ANNUAL REPORT

For the year ended 30 June 2026




DEWALT

CONTENTS

COMPANY DIRECTORY
02

CHAIR AND CHIEF EXECUTIVE'S JOINT REPORT
04–05

2026 HIGHLIGHTS
06–07

CASE STUDIES
08–25

CORPORATE REPORT
26–33

STATEMENT OF SERVICE PERFORMANCE
34–45

FINANCIAL STATEMENTS
46–53

NOTES TO THE FINANCIAL STATEMENTS
54–85

HISTORICAL FINANCIAL HIGHLIGHTS
86–87

AUDITOR'S REPORT
88–91

COMPANY DIRECTORY

DIRECTORS
AS AT JUNE 2026

Murray Georgel—Chair

Shelly Mitchell-Jenkins—Chair of Audit & Risk Committee

Christopher Cardwell—Chair of Terminal & Property Development Committee

Sarah Everton

Russell Wilson

MANAGEMENT

David Lanham—Chief Executive

Jonathon Baker—Chief Financial Officer

Mark Lash—Chief Commercial Officer

Brent Lawry—Terminal & Facilities Manager

Johan VanVuuren—Infrastructure Manager

Alex Fechney—Safety & Operations Manager

Baylie Corney—Marketing & Communications Manager

REGISTERED OFFICE

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Palmerston North

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Fax: +64 6 355 2262
E-mail: info@pnairport.co.nz
Web: www.pnairport.co.nz

Trading Bankers—Bank Of New Zealand, Industrial & Commercial Bank of China

Legal Advisors—Cooper Rapley Lawyers, Ford Sumner Lawyers

Auditor—The Audit Office (on behalf of the Auditor-General)




AIR NEW ZEALAND
PALMERSTON NORTH
NSK743

JOINT REPORT

THE CHAIR AND CHIEF EXECUTIVE'S JOINT REPORT

FOR THE YEAR ENDED
30 JUNE 2026

Haere mai and welcome to Palmerston North Airport Limited's (PNAL's) 2026 Annual Report.

This year marked another period of significant progress delivering against Shareholder objectives and investing in the long term future of Palmerston North Airport, our city and the wider region.

Key milestones to highlight include:

- Progress on the terminal development project has continued at pace, with construction of the new Western end of the terminal well underway. At financial year-end, the back of house area was watertight and fit-out was underway, and it has been a welcome sight to see the structural timber elements and roof within the main terminal also going up on site. The opening of the Western end of the new terminal is planned for early 2027, followed by the demolition and construction of the Eastern end, with the terminal due for completion by late 2027/early 2028.
- Operations have successfully continued this year within the temporary terminal with minimal disruption to airport operations. However, we acknowledge that the smaller and temporary terminal did have an impact on our customer experience, which led to a drop in our NPS. We thank all users of the airport for their feedback and patience and look forward to the new terminal providing a welcoming space for many years to come.
- The construction of the new freight and logistics warehouses on the corner of Airport Drive and McGregor Street has also progressed at pace. Due for completion in January 2027, this development will add 8,000m² of warehouse and associated facilities to Ruapehu Aeropark and Te Utanganui – The Central New Zealand Distribution Hub. It represents the important next step in the expansion of PNAL's Ruapehu Aeropark and further consolidates Te Utanganui as a major freight and logistics centre for New Zealand. Upon completion, the facility is expected to have a market value of ~$21.8m.
- FY26 saw the conclusion of a highly successful $45m debt raise with the Industrial and Commercial Bank of China, providing PNAL with a strong platform to continue to expand Ruapehu Aeropark. "*Palmerston North Airport is considered critical infrastructure for a thriving region with strong growth potential.*" says James Gill, Director of Corporate and Institutional





Palmerston North Airport is considered critical infrastructure for a thriving region with strong growth potential.

Banking at ICBC. *"As a bank we understand the transformational opportunity that is in front of PNAL and we are delighted to be the finance partner chosen to support these developments."*

→ PNAL has also delivered strong shareholder returns this year, with a Total Shareholder Return (measured as dividends plus equity growth) for the year of 12%. PNAL's income diversification strategy is a clear driver behind this positive outcome, with the airside freight and logistics warehouses alone adding revaluation gains of $6.9m (apportioned between P&L and Balance Sheet) in FY26.

→ PNAL has experienced a strong financial performance for FY26, with a Net Profit After Tax of $4.8m, compared to a budgeted loss of $0.1m. In part this is due to the notable fair value gains, one-off land sales and strong cost control, but also benefitted from timing differences associated with the deferral of some costs into FY27. This includes the timing of accelerated depreciation associated with the old terminal now forecast to occur in FY27.

→ On the back of the above, and PNAL's strong Net Profit After Tax (NPAT) performance, the Directors are pleased to declare a dividend for the FY26 year of $600,000, a 100% increase on the FY25 dividend and $200k above the shareholder's expectation. This equates to 64% of NPAT (excluding fair value gains and capital gains).

These achievements and other highlights are outlined further in the 2026 Annual Report.

Murray Georgel
Chair

David Lanham
Chief Executive

SNAPSHOT

2026 HIGHLIGHTS

PASSENGER MOVEMENTS

520,009

2% DECLINE
ON YEAR PRIOR

TOTAL INCOME

$17.87 M

5% INCREASE
ON YEAR PRIOR

TOTAL AERONAUTICAL INCOME

$12.40 M

8% INCREASE
ON YEAR PRIOR

DIVIDEND DECLARED

$600 K

100% INCREASE
ON YEAR PRIOR

ENGAGEMENT SURVEY RESPONSE

100%

ENGAGEMENT SURVEY SCORE

81%

67.5%
NZ WIDE BENCHMARK



HIGHLIGHTS

2025 GDP IMPACT

$150 M

2025 EMPLOYMENT IMPACT

2,700



TOTAL SCOPE 1 AND 2 EMISSION REDUCTIONS (SINCE 2022)

179 T CO_2e

84% REDUCTION
SINCE 2022 BASELINE

CURRENT YEAR SCOPE 1 AND 2 EMISSION REDUCTIONS

8.34 T CO_2e

19% REDUCTION
ON YEAR PRIOR

TOTAL SEAT CAPACITY

617,225

3% DECLINE
ON YEAR PRIOR

TOTAL AIRCRAFT MOVEMENTS (PAX, FREIGHT, CHARTER, GA)

20,175

4% INCREASE
ON YEAR PRIOR

PASSENGER AIRCRAFT MOVEMENTS

9,904

5% DECREASE
ON YEAR PRIOR

FY26 NET PROMOTER SCORE (NPS)

31

42
YEAR PRIOR

NUMBER OF COFFEES SERVED

83,488

BUSIEST MONTH (PAX NUMBERS)

47,038

MARCH 2026

EBITDA

$7.77 M

2% INCREASE
ON YEAR PRIOR

CASE STUDY

BUILDING MOMENTUM

Another big year for the Terminal Development Project

A year of steady progress

Our Terminal Development Project (TDP) made significant progress over the last financial year. It shifted from planning into full-scale construction, while keeping our promise to our airport users of uninterrupted service. This commitment has continued to shape every decision, from how we stage the build to how we keep our community informed along the way.

With our temporary terminal in place, in July 2025 we commenced with the demolition of the former terminal's western end. Safety remained a priority throughout, with strict protocols in place for airport users, staff and contractors. We were especially proud of the sustainability outcomes. Working with Feilding-based Central Demolition, our contractors LT McGuinness diverted 88% of all demolition materials from landfill. Metal was melted down for reuse, concrete crushed and screened for roading aggregate, ceiling tiles and gib processed into compost and fertiliser, and timber pulped for biofuel.

Reaching new heights

Once the western end of the former terminal was cleared, construction of the new 5,000 m^2 terminal progressed quickly. Foundation, floor slab, reinforcing and concrete works got underway, and by February contractors had poured 807.8m^3 of concrete - equivalent to 135 truckloads - and placed 2,298.75m^3 of metal backfill delivered in 288 truckloads. The largest foundation beam on site alone used 29 tonnes of reinforcing steel and over 200m^3 of concrete.

A standout milestone was the erection of the western end's CoreSteel roof structure - a 42-metre span weighing 80,000kg, manufactured by Donovan Group in Whangārei and erected by local firm Elite Engineering. Attention then turned to the large, laminated timber beams forming the check-in and departures area, supplied by Levin-based Techlam NZ. By May, the western end of the new terminal was enclosed, and installation of the timber roof structure - a real visual highlight of the new terminal - commenced.

Supporting our region

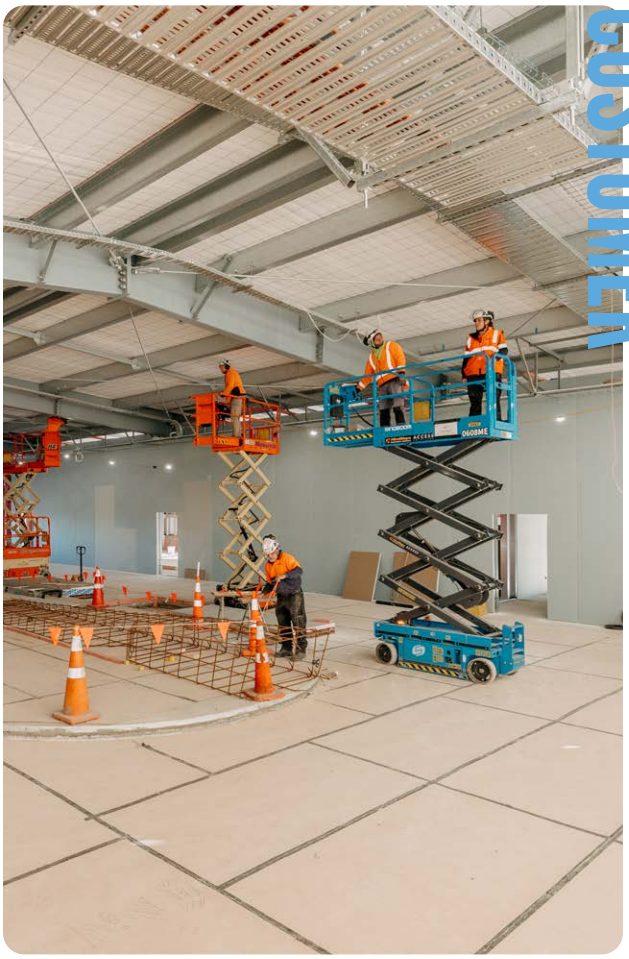
As with the enabling works, the use of local suppliers and subcontractors where possible has remained a priority. More than 20 local subcontractors have been engaged on the project, and in addition, main contractor LT McGuinness have 18 of their local team currently employed on the project.

Managing everyday impacts

Keeping passenger operations running smoothly through construction has meant ongoing, practical changes along the terminal frontage. In December, the Terminal Loop Road directly in front of the terminal closed to all traffic to allow essential power, water and sewer upgrades to commence with the taxi rank relocating to the pick-up and drop-off area within the General carpark and public buses shifting to a stop on Airport Drive. Short and long-term carparks have remained fully accessible throughout the construction programme.

It's shifted from planning into full-scale construction, while keeping our promise to our airport users of uninterrupted service.







