**Chairman's Address to the 2025 Annual Meeting of PNG Air**
**Delivered by the Chairman of the Board**

**Distinguished Board Members, Shareholders, Executive Management, Employees, Partners, and Valued Stakeholders,**

Welcome to the 2025 Annual Meeting of PNG Air. It is my honour to present the Board's formal review of the company's performance from 2019 through 2023, and to outline the strategic direction that will shape our path forward.

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## 1. Financial Performance and Audit Completion (2019–2023)

**2019:**
PNG Air recorded a profit before tax of PGK 10.5 million, an improvement from PGK 9.7 million in 2018. This was one of our strongest financial years and reaffirmed our leadership in the domestic Regular Public Transport (RPT) market.

**2020–2022:**
The global COVID-19 pandemic brought severe travel disruptions, significantly impacting passenger volumes, revenue, and operations. Through it all PNG Air remained committed to national service obligations and public health compliance despite the difficult operating environment.

**2020–2021 Board Actions:**
In 2021 the Board guided the airline through two acquisition attempts by Link PNG—both of which were declined by the ICCC. The company also completed the 2017–2018 audits, and held the annual meeting on 16 July 2021.

**2022 – Initiation of Debt Restructuring:**
In response to ongoing financial challenges, PNG Air commenced a formal Scheme of Arrangement under Part XVI of the Companies Act 1997. The Scheme was aimed at restoring liquidity and ensuring long-term viability.

**2023 – Court Approval & Debt Relief:**
On 15 December 2023, the National Court, presided over by Justice Hartshorn, approved the Scheme. This facilitated the restructuring of lease and creditor obligations, supported by capital injections from MRDC and Nasfund.

As a result of this restructuring, the airline recorded a one-off gain of PGK 110.5 million through the reduction of its debt obligations. This gain is reflected under 'other income' in the accounts and was the key driver behind our reported net profit after tax of PGK 55.5 million for the year.

This result is particularly notable given that revenue increased by only 0.63% and gross profit by 13.6%. The return to profitability was primarily due to the relief measures under the Scheme, especially reductions in lease expenses.

The restructuring has placed PNG Air on a more secure financial footing. While challenges remain, this outcome marks a pivotal milestone in our recovery journey.

**Completion of Audits:**
I am pleased to confirm the finalization of five consecutive years of audited accounts (2019–2023) as of June 2025—an outstanding achievement, particularly given prior delays.

The Board and management is also committed to delivering the 2024 audited accounts by October 2025 and the 2025 audited accounts within time lines set by the PNGX.

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## 2. Governance, Stakeholder Recognition, and Leadership

**Creditor and Shareholder Support:**
We extend our sincere appreciation to all participating creditors for their critical support in implementing the Scheme. Their cooperation has been central to PNG Air's recovery.

It is also essential to recognize that our current position of strength is largely due to the steadfast support and continued investment from MRDC Ltd and its subsidiaries—Mineral Resources Star Mountain and Mineral Resources Ok Tedi No.2 Ltd. These entities were the sole supporters of the scheme through contributions of fresh rescue capital, injecting PGK 55 million in equity and providing USD 5 million in aircraft lessor guarantees. Their commitment has been instrumental in revitalizing PNGAir and facilitating the successful turnaround we are witnessing today.

**Leadership Acknowledgement:**

- *Mr. Stanley Stevens*, CEO from 2021 to June 2023, led PNG Air through its most difficult period with resilience and clarity.
- *Mr. Brian Fraser*, appointed CEO in June 2023, has re-centred the business around its core values and empowered a capable, values-driven leadership team. Under his guidance, PNG Air has begun to translate recovery into growth and strategic focus.

**Board Oversight & Advisory Support:**
The Board has maintained strong governance throughout this process. We also acknowledge the expert advice provided by PwC, Morgan Lewis, and Leahy Lewin Lowing Sullivan, whose counsel ensured legal, commercial, and financial integrity in our restructuring efforts.

**3. Operating Environment and 2024 Outlook**

1. **Operational Headwinds in 2024:**

The national fuel shortage and imposed rationing have impacted payload capacity and service frequency. These challenges were compounded by ongoing global supply chain disruptions.

2. **Audit Continuity:**

Despite these headwinds, PNG Air remains on track to complete the 2024 audit by year-end, and  present the 2025 audit accounts at yet to be confirmed date in May of 2026.

3. **Operational Resilience:**

Our Management teams continue to demonstrate unwavering commitment to safety, regulatory compliance, and the continuity of essential air services. This dedication upholds the integrity of our operations and our role in serving remote communities.

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**4. Strategic Pathways to Sustainable Growth**

The Board has endorsed a recovery-informed strategy focused on four key priorities:

1. **Fleet Efficiency and Standardization**

The airline is transitioning to a unified fleet of ATR 600-series aircraft. This move reduces complexity in maintenance and training, lowers operating costs, and enhances reliability across our domestic network.

2. **Strengthened Financial Governance**

Following our restructure and recapitalization, PNG Air remains committed to financial prudence. This includes strict cost controls, enhanced cash management, and the pursuit of diversified revenue opportunities to reduce exposure to market volatility.

3. **Capital Raising**

Thanks to the momentum generated by the Scheme, our disciplined cost controls, and enhanced operational synergies, PNG Air is now setting its sights on its next phase: growth. With that in mind, the Board is excited to give **all shareholders the opportunity to actively participate in the company's future growth** through a one-off capital raising event—structured with a clearly defined cap. You will find details in the soon to be released notification pack, toward the end of August 2025.

4. **Operational Reliability and Customer Confidence**

We are investing in on-time performance, safety compliance, and service standards to regain and maintain public confidence. These efforts are central to rebuilding our reputation and delivering consistent customer experiences.

These strategic pillars position PNG Air for sustainable growth, guided by commercial discipline and a continued commitment to public service.

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**5. Closing Reflections**

As I conclude this address, I wish to acknowledge the collective effort that has brought us to this turning point:

- **To our Shareholders and Creditors:** Your unwavering support—especially MRDC's PGK 55 million capital contribution—has been fundamental to our revival.
- **To the Board and Finance Team:** The successful completion of five years of audits reflects excellence in governance and diligence.
- **To our CEOs:** Mr. Stevens and Mr. Fraser have each provided critical leadership during distinct phases of our recovery.
- **To our Employees:** Your professionalism and resilience during 2024's operational disruptions are a testament to PNG Air's spirit and values.

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PNG Air is now firmly positioned on a path of sustainable recovery.

Our mission endures:
**"To connect the people of Papua New Guinea through safe, reliable, on-time air travel—respecting our cultural heritage and environment—while delivering enduring value to all stakeholders."**

Thank you for your continued confidence and support. We look forward to building the future of PNG Air—together.
**Safe travels.**