



# HALF-YEAR REPORT 2026

And unaudited financial statements  
for the six months ended 31 December 2025



## Our purpose

**Stronger Connections. Better New Zealand.  
Hononga Whaikaha. Oranga mō Aotearoa.**

Connected to our customers and the future needs of their businesses.

Connected to the communities we serve and operate in.

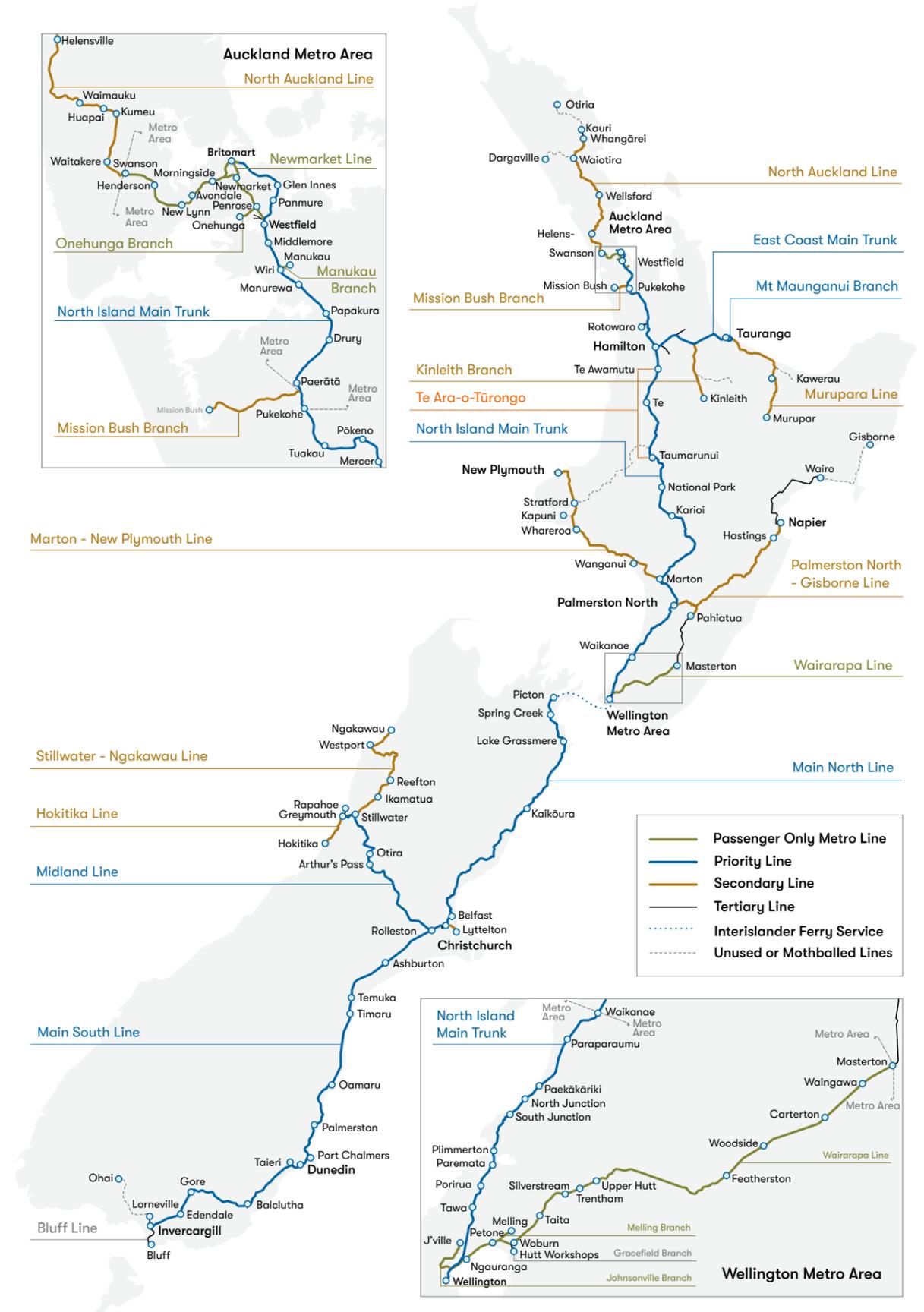
Connected to each other, for the good of the country.

Since the first rail was laid in 1863, railways have been key to New Zealand's development, helping to move people and goods around the motu. KiwiRail is carrying this legacy into the future, delivering connected transport services for economic, social and environmental value to New Zealand.

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## The New Zealand rail network



# Overview of KiwiRail

We operate an integrated services and infrastructure business

## VALUE

The total value of rail to New Zealand's economy is \$3.3 billion every year\*

An estimated 202 serious and minor injuries and 8 deaths on the road are avoided each year by using rail

## SUSTAINABILITY

Rail reduces heavy vehicle impact by around 1 million truck journeys per year

Every tonne of freight carried by rail delivers on average a 60% emissions saving over heavy vehicles

## COMMUNITY

Strong public support for a modern, efficient rail and ferry network

Public recognition of rail and ferries as critical infrastructure

Efficient movement of people and goods underpins the economy

## INFRASTRUCTURE

### METRO NETWORKS

Manages the metro networks supporting 24 million metro commuter trips each year

### TRACK

Operates and maintains 3800km of track

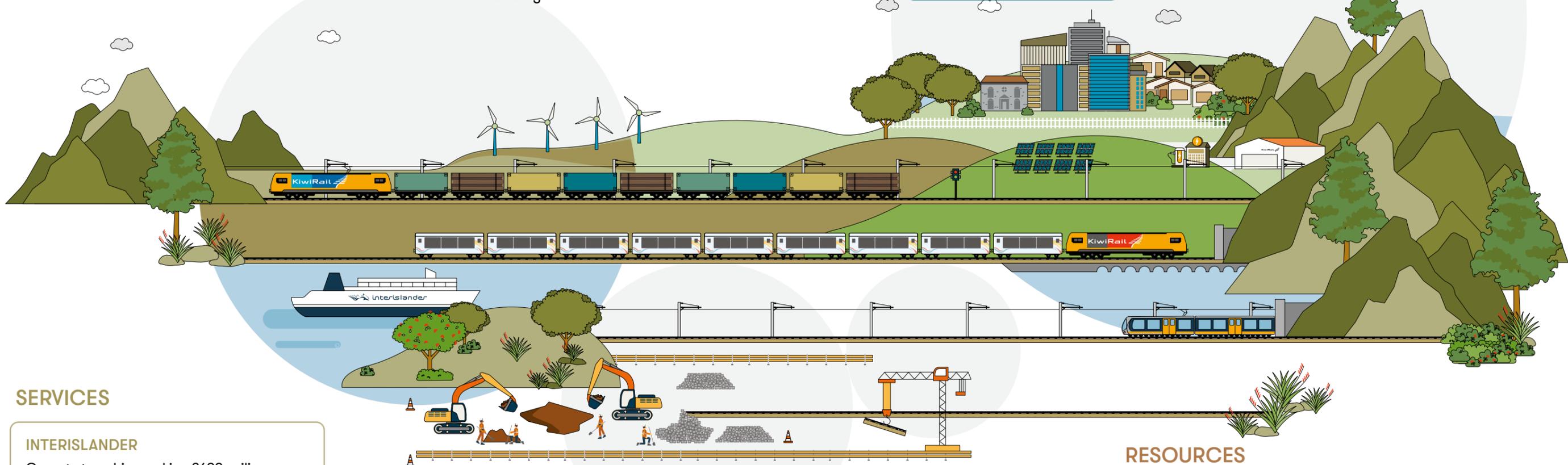
### INFRASTRUCTURE IN USE

2691 signals

1305 public level crossings

105 tunnels

1274 bridges



## SERVICES

### INTERISLANDER

Operate two ships making 2600 sailings per year and providing 500,000 passenger trips