CASE STUDY

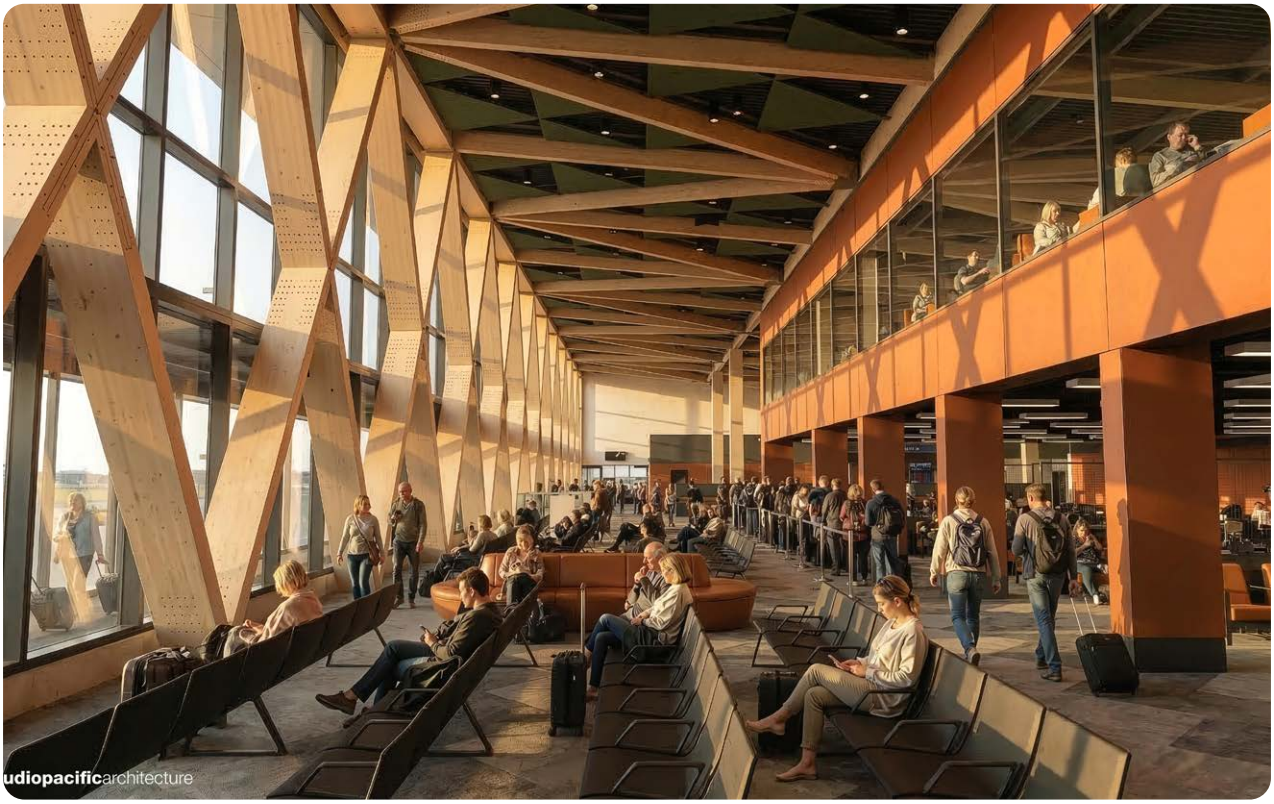
The full terminal is on track to open in late 2027/early 2028.

Proactive community engagement

Keeping our community informed about this project has remained central to our communications approach all year. Regular updates went to Palmerston North City Council's Elected Members, our regional stakeholders, tenants, and community groups across our catchment area. This was alongside public newsletters, website FAQs, and social media, covering everything from milestones to meet-the-crew stories. Radio, billboards, bus-backs and digital advertising ran across Manawatū and our neighbouring regions, including Whanganui, Kāpiti, Horowhenua and the Wairarapa. Cinema advertising specifically focused on reaching seniors and families with young children - user groups more likely to be affected by terminal changes. Media interest also grew, with feature stories published on the project's progress.

Looking ahead

With the western end of the new terminal now taking shape, our focus now turns to the next stage. Civil works in the cargo pick-up and drop-off area have already begun, as has the internal fit out programme, and relocation into the completed half of the new terminal is anticipated for early 2027. The full terminal is on track to open in late 2027/early 2028.



CUSTOMER





CASE STUDY

AIRFIELD POWER AND LIGHTING

This year preparations began for the transfer of responsibility for the airport's visual navigation aids from Airways New Zealand to Palmerston North Airport Limited (PNAL).

Airways New Zealand, the country's primary provider of air traffic control services, historically owned the Airfield Ground Lighting (AGL) and associated specific power centres at airports across New Zealand. Airways is currently executing a long-term plan to divest its ownership and maintenance of AGL and power centres at aerodromes across the country. This strategy shifts the responsibility of runway and taxiway lighting to individual airport operators.

While these assets often go unnoticed by passengers, they are an essential part of airport infrastructure. Across the airfield, a network of specialised lighting provides visual guidance to pilots during take-off, landing, and ground movements. This includes the runway edge lights (white), threshold lights (green), runway end lights (red), turn bay lights, and taxiway lighting (blue).

Another important component of the visual navigation system is the Precision Approach Path Indicator (PAPI). Located alongside the touch down markings, the PAPI provides pilots with a clear visual cue of whether they are on the correct visual glide slope to the runway touch down location.

The airport's Wind Direction Indicators (WDIs), commonly recognised as windsocks, are another critical aid for pilots. Positioned adjacent to the touch down markings, these indicators provide real-time information on wind direction and conditions, helping flight crews make informed decisions during take-off and landing.

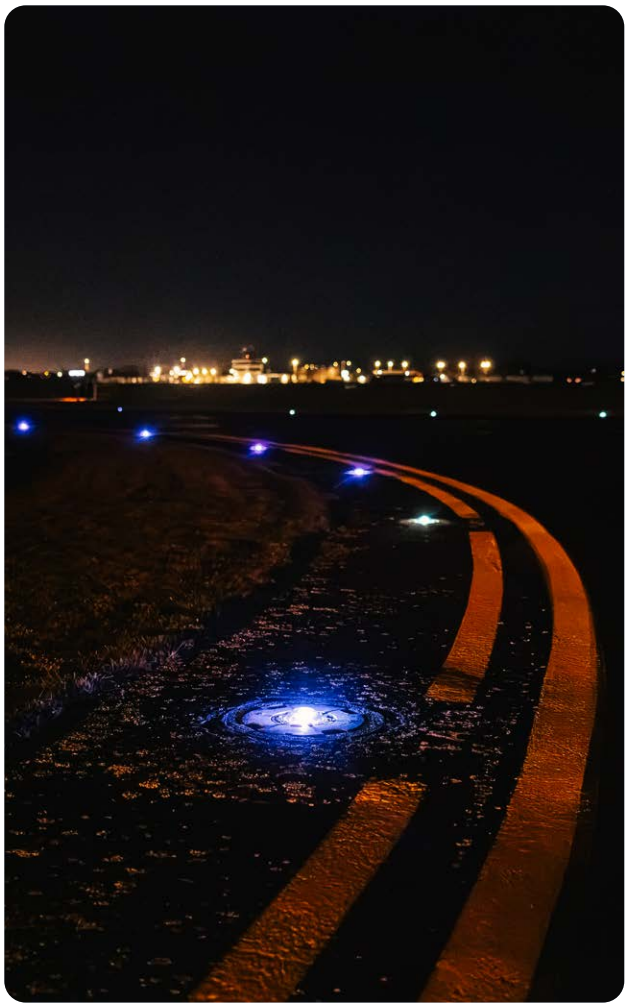
As responsibility for these assets transitions to PNAL, we have been undertaking the necessary planning and preparation to ensure the continued operation, maintenance, and future management of these important systems.

While these assets often go unnoticed by passengers, they are an essential part of airport infrastructure.

COMPLIANCE







STAFF SPOTLIGHT

MICHELLE THOMPSON

HR Advisor



Can you tell us what your job involves in simple terms?

I enjoy the diversity and variety that comes with my role as an HR Advisor. While no two days are exactly the same, my responsibilities generally focus on supporting both employees and managers across the full employment lifecycle, from recruitment and onboarding through to development, performance management and offboarding. I provide advice on people-related matters, help ensure compliance with employment and privacy obligations, develop and maintain HR policies and processes, and work closely with management to create a positive and productive workplace. In simple terms, I'm there to help navigate the people side of the business.

Additionally, I am a Wellness Champion alongside PNAL's Assistant Accountant. The objective is for the Wellness Programme framework to meet the intent of PNAL's Culture and OneTeam strategic objectives. Some examples of how we do this are Annual Engagement Surveys, a calendar of Wellness Programme events, wellness catch-ups with team members, and production of the monthly pānui/ newsletter.

What's something small you do that makes a big difference?

There is much within my role that can impact change and make a difference. But maybe the simplest thing of all is bringing my true self to work ... providing a sounding board or just a safe space, where people feel comfortable and able to talk openly, knowing that it's a space that holds no judgment and is there to help and/or advise.

What's one tool or system you use every day, and why is it important?

One tool I use every day is our Human Resource Information System (HRIS). It is important because it serves as the central source of employee information and supports many of my day-to-day HR activities. I use it to manage employee records, process onboarding and offboarding, track leave and employment changes, generate reports, and ensure data/policy compliance. Having reliable and up-to-date information readily available allows me to provide timely advice to managers and employees, support decision-making, and ensure HR processes run efficiently across PNAL.

What do you enjoy doing outside of work?

Variety is the spice of life, right? I enjoy focussing on health and fitness, and so going to the gym is my happy place and escape from daily stresses and responsibilities. I've been dragged up in a kart racing family, which has resulted in me being a huge motorsport fan. During the F1 season, I'll cancel plans so I don't miss a Grand Prix weekend. I've been involved in theatre since I was four, and it's continued to be part of who I am, although mostly acting/singing now rather than dancing ... although I'll be choreographing a new production I'm co-directing. With all this activity, nothing beats sitting on the couch with my 17-year-old son, with the fire on, eating ice cream and watching a good movie!

What's something (funny, surprising, or memorable) your colleagues might say about you?

I talk funny. Being from the Midlands in the UK, I pronounce words correctly, but in New Zealand people somehow think it's a bit strange!



CASE STUDY

WHĀNAU KOTAHI

Supporting Our People, Together

Our OneTeam - Whānau Kotahi wellness programme continued to play an important role in supporting the health and wellbeing of our busy team. We recognise that wellbeing is about more than physical health and we continue to focus on creating a workplace where our team can thrive, feel valued and bring their best selves to work every day. With major construction underway across two sites, including airside and an increasingly complex operating environment, the importance of looking after our team has never been more important.

Throughout the year, our wellbeing calendar was full of activities which supported the physical, mental, social and emotional wellbeing of our team. Examples included celebrating Te Wiki o Te Reo Māori, International Firefighters Day and Mental Health Awareness Week, and off-site visits including New Zealand Defence force Base Ohakea.

This year we were thrilled to again achieve a 100% response rate in our annual engagement survey conducted by People Inc Group. Our engagement score remained high at 81%, well above the People Inc Group NZ-wide benchmark of 67.5%, a clear sign that our people continue to feel connected, supported, and valued.

We continue to offer our team members a range of free benefits which include access to EAP (Employee Assistance Programme) for confidential mental health and counselling services, hybrid working opportunities to support work-life balance, free gym access and subsidised health insurance to ensure our people are looked after when it matters most.

We recognise that wellbeing is about more than physical health and we continue to focus on creating a workplace where our team can thrive, feel valued and bring their best selves to work every day.

CULTURE











STAFF SPOTLIGHT



ALEX GEORGIADES

Project Manager

Can you tell us what your job involves in simple terms?

I am a Project Manager for Palmerston North Airport's development projects, which means my focus is not on the day-to-day operation of the airport, but on helping shape its future. My work involves looking after the airport's interests as we undertake significant developments, including projects such as the new terminal building and the freight and logistics warehouses. I am a trained structural consulting engineer with a strong interest in architecture, and I enjoy finding practical solutions that balance functionality, aesthetics and practicality, while ensuring the best value for the airport's investment.

What's one tool or system you use every day, and why is it important?

I have always been more of an image person than a word person, which is why I enjoy working through challenges visually. Much of my role involves producing drawings and layouts that solve spatial problems and help bring ideas to life. AutoCAD is the tool I use most often, and I genuinely enjoy working in it. As I develop a design, potential issues and opportunities often reveal themselves, and I find a great deal of satisfaction in working through those challenges to arrive at a solution that works well for everyone involved.

What's a recent project you've worked on that you're proud of?

One project I am particularly proud of was helping to develop the final layouts for the airport's café, departure lounge and back-of-house buggy tracking facilities. Working alongside colleagues, including Brent, Alex Fechney and Johan, we were able to create spaces that balance operational requirements with the needs of passengers and staff. More recently, I designed concept layouts for a helicopter medical rescue organisation that is considering basing its operations at Palmerston North Airport. This involved planning the arrangement of hangars, offices and accommodation areas to support their future operations.

What motivates you at work?

What motivates me most is being part of a diverse team of capable people who respect one another and work towards a common goal. I find it rewarding to contribute to projects that will have a lasting impact on the airport and the wider region. Seeing ideas progress from concept into reality, while working alongside a committed team, is one of the most satisfying aspects of my role.

What do you enjoy doing outside of work?

Outside of work, I enjoy staying active and looking after my health. Regular weight training and spin classes help me stay fit, strong and energised, and I believe maintaining that balance is important both professionally and personally. I also enjoy exploring my creative side through oil painting. Whenever I have some free time, I like to immerse myself in a painting project, experimenting with colour, light and composition. Much like my work with drawings and design, oil painting allows me to think visually and creatively, while also providing a relaxing and rewarding way to switch off and focus on something entirely different. It is a hobby that challenges me, inspires me and gives me a great sense of satisfaction when a piece comes together.


PALFINGER CRANE

CASE STUDY

BUILDING FOR THE FUTURE

Freight and Logistics Warehouse Development

This year marked the beginning of an exciting new chapter for Palmerston North Airport Limited's (PNAL) Ruapehu Aeropark, with construction officially commencing on a major freight and logistics warehouse development. Following the signing of the lease agreement with anchor tenant Freightways Group in 2025, the project represents a significant milestone for PNAL.

