

A STAR ALLIANCE MEMBER 

AIR NEW ZEALAND 



Annual Report
2025

Contents

About this Report	01	Our Corporate Governance Statement	35	Our Consolidated Financial Statements	60
Our Purpose	02	Remuneration Report	48	Statement of Financial Performance	62
Air New Zealand at a Glance	04	Employee Remuneration	51	Statement of Comprehensive Income	63
Performance Highlights	06	Interests Register	52	Statement of Changes in Equity	64
Letter from the Chair and Chief Executive Officer	07	Directors' Interests in Air New Zealand Securities	53	Statement of Financial Position	65
Business Highlights	12	Indemnities and Insurance	53	Statement of Cash Flows	66
Our Strategy	15	Subsidiary Companies	53	Statement of Accounting Policies	67
Our Financial Performance	18	Other Disclosures	54	Notes to the Financial Statements	70
Financial Commentary	19	Operating Fleet Statistics	55	Independent Auditor's Report	103
Financial Summary	22	Securities Statistics	56	Five Year Statistical Review	107
Change in Earnings	23	General Information	58	Shareholder Directory	111
Our Sustainability Update	24	Directors' Statement	59		

About this Report

At Air New Zealand, we are driven by a deep sense of purpose – to keep New Zealanders connected to each other and the world, even in the most testing of times.

From our first trans-Tasman flight in 1940 to the dynamic global network we operate today, we have continued to adapt and evolve, all while maintaining a relentless focus on Aotearoa New Zealand and its people.

This year's report highlights the determination and care that defined our performance in 2025. Ongoing global supply chain constraints and increased engine maintenance requirements placed significant pressure on fleet availability, which tested the agility of our operation. Yet even in the face of these constraints, we continued to progress our strategic initiatives, investing in our people, our customer experience and the future of flight.

Through it all, our people demonstrated remarkable tenacity, ingenuity and heart, staying focused on what matters most – our customers, our country and each other.

Inside this report, you'll find an overview of the key moments that shaped our year, all made possible by the resilience and dedication of around 11,700 Air New Zealanders.

We welcome your feedback on this report. Please send any comments or suggestions to investor@airnz.co.nz. A digital version of this report, along with previous annual and interim reports is available at: airnewzealand.co.nz/financial-information.

This report covers the financial year ended 30 June 2025 and is dated 28 August 2025. It has been approved by the Board and is signed on behalf of the Air New Zealand Group by Dame Therese Walsh, Chair of the Board, and Greg Foran, Chief Executive Officer.

In conjunction with the Air New Zealand 2025 Climate Statement, this document constitutes the 2025 Annual Report to shareholders of Air New Zealand Limited.



Dame Therese Walsh
Chair



Greg Foran
Chief Executive Officer

Front cover: Sapphire, Cabin Crew.
Back cover: Hanna, Cabin Crew.

Our Purpose

Our guiding purpose is to enrich our country by connecting New Zealanders to each other, and New Zealand to the world.

This is an idea that has been at the heart of our airline since the very beginning. Embedded in this purpose is a promise to our people, our customers and our community.

That promise is manaaki – taking care further than any other airline. This idea of care is encapsulated in our values and is implicit in everything we do – from taking care of each other, our customers, our environment and the communities we serve.

Welcome
as a friend

Ko au ko koe, ko koe ko au
I am you and you are me

CANDO.

Whāia te iti kahurangi
strive for what matters most and don't let obstacles get in your way

BeYourself

He toa takitini
be proud of who you are and where you have come from

Share your AOTEAROA

Ko Aotearoa e ngunguru nei
Aotearoa New Zealand is a vibrant land



Air New Zealand at a Glance

At Air New Zealand we provide world-class air passenger and cargo services to, from and within New Zealand.

We operate one of the most comprehensive domestic and regional networks in the world, flying to 20 destinations across Aotearoa New Zealand, offering more than 380 flights per day.

Internationally, our strategic focus and competitive advantage lie within the Pacific Rim where our network reach extends from New Zealand into Australia, the Pacific Islands, Asia and North America.

Alongside key global alliance partners, including United Airlines, Singapore Airlines, Cathay Pacific and Air China, we connect New Zealand to more than 600 destinations worldwide.

Our network serves around 16 million passengers a year and is operated by a fleet of 113 aircraft and around 11,700 employees globally.



* This route is temporarily suspended.

** Air New Zealand will not resume direct flights to Seoul. The last seasonal service concluded in March 2025.

*** Auckland to Hobart is a seasonal service not currently operating.

--- Christchurch to Adelaide will be a seasonal service commencing October 2025.

--- Air New Zealand ceased direct flights between Invercargill and Wellington in January 2025.



