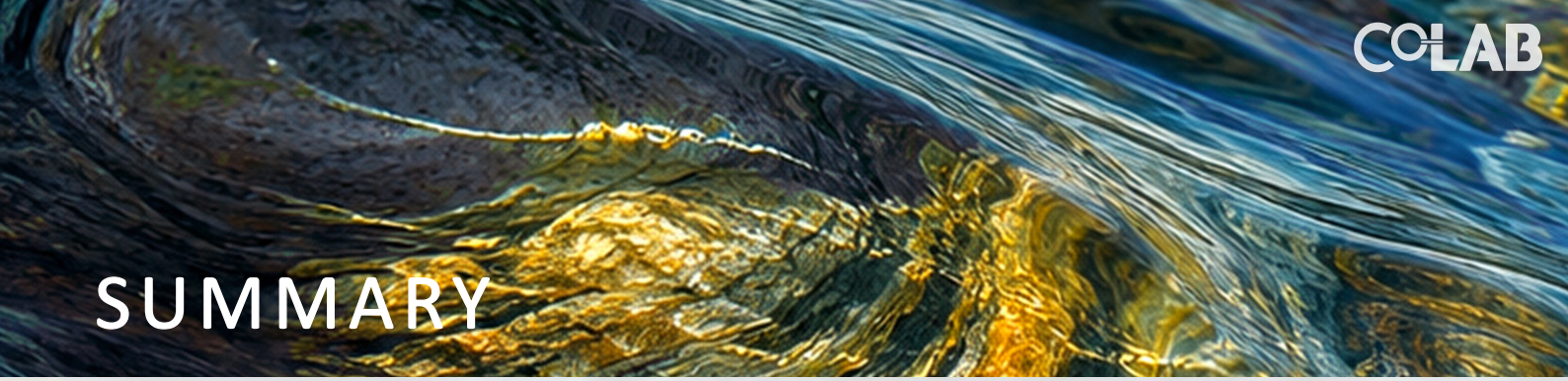


FY 25 - 26

CO-LAB ANNUAL REPORT

Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd



SUMMARY

Local government in our region is entering its most significant period of change in more than 30 years. The Headstart programme has opened the door to fundamental questions about future council structures, responsibilities and service delivery models.

I want to acknowledge the extraordinary commitment you - our shareholding councils - have continued to demonstrate to public good. Local government is, at its heart, a life of service: service to communities, to future generations and to the places people call home. That commitment is reflected not only in the day-to-day work of councils, but also in your willingness to look beyond organisational boundaries and pursue better outcomes collectively.

While Headstart creates uncertainty, it has also reinforced the importance of councils working together. Over the past year, councils have increasingly leaned into collaboration as a practical way to access specialist capability, improve resilience, reduce duplication and deliver more consistent services. This has accelerated Co-Lab's growth and, as signalled in our 2026 Statement of Intent, means we are likely to meet our growth targets ahead of plan, so we are stretching further in FY2027.

The year included several important examples of that momentum. Rimu - our NZTA service - was established as a new national service, councils progressed work on greater Building Consent Authority collaboration, and new shared valuation arrangements were secured for nine councils. Stakeholder satisfaction also remained strong at 85%, exceeding our performance target. This progress has been supported by the continued performance of our established services and the commitment of our people. Across transport asset management, water services, management, and procurement, geospatial services, building control, infrastructure standards, energy and carbon, company support, our team has continued to deliver practical value to councils and their communities.

While an annual report necessarily looks back, the results of the past year also provide an important indication of what councils will need in the years ahead.

The future shape of local government is uncertain. Structural reform and potential changes to council boundaries, responsibilities and service delivery models may significantly alter the environment in which Co-Lab operates. We do not assume that today's arrangements will remain the same.

What is less uncertain is the continuing need for councils to share scarce expertise, strengthen resilience, reduce unnecessary duplication and deliver services more consistently. During a period of transition, these needs are likely to become more important, not less.

Our responsibility is to remain responsive, demonstrate clear value and ensure collaboration continues to evolve alongside the sector. By doing so, Co-Lab can continue to support councils through change and help deliver better outcomes for the communities they serve.



Peter Stubbs
WLASS Chair



Kelvin French
Chief Executive

We Are Better Together.
Maa te mahi tahi e eke ai.

TOP ACHIEVEMENTS FY25-26

HOW CO-LAB CREATED VALUE FOR SHAREHOLDER COUNCILS

Waikato Waters Transition

Helped establish Waikato Waters Ltd and supported regional transition delivery.
Value: Reduced duplication, provided shared programme capability and helped de-risk major reform.

RIMU Launched

Established the new national Road Infrastructure Measurement and Use (RIMU) service, commencing operations on 1 November 2025.
Value: Created a national role for Co-Lab and strengthened pavement condition data collection.

Transport Asset Portfolio

Supported a $10.5 billion transport asset portfolio through RATA's data and technical services.
Value: Enabled evidence-based maintenance, renewal and investment decisions.

Stakeholder Satisfaction

Achieved an 85% stakeholder satisfaction score, exceeding the 80% performance target.
Value: Demonstrated continued confidence in Co-Lab's services, with stakeholders highlighting quality, responsiveness, communication and collaboration.

Joint Procurement

Delivered procurement support across the Collaborative Aerial Photography Syndicate (CAPS 2025), Shared Valuation Data Service (SVDS), and Waikato Regional Transport Model – Strategic Model (WRTM-S).
Value: Reduced duplication, improved value for money and increased access to specialist procurement expertise.

SVDS Contracts Secured

Secured $11.6 million in new six-year shared valuation service arrangements for nine councils.
Value: Strengthened purchasing power and supported consistent valuation services across approximately 167,000 rating units.

WBCG Development Day

Delivered the first regional Waikato Building Consent Group (WBCG) Development Day for more than 160 staff.
Value: Built shared learning, capability and stronger regional connections across building control teams.

Energy & Carbon

Achieved measurable improvements through the Energy and Carbon Management programme.
Value: Participating councils reduced energy intensity by 10.1% and greenhouse gas intensity by 18.0%.

