026 (2025: \$nil).

Mr Peter J Carnahan is a Director of Fern Energy Limited. During the financial period covered by this report, fuel to the value of \$64,975 was purchased from Fern Energy Limited (2025: \$48,687). Monies payable as at 30 June 2026 were \$4,341 (2025: \$nil).

Mr S W Grave is Chairman of Whitestone Contracting Limited. During the financial period covered by this report, \$24,808 of contracting services were purchased from Whitestone Contracting Limited (2025: \$37,458). \$2,212 was payable as at 30 June 2026 (2025: \$1,351). During the financial period covered by this report, contracting services totalling \$11,471 were provided to Whitestone Contracting Limited (2025: \$12,098). Monies receivable as at 30 June 2026 totalled \$nil (2025: \$300).

Ms J George is a Director of A G Foleys Limited. During the financial period covered by this report, contracting services of \$16,995 were purchased from A G Foleys Limited (2025: \$13,538). Monies were payable as at 30 June 2026 were \$nil (2025: \$161). During the financial period covered by this report, contracting services totalling \$20,072 were provided to A J Foleys Limited (2025: \$7,628). Monies receivable as at 30 June 2026 totalled \$nil (2025: \$nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

23 KEY MANAGEMENT PERSONNEL REMUNERATION

	2026 \$000	2025 \$000
Short-term employment benefits – Senior Management	2,482	2,438
Short-term employment benefits – Directors	225	216
Termination employment benefits – Senior Management	109	334

Termination benefits include all payments made to effect the termination of the employee, this can include a lump sum payment, unworked notice period, the value of any retained equipment, and any other benefits received in exchange for the termination of an employee's employment.

24 FINANCIAL INSTRUMENTS RISKS

Dunedin City Treasury Limited, which is part of Dunedin City Holdings Group, co-ordinates access to domestic markets for all group members and provides advice on the management of financial instrument risks to the Company. These risks include market risk, credit risk and liquidity risk.

Financial instruments are contracts that give rise to financial assets or liabilities that are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

In line with NZ IFRS 9 Financial Instruments, all of the financial assets and liabilities are measured at amortised cost, fair value through profit and loss, or fair value through other comprehensive income, on the basis of the company's business model for managing the financial instrument and the contractual cash flow characteristics of the financial instrument.

Apart from derivative financial instruments, the Company's financial assets and liabilities including cash and cash equivalents, trade and other receivables, trade and other payables, accruals and borrowings continue to be measured at amortised cost as they meet the conditions under NZ IFRS 9.

CREDIT RISK

The Company's credit risk is primarily attributable to its trade and term receivables. The amounts presented in the Statement of Financial Position are net of allowances for impairments.

The Company's exposure to credit risk is generally spread over a large number of counterparties and customers.

In line with NZ IFRS 9, the Company recognises an expected credit loss provision on financial assets measured at amortised cost based on expected/historic credit losses. In the 2025 financial year the expected credit loss accrual was \$547 and this is \$nil for 2026 on the basis that there have been limited customer defaults in the past 3 years. Delta's credit exposure is limited to a small number of customers which have all been carefully reviewed and specific provisions have been put in place if required (\$nil as at 30 June 2026).

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

24 FINANCIAL INSTRUMENTS RISKS - continued

The maximum credit risk for each class of financial instrument is:

	2026 \$000	2025 \$000
Cash and cash equivalents	62	89
Trade and other receivables	12,970	15,477
	13,032	15,566

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2026 \$000	2025 \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash and cash equivalents	62	89
A-1+		
Trade and other receivables	1,325	1,549
A-1+		
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Trade and other receivables	11,645	13,928

LIQUIDITY RISK

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from financial liabilities and has credit lines in place to cover potential shortfalls. The Company maintains credit management and accounts receivable processes aimed at collecting all trade debtors and other receivable balances in cash by their agreed date(s) for payment.