As one of the first major freight and logistics developments within Ruapehu Aeropark, the warehouse is a tangible sign of the future of Palmerston North and Manawatū as a leading distribution and logistics hub for the lower and central North Island and New Zealand. Designed to meet the growing demand for efficient and connected freight infrastructure, the Calder Stewart design-build warehouse will provide 8,000m² of warehousing, breezeway, and office space.

Site works and construction activities have progressed at pace during 2026 with construction scheduled to finish in January 2027.

The development is more than a warehouse project; it is critical infrastructure that will strengthen New Zealand's freight and logistics network.

Once operational, the facility will support Freightways' growing airfreight, courier and cargo operations, helping to move goods across Aotearoa reliably and more efficiently.

With Palmerston North Airport playing a major role in Te Utanganui -The Central New Zealand Distribution hub, the project continues to reinforce the region's position as a key node within the national freight and logistics supply chain.

The project also delivers important economic benefits. Construction activity is generating local employment and investment in the region today, while the completed facility will support long-term business growth, create new employment opportunities, and contribute to PNAL's strategic objectives.

Seeing the building take shape is a proud moment for us and we're excited to deliver a facility that supports growth, creates opportunity, and contributes to the long-term success of Ruapehu Aeropark and Te Utanganui.

The development is more than a warehouse project; it is critical infrastructure that will strengthen New Zealand's freight and logistics network.

COMMERCIAL











STAFF SPOTLIGHT

BECKS SHARP

Terminal and Facilities Support Coordinator



Can you tell us what your job involves in simple terms?

I am a supporting role to the Terminal and Facilities Manager. I can be doing a range of things from answering calls, creating work permits, taking contractor inductions, traffic management, or helping the rest of the Terminal Operations team in the terminal or carpark.

What's one thing you do every day that helps things run smoothly?

Having a morning coffee.

What's your favourite part of your daily work?

No two days are really the same. One minute I could be airside supporting repairs on the temporary terminal, to the next guiding trucks or a bus into position or helping people with their bags and showing customers how to pay for their parking. Even overseeing some contractors works and some admin tasks.

What's a recent project you've worked on that you're proud of?

There have been some major milestones with the TDP that have been great to see, including moving into the temporary terminal overnight, relocating a transformer, and installing a new water main. It's been rewarding to watch all the smaller plans come together into something bigger, and to see the new build taking shape. I'm also proud to have been part of the team that introduced the Hidden Disabilities Sunflower Lanyard programme. There are quite a few projects I've been proud to contribute to, or to see come to life.

How do you work with other teams or departments?

There are a lot of talented people with lots of different skills, which makes working as part of a team a great experience. I also work closely with our contractors and it's always good to have a bit of banter and a laugh with them.

What's something you do to create a good experience for others?

Smile, say hello and interact with customers; sometimes people just need a friendly face.

What kind of planning or preparation goes into your work?

It involves plenty of emails and conversations to gather the right information for each work permit, so I can share accurate details with others and make sure everyone understands what the work involves.

What's one tool or system you use every day, and why is it important?

I use One Reg every day to create work permits, track work happening around the site, and support health and safety briefings and inductions. It's a great tool that helps keep information organised.

What do you enjoy doing outside of work?

You can often find me playing boardgames or reading a good book with a great coffee. I tend to do a lot of child friendly activities as my kids are still young enough to think I'm cool to hang out with.

If you could swap jobs with anyone for a day, who would it be and why?

Endless ideas on this one, but something I've never done that if I could have had a chance again would be an extreme adventure guide. I'd love to take people base jumping, cliff diving, swimming with sharks, or hiking across Antarctica just to name a few.



CASE STUDY

SUPPORTING OUR TAMARIKI THROUGH JUNIOR RUGBY

This year, we were proud to strengthen our connection with the community by becoming a community rugby partner of Manawatū Junior Rugby, supporting an organisation that plays a vital role in developing our local tamariki both on and off the field.

We recognise the opportunity we have to play a broader role within our community and recognise the importance of investing in initiatives that bring people together, encourage active lifestyles, and create opportunities for tamariki to build confidence, resilience, teamwork, and a sense of belonging. Junior rugby has a long history of doing exactly that across the Manawatū region, and we are delighted to play a part in supporting its future.

A highlight of the year was the Fly Palmy Rippa World Cup, which brought together over 400 local primary and intermediate players from across the region for a day of fun, participation, and friendly competition. The tournament was a fantastic celebration of community spirit, with teams showcasing their enthusiasm, sportsmanship, and love of the game.

Throughout the season, our mascot Bernie was a familiar face on the sidelines, attending games and tournaments to support the players, coaches, volunteers, and whānau who make junior rugby possible. Whether cheering from the sideline, presenting awards, or chatting with families, Bernie's presence reflected our commitment to being actively involved in the communities we serve.

The partnership has provided a meaningful opportunity to connect with local families and reinforce the important role sport plays in building healthy, vibrant communities.

Whether cheering from the sideline, presenting awards, or chatting with families, Bernie's presence reflected our commitment to being actively involved in the communities we serve.

COMMUNITY







CORPORATE REPORT




ATR/72-600
ZK-MVL
Refrigafreighters

CORPORATE REPORT

FOR THE YEAR ENDED
30 JUNE 2026

Palmerston North Airport Limited is a 'Council-Controlled Organisation' pursuant to the Local Government Act 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were:

- → To provide airport facilities and services to airlines, air freight operators and airport users (both commercial and non-commercial) through the ownership and operation of Palmerston North Airport.
- → The development of non-aeronautical revenue streams including Ruapehu Aeropark and other commercial property.

OWNERSHIP

Palmerston North Airport Limited (PNAL) is a Limited Liability Company incorporated and registered under the Companies Act 1993 and is 100% owned by the Palmerston North City Council (PNCC).

FINANCIAL REPORT

Here are the financial results for the year under review. Details of these financial results are shown on pages 46 to 84.

PERFORMANCE	2026 Actual	2026 SOI	2025 Actual
Passengers	520,009	530,100	531,129
Revenue	17,868,407	17,921,802	16,954,928
EBITDA & Valuation of Investment Property	7,766,913	7,322,949	7,610,039
Net Profit after Tax	4,835,060	(131,687)	358,061
Financial Position			
Cash and Cash Equivalents	571,259	57,896	54,414
Current Assets	2,427,428	4,371,664	1,382,367
Property, Plant & Equipment	106,136,744	117,473,807	92,226,767
Shareholder Funds	94,552,722	81,188,867	84,523,190

COMPANY'S AFFAIRS

The Directors regard the state of the Company's affairs to be satisfactory. Details of the year under review are included in the Joint Chair and Chief Executive's Report and the statutory accounts of the Company published herewith.

DIRECTORS

Reappointments

Murray Georgel and Sarah Everton were reappointed during the year ended 30 June 2026.

Appointments

There were no new appointments during the year ended 30 June 2026.

Retirements

There were no retirements during the year ended 30 June 2026.

Directors' remuneration

For the year ended 30 June 2026, the amount of $157,746 ($153,300: 2025) for Director Remuneration was paid, or due and payable, to members of the Board as authorised by the shareholder as follows:

	2026 Actual	2025 Actual
Murray Georgel	48,537	47,169
Shelly Mitchell-Jenkins	30,336	29,481
Chris Cardwell	30,336	29,481
Sarah Everton	24,269	23,585
Russell Wilson	24,269	17,688
Sarah Laurence		5,896
Total	**157,746**	**153,300**

No other remuneration or benefits, other than reimbursement of expenses, have been paid or given to Directors.

Directors' indemnity and insurance

The Company is responsible for the payment of the Directors' indemnity insurance premiums. All Directors are under the Directors and Officers Liability Insurance Policy.

Use of Company information by Directors

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

Shareholding by Directors

During the year there were no shareholding transactions involving the Directors.

Directors' interests

As at 30th June 2026, Directors declared interests in the following entities:

Murray Georgel

Interest	Nature of Interest	Relationship to PNAL
Director	O'Brien and Associates Limited	Supplier
Trustee	Sir Patrick Higgins Charitable Trust	None
Trustee	Arohanui Hospice Service Trust	None
Trustee	Arohanui Hospice Foundation	None
Director	Levno Limited	None
Director	Levno Group Limited	None
Director	Levno IP Holdings Ltd	None
Director	CH Management Ltd	None
Shareholder	CH Management Ltd	None
Trustee	Central Energy Trust	None

Chris Cardwell

Interest	Nature of Interest	Relationship to PNAL
Director of infrastructure (Northern Region)	Health New Zealand	None
Director	Australis Property Ltd	None
Shareholder	Australis Property Ltd	None
Director	Laurent Investments Ltd	None
Shareholder	Laurent Investments Ltd	None
Director	Ngā Maunga Whakahii o Kaipara Whenua Hoko Holdings Limited	None
Director	Te Uru Limited	None
Director	Ngā Maunga Whakahii o Kaipara Commercial Development Limited	None
Director	Pitoitoi Limited	None
Director	Te Rau Manga Limited	None
Director	Ngā Maunga Whakahii o Kaipara Ngahere Limited	None
Wife	Lawyer in Procurement team - BNZ	Bank

Sarah Everton

Interest	Nature of Interest	Relationship to PNAL
Director	Horowhenua Developments Limited	None
Board Member	Whangamata Golf Club	None
Director	The Horowhenua Company Limited	None
Director	Gymnastics New Zealand	None
Independent member of Risk & Assurance committee	Horowhenua District Council	None

Russell Wilson

Interest	Nature of Interest	Relationship to PNAL
Minority s/holder	Air New Zealand Limited	Customer
Minority s/holder	Auckland International Airport Limited	None
Minority s/holder	Freightways Group Limited	Customer
Employee	Avcraft Engineering NZ Ltd	Customer

Shelly Mitchell-Jenkins

Interest	Nature of Interest	Relationship to PNAL
Director	Web Genius Central NZ Limited	None
Director	The Web Genius Limited (non-trading)	None
Director	Colbert Cooper Limited	None
Shareholder	Colbert Cooper Limited	None
Director	Cobert Cooper Trustees Limited	None
Shareholder	Cobert Cooper Trustees Limited	None
Director	Colbert Cooper Trustees (2015) Limited	None
Shareholder	Colbert Cooper Trustees (2015) Limited	None
Director	Colbert Cooper Trustees (TONKS) Limited	None
Shareholder	Colbert Cooper Trustees (TONKS) Limited	None

Details of the related party transactions made during the year are shown in Note 15 of the Notes to the Financial Statements.

Schedule of Board meeting attendance

Director	Number of Board meetings held	Number of Board meetings attended
Murray Georgel	12	12
Shelly Mitchell-Jenkins	12	12
Chris Cardwell	12	10
Sarah Everton	12	12
Russell Wilson	12	11

Schedule of Committee meeting attendance

Director	Number of Audit & Risk Committee Meetings held	Number of Audit & Risk Committee Meetings attended	Number of Terminal & Property Development Committee Meetings held	Number of Terminal & Property Development Committee Meetings attended
Murray Georgel	3	3	3	3
Shelly Mitchell-Jenkins	3	3	N/A	N/A
Russell Wilson	3	3	N/A	N/A
Chris Cardwell	N/A	N/A	3	3
Sarah Everton	N/A	N/A	3	3

REMUNERATION OF EMPLOYEES

The number of employees, who are not Directors, whose total remuneration and benefits exceeded $100,000 in the financial year were:

	2026 Actual	2025 Actual
$100,000 - $110,000	3	0
$110,000 - $120,000	0	3
$120,000 - $130,000	2	1
$130,000 - $140,000	0	1
$140,000 - $150,000	1	0
$160,000 - $170,000	1	1
$180,000 - $190,000	1	0
$200,000 - $210,000	1	2
$220,000 - $230,000	1	0
$230,000 - $240,000	0	1
$260,000 - $270,000	1	0
$370,000 - $380,000	0	1
$390,000 - $400,000	1	0

Variances in the table above arise from the timing of employee resignations and appointments, mark-to-market remuneration increases and/or cash-ins of annual leave balances.

AUDITORS

As provided for by Section 70 of the Local Government Act 2002, The Audit Office, on behalf of the Auditor-General, is hereby re-appointed as Auditor to the Company.

Auditor's remuneration of $104k (GST exclusive) for the 2026 annual financial statements audit and $36k for the 2026 disclosure accounts audit are reflected in the financial statements as due and payable.

DONATIONS

The Company made nil donations this year (2025: Nil).

AIRPORT AUTHORITIES (AIRPORT COMPANIES INFORMATION DISCLOSURE) REGULATIONS 1999

A separate set of audited financial statements will be prepared as the disclosure financial statements for the purposes of, and in accordance with, the above Regulations.

AUDIT AND RISK COMMITTEE

The Company has an Audit and Risk Committee comprised of three directors of the PNAL Board. The Committee is responsible for overseeing the financial accounting and audit activities of the Company, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations on financial and accounting policies.