RITS V2

Published Regional Infrastructure Technical Specification (RITS) Version 2 in February 2026.
Value: Provided consistent standards for transport, three waters, earthworks, geotechnical and landscape infrastructure.

BCA Collaboration Progressed

Completed the business case for regional Building Consent Authority (BCA) collaboration and progressed the initiative to its next phase.
Value: Advanced a pathway to greater consistency, workforce resilience and regional productivity.

Staff Engagement

Achieved 90.7% staff engagement, remaining above the 85% target and increasing 1.4 percentage points on the previous year.
Value: Maintained an engaged workforce during significant organisational growth and an internal reorganisation.

Overall Theme

FY25/26 showed Co-Lab's ability to lead major regional transitions, deliver scalable shared services, and build capability that creates value for councils.



3-YEAR STRATEGY

We've been focused on supporting our shareholding councils as they work to deliver better outcomes for their communities. This includes identifying opportunities for collaboration where it adds value, alongside other approaches that help reduce duplication, streamline effort, and take cost out of the system.

We've 'marked' the completion of our second year towards our 3-year strategy outlined below.

OUR VISION

Council collaboration through Co-Lab maximises community wellbeing

OUR PURPOSE

Support our councils to achieve this vision by helping them identify and realise shared opportunities

PERFORMANCE FRAMEWORK OUTCOMES

Reduce Costs

- Achieve efficiency gains & economies of scale
- Reduce duplication of effort & eliminate waste through repetition
- Help councils achieve an appropriate balance in risk & return

Create Value for Councils

- Improved levels of quality & service
- Increased skills & expertise
- Improved compliance
- Improved decision making

Enable Innovation & Change

- Research & development
- Promote & contribute to the development of best practice
- Coordinated & consistent approach to provision of services
- Communities engage with councils in our region on a consistent basis

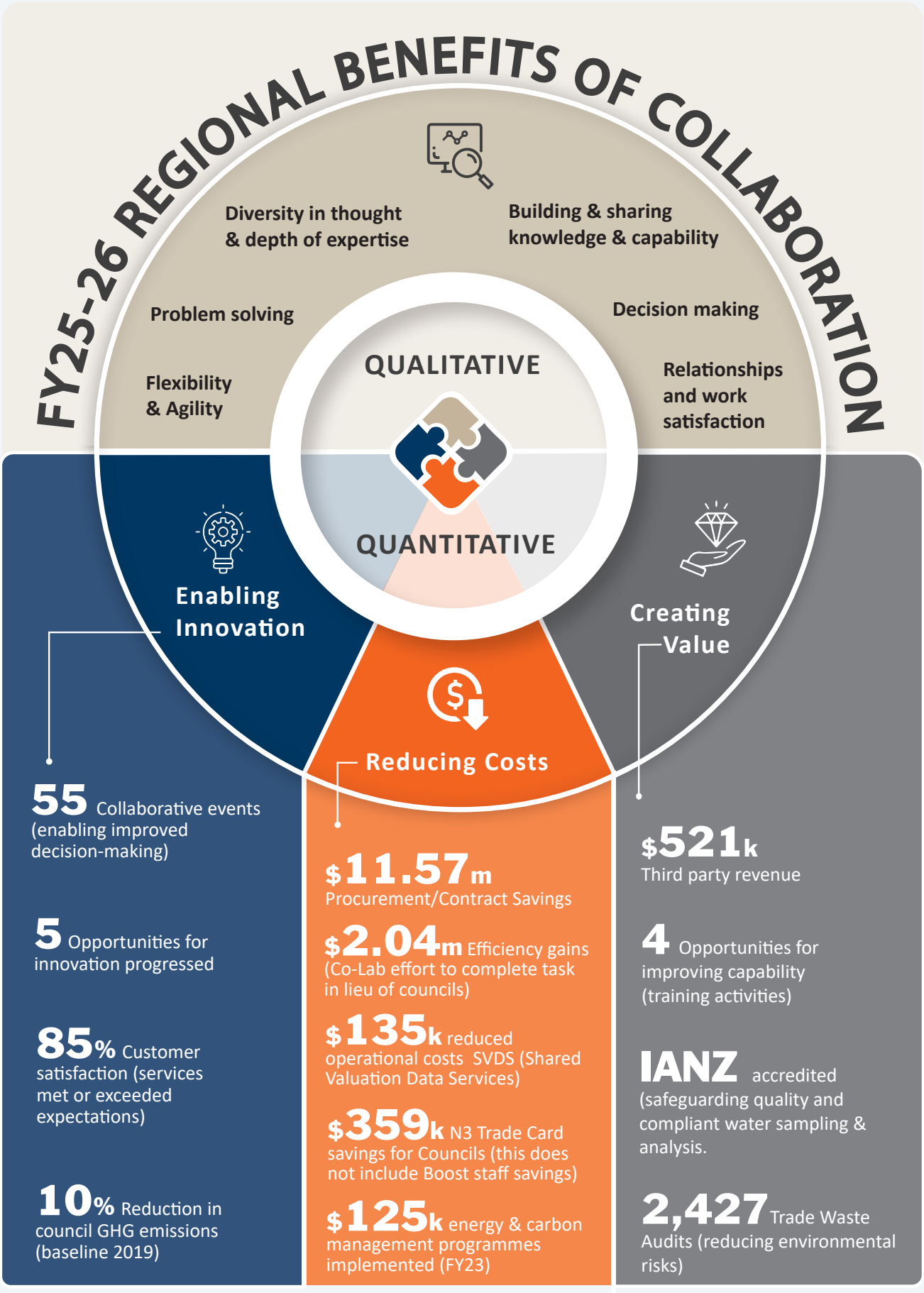
3-YEAR S.M.A.R.T. GOALS

Strategic Goals (3-Year)	Objectives
1. Shareholding Councils understand we provide them value	• We know the value we provide shareholders has improved by 15%, by 30 June 2027 • By 30 June 2027, 80% of shareholders agree they get value from Co-Lab
2. Deliver value by growing the scale of our shared service function	• 28 New instances of Co-Lab's shared services being utilised by 30 June 2027
3. Diverse, talented and motivated people work for us	• Staff engagement is maintained at 85% or above, by 30 June 2027 • Staff turnover is less than 15% per annum • Our vacancies are filled by suitable candidates within 3 months

Baseline y/e 30 June 2023

We report against our progress in our performance framework on page 6.

