



Annual Report
Te Pūrongo Ā-Tau
2025

Connecting people,
business and the region





Waiho i te toipoto, kaua i te toiroa

Let us keep close
together, not far apart

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connecting

Hawke's Bay Airport is the gateway to a region brimming with possibilities.

Our role is simple but powerful: to enable connection, drive regional prosperity and inspire local pride.

We are more than an airport; we are a place where visitors arrive with fresh energy, where businesses reach out to new markets, and where our community connects with opportunities far beyond the horizon.

This report reflects our effort and determination to grow a vibrant and sustainable business for the prosperity of our region and its future.

Hawke's Bay Airport is a regional airport with a global mindset and a clear purpose to connect people, business and the region in meaningful ways.

people



Tūhono tāngata, pakihi me te rohe
Connecting people, business and the region

business

region





Te Pūrongo a te Heamana me te Tumu Whakarae **Chair and CEO's report**

Hawke's Bay Airport has continued to evolve as a vital regional asset, resilient in the face of national aviation headwinds, focused on long-term sustainability, and committed to delivering for our community.

Our purpose is a simple one; to connect people, business and the region in meaningful ways. To deliver on our purpose we have developed a framework built around four business areas: Planes, Passengers, Portfolio and Profile.

Planes - We are focused on maintaining and growing air connectivity. This includes working alongside carriers to explore growth opportunities, new routes and charter potential, and having resilient fit-for-purpose infrastructure that enables future aviation growth.

Passengers - We are committed to delivering a seamless, customer-focused experience, from car park to departure gate. This year we continued to refine our data tools and make operational improvements in parking and terminal flow.

Portfolio - Our airport campus continues to diversify, with 230 hectares supporting economic development, employment, and energy initiatives. With a solid tenant base, we will continue to make strategic investments for future growth.

Profile - We are actively engaged in regional planning, advocating for long-term aviation security, and ensuring developments near the airport support, rather than compromise our operations.

These business areas are underpinned by our pou, ensuring we care for and use our land wisely (Place), invest in strong and lasting relationships (Partnerships), operate safely and efficiently (Operations), grow a thriving workforce (People), and remain financially sound (Prosperity).

Financial overview

Despite a softening domestic aviation market during the reporting period, Hawke's Bay Airport Limited (HBAL) remained financially stable and operationally resilient. Total passenger numbers for the year were 612,388, an 8% reduction on our Statement of Intent (SOI) target. This had flow on effects to revenue, with FY2025 reporting \$14.75m compared with our targeted SOI projection of \$15.45m. However Net Profit after Tax (NPAT) was \$3.28m, a \$0.4m improvement on SOI targets and significantly improved on 2024, which was impacted by a one-off legislated income tax change. Key factors for the favourable NPAT performance this year include the flow through of reduced interest rates, favourable depreciation charges due to timing of key spending and prudent management of operating expenses. As in previous years, the annual revaluation of the company's investment property and property, plant and equipment was completed.

"We remain a strong voice for the future of aviation as a lever for social and economic prosperity..."

Infrastructure and projects

The company delivered significant capital works in line with our Asset Management Plan. This plan continues to be the foundation for our investment in renewing and building new core assets.

The strength of our capital planning and project delivery is critical in keeping airport assets secure and functional now and into the future, and is a fundamental cornerstone of our operations.

Projects included completing significant airfield power and lighting upgrades, which are critical in ensuring enhanced reliability and safety. This was a highly technical project and was completed ahead of time and on budget. We also commenced construction of our new fire station, which is an innovative timber construction rated at IL4 resiliency. This asset will future-proof operations well into the future and is expected to be completed in March 2026. Our runway and apron overlay works were completed, and significant remedial works were undertaken in the car park. These projects are all critical components of our infrastructure resilience programme and contribute to our goal of future-proofing and sustaining Hawke's Bay Airport as a critical lifeline utility.

Regional engagement

One of our most important strategic imperatives is protecting our ability to operate a safe and fully compliant airport, including 24/7 operations for aero medical flights. This year we continued proactive engagement with regional and district planning frameworks. Our submissions to the Napier City Council District Plan and the Hastings and Napier Future Development Strategy emphasised the importance of planning rules that maintain operational safety, including minimising bird strike in line with our CAA requirements, and managing encroachment of residential development near the airfield.

We remain a strong voice for the future of aviation as a lever for social and economic prosperity and are committed to shaping sustainable growth while retaining the flexibility needed to serve our region's aviation needs.

Safety and people

Internally, our Health, Safety and Wellbeing (HSW) strategy continues to mature. This year we completed a full review of our Health, Safety and Security manual (now submitted to the Civil Aviation Authority), delivered new training programmes, and launched a three-year roadmap for campus-wide safety improvement. We've also invested significantly in our people and systems. A refreshed Human Resource programme has strengthened our internal capability, built greater process resilience, and set us up to support a high-performing team in the years ahead.

As Chair from November 2024, and on behalf of the Board, I welcome the appointment of Nick Flack as Chief Executive in early 2025. Nick has quickly gained the confidence of our team, stakeholders and shareholders, bringing clarity and energy to our strategic direction. It is also important to acknowledge and commend the HBAL team for their performance in the months leading up to Nick's arrival.

We acknowledge the exceptional service of Wendie Harvey, who stepped down after nine years on the Board, five of those as Chair. Wendie's stewardship has left the airport in a strong position, with solid foundations for resilience and growth. We wish Wendie the very best in her future endeavours.

The region

Collaboration with others remains essential for the airport's success and long-term regional prosperity. We recognise that Hawke's Bay's prosperity is a collective effort. We strive to be recognised as a trusted and credible regional enabler. We want to see growth in visitor numbers through initiatives like major regional and business event attraction. This drives inbound air travel and economic activity, and business attraction, by showcasing Hawke's Bay's connectivity and infrastructure readiness. We want to work collaboratively with councils, iwi, government and industry partners to support joined-up, aspirational regional planning. Hawke's Bay Airport is committed to playing an active role in the economic and social development of Hawke's Bay as a region.

Looking ahead

As we look ahead to next year and beyond, our priorities are to:

- Manage costs amid economic uncertainty.
- Grow diversified revenue to reduce exposure to aviation cycles.
- Deliver infrastructure that secures our future.
- Advocate for safe, efficient, and sustainable regional aviation.
- Attract and retain a high performing and engaged team.

We remain steadfastly committed to our purpose, to connect people, business and the region in meaningful ways. With strong foundations, a clear strategy, and dedicated people, Hawke's Bay Airport is well-positioned to support our region's future.

Finally, thank you to everyone who helps make Hawke's Bay Airport the strong regional business it is. To our shareholders for your continued support, our regional stakeholders for your valued input, company directors, the airport team and wider community for your daily commitment, and to our customers for choosing to connect through our doors.



Jon Nichols
Chair



Nick Flack
CEO

Ngā ngahuru me ngā whakahirahira

Metrics and highlights



Passengers

612K

↓ 8% on SOI
↓ 7% on FY24



Revenue

\$14.8M

Achieved through
higher passenger
spend rate and
landing charges



Equity Growth

\$2.4M

↑ Due to capital
investment
programme
and valuation
increases

NPAT

Net Profit After Tax

\$3.3M

Driven by higher
revenues, favourable
financing charges
and fair value gains
on property

EBITDA

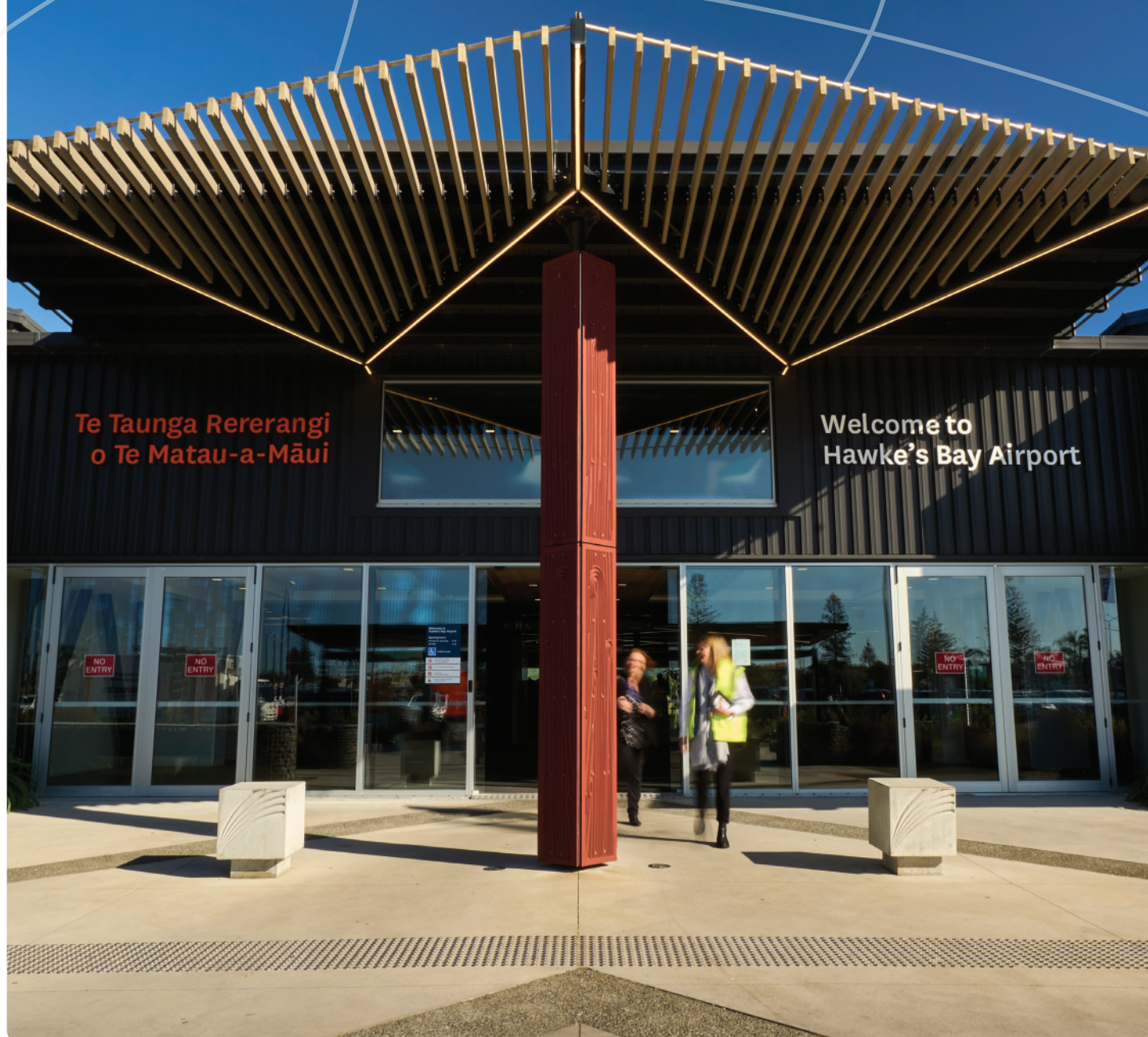
Earnings Before Interest, Tax,
Depreciation, and Amortisation

\$8.5M

↑ Up from \$7.3M
on FY24

- Submission to the Hastings and Napier Future Development Strategy
- New fire truck delivered (July 2024)
- Car Park Reseal and Rental Car Valet Extension – completed
- Full pricing consultation with Air New Zealand for 3-year period – completed
- NCC District Plan Review submission and hearings
- New fire station – construction commenced
- Airside Power and Lighting Project and ownership transfer to HBAL – completed

"We remain steadfastly committed to our purpose - connecting people, business and our region in meaningful ways."



