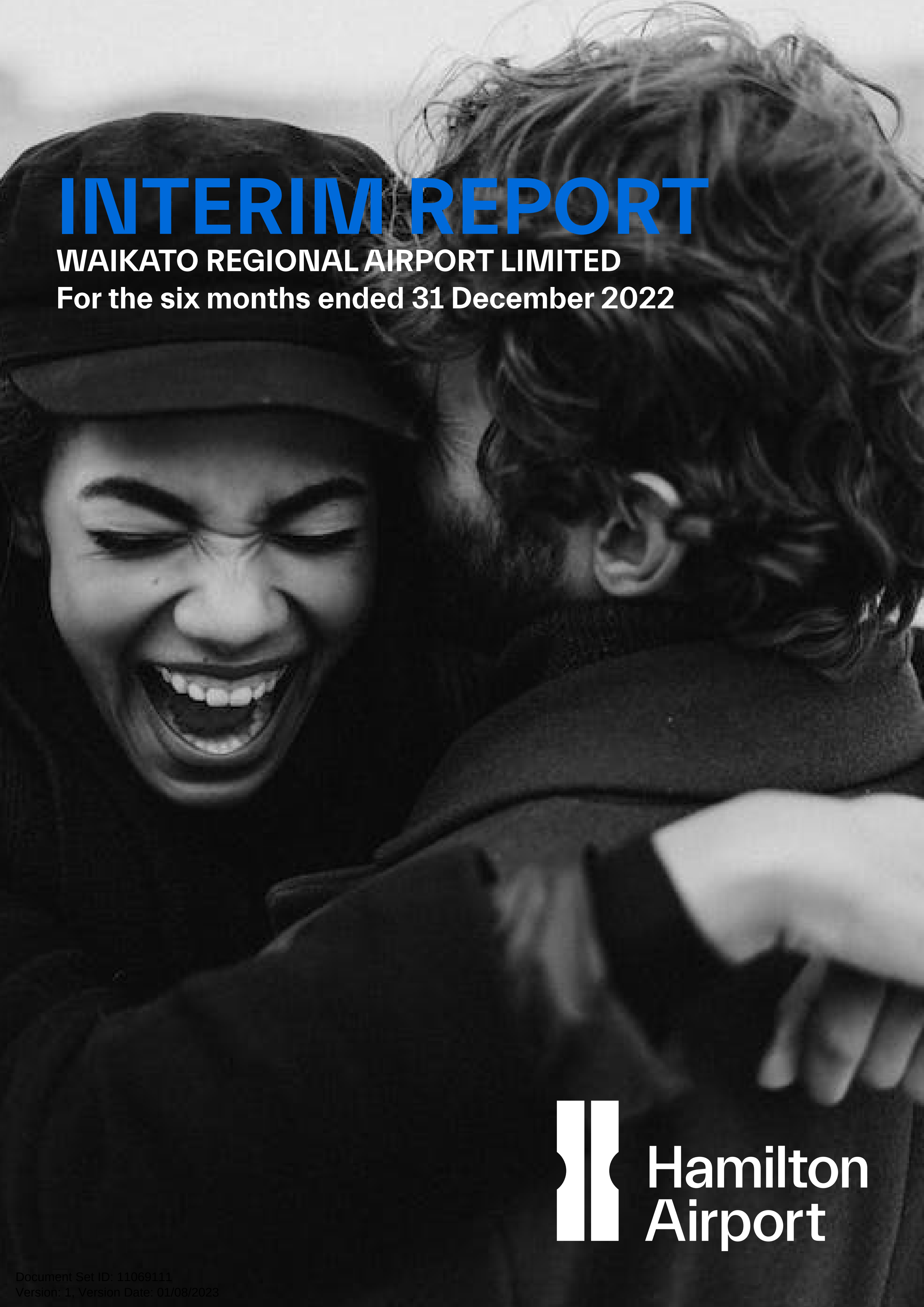
INTERIM REPORT

WAIKATO REGIONAL AIRPORT LIMITED

For the six months ended 31 December 2022



Hamilton Airport

CHIEF EXECUTIVE'S REPORT

Key results at a glance

+ 45%	Total passengers: 201,000 Increase of 73,000
+ 4%	Aircraft Movements: 15,600 Increase of 600
+ 6%	Operating Revenue: $9.0m Growth of $0.5m
+ 1%	EBITDA before land sales: $3.2m Growth of $41,000
+ 30%	Shareholder funds: $227.9m Growth of $53.3m

Changes are measured against results for the six months ended 31 December 2021.