BENEFITS OF COLLABORATION





SNAPSHOT
OPPORTUNITY DEVELOPMENT & SHARED SERVICES

OPPORTUNITY DEVELOPMENT



During the year, Co-Lab progressed several opportunities to extend the value of collaboration, improve council services and develop new shared solutions.

- **Building Consent Authority Collaboration:** Completed an indicative business case exploring greater BCA collaboration for Waikato councils. Subsequently these Councils have been joined by Bay of Plenty and Gisborne Councils in the development of a design and decision case.
- **RIMU:** Established a new national road condition data service in partnership with NZTA's Road Efficiency Group, building on Co-Lab's RATA expertise and creating value both within and beyond the shareholder group.
- **Building Consent Checking Assistant:** Progressed an AI-enabled solution to improve the speed and consistency of building consent processes.

SHARED SERVICES



Co-Lab's shared services continued to deliver specialist expertise, efficiencies and consistent regional approaches, while supporting councils through sector change.

- **RATA:** Delivered regional asset data and technical support for 10 councils, with the shared model generating approximately $900,000 in annual savings.
- **Water Services:** Maintained 90%+ customer satisfaction, retained IANZ laboratory accreditation and supported councils preparing for new water service delivery arrangements.
- **WRTM:** Began redevelopment of the next-generation strategic transport model and introduced a new portal for data and modelling requests.
- **Geospatial Services:** Improved OneView and the Waikato Open Data Hub, including progressing automated data publishing and regional standards.
- **Procurement Services:** Completed five collaborative procurement projects, including regional aerial imagery, valuation services and transport modelling procurement.
- **Waikato Building Consent Group (WBCG):** Strengthened regional building control capability through shared training, quality assurance and tools, including the inaugural Development Day attended by 160+ staff.
- **RITS:** Published RITS Version 2, providing updated and consistent infrastructure standards across participating councils.
- **RIMU:** Successfully completed its first year of operation, delivering national road condition datasets that met required quality standards.
- **Shared Valuation Data Service:** Secured new valuation arrangements for nine councils, representing approximately $11.6 million in contracts.
- **Co-Lab Building Services:** Continued to grow shared building consent processing support, while strengthening workflows, technical capability and quality assurance.
- **Energy & Carbon Management:** Supported nine councils with energy and emissions management, with preliminary results showing a 10.1% reduction in energy intensity and 18.0% reduction in greenhouse gas intensity.



THE NUMBERS

Summary financial results for the year:	2026 (000's)	2025 (000's)	Change
Total Income	$15,044	$9,718	55%
Net Surplus Before Tax	$354	($75)	572%
Cash on Hand	$7,357	$1,161	534%

Co-Lab recorded a net surplus before tax of $354k for 2026, an improvement of 572% from the prior year. Total income increased by 55%, reflecting increased activity across Co-Lab's services and projects. Cash on hand was also significantly higher at year end, with $4.97m of the balance relating to funds held on behalf of a related party. Co-Lab remains in a sound financial position.

PERFORMANCE REPORTING

The performance measures noted in the table below were included in the 2025 Statement of Intent. To ensure we deliver against our 3-year strategy, consistent with the last year, we are using the following annual Key performance Indicators (KPIs).

The company has assessed whether each target has been achieved, and how these contribute to our outcomes as an organisation.

PERFORMANCE MEASURES

Strategic Goal	3-Year Objective	3-Year Tracking	Annual Target:	FY25-26	FY24-25
GOAL 1: Shareholding Councils understand we provide them value	We know the value we provide shareholders has improved by 15%, by 30 June 2027* *(baseline y/e 30 June 24).* **Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration).*	On track	Year-on-year increase in the value we provide to councils.	**FY25-26:** $14.7m in value we provide councils as measured by our benefit analysis.	**FY24-25:** $11.4m in value we provide to councils as measured by our benefit analysis.
	By 30 June 2027, 80% of shareholders agree they get value from Co-Lab.	On track	80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey).	**FY25-26:** 85% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations. The survey response rate was 32% (307 were invited and 99 responses were received).	**FY24-25:** 88% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey) in FY25. The survey response rate was 41% (350 were invited to participate with 142 responses received).
GOAL 2: Deliver value by growing the scale of our shared service function	24 new instances of Co-Lab shared services being utilised, by June 2027. *(baseline y/e 30 June 24)* As outlined in our 2026 Statement of Intent, we will increase this to 28 for FY2027	On track	Year-on-year increase in the utilisation of services we provide to councils.	**FY25-26 entities onboarded:** • 2 Co-Lab Water Services • 1 RIMU Service • 6 Co-Lab Building Services • 3 Professional Services Panel	**FY24-25:** New onboardings: • 5 RATA Spaces and Places councils • 1 Smart Water • 1 ECM • 1 Sampling & Analysis • 1 Co-Lab Building Services • 1 Professional Services Panel
			Year-on-year increase in the number of services available to councils.	**FY25-26:** Introduced RIMU.	**FY24-25:** • Introduced RATA Spaces & Places • Launched Co-Lab Building Services
	All shareholders take up at least one additional shared service.	On track	Year-on-year increase in the utilisation of services we provide to councils.	**FY25-26:** 8 existing services taken up.	**FY24-25:** 4 existing services taken up.
GOAL 3: Diverse, talented and motivated people work for us	Maintain staff engagement above 85%.	On track	Maintain staff engagement above 85%.	**FY25-26:** The overall engagement score was 90%. The survey response rate was 40% (61 were invited to participate with 25 responses received).	**FY24-25:** The engagement score was 86%. The survey response rate was 45% (49 were invited to participate with 22 responses received).
	Staff turnover is less than 15%.	On track	Staff turnover is less than 15%.	**FY25-26:** 16.7% staff turnover.	**FY24-25:** 10.5% staff turnover.
	Our vacancies are filled by suitable candidates within 3 months. *(baseline y/e 30 June 24)*	On track	Vacancies are filled by suitable candidates within 3 months.	**FY25-26:** Target met for most vacancies. Three exceptions arose due to unsuccessful recruitment rounds or recruitment being placed on hold.	**FY24-25:** The one advertised position was vacant for two months.

