

HAWKE'S BAY AIRPORT

Connecting people, business and the region

Annual Report | Te Pūrongo Ā-Tau | 2026





Waiho i te toipoto, kaua i te toiroa

Let us keep close together, not far apart

Contents

Connecting people, business and the region	4
Purpose, vision and action areas	5
Chair and CEO's report	6
Metrics and highlights	9
Runway to 2035	10
Priority initiatives	11
Planes	12
Passengers	14
Portfolio	16
Profile	18
People	20
HBAL Board and management	22
Financial statements	23
Statement of service performance	28
Statement of comprehensive income	32
Statement of changes in equity	33
Statement of financial position	34
Statement of cash flows	35
Notes to the financial statements	36
Independent auditor's report	55
Directory	59

Tūhono tāngata, pakihi me te rohe

Connecting people, business and the region



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

Our role is simple: to enable connection, drive regional prosperity, and support the success of the communities we serve.

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 clear purpose to connect people, business and the region in meaningful ways.

Te Aronga me te Tirohanga Whānui

Purpose and vision

our purpose

To connect people, business and the region in meaningful ways

our vision

By 2035, our airport will be a diversified, regional enabler and recognised leader



Diversified - from an airport to a thriving airport business



Regional enabler for economic growth and resilience



Recognised leader in customer experience and operations

action areas



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



Planes
Finding and filling planes, providing good operational fit and future proofed infrastructure



Passengers
Innovative, customer centric journey from park to plane, delivering commercial returns



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



People
An engaged, high performing team that are committed to being safe and secure

Te Pūrongo a te Heamana me te Tumu Whakarae

Chair and CEO's report



The Financial Year ending 30 June 2026 (FY26) marked an important step in Hawke's Bay Airport's evolution, as we sharpened our long-term direction and aligned around a clear ambition: by 2035, to be a diversified, regional enabler and recognised leader.

That ambition reflects both the opportunities ahead of us and the realities of the environment in which we operate. Aviation will always be at the heart of Hawke's Bay Airport, providing essential connectivity for people, business and the region. But it is also an industry exposed to forces beyond our control. Building a broader and more resilient airport business is therefore fundamental to our ability to deliver enduring value for the region and our shareholders.

The importance of that direction was brought into sharp focus during FY26. Global fuel-price volatility and resulting airline capacity reductions created significant challenges across New Zealand's domestic aviation network, including Hawke's Bay. While these conditions affected passenger volumes, they did not change our course. Rather, they reinforced the importance of the strategy we established and the need to remain disciplined, adaptable and focused on the long term.

Against that backdrop, Hawke's Bay Airport continued to perform from a position of strength – maintaining a resilient underlying business, investing in critical infrastructure and progressing initiatives that will support diversification, regional prosperity and operational excellence in the years ahead.

Financial Overview

Hawke's Bay Airport delivered a strong underlying financial performance in FY26 despite a more challenging aviation environment. Total passenger numbers were 581,431, 7% below our Statement of Intent (SOI) target, reflecting softer demand and significant airline capacity reductions during the latter part of the year.

Despite lower passenger volumes, the business performed ahead of its original financial expectations. Revenue of $15.6m exceeded the SOI target by 7%, while EBITDA of $8.8m was also 7% ahead of SOI target. Net profit after tax and revaluations was $2.9m.

This performance reflects stronger-than-forecast revenue alongside continued discipline over the operating cost base. Debt and gearing remained broadly in line with expectations, with projected reductions in future years leaving HBAL in a sound financial position to respond to ongoing aviation uncertainty while progressing our longer-term strategy.

Diversified

A central component of our 2035 ambition is to transform Hawke's Bay Airport from an airport into a thriving airport business, with a more balanced revenue base across aeronautical and non-aeronautical streams. Our longer-term ambitions include materially increasing passenger volumes within existing terminal capacity, developing new Tier 2 airline partnerships and growing non-aeronautical earnings to $4m.



Diversification is not about moving away from aviation. It is about making better use of the assets, land, passenger activity and commercial opportunities around our core airport operation, while reducing our exposure to the volatility of any single revenue stream.

FY26 delivered tangible progress toward that future state. The solar farm project was reset around a right-sized 12–17MW development better aligned with the Airport's future requirements, with detailed feasibility work now providing the basis to explore the preferred commercial model. The inaugural Nelson charter service for the Art Deco Festival demonstrated the potential for targeted new aviation partnerships, while Air Hawke's Bay established a new pilot-training presence and broadened aviation activity on the airport campus. Continued growth in private jet movements also reinforced Hawke's Bay Airport's role in enabling high-value tourism, connecting premium visitors directly with the region.

We also strengthened the foundations for future investment through our asset management and master planning. The business park remains part of our longer-term development pathway, although current market conditions mean investment is being carefully staged.

These initiatives reflect the same objective: broadening and strengthening the airport business so HBAL is better positioned to invest, adapt and grow over the long term.

Regional Enabler

Our ambition to be a regional enabler reflects the role Hawke's Bay Airport can play both within and beyond our own boundary – supporting economic development and tourism, and contributing to a more resilient region.

Strong air connectivity remains fundamental to that ambition. During FY26, we sought to strengthen our relationship with Air New Zealand, maintaining a close understanding of network, fleet and market considerations. This helps position Hawke's Bay for renewed airline investment and additional capacity as demand and market conditions improve. Our support for the Art Deco Festival, Hawke's Bay Marathon and the Great Wine Capitals initiative also reflects the value we place on major events and partnerships that build regional profile and visitation.

In addition to advocating for connectivity and tourism, we have also been successful in advocating for no increase in reverse sensitivities — where nearby development could create conflicts with, or place future restrictions on, airport operations. This has included constructive opposition to the proposed Ahuriri Regional Park due to the risk of increased bird strike, and securing the addition of the airport noise contours into the district plan.

We deepened our engagement with key regional partners, including Mana Ahuriri Trust as mana whenua, and Napier City Council and Hastings District Council. This included participation in annual plan processes and broader engagement on issues affecting regional growth, wildlife management, infrastructure and long-term resilience.

Resilience is equally important. We also have a role in advancing Hawke's Bay's environmental and infrastructure resilience, particularly where the Airport can demonstrate leadership and influence wider outcomes. During FY26, our partnership with Biodiversity Hawke's Bay continued to support regional biodiversity, while investment in terminal rooftop solar strengthened our emissions reduction programme and contributed to the renewal of our Level 4+ Airport Carbon Accreditation.

Together, these activities reflect our commitment to using the Airport's connectivity, partnerships and influence to advance Hawke's Bay's long-term prosperity and resilience.

Recognised Leader

Our ambition to be a recognised leader is grounded in delivering operational excellence and a consistently high-quality customer experience.

FY26 saw significant progress across each of these areas. Completion of the impressive new fire station – constructed with sustainability as a core principle – strengthened emergency response capability and long-term operational resilience, while the development of a more mature wildlife management programme will further enhance aviation safety.

On the passenger side, investment in dedicated customer service officers, car parking facilities and systems, and development of a terminal retail strategy all supported a stronger and more commercially productive terminal experience. At the same time, our investment in AI capability continued to strengthen data-led decision-making across the business, helping us better understand performance, customer behaviour and future opportunities.

We are building a higher-performing regional airport through continued investment in safety, service, innovation and operational performance.

Safety + People

Health, safety and wellbeing remain the highest priority for the Board and Management, underpinning every aspect of our operations and decision-making. During FY26, we continued to strengthen both our safety systems and the specialist capability required to support an increasingly complex airport business.

