



**HAWKE'S BAY
AIRPORT**

Statement of Intent

2025/26

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Prepared by Hawke's Bay Airport Limited

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Date: 30 June 2025

He kupu whakataki

Introduction

This Statement of Intent ("SOI") is prepared by Management and the Board of Directors of Hawke's Bay Airport Limited ("Hawke's Bay Airport") in accordance with Section 64(1) of the Local Government Act 2002.

This SOI sets out the objectives, the nature and scope of the activities to be undertaken by Hawke's Bay Airport, and the performance targets and other measures by which the performance of the company may be assessed in relation to its objectives.

Hawke's Bay Airport's achievements against the objectives outlined in last year's SOI are referred to in this year's annual report.

The SOI is a public and legally required document, reviewed and agreed annually with shareholders, and covers a three-year period. This SOI covers the period from 1 July 2025 to 30 June 2028.

Hawke's Bay Airport is a council-controlled trading organisation ("CCTO") for the purposes of the Local Government Act 2002.

Rangatiratanga me te kāwanatanga

Ownership and governance

Hawke's Bay Airport is a Company incorporated in New Zealand under the Companies Act 1993. Governance sits with the Board of Directors, which is responsible for the strategic and overall direction of the business. Directors are appointed by the company's shareholders: Napier City Council (26%), Hastings District Council (24%), and the Crown (50%).

Refer to Appendix A for board composition, an outline of the Hawke's Bay Airport Board of Directors' role and governance objectives.

Te Āhua me te Korahi o ngā kaupapa

Nature and scope of activities

Hawke's Bay Airport is situated approximately 10 minutes from Napier City's central business district (CBD), 20 minutes from Hastings, and 30 minutes to Havelock North. The Hawke's Bay region stretches from Wairoa in the north to Waipukurau in the south. With a growing population of 184,800 as at the last New Zealand Census (2023), Hawke's Bay has 3.5% of New Zealand's population.

Hawke's Bay Airport is the third busiest airport in the North Island and plays an essential role in connecting the region's people and business with the wider national and international economies, enhancing the lives of our community, customers and team. Hawke's Bay Airport facilitates the safe and efficient operation of the airport, with direct flights to Auckland, Wellington, and Christchurch serviced by Air New Zealand, and other centres within New Zealand serviced by smaller second-tier airlines. This is possible through the provision of resilient long-term infrastructure. Hawke's Bay Airport also provides the operational resilience of the airport as a lifeline utility, under the Civil Defence Emergency Management Act 2002.



Ko wai mātau Who we are

Hawke's Bay Airport is the gateway to Hawke's Bay, and we pride ourselves on supporting the community we serve. Our purpose is to connect people, businesses, and the region in meaningful ways by creating a safe, secure and resilient aviation hub, with sustainability at the heart of everything we do.

Our role as a regional enabler supports the prosperity of Hawke's Bay. As a critical regional asset, we are committed to working alongside regional stakeholders and national partners to create positive and prosperous futures.

Ā mātau mahi What we do

As a thriving regional airport, we provide infrastructure and operational services that facilitate passenger movements together with aircraft and helicopter movements (Regular Passenger Transport ("RPT") and General Aviation ("GA")).

Hawke's Bay Airport plays a crucial role in regional leadership and collaboration.

Our involvement in regional strategies and long-term plans ensures that the unique needs and priorities of regional tourism, events, fast moving freight and air travel are represented by a strong, resilient airport serving a prosperous community and region, now and into the future.

We foster relationships with Iwi and Treaty partners. In the past two financial years, our relationship with mana whenua, Ahuriri Hapū, via Mana Ahuriri Trust has been strengthening, marking a new era of collaboration and commitment to areas of mutual interest.

Building strong relationships with airlines, other New Zealand airports and our general aviation community is essential to enhance regional connectivity, facilitating travel and trade which in turn supports local businesses and tourism.

Having a positive impact in the community extends beyond aviation. Supporting events and organisations through sponsorship, donations and aeronautical support (e.g. organising charter flights) demonstrates our commitment to the communities we serve.

Ō mātau uaratanga

Our values

our purpose

we connect people, businesses and the region in meaningful ways

our business



planes

Finding and filling planes, providing good operational fit and future proofing infrastructure.



passengers

Innovative, customer centric journey from park to plane that delivers commercial returns.



portfolio

Long-term regional growth and revenue diversification through campus land development.



profile

Contributing to regional prosperity and connectivity through long-term social licence

our pou



operations

We aim for excellence, safety and resilient infrastructure.



people

We're building a place where people thrive and grow.



place

We're stewards of our land and environment.



partnership

We reflect and represent our region through strong relationships.



prosperity

We're a sustainable, profitable business that delivers for Hawke's Bay.

Te manawaroa Resilience

Resilience is a critical risk and opportunity for Hawke's Bay Airport, and for Hawke's Bay as a region. Resilience is a multi-faceted concept in which climate, infrastructure, operational and economic resilience all present challenges and opportunities.

Allowing developments that increase bird strike risk in the vicinity of the airport and in proximity to flight paths will undermine the current and future operation of Hawke's Bay Airport.