CO-LAB

BETTER TOGETHER

FINANCIAL STATEMENTS

For The Year Ended

30 June 2026

Statement of comprehensive revenue and expenditure

For the year ended 30 June 2026

	Note	**Actual 2026 $**	**Budget 2026 $**	Actual 2025 $
Revenue				
Data sales		**348,190**	**409,638**	342,738
Interest		**16,317**	**60,000**	60,261
Other revenue	4	**14,679,061**	**13,349,267**	9,315,186
Total revenue		**15,043,568**	**13,818,905**	9,718,185
Expenditure				
Personnel costs	6	**2,769,539**	**2,351,073**	2,085,522
Depreciation and amortisation expense	10,11	**29,225**	**53,075**	25,971
Other expenses	5	**11,891,103**	**11,238,130**	7,681,649
Total expenditure		**14,689,867**	**13,642,278**	9,793,142
Surplus/(deficit) before tax		**353,701**	**176,627**	(74,957)
Income tax expense	9	**-**	**-**	-
Surplus/(deficit) after tax		**353,701**	**176,627**	(74,957)
Total comprehensive income		**353,701**	**176,627**	(74,957)

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited*
The accompanying notes form part of and are to be read in conjunction with these financial statements

Statement of changes in equity

For the year ended 30 June 2026

	Note	**Actual 2026 $**	**Budget 2026 $**	Actual 2025 $
Balance at 1 July		**1,701,626**	**738,628**	1,776,582
Total comprehensive revenue and expense	14	**353,701**	**176,627**	(74,957)
Balance at 30 June		**2,055,327**	**915,255**	1,701,626
Total equity attributable to:				
Equity holders of Co-Lab		**2,055,327**	**915,255**	1,701,626
Balance at 30 June		**2,055,327**	**915,255**	1,701,626

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited*
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Statement of financial position

As at 30 June 2026

	Note	Actual 2026 $	Budget 2026 $	Actual 2025 $
ASSETS				
Current assets				
Cash and cash equivalents	8	**7,357,428**	**1,027,595**	1,161,341
Exchange trade and other receivables	7	**2,333,659**	**688,146**	3,246,222
Non-exchange trade and other receivables	7	**852,300**	**-**	1,674,805
Prepayments		**7,675**	**6,351**	-
Total current assets		**10,551,062**	**1,722,092**	6,082,368
Non-current assets				
Property, plant and equipment	10	**90,403**	**52,144**	71,677
Intangible assets	11	**-**	**-**	-
Deferred tax assets	9	**2,358**	**-**	2,358
Total non-current assets		**92,761**	**52,144**	74,035
Total assets		**10,643,823**	**1,774,236**	6,156,403
LIABILITIES				
Current liabilities				
Payables and deferred revenue	12	**3,363,858**	**719,965**	3,024,640
Employee benefits	13	**240,352**	**139,016**	163,556
Funds held on behalf of related party		**4,977,608**	**-**	1,259,944
Total current liabilities		**8,581,818**	**858,981**	4,448,140
Non-current liabilities				
Employee benefits	13	**6,678**	**-**	6,637
Total non-current liabilities		**6,678**	**-**	6,637
Total liabilities		**8,588,496**	**858,981**	4,454,777
Net assets		**2,055,327**	**915,255**	1,701,626
EQUITY				
Contributed capital	14	**2,957,001**	**2,957,001**	2,957,001
Retained earnings	14	**(901,674)**	**(2,041,746)**	(1,255,375)
Total equity		**2,055,327**	**915,255**	1,701,626

These financial statements have been authorised for issue by the Board of Directors on 25 September 2026

Director
25 September 2026

Director
25 September 2026

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited*
The accompanying notes form part of and are to be read in conjunction with these financial statements

Statement of cashflows

For the year ended 30 June 2026

	Note	**Actual 2026 $**	**Budget 2026 $**	Actual 2025 $
Cash flows from operating activities				
Interest Received		**16,314**	**59,484**	60,261
Receipts from other revenue		**17,131,483**	**13,515,578**	6,314,522
Payments to suppliers and employees		**(14,073,870)**	**(13,796,410)**	(9,963,749)
Taxes received / (paid)		**-**	**-**	-
Goods and services tax received / (paid)		**(470,252)**	**(132,792)**	299,392
Net cash flow from operating activities		**2,603,675**	**(354,140)**	(3,289,574)
Purchase of property, plant and equipment		**(47,951)**	**(34,316)**	(11,331)
Net cash flow from investing activities		**(47,951)**	**(34,316)**	(11,331)
Net receipts of funding on behalf of related party		**3,640,363**	**-**	1,259,944
Net cash flow from financing activities		**3,640,363**	**-**	1,259,944
Net (decrease)/increase in cash and cash equivalents		**6,196,087**	**(388,456)**	(2,040,961)
Cash and cash equivalents at the beginning of the year		**1,161,341**	**1,416,051**	3,202,302
Cash, cash equivalents, and bank overdrafts at the end of the year	8	**7,357,428**	**1,027,595**	1,161,341

**Co-Lab is the trading name of Waikato Local Authority Shared Services Limited*
The accompanying notes form part of and are to be read in conjunction with these financial statements

1 Statement of accounting policies

1.1 Reporting entity

Waikato Local Authority Shared Services Limited (”the Company”) is a Company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company trades under the name "Co-Lab". It is controlled by the councils listed on the directory page of these accounts and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002 (LGA), by virtue of each of the shareholding Council's right to appoint the Board of Directors.

The company seeks the following outcomes for its shareholding councils:
i) Council costs are reduced / performance is improved, without increased cost;and
ii) The experience of councils’ communities is improved;

It has the roles of developing opportunities which achieve one or more of these outcomes, and of providing any resulting services to councils, or organising someone else to do so.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2026. The financial statements were authorised for issue by the Board of Directors on 25 September 2026.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Company have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance and comply with Tier 2 PBE Standards reduced disclosure regime (RDR).