Performance Highlights

\$6.8b

Operating revenue

Comparable to last year

~\$235m

Increase in non-fuel operating costs due to inflation

Up 6% on last year

\$126m

Net profit after taxation

Down 14% on last year

~\$165m¹

Adverse impact to earnings

Due to aircraft availability challenges, net of compensation

\$189m

Earnings before taxation

Down from \$222 million, as the cost environment and aircraft availability challenges constrained the result

\$1.7b

Liquidity

With a target range of \$1.2 billion to \$1.5 billion

\$83m

Dividends

Declared for the 2025 financial year

1.1x

Net Debt to EBITDA

Compared to a target range of 1.5x to 2.5x

Letter from the Chair and Chief Executive Officer

Kia ora koutou,

Air New Zealand continued to move forward with purpose this year, raising the bar for customers, navigating complexity, and laying strong foundations for the future.

Despite significant engine availability constraints, our team continued to lift the customer experience, bringing reimagined cabins to life, trialling smarter digital tools, and advancing key infrastructure and sustainability priorities. These efforts reflect a business focused on disciplined execution, even in a dynamic and demanding environment.

For the 2025 financial year, Air New Zealand reported earnings before taxation of \$189 million, and net profit after taxation of \$126 million. This result reflects strong delivery of our Kia Mau strategy and the underlying resilience of our business. It was also achieved in the face of engine availability constraints, global supply chain pressures, softer domestic demand, and stubbornly high levels of inflation.

Engine availability remained our most significant operational challenge this year, with up to 11 aircraft grounded at times due to global maintenance delays. This represents around 20 percent of our entire jet fleet. While the airline received \$129 million in compensation from engine manufacturers, it estimates earnings before taxation of \$189 million could have been approximately \$165 million higher had the fleet operated as intended.

Across the business, our people stepped up. Pilots and cabin crew retrained to support changes in fleet availability, while our network and planning teams adapted schedules to keep customers moving. Behind the scenes, teams right across the airline worked at pace

to manage disruption and deliver continuity. Their performance is a testament to the capability, care and commitment that runs deep within the Air New Zealand whānau.

Amid these challenges we remained focused on what we could control, adjusting schedules, leasing temporary capacity, and prioritising investment where it protected reliability and the customer experience. While these actions came at a significant financial cost, they were the right decisions to deliver for our customers and for the sustainability of our business long-term.

Through it all, we've continued making progress on the things that matter. In a year where the industry was reminded how critical safety is, we remained uncompromising, reinforcing the systems, culture and discipline that underpin everything we do.

Passenger revenue was lower year-on-year, reflecting capacity constraints and softer demand in parts of the network. Inflationary pressure remained intense, reinforcing the importance of the cost discipline we have embedded through our Kia Mau strategy.



1. Please refer to the footnote in the Financial Commentary on page 19 for more information on this estimate.

Letter from the Chair and Chief Executive Officer (continued)



Charlotte, Cabin Crew.

This year Kia Mau transformation initiatives delivered approximately \$100 million in benefits, driven by stronger ancillary revenue from improved product offerings, ongoing premium demand and digital self-service initiatives such as live chat and automated passenger rebooking. Operational improvements also translated into lower disruption costs and a six percentage-point improvement in on time performance in the second half. Together these benefits helped partially offset inflation while laying the foundations for stronger long-term financial performance.

With system-wide aviation costs rising faster than the New Zealand Consumer Price Index, and this pricing pressure expected to continue, the airline maintained a disciplined focus on cost control. Targeted actions included renegotiating supplier contracts, reprioritising investment spend and

further embedding procurement discipline across the business to deliver greater value.

Despite the disruptions, we made tangible progress on our strategic priorities. Four fully retrofitted Boeing 787-9 aircraft have returned to service, with more to come shortly, featuring all new interiors and our Business Premier Luxe™ seat. Customer feedback has been extremely positive, particularly in our premium cabins. We also launched trials of digital bag tags and onboard domestic Wi-Fi and unveiled a new uniform that reflects the evolution of the Air New Zealand brand.

Our loyalty programme continues to grow strongly, with more than five million members. New additions to Airpoints™ vast retail partner ecosystem, such as Sharesies and HelloFresh, are driving strong engagement with increased earn and burn opportunities.



Tui, Cargo Agent.

Plans for a new international lounge at Auckland Airport were also announced, featuring expanded seating, elevated dining options, and dedicated premium zones for our loyal customers.

Momentum also continued on our sustainability journey. In May, we published our first 2030 Emissions Guidance, outlining a projected 20 to 25 percent reduction in net emissions from jet fuel by 2030, from a 2019 baseline. This new, annually updated guidance replaces our former science-based target and reflects both the practical steps we are taking today and the external conditions shaping our path to net zero by 2050. Through our Climate and Nature Fund, we committed almost \$7 million this year to support initiatives like the Every Corner Project, which enables charities, kura, iwi and hapū to deliver environmental action in their communities.

Importantly, foundational investments to lift infrastructure and digital capability were also made. Our new engineering hangar in Auckland is on track to open later in the 2025 calendar year, and the Christchurch Engine Centre expansion is progressing well. Full rollout of digital tools like Ops Collab, which enables instant communication between cabin crew, ground staff and operations control and our automated passenger rebooking platform are already improving disruption recovery and on-time performance on the Domestic network.