Te Aronga me te Tirohanga Whānui

Purpose and vision

our purpose

We connect people, business 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 journeys 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.



partnerships

We reflect and represent our region through strong relationships.



prosperity

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

Ngā waka rererangi

Planes

At its core, an airport exists to enable aircraft to land and take off safely. But more broadly, airports like ours are enablers of regional growth, community and business connectivity, and economic impact.

These functions underpin our Planes business, where we focus on delivering resilient, fit-for-purpose infrastructure, maintaining a positive and forward-looking mindset, and taking a proactive approach to airline partnerships. Our goal is simple: to help find and fill planes, ensuring Hawke's Bay Airport maintains the best possible connectivity to national destinations.

Passenger numbers were affected this year by softer economic conditions, reduced aircraft capacity, and a reduction in demand for travel driven by cost of living pressures and the rising cost of airfares. However, Hawke's Bay's broad appeal as a destination and diverse visitor mix gives us confidence in a stable outlook and future growth.

We continue to work closely with airline partners and regional tourism organisations (RTOs) here and around the country to stimulate demand and prepare for future developments in aircraft type, size, and frequency.

The Great Wine Capitals initiative remains Hawke's Bay's only global tourism positioning. That's why we continue to support the initiative along with Hawke's Bay Tourism, Hastings District Council, Napier City Council, Hawke's Bay Wine Growers and EIT (Eastern Institute of Technology); to transform this unique position into a compelling regional narrative to attract international visitors.

Supporting aviation careers

In partnership with Napier Aero Club, Hawke's Bay Airport hosted the region's first Aviation Careers Day. More than 200 students from multiple schools explored a wide range of aviation businesses, both local and national. The impact was immediate for one of our tenants, Red Airworx, who took on a Year 12 student for work experience one day a week, has accelerated her career pathway into the industry.

Infrastructure for the future

We were the first airport in New Zealand to complete a full upgrade of runway power and lighting, delivering enhanced resilience and safety. This major project required months of planning and collaboration across multiple agencies. All works were carried out overnight to avoid disruptions to regular passenger transport. The result: an intelligent, resilient runway lighting system designed to serve the next 30 years of airport operations.

We proudly celebrated major industry recognition at the 2024 NZ Airports Association Awards, where our apron overlay works project won the medium airport Infrastructure Project of the Year. This achievement highlights the outstanding collaboration between our team, tenants, airport users and contractors.

Our emergency response capabilities also took a leap forward with the arrival of a new Rosenbauer fire appliance, delivered as part of a national joint procurement initiative. A naming competition captured the community's imagination, culminating in the unveiling of "Judy Drench" at a celebratory event.

Another major milestone in our resilience journey was breaking ground on our new fire station. Positioned at the southern end of the airport, it is designed to IL4 standards, elevated 1.2 metres above ground level for extra resilience, and follows green building design principles. It is built to serve the airport's needs for the next 50 years.



Health, safety & security

While often behind the scenes, health and safety is always our top priority. This year saw the launch of a new Health, Safety and Security (HS&S) programme for the airport community. "Champion Charlie" was introduced as a relatable character to connect people with what truly matters, ensuring

everyone gets home safely at the end of the day. Champion Charlie embodies our HS&S values with warmth and personality, helping us engage a wide audience across the airport campus. Why Charlie? Named after our Taxiway 'Charlie' it's a name that can be applied to anybody.



Ngā Kaieke

Passengers

From car park to departure gate, we are committed to delivering an innovative, seamless experience for passengers and visitors alike. Increasingly, airports are not just transit points, they are places of experience, reflecting the regions they serve.

Our Passengers business is focused on how people engage with and move through our terminal spaces, identifying improvements to enhance the journey, and embracing innovation through digital tools and design.

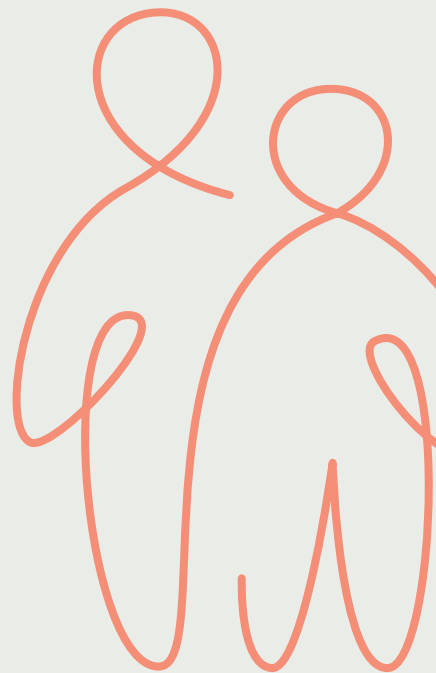
Passenger survey data continues to help guide our terminal upgrades and investment planning. These insights are shaping how we prioritise improvements to the customer experience.

Enhancing the experience

This year, we enhanced our airport arrivals area with refreshed road and terminal signage. A new Great Wine Capitals signpost in the forecourt highlights Hawke's Bay's global wine connections by showing distances to the other eleven great wine regions of the world.

Improving customer flow was another key focus. Notable upgrades included the installation of automatic doors at the arrivals and check-in areas, along with resurfacing of car parks and pick-up/drop-off zones. These relatively simple changes collectively deliver a significant improvement in the passenger journey, enhancing the overall sense of ease and efficiency.

Inside the terminal, we created a dedicated space for our youngest travellers. Captain's Corner, a custom-built children's play area featuring a cockpit, runway track, and interactive wall activities, has been a popular addition. Located near the café, it's been a winner for kids and caregivers alike. Special thanks to ASB Bank and Designgroup Stapleton Elliott for their support of this project.



We also embraced opportunities to create fun and engagement within the terminal throughout the year. Highlights included:

- Air New Zealand's Sweetstake Lolly Barrel, giving Airpoints members the chance to win the grand prize of 50,000 Airpoints Dollars.
- A celebration of our Great Wine Capitals status with a new wine tourism inspired mural in the arrivals hall.
- Incredible metal sculptures showcasing the inaugural Hawke's Bay Sculpture Trail, which ran alongside the nationally recognised F.A.W.C! event.
- Pop-up appearances from local sweet treat favourites Stuffed Donuts and Sugar On Top, adding delightful local flavour to the terminal experience.
- Air New Zealand chose Hawke's Bay Airport as a location to launch the new Airpoints loyalty partnership with Everyday Rewards from Woolworths NZ.

Charging has landed

In partnership with ChargeNet and EECA, we proudly launched our first customer EV charging station at the airport. Featuring two fast chargers located along the airport's ring road, this initiative supports both regional EV use and our broader sustainability goals.



Passenger insights

Our customers come from all walks of life, and understanding how they interact with and experience our terminal is a vital part of our infrastructure planning. Over a year on from launching our passenger survey programme, we are now using real-time insights to guide meaningful improvements and inform future terminal development.

Our passengers:

36% Local

64% Visitors

Reason for travel:

33% Visiting Friends and Relatives

30% Business

26% Leisure

8% Other

One of our key focus areas has been optimising car park flow and systems, identified by passengers as a high priority. These insights are helping us make targeted, data-informed decisions that enhance the customer journey at every touchpoint. Future improvements inside the terminal are already planned with the aim of continuing to enhance the experience for all our customers.

Where are our customers going:

32% Auckland

16% Christchurch

10% Wellington

11% Napier (Survey completed by arriving passengers)

10% Other NZ

21% International Destination

66% Direct flight to final destination

34% Indirect flight to final destination

6,476 survey responses from
01/07/2024 to 30/06/2025

Ara Mahi Portfolio

We're developing our airport land to support regional growth and create a sustainable business model through revenue diversification. This requires long-term, strategic thinking aligned with the evolving needs of both the airport and the wider region.

We're also focused on long-term climate and natural hazard resilience and are now using the Resilience Explorer (REx) tool to make better-informed decisions about future development, and to understand the full range of risks affecting our operations, assets and mitigation requirements.

Enabling business growth

A key focus is the planned expansion of our commercial precinct into a thriving business hub. Despite economic headwinds and changing planning landscapes, we've made important progress in understanding our land and infrastructure needs for future development. We're proud of the planning and advocacy work completed in this space which will enable commercial use in the future.

Our stormwater planning demonstrates how future developments can responsibly capture and redirect stormwater, laying the groundwork for responsible, climate-resilient growth.

We were pleased to complete the rental car facility extension during the year. This development gives rental car companies confidence and capacity to grow their operations at Hawke's Bay Airport to meet customer demand.

Despite broader economic challenges, our tenants have shown remarkable resilience. Our largest commercial tenant, ABB, continues to deliver globally sought-after products from their Hawke's Bay Airport base. Their success is a powerful example of how major businesses can thrive in our region, and we look forward to welcoming more businesses like them to our campus in the future.