Co-Lab is eligible to report in accordance with the Tier 2 PBE accounting standards RDR as it:

- is not publicly accountable*;*
- has expenses more than $5 million, but less than $33 million.

The accounting policies set out below are consistent with the prior year.

Measurement base

The financial statements have been prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar unless otherwise stated. The functional currency of the Company is New Zealand dollars.

Budget figures

The budget figures are those approved by the Board of Directors in the 2025 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Company in preparing the financial statements.

2.2 Goods and services tax

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

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

2 Summary of significant accounting policies (continued)

The net GST paid, or received, including the GST relating to investing and financing activities, is classified as an operating cash flow in the cash flow statement.

Commitments and contingencies are disclosed exclusive of GST.

2.3 Accounting standards and interpretations

There were no new accounting standards adopted by the Company during the year and no changes to the Company's accounting policies. The accounting policies have been applied consistently with the prior year.

3 Critical accounting estimates and assumptions

In preparing the 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 and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

3.1 Intangible assets

Useful lives and residual values

At each balance date the Company reviews the useful lives and residual values of its intangible assets. Assessing the appropriateness of useful life and residual value estimates of intangible assets requires the Company to consider a number of factors such as the expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the amortisation expense recognised in the statement of comprehensive revenue and expenditure, and carrying amount of the asset in the statement of financial position. The Company minimises the risk of this estimation uncertainty by reviewing that the asset technology is still relevant and there is no alternative options to recreate the asset at a lower price.

Impairment of intangible assets

Intangible assets measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive revenue and expenditure. The reversal of an impairment loss is recognised in the statement of comprehensive revenue and expenditure.

Audited by PKF Hamilton

4 Revenue

Accounting policy

(i) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Company. No provisions have been recorded as all revenue and trade receivables are expected to be received.

(ii) Other Revenue

Member charges
Member charges are recognised as revenue in the period to which they relate.

Technical and operational services
Revenue from technical and operational services is recognised as the related services are delivered. Amounts received or invoiced in advance of service delivery are recognised as deferred revenue until the related services are provided.

Project Delivery
Revenue from project delivery is recognised as the related project activities are performed. For projects that extend across reporting periods, revenue is recognised based on the project activities completed during the period in accordance with the relevant funding or contractual arrangements. Amounts received in advance for project activities not yet undertaken are recognised as deferred revenue.

Shared and support services
Revenue from shared and support services is recognised over the period in which the related support or service is provided. Where revenue relates to specific support activities rather than an ongoing service period, it is recognised as those activities are delivered. Amounts received or invoiced in advance are recognised as deferred revenue until the related service is provided.

	Actual 2026 $	Actual 2025 $
Non-exchange revenue		
Member Charges	**4,453,690**	3,001,909
Exchange revenue		
Technical and operational services	**8,388,522**	5,224,348
Project Delivery	**1,323,823**	670,902
Shared and support services	**513,026**	418,027
Total exchange revenue	**10,225,371**	6,313,277
Total other revenue	**14,679,061**	9,315,186

Explanation of variance to last year:

Member Charges - In FY25, accumulated cash reserves were utilised on a one-off basis to reduce member charges to councils. This reduction did not continue in FY26, resulting in higher member charges compared with the prior year.

Technical and operational services - Revenue increased compared with FY25, primarily reflecting the commencement of Co-Lab Building Services and RIMU during the year, together with increased activity within Water Services. This was partly offset by lower RATA revenue due to lower activity under one particular contract resulting in lower revenue being on-charged to councils.

Project Delivery - Project activity was higher in FY26 resulting in higher revenue than in the prior year.

Shared and support services - Revenue increased slightly compared with FY25, reflecting increased activity across a number of shared and support services. This was partly offset by Co-Lab Learning, which was discontinued at the end of FY25.

5 Other expenses

	Actual 2026 $	Actual 2025 $
Audit fees	**41,340**	37,426
Technical and operational services	**10,028,001**	6,540,368
Projects Delivery	**1,393,714**	657,210
Shared and support services	**295,492**	341,415
Rental expense relating to operating leases	**132,556**	105,230
Total other expenses	**11,891,103**	7,681,649

Explanation of variance to last year:

Technical and operational services - Expenditure increased compared with FY25, primarily reflecting the commencement of Co-Lab Building Services and RIMU, higher Water Services activity, and increased expenditure on the Waikato Regional Transport Model as the model build progressed. RATA expenditure also increased due to cyclical data collection activity undertaken during FY26.

Project Delivery - The level of project activity increased in FY26 resulting in higher associated project expenditure.

Shared and support services - Expenditure decreased compared with FY25, primarily due to the discontinuation of Co-Lab Learning at the end of FY25. This reduction was partly offset by increased investment in Company Management & Support to support Co-Lab's growth.

6 Personnel costs

Accounting policy

Defined contribution schemes
Employer contributions to KiwiSaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

	Actual 2026 $	Actual 2025 $
Salaries and wages*	**2,621,970**	2,017,433
Defined contribution plan employer contributions	**70,352**	55,685
Recruitment Costs	**77,217**	12,404
Total personnel costs	**2,769,539**	2,085,522

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was $286k.

* The increase in salary and wages reflects additional resourcing to support councils and to deliver new services.

7 Receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	Actual 2026 $	Actual 2025 $
Gross trade and other receivables	**478,424**	1,239,806
Related Party Receivables (note 17)	**2,707,535**	3,681,221
Total debtors and other receivables	**3,185,959**	4,921,027
Exchange		
Receivables from exchange transactions	**2,333,659**	3,246,222
Net exchange transactions	**2,333,659**	3,246,222
Non-exchange		
Receivables from non-exchange transactions	**852,300**	1,674,805
Total debtors and other receivables	**3,185,959**	4,921,027

8 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

	Actual 2026 $	Actual 2025 $
Cash at bank	**7,357,428**	1,161,341

The carrying value of cash and cash equivalents approximates their fair value.