A refreshed management structure is now being embedded, which enables further enhancement of wildlife management, facilities management and health and safety outcomes. This evolution reflects the importance we place on building deeper expertise, clearer accountability and greater organisational resilience in critical areas of the business.

At governance level, we welcomed Megan Allan to the Board in August 2025. Megan was appointed by the Crown in respect of its 50% shareholding and brings further commercial, customer and financial expertise to the Board.

FY26 also marked Nick's first full year as Chief Executive, with the organisation maintaining a strong focus on embedding the 2035 strategy, strengthening shareholder and stakeholder relationships, and aligning the team around the priorities required to deliver it. Our people remain fundamental to our ability to operate safely, perform consistently and deliver on the ambitions we have set for the future.

Looking ahead

While uncertainty remains across the aviation sector, we enter FY27 from a position of relative strength and with a clear direction for the business. Our focus will remain on progressing the 2035 strategy with discipline – protecting and positioning Hawke's Bay's air connectivity for future growth, advancing viable diversification opportunities, continuing to lift customer and operational performance, and investing in the capability and partnerships required to deliver our ambition.

FY27 will be a year of execution: converting the work of the past year into tangible progress across our priority initiatives, while remaining responsive to changes in aviation demand and the wider operating environment.

We thank our shareholders for their continued support, our Board and team for their commitment, and our airline, aviation, mana whenua, business and regional partners for the relationships that underpin our progress. Most importantly, we thank our customers and community for continuing to travel through and support Hawke's Bay Airport.



Jon Nichols
Chair



Nick Flack
CEO

Ngā ngahuru me ngā whakahirahira
Metrics and highlights

Passengers
581K

↓ 7% on SOI
↓ 5% on FY25

Revenue
$15.6M

↑ 7% on SOI
↑ 6% on FY25

EBITDA
$8.8M

↑ 7% on SOI
↑ 6% on FY25

Sustainability

Total Gross GHG Emissions (location-based)

17,434 tCO_2e

13% reduction on FY25

- New fire station build completed, operational and award-winning
- Welcomed Air Hawke's Bay flight training school to the airport
- Airport noise contours added to district plan
- Inaugural charter service from Nelson for Art Deco Festival
- Terminal rooftop solar completed
- Run The Runway raised $5k for local charity
- Introduction of public bus services to the airport
- Customer Service kiosk and team members to support passenger experience

Runway to 2035

By 2035 Hawke's Bay Airport will be a diversified, regional enabler and recognised leader.

This ambition will take bold thinking, smart solutions and strategic leadership as well as an engaged and high performing team.



Hawke's Bay Airport	Diversified	Regional enabler	Recognised leader
We will...	Transform from an airport to a thriving airport business	Drive economic development, grow tourism and strengthen resilience	Deliver leading customer experience and operational excellence
Our future state...	Balanced revenue, and growing across aeronautical and non-aeronautical streams	A significant contributor to regional GDP and employment A leading voice in forums advancing regional prosperity, science-based resilience, biodiversity, and emission reduction goals	Air New Zealand's most important regional airport General aviation and Tier 2 airline growth A seamless experience from park to plane for up to 1 million people each year
Our ambition...	• $4m in non-passenger-related revenue • New route partnerships with Tier 2 airlines • A material increase in passenger volumes, optimising use of existing terminal capacity	• Contribute over $400m annually to the region and support 4,000+ jobs • Set national benchmarks in biodiversity and climate resilience	• Increase passenger spend while maintaining a high Net Promoter Score (NPS) • Bird strikes <5 strikes per 10,000 movements

We will deliver our vision and purpose through our aligned business areas and initiatives.

Business areas		Business as Usual Initiatives	High Priority Initiatives
Planes	We're working to expand air services by finding and filling planes, ensuring a strong operational fit, and future-proofing our infrastructure.	• Charter aircraft programme established • Home to thriving general aviation community and training ground for future aviation professionals	• Long term partnership between airport, Air New Zealand and Regional Tourism Operator • Best practice wildlife management practices
Passengers	From park to plane, we're creating an innovative customer centric journey that delivers commercial returns.	• Drive seasonal retail opportunities	• Terminal retail strategy delivered including non-food and beverage retail • Car park improvements that enhance customer satisfaction and grow revenue • Digital transformation integrated into the customer journey for speed, flow and ease of use
Portfolio	We're developing airport land to support long-term regional growth and revenue diversification.	• Campus property strategy confirmed and commercial development underway • Asset management plan and master plan guides sustainable fit for purpose infrastructure	• Competition for capital framework and investment model updated • Grid scale solar farm delivered
Profile	We contribute to regional prosperity and connectivity by leading aviation growth and building community trust.	• Active role in local business, economic forums and sponsorship activities • ACA Level 4+ maintained and biodiversity framework adopted • Advocate for no increase in reverse sensitivities	• Partnership with regional stakeholders to deliver long-term ambition
People	We're growing an engaged, high-performing team with clear expectations driven to deliver the purpose and vision of Hawke's Bay Airport.	• Regional skills partnership	• Health, safety and wellbeing delivery • Leadership development programme • Digital transformation integrated into the staff, stakeholder and customer journey.

Ngā waka rererangi
Planes

Our Planes business is focused on keeping Hawke's Bay well connected and ensuring the Airport has the capability, infrastructure and aviation community required to support that connectivity over time.

"We have also looked for ways to broaden the region's aviation connections and strengthen the demand that supports them."

Keeping Hawke's Bay connected

FY26 tested regional aviation. Softer passenger demand, fuel-price volatility and constrained airline capacity all influenced the domestic network, with Hawke's Bay experiencing a reduction in available services during the latter part of the year.

Our response has been to stay closely engaged with Air New Zealand and maintain a clear understanding of the factors shaping regional services. That dialogue matters because future capacity will ultimately follow markets where demand, performance and infrastructure combine to create a compelling case for growth. Our role is to ensure Hawke's Bay is ready to capture that opportunity when conditions allow.

We have also looked for ways to broaden the region's aviation connections and strengthen the demand that supports them. The inaugural Nelson charter for the Art Deco Festival showed how major events can create targeted opportunities to bring new visitors directly into Hawke's Bay. More broadly, our work alongside Hawke's Bay Tourism and other regional partners helps build the visitor demand that underpins sustainable air services, while increasing private jet activity further demonstrated the breadth of aviation demand using the Airport.

Building resilience into our operations

The completion of our new fire station was one of the most significant operational milestones of FY26. Built to Importance Level 4 standards, the facility strengthens the Airport's emergency response capability and has been designed with major natural hazards in mind. Its elevated floor level, durable construction and provision for future operational needs recognise the Airport's role as critical regional infrastructure and the importance of maintaining aviation access when the region needs it most.

The new station also completes another major stage in a wider programme of aeronautical investment. Recent years have seen substantial upgrades to runway power and lighting, runway and apron surfaces, emergency-response equipment and other core assets. The focus throughout has been on reliability, safety and ensuring our infrastructure remains appropriate for changing aircraft, technology and operational requirements. This is particularly important for an aerodrome that operates around the clock and provides access not only for scheduled passenger services, but also aeromedical, general aviation, charter services and other essential flights.

Sharpening our approach to wildlife management

Our location makes bird-strike risk an enduring operational consideration, requiring active management both on the airfield and through engagement beyond the Airport boundary. We have continued to mature our risk-based approach to wildlife management, with a focus on reducing bird strikes and aligning our practices with recognised industry standards. Our longer-term objective is clear: achieve year-on-year improvement in bird-strike performance while maintaining best-practice wildlife management across our operations.