"A key focus is the planned expansion of our commercial precinct into a thriving business hub."

Our carbon footprint – FY25

As part of our ongoing commitment to the internationally recognised Airport Carbon Accreditation Level 4+ Transition we continue to:

- Measure and report our greenhouse gas inventory annually and have this independently verified
- Implement emission reduction actions
- Partner with stakeholders to address scope 3 emissions and
- Contribute to zero-emission aviation in New Zealand

For the 2025 financial year we've calculated our greenhouse gas inventory in alignment with the Greenhouse Gas Protocol (2004), which has been verified by Opportune.



	FY25 tCO ₂ e		FY24 tCO ₂ e		Comments
	Location Based ¹	Market Based ²	Location Based	Market Based	
Scope 1	48	48	47	47	A market-based reporting approach applies to purchased electricity, which is reported in Scope 2 (for HBAL's electricity use) and Scope 3 (for tenant electricity use). Market based reporting does not apply to Scope 1 emissions.
Scope 2	98	3	73	0	In April 2025, the airport switched supply for 6 electricity connections including the tenanted car valet building. This supplier does not supply certified carbon neutral electricity.
Total S1+2	146	51	120	47	
Scope 3	19,934	19,907	18,923	18,904	FY24 S3 differs to previous reporting due to updated calculation approach in ACERT V7.0 tool
Total Gross GHG Emissions	20,080	19,958	19,043	18,951	
Offsets ³	65	65	60	60	Purchased from Gold Standard Marketplace to compensate for residual S1+S2 + business travel emissions as per ACA L4+.
Net GHG Emissions	20,015	19,893	18,983	18,891	

Footnotes

¹ The location-based approach uses the national grid supplied electricity emission factor

² A market-based approach uses a supplier specific emission factor

³ FY25 credit retirement certificate at

https://retirement-certificates-registry.goldstandard.org/retirement_certificates/424b12fc-6e09-488c-b5e2-b85215edf6b7

Kāhua Tangata

Profile

Successful regions have successful airports; ones that actively advocate, support and create opportunity. Hawke's Bay Airport is a key voice for regional growth and prosperity. We take this role seriously, using our profile to represent the region's best interests, across local government, business, and community stakeholders.

As a critical infrastructure asset, protecting the Airport's long term operational future is essential to safeguarding the region's aviation connectivity necessary to support social and economic prosperity. That's why we take an active role and a firm position in regional planning processes.

This year, we participated in the Napier City Council District Plan Review. To safeguard our aviation operations, and we made a robust submission and followed through during hearings, to ensure our interests were well understood.

It's been especially encouraging to see Napier City Council and Hastings District Council working together on the Future Development Strategy (FDS). We successfully advocated for our greenfield commercial land to be included in the strategy — a key step toward future regional readiness for growth.

We were also pleased to submit in support of Hawke's Bay Regional Council's Regional Public Transport Plan, which includes a proposed airport bus stop to the network. The plan was formally adopted by the Regional Council in June 2025 and we look forward to its launch in early 2026.

Supporting community & culture

Supporting local events and charities is both a privilege and a responsibility. This year, we continued to sponsor two of the region's flagship events - Art Deco Festival Napier and Hawke's Bay Marathon, as well as our other valued sponsorships, including Biodiversity Hawke's Bay, Big Brothers Big Sisters Hawke's Bay, and the ExportNZ ASB Hawke's Bay Export Award. We continue to support and partner with the Great Wine Capitals initiative.

Closer to home, we created several unique events to connect with our local community. A highlight was the return of Run the Runway in March 2025, the final event of our 60th anniversary celebrations, where 190 runners completed a four-kilometre dash from Departures to Arrivals. More than \$4,000 was raised and donated to the Graeme Dingle Foundation to support young people to explore their future career pathways.

Biodiversity Week 2025 focused on how we can each take small actions at home and at work to support and protect our natural environment. It was a valuable opportunity for education and reflection across our airport community.

"Closer to home, we created several unique events to connect with our local community."

Airport tours continue to play an important role in building visibility and strengthening our connection with the community. This year, groups from local retirement villages, schools across Hawke's Bay, and Year 11 and 12 students affiliated with the Graeme Dingle Foundation toured the terminal, met airline staff, firefighters, and the wider airport team, and gained first-hand insight into aviation careers. These and other visits are a valuable way for us to create personal, lasting connections between the airport and the people we serve.

In addition to hosting airport tours, Hawke's Bay Airport took part in the Graeme Dingle Foundation's Futuropoly careers event which is a creative, game-based approach to career exploration. More than 950 students had the opportunity to connect with

over 50 businesses, including ours, gaining hands-on insight into a wide range of industries and future career pathways.

We continue to value our collaborative relationship with Mana Ahuriri, grounded in mutual respect and a shared commitment to the economic, social, cultural and environmental future of our region. This partnership has been particularly important in development matters in and around the airport, including long term airport development, the vision for Ahuriri Station neighbouring the airport, and Ahuriri Regional Park. We remain committed to working alongside Mana Ahuriri, now and into the future.



Te Hapori o Te Taunga Rererangi o Te Matau-a-Māui Hawke's Bay Airport community

Airport community is at the centre of everything we do. It's home to the daily connections and interconnecting journeys that give meaning to our purpose: connecting people, business and the region in meaningful ways.

From passengers and meeters and greeters, to tenants, partners and staff, every individual contributes to the energy, rhythm and success of the airport. Our annual report offers a moment to acknowledge these people and the many shared moments that shape our airport community.



de Havilland Dragon II arrives
for Art Deco



Kea Kids interview with
Airport Fire Service



Run the Runway



Hawke's Bay Airport team members



Car park resurfacing crew



Fire



Judy Drench naming competition winner



Graeme Dingle Foundation, airport tour



Rob Mudgway (Red Airworx) and Year 12 student Keeley Ramsay on her aviation work placement

Te poari me ngā whakahaere o te taunga rererangi

Airport Board and management

Board of Directors

Jon Nichols
Chair
From
Nov 2024



Craig Barrett
Director



Darin Cusack
Director



Wendie Harvey
Director
Retired
May 2025



Senior Management

Nick Flack
**Chief Executive
Officer**



Rochelle Ham
**Chief Financial
Officer**



Deb Suisted
**Manager,
Compliance
and Operations**

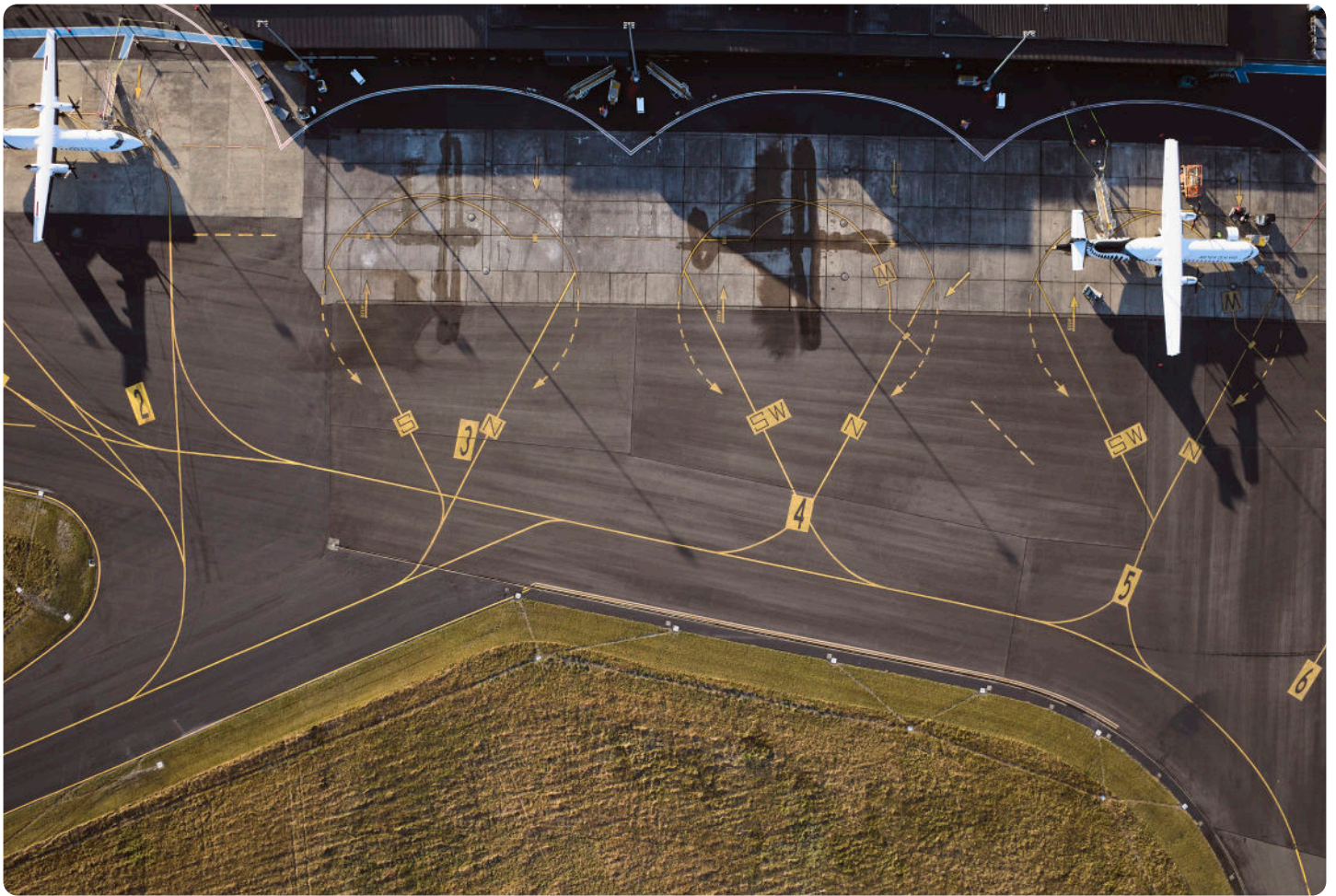


Gavin
Carey-Smith
**Senior Asset &
Infrastructure
Manager**



Judi Godbold
**Manager,
Marketing
and Business
Growth**





Pūrongo Pūtea

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Corporate report

For the year ended 30 June 2025

Hawke's Bay Airport Limited (the Company) is a company incorporated in New Zealand under the Companies Act 1993 and is owned by the Crown: 50%; Napier City Council: 26%, Hastings District Council: 24%.