TERMINAL AND PROPERTY DEVELOPMENT COMMITTEE

The Company established a Terminal and Property Development Committee (TPDC), comprised of three directors of the PNAL Board, in September 2023. The Committee has a board-approved Terms of Reference, outlining its membership, authority and purpose.

The TPDC acts as a steering group to PNAL's Board, reviews feasibility studies and business cases, and provides oversight of PNAL's vertical and horizontal property development in Ruapehu Aeropark, as well as the redevelopment of the terminal. This Committee was set up to provide adequate governance over PNAL's increasing capital expenditure and the complexity of commercial development and the terminal.



STATEMENT OF SERVICE PERFORMANCE





STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED
30 JUNE 2026

- → The Company's Statement of Intent, against which FY26 performance is judged, is dated 29 May 2025.
- → The Company is trading as Palmerston North Airport Limited.
- → The Board of Directors believe that the statements contained in this report accurately reflect the overall performance of Palmerston North Airport Limited for the year ended 30 June 2026.
- → The below report contains an appropriate and meaningful mix of performance measures for the reporting period, as judged by the Directors. These have been assessed against Palmerston North Airport Limited's Statement of Intent for FY26 and adequately cover the five strategic objectives of the Company. These strategic objectives are considered the most appropriate categories to ensure a full reflection of the Company's performance, highlighting both quantitative and qualitative measures.
- → In reflecting on future metrics and anticipated performance, the Company refers readers to the FY27-FY29 Statement of Intent, available on its website.

OUR VISION
WHAT WE ASPIRE TO BE

NEW ZEALAND'S LEADING REGIONAL AIRPORT.

OUR PURPOSE

LAUNCHING OUR COMMUNITIES INTO A PROMISING FUTURE.

STRATEGIC OBJECTIVES

COMPLIANCE

We maintain a safe and secure operation.

- → The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.
- → We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatū District Plans.

CULTURE

We empower our team members and work as one-team.

- → Our People are the key to our success. We will care for each other's well-being, and develop skills, commitment, engagement and resourcefulness across our team, recognising achievement.
- → Our one-team ethos is supported by the five pillars of Leadership, Trust & Respect, Communication, Empowerment and Celebrating Success.

CUSTOMER

We continue to improve the customer experience for all airport users.

- → Our customers include all airport users: contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.
- → We lead the way in terms of delivering a high quality and efficient regional airport experience.
- → We promote Palmerston North Airport as the gateway and Lower North Island commercial hub to our 90 minute drive market.

COMMUNITY

We contribute to regional prosperity.

- → We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.
- → We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

COMMERCIAL

We are a financially sustainable business enabling long term success.

- → We maintain and develop core infrastructure that is business critical.
- → We diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical income activities.
- → We operate a successful enterprise that enables us to provide a return to our shareholder when we have surplus to our ongoing investment and operating requirements.
- → We facilitate regional economic development by growing passenger and airfreight volumes.

COMPLIANCE

Activity	Measure	Result	Achieved	Comments
Ongoing SMS development	Complete annual SMS Audit	Underway	🟡	PNAL's last SMS Audit occurred in March 2024 with the next audit scheduled to occur in Q2 of FY27. An annual SMS audit is a PNAL target, not a legislative or CAA mandate.
Airside pavement upgrades	Critical airside pavement upgrades completed	Achieved	🟢	Key airside infrastructure upgrades and maintenance were completed and/or underway around hangars, the freight apron, and selected airside roads. Total spend on airside infrastructure in FY26 totalled $0.6m with works still underway at year-end.
Compliance software management	OneReg enhancements	Achieved	🟢	OneReg, PNAL's safety management reporting system, has seen ongoing enhancements across FY26. This includes the embedding of managing airside drivers licence processes within OneReg.
Obstacle Limitation Surface (OLS) Management	1. Interim Airspace Designation included in Manawatū and Tararua District Plans 2. Stakeholder engagement and compliance with OLS/ REPA	Underway	🟡	Engagement with PNCC, MDC and TDC occured during the period, with the interim airspace designation project now incorporated into a wider Airport Protection Surfaces Review, including a Notice of Requirement lodgment in respect of a designation. This project is continuing into FY27. PNAL continues to utilise the services of a three dimensional geospatial aeronautical tool, Blackmaps, to assist in ongoing OLS mapping and compliance.
PFAS Management	Ongoing PFAS management and compliance with global consent	Achieved	🟢	During FY26, Horizons Regional Council granted PNAL a global consent for the management of PFAS contaminated soil on the airport campus. This consent governs ongoing and future management of soil and outlines when/how PNAL will treat any contaminated soil when it is found.

🟢 Meets or exceeds target
🟡 Within 10% of target or in progress
🟠 More than 10% below target or not started

Activity	Measure	Result	Achieved	Comments
Runway Power & Lighting Asset Acquisition (PLEXIT)	Engagement with Airways on transfer of power and lighting assets to PNAL (PLEXIT)	Achieved		PNAL have continued to engage with Airways as we work towards the acquisition of the Airways power and lighting assets at Palmerston North Airport on 1 November 2026. A non-binding offer was presented to Airways for review prior to the completion of the year. PNAL remain on track for acquisition by the due date.
Rescue Fire Task Resource Analysis (TRA)	TRA recommendations adopted/ addressed	Achieved		PNAL have adopted the relevant recommendations of the TRA conducted in 2025, including the recuitment of three additional RFS Officers to meet the recommended roster coverage, established Officer in Charge roles, and purchased other recommended equipment.

 Meets or exceeds target

 Within 10% of target or in progress

 More than 10% below target or not started

CULTURE

Activity	Measure	Result	Achieved	Comments
Continual improvement of safety culture	Zero lost time injuries	Achieved	🟢	There were zero lost time injuries in FY26.
	Improved aerodrome safety culture scores	Underway	🟡	PNAL's last safety culture survey occurred in March 2023, with a score of 90% (an improvement from the prior survey of 87%). A further survey is scheduled during the upcoming SMS audit, due to occur in Q2 of FY27.
	SMS Maturity level assessed as "Effective" (currently "Operating")	Underway	🟡	PNAL's last SMS Audit occurred in March 2024, with the results identifying the SMS is "present, suitable, operating and effective" on 12 of 13 elements. The 13th element, relating to measuring performance, was identified as "present". The next SMS audit is scheduled for Q2 of FY27.
Whanau Kotahi / One Team Wellness Plan	Wellness Plan updated annually and implemented	Achieved	🟢	PNAL's wellness plan continues to deliver strong benefits to staff and enhance engagement.
	Team engagement scores in line with or exceeding industry benchmarks	Achieved	🟢	PNAL conducted its latest annual engagement survey in November 2025 with an overall engagement score of 81% (2025: 82.6%) compared to a NZ wide benchmark of 67.5%. This was acheived on the back of a 100% completion rate (FY25: 100%), meaning the result provides a comprehensive and accurate assessment of PNAL's team engagement.
Payroll/ HRIS system	Implementation of a new HRIS / payroll system including performance reviews	Achieved	🟢	PNAL utilised the new HRIS system, Employment Hero, for the completion of its staff performance reviews in early FY26 and are scheduled to complete the next round of reviews in Employment Hero in early FY27.

🟢 Meets or exceeds target
🟡 Within 10% of target or in progress
🟠 More than 10% below target or not started

CUSTOMER

Activity	Measure	Result	Achieved	Comments
Terminal Development Project	Stage 1 (Western end) construction complete	Underway	🟡	At year-end, construction of the Western end of the terminal was well advanced with the back-of-house area watertight and fitout underway. The Western end of the main timber structure was also under construction. Stage 1 is due to open in early CY2027.
Customer Loyalty	TDP customer service operations plan implemented	Achieved	🟢	The TDP communication strategy has been implemented with a wide range of communications going out across media channels to keep stakeholders informed and have plans in place for significant milestones to be shared with the local community. The TDP customer service operations plan is in effect, refreshed customer related Standard Operating Procedures (SOP's) are in place and improved customer feedback loops have been established.
	Net Promoter Score as close as reasonably practical to tourism industry benchmark of 45	NPS score of 31	🟠	The Net Promotor score of 31 (2025: 42) for the full year is based off 5,364 responses, a 28% decrease in the number of responses compared to prior year. The NPS target of 45 is a stretch target and well above the benchmark average NPS scores for the New Zealand aviation industry of 33. PNAL's NPS score has been impacted due to the disruption caused by the terminal reconstruction. Given the terminal has been a construction site for the entire FY26 year, a score of 31, relative to the aviation industry benchmark, is not unexpected. PNAL will target an improvement in NPS following the completion of the terminal.

🟢 Meets or exceeds target
🟡 Within 10% of target or in progress
🟠 More than 10% below target or not started

COMMUNITY

Activity	Measure	Result	Achieved	Comments
Sustainability	Airport Carbon Accreditation Level 4 maintained	Achieved	●	The Airport Carbon Accreditation (ACA) program is the only institutionally endorsed, global carbon management certification programme for airports. It independently assesses and recognises the efforts of airports to manage and reduce their carbon emissions. PNAL last received recertification for Level 4 in December 2025. For FY27, PNAL intends to move up to the next level of certification in the ACA programme - Level 4+, which includes offsetting its residual Scope 1 and Scope 2 emissions, together with emissions from business travel.
	Refresh sustainability strategy	Achieved	●	With changes to the ACA administration and requirements, as well as a maturing understanding by PNAL of its emissions footprint, PNAL has developed an updated suite of documents including a refreshed Sustainability Strategy, Stakeholder Partnership Plan (also know as the Tenant Stakeholder Engagement Plan) and Carbon Management plan to provide a structured framework for our carbon reduction journey. The documents reflect PNAL's growth ambitions and focuses on strengthening partnerships, improving emissions transparency, and driving collective action to reduce emissions across aviation, transport, construction and the broader value chain.
	Tenant stakeholder engagement plan implemented (Scope 3 emissions focus)	Achieved	●	
	Solar feasibility study completed	Achieved	●	A solar feasibility study was commissioned during FY26. Outcomes from this study include the strengthening of the roof structure of the airside freight and logistics warehouses to enable solar to be added at a future date, as well as wider assessments of the feasibility of larger solar projects across the airport campus.

● Meets or exceeds target
● Within 10% of target or in progress
● More than 10% below target or not started

Activity	Measure	Result	Achieved	Comments
	Development of TDP sustainability targets and implementation	Achieved	🟢	A life cycle assessment (LCA) of the new terminal build was undertaken to estimate both the embodied emissions associated with its construction and the operational emissions expected over its lifetime. The assessment provides PNAL with a baseline against which the emissions performance of future developments can be measured. The operational emissions estimate will also enable PNAL to assess the potential impact of the terminal on its Scope 1 and Scope 2 emissions profile and determine whether any adjustments to its existing reduction pathway or targets may be required. A major focus during the demolition period was on diverting waste to landfill. 88% of the waste associated with the demolition of the Western end of the terminal was diverted from landfill and repurposed into compost, fertiliser, aggregate for roading and biofuel.
Community Engagement	Community Engagement Plan implemented	Achieved	🟢	While not developed as a standalone document, the intended outcomes from the Community Engagement Plan were achieved by incorporating the principles into existing frameworks. This approach has been embedded within the Customer Service Operations Plan and Sponsorship Strategy, guiding how PNAL engages with and responds to the community.
	Marketing initiatives with Regional Tourism Organisations (RTO) implemented	Underway	🟠	During the year, opportunities to progress marketing initiatives with Regional Tourism Organisations were considered; however, no formal collaborative marketing activities were implemented. This area will be reviewed as part of future planning and partnership opportunities.
Sponsorship Strategy	Strategy implemented	Implemented	🟢	The Sponsorship Strategy continued to be successfully implemented throughout the reporting period. A key achievement this year was the establishment of a new sponsorship partnership with Manawatū Rugby, where we became the Junior Rugby partner. This partnership allowed us to support over 5,000 rangatahi through local ruby programmes and activities.