Growing Hawke's Bay's aviation community

A strong regional airport depends on the breadth and capability of the aviation community operating around it. FY26 saw Air Hawke's Bay establish a pilot-training presence at Hawke's Bay Airport, adding another dimension to our general aviation community and creating new opportunities for people to begin and develop aviation careers locally.

We also continued our support for Aviation Industry Day, helping young people gain direct exposure to the range of careers available across aviation.

Building these pathways is important not only for individual participants but for an industry that will require skilled people across operations, engineering, flying, emergency services and other specialist disciplines in the years ahead. That aligns directly with our longer-term ambition for Hawke's Bay Airport to be home to a thriving general aviation community and a training ground for future aviation professionals.

Ngā Kaieke
Passengers

Passenger experience is shaped by every interaction with the Airport – from access and parking through to the terminal environment, customer service, retail and departure. Our focus is on understanding those interactions and making targeted improvements that create an easier, more intuitive journey while ensuring the terminal remains commercially productive and connected to Hawke's Bay.

During FY26, this approach continued to evolve through better use of passenger insight and data, targeted investment in facilities and services, and a growing focus on the role the terminal can play as a gateway to the region.

Listening to our passengers

Our passenger research programme continued to provide valuable insight into who is using the Airport, how they move through it and where improvements can have the greatest impact. Having established a substantial base of customer feedback, the focus is increasingly on using that information alongside operational and commercial data to inform priorities and investment decisions. This evidence-based approach is helping us better understand passenger behaviour, identify friction points and assess where changes to services, facilities or the terminal environment can make a meaningful difference.

Improving the journey

Several practical improvements were made during FY26 to strengthen the experience for people moving through the Airport. The introduction of a customer service kiosk and dedicated Customer Service Officers created a readily identifiable point of assistance within the terminal. This complements the contribution of our volunteer Airport Ambassadors, who remain an important part of the Airport experience and provide passengers and visitors with information, reassurance and a distinctly local welcome. Access to the Airport also improved with the introduction of goBay public bus services in early 2026, broadening transport options for passengers, visitors and people working across the airport campus.

A major upgrade of our car parking systems was completed, replacing entry, exit and payment infrastructure with a new platform and supplier. The investment introduced new payment options and enhanced licence plate recognition technology, with the aim of reducing friction and improving the speed and ease of the parking experience. The new system also creates a platform for further customer experience enhancements during FY27. Further car park surfacing improvements complemented this work, continuing our investment in one of the most important touchpoints in the passenger journey.

Developing our terminal offering

Food, beverage, retail and amenity options are an important part of the passenger experience and an area where we continued to develop new approaches during FY26. Airspresso joined Hawke's Bay Airport as our new café operator, introducing its Fuel To Fly offering to the terminal and refreshing the food and beverage experience for passengers and visitors. We also introduced a new business desk in the departure lounge, providing travellers with a quiet and comfortable space to continue working while waiting for their flight. Renewal of terminal seating further improved comfort across passenger waiting areas.

More flexible retail opportunities were also explored during the year. Locally grown peonies were offered for sale during the season, providing a simple example of how temporary retail can introduce more Hawke's Bay products into the terminal while testing passenger appetite for a broader range of offerings. These initiatives sit alongside development of our terminal retail strategy, which will provide a more structured framework for future retail opportunities, including seasonal, pop-up and contactless activity. The objective is to improve choice for passengers while ensuring available terminal space contributes appropriately to commercial performance.



"Our passenger research programme continued to provide valuable insight into who is using the Airport."

A gateway to Hawke's Bay

The terminal also provides an important platform to showcase Hawke's Bay to the thousands of residents and visitors who pass through it each year and reinforce the Airport's role as an arrival point for Hawke's Bay. During FY26, we continued to support regional events and destination activity through in-terminal promotions and activations. This included support for the Art Deco Festival and Hawke's Bay Marathon, alongside Hawke's Bay Tourism's Bay to Remember campaign.

As our passenger programme develops, the emphasis will remain on practical improvements backed by customer insight: making journeys easier, improving access to services, expanding appropriate commercial opportunities and ensuring the experience of travelling through Hawke's Bay Airport reflects the region we serve.

Ara Mahi
Portfolio



Hawke's Bay Airport's portfolio extends well beyond the infrastructure required to operate an airport. Our land and commercial assets provide opportunities to generate new income, accommodate business activity and prepare the campus for changing energy and infrastructure requirements.

During FY26, the focus was on progressing opportunities where there is a clear case for investment, while continuing the planning and analysis required to make well-informed decisions about the longer-term use of airport land.

Solar farm moves forward

The proposed solar farm made significant progress during the year as the project was reshaped around the Airport's future requirements: a 12–17MW concept on approximately 24 hectares northwest of the runways. The revised scale reflects detailed work on future electricity demand, land use, grid connection, aeronautical considerations and commercial feasibility. Importantly, the project has moved from an early concept into detailed planning. Feasibility work undertaken during FY26 established a stronger basis from which to consider how the solar farm could be delivered, funded and owned. Early in FY27, the project will progress to an Expression of Interest process seeking potential delivery and co-investment partners.

Taking a measured approach to property

Development of the airport business park remains part of the long-term opportunity for the campus. Previous work has improved our understanding of land, infrastructure and stormwater requirements and established a stronger platform for future commercial development. Current property market conditions in the region, however, favour a measured approach.

Resilience recognised

The value of evidence-led planning was also recognised nationally during FY26, with HBAL winning Sustainability Initiative of the Year at the 2025 NZ Airports Association Awards for our Resilience Explorer partnership. Introduced in FY25, Resilience Explorer provides a clearer understanding of climate and natural-hazard exposure across the airport campus, helping inform decisions about future development, infrastructure and mitigation. The award recognised an initiative that is now embedded in how we plan for the long-term use and protection of our assets.

Reducing our footprint

Hawke's Bay Airport maintained Level 4+ Transition accreditation through the international Airport Carbon Accreditation programme, with certification renewed in February for a further three years. The accreditation recognises airports that are actively reducing emissions under their direct control, engaging with third parties on wider emissions and compensating for specified residual emissions.

Further progress was made during FY26 through a 375kW terminal rooftop solar system, plus a 60kW solar system on the new fire station to lower our Scope 2 emissions even further. The move to PACE software now gives HBAL a more complete picture of aircraft emissions by capturing a wider range of flights, while the introduction of the GreenHalo dashboard supports tracking carbon data and performance over time, making it easier to monitor progress and identify where further reductions can be made.



	FY26 tCO_2e		FY25 tCO_2e		
	Location Based [1]	Market Based [2]	Location Based	Market Based	Comments
Scope 1 / Category 1	43	43	48	48	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 / Category 2	66	6	98	3	Scope 2 emissions decreased following commissioning of the rooftop solar system. Residual market-based emissions relate to a small number of ICPs supplied under non-carbon-neutral electricity contracts.
Total S1+2	109	49	146	51	
Scope 3 / Categories 3-5	17,325	17,306	19,934	19,907	Scope 3 emissions decreased following adoption of the PACE methodology, which provides a more accurate estimate of aircraft emissions than the previous calculation approach.
Total Gross GHG Emissions	17,434	17,355	20,080	19,958	
Offsets [3]	54	54	65	65	Purchased from Gold Standard Marketplace to compensate for residual S1+S2 + business travel emissions as per ACA L4+.
Net GHG Emissions	**17,380**	**17,301**	**20,015**	**19,893**	

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 FY26 credit retirement certificate at:
https://retirement-certificates-registry.goldstandard.org/retirement_certificates/6cc734a9-5d3a-40a3-9834-0cbbd6d56232

Kāhua Tāngata
Profile

"Sometimes the strongest connection comes from opening the Airport itself to the community."