The Company is domiciled in New Zealand and its principal place of business is 111 Main North Road, Westshore, Napier. Hawke's Bay Airport Limited is defined as a Council-Controlled Trading Organisation (CCTO) pursuant to Part 5 of the Local Government Act 2002.

Hawke's Bay Airport provides airport facilities, infrastructure and supporting aeronautical services. The Company earns revenue from aeronautical activities, retail and rental leases, car parking facilities, transport operators, advertising, conference revenue and tenants occupying sites within its business park.

Directors

Board appointments and retirements

Wendie Harvey retired as Chair on 12 November 2024, while remaining as a director until her retirement on 31 May 2025.

Jon Nichols was appointed Chair from 12 November 2024.

Craig Barrett was reappointed as a Director by the Crown for a three year term, commencing 1 July 2024.

Directors' remuneration

The amount of \$185,134 per annum was paid to Directors holding office in the 12 months to 30 June 2025.

		\$
W N Harvey	Chairperson (retired 12 November 2024), Director (retired 31 May 2025)	\$49,322
J E Nichols	Chairperson (from 12 November 2024)	\$60,536
C M Barrett	Chairperson - Audit, Finance & Risk Committee (from 12 November 2024)	\$39,214
D R Cusack	Chairperson - People and Performance Committee (from 12 November 2024)	\$36,062
		\$185,134

Additionally, Darin Cusack has been paid \$86,003 for providing consulting services to the company, of which \$47 is outstanding at year end.

No other remuneration or benefits other than normal reimbursement of expenses has been paid or given to Directors.

Board committees

As at 30 June 2025 the Company had an **Audit, Finance and Risk Committee** comprised of two Directors, being Craig Barrett (Chair), and Jon Nichols. The Audit, Finance and Risk Committee is responsible for monitoring the financial performance and reporting of the Company. The Committee is also responsible for ensuring that Management has established an operational risk management framework.

At 30 June 2025 the Company also had a **People & Performance Committee**, which was established by the Board on 28 September 2021. This is comprised of two Directors, being Darin Cusack (Chair) and Jon Nichols.

The People and Performance Committee is responsible for advising and making recommendations to the Board on the Company's remuneration framework for the Chief Executive and Executive Managers, performance assessment and reward programmes, and key strategic people initiatives.

Directors' interests

As at 30 June 2025, the Directors have declared general disclosure of interest in the following entities:

J E Nichols

Eastland Generation Limited	Director
Hastings District Council	Independent Chair of Risk & Assurance Committee - Resigned 14 Oct 2024
Maungaharuru-Tangitū Charitable Trust	Independent Chair of Audit and Risk Komiti
Ngawha Generation Limited	Director - Resigned 5 May 2025
Nichols Consulting Limited	Director/Shareholder
Top Energy Limited	Director - Resigned 24 April 2025
Unison Networks Limited	Director - Appointed 1 August 2024

C M Barrett

Ahuahu Group Limited (formerly Te Kupenga o Maniapoto)	Director
Baker Tilly Waikato Limited (including Baker Tilly Trustee Companies)	Director
Hineuru Cherri (5H) Extension Limited	Director - Resigned 30 May 2025
Hineuru Holdings Limited	Director
Hineuru Orchard (Waverley) GP Limited	Director - Resigned 30 May 2025
K3 (GP) Limited	Director - Resigned 30 June 2025
Kahikatea No. 6 Limited	Director
Kahutia General Partner Limited	Director
Obsidian Capital Management Limited	Director/Shareholder
Tainui Group Holdings Limited	Director
Waikato Regional Economic Development Limited (Te Waka)	Director
Waikato-Tainui Fisheries Limited	Director

D R Cusack

DC & Co Ltd (formerly Absolute Solutions Group Limited)	Director
Airways Corporation of New Zealand Limited	Deputy Chair
Airways International Limited	Director
Ashburton Contracting Limited	Director
Auckland One Rail Limited	Acting Chair
Auckland Transport	Chair - Independent Project Control Group - Resigned August 2024
Canterbury Cricket Association	Director
Civil Aviation Authority of NZ	Director - Appointed 8 August 2024
CSC Group Limited	Director/Shareholder
Te Whatu Ora HSC Implementation Steering Committee	Chair - Independent - Resigned 1 December 2024
Youth Hostel Association New Zealand	Director - Independent - Resigned 29 November 2024

W N Harvey - Retired 31 May 2025

Aurora Energy Limited	Director
Counties Energy Limited	Director - Appointed 10 March 2025
Eastland Infrastructure Limited	Director - Appointed 18 July 2024
Eastland Investment Properties Limited	Director - Appointed 1 July 2024
Eastland Port Limited	Director
Excellence in Business Solutions Limited	Director/Shareholder
Hawke's Bay Regional Recovery Agency	Board Member
Gisborne Airport Limited	Director
Port Taranaki Limited	Director
TAB NZ Limited	Director
Unison Networks Limited	Director - Appointed 1 August 2024

Details of any related party transactions made during the year are shown in Note 19 of the Notes to the Financial Statements.

Board attendance

Director	Position	Tenure	Meetings Attended	Of a Possible
W N Harvey	Chair	Eleven Months - 5 Months Chair, 6 Months Director	8	9
J E Nichols	Director/Chair	Full Year - Director/AFRC Chair to 12 November 2024, Chair from 12 November 2024	9	9
C M Barrett	Director/AFRC Chair	Full Year - AFRC Chair from 12 November 2024	8	9
D R Cusack	Director	Full Year - People and Performance Chair from 12 November 2024	9	9

Employee remuneration

The number of employees or former employees who received remuneration and other benefits of \$100,000 or more for the year ended 30 June 2025 and prior was as follows:

Remuneration	Number of employees	
	2025	2024
\$100,001 - \$110,000	1	1
\$120,001 - \$130,000	1	1
\$130,001 - \$140,000	1	-
\$150,001 - \$160,000	2	1
\$190,001 - \$200,000	-	3
\$200,001 - \$210,000	2	-
\$230,001 - \$240,000	1	-
\$370,001 - \$380,000 (Former Employee)	-	1

Chief Executive Officer Remuneration

In the financial year ended 30 June 2025, the role of Chief Executive was paid total remuneration of \$133,269, which consists of base salary from commencement date being 3 February 2025. Actual salary paid includes holiday pay paid as per legislation (2024: \$374,520).

Auditors

The Office of the Auditor General is appointed as auditor under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Pam Thompson of Deloitte Limited was re-appointed to provide these services.

Dividends

A fully imputed dividend was paid to Shareholders during the 2025 year of \$992,910 (2024: Nil).

Directors responsibility statement

The Directors are responsible for ensuring that the financial statements and the Statement of Service Performance present fairly the financial position of the Company as at 30 June 2025 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies consistently applied, and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.







Statement of service performance

For the year ended 30 June 2025

Operations

We ensure a safe, secure and intuitive customer journey for all.





We strive for excellence.

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Maintain legislative and regulatory compliance	No significant legislative or regulatory breaches.	30/06/25	No breaches identified.	
	No significant adverse audit findings by MPI, CAA or HBRC.	30/06/25	No inspections conducted during FY2025.	
Provide collaborative and productive health, safety and wellbeing support to our team and HBAL 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.	30/06/25	<p>The new HBAL Health and Safety Management System (HSMS) is under development with 9 of the 10 high priority items complete. Improvements rolled out during FY2025 include:</p> <ul style="list-style-type: none"> - Finalising health and safety risk register associated with HBAL assets and operations. - Emergency plan training delivered to team in November 2024. Bomb threat training delivered during March 2025. - Health, Safety and Wellbeing survey undertaken in February 2025 and a subcommittee from the team formed to address issues identified as key by the team. <p>Near miss reporting is increasing due to the roll out of QR codes to all staff, contractors and tenants.</p>	
Develop progressive and resilient infrastructure that safeguards our future	Fire Station design completed, consented and construction-ready.	30/06/25	The New Fire Station has been designed, tendered and the project awarded to the preferred contractor. Building Consent has been granted and the project is now in the construction stage.	
	Robust Asset Management Plan processes are implemented, encompassing infrastructure planning, asset renewal and proactive maintenance schedules.	30/04/25	<p>Asset Management Plan update complete and approved by Board. Pavement Condition Assessment report completed in April 2025 and provides a roadmap for works required on pavement assets which has been prioritised based on condition with the 10 year capital plan, with works estimated to begin in Quarter 2, FY2026.</p> <p>Airfield Pavement Condition Report complete. 10 year Capital Plans aligned with infrastructure planning.</p> <p>Maintenance schedules and processes established in conjunction with defined Service Level Agreements with suppliers of key equipment to ensure these assets are maintained in optimal condition. The Service Level Agreements outline scope of services and maintenance intervals to ensure proactive rather than reactive maintenance is undertaken.</p>	
	Customer Experience enhanced through the implementation of an agreed Landside Strategy. This will include landside opportunities and offerings, and associated performance measures.	16/10/24	The Landside Strategy was presented to the Board in October 2024, including a timeline of projects to be implemented. Implementations completed by year end include: Customer Kiosk installation and recruitment of Customer Services Officers, Carpark Masterplan completed, AI shop feasibility study complete, vending machines introduced. Cleaning contract tendered in September 2024 and awarded to new vendor which has improved overall customer satisfaction as evidenced through Passenger Research Survey results.	

People

We treat our people with respect, empower them with knowledge and allow them to flourish.

A great place to work.