COMMENTARY

Much of the narrative around the WRAL Group's successes during the last three years has been due to the diversification strategy that has sustained the Group through the most challenging times in the Airport's history.

Growth in asset classes underpinned strong land sale prices and property returns, coupled with the benefit of a 24-month MIQ contract that largely offset the financial impacts of the disruption to air travel, including a combined total of three months of complete regional travel restrictions halting all flights to and from the airport in the previous two years.

Without disruption of travel restrictions, the aeronautical business has returned to a sustained period of similar passenger volumes comparable to 2019 levels, and the Group's operating revenue has exceeded 2019 levels by almost $2.5 million. This growth has pleasingly come from all areas of the Group's activities. Operating cost increases have been well managed and are consistent with general inflation and changes in activity levels.

The Group has continued an extensive $10.5 million investment and improvement programme in the six month reporting period.

- The cornerstone of our investment over the last 18 months has been the terminal resilience project. After operating from temporary and repurposed parts of the terminal, customers transitioned back to a seismically strengthened and completely renewed interior, with the terminal architecture and new airport brand identity embracing the tapestry of the region's rich cultural heritage. The terminal design was informed by Mana Whenua and key artworks created using local Maaori artists.
- The Jet Park Hotel property returned to the market and traded for 4½ months of the six-month period in the public market, having concluded its MIQ contract in June, then completing the remaining renovations that had been deferred whilst an MIQ facility.
- The Group has also completed the strategic acquisition of two significant properties on the airport and a focus for the second half of the year will be attracting tenants that can rejuvenate aeronautical activity on our airfield, including utilisation of the former flight training academy facilities. Revaluation gains on these properties represent a significant portion of other gains revenue reported of $9.6 million.

Land sales in this reporting period have yielded a gross margin of almost $10 million, which provides a significant injection of capital to the Group to maintain a conservative debt position. Ultimately the Group's borrowings sit below the level when compared to December 2019 despite nearly $30 million of investment undertaken since that time and the disruption to aeronautical activity.

Work has continued to advance the Northern Precinct Private Plan Change with the hearing in March 2023. Engagement with local stakeholders and regulators to date has been positive, although there remain a number of challenges to ensure we can reach agreement on several matters; the most significant centred around ecology and transport. If successful, the re-zoned land will ensure the Airport will continue to be a significant regional industrial/ commercial hub, with a supply of land expected to serve market demand south of the Hamilton City over the next two decades.

Hamilton & Waikato Tourism continue to support the recovery of the local tourism industry via multi-year central government funded initiatives to attract tourists to the Waikato, initially focused on domestic tourism, the team has quickly broadened its activity as the country has begun to welcome large numbers of visitors from international markets. In addition, an updated Destination Management Plan is now being given effect to, building local capabilities that embed a more coordinated and united approach for the sector to attract and host visitors in our region moving forward.

The latter half of the financial year will also see some tangible progress in our sustainability vision with installation of a 0.5ha solar farm to meet 50% of energy requirements for the airport terminal and completion of certification requirements for Level 3 Accreditation under the global Airport Carbon Accreditation program making us the first New Zealand regional airport (and second New Zealand airport) to achieve this level.

The management team has been very focused on wellbeing initiatives that genuinely provide support to our people and continue to ensure that WRAL is an employer of choice, retaining our people in a tight labour market who continue to deliver on an ambitious program of work that underpins our 10-year strategy.

Whilst having successfully weathered the challenges of the last three years in the face of the pandemic, the group remains cognisant of new emerging challenges with some economic headwinds looming over our economy creating an uncertain outlook for air travel and tourism which are largely discretionary costs for many.

Mark Morgan
Group Chief Executive

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income & Expense

For the six month period ended 31 December 2022
(unaudited)

	2022 $ '000	2021 $ '000
Revenue		
Operating revenue	9,047	8,574
Land sales	14,723	770
Other gains/(losses)	9,591	305
	33,361	**9,649**
Expenses		
Operating expenses	(3,184)	(2,911)
Cost of land sales	(4,228)	(574)
Employee benefits expense	(2,537)	(2,379)
Depreciation & amortisation	(2,033)	(1,708)
Finance costs	(295)	(206)
Other losses	(147)	-
	(12,483)	**(7,778)**
Net surplus/(deficit) before tax	**20,878**	**1,871**
Tax expense	(3,169)	(439)
Net surplus/(deficit) after tax	**17,709**	**1,432**
Other comprehensive revenue & expense		
Revaluation of property, plant & equipment	-	-
Deferred tax	-	-
Total other comprehensive revenue & expense	**-**	**-**
Total comprehensive revenue & expense	**17,709**	**1,432**

These interim financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards. Amounts reported for the six months ended 31 December 2021 have been restated to comply with balances reported in the final 30 June 2021 audited annual report.