Hawke's Bay Airport's role extends beyond the physical boundary of the airport. Our ability to operate effectively over the long term depends on the strength of our relationships, the quality of regional planning and the trust we build with the communities and organisations around us.

Our Profile activity is therefore focused on being an informed and constructive participant in Hawke's Bay – protecting the conditions required for aviation, contributing to important regional conversations and using our partnerships, facilities and connections to support the region we serve.

Protecting the Airport's future

Protecting Hawke's Bay Airport's ability to operate safely and without unnecessary constraint remains an important focus. During FY26, we continued to engage in planning processes where future development could affect airport operations. The objective is to ensure growth occurs in a way that recognises aviation as critical regional infrastructure and protects its ability to continue serving Hawke's Bay. Of particular importance is avoiding new reverse sensitivities – including noise-sensitive development and activities that increase bird-strike risk in areas surrounding the Airport and beneath flight paths. These issues can create significant operational restrictions over time if they are not appropriately considered through land-use planning.

We also made submissions to both Napier City Council and Hastings District Council annual plan processes, ensuring the Airport's perspective was represented in decisions affecting regional development, infrastructure, connectivity and the wider visitor economy.

Partnerships with purpose

Our partnerships portfolio provides another practical way for the Airport to contribute beyond aviation. During FY26, our partnerships supported different aspects of regional prosperity and community wellbeing. The Art Deco Festival, Hawke's Bay Marathon and Great Wine Capitals initiative supported tourism and regional profile; the ExportNZ Hawke's Bay Export Awards recognised businesses taking Hawke's Bay products and expertise to wider markets; and Biodiversity Hawke's Bay supported environmental outcomes, both within the Airport's immediate operating environment and in the wider region. Our emphasis continues to be on partnerships where the Airport can make a relevant contribution to regional outcomes that are aligned with our own aspirations.

Working with mana whenua

Our relationship with Mana Ahuriri Trust, representing mana whenua Ahuriri Hapū, continued to develop throughout FY26. For HBAL, this is about establishing an enduring relationship rather than engaging only when individual projects require it. Ongoing dialogue is providing greater opportunity to understand matters of importance to mana whenua, incorporate cultural perspectives earlier in our thinking and identify areas of shared interest. The relationship has strengthened considerably over recent years and remains an important area of focus.

Connecting directly with our community

Sometimes the strongest connection comes from opening the Airport itself to the community. In March, Run the Runway gave 200 people the opportunity to complete a 5km event on Hawke's Bay Airport's runway on a picture-perfect Hawke's Bay autumn evening. The sold-out event raised more than $5,000 for The Acorn Project Hawke's Bay, which supports young people and families affected by cancer.

We also continued to host airport tours for community and education groups, providing an opportunity to see behind the scenes, learn about airport operations and gain a better understanding of the range of people, infrastructure and systems involved in keeping the Airport operating. These activities are relatively simple, but they help make an important regional asset more accessible and build a stronger connection between Hawke's Bay Airport and the community it serves.



Tāngata
People



The capability of our people has a direct bearing on every aspect of the Airport – from safe day-to-day operations and customer service to project delivery, commercial performance and regional relationships.

During FY26, our focus was on strengthening the team around the work ahead: providing clearer accountability, developing specialist capability, supporting a positive workplace culture and equipping people with better systems and tools.

Building capability and culture

A refreshed organisational structure continued to take shape during the year, recognising the increasing breadth and complexity of the Airport's activities and the value of having clear ownership of critical functions. This work builds on the people framework established in previous years, which introduced clearer role competencies, development planning and expectations around performance. The next stage is increasingly focused on leadership development, identified as a priority within our People workstream. Alongside formal structures, we continue to place importance on communication, engagement and creating an environment where people understand how their work contributes to the Airport's priorities.

Health, safety and wellbeing remains central to how we operate. As the Airport and its activities evolve, our approach must evolve with them. This includes ensuring specialist expertise is available where required and that our people, contractors and airport community have the processes and information needed to work safely. Continuous improvement of the health and safety framework remains a core measure within our forward programme.

Digital capability also continued to develop during FY26, with greater use of data and AI-supported tools across the business. The objective is practical: improve access to information, protect organisational knowledge and support better and faster decision-making. Our technology roadmap provides the framework for this work, with digital enablement now considered across staff, stakeholder and customer interactions rather than as a standalone technology function.

A new home for our fire team

Completion of the new fire station also represented a significant improvement in the working environment for our Airport Fire Service. The 550m² facility provides substantially more training and operational space than the former station, which dated from the 1960s and was no longer fit for purpose. While the station is an important operational asset, its value is equally about the people who use it – providing our fire team with a safer, more functional and better-equipped base from which to serve the Airport and wider region.

> "Health, safety and wellbeing remains central to how we operate."




INFORMATION






VISITOR
VISITOR

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



Megan Allan
Director
From
August 2025



Senior Management

Nick Flack
Chief Executive Officer



Rochelle Ham
Chief Financial Officer & Corporate Services



Deb Suisted
Manager, Security and Airside Operations



Gavin Carey-Smith
Senior Asset & Infrastructure Manager



Ben Hutton
Head of Marketing, Communications and Stakeholders





Pūrongo Pūtea
Financial statements

Corporate report	24
Statement of service performance	28
Statement of comprehensive income	32
Statement of changes in equity	33
Statement of financial position	34
Statement of cashflows	35
Notes to the financial statements	36
Independent auditor's report	55

Corporate report

For the year ended 30 June 2026

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

Megan Allan was appointed as a Director by the Crown for a three year term, commencing 1 August 2025.

Darin Cusack was re-appointed as a Director by Napier City and Hastings District Councils for a term of three years from 1 January 2026 - 31 December 2028.

Directors' remuneration

The amount of $182,249 per annum was paid to Directors holding office in the 12 months to 30 June 2026.

		$
J E Nichols	Chairperson (from 12 November 2024)	$72,000
C M Barrett	Chairperson - Audit, Finance & Risk Committee (from 12 November 2024)	$41,088
D R Cusack	Chairperson - People and Performance Committee (from 12 November 2024)	$36,084
M J Allan	Director (from 1 August 2025)	$33,077
		182,249

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

Board committees

As at 30 June 2026 the Company had an **Audit, Finance and Risk Committee** comprised of two Directors, being Craig Barrett (Chair), and Megan Allan (commenced 1 October 2025 following Jon Nichols' resignation). 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 2026 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 2026, the Directors have declared general disclosure of interest in the following entities:

J E Nichols

Eastland Generation Limited	Director
Central Districts Water Limited	Director - Appointed 1 April 2026
Unison Networks Limited	Director
ETEL Limited (Subsidiary of Unison Networks Limited)	Director - Appointed 31 July 2025
PT. Lucky Light Giobalindo T/A ETEL Indonesia (majority shareholder - Unison Networks Ltd since July 2016)	Commissioner - Appointed 6 June 2026
Local Water Done Well Governance Group	Independent Chair - Appointed 30 September 2025/ Contract Completed 30 April 2026
Maungaharuru-Tangitū Charitable Trust	Independent Chair of Audit and Risk Komiti - Retired 30 October 2025
Nichols Consulting Limited	Director/Shareholder
RPS Switchgear Limited (Subsidiary of Unison Networks Limited)	Director - Appointed 31 July 2025
Unison Energy Limited (Shell Company)	Director - Appointed 31 July 2025