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Nurture a culture of continuous improvement and value-driven work performance	A competency framework is developed, outlining role expectations and required capabilities and skills.	30/09/24	A full HR framework has been implemented during FY2025. This includes competencies by role and outlines the training matrices to be implemented and reviewed for FY2026.	
	A learning and development matrix is established that aligns with the competency framework to support our team to develop the capabilities and skills they need to succeed.	31/12/24	A matrix summarising all roles was designed in December 2024 which will be reviewed with individuals as part of the FY26 goal setting process and updated as required.	
	Our team is upskilled in how to provide and receive feedback by establishing a structured process for feedback and recognition programme.	31/3/25	Feedback training deferred to Quarter 1 FY26	
	Staff satisfaction rating shows a positive trend.	31/3/25	Team climate survey rolled out to team in March 2025 as a follow up to the survey completed in 2024. 17 of the 18 invited team completed and metrics are showing improvement on the survey completed last year. Key areas of improvement are leadership which reflects the CE appointment, Engagement, and Team Culture.	



Completed / Achieved



In Progress






Not Started/On Hold

Strategic pou

Place

We ensure our airport's future through strategic sustainability and resilience practices.

We safeguard our land.



Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Understand the impacts of climate change and have plans to manage and mitigate its effects	Develop a roadmap that supports our decisions to defend our site from the effects of climate change. The roadmap will also ensure environmental compliance requirements are met.	31/03/25	A roadmap on Climate Change and Resilience was developed and presented to the Board in October 2024. This roadmap includes:- Implementation of Resilience Explorer tool in September 2024 - Investigation of reporting requirements alignment with Aotearoa Climate Reporting Standards, and an internal report was delivered in June 2025 - Involvement in Airport Council International Climate Change Adaptation Working Group	
	Maintain ACA Level 4+ Transition while investigating broader ESG frameworks and supporting standards	31/10/24	Independent verification of FY24 Green House Gas inventory has been completed. ACA Level 4+ is retained until February 2026, interim report has been submitted and approved. Review of ESG Frameworks presented at October 2024 Strategy Day and outcome of shareholding negotiations to be considered prior to selection of appropriate framework.	
Ready and capable for a sustainable aviation future	Collaborate with airlines and others in the aviation sector to understand and prepare for future aviation requirements.	30/06/25	Air New Zealand have confirmed Hawke's Bay Airport will be included in the Next Gen demonstrator aircraft flights from Hamilton. Consultation with NZ Air Ambulance Service underway given their decision to purchase eVTOL fleet in the coming years. The Masterplan refresh has been updated to include potential infrastructure changes to allow for electric aircraft and eVTOL.	

Strategic pou

Partnerships

We foster positive and enduring relationships with our customers, partners and community.

We reflect our region.





Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Continuously improve our relationships with airport partners, customers and stakeholders	A Stakeholder Engagement Plan is developed and implemented.	30/06/25	Plan approved by Board and implemented. Quarterly updates are presented to the Board to demonstrate progress against plan. Chief Executive Stakeholder Engagement plan launched in February 2025 to ensure relationships are formed between identified airport key stakeholders and the Chief Executive.	
	Stakeholder engagement feedback trends positively.	30/06/25	A follow-up survey was completed with key stakeholders in February 2025. Significant improvements in this group's perception of the airport have been recorded in Passenger Airline, Business Partner & Advisor, and Aeronautical tenant groups across all pillars of trusted, credible, regional enabler and sustainable.	

Strategic pou

Prosperity

We maximise commercial returns, to provide value for our stakeholders and our region. We create new connections for the region.

A profitable, sustainable business.

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Optimise shareholder returns	Return on Equity greater than or equal to 4.5%.	30/06/25	Return on Equity at 5.97%	
	Net Profit After Tax greater than or equal to \$2.8M pre-revaluation adjustments.	30/06/25	Pre valuation year end NPAT \$2.76M compared to SOI \$2.8M - adjustment reflects reduction in Passengers through FY25 and the impact on associated revenues.	
Pursue commercial opportunities	Develop new revenue streams that include: - Growth of core business - Land asset developments	30/06/25	New hangar tenants in place (Air Napier, Aroha Helicopters) in HBAL owned buildings. APEX Car rental agreement signed confirming new 'customer' area at the southern end of the airport. Valet car park successfully designed, consented and delivered to rental car companies. Retail space and opportunities under review with self service convenience and vending opportunities being reviewed.	
Use technology to optimise operational and business performance	A digital transformation roadmap is developed and implementation is underway.	30/06/25	A roadmap outlining key deliverables for the next 3 years was presented to the Board in October 2024. Key deliverables implemented during FY25 include: AI training for team (delivered February - April 2025), development of AI policy (approved by Board September 2024) to provide guidance on adoption and use, Urban intelligence Explorer tool implemented as the start of a Digital Twin model for the airport campus, AI shop concept and feasibility study completed March 2025 and continued development of Lime data dashboards are providing insights into the impacts of airfares, flight delays and passenger feedback.	



Completed / Achieved



In Progress



Not Started/On Hold

Statement of comprehensive income

For the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Aeronautical		11,173,218	9,454,994
Ground Transport		2,894,647	2,918,429
Business Park		420,205	391,649
Other Revenue		262,877	266,152
Total Revenue	4	14,750,947	13,031,224
Less Operating Expenses	5	(6,240,502)	(5,763,113)
Operating Profit after Operating Expenses		8,510,445	7,268,111
Depreciation	10	(3,310,951)	(3,029,272)
Fair value gain on Investment Property	11	519,134	223,294
Finance Income	6	189,236	322,412
Finance Expense	6	(1,506,774)	(1,689,608)
Net Profit before income tax		4,401,090	3,094,937
Income Tax Expense*	7	(1,122,932)	(3,949,990)
Net Profit/(Loss) after income tax		3,278,158	(855,053)
<i>Items that will not be reclassified into profit or loss:</i>			
Revaluation of Property, Plant & Equipment, net of deferred tax		435,000	1,310,972
Change in fair value of derivatives, net of deferred tax	9	(304,688)	(168,911)
Total Comprehensive Income		3,408,470	287,008

* Income tax (2024) consists of income tax payable on normal business operations \$888,471 and the write back of building depreciation claimed in prior years that is no longer deductible \$3,061,519.

Statement of changes in equity

For the year ended 30 June 2025

	Issued Capital \$	Retained Earnings \$	Revaluation Reserve \$	Cash Flow Hedge Reserve \$	Total Equity \$
Balance at 1 July 2023	13,789,155	21,946,649	15,962,666	507,202	52,205,672
Comprehensive income for the year	-	(855,053)	-	-	(855,053)
Revaluation of Property, Plant & Equipment (net of tax)	-	-	1,310,972	-	1,310,972
Cash Flow Hedge Reserve - Interest Rate Swaps (net of tax)	-	-	-	(168,911)	(168,911)
Reclassification of depreciation on revalued assets (net of tax)	-	489,942	(489,942)	-	-
Total comprehensive income	-	(365,111)	821,030	(168,911)	287,008
Distributions to shareholders	-	-	-	-	-
Movement in equity for the period	-	(365,111)	821,030	(168,911)	287,008
Balance at 30 June 2024	13,789,155	21,581,538	16,783,696	338,291	52,492,680

	Issued Capital \$	Retained Earnings \$	Revaluation Reserve \$	Cash Flow Hedge Reserve \$	Total Equity \$
Balance at 1 July 2024	13,789,155	21,581,538	16,783,696	338,291	52,492,680
Comprehensive income for the year	-	3,278,158	-	-	3,278,158
Cash Flow Hedge Reserve - Interest Rate Swaps (net of tax)	-	-	-	(304,688)	(304,688)
Revaluation of Property, Plant & Equipment (net of tax)	-	-	435,000	-	435,000
Reclassification of depreciation on revalued assets (net of tax)	-	541,124	(541,124)	-	-
Total comprehensive income	-	3,819,282	(106,124)	(304,688)	3,408,470
Distributions to shareholders	-	(992,910)	-	-	(992,910)
Movement in equity for the period	-	2,826,372	(106,124)	(304,688)	2,415,560
Balance at 30 June 2025	13,789,155	24,407,910	16,677,572	33,603	54,908,240

Statement of financial position

As at 30 June 2025

	Notes	2025 \$	2024 \$
Current assets			
Cash and cash equivalents		640,773	617,478
Trade and other receivables	8	1,206,171	3,163,512
Derivatives	9	12,879	262,741
Total current assets		1,859,823	4,043,731
Non current assets			
Property plant and equipment	10	74,519,805	68,738,994
Investment property	11	16,949,817	16,405,793
Derivatives	9	33,792	207,108
Total non-current assets		91,503,414	85,351,895
Total assets		93,363,237	89,395,626
Liabilities			
Trade and other payables	12	1,299,815	2,441,407
Employee benefits		247,816	167,889
Provision for retentions payable	13	-	22,415
Current tax liabilities		1,116,184	702,349
Total current liabilities		2,663,815	3,334,060
Deferred tax liability	7	9,442,146	10,043,068
Rentals in advance	12	449,036	525,818
Borrowings	14	25,900,000	23,000,000
Total non-current liabilities		35,791,182	33,568,886
Total liabilities		38,454,997	36,902,946
Net assets		54,908,240	52,492,680
Equity			
Issued capital	15	13,789,155	13,789,155
Retained earnings		24,407,910	21,581,538
Reserves	16	16,711,175	17,121,987
Total equity		54,908,240	52,492,680

These financial statements were authorised for issue by the Board of Directors of Hawke's Bay Airport Limited on 19 September 2025.



J E Nichols
Chair



C M Barrett
Director & Audit, Finance & Risk Committee Chair

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2025

	2025 \$	2024 \$
Cash flows from operating activities		
<i>Cash was provided from:</i>		
Revenues	14,552,799	12,956,158
Interest received	189,236	322,412
	14,742,035	13,278,570
<i>Cash was disbursed to:</i>		
Suppliers and employees	(6,384,025)	(6,027,153)
Goods & Services Tax (Net)	(416,013)	(132,252)
Interest paid	(1,506,774)	(1,689,608)
Income tax (Net)	(1,191,718)	(1,105,582)
	(9,498,530)	(8,954,595)
Net cash flows from operating activities	5,243,505	4,323,975
Cash flows to investing activities		
<i>Cash was disbursed to:</i>		
Capital works	(7,127,300)	(4,437,056)
Net cash flows from investing activities	(7,127,300)	(4,437,056)
Cash flows from financing activities		
<i>Cash was provided from:</i>		
Borrowings received	2,900,000	5,000,000
<i>Cash was disbursed to:</i>		
Borrowings repaid	-	(5,000,000)
Dividends paid	(992,910)	-
Net cash flows from finance activities	1,907,090	-
Net movements in cash and cash equivalents	23,295	(113,081)
Add opening cash and cash equivalents	617,478	730,559
Closing cash and cash equivalents at end of year	640,773	617,478
<i>Represented by:</i>		
Cash at bank	639,086	606,864
Cash in hand	1,687	10,614
	640,773	617,478

AP

The following definitions have been used for the preparation of the Statement of Cash Flows:

Cash and Cash equivalents: Cash and cash equivalents are cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities: Transactions and other events that are not investing or financing activities.