Hawke's Bay Airport continues to advocate for the minimisation of reverse sensitivities and the protection of long-term airport operations through public planning processes and stakeholder engagement.

Horopaki ahumahi rererangi Aviation industry context

The recent events of the COVID-19 pandemic (February 2020 – August 2023) and Cyclone Gabrielle (February 2023), combined with current economic environment conditions have made aeronautical growth difficult throughout New Zealand. This is impacting projected passenger growth at Hawke's Bay Airport.

Long term passenger growth mirrors GDP growth. Since COVID-19, soft economic conditions have seen low GDP growth and difficulties in the recovery of domestic passenger volumes. Air New Zealand has also experienced difficulties in building back the capacity of regional services due to reduced availability of their A320XLR aircraft fleet as a result of ongoing maintenance requirements. This is resulting in turbo prop aircraft moving from regional services to main trunk services typically operated with jets.

When passenger volume growth is constrained over the long term by constrained GDP growth, the downside risk to demand can be immediate and significant, recovery can take many years. Cyclone Gabrielle's impact on the tourism market in Hawke's Bay is an example of this. Mitigating downside risk is challenging, and recovery takes time and dedicated effort.

Two years on from the cyclone, the region continues to recover and rebuild from its impacts and Hawke's Bay Airport is playing its part in building regional resilience and driving economic recovery by working alongside our regional partners to ensure air connectivity is maintained.

Despite these challenges, we see opportunities to grow passenger numbers through airline partnerships and initiatives such as special charter services. Close collaboration with aviation partners, airports and tourism operators and a regional approach to delivering an innovative, high-value visitor experience will support regional prosperity.

Te anganga o FY2026

FY2026 outlook

Economic head winds and reduced capacity in Air New Zealand continue to make passenger growth difficult, which is reflected in the forecast year-end position for FY25.

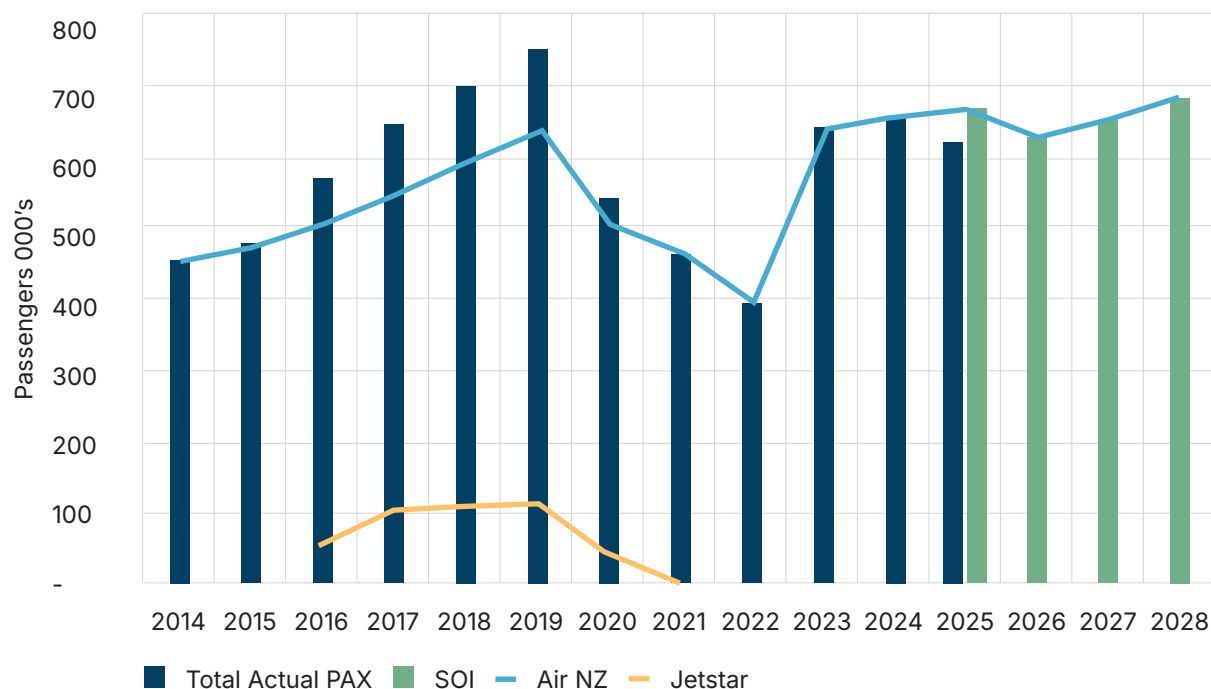
Future developments at Hawke's Bay Airport are intended to ensure we continue to be resilient, vital, and fit for purpose in the years ahead, while growing commercial returns.

This SOI sets out how we will deliver sustainable value to our shareholders and community.

Our financial forecasts are dependent on a wide range of factors, including the community's propensity to travel and capacity offered by our carriers. This is because most of our revenue streams correlate directly with passenger numbers.