C M Barrett

Ahuahu Group Limited (formerly Te Kupenga o Maniapoto)	Director - Resigned 31 March 2026
Baker Tilly Waikato Limited (including Baker Tilly Trustee Companies)	Director
Hineuru Holdings Limited	Director
Kahikatea No. 6 Limited	Director
Kahutia General Partner Limited	Director
Obsidian Capital Management Limited	Director/Shareholder
Tainui Group Holdings Limited	Director
Tatau Tatau o Te Wairoa Commercial Limited	Director - Appointed 1 July 2025
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/Shareholder
Airways Corporation of New Zealand Limited	Chair (from 1 November 2025)
Airways International Limited	Chair (from 1 November 2025)
Ashburton Contracting Limited	Director
Auckland One Rail Limited	Independent Chair
Canterbury Cricket Association	Board Member
Civil Aviation Authority of NZ	Director
CSC Group Limited	Director/Shareholder - Resigned 29 January 2026
Fire and Emergency NZ (FENZ) Local Advisory Committee	Committee Chair/Member - Appointed 4 August 2025
Partnerships for Aviation (P4A) Technical Advisory Pool (TAP) DFAT/Australian Government Program	Advisor - Appointed 19 February 2026

M J Allan - (Appointed 1 August 2025)

Re-Source Trust	Trustee - Resigned 15 April 2026
Hawke's Bay Netball	Trustee

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
J E Nichols	Chair	Full Year	10	10
C M Barrett	Director/AFRC Chair	Full Year	9	10
D R Cusack	Director/People and Performance Chair	Full Year	10	10
M J Allan	Director	From 1 August 2025	10	10

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 2026 and prior was as follows:

Remuneration	Number of employees	
	2026	2025
$100,001 - $110,000	1	1
$120,001 - $130,000	1	1
$130,001 - $140,000	-	1
$150,001 - $160,000	-	2
$200,001 - $210,000	2	2
$220,001 - $230,000	1	-
$230,001 - $240,000	-	1
$350,001 - $360,000	1	-

Chief Executive Officer Remuneration

In the financial year ended 30 June 2026, the role of Chief Executive was paid total remuneration of $350,854, which consists of base salary and a performance related bonus of $22,500. This reflects a prorated share of the total bonus pool available of $50,000. Actual salary paid includes holiday pay paid at five weeks per year entitlement (2025: $133,269).

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 FY26 year of $1,475,171 (2025: $992,910)

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 2026 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 2026



Operations

We aim for excellence, safety and resilient infrastructure.

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Maintain legislative and regulatory compliance	No significant legislative or regulatory breaches.	30/06/2026	No breaches identified during the period.	
	No significant adverse audit findings by MPI, CAA or HBRC.	30/06/2026	MPI conducted an external audit during September 2025 with no findings identified. No further audits undertaken. CAA takes a risk based approach and HBAL was not selected for audit in this financial year. HBRC did not audit due to no consent breaches identified.	
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.	30/06/2026	Full dashboard reporting included in Board Reporting Deck since September 2025. Wildlife reporting also updated from November 2025, with a roadmap developed and in execution phase. Landside and Airside User Protocols rolled out to all tenants to ensure health and safety expectations are delivered. Critical Risks managed and reported each month, with trends analysed and action plans put in place to reduce risks identified. Psychosocial questionnaire completed and key themes established to develop wellbeing programme.	
Develop progressive and resilient infrastructure that safeguards our future	Fire Station construction completed.	30/06/2026	Fire Station construction completed on schedule and budget. Handover of station building took place during Quarter 3 FY2026, with fitout completed for the official opening in May 2026.	
	Robust Asset Management Plan processes are implemented, encompassing infrastructure planning, asset renewal and proactive maintenance schedules.	30/06/2026	10 Year Capital Plan / Infrastructure Planning is completed quarterly, with a full review of Business as Usual (BAU), Investment and Property opportunities presented to board. This is reviewed against the current Asset Management Plan and drives a revised version to ensure the updated requirements are addressed.	
Customer Experience enhanced through the implementation of an agreed Landside Strategy.	Carpark enhancements to ensure seamless journeys are developed and evidenced by improvements in passenger research survey feedback.	30/06/2026	Approved carpark sealing projects completed. Public bus service introduced to HBAL in January 2026. The new carpark system went live in June 2026. It immediately improved accuracy and received positive customer feedback about payment options, receipts and ease of use. Carpark Net Promoter Score (NPS) is steady at 45 year on year.	
	Automated retail opportunities are investigated and a Go/No Go decision obtained following completion of a business case.	31/12/25	Feasibility study complete which has demonstrated a viable concept. A retail planning strategy session was undertaken during September 2025 and outcomes presented to Board at Strategy Day February 2026. The Kits of Parts store is in production, with delivery expected in August 2026. Final due diligence is underway on the automated retail store concept presented to Board in June 2026.	
	NPS score shows improvements in all areas from the FY25 exit point.	30/06/26	Overall, NPS increased to 57; however, the limited retail offering continued to produce an adverse result. New Food & Beverage operator being well received. Customer Service team having a positive impact with an improved NPS recorded for Airport Staff.	

Strategic pou



People

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

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Nurture a culture of continuous improvement and value-driven work performance	Deliver a review, reward and recognition programme aligned to PDPs and organisational purpose.	31/10/25	Incentive programme revised and approved by Board in October. Rolled out to staff during November 2025.	
	Create a shared understanding of wellbeing with resources in place to support the team.	31/03/26	Mental health week activations completed in October 2025 which was followed by the team completing the psychosocial questionnaire in quarter 2. Work has started on rolling out a wellness programme but this is still in development.	



Place

We're stewards of our land and environment. *We safeguard our land.*

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Understand the impacts of climate risk.	Investigate site specific drivers of groundwater behaviours.	30/6/2026	Site specific drivers investigation completed by Lincoln Agritech (LAL). Salinity data collected (May through to November 2025), downloaded and analysis completed and final report issued. Ongoing measurement of groundwater levels and temperatures continues.	
Understand the impacts of climate change and have plans to manage and mitigate its effects.	Implementing the climate resilience roadmap that supports our decision to protect our site from the effects of climate change. The roadmap will also ensure environmental compliance requirements are met.	30/6/2026	We continue to develop our Resilience Explorer (REx) tool with outputs being shared with tenants to show coastal inundation hazard at northern end site. HBAL has participated in phase 1 of ACI Climate Change Adaptation study. Environmental compliance monitoring in place and annual reports completed by our supplier.	
	Investigate broader ESG frameworks and supporting standards.	30/6/2026	Full BCorp evaluation completed which showed a clear pathway to achieving this standard. Attended webinar on ACI ESG Framework which is now available and criteria is similar to BCorp. Decision made to not progress with an ESG Framework at this time due to constitution changes required and pending shareholder changes.	
Protect the long term airport operations and licence to operate.	Participate in public planning processes and advocacy for future airport activity.	30/6/2026	Actively participated in Napier City Council District Plan Review & Ahuriri Regional Park consultations, with protection of aeronautical activities achieved through noise contours and a change in the Regional Park activity.	
	Advocacy for stopbank resilience to ensure airport protection.	30/6/2026	Independent report on stopbank condition completed during Quarter 3, FY2026. HBAL continues to be a core member of the team established to ensure resilience (including HBRC, PAMU, NCC, DOC and Mana Ahuriri).	
	Update Hawke's Bay Airport's Master Plan.	30/10/2025	Refreshed 2025/2026 Master Plan, and designed summary for publication completed.	