Investing activities: Activities relating to the acquisition, holding and disposal of non-current assets and of investments, such as securities, not falling within the definition of cash.

Financing activities: Activities which result in changes in the size and composition of the capital structure of the Group, both equity and debt not falling within the definition of cash.

Notes to the financial statements

For the year ended 30 June 2025

1 Summary of material accounting policy information

These financial statements are for Hawke's Bay Airport Limited (the Company)

The principal accounting policies adopted in the preparation of the financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of Preparation

Hawke's Bay Airport Limited is a company registered under the New Zealand Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993.

i) Compliance with NZ IFRS RDR

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). The Company is a for-profit entity for the purpose of complying with GAAP. The financial statements comply with IFRS Accounting Standards, other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The Company is eligible and has elected to report in accordance with Tier 2 For-Profit Accounting Requirements (NZ IFRS RDR) on the basis that the Company has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Company has applied a number of disclosure concessions.

These Financial Statements are presented in New Zealand dollars (\$), which is the functional and presentation currency of the Company, rounded to the nearest dollar.

ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

iii) New and Amended Standards Adopted by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing 1 July 2024:

- Disclosure of fees for audit firms' services - amendments to FRS 44
- Non-current liabilities with covenants - amendments to NZ IAS 1
- Classification of liabilities as Current or Non-current - amendments to NZ IAS 1

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b) Cash & Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Fair Value of Investment Property

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles of NZ IFRS 13 Fair Value Measurement.

Changes to market conditions or to assumptions made in the estimation of fair value may result in changes to the fair value of investment property. The carrying value of investment property and the valuation methodology are disclosed in note 11.

b) Fair Value of Property, Plant & Equipment

Critical estimates are included in the fair value of property, plant and equipment. The carrying value of property, plant and equipment and the valuation methodology are disclosed in note 10. Management has exercised its judgement on the selection of depreciation rates, and the classification of financial assets, and the classification of assets between property, plant and equipment, and investment property.

3 Financial risk management

AP

The Company is party to financial instruments as part of its normal day to day operations. The main financial instruments are:

- Cash and cash equivalents
- Accounts receivable
- Derivatives
- Trade payables
- Borrowings

The Company has no off balance sheet financial instruments.

Fair Value of Investment Property

All financial assets and financial liabilities carrying amounts are a reasonable approximation of fair value. The fair value estimates were determined by the following methodologies and assumptions.

Cash & cash equivalents The reported amounts approximate fair value.

Trade receivables The reported amounts approximate fair value because they are assessed for impairment and all amounts are receivable within three months of balance date.

Derivatives The reported amounts approximate fair value based on the present value of the estimated future cash flows based on observable yield curves.

Trade payables The reported amounts approximate fair value because they are payable in the short term.

Borrowings The reported amounts approximate fair value because they are at market interest rates.

Fair Value Estimation

Assets and liabilities are recorded at fair value and are valued according to the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs rather than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial Assets

The Company classifies its financial assets in the following categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortised cost. The classification depends on the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. At balance date, the Company had financial assets classified as amortised cost. Derivatives are measured at fair value and classified as FVTPL if not designated in a hedge accounting relationship. Refer to note 9 for Derivatives designated in a hedging relationship.

Amortised Cost

Financial assets at amortised cost have contractual terms that give rise to cash flow on specified dates that are solely principal and interest and are held within a business model whose objective is to hold assets in order to collect those contractual cash flows.

Purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed.

After initial recognition, amortised cost financial assets are carried at amortised cost using the effective interest method, less impairment.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Trade payables and borrowings are classified as financial liabilities.

The Company holds the following financial instruments:

	2025	2024
	\$	\$
Financial assets		
<i>Measured at amortised cost</i>		
Cash and cash equivalents	640,773	617,478
Trade and other receivables	1,025,325	905,027
<i>Measured at fair value</i>		
Derivative financial instruments	46,671	469,849
	1,712,769	1,992,354

Prepayments and GST receivables do not meet the definition of a financial asset and have been excluded from the above table.

	2025	2024
	\$	\$
Financial liabilities		
<i>Measured at amortised cost</i>		
Trade and other payables	886,576	1,422,012
Borrowings	25,900,000	23,000,000
	26,786,576	24,422,012

Accrued expenses and rentals in advance do not meet the definition of a financial liability and have been excluded from the above table.

4 Revenues

	2025 \$	2024 \$
Aeronautical	11,173,218	9,454,994
Ground transport	2,894,647	2,918,429
Business park	420,205	391,649
Other revenue	262,877	266,152
	14,750,947	13,031,224

AP

Revenue is recognised as the amount of consideration expected to be received in exchange for providing services or transferring promised goods to a customer. Revenue is shown net of Goods and Services Tax (if applicable), returns, rebates and discounts.

Aeronautical income consists mainly of landing charges, aircraft parking, concessions, airfield and terminal rentals. Landing charges and aircraft parking are recognised at a point in time when the airport facilities are used. Concessions, airfield and terminal rentals are recognised over time.

Ground Transport revenue includes carparking fees which are recognised as revenue and charged on an hourly and daily basis, the satisfaction of the performance obligation is over time. Revenue is measured based on published transaction prices. Revenue from partner rental car companies is recognised as revenue on an accrual basis in accordance with agreements.

Business park revenue leases certain buildings and properties. As Hawke's Bay Airport retains substantially all the risks and benefits of ownership these are treated as operating leases. Lease income is recognised in the profit or loss on a straight line basis over the term of the lease. Any payments received for periods after balance date are accrued as rental in advance. Business Park revenue includes all rental income from tenants occupying sites on the business park investment property.

Advertising revenue is recognised on a straight line basis over the term of the lease where the Airport is the lessor.

Other revenue includes use of the conference facilities, subsidies and adjustments using a Discounted Cashflow approach to rents received in advance.

There are no significant accounting judgements, estimates and assumptions relating to revenue.

Payment terms are generally due in the month following invoice.

5 Expenses

	2025 \$	2024 \$
Directors' fees	185,134	142,247
Employee benefits	2,127,544	2,332,278
Consultancy fees	657,891	572,431
Insurance	689,187	611,953
Computer/IT costs	113,387	87,576
Other expenses	2,467,359	2,016,628
	6,240,502	5,763,113

Auditor's fees

The following fees are included within other expenses above:

Audit and review of financial statements and performance report

Audit and review of financial statements and performance report	117,886	103,725
Total audit or review related services	117,886	103,725

Other services

Audit or review related services

Assurance engagement	30,000	-
Total other services	30,000	-

Total fees paid to auditors

147,886	103,725
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Other services comprise the reasonable assurance over Hawke's Bay Airport Limited's disclosure financial statements in accordance with the requirements of the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

There were no taxation or advisory services provided by the audit firm.

6 Finance costs - Net

	2025 \$		2024 \$
Interest expense	1,493,120		1,662,747
Insurance financing	13,654		26,861
	1,506,774	-	1,689,608
Finance income			
Interest income - interest rate swaps	(189,236)		(322,412)
	(189,236)	-	(322,412)
Finance Costs - Net	1,317,538		1,367,196

AP

Borrowing costs are expensed when incurred and are recognised using the effective interest rate. Borrowing costs identified as directly attributable to the construction of the terminal have been capitalised in accordance with NZ IAS 23 where applicable. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is reflective of the weighted average interest rate applicable to the entity's borrowings during the year 5.84% p.a (2024: 7.03% p.a).

7 Taxation

	2025 \$	2024 \$
A. Income tax expense		
Current tax	1,605,364	742,466
Deferred tax	(482,432)	3,207,524
Income tax expense	1,122,932	3,949,990
B. Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before Income tax expense	4,401,090	3,094,937
Taxation @ 28%	1,232,305	866,582
Adjusted for the tax effect of:		
Revaluation of investment property (land)	(117,600)	-
Non deductible expenses	10,384	13,105
Impact of the removal of tax depreciation on buildings	-	3,061,519
Prior years (over)/under provision	-	8,784
Other	(2,157)	-
Income tax expense	1,122,932	3,949,990

C. Deferred tax liabilities

	2025	2024
	\$	\$
Opening balance	10,043,068	6,391,407
Charged/(credited) to profit or loss	(482,432)	3,207,524
Charged to other comprehensive income	(118,490)	444,137
Closing balance	9,442,146	10,043,068

The balance comprises temporary differences attributable to:

	Balance 1 July 2023	Recognised in profit or loss	Recognised in OCI	Balance 30 June 2024
	\$	\$	\$	\$
Holiday pay	(26,561)	(3,549)	-	(30,110)
Employee entitlements	(9,076)	9,076	-	-
Intangibles	(47)	-	-	(47)
Income in advance	(192,236)	(2,525)	-	(194,761)
Runway refurbishment	207,737	350,067	-	557,804
Capitalised interest	60,006	(16,038)	-	43,968
Depreciation and revaluation of property, plant & equipment	3,865,111	-	509,824	4,374,935
Asset base and depreciation differences	1,388,666	2,849,030	-	4,237,696
Interest rate swaps	197,246	-	(65,687)	131,559
Revaluation of investment property	900,561	62,522	-	963,083
Other accruals	-	(41,059)	-	(41,059)
Closing balance	6,391,407	3,207,524	444,137	10,043,068

	Balance 1 July 2024	Recognised in profit or loss	Recognised in OCI	Balance 30 June 2025
	\$	\$	\$	\$
Holiday pay	(30,110)	(18,479)	-	(48,589)
Intangibles	(47)	-	-	(47)
Income in advance	(194,761)	19,521	-	(175,240)
Runway refurbishment	557,804	(100,572)	-	457,232
Capitalised interest	43,968	(16,038)	-	27,930
Depreciation and revaluation of property, plant & equipment	4,374,935	-	-	4,374,935
Asset base and depreciation differences	4,237,696	(388,221)	-	3,849,475
Interest rate swaps	131,559	-	(118,490)	13,069
Revaluation of investment property	963,083	27,758	-	990,841
Other accruals	(41,059)	(6,401)	-	(47,460)
Closing balance	10,043,068	(482,432)	(118,490)	9,442,146

AP**Income tax expense**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

8 Trade and other receivables

	2025 \$	2024 \$
Trade receivables	1,024,425	904,127
Prepayments	75,065	2,128,306
Other receivables		
GST receivable/(payable)	105,781	130,179
Other receivables	900	900
	1,206,171	3,163,512

Trade and other receivables are stated at net realisable value after expected credit losses. During the year ended 30 June 2025, the expected credit loss is \$9,016 (2024: \$34,960).