The graph below provides the forecast for passenger movements for the three-year period covered by this SOI. It assumes modest growth amidst a challenging economic outlook and is reflective of softening passenger demand being reflected in load factors and capacity. We will continue to monitor passenger movements to ensure robustness in these numbers, or if further softening occurs, provide early warning to shareholders.

Passenger Numbers



An aerial photograph of a road intersection. A blue truck is driving through the intersection. A small boat is parked on the right side of the road. The road is surrounded by greenery and a body of water. The text "Future developments at Hawke's Bay Airport are intended to ensure we continue to be resilient, vital, and fit for purpose" is overlaid on the top left of the image.

Future developments at
Hawke's Bay Airport are
intended to ensure we
continue to be resilient,
vital, and fit for purpose

Ngā Whakaarotau ā Rautaki

Our strategic priorities

Global shifts and macro trends continue to shape the future and stability of aviation. However, local and national strategies are essential in defining our direction. Our strategic priorities are informed by a balance of location, national and global influences, focusing on the key factors that will drive our business over the next 12 to 36 months.

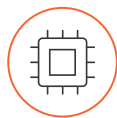
These strategic priorities are:



Progressive and resilient infrastructure

Optimising airport assets for commercial, infrastructure and climate resilience

- Storm water upgrades
- Apron and runway improvements
- New fire station



Digital transformation

Harnessing technology to advance all areas of the business

- Digital transformation strategy



Air service development

Creating new connections for the region while strengthening current connections

- Protect existing routes
- New routes
- Charter opportunities



Airport protection through stakeholder engagement

Minimisation of reverse sensitivities and the protection of long-term airport operations through public planning processes and stakeholder relationships.

- Input into planning processes
- Confirm and implement stakeholder engagement plan



Sustainable airport portfolio development

Enabling sustainable regional growth and revenue diversification

- Solar farm
- Aeropark infrastructure
- Tenant growth



Enhanced customer experience

Innovative, customer-centric solutions that provide commercial returns

- Terminal enhancements
- Car park improvements

Progressive and resilient infrastructure

We are committed to ensuring our assets are ready for growth and are resilient. This means investing in innovative infrastructure that not only accommodates increases in passenger numbers but also stands resilient against climate-related events. This includes a strategic investigation of the long-term infrastructure requirements to service future fleet requirements, which may include jet aircraft or low emission services.

Digital transformation

Digital transformation is no longer optional, it is a business imperative that will support sound decision making and investment across our business. Continuing the evolution of our data capture and communication will drive cost down and improve our cost base long term. Progress across this strategy will ensure innovative ways of doing business and shows our commitment to creating a future-driven campus.

Air service development

A weaker aviation landscape across New Zealand coupled with airline changes and advancement in aircraft technology means prioritising air service development is essential to stay current, front of mind and progressive. Creating our own opportunities through charters, that are tightly aligned with other regional markets, prove our viability as a visitor and business destination.

Airport protection through stakeholder engagement

Hawke's Bay Airport faces potential long-term operational restrictions as a result of the development of noise-sensitive activities or activities that increase bird strike risk in close proximity to airport operations or flight paths. We are committed to advocating for the minimisation of reverse sensitivities and the protection of long-term airport operations through public planning processes and stakeholder relationships.

Sustainable airport portfolio development

Diversifying revenue streams is essential to building long term commercial resilience. We will achieve this by maximising the potential of our existing assets and identifying new growth opportunities. At the same time, our commitment to environmental sustainability remains strong. Investing in renewable energy and enhancing resource efficiency are key strategic priorities as we continue to drive sustainable improvements across our operations.

Enhanced customer experience

Innovative, customer-centric solutions that provide commercial returns is the gold standard for airports around the world. Delivering the very best customer experience is not a lofty goal - it is a reality for all customer-focused businesses which is why our approach encompasses the entire journey, from park to plane. Our emphasis is not just removing friction points but elevating the overall experience ensuring every interaction adds value.

Te āpōpō

The future

Hawke's Bay is one of the fastest growing regions in New Zealand and has much to be proud of. A recent study undertaken by the Hawke's Bay Regional Economic Development Agency highlighted key areas of opportunity that could, and should, be harnessed to propel the region forward. Many of these opportunities are pertinent to the growth of Hawke's Bay Airport including better transport connectivity, regional tourism growth, skills gaps and opportunity in niche industries.

The Airport's position close to the sea and surrounded by wetlands is a risk with climate change and sea level rise, however we are committed to the long-term future of our location and are working with councils and other regional leaders to understand, map and implement resilience measures. One example of this is the construction of a new Fire Station that has been designed using sustainable building principles and is raised 1m from the ground as an additional resilience measure.

An aligned focus by all regional stakeholders is needed to ensure river, coastal and surface flood mitigations provide greater protection for not only the Airport, but the wider residential and commercial areas of Napier also vulnerable to climate change and sea level rise.

The domestic aviation landscape has shifted dramatically over the past year, with expectations of modest growth giving way to a decline in services nationwide. The current economic climate combined with operational challenges faced by Air New Zealand have contributed to this downturn. While Hawke's Bay Airport remains on a strong foundation, reduced passenger volumes are reflected in our financial planning.