Completed / Achieved **In Progress** **Not Started/On Hold**

Strategic pou



Partnerships

We reflect and represent our region through strong relationships.

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Continuously improve our relationships with airport partners, customers and stakeholders.	A Stakeholder Engagement Plan is in action across our communities, iwi and stakeholders.	30/06/2026	Stakeholder engagement strategy updated in line with updated strategic direction and activated with inputs and outcomes being regularly reviewed and action plans in place.	
	Stakeholder engagement feedback shows a positive trend.	30/06/2026	Full reputation survey completed during FY2026 and improvement noted across all areas of our campus.	
Contribute to regional promotion and prosperity.	Contribute to regional promotion and prosperity.	30/06/2026	Several activities completed during FY2026: September 2025 - HB Wine Auction promotion October 2025 - Great Wine Capitals content on Wine Wall December/January 2026 - 'A Bay to Remember' Napier City Council offered advertising space at a discounted rate to promote venues which is now on display in the terminal, with the Aquarium installing artwork in the retail space.	
Develop an inter-regional charter flight strategy.	Develop an inter-regional charter flight strategy.	30/06/2026	Nelson/Napier Art Deco charter executed in February 2026 with great success. Work now shifts to working on a similar event in 2027.	



Prosperity

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

Objectives	Key performance measure (kpm)	Target / date	Commentary	Progress
Optimise shareholder returns.	Return on Equity greater than or equal to 5%.	30/06/26	A strong result driving the Return on Equity metric - FY2026 result 5.2%.	
	Net Profit After Tax greater than or equal to $1.8M pre-revaluation adjustments.	30/06/26	Net Profit After Tax (NPAT) of $2.7M YTD pre-revaluation adjustments, which is $945K ahead of SOI.	
Pursue commercial opportunities.	Develop new revenue streams that include: * Growth of core business * Land asset developments	30/06/26	Air Hawke's Bay is now established within the HBAL community driving movement growth and providing new revenue streams through growing landings. Hangar commercials in negotiation, and engaging with rental car companies for an on airport presence. These are smaller scale commercial developments but continue the uplift in non-aeronautical revenue. Feasibility assessment of the 6ha Airport Business Park is ongoing.	
Use technology to optimise operational and business performance.	A digital transformation roadmap is developed and implementation is underway.	30/06/26	Digital Roadmap approved by board in February 2026. HBAL airport AI agent live in February 2026. Execution of the strategy underway with rollout of wildlife reporting in April 2026.	

Completed / Achieved **In Progress** **Not Started/On Hold**


"Our ability to operate effectively over the long term depends on the strength of our relationships, the quality of regional planning and the trust we build with the communities and organisations around us."

Statement of comprehensive income

For the year ended 30 June 2026

	Notes	2026 $	2025 $
Aeronautical		11,592,027	11,173,218
Ground Transport		3,367,035	2,894,647
Business Park		407,749	420,205
Other Revenue		246,309	262,877
Total Revenue	4	**15,613,120**	**14,750,947**
Less Operating Expenses	5	(6,824,371)	(6,240,502)
Operating Profit after Operating Expenses		**8,788,749**	**8,510,445**
Depreciation	11	(3,745,644)	(3,310,951)
Fair value gain on Investment Property	12	319,005	519,134
Finance Income	6	7,989	189,236
Finance Expense	6	(1,244,004)	(1,506,774)
Net Profit before income tax		**4,126,095**	**4,401,090**
Income Tax Expense	7	(1,181,284)	(1,122,932)
Net Profit/(Loss) after income tax		**2,944,811**	**3,278,158**
Items that will not be reclassified into profit or loss:			
Revaluation of Property, Plant & Equipment, net of deferred tax	11	(120,000)	435,000
Change in fair value of derivatives, net of deferred tax	10	(20,873)	(304,688)
Total Comprehensive Income		**2,803,938**	**3,408,470**

Statement of changes in equity

For the year ended 30 June 2026

	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**
Net Profit for the period	-	3,278,158	-	-	3,278,158
Revaluation of Property, Plant & Equipment (net of deferred tax)	-	-	435,000	-	435,000
Cash Flow Hedge Reserve - Interest Rate Swaps (net of tax)	-	-	-	(304,688)	(304,688)
Reclassification of depreciation on revalued assets (net of tax)	-	541,124	(541,124)	-	-
Movement in deferred tax on revaluation reserve	-	-	-	-	-
Total comprehensive income	**-**	**3,819,282**	**(106,124)**	**(304,688)**	**3,408,470**
Distributions to shareholders	-	(992,910)	-	-	(992,910)
Balance at 30 June 2025	**13,789,155**	**24,407,910**	**16,677,572**	**33,603**	**54,908,240**

	Issued Capital $	Retained Earnings $	Revaluation Reserve $	Cash Flow Hedge Reserve $	Total Equity $
Balance at 1 July 2025	**13,789,155**	**24,407,910**	**16,677,572**	**33,603**	**54,908,240**
Net Profit for the period	-	2,944,811	-	-	2,944,811
Revaluation of Property, Plant & Equipment (net of deferred tax)	-	-	(120,000)	-	(120,000)
Cash Flow Hedge Reserve - Interest Rate Swaps (net of tax)	-	-	-	(20,873)	(20,873)
Reclassification of depreciation on revalued assets (net of tax)	-	1,030,967	(1,030,967)	-	-
Total comprehensive income	**-**	**3,975,778**	**(1,150,967)**	**(20,873)**	**2,803,938**
Distributions to shareholders	**-**	**(1,475,171)**	**-**	**-**	**(1,475,171)**
Balance at 30 June 2026	**13,789,155**	**26,908,517**	**15,526,605**	**12,730**	**56,237,007**

Statement of financial position

As at 30 June 2026

	Notes	2026 $	2025 $
Assets			
Trade and other receivables	9	1,244,369	1,206,171
Cash and cash equivalents		941,880	640,773
Derivatives	10	-	12,879
Total current assets		**2,186,249**	**1,859,823**
Non current assets			
Property plant and equipment	11	76,863,072	74,519,805
Investment property	12	17,307,496	16,949,817
Derivatives	10	45,943	33,792
Total non-current assets		**94,216,511**	**91,503,414**
Total assets		**96,402,760**	**93,363,237**
Equity			
Issued capital	15	13,789,155	13,789,155
Retained earnings		26,908,517	24,407,910
Reserves	16	15,539,335	16,711,175
Total equity		**56,237,007**	**54,908,240**
Liabilities			
Trade and other payables	13	1,257,383	1,299,815
Employee benefits		270,692	247,816
Derivatives	10	28,061	-
Current tax liabilities		419,854	1,116,184
Total current liabilities		**1,975,990**	**2,663,815**
Deferred tax liability	7,8	9,709,618	9,442,146
Rentals in advance	13	380,145	449,036
Borrowings	14	28,100,000	25,900,000
Total non-current liabilities		**38,189,763**	**35,791,182**
Total liabilities		**40,165,753**	**38,454,997**
Total equity and liabilities		**96,402,760**	**93,363,237**

These financial statements were authorised for issue by the Board on 25 September 2026.