🟢 Meets or exceeds target
🟡 Within 10% of target or in progress
🟠 More than 10% below target or not started

COMMERCIAL

Activity	Measure	Result	Achieved	Comments
Net Debt	$40.5m	$30.2m	●	Capital spend was below budget primarily due to the timing of spend on the terminal development and Zone D warehouses differing compared to budget. These projects are both progressing at pace, but resulted in debt requirements in FY26 being reduced, with the spend now occuring in FY27.
Total Debt to Total Debt+ Equity Ratio	33%	24%	●	As above, the reduced debt level resulted in a reduced Debt to Debt+Equity ratio.
Ratio of net surplus before interest/tax/ depreciation/ revaluations to total assets	5%	6%	●	The net surplus before interest/tax/ depreciation/revaluations exceeded expectations largely due to tight cost control and expenditure being deferred until a later period.
Ratio of net surplus after tax to consolidated shareholders funds inclusive of revaluation reserve.	0%	5%	●	Actual results included unbudgeted revaluation gains of $3.06m and unbudgeted disposals (including land sale) of $0.8m. Depreciation also below budget due to change in assumptions regarding timing of accelerated depreciation on old terminal building (prior to demolition).
Maintain a ratio of consolidated shareholders funds to Total Assets of at least 40%	60%	67%	●	Revaluation gains increased total assets, partly offset by capital expenditure being below budget. This increased total assets as a percentage of equity by more than was budgeted.
Interest coverage ratio of EBITDA (excl revaluations) to interest of at least 2.5	5.0	7.6	●	Interest expenditure was lower than budgeted resulting from capital expenditure being below budget. EBITDA also exceeded budget for the reasons outlined above.
Maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above $80m	$81.2m	$94.6m	●	Primarily due to revaluation gains on building, the airside freight and logistics warehouses and investment properties, and the higher than budgeted profit outlined above, net assets have increased above budgeted amounts.
Total Shareholder Return > 8%	-0.2%	12.2%	●	New metric added this year and added to future SOI's. Strong return generated by positive profit performance and revaluation gains, notably in respect of the new airside freight and logistics warehouses.

Activity	Measure	Result	Achieved	Comments
Net Debt*/ EBITDA less than 4.5 (long term target)	5.5	3.8	🟢	Net debt was less than anticipated due to capital expenditure being lower than budgeted as outlined above. EBITDA also exceeded budget for the reasons outlined above. Achievement of this target in future years is likely to be impacted in the short term by the planned terminal redevelopment and capital projects within Ruapeheu Aeropark.
Funds from Operations (FFO**)/Net Debt greater than 11% (long term target)	14.6%	20.9%	🟢	Funds from Operations exceeded budget and Net Debt was below budget for the reasons outlined above.
Air New Zealand A320 Pathway and regional air service development	Regional air service development feasibility	Ongoing	🟢	Since the signing of the MOU with Air New Zealand in FY25, discussions are ongoing on air service development opportunities. Discussions also progressed with regional operators regarding future route opportunities.
Ruapehu Aeropark – funding solution	Funding accessible	Complete	🟢	In March 2026, PNAL concluded a $45m debt raise with the Industrial & Commercial Bank of China (ICBC), enabling the next tranche of developments within Ruapehu Aeropark.
	Joint Venture partner investigations	Ongoing	🟢	Joint Venture partner investigations are also underway, with active discussions with at least one partner progressing.
Ruapehu Aeropark – commercial developments	Progress planned developments with focus on freight & logistics, premises for aeromedical operators, rental car precinct, Massey School of Aviation support premises.	Ongoing	🟢	Construction is underway on freight and logistics warehouses on the corner of Airport Drive and McGregor Street, due for completion in January 2027. Discussions continued with potential aeromedical tenants and Massey School of Aviation and a resource consent application is currently being prepared in respect of the rental car precinct, following a recent RFP to gauge tenant demand and spatial requirements.
Passenger movements	530,100	520,009	🟡	Total passenger movements were 2% below SOI and prior year, reflecting the wider supression in demand across the New Zealand aviation industry currently being experienced. In particular, PNAL observed a decline in passenger volumes during Q4 of FY26, owing to the Middle East conflict and fuel crisis resulting in capacity cuts by Air New Zealand.

*Net debt equals total borrowing less cash and cash equivalents

**FFO equals EBITDA less interest less tax

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026




PALMERSTON NORTH
AIRPORT LIMITED

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Actual $	30-Jun-26 SOI $	30-Jun-25 Actual $
REVENUE	1	17,868,407	17,921,802	16,954,928
OPERATING EXPENSES				
Operations and Maintenance:				
Airfield Services	7a	735,691	872,564	646,629
Other Operating Expenses	11	2,653,611	3,135,236	2,760,535
TOTAL OPERATIONS AND MAINTENANCE		**3,389,302**	**4,007,800**	**3,407,164**
Administration:				
Audit Fees	12	139,358	131,162	134,132
Bad Debts Written Off		-	-	101
Expected Credit Loss Allowance for Receivables		(14)	5,000	(6,189)
Directors' Fees	15	157,746	158,666	153,301
Employee Expenses	7b	2,851,703	3,005,125	2,590,369
General Administration	11a	3,563,399	3,291,100	3,066,011
TOTAL ADMINISTRATION:		**6,712,192**	**6,591,053**	**5,937,725**
TOTAL OPERATING EXPENSES		**10,101,494**	**10,598,853**	**9,344,889**
Earnings Before Interest, Taxation, Depreciation, Amortisation & Valuation of Investment Properties:		**7,766,913**	**7,322,949**	**7,610,039**
Finance Costs, Depreciation, Amortisation & Loss on Sale				
Finance Costs	9	1,022,597	1,467,666	576,640
Depreciation & Amortisation	2 & 3	5,245,506	6,038,182	7,040,294
(Gain)/Loss on Sale of Assets		(834,002)	-	110,101
TOTAL FINANCE COSTS, DEPRECIATION		**5,434,101**	**7,505,848**	**7,727,035**
Revaluation Gain/(Loss) - Investment Properties	2a	3,061,066	-	507,200
OPERATING SURPLUS BEFORE TAXATION		**5,393,878**	**(182,899)**	**390,204**
Taxation Expense on Operating Surplus	6a	558,818	(51,212)	32,143
NET PROFIT(LOSS) AFTER TAXATION		**4,835,060**	**(131,687)**	**358,061**

Murray Georgel
Chair

Date: 24 September 2026

Shelly Mitchell-Jenkins
Director

Date: 24 September 2026

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Actual $	30-Jun-26 SOI $	30-Jun-25 Actual $
NET PROFIT(LOSS) AFTER TAXATION		**4,835,060**	**(131,687)**	**358,061**
Other Comprehensive Revenue and Expense				
Gains (losses/impairment) on property, plant and equipment revaluations	13(d)	5,772,467	-	2,218,003
Movement in deferred tax at revaluation	13(d)	(277,995)	-	62,738
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		**10,329,532**	**(131,687)**	**2,638,802**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Actual $	30-Jun-26 SOI $	30-Jun-25 Actual $
EQUITY AT THE BEGINNING OF THE YEAR		**84,523,190**	**81,720,554**	**82,079,388**
Total Comprehensive Revenue and Expense for the year		10,329,532	(131,687)	2,638,802
Transfer out of Asset Revaluation Reserves for sale of assets	13(d)	(5,400)	-	-
Transfer into Retained Earnings for sale of assets	13(d)	5,400	-	-
Distribution to Shareholder during the year		(300,000)	(400,000)*	(195,000)
EQUITY AT THE END OF THE YEAR		**94,552,722**	**81,188,867**	**84,523,190**

*Declared dividend - paid in the following financial year

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	30-Jun-26 Actual $	30-Jun-26 SOI $	30-Jun-25 Actual $
CURRENT ASSETS				
Cash and Cash Equivalents	5	571,259	57,896	54,414
Trade Accounts Receivable	4	1,676,113	4,083,997	1,144,993
Sundry Receivables and Prepayments		180,056	229,771	182,960
TOTAL CURRENT ASSETS		**2,427,428**	**4,371,664**	**1,382,367**
CURRENT LIABILITIES				
Revenue in Advance	14	79,589	179,771	75,358
Trade Accounts Payable	14	5,813,776	4,966,933	2,272,548
Other Creditors	14	1,361,763	(163,950)	271,724
Employee Benefit Liabilities	7	421,761	484,337	512,531
Borrowings	10	-	-	1,300,000
TOTAL CURRENT LIABILITIES		**7,676,889**	**5,467,091**	**4,432,161**
WORKING CAPITAL		**(5,249,461)**	**(1,095,427)**	**(3,049,794)**
NON CURRENT ASSETS				
Property, Plant & Equipment	2	106,136,744	117,473,807	92,226,767
Investment Property	2a	31,610,700	15,329,500	15,836,700
Intangible Assets	3	27,754	-	29,261
TOTAL NON CURRENT ASSETS		**137,775,198**	**132,803,307**	**108,092,728**
Less: NON CURRENT LIABILITIES				
Deferred Tax Liability	6b	7,773,015	9,990,066	8,519,744
Borrowings	10	30,200,000	40,528,947	12,000,000
TOTAL NON CURRENT LIABILITIES		**37,973,015**	**50,519,013**	**20,519,744**
NET ASSETS		**94,552,722**	**81,188,867**	**84,523,190**
Represented by:				
SHAREHOLDER'S EQUITY				
Paid in Capital	13(a)	9,380,400	9,380,400	9,380,400
Retained Earnings	13(b)	31,216,416	25,622,374	26,675,956
Asset Revaluation Reserve	13(d)	53,955,906	46,186,093	48,466,834
TOTAL SHAREHOLDER'S EQUITY		**94,552,722**	**81,188,867**	**84,523,190**

For and on behalf of the Board

Murray Georgel
Chair

Date: 24 September 2026

Shelly Mitchell-Jenkins
Director

Date: 24 September 2026

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Note	30-Jun-26 Actual $	30-Jun-26 SOI $	30-Jun-25 Actual $
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from Customers		17,414,271	20,476,355	16,756,830
Interest Received		4,681	-	-
Income Tax Refund		-	-	-
		17,418,952	**20,476,355**	**16,756,830**
Cash was disbursed to:				
Payment to Suppliers and Employees		9,716,512	6,687,170	8,709,427
Tax Loss Payment to PNCC	15	141,559	-	114,458
Payment of Income Tax		1,195,999	1,300,000	730,754
Interest Payments		749,215	1,467,666	502,663
		11,803,285	**9,454,836**	**10,057,302**
Net cash flows from operating activities		**5,615,667**	**11,021,519**	**6,699,528**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Property Plant and Equipment		879,750	-	-
Cash was applied to:				
Acquisitions of Property, Plant & Equipment		16,429,860	36,808,648	10,211,745
Acquisitions of Investment Property		6,148,712	-	-
Net Cash Flow from Investing Activities		**(21,698,822)**	**(36,808,648)**	**(10,211,745)**
CASH FLOW FROM FINANCING ACTIVITIES				
Cash was provided from:				
Borrowings		18,200,000	26,092,679	5,300,000
Cash was applied to:				
Repayment of Borrowings		1,300,000	-	2,700,000
Payment of Dividends	13(c)	300,000	300,000	195,000
Net Cash from Financing Activities		**16,600,000**	**25,792,679**	**2,405,000**
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts		516,845	5,550	(1,107,217)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year		54,414	52,346	1,161,631
Cash, Cash Equivalents and Bank Overdrafts Year End	**5**	**571,259**	**57,896**	**54,414**

The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.


TEXEL AIR

NOTES TO THE FINANCIAL STATEMENTS





STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2026

REPORTING ENTITY

Palmerston North Airport Limited (PNAL) is a New Zealand company registered under the Companies Act 1993.

The Company has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2026. The financial statements were authorised for issue on 24 September 2026 by the Board.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis. The Company has prepared a going concern assessment and is satisfied the conditions for a going concern are met. The Company has prepared a three-year Statement of Intent for the FY27-FY29 income years, which is available on the Company's website. This illustrates the anticipated financial position and performance, and for the next three years the Company will be able to meet its financial obligations as they fall due. Assumptions underlying the going concern basis are documented throughout these financial statements.

Accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, the Companies Act 1993, and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards.

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public accountability and has Expenses ≥ $5m and < $33m.

These financial statements comply with PBE standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of Palmerston North Airport Limited is New Zealand dollars.

SIGNIFICANT ACCOUNTING POLICIES

Measurement Basis

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, buildings and airside infrastructure assets.

1. ANALYSIS OF OPERATING REVENUE

	2026 Actual	2025 Actual
Aeronautical Charges	12,404,990	11,433,527
Car Park, Rent, and Advertising	5,128,923	5,130,415
Other	334,494	390,986
Total	**17,868,407**	**16,954,928**

Revenue Measurement and Recognition

Revenue is measured at the fair value of consideration received or receivable.

Landing, departure, facility fees and car park revenue are recognised when the facilities are used.

Interest received is recognised as it accrues using the effective interest rate method.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

2. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2025										
Cost/Valuation	33,380,000	15,425,658	34,898,731	9,231,345	44,130,076	3,454,605	243,791	231,440	1,560,879	**98,426,449**
Accumulated Depreciation	-	(1,095,638)	-	(2,439,323)	(2,439,323)	(2,088,586)	(175,583)	(129,299)	(271,252)	**(6,199,682)**
Carrying Amount	**33,380,000**	**14,330,020**	**34,898,731**	**6,792,022**	**41,690,754**	**1,366,019**	**68,207**	**102,140**	**1,289,627**	**92,226,767**
Movements for the year										
Reverse Prior Year Work in Progress	-	(6,634,871)	(25,206)	(848,681)	(873,887)	-	(19,583)	(37,333)	-	**(7,565,674)**
Additions & Current Year Work in Progress	-	24,109,100	632,881	1,330,644	1,963,525	134,735	97,135	71,018	-	**26,375,512**
Disposals - Cost/Valuation	(18,000)	(81,100)	-	(6,914)	(6,914)	(3,865)	-	(3,588)	-	**(113,467)**
Revaluation - Cost/Valuation	4,779,626	(3,381,869)	-	-	-	-	-	-	-	**1,397,757**
Reclassification - Cost/Valuation	(5,410,000)	-	-	-	-	-	-	-	-	**(5,410,000)**
Reclassification - Accumulated Dep.	-	-	-	-	-	-	-	-	-	**-**
Disposals - Accumulated Dep.	-	81,100	-	-	-	3,865	-	3,588	-	**88,553**
Depreciation for the Year	-	(3,360,176)	(1,153,347)	(266,221)	(1,419,569)	(292,769)	(13,291)	(42,348)	(109,261)	**(5,237,414)**
Depreciation Reversal on Revaluation	-	4,374,709	-	-	-	-	-	-	-	**4,374,709**
Closing Balances 30 June 2026										
Cost/Valuation	32,731,626	29,436,918	35,506,406	9,706,394	45,212,800	3,585,475	321,343	261,537	1,560,879	**113,110,577**
Accumulated Dep.	-	(5)	(1,153,347)	(2,705,544)	(3,858,892)	(2,377,490)	(188,874)	(168,059)	(380,513)	**(6,973,833)**
Carrying Amount	**32,731,626**	**29,436,913**	**34,353,059**	**7,000,850**	**41,353,908**	**1,207,985**	**132,469**	**93,478**	**1,180,366**	**106,136,744**
Capital work in progress included at cost										
30-Jun-26	-	24,056,914	538,261	769,014	1,307,275	2,849	76,052	42,308	-	**25,485,398**

	Land	Buildings	Airside Infrastructure	Landside Infrastructure	Total Infrastructure	Plant & Equipment	Furniture & Fittings	Computer Equipment	Motor Vehicles	Total
Balances 1 July 2024										
Cost/Valuation	30,937,931	14,561,642	37,954,975	7,554,247	45,509,222	3,553,987	358,335	217,119	1,560,879	**96,699,115**
Accumulated Depreciation	-	(1,373,915)	(3,281,328)	(2,222,975)	(5,504,303)	(2,140,593)	(288,096)	(153,180)	(161,991)	**(9,622,078)**
Carrying Amount	**30,937,931**	**13,187,728**	**34,673,647**	**5,331,272**	**40,004,918**	**1,413,395**	**70,239**	**63,938**	**1,398,888**	**87,077,037**
Movements for the year										
Reverse Prior Year Work in Progress	-	(2,856,301)	(216,994)	(1,108,168)	(1,325,162)	(64,834)	-	(29,415)	-	**(4,275,711)**
Additions & Current Year Work in Progress	-	8,924,137	1,910,262	2,786,048	4,696,310	471,281	25,860	107,274	-	**14,224,864**
Disposals - Cost/Valuation	-	(5,203,821)	(2,333)	(783)	(3,115)	(505,830)	(140,404)	(63,539)	-	**(5,916,709)**
Revaluation - Cost/Valuation	2,442,069	-	(4,747,179)	-	(4,747,179)	-	-	-	-	**(2,305,110)**
Disposals - Accumulated Dep.	-	5,203,821	2,333	783	3,115	497,447	133,806	62,924	-	**5,901,113**
Depreciation for the Year	-	(4,925,544)	(1,244,115)	(217,131)	(1,461,246)	(445,441)	(21,294)	(39,043)	(109,261)	**(7,001,829)**
Dep. Reversal on Revaluation	-	-	4,523,112	-	4,523,112	-	-	-	-	**4,523,112**
Closing Balances 30 June 2025										
Cost/Valuation	33,380,000	15,425,658	34,898,731	9,231,345	44,130,076	3,454,605	243,791	231,440	1,560,879	**98,426,449**
Accumulated Dep.	-	(1,095,638)	-	(2,439,323)	(2,439,323)	(2,088,586)	(175,583)	(129,299)	(271,252)	**(6,199,682)**
Carrying Amount	**33,380,000**	**14,330,020**	**34,898,732**	**6,792,022**	**41,690,754**	**1,366,019**	**68,207**	**102,140**	**1,289,627**	**92,226,767**
Capital work in progress included at cost										
30-Jun-25	-	6,634,871	25,206	848,681	873,887	-	19,583	37,333	-	**7,565,674**

Land, Buildings and Airside Infrastructure Fair Value

Land

Land is valued at fair value.

The most recent fair value assessment was performed by independent registered valuers, Morgan's Property Advisors. The valuation is effective as at 30 June 2026 and resulted in a suggested increase in value of $3.37m. The Company has considered that this movement is not sufficiently material to warrant the recognition of any fair value adjustment for the year ended 30 June 2026.

As per Commerce Commission guidelines, fair value has been determined using the Market Value Alternative Use Highest and Best Use (MVAU) methodology. A discounted cashflow has been used to determine the MVAU.

In order to determine MVAU, the airport land has been split into five hypothetical areas based on location. These include Rural, Lifestyle, Residential, Commercial and Industrial, to which MVAU valuations have then been applied.

The Company's zones (Airside, Commercial and Rural) have then been overlaid. Valuation of the Company's activity zones are therefore based on the MVAU values applied to the respective underlying hypothetical areas falling within each PNAL zone.

Revaluations will continue to be undertaken by Morgan's Property Advisors at least three yearly in line with the current revaluation cycle of the Company. The last revaluation was as at 30 June 2025.

Separate to the above, land associated with the airside freight and logistics warehouses currently under construction has been revalued as Property, Plant and Equipment during the year ended 30 June 2026 and then reclassified to Investment Property. The fair value gain recognised in respect of this revaluation totalled $4.78m.

Key assumptions

The independent valuation advice is based on the following key assumptions:

- → The hypothetical areas determined.
- → Land sales and cost have been spread over a ten-year period.
- → Annual land inflation has been set at between 1.0% and 2.5% over the next ten years.
- → Basic development costs, i.e. servicing, earthworks etc. are estimated to be 25% of the sale price.
- → Discount rates of between 17.5% and 22.5%.

Sensitivity analysis

Sensitivity analysis has been completed where changes in key inputs to assumptions would significantly change the fair value. The change to the fair value assessment from changing these inputs has been estimated as follows:

- → Decreasing the discount rate to 17.5% would result in an increase in land value of $3.2m.
- → Increasing the discount rate to 22.5% would result in a decrease in land value of $2.7m.
- → If the land inflation rate was increased to 5.0% annually this would result in an increase of land value of $3.5m.

- → No land inflation over the 10 years would result in a reduction in land value of $2.2m.
- → An increase of Basic Development Costs by 10% would result in a reduction of $2.0m. This assumes a change in the Basic Development Costs from 25% to 27.5%.
- → An increase of Basic Development Costs by 50% would result in a reduction of $10.1m. This assumes a change in the Basic Development Costs from 25% to 37.5%.

Buildings

Buildings are valued at fair value using depreciated replacement cost. Where appropriate, the value of the improvements has then been reconciled against the investment method which capitalises the actual, or potential, market rental income having regard for yields as derived from sales of comparable property from which deduct the underlying value.

The most recent valuation was performed by independent registered valuers Morgan's Property Advisors. The valuation is effective as at 30 June 2026 and resulted in an increase of $1.0m. This has been recognised in the 2026 annual accounts.

Revaluations will continue to be undertaken at least three yearly in line with the current revaluation cycle of the Company.

Airside Infrastructure

Airside Infrastructure is valued at fair value based on depreciated replacement cost in accordance with PBE IPSAS 17.

Fair value has been determined calculating the replacement cost of the asset based on current construction costs to recreate the asset with current legislative requirements. Assets have then been adjusted for physical obsolescence using a straight-line depreciation approach. From there an estimated percentage of remaining life of the asset is applied, based on the condition of the asset, to calculate the current replacement cost.

The most recent fair value assessment was performed by independent consultant engineers and valuers AECOM New Zealand Limited. The valuation is effective as at 30 June 2026 and resulted in a suggested increase in value of $2.01m. The Company has considered that this movement is not sufficiently material to warrant the recognition of any fair value adjustment for the year ended 30 June 2026.

Revaluations will continue to be undertaken by AECOM New Zealand Limited at least three yearly in line with the current revaluation cycle of the Company. The last revaluation was as at 30 June 2025.

Landside Infrastructure

Landside Infrastructure has been valued at historic cost less depreciation.

Impairment

Impairment for Property, Plant and Equipment for 2026 was nil (2025: $0.1m).

Property, Plant and Equipment pledged as security on borrowings

There is a security held by the BNZ as Security Trustee of the Company assets and undertaking of the airport. Additionally, the BNZ also hold first mortgages over records of title 1208900, 24287, WN48A/146, 480423, 716768 and WN54D/805.

Property Plant and Equipment

Property Plant and Equipment consists of:

Operational Assets

These include land, buildings, furniture and fittings, computer equipment, motor vehicles and various plant and equipment.

Infrastructure Assets

Infrastructure Assets consist of Airside and Landside Infrastructure. Airside Infrastructure assets include runways, aprons, taxiways, and underground reticulated systems. Landside infrastructure assets include pavements, car parking and roading outside the secure areas of the airport.

Measurement of Property, Plant, Equipment and Intangible Assets

Property plant and equipment and landside infrastructure are measured at cost less accumulated depreciation and impairment losses with the following exceptions:

→ Land is measured at fair value

→ Buildings and airside infrastructure are measured at fair value less accumulated depreciation.

Revaluations

Land, buildings and airside infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and are revalued at least every three years. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then the off-cycle asset classes are revalued.

Accounting for Revaluations

Palmerston North Airport Limited accounts for revaluations on a class of assets basis.

The net revaluation results are credited or debited to 'Other Comprehensive Revenue and Expense' and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in Other Comprehensive Revenue and Expense but is recognised in the Surplus or Deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Surplus or Deficit will be recognised first in the Surplus or Deficit up to the amount previously expensed, and then recognised in Other Comprehensive Revenue and Expense.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the surplus and deficit account.

When revalued assets are sold, the amount included in revaluation reserve in respect of those assets is transferred to retained earnings.

Subsequent cost

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus and deficit account as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant & equipment (other than land) at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of the major categories have been estimated as follows:

Land Improvements	99 years
Roading & Carparks (Landside Infrastructure)	2 - 99 years
Buildings & Building services	8 - 99 years
Runway, Taxiways, Aprons (Airside Infrastructure)	2 - 80 years
Plant and Equipment	2 - 50 years
Furniture & Fittings	3 - 99 years
Computer Equipment	3 - 6 years
Motor Vehicles (including Fire Appliances)	5 - 15 years
Temporary terminal and associated assets	1 - 2 years

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

Impairment of property, plant, equipment and intangible assets

Property, plant, equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

The total impairment loss is recognised in the surplus and deficit account.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are held for sale.

Critical accounting estimates and assumptions

In preparing these financial statements the Company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

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

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the Statement of Comprehensive Revenue and Expense and carrying amount of the asset in the Statement of Financial Position.

The Company minimises the risk of this estimation uncertainty by:

→ Physical inspection of assets;

→ Asset replacement programmes;

→ Review of second-hand market prices for similar assets; and

→ Analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

The Company has assessed the impact of the planned terminal redevelopment on the remaining useful life of the terminal building. The Company has assessed the remaining terminal building (including temporary terminal) has a reduced remaining useful life, based on the current construction/demolition programme. The remaining terminal building is considered to have a remaining useful life of six months, as at 30 June 2026.

2A. INVESTMENT PROPERTY

	2026 Actual	2025 Actual
Opening Balance	**15,836,700**	**15,329,500**
Additions and acquisitions	6,308,783	-
Depreciation	-	-
Reclassification from PPE (land)	5,410,000	-
Reclassification from PPE (WIP)	994,151	-
Fair value gains/(losses) on valuation	3,061,066	507,200
Closing Balance	**31,610,700**	**15,836,700**

Investment Property consists of the following:

→ Land and improvements associated with one property at 100 Airport Drive, occupied by two tenants;

→ Land and improvements associated with the Massey University School of Aviation facility;

- → Land and improvements associated with the Zone B Stage 1 subdivision which are available for lease (design/build);
- → Land and improvements associated with three lots on Zone H; and
- → Land and improvements (WIP) associated with the airside freight and logistics warehouses currently under construction in Zone D.

The land and improvements (WIP) associated with the airside freight and logistics warehouses currently under construction in Zone D was transferred to Investment Property during the year ended 30 June 2026. It was subsequently revalued at year-end as Investment Property.

Investment Property is valued annually at 30 June at fair value. The valuation was performed by independent valuers Morgan's Property Advisors as at 30 June 2026. The valuer holds the recognised and relevant qualifications of MPINZ NZIV BBS (VMP) and has significant valuation experience in the local region and for the category of investment property.

The valuation resulted in an increase in value of $3.1m.

Rental income for the year was $0.98m (FY25 $0.98m). There were no expenses from Investment Property generating income. There are no outstanding contractual obligations relating to Investment Property.

Valuation methodology and significant assumptions

One of the lots within Zone B Stage 1 was subject to a sale and purchase agreement as at 30 June 2026. The Company has determined that there was significant uncertainty as at 30 June 2026 as to whether this lot would ultimately be sold. As such, this lot has been classified as Investment Property (instead of Inventory).

In determining the fair value, the valuer has relied on the following methodologies and significant assumptions:

Investment Property	Valuation Methodologies	Significant Assumptions
Massey School of Aviation	→ Income Approach via a Capitalisation Rate Method and via a Discounted Cash Flow (DCF). → Market Approach utilising comparable sales.	→ Depreciation and saleability condition of the assets → Various capitalisation rates and DCF rates → Year of disposal and net realisation capitalisation rate
100 Airport Drive	→ Income Approach via a Capitalisation Rate Method and via a DCF → Market Approach utilising comparable sales.	→ Depreciation and saleability condition of the assets → Various capitalisation rates and DCF rates → Year of disposal and net realisation capitalisation rate → Market rentals for similar types of improvements (workshop, offices, carparks)
Zone B Stage 1	→ Block Method by utilising comparable sales.	→ Lot sizes as specified in the Zone B Stage 1 subdivision plan → Costs to subdivide the land

Investment Property	Valuation Methodologies	Significant Assumptions
Three lots on Zone H	→ Income Approach via a Capitalisation Rate Method and via a DCF for site H5. → Market Approach via utilising comparable sales	→ Various capitalisation and discount rates
Airside freight and logistics warehouses	→ Income Approach via a Capitalisation Rate Method and via a DCF → Market Approach via utilising comparable sales	→ Depreciation and saleability condition of the assets → Various capitalisation rates and DCF rates → Year of disposal and net realisation capitalisation rate → Market rentals for similar types of improvements (large scale warehouses, offices, carparks)

3. INTANGIBLE ASSETS

	Website	Software	Total
Balance as at 1 July 2025	21,500	113,927	135,427
Accumulated Amortisation	(20,157)	(86,009)	(106,166)
Carrying Amount	**1,343**	**27,918**	**29,261**
Movement for the year			
Reverse Prior Year Work in Progress	-	(1,920)	(1,920)
Additions and Current Year Work in Progress	-	23,938	23,938
Disposals	-	(28,938)	(28,938)
Disposal - Accumulated Amortisation	-	13,504	13,504
Amortisation for the year	(1,343)	(6,749)	(8,092)
Closing Balance 30 June 2026			
Cost/Revaluation	21,500	107,007	128,507
Accumulated Amortisation	(21,500)	(79,253)	(100,753)
Carrying Amount	**-**	**27,754**	**27,754**
Capital work in progress included at cost	-	-	-

	Website	Software	Total
Balance as at 1 July 2024	21,500	123,455	144,955
Accumulated Amortisation	(14,782)	(75,538)	(90,321)
Carrying Amount	**6,718**	**47,916**	**54,634**
Movement for the year			
Reverse Prior Year Work in Progress	-	(1,920)	(1,920)
Additions and Current Year Work in Progress	-	15,011	15,011
Disposals	-	(22,619)	(22,619)
Disposal - Accumulated Amortisation	-	22,619	22,619
Amortisation for the year	(5,375)	(33,090)	(38,465)
Closing Balance 30 June 2025			
Cost/Revaluation	21,500	113,927	135,427
Accumulated Amortisation	(20,157)	(86,009)	(106,166)
Carrying Amount	**1,343**	**27,918**	**29,261**
Capital work in progress included at cost	-	*1,920*	*1,920*

Intangible Assets

Internally generated intangible assets

Costs associated with the development of the Company's website are recognised as an intangible asset and are capitalised on the basis of the cost incurred to bring to use the intangible asset. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Website Development	4 years:	25%
Software	2.5 years:	40%

4. TRADE ACCOUNTS AND OTHER RECEIVABLES

	2026 Actual	2025 Actual
Debtors and Other Receivables	1,252,930	1,152,481
Receivables from related party	1,404	656
Allowance for credit losses	(8,130)	(8,144)
Income tax receivable	-	-
GST receivable	429,909	-
Total	**1,676,113**	**1,144,993**

Trade and Other Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Company applied the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped based on days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

5. CASH & CASH EQUIVALENTS

	2026 Actual	2025 Actual
Current Account	39,969	52,521
Cash on Hand	301	1,893
Retentions Trust Account	530,988	-
Total	**571,258**	**54,414**

Cash, Cash Equivalents and Bank Overdrafts

Cash, Cash Equivalents and Bank Overdrafts includes cash on hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

6A. TAXATION

	2026 Actual	2025 Actual
Operating Surplus (Deficit) Before Taxation	5,393,878	390,205
Tax at 28%	1,510,286	109,257
Plus (Less) tax effect of:		
- Permanent differences/non-deductible expenditure	(940,989)	(105,293)
- Prior year under/(over) provision	(2,688)	-
- Deferred tax impact from reversal of depreciation on buildings	-	-
- Deferred tax adjustment	(7,791)	28,179
Tax charge for the year	**558,818**	**32,143**
Tax expense for the year comprising:		
Current tax expense	1,583,543	1,439,727
Prior year adjustments	(2,688)	-
Deferred tax expense	(1,022,037)	(1,407,583)
	558,818	**32,143**

6B. DEFERRED TAX (ASSETS)/LIABILITIES

	Investment Property	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 1 July 2025	**276,933**	**8,353,499**	**(108,406)**	**(2,281)**	**8,519,744**
Charged to Surplus and Deficit - Current Year	20,159	(1,035,590)	(2,740)	(6,553)	(1,024,725)
Charged to Other Comprehensive Income	-	277,995	-	-	277,995
Balance at 30 June 2026	**297,091**	**7,595,904**	**(111,146)**	**(8,834)**	**7,773,015**
Balance at 1 July 2024	**254,704**	**9,841,729**	**(101,842)**	**(4,525)**	**9,990,066**
Charged to Surplus and Deficit - Current Year	22,228	(1,425,491)	(6,564)	2,243	(1,407,583)
Charged to Other Comprehensive Income	-	(62,738)	-	-	(62,738)
Balance at 30 June 2025	**276,933**	**8,353,499**	**(108,406)**	**(2,281)**	**8,519,744**

Income Tax

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

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

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

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

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

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

For deferred tax purposes, PNAL has not rebutted the recovery through sale presumption in respect of buildings held as investment property.

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

Goods and Services Tax

All items in the financial statements are stated exclusive of Goods and Services Tax (GST) with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the IRD including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are stated exclusive of GST.

7. EMPLOYEE BENEFIT LIABILITIES

	2026 Actual	2025 Actual
Accrued Pay (inc bonus accrual)	99,563	200,702
Annual Leave	322,199	311,829
Total	**421,761**	**512,531**

7A. AIRFIELD SERVICE

	2026 Actual	2025 Actual
Salaries and Wages	680,176	575,236
Employer Contribution to Kiwi Saver	18,724	15,010
Movement in Employee Entitlements	(1,250)	24,819
Other Rescue Fire Costs	38,041	31,564
Total	**735,691**	**646,629**

Airfield Service costs comprise those specifically relating to employee costs associated with Rescue Fire Service employees.

Throughout the year PNAL have employed the equivalent of 7.6 FTE (2025: 7).

7B. EMPLOYEE EXPENSES

	2026 Actual	2025 Actual
Salaries and Wages	2,754,730	2,526,192
Employer Contribution to Kiwi Saver	85,354	69,433
Movement in Employee Entitlements	11,619	(5,256)
Total	**2,851,703**	**2,590,369**

Throughout the year PNAL have employed the equivalent of 20.5 FTE (2025: 19.7).

Employee Entitlements

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

The Company does not provide for long service or retirement leave entitlements.

Salaries and wages are recognised as an expense as employees provide services.

Presentation of employee entitlements

Annual leave is classified as a current liability.

Superannuation schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contributions superannuation schemes and are recognised as an expense in the surplus and deficit account when incurred.

8. COMMITMENTS

Operating Commitments as Lessee	2026 Actual	2025 Actual
Less than 1 Year	110,953	213,652
Between 1 and 5 Years	119,957	150,250
Over 5 Years	-	-
Total	**230,910**	**363,902**

Operating Commitments as Lessor	2026 Actual	2025 Actual
Less than 1 Year	1,608,647	1,595,862
Between 1 and 5 Years	4,862,020	5,344,381
Over 5 Years	2,173,636	3,127,117
Total	**8,644,304**	**10,067,360**

On-going leases per month	**176,855**	**177,251**

Leases

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Operating Commitments as Lessee

PNAL leases computer and electronic equipment, carpark equipment, lift infrastructure, portacoms and three motor vehicles. The unexpired terms of leases as at 30 June 2026 range from 1 to 41 months.

Operating Commitments as Lessor

PNAL leases land, buildings and advertising space in the normal course of its business. The future aggregate minimum lease payments under non-cancellable operating leases are as outlined.

2026 commitments have been calculated until the end of the current right of renewal, or end of the contract, whichever comes first. These commitments relate to property leases, advertising, and rental agency contracts and are GST exclusive.

There are other ongoing leases amounting to $45,852 per month that are on a month to month basis (2025: $40,502). There are no contingent rents recognised as revenue in the period.

Capital Commitments

PNAL had capital commitments of $31.62m as at 30 June 2026 largely relating to the terminal redevelopment and Zone D warehouses (2025: $35.23m).

9. FINANCE COSTS

	2026 Actual	2025 Actual
Interest on Secured Long Term Loans	974,710	576,640
Line Fees	47,886	-
Total	**1,022,597**	**576,640**

10. BORROWINGS

	2026 Actual	2025 Actual
Current Borrowings	-	1,300,000
Non-Current Borrowings	30,200,000	12,000,000
Total Borrowings	**30,200,000**	**13,300,000**

Borrowings and borrowing costs

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

The Company's debt facility with Bank of New Zealand (BNZ) totalling $5m has a current maturity date of July 2029. The balance of this facility at 30 June 2026 was $0.2m (2025: $1.3m)

The Company entered into a new loan facility with Industrial and Commercial Bank of China (ICBC) during the year ended 30 June 2026. This facility has a $45m facility limit with an expiry of March 2031. The balance of this facility at 30 June 2026 was $6.5m (2025: Nil)

The Company also has an unsecured, subordinated loan agreement with the Shareholder. The balance of this loan at 30 June 2026 is $23.5m (2025: $12m). The facility limit is subject to annual review and is set at the lesser of $50m or the Company's approved annual SOI debt plus 10%. The Company is charged an arms length fair market rate margin on any borrowings from the Shareholder. The debt facility with the Shareholder has a current maturity date of June 2036.

All borrowing costs are recognised as an expense in the period in which they are incurred.

Registered mortgage over property owned by the Company secure the $6.2m borrowings (2025: $1.3m) from BNZ and ICBC, held by BNZ as Security Trustee. This includes existing perfected security interest in all present and after acquired property of Palmerston North Airport Limited. Refer to Note 2 for the carrying value of the secured assets at balance date.

The Company has an approved overdraft facility of $100,000 with BNZ.

New accounting standard adopted (early adoption)

For FY26, the Company has early adopted the 2024 Omnibus Amendments to PBE IPSAS 1, including the amendments to paragraph 84. The amendments clarify the classification of liabilities as current or non-current and have been applied retrospectively. Borrowings are classified as non-current where the Company has the right at reporting date to defer settlement for at least 12 months. There is no impact on total liabilities, net assets, surplus or cash flows.

11. OTHER OPERATING EXPENSES

	2026 Actual	2025 Actual
Rates	587,329	509,112
Power and Insurance	756,425	754,611
Repairs and Maintenance	1,309,857	1,496,812
Total	**2,653,611**	**2,760,535**

11a. General Administration

	2026 Actual	2025 Actual
Marketing	313,773	414,346
Contractors	29,400	34,879
Consultants	683,728	927,043
Legal	747,264	176,318
PFAS Monitoring & Testing	212,722	162,067
Temporary Terminal & Demolition Costs	763,126	613,434
Other	813,385	737,924
Total	**3,563,399**	**3,066,011**

12. AUDIT FEES

	2026 Actual	2025 Actual
Fees for Audit of Financial Statements – Audit NZ	103,308	99,132
Fees for Audit of Disclosure Financial Statements – Audit NZ	36,050	35,000
Disbursements – Audit NZ	-	-
Audit Fees from Other Providers	-	-
Total	**139,358**	**134,132**

13. EQUITY

(a) Share Capital

	2026 Actual	2025 Actual
9,195,000 Ordinary Share Capital	9,380,400	9,380,400
Closing Balance	**9,380,400**	**9,380,400**

All shares carry equal voting rights and the right to any share in surplus on winding up of the Company. None of the shares carry fixed dividend rights.

(b) Retained Earnings

	2026 Actual	2025 Actual
Opening Balance	26,675,956	26,512,895
Net Operating Surplus	4,835,060	358,061
Dividends paid during year	(300,000)	(195,000)
Transfer from asset revaluation reserve for sale of assets	5,400	-
Closing Balance	**31,216,416**	**26,675,956**

(c) Dividends:

Once the solvency test has been satisfied, the Directors will declare a fully imputed dividend of 6.396 cents per $1 paid up share capital (exclusive of any premium on issue) as at 30 June 2026 representing $600,000 for the 12 months ending 30 June 2026 (2025: $300,000).

(d) Asset Revaluation Reserve:

	2026 Actual	2025 Actual
Opening Balance	48,466,834	46,186,094
Revaluation movement		
- Land	4,779,626	2,442,069
- Buildings	992,841	-
- Airside Infrastructure	-	(224,066)
Less Deferred Taxation		
- Movement - Buildings	(277,995)	-
- Movement - Airside Infrastructure	-	62,738
Transfer to Retained Earnings for sale of assets	(5,400)	-
Closing Balance	**53,955,906**	**48,466,834**

	2026 Actual	2025 Actual
Asset Revaluation Reserve consists of:		
- Land	30,571,865	25,797,639
- Buildings	1,581,758	866,912
- Airside Infrastructure	21,802,283	21,802,283
Total	**53,955,906**	**48,466,834**

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

→ Retained Earnings

→ Paid in Capital

→ Asset Revaluation Reserve

Asset Revaluation Reserves

This reserve relates to the revaluation of Land, Buildings and Airside Infrastructure to fair value.

Historic revaluation gains relating to land transferred to Investment Property from Property, Plant and Equipment during prior income years remain in the reserve until the land is disposed. Total historic revaluation gains reflected in reserves relating to Investment Property total $6.5m at 30 June 2026 (2025: $1.5m).

Critical judgements in applying accounting policies

Classification of property

The Company owns a number of properties as a land bank to cover possible future expansion of the runway and safety areas. The receipt of market-based rental from these properties is incidental to this purpose. The properties are held for service delivery objectives as part of the Airport's overall operating strategy. The properties are therefore accounted for as Property, Plant and Equipment rather than Investment Property.

14. TRADE ACCOUNTS PAYABLE

	2026 Actual	2025 Actual
Revenue in advance from exchange transactions	79,589	75,358
Revenue in advance from non-exchange transactions	-	-
Total	**79,589**	**75,358**
Trade Accounts Payable from exchange transactions		
Trade Accounts Payable	4,696,659	1,683,226
Payables to Related Party	551,989	270,180
Trade Accounts Payable from non-exchange transactions		
Income tax payable	565,127	319,142
Total	**5,813,776**	**2,272,548**
Other creditors from exchange transactions		
Other creditors	1,361,763	349,549
Other creditors from non-exchange transactions		
GST (refundable)/payable	-	(77,825)
Total	**1,361,763**	**271,724**

Short-term creditors and other payables are measured at the amount payable.

15. RELATED PARTY TRANSACTIONS

Palmerston North City Council (PNCC) holds 100% of the issued shares of PNAL.

PNAL received services from PNCC during the 12 months ended 30 June 2026 for $944,063 (2025: $575,022).

In addition, during the 2026 income year, PNAL utilised accumulated tax losses from PNCC totalling $505,567, resulting in a tax payment to PNCC of $141,559 for the 2025 tax year (2025: The tax losses utilised totalled $408,778 via a tax payment to PNCC of $114,458 for the 2024 tax year).

During the year PNAL paid interest to PNCC of $629,430 (2025: $400,901). At 30 June 2026 a further $531,105 (2025: $257,723) of interest was accrued but unpaid.

Refer to Note 13(c) regarding dividends declared and paid to PNCC.

PNAL provided services to PNCC during the 12 months ended 30 June 2026 for $879,098 (2025: $8,512).

FY26 includes the sale of 3,600m2 of land to PNCC at arms length for $874,350.

Other than the tax loss, all transactions were conducted on normal commercial terms.

PNAL owed PNCC $551,989 inclusive of GST as at 30 June 2026 (2025: $270,180).

PNCC owed PNAL $1,404 inclusive of GST as at 30 June 2026 (2025: $656).

Key Personnel Remuneration

	2026 Actual	2025 Actual
Directors Remuneration	157,746	153,300
Number of directors	5	5
Senior Management Team including the Chief		
Executive Remuneration	1,508,589	1,440,943
Full time Equivalents	7	7

Variances in the table above arise from the timing of employee resignations and appointments, mark-to-market remuneration increases and/or cash-ins of annual leave.

16. OTHER SIGNIFICANT POLICIES

Statement of Cash Flows

Operating activities include cash received from all revenue sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Company.

Other Financial Assets

Other financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

→ Amortised cost;

→ Fair value through other comprehensive revenue and expense (FVTOCRE); and

→ Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated as FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Company's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collection contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Company may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

Expected credit loss allowance (ECL)

The Company recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Company in accordance with the contract and cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due. The Company may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligation in full.

If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Financial assets measured at amortised cost

The Company recognizes expected credit losses on financial assets measured at amortised cost. Loss allowances are measured using an expected credit loss model that considers historical loss experience, current conditions and forward-looking information. For trade receivables, lifetime expected credit losses are recognised using the simplified approach permitted under PBE IPSAS 41. Impairment losses and reversals are recognised in surplus or deficit.

17. MAJOR VARIANCES EXPLAINED

Account	Actual	Budget	Variance	Notes
Operations Expenditure	3,389,302	4,007,800	(618,498)	Careful management of expenditure through FY26, including underspend on non-essential maintenance and recruitment of additional RFS Officers later than budgeted.
General Administration Expenditure	3,563,399	3,291,100	272,299	Additional legal costs associated with protecting Airport Protection Surfaces.
Finance Costs	1,022,597	1,467,666	(445,069)	Total debt lower than budgeted resulted in lower finance costs.
Depreciation & Amortisation	5,245,506	6,038,182	(792,676)	Updated timing of Stage 1 of new terminal resulted in depreciation being deferred until FY27 (timing difference only).
(Gain)/Loss on Sale of Assets	(834,002)	-	(834,002)	Primarily relates to sale of land which was not budgeted.
Revaluation Gain/(Loss) - Investment Properties	3,061,066	-	3,061,066	Revaluation movements are not budgeted.
Deferred Tax Liability	7,773,015	9,990,066	(2,217,051)	Primarily driven by depreciation on buildings for which there is no tax depreciation available.
Current Assets	2,427,428	4,371,664	(2,374,146)	SOI assumed tax receivable balance but actual result is a tax payable balance. Largely offsets with current liabilities variance below.
Current Liabilities (excluding bank overdraft & current borrowings)	7,676,889	5,467,091	1,779,889	SOI assumed tax receivable balance but actual result is a tax payable balance. Largely offsets with current assets variance above.
Property, Plant, Equipment, Intangible Assets & Investment Property	137,775,198	132,803,307	4,971,891	Capital gains on revaluations are not budgeted, partly offset by capital spend being below budget.
Total Borrowings	30,200,000	40,528,947	(10,328,947)	Capital spend below budget resulted in reduced debt requirements.

18. FINANCIAL INSTRUMENTS

In accordance with PBE IPSAS 41, the following tables outlines the carrying amounts of the Company's financial assets and liabilities in each of the financial instrument categories:

Financial Assets	Rating*	2026 Actual	2025 Actual
	AA-		
Amortised Cost			
Cash and Cash Equivalents		571,259	54,414
Trade Receivables		1,246,204	1,144,993
Total Financial Assets at amortised cost		**1,817,463**	**1,199,407**

* Standard & Poor's Rating for BNZ

Financial Liabilities	2026 Actual	2025 Actual
Amortised Cost		
Trade Accounts and Other Payable	6,610,412	2,302,955
Bank Overdraft	-	-
Borrowings - Secured Loans	30,200,000	13,300,000
Total Financial Liabilities at amortised cost	**36,810,412**	**15,602,955**

19. EVENTS AFTER BALANCE DATE

Subsequent to balance date the Directors declared a fully imputed dividend of $600,000. Refer to Note 13(c).

20. CONTINGENCIES

The New Zealand Environmental Protection Agency commenced a review during 2018 into the use of PFOS foam in firefighting applications, including at airports. Investigations at Palmerston North Airport have since confirmed that this foam was used for firefighting training exercises at the airport up until the late 1980s.

All PFOS foam was successfully removed from the fire appliances and storage containers onsite during the 2019 financial year. Further testing, consenting and investigation totalling $0.21m has been completed during the 2026 financial year (2025: $0.16m).

Future outflows associated with monitoring and treating PFOS are expected to be incurred in future accounting periods. However, the timing and value of outflows are not able to be reliably estimated at 30 June 2026.



HISTORICAL FINANCIAL HIGHLIGHTS

Year ending	2026	2025
Statement of Financial Performance:	**(000)**	**(000)**
Total Revenue	17,868	16,955
Net Surplus Before Interest, Depn, Taxation & Reval of Investment Property	7,767	7,610
Net Surplus Before Taxation & Misc items (*)	2,333	(117)
Net Surplus After Taxation excluding deferred tax adj. (*)	1,774	(149)
Earnings Per $ of Paid Up Share Capital (excl. any premium on issue and deferred tax adjustments) (*)	18.91c	(1.59c)
Dividend Proposed or Paid Per $ of Paid Up Share Capital (excl. of any premium on issue)	6.40c	3.20c
Statement of Financial Position	**(000)**	**(000)**
Total Assets	139,773	109,475
Shareholders Funds	94,553	84,523
Share Capital paid up (excl. of any premium on issue)	9,195	9,195
Net Asset Backing Per Share	$10.28	$9.19
Return On Shareholder Funds (excl deferred tax adjustments (*)	1.88%	(0.18%)

* Revaluation Gain on Investment Properties have been removed for comparabililty purposes.

ANNUAL PASSENGER NUMBERS

Year ending	2026	2025
Total Passengers	520,009	531,129

2024	2023	2022	2021	2020	2019	2018	2017	2016
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
15,487	12,585	9,485	8,346	9,137	10,202	8,483	7,313	5,523
7,541	6,103	3,058	3,598	4,079	5,025	4,074	3,534	2,391
(571)	3,597	715	1,257	1,695	2,593	2,211	1,849	841
(2,189)	2,535	834	819	2,024	1,713	1,609	1,299	805
(23.33c)	27.02c	8.89c	8.73c	21.58c	18.26c	17.50c	14.13c	8.75c
2.08c	0.00c	0.00c	0.00c	0.00c	7.31c	7.00c	5.65c	3.50c

(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
105,042	106,910	109,126	89,416	86,468	89,617	77,894	73,588	62,946
82,079	84,338	82,990	68,265	67,120	67,481	60,704	59,615	49,810
9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195	9,195
$8.93	$9.17	$9.03	$7.42	$7.30	$7.34	$6.60	$6.48	$5.42
(2.67%)	3.01%	1.00%	1.20%	3.02%	4.10%	2.65%	2.18%	1.62%

2024	2023	2022	2021	2020	2019	2018	2017	2016
547,721	534,651	323,615	400,467	498,442	687,142	657,515	629,400	515,727

INDEPENDENT AUDITOR'S REPORT

The Audit Office
Te Mana Arotake

TO THE READERS OF PALMERSTON NORTH AIRPORT LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2026

The Auditor-General is the auditor of Palmerston North Airport Limited (the Company). The Auditor-General has appointed me, Chris Webby, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

OPINION

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expense, 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 48 to 84; and
- the performance information of the Company for the year ended 30 June 2026 as contained in the statement of service performance on pages 36 to 45.

In our opinion:

- The financial statements of the Company present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- 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 Public Benefit Entity Standards Reduced Disclosure Regime.
- 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.

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

We did not evaluate the security and controls over the electronic publication of the financial statements and 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 in the annual report other than 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)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out an engagement in the area of the Company's disclosure financial statements pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999, which is compatible with the independence requirements.

Other than the audit and the disclosure engagement, we have no relationship with, or interests in, the Company.



Chris Webby
The Audit Office

On behalf of the Auditor-General
Palmerston North, New Zealand

24 September 2026

ANNUAL REPORT

For the year ended
30 June 2026

PALMERSTON NORTH
AIRPORT LIMITED