Each year brings new challenges, but our strategic direction, robust business model and caring, connected and committed team are focused on delivering to our purpose and objectives.



Ngā whāinga matua – FY25/26

Key objectives – FY25/26

The following outlines our key objectives for FY25/26 and beyond.

Ā mātau mahi / Operations

We aim for excellence, safety and resilient infrastructure.

Objectives	Key performance measures (KPM)
Maintain legislative and regulatory compliance.	No significant legislative or regulatory breaches. No significant adverse audit findings by MPI, CAA or HBRC.
Provide collaborative and productive health, safety and wellbeing support to our team and Hawke's Bay Airport's tenants, business partners and visitors, including easy to use data and tools, and timely reporting.	Continuous improvement of the company's H&S management framework delivering improving KPI trends.
Develop progressive and resilient infrastructure that safeguards our future.	Fire Station construction completed. Robust Asset Management Plan processes are implemented, encompassing infrastructure planning, asset renewal and proactive maintenance schedules.
Customer experience enhanced through the implementation of an agreed Landside Strategy.	Carpark enhancements to ensure seamless journeys are developed and evidenced by improvements in passenger research survey feedback. Automated retail opportunities are investigated and a Go/No Go decision obtained following completion of a business case. NPS score shows improvement in all areas from the FY25 exit point.

Ā mātau tāngata / People

We're building a place where people thrive and grow.

Objectives	Key performance measures (KPM)
Nurture a culture of continuous improvement and value-driven work performance.	<p>Deliver a reward and recognition programme aligned to PDP's and organisational purpose.</p> <p>Create a shared understanding of wellbeing with resources in place to support the team.</p>

Tō mātau wāhi / Place

We're stewards of our land and environment.

Objectives	Key performance measures (KPM)
Understand impacts of climate risk.	Investigate site specific drivers of groundwater behaviours.
Understand the impacts of climate change and have plans to manage and mitigate its effects.	<p>Implementing the climate resilience roadmap that supports our decision to protect our site from the effects of climate change. The roadmap will also ensure environmental compliance requirements are met.</p> <p>Investigate broader ESG frameworks and supporting standards.</p>
Protect long term airport operations and license to operate.	<p>Participate in public planning processes and advocacy for future airport activity.</p> <p>Advocacy for stopbank resilience to ensure airport protection.</p> <p>Update Hawke's Bay Airport's Master Plan.</p>

Ngā rangapū mahitahi / Partnerships

We reflect and represent our region through strong relationships.

Objectives	Key performance measures (KPM)
Continuously improve our relationships with airport partners, customers and stakeholders.	A Stakeholder Engagement Plan is in action across our communities, iwi and stakeholders. Stakeholder engagement feedback trends positively.
Contribute to regional promotion and prosperity.	Demonstrate support for the region, its image and activities by providing promotional space at the airport to showcase events and activities across the region.
Develop an inter-regional charter flight strategy.	Partner with other airports and regions to formalise an actionable roll-out of charter flights with focus on regional attractions and events.

Te hōukuratanga / Prosperity

We're a sustainable, profitable business that delivers for Hawke's Bay.

Objectives	Key performance measures (KPM)
Optimise Shareholder returns.	Return on Equity greater than or equal to 5%. Net Profit After Tax greater than or equal to \$1.8M pre revaluation adjustments.
Pursue commercial opportunities.	Develop new revenue streams that include: <ul style="list-style-type: none">Growth of core businessLand asset developments
Use technology to optimise operational and business performance.	A digital transformation roadmap (including AI plan) is developed, and implementation is underway.

Hawke's Bay Airport is focused on resilient growth, balancing core operational excellence with strategic diversification and innovation.



Ngā matapaenga ā-ahumoni

Financial forecasts

The updated forecast to 30 June 2025 and the three outlying years have been based on passenger numbers delivered to 31 January 2025 and the passenger forecasts provided by Air New Zealand. These schedules demonstrate a softening in both passenger demand and route capacity, and these changes have been reflected in our forecasts. This has required growth expectations to be challenged and modest growth is assumed through the life of this SOL.

The per passenger charging mechanism is to be re-negotiated for FY26, and allows for upgrades needed to ensure our operation as an airport. The cost of capital reduces during the FY25/26 because of both interest rate and inflation movements. We anticipate further reductions in the coming years. Our cost base is largely stable, following growth in operating costs during FY25 due to asset ownership transfers for airfield lighting, and increases in airport maintenance costs as we increase service levels. Our capital spending programme sees improvements to our infrastructure with a new fire station and key resilience programmes top of mind.

Hawke's Bay Airport acknowledges that the world and domestic economies are impacted by low GDP performance, coupled with other worldwide events (wars and extreme climate-related events). While we remain confident in being able to deliver our targets, our forecasts reflect a reduced disposable income and propensity to spend which will continue to have an impact on FY26. We will ensure our shareholders are provided with regular updates of actual and projected results as they come to hand.