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the six month period ended 31 December 2022
(unaudited)

	Share Capital $ '000	Retained Earnings $ '000	Revaluation Reserves $ '000	Total $ '000
Opening Balance - 1 July 2021 (restated)	14,860	72,189	86,143	173,192
Net profit/(loss) after tax	-	1,432	-	1,432
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,432	-	1,432
Dividends paid to shareholder	-	-	-	-
Closing Balance - 31 December 2021	**14,860**	**73,621**	**86,143**	**174,624**
Opening Balance - 1 July 2022	14,860	96,637	99,228	210,725
Net profit/(loss) after tax	-		-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	17,709	-	17,709
Dividends paid to shareholder	-	(500)	-	(500)
Closing Balance - 31 December 2022	**14,860**	**113,846**	**99,228**	**227,934**

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2022
(unaudited)

	2022 $ '000	2021 $ '000 (restated)
Current Assets		
Cash and cash equivalents	798	1,094
Trade and other receivables	2,463	1,242
Inventories	500	578
Development property	9,012	8,169
	12,773	**11,083**
Non Current Assets		
Property, plant, and equipment	159,848	124,207
Investment property	84,470	63,584
Intangible & other non-current assets	788	834
	245,136	**188,625**
Total Assets	**257,909**	**199,708**
Current Liabilities		
Trade and other payables	5,925	2,226
Income received in advance	1,738	1,777
Employee entitlements	549	606
	8,212	**4,609**
Non Current Liabilities		
Provisions for Infrastructure Development	1,700	1,431
Deferred tax liability	7,063	5,149
Borrowings	13,000	13,895
	21,763	**20,475**
Total Liabilities	**29,975**	**25,084**
Net Assets	**227,934**	**174,624**
Equity		
Share capital	14,860	14,860
Retained earnings	113,846	73,621
Revaluation reserves	99,228	86,143
Total Equity	**227,934**	**174,624**

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

For the six month period ended 31 December 2022
(unaudited)

	2022 $ '000	2021 $ '000
Operating activities		
Receipts from operations	10,457	8,663
Receipts from land sales	14,723	770
Payments to suppliers and employees	(6,571)	(6,417)
Payments for construction of development property	(2,318)	(1,315)
Payment of interest	(321)	(206)
Payment of income taxes	(444)	(1,409)
Net cash from/(used in) operations	**15,526**	**86**
Investing activities		
Receipts from sale of property, plant and equipment	4	500
Purchases of property, plant & equipment	(10,456)	(2,708)
Purchases of investment properties	-	-
Purchases of intangible assets	(193)	(44)
Net cash from/(used in) investment activities	**(10,645)**	**(2,252)**
Financing activities		
Receipts from/(repayments of) borrowings	(3,995)	1,900
Payments of dividends	(500)	-
Net cash from/(used in) financing activities	**(4,495)**	**1,908**
Net change in cash for the period	**386**	**(266)**
Add opening cash and cash equivalents balance	412	1,360
Closing cash and cash equivalents	**798**	**1,094**

PERFORMANCE REPORTING

Performance against Statement of Intent

For the six month period ended 31 December 2022
(unaudited)

	SOI Full Year 30/6/23	Actual 6 months 31/12/22	Forecast Full Year 30/6/23
Financial Targets			
EBITDA excluding Land Sales	$4,300	$3,325	$6,310
EBITDA including Land Sales	$11,100	$13,820	$16,146
Net Profit before Tax	$6,000	$11,287*	$19,831
Net Operating Cash Flow excl Land Sales	$3,500	$3,121	$4,040
Total Debt (not exceeding)	$30,000	$13,000	$18,430
Percentage of non-landing charges revenue	60%	73%	69%
Land Sales	$14,000	$14,723	$14,723
Interest coverage	4.0x	11.2x	8.0x

Net Profit before Tax for the six months ended 31 December 2022 of $11,287,000 is reported before Other Gains of $9,591,000.

The group has a number of non-financial performance targets covering the range of activities the group undertakes. At 31 December 2022, the Group was on track to meet substantially all of its targets except for certain targets in relation to an aeronautical development that has been deferred with agreement from the future tenants.