Looking ahead, engine maintenance related groundings are expected to persist through the 2026 financial year and beyond, however small signs of improvement are emerging. Global maintenance capacity is beginning to recover, and we expect this pressure to ease materially by the end of the 2027 calendar year. The path to normalised operations won't be linear, but we are heading in the right direction.

In the months ahead, we will take delivery of two new GE-powered Boeing 787-9 aircraft, a major milestone in our fleet renewal strategy. More than half our Dreamliner fleet will be back in service with fully modernised interiors, and an additional A321neo and ATR will support growth across the Tasman and regional New Zealand. We are also reinstating jet services between Hamilton and Christchurch and launching a new seasonal route from Christchurch to Adelaide.

None of this progress would be possible without our people. Their skill, adaptability

and manaaki have been the backbone of our response this year. From engineers managing complex groundings, to frontline teams supporting disrupted journeys, to those quietly improving systems behind the scenes; the collective commitment has been extraordinary.

Financial result

Turning to the results, Air New Zealand has delivered earnings before taxation of \$189 million for the year. This was an expected decline on the prior year and was the first full year in which the airline was impacted by engine maintenance-related groundings.

Passenger revenue decreased two percent to \$5.9 billion, largely due to capacity constraints arising from additional engine maintenance requirements, as well as lower domestic demand, particularly in corporate and government segments. Also included within passenger revenue is \$35 million of credit breakage for unused travel credits that are considered highly unlikely to be redeemed.

Operating costs including fuel were broadly flat, with the benefits of lower fuel prices and reduced flying offset by rising costs across the rest of the business.

Fuel prices averaged US\$88 per barrel, down from US\$105 per barrel the year prior, which alongside reduced capacity, contributed to a \$208 million reduction in total fuel costs.

However, cost inflation continues to weigh heavily on the business. Non-fuel operating cost inflation of approximately

Kia ora: Neal Barclay



We were pleased to welcome Neal Barclay to the Air New Zealand Board in May 2025.

Neal brings extensive experience in commercial leadership, sustainability and transformation. He has led large-scale cultural and operational change, championed customer-focused strategies, and driven investment in renewable energy, experience that closely aligns with Air New Zealand's decarbonisation and customer ambitions. He also brings strong expertise in complex infrastructure and digital networks. His strategic mindset, commercial discipline and proven ability to lead through growth and change will be a valuable addition to the Board.



Emily, Customer Service Agent.

Letter from the Chair and Chief Executive Officer (continued)

\$235 million reflects a year-on-year uplift of six percent. Reduced levels of flying also constrained productivity gains, with the airline continuing to carry additional cost and operational inefficiencies associated with managing these disruptions.

Capital management and dividends

Management has made good progress this year to move the airline closer to our capital management targets. This year we have declared unimputed ordinary dividends, returned \$38 million to shareholders via a share buyback, and increased the number of unencumbered aircraft.

As at 30 June 2025, liquidity was \$1.7 billion and net debt to EBITDA was 1.1x, remaining below our target range of 1.5x to 2.5x. In July, Moody's reaffirmed our investment-grade credit rating of Baa1, reflecting the stability of our financial profile despite short-term headwinds. This means Air New Zealand retains one of the highest credit ratings in the global aviation industry. Maintaining our investment grade rating provides us with continued access to capital at competitive rates, giving us flexibility and resiliency. On the basis of the airline's 2025 financial result and balance sheet strength, the Board has declared an

unimputed final ordinary dividend of 1.25 cents per share. This will be paid on 25 September 2025 and equates to a 66 percent payout ratio of underlying NPAT. This brings total dividends for the year to 2.5 cents per share.

Guidance

The outcome and timing of compensation discussions with engine manufacturers remains uncertain, making it challenging for the airline to provide earnings guidance for the full year.

In the near-term, that uncertainty, combined with sharp recent increases in aviation sector levies and other charges, all set against the backdrop of

subdued domestic demand, is expected to adversely impact the airline's financial performance in the first half.

As such, the airline expects earnings before taxation for the first half of the 2026 financial year to be similar to or less than that reported in the second half of the 2025 financial year (\$34 million).

The airline is well positioned for recovery when the engine challenges and economic conditions start to alleviate, but these issues continue to have a significant impact on current financial performance.

Closing remarks

Air New Zealand enters the 2026 financial year clear-eyed about the headwinds but confident in the strategy we have in place. We remain focused on delivering a better customer experience, a more competitive cost base and stronger returns for our shareholders. The building blocks are in place, and the momentum is real.

To our people, customers, shareholders and partners, thank you. We are proud of the progress made this year and excited for what lies ahead.

Ngā mihi nui,



Dame Therese Walsh
28 August 2025



Greg Foran
28 August 2025

Haere rā: Greg Foran



As our Chief Executive Officer Greg Foran prepares to step down later this year, the Board and I would like to acknowledge the exceptional contribution he has made over the past six years.

Greg stepped into the role in early 2020, just before the global aviation industry was thrown into turmoil. What followed was one of the most challenging chapters in global aviation history. Through it all, Greg brought calm, clarity and determination, guiding Air New Zealand through the disruption of Covid-19 and helping us emerge not just intact, but stronger.