Statement of Intent - Headlines and Financial Metrics

July 2025 - June 2028

	Jul 24- Jun 25 Actual/Proj	Jul 25 - Jun 26	Jul 26 - Jun 27	Jul 27 - Jun 28
Passenger Numbers	620,821	625,562	649,493	681,624
Forecast Revenue	14,742,484	14,572,653	15,887,520	17,548,993
EBITDA	8,502,309	8,202,209	9,384,082	10,909,778
EBITDA Margin	57.7%	56.3%	59.1%	62.2%
NPAT	2,034,450	1,784,301	2,311,382	3,250,961
Net Profit after Taxation Margin	13.8%	12.2%	14.5%	18.5%
Total Assets	92,706,564	99,204,780	105,525,488	112,543,310
Total Debt	24,903,855	27,996,415	30,221,659	32,059,355
Return on Equity %	3.8%	3.1%	3.8%	4.9%
Shareholders Funds to Total Assets	57.7%	57.3%	57.6%	58.4%
Gearing Ratio D/(D+E)	31.75%	33.02%	33.22%	32.77%
Cash Flow Available for Debt Servicing (CFADS) ¹	7,781,752	7,435,631	8,308,781	9,531,319
CFADS: Interest	5.2x	4.6x	4.7x	5.0x
Debt Service Coverage Ratio (DSCR) ²	5.2x	4.6x	4.7x	5.0x
EBITDA:Debt	43%	36%	37%	40%

Notes:

1. CFADS is defined as Net Profit After Tax, plus depreciation and amortisation, less cash taxes, less/plus extraordinary items such as revaluations. It is broadly equivalent to Free Funds from Operations.
2. DSCR is CFADS divided by Total Debt Servicing. Debt servicing is interest plus principal and is calculated after a "Cash Sweep" where all cash in excess of \$500,000 is used to repay debt.

Prospective Summary Statement of Comprehensive Income

July 2025 - June 2028

	Jul 24- Jun 25 Actual/Proj	Jul 25 - Jun 26	Jul 26 - Jun 27	Jul 27 - Jun 28
Passenger Numbers	620,821	625,562	649,493	681,624
Revenue				
Aeronautical	9,930,725	9,532,840	10,506,435	11,769,337
Non-Aeronautical	4,811,760	5,039,813	5,381,085	5,779,657
Total Revenues	14,742,484	14,572,653	15,887,520	17,548,993
Operating Expenditure	6,240,176	6,370,444	6,503,438	6,639,215
EBITDA	8,502,309	8,202,209	9,384,082	10,909,778
Depreciation	3,916,201	4,311,901	4,625,586	4,839,532
EBIT	4,586,108	3,890,308	4,758,496	6,070,247
Fair value gain on Investment Property	-	410,895	434,401	471,724
Interest Expense	1,508,971	1,618,748	1,781,473	1,905,799
Profit before Income Tax	3,077,137	2,682,454	3,411,424	4,636,172
Income Tax Expense	1,042,686	898,154	1,100,042	1,385,211
Net Profit after Tax	2,034,450	1,784,301	2,311,382	3,250,961

Prospective Summary Statement of Financial Position

July 2025 - June 2028

	Jul 24- Jun 25 Actual/Proj	Jul 25 - Jun 26	Jul 26 - Jun 27	Jul 27 - Jun 28
Current Assets				
Cash and cash equivalents	500,000	500,000	500,000	500,000
Trade Receivables	1,050,150	1,038,052	1,131,714	1,250,065
Derivatives & Other	843,328	818,276	880,436	961,589
Total Current Assets	2,393,478	2,356,328	2,512,150	2,711,654
Non Current Assets				
Plant and equipment	73,717,398	79,321,145	84,074,332	90,128,252
Investment property	16,477,192	17,461,342	18,906,023	19,703,404
Other Non-Current Assets	118,496	65,965	32,983	0
Total Non Current Assets	90,313,086	96,848,452	103,013,338	109,831,656
TOTAL ASSETS	92,706,564	99,204,780	105,525,488	112,543,310
Current Liabilities	3,699,604	3,773,869	3,849,626	3,926,904
Non Current Liabilities				
Total Debt	24,903,855	27,996,415	30,221,659	32,059,355
Other Non Current Liabilities	10,568,943	10,636,994	10,709,109	10,787,191
Total Non Current Liabilities	35,472,798	38,633,409	40,930,768	42,846,547
TOTAL LIABILITIES	39,172,402	42,407,278	44,780,394	46,773,450
NET ASSETS	53,534,162	56,797,502	60,745,094	65,769,860
Capital and Reserves				
Share Capital	13,789,155	13,789,155	13,789,155	13,789,155
Reserves	16,631,987	18,111,026	19,747,235	21,521,040
Retained Earnings	23,113,020	24,897,321	27,208,703	30,459,665
TOTAL EQUITY	53,534,162	56,797,502	60,745,094	65,769,860