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 2026

	2026 $	2025 $
Cash flows from operating activities		
Cash was provided from:		
Revenues	15,460,012	14,552,799
Interest received	7,989	189,236
	15,468,001	**14,742,035**
Cash was disbursed to:		
Suppliers and employees	(5,935,511)	(6,384,025)
Goods & Services Tax (Net)	(806,174)	(416,013)
Interest paid	(1,175,235)	(1,506,774)
Income tax (Net)	(1,605,129)	(1,191,718)
	(9,522,048)	(9,498,530)
Net cash flows from operating activities	**5,945,953**	**5,243,505**
Cash flows to investing activities		
Cash was disbursed to:		
Sale of fixed assets	-	-
Cash was disbursed to:		
Capital works	(6,369,675)	(7,127,300)
Net cash flows from investing activities	**(6,369,675)**	**(7,127,300)**
Cash flows from financing activities		
Cash was provided from:		
Borrowings received	2,800,000	2,900,000
Cash was disbursed to:		
Borrowings repaid	(600,000)	-
Dividends paid	(1,475,171)	(992,910)
Net cash flows from finance activities	**724,829**	**1,907,090**
Net (decrease) / increase in cash and cash equivalents	301,107	23,295
Add opening cash and cash equivalents	640,773	617,478
Closing cash and cash equivalents at end of year	941,880	**640,773**
Represented by:		
Cash at bank	938,603	639,086
Cash in hand	3,277	1,687
	941,880	**640,773**

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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 company, both equity and debt not falling within the definition of cash.

Notes to the financial statements

For the year ended 30 June 2026

1 Summary of material accounting policy information

These financial statements comprise the financial statements of 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 New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), 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 amendment for the first time for their annual reporting period commencing 1 July 2025:

- Lack of Exchangeability - amendments to NZ IAS 21 and NZ IFRS 1

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

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 under Development

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 12.

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 11. 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

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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 Financial Instruments

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 approximates 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 10 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:	**2026 $**	**2025 $**
Financial assets		
Measured at amortised cost		
Cash and cash equivalents	941,880	640,773
Trade and other receivables	1,105,380	1,025,325
Measured at fair value		
Derivative financial instruments	45,943	46,671
	2,093,203	**1,712,769**

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

	2026 $	**2025 $**
Financial liabilities		
Measured at amortised cost		
Trade and other payables	945,637	886,576
Borrowings	28,100,000	25,900,000
Measured at fair value		
Derivative financial instruments	28,061	-
	29,073,698	**26,786,576**

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

Aeronautical income includes all revenue from 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.

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.

	2026 $	2025 $
Aeronautical	11,592,027	11,173,218
Ground transport	3,367,035	2,894,647
Business park	407,749	420,205
Other revenue	246,309	262,877
	15,613,120	**14,750,947**

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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. Terminal and concessions are recognised over time. Parking fees are recognised in accordance with the hourly, daily or weekly parking charges over time as the service being provided for the period when the vehicles use the carparks. Rental income is recognised in accordance with NZ IFRS 16 on a straight line basis.

5 Expenses

	2026 $	2025 $
Directors' fees	182,249	185,134
Employee benefits	2,334,412	2,127,544
Consultancy fees	464,371	657,891
Insurance	739,828	689,187
Computer/IT costs	90,418	113,387
Other expenses	3,013,093	2,467,359
	6,824,371	**6,240,502**

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	127,952	117,886
Total audit or review related services	127,952	117,886
Other services		
Audit or review related services		
Assurance engagement	30,000	30,000
Total other services	30,000	30,000
Total fees paid to auditors	157,952	147,886

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

	2026 $		2025 $
Interest expense	1,217,901		1,493,120
Insurance financing	26,103		13,654
	1,244,004	**-**	**1,506,774**
Finance income			
Interest income - interest rate swaps	(7,989)		(189,236)
	(7,989)	**-**	**(189,236)**
Finance Costs - Net	**1,236,015**		**1,317,538**

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 amount of interest with respect of insurance financing was $26,103 (2025: $13,654)

7 Taxation

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 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.

	2026 $	2025 $
A. Income tax expense		
Current tax	905,695	1,605,364
Deferred tax	275,589	(482,432)
Income tax expense	**1,181,284**	**1,122,932**
B. Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before Income tax expense	4,126,095	4,401,090
Income tax @ 28%	1,155,307	1,232,305
Adjusted for the tax effect of:		
Revaluation of investment property (land)	14,000	(117,600)
Non deductible expenses	17,951	10,384
Prior years (over)/under provision	(3,188)	-
Other	(2,786)	(2,157)
Income tax expense	**1,181,284**	**1,122,932**

8 Deferred Tax Liabilities

	2026 $	2025 $
Opening balance	9,442,146	10,043,068
Charged/(credited) to profit or loss	275,589	(482,432)
Charged to other comprehensive income	(8,117)	(118,490)
Closing balance	9,709,618	9,442,146

The balance comprises temporary differences attributable to:

	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**

	Balance 1 July 2025 $	Recognised in profit or loss $	Recognised in OCI $	Balance 30 June 2026 $
Holiday pay	(48,589)	7,379	-	(41,210)
Intangibles	(47)	-	-	(47)
Income in advance	(175,240)	20,455	-	(154,785)
Runway refurbishment	457,232	-	-	457,232
Capitalised interest	27,930	-	-	27,930
Depreciation and revaluation of property, plant & equipment	4,374,935	-	-	4,374,935
Asset base and depreciation differences	3,849,475	140,907	-	3,990,382
Interest rate swaps	13,069	-	(8,117)	4,952
Revaluation of investment property	990,841	103,321	-	1,094,162
Other accruals	**(47,460)**	**3,527**	**-**	**(43,933)**
Closing balance	**9,442,146**	**275,589**	**(8,117)**	**9,709,618**

9 Trade and other receivables

	2026 $	2025 $
Trade receivables	1,104,480	1,024,425
Prepayments	123,596	75,065
Other receivables		
GST receivable/(payable)	15,393	105,781
Other receivables	900	900
	1,244,369	**1,206,171**

Trade and other receivables are stated at net realisable value after expected credit losses. During the year ended 30 June 2026, the expected credit loss is $11,363 (2025: $9,016).

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.

10 Derivative financial instruments

Current assets	2026 $	2025 $
Cash flow hedge	-	12,879
Total current derivative financial instrument assets	**-**	**12,879**
Non-current assets		
Cash flow hedge	45,943	33,792
Total non-current derivative financial instrument assets	**45,943**	**33,792**
Current Liabilities		
Cash flow hedge	(28,061)	-
Total non-current derivative financial instrument liabilities	**(28,061)**	**-**
Total derivative financial instrument liabilities	**17,882**	**46,671**

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

Cash flow hedge reserve	2026 $	2025 $
Opening balance	33,603	338,291
Add: Change in fair value of hedging instrument	(28,990)	(423,178)
Less Deferred tax	8,117	118,490
Closing balance	**12,730**	**33,603**

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 2026 and 2025.

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	2026 $	2025 $
ASB - Sustainability Linked Loan	18,000,000	18,000,000
ASB - Revolving Credit Facility	10,100,000	7,900,000
	28,100,000	25,900,000

Instruments used by the Company

Interest Rate Swaps with a total notional value of $13,000,000 are currently in place, representing 72.22% (2025 : 50.00%) of the Sustainability Linked Loan principal outstanding at 30 June 2026. The fixed interest rates of the swaps range between 2.995% and 3.47% (2025 - 2.925% - 3.00%) and the variable rates of the loans are between 2.41% and 3.33% (30 day BKBM) (2025: 3.38% and 5.64% (30 day BKBM)).

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	2026 $	2025 $
Net carrying amount (current and non-current asset)	17,882	46,671
Notional amount	13,000,000	9,000,000
Hedge ratio	72.22%	50.00%
Change in fair value of outstanding hedging instruments since 1 July	(28,990)	(423,178)
Change in value of hedged item used to determine hedge effectiveness	28,990	423,178
Weighted average hedged rate for the year	3.23%	2.92%

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	2026 $	2025 $
Interest rates – increase by 100 basis points	130,000	90,000
Interest rates – decrease by 100 basis points	(130,000)	(90,000)

AP

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).