Contractual obligations in respect of interest expense on borrowings have not been included in the liquidity risk table as the term debt does not have a contractual end date and the interest is currently payable on a month-by-month basis. Details of the loan balance and effective interest rate are included in note 13.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

24 FINANCIAL INSTRUMENTS RISKS - continued

The following tables analyse the exposure of the Company's financial instruments to liquidity risk:

	Maturity dates less than 1 month \$000	1 month - 1 year \$000	1 - 5 years \$000	More than 5 years \$000	Carrying Value \$000
AS AT 30 JUNE 2026					
Financial Assets					
Cash and cash equivalents	62	-	-	-	62
Trade and other receivables	12,970	-	-	-	12,970
	13,032	-	-	-	13,032
Financial Liabilities					
Trade and other payables	8,998	-	-	-	8,998
Lease liabilities	-	2,343	3,682	132	6,157
GST Payable	756	-	-	-	756
Borrowings	-	-	-	5,640	5,640
	9,754	2,343	3,682	5,772	21,551
AS AT 30 JUNE 2025					
Financial Assets					
Cash and cash equivalents	89	-	-	-	89
Trade and other receivables	15,477	-	-	-	15,477
	15,566	-	-	-	15,566
Financial Liabilities					
Trade and other payables	9,255	-	-	-	9,255
Lease liabilities	-	2,760	4,844	564	8,168
GST Payable	991	-	-	-	991
Borrowings	-	-	-	10,770	10,770
	10,246	2,760	4,844	11,334	29,184

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

24 FINANCIAL INSTRUMENTS RISKS - continued

SENSITIVITY ANALYSIS

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Company's financial instrument exposures at the balance date.

Based on historic movements and volatilities, market interest rate movements of plus or minus 2%/200bps (2025: 2%/200bps) have been used in this analysis.

		+200bps		-200bps	
	Fair Value at Balance date \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
As at 30 June 2026					
Financial Liabilities					
Borrowings (unhedged)	5,640	(113)	-	113	-
	5,640	(113)	-	113	-
As at 30 June 2025					
Financial Liabilities					
Borrowings (unhedged)	10,770	(215)	-	215	-
	10,770	(215)	-	215	-

25 CAPITAL MANAGEMENT STRATEGY

The capital of the Company is its equity, which is comprised of subscribed capital and retained earnings. Equity is represented by net assets. The Company manages its capital to ensure that it will be able to continue to operate as a going concern and optimises the balance of debt to equity on a prudent basis in consultation with its Shareholder.

The Directors of the Company perform continual reviews of its operating strategies, and financial performance, and include in those reviews, any strategies required to protect the capital of the Company. The Board seeks to maximise overall returns to the Shareholder and to maintain the Company's financial strength.

The Company is required to provide to its Shareholder an annual Statement of Intent. This Statement of Intent includes information on planned distributions by way of dividend for the following three years.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2026 - continued

26 GOING CONCERN

Based on the budget for the 12 months ended 30 June 2027 and the forecasts for the years ending 30 June 2028 and 30 June 2029, the Company will be able to meet its obligations as they fall due. In the event that the risk situation deteriorates unexpectedly, sufficient debt facility headroom is available to maintain the Company for a period of disrupted trading conditions.

27 EVENTS AFTER BALANCE DATE

During the period subsequent to balance date, there was a change in the Board of Directors. Steve Grave ceased as a director and David Wilson was appointed as a director, effective 1 July 2026.



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the readers of Delta Utility Services Limited's financial statements and statement of service performance for the year ended 30 June 2026

The Auditor-General is the auditor of Delta Utility Services Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and the statement of service performance 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 30 to 36 and pages 38 to 64; and
- the statement of service performance for the year ended 30 June 2026 on pages 22 to 25.

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 the New Zealand Equivalents to International Financial Reporting Standards; and
- the statement of service performance 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 the statement of service performance

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

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and the use of 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 Act.

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

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

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 statement of service performance.

For the performance targets reported in the statement of service performance, our procedures were limited to checking that the information agreed to the company's statement of intent.

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Independence

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



Julian Tan
The Audit Office
On behalf of the Auditor-General
Christchurch, New Zealand
10 September 2026

COMPANY DIRECTORY

as at 30 June 2026

DIRECTORS

Cameron Baudinet
Jane George
Peter J Carnahan (Chair)
Steven W Grave

MANAGEMENT

Grant Sime
Chief Executive

Louisa Homersham
Chief Financial Officer

Michael Price
*General Manager Power &
Communication Services*

Josh Butterfield
*General Manager Metering
& Field Operations*

Paul Jamison
*General Manager
Greenspace Services*

Ben Jessep
People & Culture Manager

Jude Molyneux
*ICT Operations & Change
Manager*

Shelley Renalson
Executive Assistant

Shane Spicer
Commercial Manager

REGISTERED OFFICE

33 Sturdee Street
Dunedin
New Zealand

AUDITOR

The Audit Office on behalf
of The Controller and
Auditor-General

BANKER

Westpac Banking
Corporation

SOLICITORS

Copeland McAllister Law
Gallaway Cook Allan
Anderson Lloyd

TAXATION ADVISOR

Deloitte