Prospective Summary Statement of Cashflows

July 2025 - June 2028

	Jul 24- Jun 25 Actual/Proj	Jul 25 - Jun 26	Jul 26 - Jun 27	Jul 27 - Jun 28
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Revenues	14,631,422	14,584,751	15,793,858	17,430,642
	14,631,422	14,584,751	15,793,858	17,430,642
<i>Cash was disbursed to:</i>				
Suppliers and employees	(4,714,737)	(6,325,458)	(6,539,086)	(6,693,120)
Interest Paid	(1,193,139)	(1,550,471)	(1,738,603)	(1,862,929)
Income Tax Paid	(752,936)	(791,518)	(988,570)	(1,266,985)
	(6,660,812)	(8,667,447)	(9,266,259)	(9,823,035)
Net Cash Flows from Operating Activities	7,970,610	5,917,304	6,527,600	7,607,607
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Sales of fixed assets	-	-	-	-
<i>Cash was disbursed to:</i>				
Capital Works	(8,988,419)	(9,009,864)	(8,752,844)	(9,445,303)
Investments	-	-	-	-
	(8,988,419)	(9,009,864)	(8,752,844)	(9,445,303)
Net Cash Flows from Investing Activities	(8,988,419)	(9,009,864)	(8,752,844)	(9,445,303)
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Borrowings received	1,903,855	3,092,560	2,225,244	1,837,696
	1,903,855	3,092,560	2,225,244	1,837,696
<i>Cash was disbursed to:</i>				
Borrowings repaid	-	-	-	-
Dividends	(992,910)	-	-	-
	(992,910)	-	-	-
Net Cash Flows from financing Activities	910,945	3,092,560	2,225,244	1,837,696
Opening Cash	606,864	500,000	500,000	500,000
Net Increase in Cash and Cash Equivalents	(106,864)	-	-	-
Closing cash and cash equivalents	500,000	500,000	500,000	500,000

Whakapaunga pūrawa

Capital expenditure

Hawke's Bay Airport continues to invest in its infrastructure in line with passenger numbers, asset management condition assessments and Civil Aviation Authority safety and security requirements. While we continue to identify opportunities to further diversify our non-aeronautical revenue streams, the key capital focus remains on positioning the airport to be fit for the future. This means building resilience but taking opportunities to transform our site through technology enhancements. Capital expenditure is based on what we know now and could be subject to change.

Capital expenditure programmes will be presented to the Board when supported by a robust business case and funding capability. Budgeted capital expenditure is summarised in the table below. Long-term capital expenditure associated with our aeronautical infrastructure is provided for as per the long-term maintenance plan, prepared and updated annually by Aecom Limited.

Prospective Summary of Capital Expenditure

July 2025 - June 2028

	Jul 24- Jun 25 Actual/Proj	Jul 25 - Jun 26	Jul 26 - Jun 27	Jul 27 - Jun 28
Aviation	2,508,400	2,210,000	2,091,000	4,989,000
Commercial	1,205,800	1,205,000	2,110,000	1,997,000
Property	1,196,000	1,945,000	3,847,000	1,740,000
Other *	3,880,000	3,300,000	200,000	-
Total Capital Expenditure	8,790,200	8,660,000	8,248,000	8,726,000

*Includes fire station project

Ngā kaupapahere mahi kaute

Accounting policies

The accounting policies adopted by Hawke's Bay Airport are consistent with New Zealand's International Financial Reporting Standards and generally accepted New Zealand accounting practices.

The policies are included within Hawke's Bay Airport's annual report, which is available on the company's website:

www.hawkesbay-airport.co.nz/our-strategy-and-future-plan/

Ngā tohanga

Distributions

The Directors will, in consultation with Shareholders, set and review the dividend policy periodically and, where fiscally prudent, recommend dividend payments that are cognisant of Hawke's Bay Airport's earnings, capital expenditure and future investment requirements.

A dividend payment was made in the 2025 financial year. Future dividends are subject to trading conditions at the time. The company will continue to reinvest capital in core assets, and re-gear the balance sheet to support upcoming investments in airport infrastructure and resilience.

At present, the dividend policy assumes a band of 45 – 65% of NPAT as a dividend, but as previously noted this should remain subject to discussion with Shareholders as to the suitability of this approach. Additionally, any dividend payment is subject to the solvency provisions of the Companies Act 1993 and the forecast economic conditions in which the company is expected to be operating.

Hawke's Bay Airport places a strong focus on strategies of revenue diversification and resilience which underpin a sound foundation for revenue recovery and balance sheet growth. In addition, a key focus on digital transformation opportunities will place the Airport in a strong future position. These strategies will create enhanced financial returns and maximise value to Shareholders through an appropriate balance of reinvestment and dividend.

A strong net profit after tax result is forecast for the upcoming 2024/25 financial year and subsequent periods. These forecasts are included in this SOI and are conditional on New Zealand maintaining the status quo and not being materially affected by external economic shock factors.