AP

Trade and other receivables are stated at net realisable value after expected credit losses. Expected credit losses associated with financial assets are carried at amortised cost. At each reporting date, the credit risk on a financial asset is assessed to determine whether there has been a significant increase in the credit risk by considering both forward looking information and the financial history of counterparties to assess the probability of default or likelihood that full settlement is not received. A loss allowance is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the Trade Receivable) that the Company will not be able to collect all of the amounts due under the original terms of the invoice.

9 Derivative financial instruments

	2025 \$	2024 \$
Current assets		
Cash flow hedge	12,879	262,741
Total current derivative financial instrument assets	12,879	262,741
Non-current assets		
Cash flow hedge	33,792	207,108
Total non-current derivative financial instrument assets	33,792	207,108
Total derivative financial instrument assets	46,671	469,849

Derivatives are used to hedge adverse movements in floating interest rates on Company borrowings.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Company's hedging reserves relate to the following hedging instruments

	2025 \$	2024 \$
Cash flow hedge reserve		
Opening balance	338,291	507,202
Add: Change in fair value of hedging instrument	(423,178)	(234,598)
Deferred tax	118,490	65,687
Closing balance	33,603	338,291

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Company enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Company does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2025 and 2024.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company Policy is to observe minimum and maximum bands of fixed interest rate cover as set out below and apply when core gross external debt exceeds \$10 million.

Period	Minimum hedging	Maximum hedging
0-1 years	40%	90%
1-3 years	20%	70%
3-5 years	0%	50%

The Company enters into long-term borrowings at floating rates and swaps them into fixed rates.

The Company's borrowings are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates. See note 14. The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

Variable rate borrowings	2025	2024
	\$	\$
ASB - Sustainability Linked Loan	18,000,000	18,000,000
ASB - Revolving Credit Facility	7,900,000	5,000,000
	25,900,000	23,000,000

Instruments used by the Company

Interest Rate Swaps with a total notional value of \$9,000,000 are currently in place, representing 50.00% (2024: 66.67%) of the Sustainability Linked Loan principal outstanding at 30 June 2025. The fixed interest rates of the swaps range between 2.925% and 3.00% (2024: 2.83% - 3.02%) and the variable rates of the loans are between 3.38% and 5.64% (30 day BKBK) (2024: 5.61% and 5.70% (30 day BKBK)).

The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Cash flow and fair value interest rate risk

Interest rate swaps	2025	2024
	\$	\$
Carrying amount (current and non-current asset)	46,671	469,849
Notional amount	9,000,000	12,000,000
Hedge ratio	50.00%	66.67%
Change in fair value of outstanding hedging instruments since 1 July	(423,178)	(234,600)
Change in value of hedged item used to determine hedge effectiveness	423,178	251,586
Weighted average hedged rate for the year	2.92%	2.94%

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates and unhedged portion of borrowings. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

Impact on post-tax profit	2025	2024
	\$	\$
Interest rates – increase by 100 basis points	90,000	60,000
Interest rates – decrease by 100 basis points	(90,000)	(60,000)

Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The reported amounts approximate fair value based on the present value of the estimated future cash flows based on observable yield curves.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company uses Interest Rate Swaps designating them as Hedges of the risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges)

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses) as part of Total Comprehensive Income.

Amounts accumulated in equity are to be reclassified in the periods when the hedged item affects profit or loss, as follows:

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

10 Property, plant and equipment

	Land & Land Improvements	Airport Infrastructure & Buildings	Other assets	Capital Work in Progress	Total
	\$	\$	\$	\$	\$
At 30 June 2024					
Fair value	8,117,771	64,289,686	3,973,813	3,951,529	80,332,799
Accumulated depreciation	(23,435)	(9,731,924)	(1,838,446)	-	(11,593,805)
Closing net book value	8,094,336	54,557,762	2,135,367	3,951,529	68,738,994
Year ended 30 June 2025					
Opening net book value	8,094,336	54,557,762	2,135,367	3,951,529	68,738,994
Additions	-	-	-	8,664,375	8,664,375
Revaluation	435,000	-	-	-	435,000
Depreciation charge	(965)	(2,948,414)	(361,572)	-	(3,310,951)
Transfers	-	3,713,882	3,673,839	(7,395,334)	(7,613)
Closing net book value	8,528,371	55,323,230	5,447,634	5,220,570	74,519,805
At 30 June 2025					
Fair value	8,552,771	68,003,568	7,641,735	5,220,570	89,418,644
Accumulated depreciation	(24,400)	(12,680,338)	(2,194,101)	-	(14,898,839)
Closing net book value	8,528,371	55,323,230	5,447,634	5,220,570	74,519,805

Property, Plant and Equipment (PPE) Valuation Approach

The valuation of the Company's PPE is completed in accordance with recognised financial reporting and valuation standards and the Company's accounting policies. At the end of each reporting period, the Company makes an assessment of whether the carrying amounts differ materially from fair value and whether a revaluation is required. In order to make this assessment, the Company seeks independent advice from registered independent valuers with specialist expertise in the relevant asset classification.

Management review and discuss the key inputs into the valuation with the valuers. Discussion about the valuation process, methodology, key inputs and results are held between Management and the Board.

Additions subsequent to any revaluation are carried at cost.

Land and Land Improvements

Land and Land Improvements are valued at Fair Value as defined by NZ IAS 16. Fair Value is determined using Market Value - Highest and Best Alternative Use methodology. Recent market based sales evidence is considered in the assessment. The Land valuation uses Level 3 inputs, as per categorisation in the Fair Value Hierarchy.

Land was valued by CBRE as at 30 June 2025 (2024: CBRE). The results of this valuation conclude that there has been an increase in fair value of land assets relative to the previous year's valuations. The valuation increments have been credited to the Statement of Comprehensive Income.

Airport Infrastructure, Buildings & Other Assets

Airport Infrastructure and Buildings are valued at Fair Value as defined by NZ IAS 16. They include the terminal building, sealed surfaces (runways, apron, taxiways), car park, fencing, utilities, motor vehicles and roading assets.

These assets were valued by Peter Seed Limited as at 30 June 2025 (2024: Peter Seed Limited), using an income based approach to calculating Fair Value in accordance with NZ IFRS 13 - Fair Value Measurement. The valuation methodology calculated Enterprise Values for aeronautical assets (assets used for passenger transport including terminal) and non-aeronautical assets (retail and commercial lease assets, carparking) from discounted cash flows derived from forecast passenger numbers, revenues, expenditures and capital expenditure. This is level 3 in the Fair Value Hierarchy. Other Assets including vehicles, furnishings and office equipment are held at cost less depreciation.

The results of this review conclude that there has been no change in the fair value of Airport Infrastructure and Buildings assets relative to the carrying value. The Company has concluded that any increase in fair value is sufficiently immaterial after considering sensitivity (see below) that a revaluation is not warranted in the current year.

Sensitivity Analysis

Due to the uncertainty relating to the domestic aviation landscape, the sensitivity of the discounted cashflow valuation to the key variables of passenger numbers and WACC is reviewed. In 2025 we have adopted the Enterprise Valuation based on the mid-point WACC and the expected (ie mid) passenger forecast. This is because the expected passenger growth scenario used in the aeronautical pricing model and the EV calculation already incorporate very low growth expectations on what is already a relatively low passenger base.

Applying the low growth scenario would reduce the growth rate in capacity by a further 5% (to minus 3.5%) in FY26 and 0.5% (to 1.0%) in FY27 and FY28 as well as apply lower load factors and higher cancellation rates. We consider that this scenario would be unduly pessimistic and that the current expected forecast is more appropriate.

	Range	Impact on Value
Passenger volume	low -4% to high +4%	-\$3.1M to \$2.6M
WACC	-0.5% to +0.5%	-\$0.7M to +\$0.8M

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Subsequent to initial recognition, land and land improvements and airport infrastructure and buildings are carried at fair value less accumulated depreciation and accumulated impairment losses. Capital work in progress is carried at cost and transferred to another category as assets are completed. Other assets are recorded at cost less accumulated depreciation and accumulated impairment losses.

Any revaluation increment is credited to the revaluation reserve and included in other comprehensive income, except to the extent that it reversed a previous decrease of the same asset previously recognised within net profit in the Statement of Comprehensive Income, in which case the increase is recognised within net profit in the Statement of Comprehensive Income.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and the depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

Property, plant and equipment comprises airfield and other infrastructure, car parks, buildings, vehicles and equipment.

Land and Land Improvements are valued at Fair Value as defined by NZ IAS 16. Fair Value is determined using Market Value - Highest and Best Alternative Use methodology. Recent Market based sales evidence is considered in the assessment. The Land valuation uses Level 3 inputs, as per categorisation in the Fair Value hierarchy.

Leasehold land

Leasehold land is utilised in accordance with the terms of the various lease agreements including any restrictions. Revaluations are performed annually at year end.

Disposal of property, plant and equipment

When an item of plant, property and equipment is disposed of any gain or loss is recognised in the profit or loss, calculated at the difference between the sale price and the carrying value of the asset.

Cyclical maintenance upgrades

Significant expenditure involving renewal of runway surface components is capitalised and subject to depreciation at the appropriate rates.

Depreciation

Depreciation is charged on a straight-line basis to write off the cost or value of property, plant and equipment and investment property over their expected economic lives.

