CHAIRMANS Address – PNG Air Annual Meeting

Welcome to PNG Air's 2025 Annual Report.

Mr Augustine Mano

Port Moresby 4 June 2026

Good Morning

The 2025 financial year marked a pivotal period in PNG Air's transformation journey, as the Group progressed from restructuring toward operational recovery and fleet modernisation. While the year presented operational and financial challenges, the Company achieved significant strategic milestones that position the airline for sustainable long-term growth.

For the financial year ended 31 December 2025, PNG Air reported revenue of K326.5 million, representing a significant increase from K253.9 million in 2024, reflecting improved charter performance and gradual restoration of scheduled passenger capacity. The Group recorded a pre-tax loss of K12.2 million (2024: pre-tax loss of K26.2 million), demonstrating a substantial improvement in financial performance year-on-year. Net loss after tax for the year was K9.9 million compared to K20.3 million in 2024.

Operating cash flow remained positive, with the Group generating K39.0 million in operating cash inflows, supporting ongoing operations and strategic investments. Cash balances improved to K27.3 million at year end, compared to K4.4 million in the prior year.

The improvement in operating performance reflects stronger charter demand, improved operational reliability, and early benefits from fleet transition initiatives implemented during the year.

Strategic Transformation and Fleet Renewal

During 2025, PNG Air progressed its fleet transformation strategy aimed at replacing the ageing Dash-8 fleet with modern ATR aircraft. The Board endorsed the continuation of the three-year strategic plan focused on:

- Fleet modernisation and standardisation
- Retirement and disposal of the Dash-8 fleet
- Expansion of ATR 42-600 and ATR 72-600 fleet
- Strengthening charter market presence
- Network expansion and improved connectivity
- Cost efficiency and operational resilience

The Group delivered three aircraft during 2025, while sourcing seven additional aircraft to support fleet renewal and expansion. As at the date of signing, four ATR aircraft had commenced operations, with six additional aircraft scheduled for delivery between April and September 2026.

The Company successfully completed a significant capital raising during the 2025 financial year, strengthening its financial position to support ongoing transformation and fleet modernisation. Following shareholder approval on 8 September 2025 to issue up to one billion new ordinary shares at 2 toea per share to raise up to PGK20 million, the offer was subsequently re-opened i on 28 November 2025 in response to strong investor demand. The capital raising was finalised in December 2025, with a total of 1,490,290,800 new shares issued, generating gross proceeds of PGK29.8 million. The Board extends its sincere appreciation to Weathermen Capital Advisors for their professionalism and support in successfully executing this important transaction, as well as to our shareholders and new investors for their continued confidence in PNG Air’s future.

Financial Position

Total assets increased to K640.3 million (2024: K355.0 million), reflecting recognition of aircraft-related assets, pre-delivery payments and right-of-

use assets associated with fleet expansion.

Net liabilities improved significantly to K12.9 million, compared to K30.6 million in 2024, reflecting capital raising initiatives and improved operating performance.

While the Group continues to report net liabilities, management and the Board remain confident that the strategic fleet transition, improved operating performance, and shareholder support will return the Group to positive equity. These elements of success have been progressed well in advance of milestones anticipated within 2028 strategic plan.

Outlook

Looking ahead, 2026 represents a critical year in PNG Air's transformation as the Group transitions to a modernised fleet and positions itself for sustainable profitability. The Company's strategic priorities for the year include:

- Completion of ATR fleet induction – The phased delivery of additional ATR aircraft during 2026 will complete the transition to a simplified and more efficient fleet structure, improving operational reliability and lowering long-term maintenance costs.
- Full retirement of the Dash-8 fleet – The planned disposal of the remaining Dash-8 aircraft and associated spare parts will remove legacy cost structures and allow management to focus on a single fleet type aligned with the Group's long-term operating model.
- Restoration of scheduled passenger capacity – Increased fleet availability will enable the Group to progressively rebuild its scheduled network, improve frequency on key routes, and restore connectivity across Papua New Guinea.
- Expansion of charter contracts – PNG Air will continue to

strengthen relationships with resource sector customers and pursue long-term charter opportunities to provide stable and diversified revenue streams.

- Cost optimisation initiatives – Management will continue to implement operational efficiencies, including improved aircraft utilisation, streamlined maintenance planning, and disciplined overhead management.
- Balance sheet strengthening – Ongoing capital initiatives, improved operating performance, and fleet rationalisation are expected to further strengthen the Group's financial position and liquidity.
- Return to profitability – With improved fleet efficiency, restored capacity, and continued charter demand, the Group is focused on delivering a return to sustainable profitability.

The arrival of additional ATR aircraft will enable PNG Air to rebuild market share, enhance operational resilience, and deliver improved service reliability and customer experience. The Board and management remain confident that the strategic transformation underway will position PNG Air for sustainable growth and improved financial performance in 2026 and beyond.

Acknowledgement

We, the Board Chairman and Chief Executive Officer, warmly welcome Gheno Minia as our newest Board member, and extend our sincere appreciation to our customers, shareholders, creditors, and employees for their steadfast support throughout this period of transformation.

We also acknowledge the services of former Director Watt Kiddie, who served on the PNG Air Board for 11 years. We thank him for his contribution.

We acknowledge the professionalism and resilience of our people, whose

dedication has sustained operations under demanding circumstances, and the continued confidence of our shareholders and creditors in the airline's recovery and long-term growth strategy.

In 2024 PNG came out of ICU, this year it is in the recovery ward and hopefully next year out of the hospital !!!