Of the $7,357,428 cash and cash equivalents, $4,977,608 is held by the Company on behalf of Waikato Waters Limited (WWL). The Company is acting as an agent until WWL is fully established.

9 Income tax

Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

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

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

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

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

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

	Actual 2026 $	Actual 2025 $
Components of income tax expense:		
Current tax expense	**-**	-
Adjustments to current tax in prior years	**-**	-
Deferred tax expense	**-**	-
Tax expense	**-**	-
Relationship between tax expense and accounting profit:		
Net surplus (deficit) before tax	**353,701**	(74,957)
Tax at 28%	**99,036**	(20,989)
Non-taxable in calculating taxable income		
Non-deductible expenditure	**843**	646
Other timing adjustments	**-**	-
Non-taxable income	**-**	-
Prior year adjustment	**3,939**	547
Deferred tax adjustment	**11,735**	4,125
Tax losses not recognised	**(115,553)**	15,671
Tax expense	**-**	-

Deferred tax asset (liability)	**Property, plant & equipment**	**Employee entitlements**	**Provisions**	**Tax losses**	**Total**
Balance at 1 July 2024	(1,951)	1,951	-	-	-
Charged to surplus or deficit	(1,549)	1,549	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2025	(3,500)	3,500	-	-	-

	Property, plant & equipment	**Employee entitlements**	**Provisions**	**Tax losses**	**Total**
Balance at 1 July 2025	(3,500)	3,500	-	-	-
Charged to surplus or deficit	778	(778)	-	-	-
Balance at 30 June 2026	(2,722)	2,722	-	-	-

A deferred tax asset of $285,341 (2025: $366,280) has not been recognised in relation to tax losses carried forward of $887,238 (2025: $1,308,141) and deductible temporary differences of $131,835 (2025: $67,643).

Audited by PKF Hamilton

10 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of operational assets, including land, buildings, plant and equipment, motor vehicles, computer equipment and furniture.

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

Depreciation

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

Class of PP&E	Estimated useful life	Depreciation rates
IT equipment	3 years	33%
Office Furniture	8 1/2 years	12%

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

2026	Carrying amount 1 Jul 2025 $	Current year additions $	Current year disposals $	Current year depreciation $	Accumulated depreciation and impairment charges 30 Jun 2026 $	Carrying amount 30 Jun 2026 $
Operating assets						
IT equipment	26,779	45,661	-	(21,412)	(113,965)	51,028
Office furniture and fittings	44,898	2,290	-	(7,813)	(30,253)	39,375
Total	**71,677**	**47,951**	**-**	**(29,225)**	**(144,218)**	**90,403**

2025	Carrying amount 1 Jul 2024 $	Current year additions $	Current year disposals $	Current year depreciation $	Accumulated depreciation and impairment charges 30 Jun 2025 $	Carrying amount 30 Jun 2025 $
Operating assets						
IT equipment	36,373	9,231	-	(18,825)	(92,553)	26,779
Office furniture and fittings	49,944	4,334	(2,234)	(7,146)	(22,440)	44,898
Total	**86,317**	**13,565**	**(2,234)**	**(25,971)**	**(114,993)**	**71,677**

11 Intangible assets

Accounting policy

Software acquisition and development
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software are recognised as an intangible asset.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation
The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expenditure.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of intangible asset	**Estimated useful life**	**Amortisation rates**
Computer software	5 to 7 years	14 to 25%

	Actual 2026 $	Actual 2025 $
Computer Software		
Balance at 1 July	**2,298,050**	2,298,050
Disposals/ asset write-offs	**-**	-
Balance at 30 June	**2,298,050**	2,298,050
Accumulated amortisation and impairment losses		
Balance at 1 July	**2,298,050**	2,298,050
Amortisation as per statement of comprehensive revenue and expenditure	**-**	-
Balance at 30 June	**2,298,050**	2,298,050
Carrying Amounts		
Balance at 1 July	**-**	-
Balance at 30 June	**-**	-

Intangible assets include the Waikato Regional Transport Model (WRTM).

The carrying amount of the WRTM asset as at 30 June 2026 is $nil (2025: $nil).

12 Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

	Actual 2026 $	Actual 2025 $
Current		
Trade payables	**1,035,369**	687,304
Related party payables (note 17)	**1,212,541**	969,555
Accrued expenses*	**58,990**	74,477
Accrued expenses - related party payables (note 17)	**523,539**	581,494
Deferred revenue	**587,309**	295,448
GST payable	**(53,890)**	416,362
Total creditors and other payables	**3,363,858**	3,024,640
Exchange		
Trade payables	**2,247,910**	1,295,323
Accrued expenses	**582,529**	655,971
Deferred revenue	**587,309**	295,448
Total creditors and other payables from exchange transactions	**3,417,748**	2,246,742
Total creditors and other payables from non-exchange transactions	**(53,890)**	777,898
Total payables and deferred revenue	**3,363,858**	3,024,640

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

Contributions received for projects that were not completed in a financial year are recognised as deferred revenue until the project is complete.

Audited by PKF Hamilton

13 Current liabilities - Employee Entitlements

Accounting policy

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes
Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of comprehensive revenue and expenditure when incurred.

	Actual 2026 $	Actual 2025 $
Current portion		
Annual leave	**144,904**	91,825
Salaries	**95,448**	71,731
Total current portion	**240,352**	163,556
Non-current Portion		
Long Service Leave	**6,678**	6,637
Total non-current portion	**6,678**	6,637

14 Reconciliation of equity

Accounting policy

Equity is the shareholders' interest in Co-Lab and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed equity
Contributed equity is the net asset and liability position at the time the company was formed. The allocation of capital amongst shareholders is explained in this note.

Retained earnings
Retained earnings is the company's accumulated surplus or deficit since formation.