Useful lives are reassessed annually.

The principal depreciation rates, which are consistent with prior year, are as follows:

Airfield Infrastructure

Base 0.71% to 5.56%

Surface 6.67% to 10.00%

Buildings 2.50% to 10.00%

Plant & Equipment 2.90% to 40.00%

Car Park & Roading 1.67% to 5.00%

Fencing 5.00% to 15.00%

Lighting 4.00% to 10.00%

Motor Vehicles 5.00% to 20.00%

Office Equipment 7.00% to 75.00%

11 Investment property

	Land & Land Improvements	Business Park Infrastructure & Buildings	Investment Property under development	Total
	\$	\$	\$	\$
At 1 July 2023	7,917,225	8,265,273	6,501	16,188,999
Transfers to property, plant & equipment (note 10)	-	-	(6,501)	(6,501)
Net gain from fair value adjustment on investment properties	-	223,294	-	223,294
Fair value as at 30 June 2024	7,917,225	8,488,567	-	16,405,793
At 1 July 2024	7,917,225	8,488,567	-	16,405,793
Additions	24,890	-	-	24,890
Net gain from fair value adjustment on Investment Properties	420,000	99,134	-	519,134
Fair value as at 30 June 2025	8,362,115	8,587,701	-	16,949,817

Investment Property includes the development of a business park under the brand name "Ahuriri Aero Park" along with surplus land earmarked for future development. The Land is demarcated according to the 2040 Airport Master Plan. All Investment Property Land and Land Improvements are valued by an independent valuer, CBRE (Susie Penrose - Director, Registered Valuer - BBS (VPM) SPINZ ANZIV) in accordance with International Valuation Standards (IVS) 2013. Business Park Infrastructure & Buildings are originally recorded at cost and assessed annually by an independent Quantity Surveyor, Millard Construction Cost Consultants Limited (Andrew Millard - Director AAIQS, ANZIQS - Registered Quantity Surveyor) using the depreciated replacement cost method.

It is Management that determines the Company's valuation policies and procedures for property valuations. Following the audit committee's approval, an external valuer is selected who is responsible for the external valuations of the Company's property for the annual financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated approximately every five years.

The Company's investment properties were valued at each of the reporting dates presented, and change in the accounting policy by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

Investment Property comprises of Land, Land Improvements, and Business Park infrastructure and buildings, property under development that is held, or to be held, to earn rentals or for capital appreciation or both.

Investment Property is measured initially at cost, including transaction costs. Subsequent to initial recognition, the Investment Property is measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment Property under development is not revalued annually and is measured initially at cost, including transaction costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property and the fair value is reassessed.

It is the intention that Investment properties are derecognised when they have been disposed of. There have been no disposals in the year ended 30 June 2025. Due to the leasehold nature of the land there are restrictions on the ability to dispose of the land.

Where the Company disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price and the adjustment is recorded in the income statement within net gains from fair value adjustment on investment property.

The valuation of all of the investment property and investment property under development uses Level 3 inputs, as per categorisation in the Fair Value Hierarchy.

There were no transfers between Levels 1, 2 or 3 during 2025.

The Company in developing a business park on surplus airfield land has an initial tenant who has prepaid its rentals for the 21 year term of the lease where the lease is being recognised over the term of the lease. Fair value of land is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Business park infrastructure & buildings assets use the optimized depreciated replacement cost method for valuation.

Investment Property is leased by the Company to tenants under operating leases with rent payable monthly. Rental income from investment properties is recognised on a straight-line basis over the lease term. Where a lease provides for rental increases over the term of the lease, they are recognised on a straight-line basis over the period of the lease to which they relate.

12 Trade and other payables

	2025 \$	2024 \$
Current		
Trade payables	815,633	1,422,012
Other payables	70,943	567,161
Accrued expenses	337,524	375,452
Rentals in advance	75,715	76,782
	1,299,815	2,441,407
Non Current		
Rentals in advance	449,036	525,818
Total trade and other payables	1,748,851	2,967,225

AP

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

13 Provision for retentions payable

	2025 \$	2024 \$
Retentions held	-	22,415

Movements in the provision for retentions payable during the year are set out below:

	2025 \$	2024 \$
Opening balance	22,415	22,415
Increase during the year	-	-
Used during the year	(22,415)	-
	-	22,415

AP

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

14 Borrowings

The Company has a sustainability linked loan facility of up to \$18,000,000, a revolving credit facility of up to \$10,000,000 and an overdraft facility of up to \$500,000 available. All facilities extended are secured by a General Security Agreement with ASB Bank.

The sustainability linked loan facility had an initial three year term (maturity date 22 October 2025) which has been renewed under the evergreen renewal clause for a further 12 month period (maturity date 22 October 2026).

The Company intends to request and assumes that the loan facility will be extended past its maturity date with a review of the framework to be undertaken before the next maturity date.

The sustainability linked loan dovetails into the NZ Government's Funding for Lending Programme which has the objective of supporting regional growth and helping lendee's transitioning into a low carbon productive economy. It is part of the Company's overall Sustainability Strategy which allows for incremental decreases in the cost of funding for achieving agreed sustainability performance targets linked to the International Airport Carbon Accreditation Scheme.

The average interest rate on the sustainability linked loan facility for the year ended 30 June 2025 was 5.94% p.a (2024: 7.15% p.a).

The Revolving Credit Facility has a two year term with a right of renewal. The average interest rate on funds drawn during the year was 5.73% (2024: 6.90%)

All facilities extended are secured by a General Security Agreement with ASB Bank.

Summary of borrowings:				2025 \$	2024 \$
Facility	Commencement Date	Expiry Date	Facility Limit	Amount Drawn	Amount Drawn
ASB Bank - Sustainability Linked Loan	Oct' 21	Oct'26	18,000,000	18,000,000	18,000,000
Revolving Credit Facility	Jun' 21	Oct'26	10,000,000	7,900,000	5,000,000
Total				25,900,000	23,000,000
Non current				25,900,000	23,000,000
				25,900,000	23,000,000

AP

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company's borrowings are carried at amortised cost. Interest rates on borrowings are variable.

15 Contributed equity

	2025 Shares on Issue	2024 Shares on Issue	2025 \$	2024 \$
Ordinary shares	1004	1004	13,789,155	13,789,155

All shares have equal voting rights and share equally in dividends and surpluses on winding up.

All shares are fully paid and have no par value.

During the 2025 financial year, a fully imputed dividend of \$992,910 was declared and paid (2024: \$nil).

AP

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in the equity attributable to the Company's equity holders.

16 Reserves

	2025 \$	2024 \$
Cash flow hedge reserve	33,603	338,291
Revaluation reserve	16,677,572	16,783,696
Total reserves	16,711,175	17,121,987

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges.

The revaluation reserve arises on the revaluation of property, plant and equipment. When revalued property, plant and equipment is sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings.

17 Commitments

As at 30 June 2025, the Company is contractually committed to capital expenditure totalling \$2,502,331 in relation to fire station build, airfield lighting, main carpark improvements, airside design, and Air Napier hangar additions (2024: \$2,161,639 in relation to fire fighting equipment, airfield power and lighting, and valet carpark extension projects).

18 Contingencies

As at 30 June 2025, the Company has no contingent liabilities or assets (2024: \$Nil).

19 Transactions with related parties

A. Parent Entities

Hawke's Bay Airport Ltd is owned by Napier City Council, Hastings District Council and the Crown. The Company enters into numerous transactions with government departments, Crown entities, State-owned enterprises and other entities controlled by the Crown and pays rates to the Napier City Council.

B. Key management personnel compensation

Compensation paid to key management personnel during the financial year

	2025 \$	2024 \$
	548,578	744,162

The key management personnel are those with the greatest authority for the strategic direction and management of the Company; comprising all the directors, the Chief Executive and the Chief Financial Officer of the Company.

The remuneration of directors is agreed annually, after consultation with the shareholders and approved at the Company's annual general meeting. The remuneration of the Chief Executive is determined by the Board and the remuneration of key management personnel is determined by the Chief Executive and recommended to the Board having regard to the performance of individuals and market comparisons.

Additionally, Darin Cusack has been paid \$86,003 for providing consulting services to the company (2024: \$32,500).

No other remuneration or benefits other than normal reimbursement of expenses has been paid or given to directors.

20 Events subsequent to balance date

Subsequent to balance date on 30 June 2025, the Company has entered into an Interest Rate Swap transaction for \$7,000,000, which has a maturity date of 24 July 2029 at a fixed interest rate of 3.47%.

There were no other events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HAWKE'S BAY AIRPORT LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Hawke's Bay Airport Limited (the 'Company'). The Auditor-General has appointed me, Pam Thompson, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and the statement of performance of the Company on his behalf.

We have audited:

- the financial statements of the Company on pages 32 to 54, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the Company on pages 28 to 31.

Opinion

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to IFRS Accounting Standards Reduced Disclosure Regime ('NZ IFRS RDR'); and
- the statement of performance:
 - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and
 - has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 19 September 2025. This is the date at which our opinion is expressed.

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 for the audit of the financial statements and the statement of performance* 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 audit opinion.

Responsibilities of the Board of Directors for the financial statements and the statement of performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements and statement of performance that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of performance in accordance with the Act.

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

In preparing the financial statements and the statement of performance, the Board of Directors is responsible, on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

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

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

Reasonable assurance is a high level of assurance, but it 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 decision of readers taken on the basis of these financial statements and the statement of performance.

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the 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 and the statement of performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and assess whether the statement of performance achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in 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 the information included on pages 2 to 27, but does not include the financial statements and the statement of performance, and our auditor's report thereon.

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

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

Independence

We are independent of the Company in accordance with the independence requirements of 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.



Partners and employees of our firm are considered customers to the Company as we fly to or from the airport. These services with the Company are at arms-length and on normal terms within the ordinary course of trading activities.

In addition to the audit, we will carry out an assurance engagement in relation to the Company's disclosure financial statements pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which are compatible with those independence requirements.

A handwritten signature in black ink that reads "Pam Thompson". The signature is written in a cursive, slightly slanted style.

Pam Thompson
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

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Solicitors

Dentons

Auditors

Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand

