Quarter 3 Report

1 January to 30 March 2026

Papa Rererangi i Puketapu Ltd

New Plymouth Airport

1. Introduction

This report is for Quarter 3 (Q3), Financial Year 2025-2026 The report is presented by Papa Rererangi i Puketapu Limited (PRIP) in accordance with Sections 64 and 65 of the Local Government Act 2022 (LGA) referencing the company's Statement of Intent and PRIP's monitoring and reporting requirements.

2. Purpose and Objectives

2.1 PRIP's main purpose is to operate the Airport on a sustainable commercial basis and to ensure the ongoing safe and successful operation of the Airport.

2.2 PRIP's primary objectives are to:

- Operate the Airport in full compliance with the regulations set down by the New Zealand Civil Aviation Authority
- Ensure that the business is run on a sustainable commercial basis
- Optimise the use of its assets; and
- Generate a reasonable rate of return on investment

3. Shareholder Relationship and Agreements

PRIP have entered into the following agreements with NPDC for the ongoing operation of the Airport, namely:

- Service Level Agreement
- Loan Facility Agreement
- General Security Deed
- Intergroup Asset Transfer
- Deed of Lease Airport Land

4. Board Chair and Chief Executive's Report

The third quarter of FY2026 (January to March 2026) has been a period of consolidation and positive progress for Papa Rererangi i Puketapu Ltd (PRIP). The airport continued to operate safely and reliably while delivering on several strategic priorities. Key highlights across the quarter include the continued ramp-up of the Te Matakupenga solar farm, progress on the Air New Zealand landing fee pricing reset consultation, and a strong financial result that is tracking ahead of both budget and last year.

Key Themes

- The new calendar year commenced with receipt of the first full month of revenue from Te Matakupenga Limited, adding an important new income stream to the airport's financial performance ahead of the original project schedule — a positive and unplanned bonus.
- The holiday season saw the usual reduction in scheduled services, with some weather-related disruptions during January. Operations returned to normal working rhythm from late January onwards.
- Passenger volumes for the quarter have generally tracked slightly below FY2025, consistent with the forecast. Overall numbers to the end of January were running approximately 3.1% down year on year. This decline broadly reflects conditions across the domestic regional network and is not unique to New Plymouth, though the trend on the Wellington route remains an area of focus.
- The wastewater system has now been fully operational for several months without issue. This resolves a long-standing operational challenge, improves overall resilience, and removes a key compliance risk area for the business.
- Engagement with Air New Zealand on the Initial Pricing Proposal (IPP) for the landing fees pricing reset commenced in the quarter. The IPP was provided to Air New Zealand in December 2025, with feedback expected in February 2026. Management has undertaken significant preparation to ensure the organisation is well positioned for what is anticipated to be a robust consultation process.

4.1 Passenger Numbers

Passenger volumes during Q3 FY2026 continued to reflect the broader conditions evident across the domestic regional aviation network in New Zealand. Monthly passenger volumes in FY2026 have generally tracked slightly below FY2025, with softer performance particularly evident in March, October, and January. To the end of January 2026, total passenger numbers were sitting approximately 3.1% down year on year, consistent with the forecast assumptions underpinning the annual budget.

While passenger numbers are typically lower during this period of the year, the ongoing downward trend — particularly on the Wellington route — remains a concern for management and the Board. Weather-related disruptions during the summer holiday period contributed to some of the variability seen in the January figures.

Context

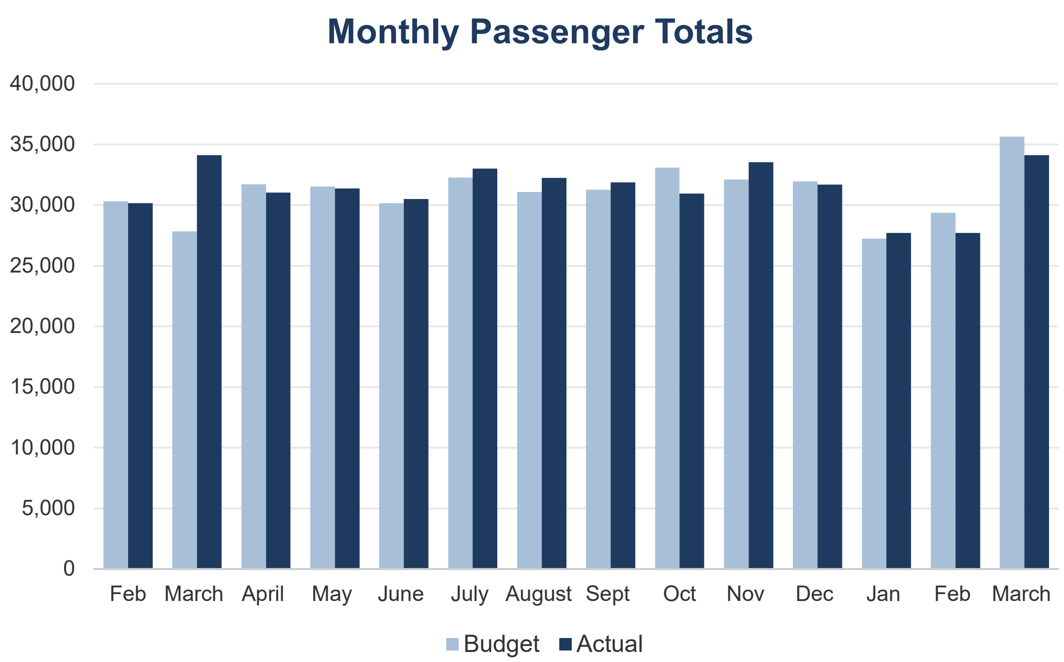
The decline in passenger numbers is not unique to New Plymouth Airport and is broadly reflective of conditions experienced across the domestic regional network. Management continues to monitor performance closely and to work with airline partners to support the retention and growth of services through the airport.

Forward Outlook

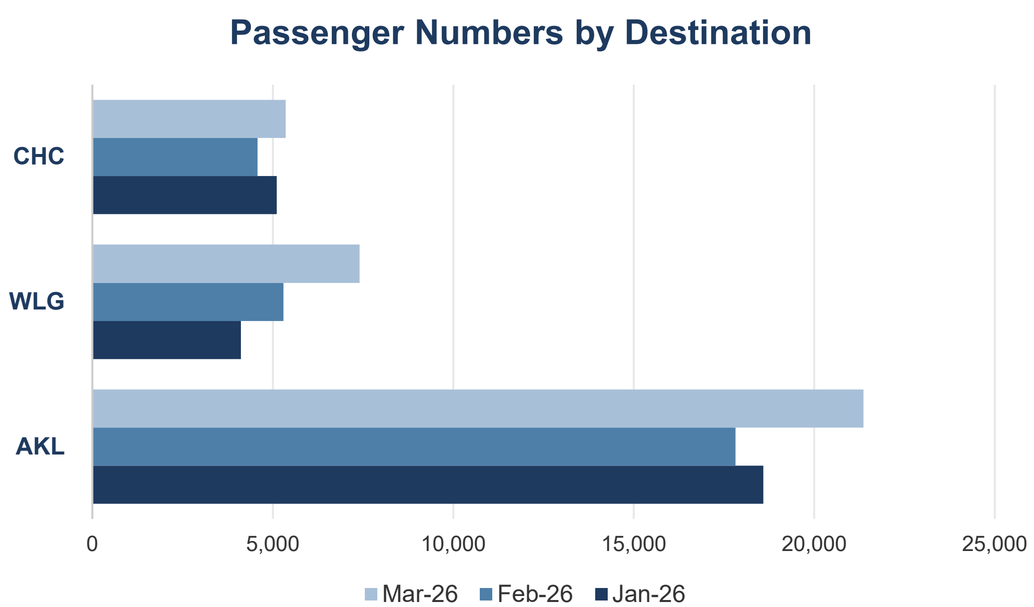
The Statement of Intent for FY2027–FY2029 has been prepared on the basis that passenger recovery following the impacts of the COVID-19 pandemic continues as planned. Management is also actively engaged with Air New Zealand and other stakeholders to explore opportunities to facilitate the expansion of domestic air travel through the airport, and to ensure that New Plymouth Airport remains well positioned to support the regional economy.

- FY2026 YTD passenger volumes tracking approximately 3.1% below the prior year.
- Softness most pronounced in March, October, and January months.
- Wellington route performance remains a specific area of concern.
- Weather disruptions contributed to variability during the January holiday period.

- Regional network-wide trend — not isolated to New Plymouth Airport.
- The ongoing conflict involving Iran and the disruption of oil flows through the Strait of Hormuz has materially increased global jet fuel prices, with Air New Zealand reporting fuel costs rising from approximately US$85–90 per barrel prior to the conflict to between US$150 and US$200 per barrel. Air New Zealand has announced two successive rounds of schedule reductions — initially removing approximately 5% of domestic and international services through early May 2026, followed by a further 4% reduction across May and June 2026. The airline has also suspended its FY2026 financial outlook pending stabilisation of fuel markets. Management is monitoring the impact on services through New Plymouth Airport and the flow-on effect on passenger volumes in Q4 FY2026.



Auckland services averaged around 19,200 passengers per month, representing approximately 64% of total traffic. Wellington averaged 5,600 (19%), and Christchurch around 5,000 (17%). The balance across routes reflects stable domestic demand with limited volatility across the year.



4.2 Capital Project Update

4.2.1 Solar Farm – Te Matakupenga

Te Matakupenga Limited, PRIP's solar farm project, reached a significant milestone during the quarter with the issuance of a Practical Completion Certificate to the construction contractor, Infratec, on 15 December 2025. This formally transferred site control and operational responsibility to the appointed Operations & Maintenance (O&M) contractor, NewPower Energy Limited (NEL). The solar farm has now been fully operational for the majority of this quarter, representing a substantial achievement for the project and the organisation.

Practical completion was achieved approximately two months ahead of the original project schedule, which has been a positive and unplanned benefit. The early operational period has provided valuable learnings that are already being incorporated into day-to-day processes to further improve performance and reliability.

Operations & Maintenance

Following contract execution, NewPower Energy commenced procurement of spare parts on behalf of PRIP. NewPower Energy has appointed Rob Frost as Site Custodian, who is based on-site for approximately four hours per day. He is supported by Mario Feraru, Generation Asset Manager for NewPower Energy, who serves as the primary point of contact for all operational and asset-related matters and as the fault response lead and primary liaison with PowerCo for network-related issues.

O&M training was delivered by Infratec to NewPower Energy personnel in December 2025. SCADA (Supervisory Control and Data Acquisition) access has been established for PRIP via the Ignition platform, including activation of a Fortinet VPN token, providing PRIP with real-time visibility of solar farm data. Implementation of Mainpac (the Computerised Maintenance Management System) is underway.

Solar Farm Revenue – FY2026 YTD

Solar Farm Revenue for the nine months to 31 March 2026 totalled $681,103 against a budget of $518,171, representing a favourable variance of $162,932 (31.4% above budget). This strong result reflects both the earlier-than-scheduled commencement of operations and encouraging production performance during the initial operational months. The full-year projection for Solar Farm Revenue is $1,145,245, compared with the original budget of $848,146 — a favourable variance of $297,099.

4.2.2 Battery Energy Storage System (BESS) Update

The original BESS unit was unable to meet certification requirements. A replacement unit — a Delta BESS with larger capacity at no additional cost — has been sourced. This is expected to result in an estimated 12-week delay to BESS installation.

4.3 Financial Report

Executive Summary

PRIP's financial performance for the nine months ended 31 March 2026 (Q3 FY2026 YTD) is strong, tracking ahead of both budget and the prior year. Total revenue of $8.72 million is $154,266 (1.8%) above the original budget, while total OPEX of $3.55 million is $16,418 above budget but well managed in the context of the revenue uplift. EBITDA of $5.16 million represents a margin of 59.2%, slightly above the budgeted 58.7%. Net profit for the YTD is $1.23 million, exceeding the budget of $937,259 by $294,558 (31.4%).

Compared to the same period last year, total revenue is up 11.5%, EBITDA is up 9.2%, and net profit has declined by 5.8% — the latter largely attributable to higher depreciation charges of $2.20 million (vs $1.89 million last year, +16.5%) reflecting the capitalisation of the Te Matakupenga solar farm assets.

YTD Financial Summary (9 months to 31 March 2026)

Metric	YTD Actual ($)	Budget ($)	Variance ($)
Total Revenue	8,715,377	8,561,111	+154,266
Total OPEX	3,552,787	3,536,369	+16,418
Operating Profit	**5,162,590**	**5,024,742**	**+137,848**
EBITDA	**5,163,798**	**5,024,742**	**+139,056**
EBITDA %	59.2%	58.7%	+0.5%
Depreciation	2,198,023	2,488,086	-290,063
EBIT	**2,965,775**	**2,536,656**	**+429,119**
Net Profit	**1,231,817**	**937,259**	**+294,558**

Revenue Analysis

Total revenue for the YTD of $8.72 million is $154,266 ahead of budget, driven primarily by:

- Landing Charges Revenue of $5.92 million — up $543,823 on the prior year and $539,823 ahead of budget, reflecting strong aeronautical performance.
- Solar Farm Revenue of $681,103 — $162,932 (31.4%) ahead of budget, reflecting earlier-than-scheduled commencement of Te Matakupenga operations.
- Ground Lease Revenue of $315,427 — $19,427 ahead of budget.
- Car Parking Revenue of $993,416 — $76,030 ahead of budget.

Revenue Stream	YTD Actual ($)	Budget ($)	Variance ($)
Landing Charges	5,919,431	5,379,608	+539,823
Car Parking Revenue	993,416	917,386	+76,030
Solar Farm Revenue	681,103	518,171	+162,932
Ground Lease Revenue	315,427	296,000	+19,427
Terminal Lease Revenue	351,216	422,280	-71,064
Advertising Commission	53,093	78,000	-24,907
Other Revenue	401,691	949,666	-547,975

Expenditure Analysis

Total OPEX of $3.55 million is $16,418 above budget for the YTD. Key observations include:

- Personnel Costs (Salaries and Wages YTD: $996,555) are broadly in line with the prior year (+0.3%), though $95,845 below the original budget — reflecting careful workforce management.
- Insurances of $159,678 are $16,198 above budget (+11.3% vs prior year).
- Airside Runway Lighting Maintenance ($47,250) is $11,250 above budget, reflecting a new cost category not budgeted for.
- Airside Runways & Taxiways Maintenance ($28,200) is $22,200 above budget.
- Electricity Charges ($114,621) are $22,621 ahead of budget, up 73.3% on last year — partially reflecting the commencement of Te Matakupenga related charges.

- Terminal Building Repairs and Maintenance ($84,857) are $63,257 above budget, requiring monitoring.

EBITDA & Profitability

EBITDA for the nine-month YTD is $5.16 million at a margin of 59.2%, compared with the budgeted margin of 58.7%. This is broadly consistent with the prior year EBITDA margin of 59.2%. The full-year EBITDA projection is $6.90 million, which is $137,848 ahead of the original budget of $6.76 million.

Depreciation of $2.20 million is $290,063 below budget — reflecting timing differences in the capitalisation of assets, though it is $332k above the prior year figure of $1.89 million. EBIT of $2.97 million is $429,119 ahead of budget.

Interest expense on loans for the YTD is $991,560, which is $52,007 below budget. Net profit of $1.23 million is $294,558 (31.4%) ahead of budget and is the key measure of the organisation's financial surplus for distribution or reinvestment.

Full-Year Projections

Based on YTD actuals and forward projections for the remainder of FY2026, the full-year outlook is:

- Total Revenue projected at $11.79 million, compared with an original budget of $11.64 million — a favourable variance of $154,266.
- Total OPEX projected at $4.87 million, broadly in line with budget.
- EBITDA projected at $6.90 million (59.8% margin), $388,420 above the original budget of $6.76 million.
- Net Profit projected at $1.49 million, versus the original budget of $1.20 million — an improvement of $294,558.

Key Financial Risks

- Passenger volumes tracking below prior year may place downward pressure on landing charges revenue in Q4.
- The Air New Zealand pricing reset consultation may affect aeronautical revenue assumptions for future years.
- The Iran conflict and associated global oil price shock represents a material emerging risk for PRIP's Q4 FY2026 and FY2027 performance. Air New Zealand has cut approximately 9% of its total domestic and international schedule across March to June 2026, with further reductions possible if elevated fuel costs persist. For a regional airport where Air New Zealand constitutes the overwhelming majority of aeronautical revenue, any sustained reduction in frequency or capacity on the New Plymouth network — whether through schedule consolidation, route suspension, or aircraft downgauging — would directly reduce landing charges revenue, and indirectly reduce car parking and terminal income. Management is actively engaging with Air New Zealand to understand the specific impact on New Plymouth services, and will report further to the Board as the position becomes clearer. This risk also complicates the current aeronautical pricing reset consultation, as Air New Zealand is likely to reference fuel cost pressures in its response to the Initial Pricing Proposal.
- Continued monitoring of maintenance cost variances required, particularly terminal building repairs.

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