	Actual 2026 $	Actual 2025 $
Total equity		
Contributed equity	**2,957,001**	2,957,001
Retained earnings	**(901,674)**	(1,255,375)
Balance at 30 June	**2,055,327**	1,701,626
(a) Contributed equity		
	-	-
Shares on Issue	**3,413,569**	3,413,569
Uncalled capital	**(456,568)**	(456,568)
Balance 30 June	**2,957,001**	2,957,001
(b) Retained earnings		
Opening Balance	**(1,255,375)**	(1,180,418)
Surplus/(deficit) for the year	**353,701**	(74,957)
Balance 30 June	**(901,674)**	(1,255,375)

The Company has issued 2,186,581 (2025 - 2,186,581) shares.

Shares are called when notice is given to shareholders by the Board of Directors.

Income	**Ordinary Shares**	**SVDS Shares**	**WRAPS Shares**	**WRTM Shares**
Hamilton City Council	1	220,514	79,152	50,625
Hauraki District Council	1	40,215	2,864	-
Matamata Piako District Council	1	56,380	4,708	4,500
Otorohanga District Council	1	-	5,716	-
Rotorua Lakes Council	1	126,703	7,516	-
South Waikato District Council	1	42,571	4,916	-
Taupo District Council	-	-	21,652	4,500
Thames Coromandel District Council	1	108,015	6,476	2,250
Waikato District Council	1	106,674	9,376	11,250
Waikato Regional Council	1	803,500	287,872	50,625
Waipa District Council	1	78,748	3,780	11,250
Waitomo District Council	1	23,681	10,540	-
Western Bay of Plenty District Council	**1**	-	-	-
Total shares issued	12	1,607,001	444,568	135,000
Value per share	1,000	1	1	10
Authorised share capital	12,000	1,607,001	444,568	1,350,000
Uncalled capital	**(12,000)**	**-**	**(444,568)**	**-**
Capital called on share	**-**	**1,607,001**	**-**	**1,350,000**

14 Reconciliation of equity (continued)

SVDS, and WRAPS Shares (Service Shares)

In relation to the service shares:

(a) the holders are entitled to participate in certain services to be provided by the Company, on terms that reflect their investment.

(b) the holders do not have any right to share in the distribution of the surplus assets of the Company except to the extent provided for in Schedule 1 of the Company's constitution or in accordance with the terms of issue of those shares pursuant to Clause 6 of the Company's constitution.

(c) Except as provided in section 177 of the Act and Clause 6.1 of the Company's constitution, the holders do not have any voting rights.

WRTM shares

Holders of WRTM shares have:

(a) A right to one vote prior to further WRTM shares being issued;

(b) A right to one vote on the application of any surpluses arising from the WRTM service;

(c) The right to any surplus from the sale of outputs of the WRTM service;

(d) No right to share in the distribution of the surplus assets of the Company except to the extent provided for in (c) above;

(e) No right to share in dividends authorised by the Company except to the extent provided for in (c) above.

15 Commitments

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Non-cancellable operating expenses

	Actual 2026 $	Actual 2025 $
Not later than one year	**100,713**	99,514
Later than one year and not later than five years	**25,178**	125,892
Total non-cancellable operating leases	**125,891**	225,406

The Company entered into an operating lease for new premises 16 December 2021. The initial term of the lease is six years. The lease is fixed with two-yearly rental increases of 5% with market rent reviews upon renewal.

16 Contingencies

As at 30 June 2026 the Company had no contingent liabilities or assets (2025: $nil)

17 Related party transactions

The Company is controlled by the councils listed on the directory page.

Transactions with key management personnel

Key management personnel include the Chief Executive and directors. Co-Lab has one independent director who receives remuneration.

	Actual 2026 $	Actual 2025 $
Chief Executive Remuneration	**286,051**	280,806
Independent Director	**67,800**	63,000
Total key management personnel compensation	**353,851**	343,806

Related party disclosures have been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Company would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

Related parties have been limited to the directors, shareholders, companies with common shareholding and company related roles. The following transactions were carried out with related parties:

	Actual 2026 $	Actual 2025 $
Income		
Hamilton City Council	**2,721,436**	2,373,965
Hauraki District Council	**690,478**	614,960
Matamata Piako District Council	**854,420**	615,421
Otorohanga District Council	**433,391**	419,054
Rotorua Lakes Council	**466,912**	449,824
South Waikato District Council	**861,014**	735,169
Thames Coromandel District Council	**540,175**	468,400
Waikato District Council	**1,612,666**	601,584
Waikato Regional Council	**1,181,756**	150,329
Waipa District Council	**1,567,452**	1,177,693
Waitomo District Council	**868,165**	801,768
Western Bay of Plenty District Council	**1,030,589**	274,303
	12,828,454	8,682,470

The income disclosed above includes revenue received relating to the 2025/26 financial year and revenue received which has been transferred to deferred revenue for 2026/27.

The table above also includes the amount invoiced but not yet received and meets the criteria of revenue recognition as of 30 June 2026.

	Actual 2026 $	Actual 2025 $
Expenses		
Hamilton City Council	**4,760,225**	4,090,053
Hauraki District Council	**-**	81
Matamata Piako District Council	**-**	1,592
Otorohanga District Council	**17,790**	26,912
Waikato Regional Council	**7,715**	71,944
Waipa District Council	**1,199,171**	939,415
Waitomo District Council	**186**	-
BOP LASS Ltd	**10,680**	10,000
	5,995,767	5,139,997

Expenses are related to services provided by the related parties.

17 Related party transactions (continued)

	Note	**Actual 2026 $**	Actual 2025 $
Trade & Other Receivables			
Amounts outstanding at year end:			
Hamilton City Council		**276,822**	510,328
Hauraki District Council		**96,806**	175,181
Matamata Piako District Council		**164,191**	452,222
Otorohanga District Council		**112,756**	262,178
Rotorua Lakes Council		**109,136**	29,876
South Waikato District Council		**122,800**	508,349
Thames Coromandel District Council		**61,005**	210,005
Waikato District Council		**453,137**	312,007
Waikato Regional Council		**450,669**	154,949
Waipa District Council		**441,824**	322,092
Waitomo District Council		**193,556**	476,785
Western Bay of Plenty District Council		**224,833**	267,249
	7	**2,707,535**	3,681,221
Payables			
Hamilton City Council		**1,042,535**	866,478
Otorohanga District Council		**1,615**	6,999
Waikato District Council		**104,260**	16,275
Waikato Regional Council		**386,682**	426,109
Waipa District Council		**199,867**	235,188
Western Bay of Plenty Council		**1,122**	-
	12	**1,736,081**	1,551,049
Funds held on behalf of related party		**4,977,608**	1,259,944

18 Events occurring after the balance date

There have been no events after balance date.

19 Financial instruments

The Company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities.

(a) Market risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to short-term bank deposits.

Cash flow interest rate risk

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

The Company currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk, as it does not enter into foreign currency transactions.

(b) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instruments is represented by the total carrying amount of cash equivalents (note 8), and trade receivables (note 7). There is no collateral held as security against these financial instruments, including these instruments that are overdue or impaired.

The Company has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframe's.

The maturity profiles of the Company's interest bearing investments and borrowings would be disclosed in the notes, if the Company had any.

(d) Financial instrument categories

	Note	**2026** **$**	2025 $
FINANCIAL ASSETS			
Financial assets at amortised costs			
Financial assets at amortised costs	8	**7,357,428**	1,161,341
Receivables	7	**3,185,959**	4,921,027
Total financial assets at amortised costs		**10,543,387**	6,082,368

19 Financial instruments (continued)

(d) Financial instrument categories(continued)

FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Payables	12	**3,363,858**	2,947,339
Funds held on behalf of related party		**4,977,608**	1,337,245
Total financial liabilities at amortised cost		**8,341,466**	4,284,584

20 Explanation of major variances against budget

An explanation of year-on-year variances in line items is set out within the preceding relevant notes. The following explains the major variations to the budget.

Statement of comprehensive revenue and expenditure

Main reasons for the variance are:

SVDS budgeted revenue included a new contract that did not eventuate, resulting in lower than budgeted revenue.

At the time the SOI is finalised, specific projects are often unknown. As such, a collective budget is allocated under 'unknown projects', with estimated revenue set to ensure full utilisation of the ODF. In FY26, activity was higher than budgeted, resulting in greater than budgeted revenue and expenditure.

Co-Lab Water Services revenue and expenditure were both higher than budget due to additional Sampling and Analysis activity, including quality testing and sampling required in response to two states of emergency.

Co-Lab Building Services consent processing activity was higher than anticipated in the budget, resulting in both higher revenue and expenditure. A greater proportion of processing was undertaken by external contractors than originally planned while the service continued to build internal processing capability.

RIMU was not included in the budget as the service had not been confirmed when the budget was prepared. The service commenced during FY26, resulting in additional unbudgeted revenue and expenditure.

RATA revenue and expenditure were lower than budget due to a contracted provider being unable to deliver the full programme of work planned for the year because of resourcing constraints. Consequently, the related costs were not incurred and the corresponding amounts were not on-charged to councils.

WRTM revenue and expenditure were lower than budget due to the timing of costs associated with the model build which is planned to be delivered over a three-year period. As councils are charged based on costs incurred, the timing difference resulted in lower revenue being recognised during FY26.

Personnel costs were higher than budget, primarily reflecting additional resourcing required to support new services and organisational growth. Co-Lab Building Services required a greater level of employee resource than originally anticipated in the budget, and personnel costs associated with RIMU were not included in the original budget.

At a Company Management & Support level, additional investment was made in organisational capability to support Co-Lab's growth. Expenditure was higher than budget due to recruitment costs, lower-than-budgeted recovery of salary costs from projects, higher employee leave provisions and increased IT & cybersecurity expenditure. This was partly offset by additional revenue from shared services provided in support of the Waikato Waters Limited establishment and higher-than-budgeted IQP revenue.

Audited by PKF Hamilton

20 Explanation of major variances against budget (continued)

Statement of Financial Position

Cash and current liabilities were significantly higher than budget, primarily due to funds held on behalf of councils. During FY26, Co-Lab acted in an agency capacity for the establishment phase of Waikato Waters Limited and received and held funding on behalf of participating councils. This activity was not included in the budget.

Receivables were higher than budget due to the timing of invoicing across services. The budget assumes year-end receivables of approximately 5% of total revenue, whereas the FY26 balance reflects additional invoicing from new services and delays in council purchase orders, resulting in higher amounts outstanding at year end.

Employee benefits were higher than budget, reflecting increased staffing levels during the year and the associated employee leave entitlements.

Statement of Cash Flows

Receipts from other revenue were higher than budget due to higher revenue activity and the timing of cash collections. Receivables were significantly higher at the beginning of FY26 and reduced during the year as amounts outstanding at 30 June 2025 were collected.

Payments to suppliers and employees were higher than budget, reflecting the increased level of service and project activity during FY26 and the associated delivery costs.

21 Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

Audited by PKF Hamilton

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED T/A AS CO-LAB'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of Waikato Local Authority Shared Services Limited t/a as Co-Lab (the company). The Auditor-General has appointed me, Johann van Loggerenberg, using the staff and resources of PKF Hamilton Audit Limited, to carry out the audit of the financial statements of the company 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 revenue and expenditure, 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 accounting policy information and other explanatory information on pages 9 to 29; and performance information that consists of the statement of performance for the year ended 30 June 2026 on page 7.

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 Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

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

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and comply with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.

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

In preparing the financial statements, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Companies Act 1993.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, 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.

For the budget information reported in the financial statements, 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.

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 risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, 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 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, but does not include the financial statements, and our auditor's report thereon.

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

Independence

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

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



Johann van Loggerenberg
PKF Hamilton Audit Limited
On behalf of the Auditor-General
Hamilton, New Zealand
25 September 2026

DIRECTORY

Company number (for the legal entity, Waikato Local Authority Shared Services Ltd)	1730380
Registered office	6/34d Lake Street Cambridge 3434 Waikato
Directors	O'SULLIVAN, Stephanie MCLAY, Christopher SPEIRS, David SMIT, Ben STUBBS, Peter VERVOORT, Lance
Bankers	Bank of New Zealand Hamilton Banking Centre Victoria Street Hamilton
Auditors	PKF Hamilton Audit Limited (on behalf of the Auditor General)


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