11 Property, plant and equipment

	Land & Land Improvements	Airport Infrastructure & Buildings	Other assets	Capital Work in Progress	Total
	$	$	$	$	$
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**
Year ended 30 June 2026					
Opening net book value	8,528,371	55,323,230	5,447,634	5,220,570	74,519,805
Additions	-	-	-	6,352,668	6,352,668
Disposals	-	(143,757)	-	-	(143,757)
Revaluation	(120,000)	-	-	-	(120,000)
Depreciation charge	(966)	(3,132,711)	(611,967)	-	(3,745,644)
Transfers	-	8,821,049	1,357,994	(10,179,043)	-
Closing net book value	**8,407,405**	**60,867,811**	**6,193,661**	**1,394,195**	**76,863,072**
At 30 June 2026					
Fair value	8,432,771	76,237,437	8,977,281	1,394,195	95,041,684
Accumulated depreciation	(25,366)	(15,369,626)	(2,783,620)	-	(18,178,612)
Closing net book value	**8,407,405**	**60,867,811**	**6,193,661**	**1,394,195**	**76,863,072**

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 2026 (2025: CBRE). The results of this valuation conclude that there has been a decrease in fair value of land assets relative to the previous year's valuations, which has been recognised in other comprehensive income against the revaluation reserve.

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 2026 (2025: 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 an immaterial change in the fair value of Airport Infrastructure and Buildings assets relative to the carrying value. The Company has concluded that the 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 2026 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 declining passenger base, due to fuel volatility capacity reductions made during FY2026.

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	mid -4% to high +4%	-$1M to +$3.5M
WACC	-0.5% to +0.5%	-$172K to +$123K

AP

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%

12 Investment property

	Land & Land Improvements	Business Park Infrastructure & Buildings	Investment Property under development	Total
	$	$	$	$
At 1 July 2024	7,917,225	8,488,567	-	16,405,792
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**	-	**16,949,816**
At 1 July 2025	**8,362,115**	**8,587,701**	**-**	**16,949,816**
Additions	-	-	38,675	38,675
Net gain/(loss) from fair value adjustment on Investment Properties	(50,000)	369,005	-	319,005
Fair value as at 30 June 2026	**8,312,115**	**8,956,706**	**38,675**	**17,307,496**

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 (Derek Devanne - Registered Valuer - BCom (VPM) ANZIV) in accordance with International Valuation Standards (IVS) 2013. Business Park Infrastructure & Buildings are originally recorded at cost and assessed annually by an independent valuer, Bayleys Valuations Limited (Nigel Fenwick BBS (VPM), NZIV, MRICS) using the depreciated replacement cost method.

AP

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 2026. 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 2026.

The Company is developing a business park on surplus airfield land. The initial tenant has prepaid its rent for the 21 year lease term and this income 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 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.

13 Trade and other payables

	2026 $	2025 $
Current		
Trade payables	945,637	815,633
Other payables	-	70,943
Accrued expenses	240,194	337,524
Rentals in advance	71,552	75,715
	1,257,383	**1,299,815**
Non Current		
Rentals in advance	380,145	449,036
Total trade and other payables	**1,637,528**	**1,748,851**

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 fair value and subsequently measured at amortised net cost using the effective interest method.

14 Borrowings

The Company's banking facilities are subject to an Interest Cover Ratio and a Shareholders' Funds Ratio, which are required to be maintained at all times.

The Company complied with these covenants during the period and at reporting date.

The Company has a sustainability linked loan facility of up to $18,000,000, a revolving credit facility of up to $15,000,000 and an overdraft facility of up to $500,000 available. All facilities extended are secured by a General Security Agreement.

The sustainability linked loan facility had an initial three year term and was renewed under the evergreen renewal clause and subsequent Deed of Amendment during the year ended 30 June 2026, with a maturity date of 22 October 2029.

The sustainability linked loan dovetails into the NZ Government's Funding for Lending Programme which has the objective of supporting regional growth and helping lenders transition 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 tied to Scope 1 & 2 activities (including the Airport Carbon Accreditation scheme), implementation of activities tied to the Technology Roadmap, and enhancing Scope 3 reporting through the use of technology and engagement with the New Zealand Airports sustainability group.

The average interest rate on the sustainability linked loan facility for the year ended 30 June 2026 was 4.13% p.a. (2025: 5.94% 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 3.89% (2025: 5.73%)

Summary of borrowings:				**2026 $**	**2025 $**
Facility	**Commencement Date**	**Expiry Date**	**Facility Limit**	**Amount Drawn**	**Amount Drawn**
ASB Bank - Sustainability Linked Loan	Oct'21	Oct'29	18,000,000	18,000,000	18,000,000
Revolving Credit Facility	Jun'21	Oct'28	15,000,000	10,100,000	7,900,000
Total				**28,100,000**	**25,900,000**
Non current				28,100,000	25,900,000
				28,100,000	25,900,000

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 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

	2026 Shares on Issue	2025 Shares on Issue	2026 $	2025 $
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 2026 financial year, a fully imputed dividend of $1,475,171 was declared and paid (2025: $992,910).

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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

	2026 $	2025 $
Cash flow hedge reserve	12,730	33,603
Revaluation reserve	15,526,605	16,677,572
Total reserves	**15,539,335**	**16,711,175**

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 2026, the Company is contractually committed to capital expenditure totalling $325,781 in relation to fire station build, airfield lighting, main carpark improvements, and airfield runway overlays (2025:$2,502,331 committed in relation to fire station build, airfield lighting, main carpark improvements, airside design and Air Napier hangar additions).

18 Contingencies

As at 30 June 2026, the Company has no contingent liabilities or assets (2025: $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.

A dividend of $1,475,171 was paid to shareholders during the year ended 30 June 2026 (2025: $992,910).

B. Key management personnel compensation	2026 $	2025 $
Compensation paid to key management personnel during the financial year	756,478	548,578

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.

There have been no additional payments to directors during the year ended 30 June 2026 (2025: $86,003 paid to Darin Cusack for the provision of consulting services to the Company).

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 2026, the Company has entered into a forward Interest Rate Swap transaction for $6,000,000, with an effective date of 22 February 2028, which matures on 22 August 2030 at a fixed interest rate of 4.135%.

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

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Hawke's Bay Airport Limited's financial statements and statement of service performance for the year ended 30 June 2026

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

Opinion

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 32 to 54; and
- the performance information of the Company for the year ended 30 June 2026 as contained in the statement of service performance on pages 28 to 30.

In our opinion:

- The financial statements of the Company present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with New Zealand Equivalents to IFRS Accounting Standards Reduced Disclosure Regime ('NZ IFRS RDR').
- The performance information of the Company 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 2026, and has been prepared in all material respects in accordance with section 68 of the Local Government Act (the Act).

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors is responsible on behalf of the Company for preparing:

- Financial statements that are fairly presented and comply with NZ IFRS RDR.
- Performance information in accordance with section 68 of 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 performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and performance information, 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 there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Act.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

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

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 performance information, 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 performance information 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 performance information, including the disclosures, and assess whether the performance information 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 all of the information included on pages 4 to 27 of the annual report, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

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 eh Company's disclosure financial statements pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which are compatible with those independence requirements.

Pam Thompson

Pam Thompson
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand
25 September 2026



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ASB Bank Limited

Solicitors

Dentons
Ford Sumner Lawyers

Auditors

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



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