Connects State Highway 1 across Cook Strait

### GREAT JOURNEYS NEW ZEALAND

Offers tourism experiences connecting Auckland, Wellington and Christchurch with regional New Zealand

Operates, under contracts to their council owners, regional passenger services Te Huia and Capital Connection

### FREIGHT

1100 mainline freight movements per week

Transports around 16 million tonnes of freight

Transports around 24% of New Zealand's exports

Connects more than 300 customers' freight supply chains

One freight train can move as much freight as 40-45 trucks

## RESOURCES

### PROPERTY

Manages a portfolio worth \$4.6 billion\*\* with more than 18,000 hectares of land leased from NZRC

Owens 1024 buildings and leases out 199

Manages 10,000+ leases, licences and grants

### ROLLING STOCK & FERRIES

4500 wagons

248 locomotives and shunts

2 ferries

### OUR TEAM

4500 employees

20% women

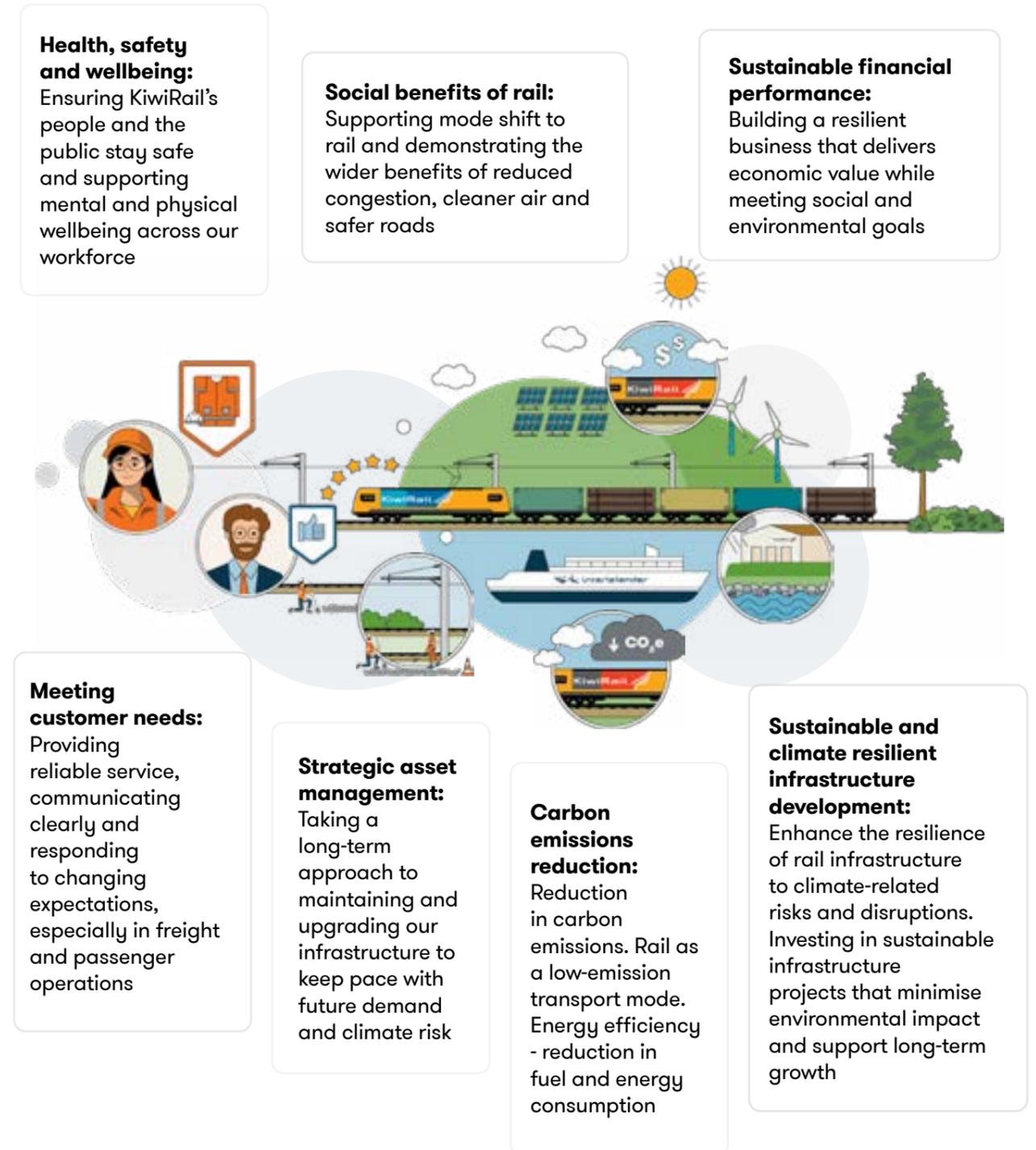
29% under 35 years old

\* Australasian Railway Association, The Benefit of Rail to New Zealand - EY 2024  
 \*\* New Zealand Railways Corporation FY25 Annual Report

# Our strategy

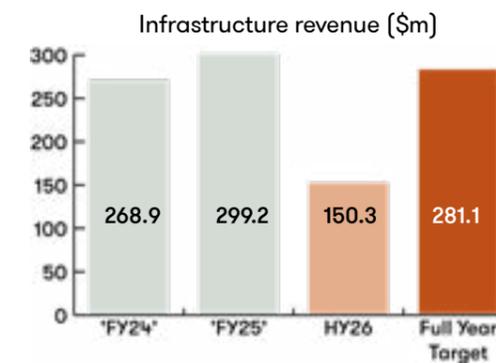
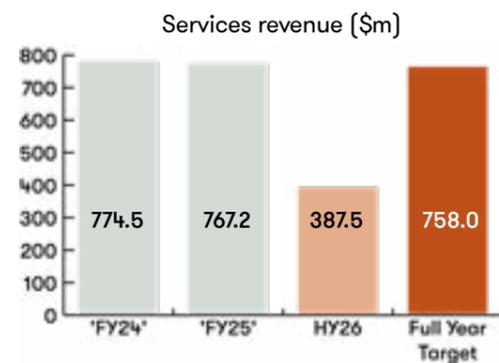
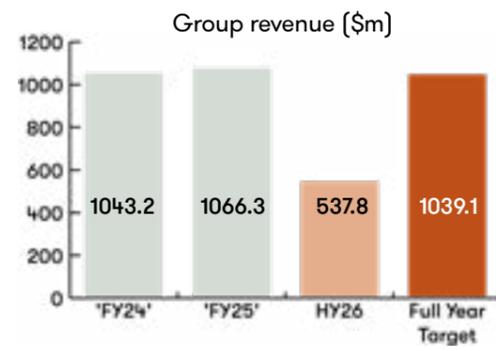
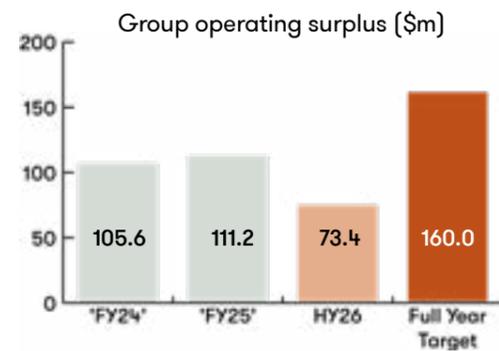
Purpose	<b>Stronger Connections, Better New Zealand</b>							
Vision	<b>To be our customers' first choice, as a trusted and sustainable partner to move freight &amp; people</b>							
Mission	We are an essential and valued part of New Zealand's freight and passenger transport systems. Our services contribute to efficient supply chains for our freight customers to connect to domestic and global markets, and people to communities.							
Our values								
Our Ambition	<b>Grow value by winning customer loyalty</b>							
Strategic priorities	FY26 Foundations for growth		FY26-27 Optimise, Partner and Invest			FY26-29 Scale new growth		
	Relentless safety, health and wellbeing	Reliable, value for money network	Lowest cost, operational excellence	Right products, best customer service	Enable our people to be their best, one team	Simplify our business	Leaders in sustainability	
Goals	Safety performance (TRIFR) <5	Customer Service Delivery (DIFOT) 95%	Benefits of Rail to network investment ratio 3.9	Freight Volume (NTK) 4.0bn	Customer Net Promoter Score +20	Employee Engagement Score 73%	Total cost/revenue (drive to 65) 65%	Reduce Scope 1 & 2 GHG emissions 40%

## What we focus on to align to our strategy



# Overview of Services and Infrastructure performance

	\$m		
	Group	Services Business and CPAD	Infrastructure Business
Operating revenue	537.8	387.5	150.3
Operating expenses	(464.4)	(314.1)	(150.3)
Operating surplus	73.4	73.4	-
Capital expenditure	600.9	193.1	407.8

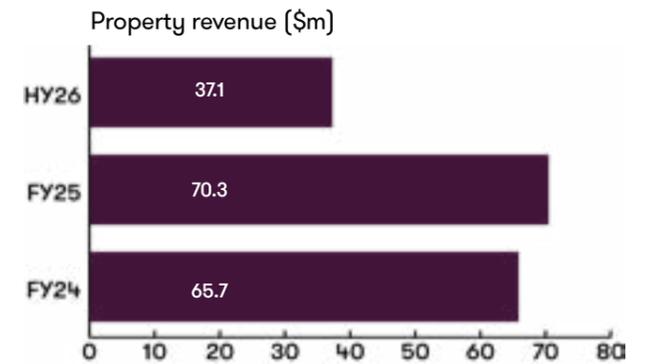
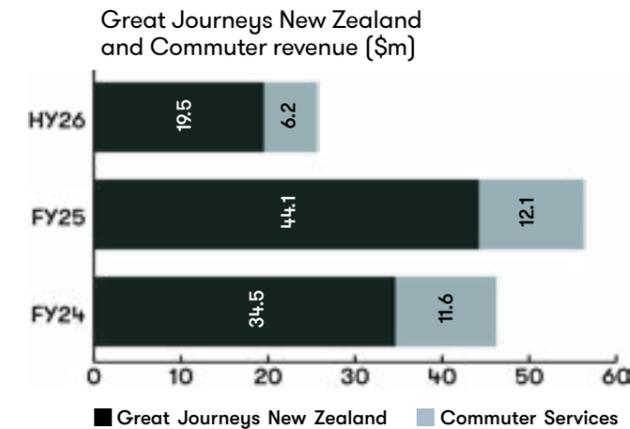
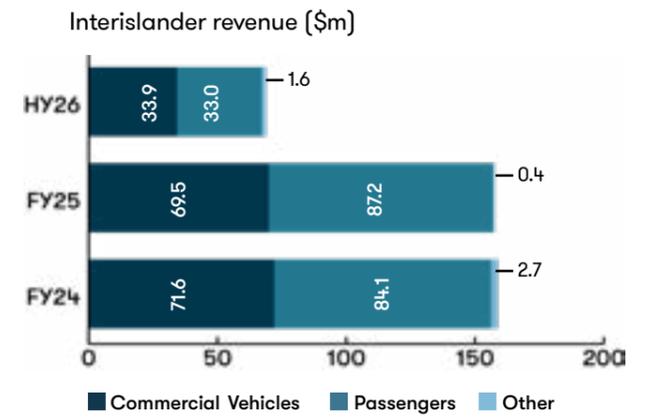
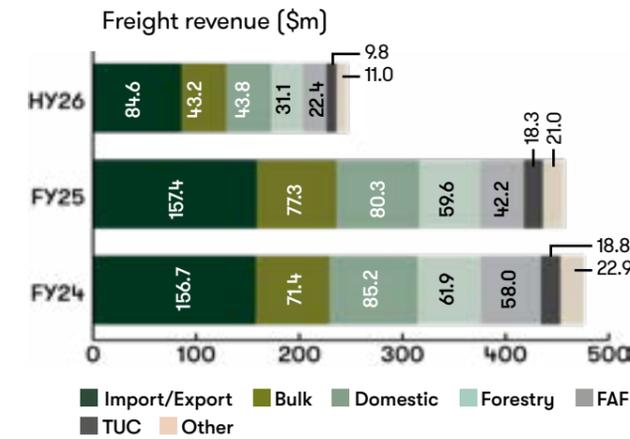


## Group performance headlines

- Operating surplus of \$73.4 million for the six months ended 31 December 2025, compared to \$25.8m for the same period last year
- \$601 million invested in assets and capital projects

- We saw a 4 per cent increase in the Total Recordable Injury Frequency Rate (TRIFR) (22.5 compared to 21.6 for the same time last year) driven by a higher number of minor sprain and strain injuries in September and October. Initiatives are in progress to bring this key indicator into

line. We saw a pleasing 32 per cent improvement in our High-Potential Frequency Rate (HiPoFR) (2.7 compared to 4.1 for the same period last year), reflecting a sustained focus on implementing our Critical Risk Control Principles and the Safety Leadership Programme.



## The Services business provides

- Rail logistics services to freight markets
- Ferry services to rail and road freight markets and for passengers and private vehicles
- Passenger rail services for public transport and tourism markets
- Property management and development for rail operations and third-party land use.

## Services performance headlines

- Our five-year performance journey is underway. We are seeing growth in our volumes, improved service to our customers, which is vital to our ambition to win customer loyalty, and an improving cost-to-revenue ratio, which is crucial for us to reach financial sustainability
- Freight volumes of 1.8 billion net tonne kilometres were up ~7 per cent compared to the same period last year, driven by a recovery of bulk coal volumes following the

re-opening of the Tawhai tunnel and a modest increase in domestic volumes

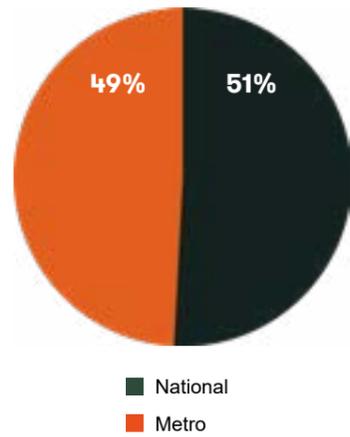
- Auckland and Wellington metros carried approximately 12.2 million passengers, down ~4 per cent on the same time last year
- Interislander transitioned from a three ship operation to a two ship operation following the retirement of Aratere in August. Around 210,000 passengers were carried, down 40,000 for the same time last year, an expected result driven by the reduced fleet size. Commercial freight volumes remained steady for the half year reflecting improved capacity utilisation. The retirement of Aratere required the implementation of a full-time road bridging operation to shift containers between the ports and ferries, which is running smoothly
- Commuter saw combined passenger volumes for Te Huia and Capital Connection decrease by 11 per cent to 85,000. Te Huia was down 18 per cent, driven by block of line works during every school holiday period. Capital Connection was down 6 per cent, influenced by

commuters choosing to use the new Transmission Gully route to drive to work and some commuters are driving to Waikanae to catch the metro unit to Wellington

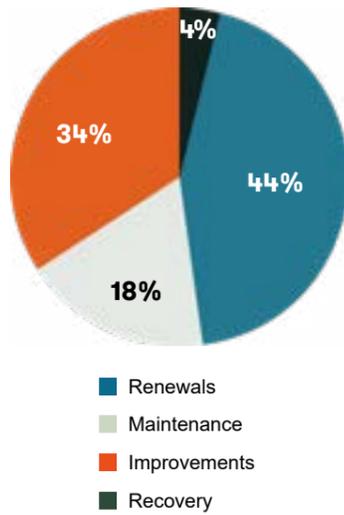
- Great Journeys New Zealand revenue was up \$2.4m due to higher yield
- Activity in our capital projects included:
  - Two new DM locomotives in service
  - Seven new heavy electric shunts in service
  - Refurbishment of 15 electric EF locomotives completed
  - European train control systems (ETCS) installed on 21 DL locomotives. ETCS provides a modern train protection, signalling and speed supervision system which will improve safety, operations and efficiencies
  - Hawke's Bay Cyclone Gabrielle works almost completed, with minor works to be completed on Bridge 217 in the 2nd half of 2026.

## Infrastructure rail network

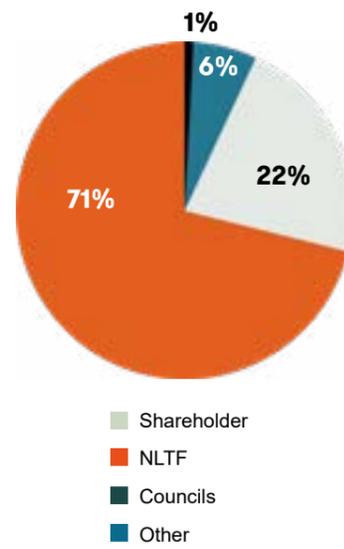
HY26 Infrastructure spend by business sector



HY26 Infrastructure spend by type



HY26 Infrastructure spend by funding source



The Infrastructure business provides infrastructure expertise, core maintenance, renewals and our improvements programme in the rail network for all rail users.

The rail network is funded primarily by the Government, with the Rail Network Investment Programme (RNIP) funded through the National Land Transport Fund (NLTf) and major improvement projects through specific funding such as the New Zealand Upgrade Programme (NZUP). The principal source of funding for RNIP is the NLTf, administered by New Zealand Transport Agency. NLTf funding is supplemented with direct Crown contributions, track access fees paid by rail users and a track user charge paid by KiwiRail.

### Infrastructure performance headlines

- Our Infrastructure business is delivering for New Zealand in tough economic conditions which have hit the transport services and infrastructure markets. We are part way through our performance improvement journey which will make us resilient during such tough conditions and drive us forward to become financially sustainable, focusing on people engagement to deliver savings,

growth and improved value. To help our business grow we have revitalised our focus on customers and we are implementing new processes and making improvements to our network to lift Delivery in Full, On Time (DIFOT) performance to meet their needs

- In late October a severe weather event with extreme winds caused damage across large parts of the country, resulting in debris fall and ground instability across multiple regions. Our rail network suffered significant weather-related damage, leading to emergency line closures and repairs and network-wide slowdowns on tracks that weren't closed. While the network was restored shortly after the storm passed there were impacts from the weather event that carried over into November and December. Towards the end of December another significant weather event caused damage in the upper North Island which impacted freight services
- Auckland commuter trains stopped operating on 27 December and resumed on 29 January, following successful block of line works over the summer period across 300+ sites. This was the final major shutdown

before the opening of City Rail Link later this year. These works have transitioned Auckland's rail system from a freight standard network to one capable of supporting both freight and modern metro level frequency and reliability. The works included:

- Completion of renewals to support high frequency metro services when CRL services begin
- Replacement of track foundations and installation of modern drainage across priority sections of the Southern, Eastern and Western Lines
- Renewal of rail infrastructure to improve resilience against flooding
- Track and signalling interfaces were upgraded to integrate CRL with the existing network
- KiwiRail assisted the testing of the new CRL commuter trains, supporting end to end train running through the 3.45km tunnels between Waitemata (Britomart) and Maungawhau, ensuring a safe transition between new CRL infrastructure and the existing KiwiRail network

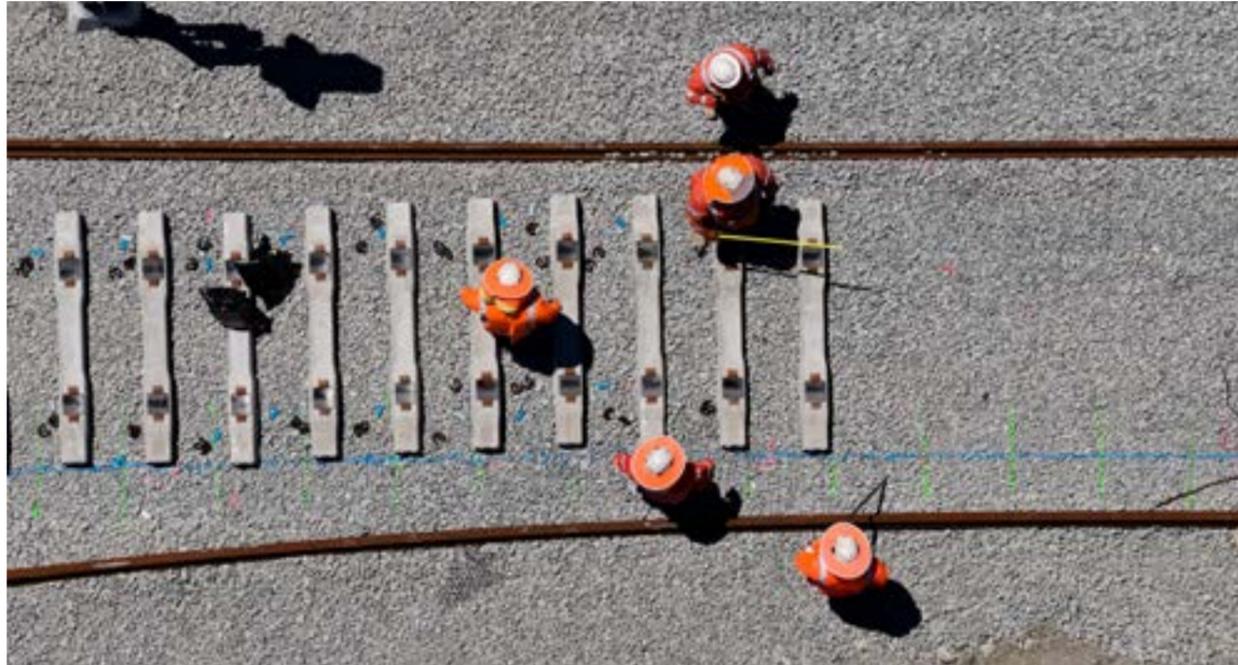
- Waitemata station moved from construction to commissioning support and operational readiness. Works included additional tracks to enable trains to move in both directions to and from Waitemata and changes to track geometry to support higher speeds, higher throughput and longer 'nine carriage' trains
- Western power feed achieved construction, testing and commissioning. This third new power feed will improve Auckland's electrified network reliability and resilience and enable many more trains to run at the same time
- Wellington commuter trains stopped operating on 26th December and resumed on 12th January following a Christmas block of line to complete critical renewals and upgrades required to deliver improved reliability and fewer disruptions. Work was completed across 24 sites, including replacement of life expired rail, sleepers and ballast, bridge repairs and turnout renewals
- Major upgrade for Bridge 19 (Ava Rail Bridge) on the Hutt Valley Line commenced to replace the timber support to the track
- Site works commenced at Naenae and Trentham as part of a major upgrade to substations around the network, which will be needed to power additional commuter and regional services in the coming years
- The Wairarapa signalling project began installing long distance cables to the new constructed duct route. Upgraded numerous Wairarapa level crossings with barrier arms, lights, bells, realignments and pedestrian improvements
- Melling Station closed in December to commence works on the Wai Takamori o Te Awa Kairangi / RiverLink programme — a \$1.5 billion flood protection,

transport and urban renewal project led by NZTA, Hutt City Council, Greater Wellington and mana whenua. The rail component is essential to allow a new grade separated SH2 interchange, a relocated station and major river engineering

- Hawke's Bay works to remediate damage by cyclone Gabrielle essentially completed, with some minor works to be finished for Bridge 217 in the second half of 2026
- Network Heat Restrictions - In the first half, proactive heat-management measures implemented ahead of summer and the domestic peak season delivered a material reduction in heat impacts across the network. NIMT recorded a reduction of more than 50 per cent versus the prior heat season, the Golden Triangle improved by around 70 per cent and MNL improved by around 30 per cent. Overall, the operational impact of heat has been significantly lower this season
- Network Temporary Speed Restrictions (TSRs) - Focus on DIFOT in the first half delivered significant reductions in TSRs across key priority corridors. Severe weather in October drove a short-term increase, however impacts were minimised through sustained focus on identifying, prioritising and removing restrictions as quickly as practicable
- Structures - We have also made a step change in our approach to structures. The focus has shifted to targeted heavy maintenance to improve safety outcomes, reduce TSRs and extend asset life, while continuing to renew structures where replacement is required
- Track Machines – First two tampers commissioned and the next two machines to be commissioned in Q3. New EM80

Track Evaluation Car progressing to schedule with completion of underframe build and cabs welded to the underframe with a commissioning date of March 2028.

## Chair and Chief Executive report



Lifting the standard of the Auckland metro network ahead of the opening of the City Rail Link has been a major focus for our Infrastructure business.

**Moving freight and people safely and reliably remains at the heart of KiwiRail's business. In the first half of FY26 we have continued to strengthen our performance despite a challenging operating environment by improving our service reliability, advancing our change programme, and delivering on the significant investment the Government has made in rail.**

We are well positioned for the second half of the year, but we do expect a continuation of a highly competitive freight market with ongoing financial challenges for our customers and competitors.

Safety remains our top priority. We have recorded sustained improvements in key safety indicators, reflecting our long-term focus on safety leadership, coaching and critical risk management. High Potential (HiPo) Near Miss events improved by 32 per cent compared with the same time last year, with the HiPo Frequency Rate now at 2.7. Our Total Recordable Injury Frequency Rate has stabilised over the past six months at 22.5. While progress is encouraging, we acknowledge there is more to do and remain committed to ensuring everyone goes home safely every day.

Freight demand has improved compared with the same period last year. Total freight volumes were up 7 per cent to 1.8 billion net tonne kilometres, reflecting a rebound in bulk volumes and a modest lift in domestic demand. These gains were achieved while we continued to navigate network constraints, particularly in Auckland, and weather-related impacts across parts of the network.

Our operating surplus for the half year was \$73.4 million, compared with \$25.8 million for the same period last year, and we remain on track against a full year SCI Operating Surplus target of \$160 million. It reflects improved operating performance across our commercial businesses and early progress from initiatives to strengthen productivity and reduce our cost base.

KiwiRail continues to deliver on the Government's multiyear investment programme to restore and modernise New Zealand's rail network. More than \$9 billion has been committed to upgrade track, signalling and infrastructure assets and to modernise rolling stock. In HY26, \$601 million was invested across the network and in key capital projects.

A major focus has been lifting the standard of the Auckland metro network ahead of City Rail Link opening later this year. This programme forms part of the multiyear Rail Network Rebuild, which has seen the equivalent of more than 15 years of work completed in the past four years. While disruptive, this rebuild will support more frequent services, shorter journey times, fewer delays, and improved resilience for both commuter and freight customers.

Delivery of new rolling stock continues at pace. The first of 66 new DM locomotives have now arrived, with more to come over the next two years. These, along with new wagons and refurbished EF locomotives, will provide greater reliability, improved efficiency and increased capacity as we modernise our fleet.

Our Interislander operation, which provides a vital link in New Zealand's supply chain, has adapted effectively to operating with a two-ship fleet following the retirement of Aratere in August to support the Government's Ferry Replacement Project. We have strengthened our road bridging capability to maintain the movement of rail freight across Cook Strait, increasing staffing and equipment at terminals. While passenger numbers were lower due to the shift from three vessels to two, commercial freight volumes remained steady for the half year reflecting improved capacity utilisation.

Rail continues to provide substantial national benefits, contributing an estimated \$3.3 billion in economic, environmental and social value to New Zealand each year—including reduced congestion, fewer road accidents, lower emissions and more resilient transport options. For customers, shifting freight by rail reduces carbon emissions by around 60 per cent compared with road, helping many meet their own sustainability goals. We have seen improvements in service performance and a significantly higher customer Net Promoter Score (NPS).

We are now well-positioned to handle higher demand through our MetroPort product on the Auckland–Tauranga corridor. The reset of this product with our partner, the Port of Tauranga, has been highly successful, attracting strong market feedback and reinforcing our role in supporting more efficient supply chains. We also concluded significant commercial agreements with Fonterra and the Port of Auckland, and continued to grow revenue from our property portfolio.

Strong governance is essential to delivering our strategy. During the half year, the Board was renewed

with the appointment of a new Chair, Deputy Chair and two replacement directors. Their combined experience across public sector leadership, finance, freight, logistics and infrastructure strengthens our ability to meet Government expectations for improved performance, value for money and stewardship of public

**We are maintaining a disciplined focus on value for money, cost control and careful prioritisation of investment. The scale and pace of change underway across KiwiRail - new assets, new technology and new ways of working - is positioning us strongly for the future.**

assets.

Individually, none of the achievements made over the six months are game changing. Taken together, however, they represent a period of quiet, disciplined execution that strengthens the business day by day.

At the same time, we recognise the need to continue to improve customer experience and service reliability. Key priorities are:

- Embedding strong safety leadership and line-led safety behaviours, and continuous system improvement
- Growing commercially as one team by winning customer loyalty and delivering smart transport

solutions

- Delivering operational excellence through improved and consistent reliability, rightsizing our asset base and lifting productivity
- Ensuring our above rail Services business is financially sustainable
- Delivering value for money for the Government's investment in the national rail network
- Enabling a proud and engaged KiwiRail team that is empowered to be its best.

KiwiRail is committed to delivering safe, reliable, competitive and sustainable transport solutions. We are also mindful the fiscal environment ahead continues to be constrained. We are maintaining a disciplined focus on value for money, cost control and careful prioritisation of investment. The scale and pace of change underway across KiwiRail - new assets, new technology and new ways of working - is positioning us strongly for the future.

We acknowledge the dedication of our workforce and thank our customers, our shareholders, our partners and the New Zealand public for their ongoing support. KiwiRail's journey to deliver lasting value for New Zealand is progressing well. While there is more to do, our momentum is strong, and we remain focused on delivering for the country.

**Suzanne Tindal**  
Chair

**Peter Reidy**  
Chief Executive

# Financial Statements

KiwiRail Holdings Limited and subsidiaries

## Statement of Comprehensive Income

For the six months ended 31 December 2025

GROUP	Note	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
		\$m	\$m	\$m
Operating revenues	2	537.8	518.4	1,066.3
Operating expenses	3	(464.4)	(492.6)	(955.1)
<b>Operating surplus</b>		<b>73.4</b>	<b>25.8</b>	<b>111.2</b>
Capital grants	4	199.9	207.2	596.1
Depreciation and amortisation		(67.7)	(67.4)	(144.9)
Foreign exchange and commodity gains		7.0	21.7	(0.8)
Impairment		(274.4)	(286.2)	(946.8)
Insurance proceeds		51.3	0.1	52.6
Movement in value of investment properties		-	-	(64.9)
Net finance income	5	3.0	3.8	7.7
Other costs	6	(5.7)	(24.9)	(188.9)
Other income		-	3.9	156.5
<b>Net (deficit) before taxation</b>		<b>(13.2)</b>	<b>(116.0)</b>	<b>(422.2)</b>
Income tax expense		(0.1)	-	-
<b>Net (deficit) after taxation</b>		<b>(13.3)</b>	<b>(116.0)</b>	<b>(422.2)</b>
<b>Other comprehensive income/(loss)</b>				
<i>Items that can be reclassified into net surplus/deficit:</i>				
Gains from cash flow hedges		18.5	22.8	27.0
<i>Items that cannot be reclassified into net deficit/surplus</i>				
Asset revaluation		(1.3)	(2.2)	31.8
Gain on share investment		0.2	0.2	0.2
<b>Total comprehensive income/(loss)</b>		<b>4.1</b>	<b>(95.2)</b>	<b>(363.2)</b>

The accompanying notes form part of these financial statements.

KiwiRail Holdings Limited and subsidiaries

## Statement of Financial Position

As at 31 December 2025

GROUP	Note	31 Dec 2025 (Unaudited)	31 Dec 2024 (restated) (Unaudited)	30 June 2025 (Audited)
		\$m	\$m	\$m
<b>Current assets</b>				
Cash and cash equivalents		322.8	369.1	287.8
Short-term deposits		211.0	40.0	10.0
Trade and other receivables	7	151.0	141.1	321.4
Inventories		123.8	156.6	131.1
Financial assets		57.4	54.0	48.1
Asset held for sale		24.5	-	26.9
		<b>890.5</b>	<b>760.8</b>	<b>825.3</b>
<b>Non-current assets</b>				
Property, plant and equipment		1,668.5	1,619.9	1,533.0
Right-of-use assets		116.4	132.6	119.8
Investment property		121.7	145.6	119.8
Intangible assets		13.4	10.6	-
Financial assets		19.7	48.5	11.2
Trade and other receivables	7	512.8	369.5	396.1
		<b>2,452.5</b>	<b>2,326.7</b>	<b>2,179.9</b>
<b>Total assets</b>		<b>3,343.0</b>	<b>3,087.5</b>	<b>3,005.2</b>
<b>Current liabilities</b>				
Trade and other liabilities	8	420.4	418.5	466.2
Employee entitlements		132.0	132.6	130.6
Financial liabilities		63.6	55.7	40.8
Provisions		28.7	20.6	190.3
		<b>644.7</b>	<b>627.4</b>	<b>827.9</b>
<b>Non-current liabilities</b>				
Trade and other liabilities	8	187.5	141.0	152.3
Employee entitlements		40.1	41.5	41.8
Financial liabilities		116.9	145.0	122.8
		<b>344.5</b>	<b>327.5</b>	<b>316.9</b>
<b>Total liabilities</b>		<b>989.2</b>	<b>954.9</b>	<b>1,144.8</b>
<b>Equity</b>				
Share capital		5,850.3	5,348.7	5,348.6
Retained earnings		(3,748.1)	(3,412.5)	(3,722.4)
Asset revaluation reserve		213.9	181.6	215.2
Cash flow hedge reserve		37.5	14.8	19.0
Share valuation reserve		0.2	-	-
		<b>2,353.8</b>	<b>2,132.6</b>	<b>1,860.4</b>
<b>Total liabilities and equity</b>		<b>3,343.0</b>	<b>3,087.5</b>	<b>3,005.2</b>



**Suzanne Tindal**  
Chair  
24 February 2026



**Murray Harrington**  
Chair of Risk, Audit and Assurance Committee and Director  
24 February 2026

The accompanying notes form part of these financial statements.

**Statement of Movements in Equity**

For the six months ended 31 December 2025

GROUP	Note	Share Capital	Retained Earnings	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Share Revaluation Reserve	Total
		\$m	\$m	\$m	\$m	\$m	\$m
<b>As at 30 June 2024 (restated) (Audited)</b>		<b>4,969.6</b>	<b>(3,286.7)</b>	<b>183.8</b>	<b>(8.0)</b>	<b>(0.2)</b>	<b>1,858.5</b>
Net deficit for the period		-	(116.0)	-	-	-	(116.0)
Other comprehensive loss		-	-	(2.2)	22.8	0.2	20.8
Revaluation reserve of disposed assets		-	-	-	-	-	-
<b>Total comprehensive (loss)</b>		<b>-</b>	<b>(116.0)</b>	<b>(2.2)</b>	<b>22.8</b>	<b>0.2</b>	<b>(95.2)</b>
<b>Transactions with owners</b>							
Capital investment		379.1	-	-	-	-	379.1
Crown appropriation - land transactions	11	-	(9.8)	-	-	-	(9.8)
<b>As at 31 December 2024 (Unaudited)</b>		<b>5,348.7</b>	<b>(3,412.5)</b>	<b>181.6</b>	<b>14.8</b>	<b>-</b>	<b>2,132.6</b>
Net deficit for the period		-	(306.2)	-	-	-	(306.2)
Other comprehensive income/ (loss)		-	-	34.0	4.2	-	38.2
Revaluation reserve of disposed assets		-	0.4	(0.4)	-	-	-
<b>Total comprehensive (loss)/ income</b>		<b>-</b>	<b>(305.8)</b>	<b>33.6</b>	<b>4.2</b>	<b>-</b>	<b>(268.0)</b>
<b>Transactions with owners</b>							
Capital investment		(0.1)	-	-	-	-	(0.1)
Crown appropriation - land transactions	11	-	(4.1)	-	-	-	(4.1)
<b>As at 30 June 2025 (Audited)</b>		<b>5,348.6</b>	<b>(3,722.4)</b>	<b>215.2</b>	<b>19.0</b>	<b>-</b>	<b>1,860.4</b>
Net deficit for the period		-	(13.3)	-	-	-	(13.3)
Other comprehensive (loss)/ income		-	-	(1.3)	18.5	0.2	17.4
Revaluation reserve of disposed assets		-	-	-	-	-	-
<b>Total comprehensive (loss)/ income</b>		<b>-</b>	<b>(13.3)</b>	<b>(1.3)</b>	<b>18.5</b>	<b>0.2</b>	<b>4.1</b>
<b>Transactions with owners</b>							
Capital investment		501.7	-	-	-	-	501.7
Crown appropriation - land transactions	11	-	(12.4)	-	-	-	(12.4)
<b>As at 31 December 2025 (Unaudited)</b>		<b>5,850.3</b>	<b>(3,748.1)</b>	<b>213.9</b>	<b>37.5</b>	<b>0.2</b>	<b>2,353.8</b>

The accompanying notes form part of these financial statements.

**Statement of Cash Flows**

For the six months ended 31 December 2025

GROUP	Note	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
		\$m	\$m	\$m
<b>Cash flows from operating activities</b>				
Receipts from customers		486.8	466.9	885.0
Receipts from the National Land Transport Fund		92.3	101.1	180.4
Operating grants		147.7	-	-
Interest received		5.4	7.5	15.9
Payments to suppliers and employees		(663.8)	(566.8)	(970.8)
Payments for interest on leases		(3.8)	(4.0)	(7.7)
<b>Net cash from operating activities</b>	10	<b>64.6</b>	<b>4.7</b>	<b>102.8</b>
<b>Cash flows from investing activities</b>				
Sale of property, plant and equipment		1.5	4.6	3.2
Capital grant receipts		80.0	56.2	126.8
National Land Transport Fund receipts		166.4	274.8	569.4
Insurance proceeds		51.3	0.1	49.1
Purchase of property, plant and equipment and investment properties		(591.5)	(530.1)	(1,118.8)
Purchase of intangibles		(13.4)	(11.5)	(29.2)
(Purchase)/maturity of short-term deposits		(201.0)	(20.0)	10.0
<b>Net cash used in investing activities</b>		<b>(506.7)</b>	<b>(225.9)</b>	<b>(389.5)</b>
<b>Cash flows from financing activities</b>				
Crown capital investment		501.7	379.0	379.0
Payment for NZRC land acquisitions		(12.4)	(9.8)	(13.9)
Lease payments		(12.2)	(11.8)	(23.5)
<b>Net cash from financing activities</b>		<b>477.1</b>	<b>357.4</b>	<b>341.6</b>
<b>Net increase in cash and cash equivalents</b>		<b>35.0</b>	<b>136.2</b>	<b>54.9</b>
Cash and cash equivalents at the beginning of the period		287.8	232.9	232.9
<b>Cash and cash equivalents at the end of the period</b>		<b>322.8</b>	<b>369.1</b>	<b>287.8</b>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

For the six months ended 31 December 2025

### 1. REPORTING ENTITY

KiwiRail Holdings Limited (“KiwiRail”, “the Parent”, “KHL”) is a company domiciled in New Zealand, registered under the Companies Act 1993 and is included within the First Schedule of the State-Owned Enterprises Act 1986 (SOE Act). The beneficial shareholder of the Parent is the Crown. The Group comprises KiwiRail Holdings Limited and its subsidiaries as detailed in the diagram below.



The following activities are carried out by the Group:

- Ownership and operation of the national rail network
- End-to-end freight transport supply chain services that connect customers with global and domestic markets
- Ferry services (forming the ‘bridge’ between the North and South Islands) for rail and road freight and for passengers and their vehicles
- Support for rail passenger services in metropolitan areas and long-distance services for both domestic and international tourist markets
- Management and development of property for rail operations and appropriate third-party land use

The unaudited, condensed interim financial statements of the Group are for the six months ended 31 December 2025 (“the interim financial statements”) and were authorised by the Board of Directors on 24 February 2026.

### BASIS OF PREPARATION

#### Statement of compliance

The interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. They meet the requirements of the State-Owned Enterprises Act 1986, the Companies Act 1993 and the Financial Reporting Act 2013. The Group is designated as a for-profit entity.

The interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 30 June 2025 included in the Group’s Annual Integrated Report.

The interim financial statements have been prepared on the basis of historical cost, except for certain non-financial assets and derivative financial instruments, which have been valued at fair value.

All monetary amounts are New Zealand dollars and all values are expressed in millions of dollars (\$m).

#### Accounting policies

All accounting policies have been applied on a basis consistent with those used and described in the audited financial statements for the year ended 30 June 2025.

#### Comparatives

The presentation of some information has changed from the previous period with prior period balances re-classified to be comparable with current year figures.

## Notes to the Financial Statements

For the six months ended 31 December 2025

### 2. OPERATING REVENUES

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Freight	245.9	221.3	456.1
Interislander	68.5	69.0	157.1
Property	37.1	34.8	70.3
Scenic and Commuter	25.7	23.8	56.2
Other	10.3	11.0	27.4
Funding from the National Land Transport Fund	80.9	100.9	182.3
Infrastructure	69.4	57.6	116.9
<b>Total operating revenues</b>	<b>537.8</b>	<b>518.4</b>	<b>1,066.3</b>

### 3. OPERATING EXPENSES

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Salaries and wages	297.9	313.2	612.8
Restructuring	1.0	9.3	25.8
Employer contributions	13.8	13.9	27.7
Other employee expenses	7.3	8.1	7.1
<b>Total employee expenses</b>	<b>320.0</b>	<b>344.5</b>	<b>673.4</b>
Amount capitalised	(90.4)	(98.9)	(187.1)
<b>Total employee costs expensed</b>	<b>229.6</b>	<b>245.6</b>	<b>486.3</b>
Materials and supplies	81.7	84.1	166.6
Fuel and traction electricity	52.6	52.4	108.7
Lease and rental costs	16.3	16.2	32.0
Incidents and insurance	20.8	21.2	43.1
Contractors’ expenses	5.5	8.4	7.2
Audit fees	0.5	0.5	0.9
Impairment of receivables	2.8	0.3	0.6
Directors’ fees	0.3	0.2	0.4
Loss/(gain) on disposal of property, plant and equipment	0.2	(0.3)	(0.7)
Other expenses	54.1	64.0	110.0
<b>Total operating expenses</b>	<b>464.4</b>	<b>492.6</b>	<b>955.1</b>

**Notes to the Financial Statements**

For the six months ended 31 December 2025

**4. CAPITAL GRANTS**

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Ministry of Transport	1.2	0.6	11.9
National Land Transport Fund	149.8	167.7	438.8
Local and Regional Councils	16.3	17.5	48.2
Auckland Transport	7.5	9.4	24.7
City Rail Link	21.4	5.7	41.7
NZ Transport Agency Waka Kotahi	3.2	5.4	7.0
Ministry of Business, Innovation and Employment	-	0.6	0.6
Ferry Holdings	0.4	-	-
Other	0.1	0.3	23.2
<b>Total capital grant income</b>	<b>199.9</b>	<b>207.2</b>	<b>596.1</b>

**5. NET FINANCE INCOME/(EXPENSES)**

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
<b>Finance income</b>			
Interest income on bank deposits	6.8	8.1	15.6
	6.8	8.1	15.6
<b>Less finance expenses</b>			
Interest expense on leases	(3.8)	(4.0)	(7.7)
Other interest expense	-	(0.3)	(0.2)
	(3.8)	(4.3)	(7.9)
<b>Net finance income</b>	<b>3.0</b>	<b>3.8</b>	<b>7.7</b>

**6. OTHER COSTS**

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Project write-off and wind-down costs	1.9	23.3	184.5
Impact of weather events	3.8	1.3	4.0
Other	-	0.3	0.4
	<b>5.7</b>	<b>24.9</b>	<b>188.9</b>

**Notes to the Financial Statements**

For the six months ended 31 December 2025

**7. TRADE AND OTHER RECEIVABLES**

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Trade receivables	73.5	78.5	77.1
Related party receivables	15.4	22.5	207.9
Prepayments	544.6	400.4	404.6
Accrued and other receivables	36.5	12.3	31.3
Less: Provision for impairment	(6.2)	(3.1)	(3.4)
<b>Total receivables</b>	<b>663.8</b>	<b>510.6</b>	<b>717.5</b>
Current assets	151.0	141.1	321.4
Non-current assets	512.8	369.5	396.1
	<b>663.8</b>	<b>510.6</b>	<b>717.5</b>

**8. TRADE AND OTHER LIABILITIES**

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Trade payables	93.5	86.8	119.2
GST payable	1.7	4.3	8.2
Unearned revenue	67.6	127.5	84.0
Deferred revenue	384.1	286.4	329.9
Related party payable	2.2	1.8	0.3
Other payables and accruals	58.8	52.7	76.9
<b>Total payables</b>	<b>607.9</b>	<b>559.5</b>	<b>618.5</b>
Current liabilities	420.4	418.5	466.2
Non-current liabilities	187.5	141.0	152.3
	<b>607.9</b>	<b>559.5</b>	<b>618.5</b>

**9. CAPITAL AND OTHER COMMITMENTS**

The Group has capital commitments for procurement of new rolling stock, network upgrades, infrastructure renewal materials, refurbishment costs relating to rolling stock and purchases of plant and equipment. Capital and other commitments are funded by both KiwiRail and the Government. Government funding is committed for new rolling stock, mechanical depots and major infrastructure projects including the Rail Network Investment Programme.

	31 Dec 2025 (Unaudited)	31 Dec 2024 (Unaudited)	30 June 2025 (Audited)
	\$m	\$m	\$m
Not later than one year	485.6	678.5	539.6
Later than one year but not later than five years	323.5	529.9	441.4
	<b>809.1</b>	<b>1,208.4</b>	<b>981.0</b>

**Notes to the Financial Statements**

For the six months ended 31 December 2025

**10. RECONCILIATION OF NET DEFICIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	6 months ended 31 Dec 2025 (Unaudited)	6 months ended 31 Dec 2024 (Unaudited)	Year ended 30 June 2025 (Audited)
	\$m	\$m	\$m
Net (deficit) after taxation	(13.3)	(116.0)	(422.2)
<b>Add/(deduct) items classified as investing or financing activities</b>			
Loss/(gain) on sale of assets	0.2	(0.3)	(0.7)
Fair value movement in derivatives	19.9	(16.8)	5.5
Capital grant receipts	(80.0)	(56.2)	(126.8)
National Land Transport Fund receipts	(166.4)	(274.8)	(569.4)
Insurance proceeds	(51.3)	(0.1)	(49.1)
	(290.9)	(464.2)	(1,162.7)
<b>Add/(deduct) non-cash items</b>			
Depreciation and amortisation	67.7	67.4	144.9
Movements in provisions	(163.4)	1.1	171.2
Impairment of non-financial assets	274.4	286.2	946.8
Movement in fair value of investment properties	-	-	64.9
	(112.2)	(109.5)	165.1
<b>Add/(deduct) movements in working capital</b>			
Decrease in trade receivables	3.6	14.3	15.7
Decrease/(increase) in other receivables	169.3	56.8	(157.2)
Decrease in inventories	7.3	2.5	4.7
(Decrease) in trade payables	(25.6)	(64.4)	(32.0)
Increase in other payables	22.2	105.0	106.5
<b>Net cash flows from operating activities</b>	<b>64.6</b>	<b>4.7</b>	<b>102.8</b>

**11. SALE AND PURCHASE OF LAND**

On 31 December 2012 there was a restructure of the Crown's investment in rail operations. In accordance with the KiwiRail Holdings Vesting Order 2012 which took effect from 31 December 2012, the KiwiRail business was transferred from New Zealand Railways Corporation (NZRC) to KHL. All land previously held by KiwiRail was retained by NZRC.

From time to time NZRC may sell parcels of railway land. Under the Group's lease agreement with NZRC entered into on 31 December 2012, the Group may identify land that is no longer required for rail purposes and can request NZRC to sell the land or surrender it from the lease. The sale proceeds are provided to the Group to support its business as the State-Owned Enterprise responsible for the financial performance of the Crown's investment in rail operations.

Similarly, the Group can identify new parcels of land that are required for rail purposes. The Group will fund the acquisition of the land and can transfer it to NZRC to be included within the lease.

The sale and purchase of land are treated as common control transactions as the Crown is the ultimate parent of the Group and the parent of NZRC. The sale of NZRC's land is regarded as an increase in the Crown's equity investment in the Group. The Group's acquisition of land for NZRC is treated as a reduction in the Crown's equity investment in the Group.

For the period ended 31 December 2025, the total net proceeds from land sold/land swaps was \$nil (31 December 2024: \$nil; 30 June 2025: \$nil) and the total net land acquisitions was \$12.4m (31 December 2024: \$9.8m; 30 June 2025: \$13.9m). These were treated as transactions with owners in the Statement of Movements in Equity.

**Notes to the Financial Statements**

For the six months ended 31 December 2025

**12. IMPACT OF WEATHER EVENTS**

In January and February 2023 significant weather events caused considerable damage to the Group's infrastructure assets.

The Group has insurance cover in place for loss and damage under two policies. A claim has been submitted for the damage caused by the January and February 2023 weather events. The claim has not been settled as at 31 December 2025. It is not practicable to estimate the full extent of the overall insurance recovery that will result from the claim and so no receivable has been recognised (31 December 2024: no receivable recognised; 30 June 2025: no receivable recognised). For the period ended 31 December 2025, \$49.6m of insurance proceeds have been received and recognised (31 December 2024: \$nil; 30 June 2025: \$46.2m). These payments were not specific to a particular loss or damage, but will be allocated to the claim in due course.