Ngā kōrero ka tukuna ki ngā kaiwhaipānga

Information to be provided to shareholders

Shareholders will receive:

- An annual report including audited financial statements within three months of balance date.
- A six-monthly report including non-audited financial statements within two months of balance date.
- A quarterly report within one month of the end of each quarter.
- A Statement of Intent submitted for Shareholders' consideration in accordance with the Local Government Act 2002.
- Other interim financial reports as agreed with the Shareholders.
- Reports on matters of material interest to Shareholders. Shareholders will continue to be kept informed of key developments, consistent with the Crown's 'no surprises' policy.
- Hawke's Bay Airport Limited is also required to comply with the disclosure requirements of a specified airport company pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations.
- Compliance with the NZX Corporate Governance Code to ensure full disclosure of the CEO's base salary and both short and long-term incentives.

Ngā tukanga hopu

Acquisition procedures

The acquisition of any interest in a company or organisation will be considered to ensure it is consistent with the long-term commercial objectives of the company. Any material acquisition will be the subject of consultation with Shareholders.

Major transactions as defined by the Companies Act 1993 will require Shareholder approval.

Kua tonoa he utu paremata i ngā kaiwhaipānga o te rohe

Compensation sought from local body shareholders

At the request of the Shareholders, Hawke's Bay Airport may undertake activities that are not consistent with normal commercial objectives. In these circumstances, Hawke's Bay Airport may seek a specific subsidy to meet the full commercial cost of providing such activities. None are contemplated in the planning period.

Te matapaetanga o te wāriu arumoni

Estimate of commercial value

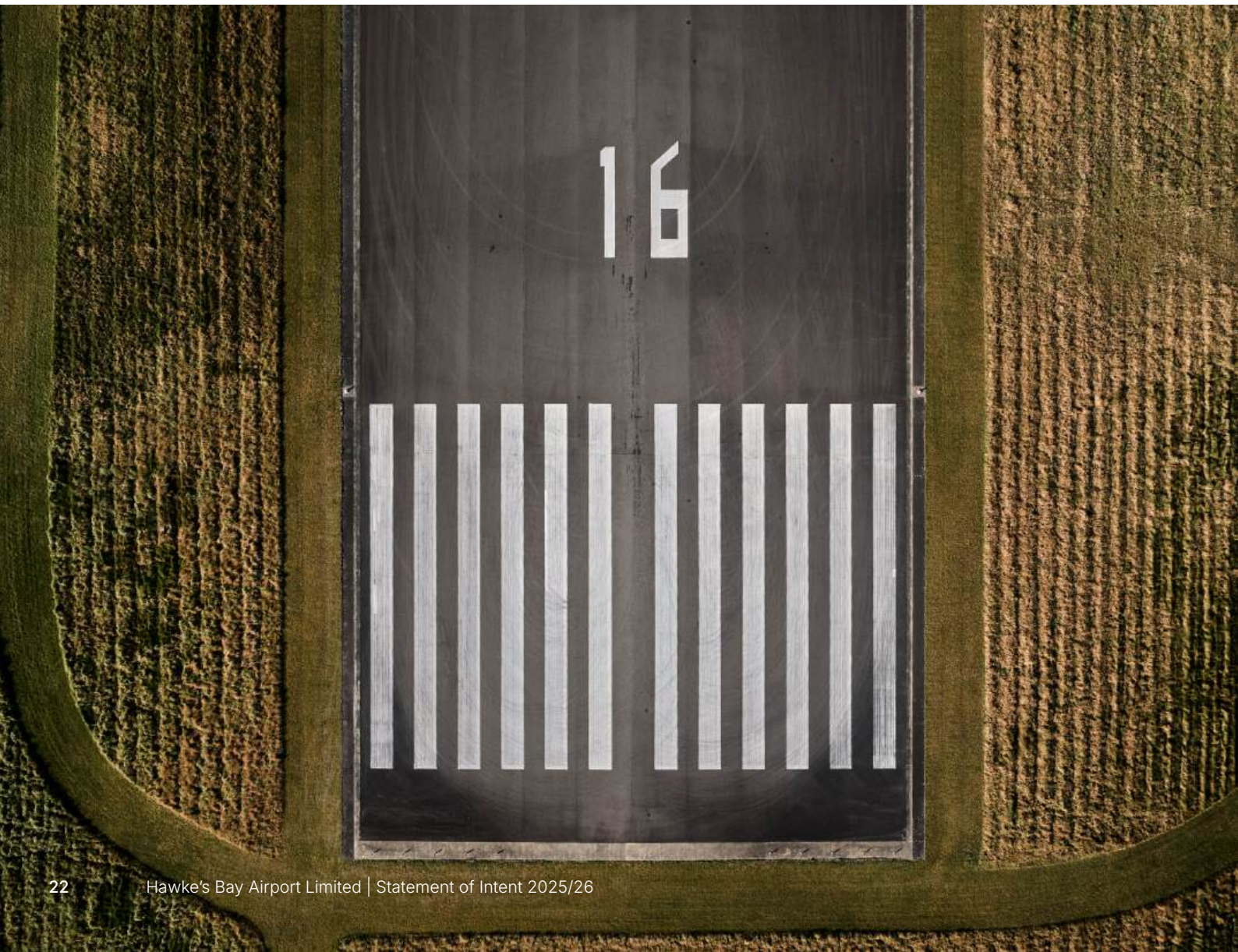
The value of Shareholders' investment in Hawke's Bay Airport as at 31 December 2024 was \$53.8M.

The airport's assets and investment property have been revalued to fair value as at 30 June 2024. This resulted in an increase in Shareholders' Equity of \$1.1M. The Board and Management believe this provides more relevant and reliable information to Shareholders about the business's financial position and performance.

The property, plant, equipment, and investment property (non-current assets) owned by Hawke's Bay Airport were revalued at 30 June 2024 to their current market value of \$85.1M.

Hawke's Bay Airport will continue to undertake a revaluation approach to its assets on a yearly cycle or when there has been a significant change in the market, to consider the gap between current book values of the assets and liabilities versus the commercial value of the business.

Hawke's Bay Airport's total land holding is 230ha and is comprised of leasehold land (in perpetuity from Napier City Council and Hastings District Council) and freehold land.



Āpitihanga A: Te wāhi ki te Poari Ringatohu me ngā whāinga kāwanatanga

Appendix A: Board of directors role and governance objectives

The Board has four directors, two of whom are appointed by Napier City Council and Hastings District Council and two of whom are appointed by the Crown. The Board meets regularly with Hawke's Bay Airport leadership to review the company's performance and provides quarterly, half-yearly and annual business performance reports to Shareholders.

Role of the Board of Directors and governance objectives

In carrying out its principal function, the Board's specific responsibilities and objectives include:

- a. Ensuring that the company has adequate management resources to achieve its objective, to support the CEO, and has a satisfactory plan for Management succession in place.
- b. Reviewing and approving the strategic, business, and financial plans prepared by Management and developing a depth of knowledge of the company's business to understand and question the assumptions upon which such plans are based and to reach an independent judgement on the probability that such plans can be achieved.
- c. Reviewing and approving material transactions not in the ordinary course of the company's business.
- d. Reviewing operating information to always understand the state of health of the company.
- e. Considering Management recommendations on key issues, including acquisitions and divestments, restructuring, funding, and significant capital expenditure.
- f. Approving policies and overseeing the management of strategic business risks, safety, sustainability, occupational health, and environmental issues with the following aims:
 - i. To manage risk throughout the company's operation in order to protect its shareholders, employees, assets, earnings, and reputation.
 - ii. To comply with all relevant legislation.
 - iii. To encourage employees to actively participate in the management of environmental and occupational health and safety issues.
 - iv. To employ consultants where required to raise standards or improve existing conditions.
 - v. To use energy and other resources efficiently.
 - vi. To encourage the adoption of similar standards by the company's principal suppliers, contractors, and vendors.
- g. Approving and fostering a corporate culture which requires Management and every employee to operate to the highest level of ethical and professional behaviour.

- h. Setting and monitoring adherence to major policies, including capital investment, treasury, accounting and financial, executive remuneration, and delegated authority limits.
- i. Approving the appointments by, or at the request of, the company (including its affiliates) to the boards of subsidiary and associate companies.
- j. Monitoring the company's performance against its approved strategic, business, and financial plans and overseeing the company's operating results on a regular basis to evaluate whether the business is being properly managed.
- k. Ensuring ethical behaviour by the company, the Board and Management, including compliance with the company's constitution, the relevant laws, and the relevant auditing and accounting principles.
- l. Reporting to Shareholders on its stewardship. Information is to be communicated to Shareholders through:
 - i. The annual report, which is distributed to all Shareholders. The Board is to ensure that the annual report includes relevant information about the operations of the entity during the year, changes in the state of affairs of the entity and details of future developments, in addition to other disclosures required by the Companies Act and financial reporting requirements.
 - ii. Result announcements regarding the annual, quarterly, and half-yearly results.
 - iii. Annual statement of intent.
 - iv. Media releases.
 - v. The annual meeting, and other shareholder meetings called to obtain approval for Board actions as appropriate. The company will provide notification of Shareholder meetings at least 10 working days prior to the meeting and not later than 15 months after the previous meeting.
 - vi. The company's website.
- m. Ensuring that Shareholders can easily communicate with the company, including providing Shareholders with the option to receive communications electronically.
- n. Ensuring that the company's Shareholder reporting meets the requirements of the Owner's Expectation Manual which can be found on the Treasury's website <https://treasury.govt.nz/publications/guide/owners-expectations>, including:
 - i. Ensuring that financial reporting is balanced, clear and objective. The Board should explain to Shareholders how operational and financial targets are measured.
 - ii. Ensuring that the company provides non-financial disclosures to Shareholders at least annually. These should consider environmental, economic, and social sustainability factors and practices.
 - iii. Ensuring that the company reports to Shareholders on material risks facing the business and how these are being managed. Reporting should disclose how the company manages its health and safety risks and the performance and management of those risks.
 - iv. Ensuring that the company discloses any internal audit functions.
- o. Select and (if necessary) replace the CEO.
- p. Assess, from time to time, its own effectiveness in carrying out these functions and the other responsibilities of the Board.



HAWKE'S BAY AIRPORT

hawkesbay-airport.co.nz