But his impact goes far beyond crisis leadership. Under Greg's watch, the airline accelerated digital innovation, lifted the customer experience, progressed key infrastructure, and embedded our Kia Mau strategy.

Greg has also led with heart, and this has been a defining part of his legacy. His visibility across the business, genuine care for our people, and commitment to culture have shaped the way we work and the way we

serve. He has always led by example, with humility, integrity and a sharp focus on what matters most.

As he prepares to hand over the baton, Greg leaves the airline in a strong position, with a clear strategy, a capable team, and solid momentum behind our most important priorities. His decision to remain through to October ensures a smooth leadership transition and reflects the same commitment he has shown from day one.

On behalf of the Board, and with deep respect and gratitude, thank you, Greg. You have made a lasting impact on Air New Zealand, and we wish you every success in what comes next.

Dame Therese Walsh
Chair, on behalf of the Board of Air New Zealand



Ahmad & Don, Aircraft Engineers.



Neia, Customer Service Agent.



Michael, Strategy & Networks Specialist.



Business Highlights

Recognised for safety leadership

Named as World's Safest Airline for 2025 by AirlineRatings.com



First ever nose-to-tail retrofitted Boeing 787 Dreamliner back in service

Four additional aircraft have now arrived, and the airline expects to have seven retrofitted aircraft by the end of calendar 2025.



Project Mana

A numeracy and literacy programme focused on uplifting the Mana of our People, building their capability in critical skills and confidence they can apply at home, work and within our community. With over 90 graduates, Project Mana enables our People to thrive, shaping tomorrow's leaders through our promise of Manaakitanga.



Deployed AI tooling

To around 3,000 Air New Zealanders across the airline to help solve problems faster, serve our customers better, and reimagine how work gets done.



Published first 2030 emissions guidance

Aiming to provide a regular and transparent assessment of progress towards our 2050 net-zero carbon emissions target.



Launched the Every Corner Project

Contributing \$1.2 million to 115 local organisations to bring their nature projects to life.



A new era of style takes flight

Earlier this year, Air New Zealand unveiled a bold new uniform, blending timeless design with powerful cultural storytelling. At the heart of this project was a landmark collaboration between globally renowned Kiwi fashion designer Emilia Wickstead and acclaimed Māori artist Te Rangitu Netana.

Selected from more than 40 of New Zealand's top designers, Emilia stood out for her creative vision, global reputation, and ability to craft elegant, modern designs that balance form and function. Working alongside Emilia was Te Rangitu Netana, a master of tā moko with over 35 years of experience and a deep commitment to cultural storytelling through art. Te Rangitu's hand-drawn prints – woven into the uniform design – are rich in Māori symbolism and inspired by the natural landscapes and cultural heritage of Aotearoa New Zealand.

Unveiled in April 2025, the uniform will be progressively rolled out across the airline. More than something our people wear, this uniform is a symbol of pride – crafted with care, shaped by our culture, and proudly Air New Zealand.

Air New Zealand's new uniform.



Air New Zealand takes off with new partnerships

Air New Zealand has expanded the reach of its Airpoints™ loyalty programme with the two new strategic partnerships – Woolworths' Everyday Rewards and New Zealand-based investment platform Sharesies. These additions further strengthen the programme's ability to turn everyday activity into tangible travel rewards.

Launched in December, the partnership with Woolworths allows Everyday Rewards members to convert their grocery spend into travel benefits, with 2,000 Everyday Rewards points equating to 15 Airpoints Dollars™.



Airpoints™ also entered the wealth management space for the first time through its partnership with Sharesies. This innovative collaboration enables members to earn Airpoints Dollars™ as they invest – whether they are building a portfolio or saving for the future.

These new partnerships mark the continued evolution of the Airpoints™ ecosystem, which now includes over 40 retail, travel and service partners across New Zealand.

As one of New Zealand's most loved loyalty programmes, Airpoints™ continues to deliver on its promise – to make rewards more accessible, more relevant, and more engaging than ever before.



Business Highlights (continued)

Automatic passenger rebooking (APR): Raising the bar on disruption management

This year, Air New Zealand has introduced a new automated rebooking capability on its domestic network – a key step in transforming how we support customers to get back on track when travel plans are disrupted.

When a domestic flight is cancelled, affected customers are automatically rebooked onto the next best Air New Zealand service. There’s no need to accept or confirm – just check in and go.

So far, the data shows that APR resolves 86 percent of rebookings within two minutes – something that previously took up to 30 minutes. Since the introduction of APR capability on the domestic network, manual intervention for impacted customers has reduced from 70 percent to 18 percent, significantly easing pressure on airport and Contact Centre teams, and improving the customer experience.

The introduction of APR capability is part of a broader move toward end-to-end digital recovery, where automation handles the basics and our front line people focus on where they’re needed most.



Sam, Aircraft Engineer.

Currently available for Air New Zealand domestic services only, this is just the beginning of a more connected, more resilient customer recovery experience.

Hangar 4

If you’ve travelled to Auckland Airport recently, you might have spotted a major new addition on the horizon. Construction on our new state-of-the-art engineering hangar, Hangar 4, is progressing rapidly and remains on track to open later this calendar year.

Once complete, Hangar 4 will hold the title of the largest single-span timber arch aircraft hangar in the southern hemisphere. This impressive facility

will be large enough to accommodate a widebody aircraft (such as our Boeing 787-9 Dreamliner), and two narrowbody aircraft (such as the Airbus A321neo), at the same time. Our existing hangars have served us well for decades, but Hangar 4 is designed to meet the demands of modern aviation and beyond. It’s a long-term investment in our operational resilience, our people, and the continued excellence of our fleet.

Sustainability has been front and centre, and we are targeting a 6-star Green Star rating – the highest accreditation from the New Zealand Green Building Council.

Auckland Airport’s Hangar 4 – artist impression courtesy of Studio Pacific Architecture.



Our Strategy



Our Strategy

Kia Mau

The strategy that guides us is called Kia Mau, which means “get ready and remain steadfast”. The aviation sector is dynamic, with externalities such as competition, economic conditions and supply chain uncertainty driving the need for business agility. At the same time, customer expectations for seamless travel with excellent service are valued more than ever – and that is our opportunity. The Kia Mau strategy outlines how we will step change our customer proposition to deliver sustainably stronger financial performance over the medium- to long-term and unlock our full potential.

The Kia Mau strategy has three drivers of profit enhancement – growing our domestic business, elevating our international business and lifting the value of our Airpoints™ loyalty programme. Supporting these drivers are four important enablers that guide our efforts – Brilliant Basics, Serious about Sustainability, Digital Dexterity, and Prioritising People and Safety.

Grow Domestic

Our domestic business is core to Air New Zealand’s purpose and provides critical infrastructure to connect New Zealand. Through decades of investment in fuel-efficient aircraft, modern lounges and innovative digital products, we have sustained strong market share of approximately 82 percent. We do not take our position as the national airline for granted, and continuing to grow our domestic network while delivering a world-class service is a key strategic priority.

Elevate International

Elevating our international business allows us to connect New Zealand with the world, by flying to destinations where our core New Zealand customers want to travel, and to markets that will enhance New Zealand’s tourism and economic

ambitions. Profitable international growth will leverage considerable investment in aircraft, new product and service offerings on-board, and strong alliance partnerships to ensure we are fulfilling our promise as a premium leisure carrier. Cargo is a key component of our international network strategy.

Lift Loyalty

Our Airpoints™ loyalty programme is ubiquitous in New Zealand, with over 5 million members, which essentially means there is at least one Airpoints™ member for every New Zealand household. The popularity of our programme and our member engagement enables both increased airline revenue and additional profit streams from our valued partners.

To deliver the profit potential across these three areas, we are focused on continuously improving on four enablers:

Brilliant Basics

Brilliant operational execution is the foundation for an exceptional customer experience. For us, Brilliant Basics means world-class operational performance and service for our customers so they will choose to fly with Air New Zealand. To execute on this promise, we are building new proprietary digital tools, leveraging predictive maintenance technology across our fleet, developing more self-service options for customers via our app and implementing new ways of working for our airport teams which are focused on improving our on-time performance for customers.

Serious about Sustainability

Achieving our sustainability ambitions is critical to our long-term success, however we know that targeting net zero carbon emissions by 2050 will be incredibly challenging for the aviation industry. We are focused on investments in Sustainable Aviation Fuel (SAF), new generation and next

generation aircraft, high integrity carbon credits, and operational efficiencies to reduce our fuel burn and waste. As an important stepping-stone to our 2050 net zero target, we announced 2030 Emissions Guidance for the first time in May 2025. This guidance will be updated on an annual basis, enabling us to share progress on our decarbonisation ambitions.

Digital Dexterity

We aspire to be the world’s leading digital airline. That means investing in innovations and digital infrastructure that make life easier for our customers and our people – from the moment they start planning their trip or turn up to work for their shift, to the moment they exit the aircraft. One of the objectives of our cross-functional operating model is to embed digital capability and thinking across all parts of Air New Zealand. This includes a leading position on the adoption of Artificial Intelligence (AI) to enhance the productivity and development of our people.

Prioritising People and Safety

Our number one priority is ensuring that our customers get to and from their destinations safely and that the health, safety and wellbeing of our people is at the forefront of every decision we make. Our people have proven time and time again to be the secret to our success. We have a strong legacy of Air New Zealanders who go the extra mile for our customers. This is what makes our service offering so unique and we will continue to drive a strong culture to sustain our world-class customer offering.

Progress to date

Progress on our Kia Mau strategy continues to drive significant improvements to our core capabilities. The table to the right provides detail on some of our achievements in the 2025 financial year and highlights key opportunities across each profit driver.

Profit Drivers	Select 2025 Achievements	Looking ahead, opportunities on our strategic roadmap include:
<div></div> <div>Grow Domestic</div>	<ul style="list-style-type: none">Improved operational reliabilityReinstated Hamilton to Christchurch jet servicesAutomated passenger rebooking capability launched on Domestic	<ul style="list-style-type: none">Delivery of new Airbus A321neo for the domestic networkRefreshed Airpoints™ proposition for small and medium-sized businessesLaunch of interline trial with Air ChathamsCapacity growth into Wellington and Queenstown
<div></div> <div>Elevate International</div>	<ul style="list-style-type: none">First 2 retrofitted Boeing 787 aircraft back in service with new interior product and an increased number of premium seats¹Launched new service from Christchurch to AdelaideCompleted roll out of next generation revenue management tool across all international marketsGrew ancillary revenue by 15 percent	<ul style="list-style-type: none">Arrival of first new Boeing 787-9 aircraft, powered by GE engines and featuring our latest long-haul experienceNew cargo forecast and demand optimisation tool to be rolled outAddition of new international markets
<div></div> <div>Lift Loyalty</div>	<ul style="list-style-type: none">Launch of iFly platform, enabling faster rollout of improved functionalityIntroduction of Apple Pay on the Airpoints™ StoreNew partners announced (Woolworths and Sharesies).Stronger Airpoints™ Store sales, up 14 percent compared to 2024	<ul style="list-style-type: none">Special flight offers for members only (Airpoints™ Variable Redemption)Roll out of new tiers and benefitsCommencement of Auckland International Lounge upgrade

Enablers	Select 2025 Achievements	Looking ahead, opportunities on our strategic roadmap include:
Brilliant Basics	<ul style="list-style-type: none">Ops Collab tool rolled out across entire Domestic networkAutomated passenger rebooking capability launched on DomesticMigration to new inflight catering digital platform to unlock food wastage and increase efficiencyTransitioned to new global payments provider	<ul style="list-style-type: none">Completion of new engineering hangar at Auckland, unlocking maintenance productivity and capabilityDevelopment of new cargo terminalContinued investment in and modernisation of Ground Service Equipment
Serious about Sustainability	<ul style="list-style-type: none">Announced annual guidance for expected net emissions to 2030Uploaded 1.7 percent of SAF as a proportion of total jet fuel volumesLaunched the Every Corner Project to invest in local nature projects	<ul style="list-style-type: none">Sign long-term SAF offtake agreements to secure a portion of the fuel required to meet the airline's 10% SAF by 2030 targetImplementation of internal shadow carbon price for investment decisions
Digital Dexterity	<ul style="list-style-type: none">New contact centre livechat channel launchedMigration of majority of applications and systems to the cloud from servers, increasing resiliency and speed of future software developmentEnabled around 3,000 of our people with AI tooling to enhance productivityLaunched Digital Academy, an internally curated training repository our people to enhance digital skills, attend classes and events, and improve data, and AI literacy	<ul style="list-style-type: none">Next generation kiosk design and next generation check-inLaunch of tool control app in EngineeringRoll-out of Ops Collab across international portsCargo web portal development
Prioritising People and Safety	<ul style="list-style-type: none">Named World Safest Airline by AirlineRatings.comSuccessfully ratified 11 bargains across various workforcesWon 2025 Ranstad Employer of Choice awardRolled-out two formal talent development programmes	<ul style="list-style-type: none">Launch emerging leaders programme across the businessLaunch ELEVATE apprenticeship programme to reduce barriers to move into a digital career and increase representation of Māori, Pacific peoples and women in DigitalLaunch a refreshed recognition framework

1. Two further aircraft have arrived in the 2025 calendar year, meaning there are currently four retrofitted aircraft in service as at 28 August 2025.

Our Financial Performance



Financial Commentary

Air New Zealand reported earnings before taxation of \$189 million for the 2025 financial year, compared with \$222 million in the prior year. Net profit after taxation was \$126 million.

The result was significantly impacted by elevated levels of aircraft groundings due to global engine maintenance requirements affecting the airline's Boeing 787 Dreamliner and Airbus neo fleets. While the airline received \$129 million in compensation from engine manufacturers, it estimates that earnings before taxation could have been approximately \$165 million¹ higher in the absence of these engine availability constraints.

The softer domestic economic environment also weighed on performance, with lower demand particularly evident in the corporate and government travel segments.

Revenue Performance

Operating revenue for the year was \$6.8 billion, a nominal increase on the prior year. Excluding the impact of foreign exchange, operating revenue decreased 0.4 percent.

Passenger revenue decreased 1.5 percent to \$5.9 billion, primarily due to a significant reduction in flying activity from engine availability constraints and weaker domestic demand. Excluding the impact of foreign exchange and travel credit breakage, passenger revenue decreased by 1.0 percent. Also included within passenger revenue is \$35 million of credit breakage for unused travel credits that are considered highly unlikely to be redeemed. This is compared to \$90 million recognised in the prior year.

Total capacity (Available Seat Kilometres, ASK) decreased 3.7 percent, reflecting fleet constraints arising from ongoing global engine maintenance delays, while demand

(Revenue Passenger Kilometres, RPK) reduced by 1.5 percent. This resulted in an increase in load factor to 83.4 percent, up 1.9 percentage points on the prior year. Revenue per Available Seat Kilometre (RASK) excluding foreign exchange and travel credit breakage increased 2.8 percent.

Capacity across the international long-haul network decreased 5.3 percent, due to engine availability constraints on the airline's Boeing 787 fleet. This is despite the airline deploying three short-term leased Boeing 777-300 aircraft during the year. Load factors increased 2.3 percentage points to 81.7 percent. RASK excluding foreign exchange and credit breakage increased by 3.9 percent.

International short-haul capacity decreased 0.8 percent, and load factors increased 2.7 percentage points to 87.0 percent, due to a combination of stronger passenger numbers and reduced narrowbody flying associated with additional engine maintenance requirements. International short-haul RASK excluding foreign exchange and credit breakage increased 1.5 percent.

Domestic capacity decreased 3.2 percent, with up to six narrowbody aircraft out of service at times during the year due to accelerated maintenance requirements on the Pratt & Whitney PW1100 engines that power the neo fleet. Passenger demand declined more than the capacity reduction, reflecting the softer economic environment in New Zealand, particularly in the Corporate and Government sectors. Load factors decreased 1.3 percentage points to 82.9 percent, while RASK excluding foreign exchange and credit breakage increased 1.8 percent.



Cargo revenue was \$487 million, an increase of 6 percent. This was largely driven by higher load factors, particularly on long-haul services to North America and Asia, partially offset by capacity constraints and softer yields due to increased levels of competition.

Contract services, and other revenue and income was \$417 million, an increase of 19 percent, primarily due to compensation received from engine manufacturers, in addition to growth in ancillary revenue. This was partially offset by the closure of the Gas Turbines business in the prior year and a reduction in third-party maintenance.

The impact of foreign exchange rate changes on the revenue and cost base resulted in an unfavourable foreign exchange movement of \$22 million. After taking into account a \$28 million favourable movement in hedging, overall foreign exchange had a net \$6 million positive impact on the Group result for the year.

1. This estimate was calculated based on internal modelling using operational assumptions, including capacity, passenger demand, revenue yield, disruption costs and historical performance across affected routes.

Financial Commentary (continued)

\$189m
earnings before taxation
down 1.5% on last year

\$83m
dividends declared
for the 2025 financial year

\$5.9b
passenger revenue
flat on last year

Expenses

Operating expenditure increased \$18 million, or 0.3 percent to \$5.8 billion, reflecting ongoing cost inflation and fleet inefficiencies, partly offset by reduced fuel costs and lower flying activity as a result of engine maintenance constraints.

Reported cost per ASK (CASK) deteriorated 4.2 percent, as ongoing inflationary pressures across the cost base and significant inefficiencies associated with engine constraints were partially offset by lower fuel prices and favourable foreign exchange movements. Underlying CASK (excluding fuel and FX) was up 7.5 percent. Adjusting for the impact of engine-related maintenance delays, underlying CASK would have been up approximately 3.9 percent.

Labour costs were \$1.7 billion, increasing 5 percent compared to the prior year, in line with market. This was driven by wage inflation across multiple work groups, partially offset by productivity initiatives and reduced flying activity. Full-Time Equivalent labour (FTE) increased 0.1 percent to approximately 11,700.

Fuel costs were \$1.5 billion, down 12 percent year-on-year, largely due to a 16 percent fall in the average Singapore jet fuel price from US\$105 to US\$88 per barrel, and lower consumption from reduced flying. This was partially offset by hedging losses and weaker foreign exchange. Overall, these factors delivered a \$208 million reduction in cost compared to the prior year.

Aircraft operations, passenger services and maintenance costs increased \$209 million, or 12 percent, reflecting increased landing charges across a number of domestic airports, higher engineering costs associated with additional leased engines, and increased air navigation fees, partially offset by reduced flying activity.

Sales, marketing and other expenses decreased \$33 million, or 4 percent, reflecting lower wet lease aircraft costs, reduced third-party support charges and lower sales commissions due to a reduced flying schedule. This was partially offset by higher merchant service fees and advertising costs.



Ali & Shareen, Loaders.



Shazeel, Cargo Team Lead.

Ownership costs were \$775 million, an increase of \$26 million, or 3 percent, driven by a decrease in interest income from lower average cash reserves and higher depreciation on new aircraft and engine maintenance.

Share of Earnings of Associates

Share of earnings of associates was \$38 million, an increase of \$8 million on the prior year. This was due to improved performance from the Christchurch Engine Centre, with a higher volume of heavy maintenance work and an improvement in the supply chain constraints that impacted performance in the prior year.

Cash and Financial Position

Cash on hand at 30 June 2025 was \$1.4 billion, an increase of \$157 million on 30 June 2024. This reflects stronger operating cashflows, proceeds from the sale and leaseback of aircraft, and the return of cash collateral as the airline transitioned to a new global payments provider. This was partially offset by dividends, share buyback acquisitions, asset purchases, and scheduled repayments.

Liquidity at 30 June 2025 was \$1.7 billion, and includes the airline’s \$250 million revolving credit facility, which remained undrawn.

Cashflow and Debt

Operating cashflows were \$940 million, up from \$810 million the prior year.

Net debt to EBITDA increased to 1.1x as the airline transitioned to the new Capital Management Framework, remaining below the airline’s target range of 1.5x to 2.5x.

Distributions

On the basis of the airline’s balance sheet strength and the 2025 result, the Board has declared an unimputed final ordinary dividend of 1.25 cents per share, payable on 25 September 2025, equating to 66 percent payout ratio of underlying NPAT. This brings total dividends for the year to 2.5 cents per share.

In addition to dividends, the airline commenced a share buyback programme in March 2025 of up to \$100 million, with \$38 million returned to shareholders in the 2025 financial year.



Neia & Romain, Customer Service Agents.

Financial Summary

	UNIT	2025	2024
Operating revenue	\$m	6,755	6,752
Passenger revenue	\$m	5,851	5,942
Operating expenditure	\$m	5,829	5,811
Labour	\$m	1,707	1,629
Fuel	\$m	1,484	1,692
Depreciation and amortisation	\$m	727	716
Earnings before taxation	\$m	189	222
Net profit after taxation	\$m	126	146
Basic earnings per share	cps	3.8	4.3
Diluted earnings per share	cps	3.7	4.3
Dividends declared	cps	2.5	3.5
Dividends paid	\$m	93	276
Net cash flow from operating activities	\$m	940	810
Net cash flow used in investing activities	\$m	119	822
Cash and cash equivalents at the end of the year	\$m	1,436	1,279
Total assets	\$m	8,731	8,548
Total liabilities	\$m	6,785	6,538
Total equity	\$m	1,946	2,010
Net debt to EBITDA	times	1.1	0.8

Change in Earnings

The key changes in earnings, after isolating the impact of foreign exchange movements, are set out in the table below*:

June 2024 earnings before taxation	\$222m	
Passenger capacity	-\$212m	<ul style="list-style-type: none">- Capacity decreased by 4 percent due to reductions in aircraft availability arising from engine issues affecting the Airbus A321neo fleet and Boeing 787 fleet.- Domestic capacity decreased 3 percent due to the impact of the global Pratt & Whitney engine issues on the Airbus A321neo fleet.- International short-haul capacity decreased 0.8 percent due to a reduction in narrowbody flying partially offset by additional deployment of leased Boeing 777 aircraft.- International long-haul capacity decreased 5 percent due to a reduction in aircraft availability as a result of Trent 1000 engine issues.
Passenger RASK	\$154m	<ul style="list-style-type: none">- Overall Group Revenue per Available Seat Kilometre (RASK) excluding FX and travel credit breakage increased by 2.8 percent. Loads increased by 1.9 percentage points to 83.4 percent.- Domestic RASK excluding FX and travel credit breakage increased by 1.8 percent with load factor decreasing 1.3 percentage points to 82.9 percent. This was driven by stronger unit revenue despite demand softness particularly from Corporate and Government customers.- International short-haul RASK increased by 1.5 percent excluding FX and travel credit breakage with load factor increasing 2.7 percentage points to 87.0 percent. An improvement in RASK reflected demand for events as well as the launch of new product offerings.- International long-haul RASK increased by 3.9 percent excluding FX and travel credit breakage with load factors increasing 2.3 percentage points to 81.7 percent. The current period was impacted by Boeing 787 availability issues with passenger demand reducing at a lesser rate than the reduction in aircraft capacity.
Unused travel credits	-\$55m	<ul style="list-style-type: none">- A reduction year-on-year in breakage allowance recognised for passenger unused travel credits for which it is considered the likelihood of those credits being utilised is remote (\$35 million recognised in the current year compared to \$90 million in the comparative period).
Cargo revenue	\$22m	<ul style="list-style-type: none">- Load factor improvements particularly on long-haul services to North America and Asia partially offset by capacity constraints and lower yields due to an increase in market capacity.
Contract services and other revenue income	\$64m	<ul style="list-style-type: none">- The increase reflects compensation income received from manufacturers for the impact of engine shortages on the business recognised in the current period (increase of \$96 million on the comparative period) and higher ancillary income. This was partially offset by reduced third-party maintenance work primarily due to the closure of the Gas Turbines operation in September 2023 and lower customer heavy maintenance activity.
Labour	-\$78m	<ul style="list-style-type: none">- Higher labour costs due to wage inflation offset by productivity initiatives and a reduction in operating activity.
Fuel	\$237m	<ul style="list-style-type: none">- Consumption decreased by 2 percent (\$27 million) compared to a reduction in capacity of 4 percent. The average fuel price, net of hedging and carbon costs, decreased 12 percent compared to the prior year resulting in a decrease in costs of \$210 million. MOPS price decreased by 16 percent.
Aircraft operations, passenger services and maintenance	-\$194m	<ul style="list-style-type: none">- Higher costs related to landing price increases, general price inflation and additional maintenance costs associated with leased engines and timing of checks.
Sales and marketing and other expenses	\$39m	<ul style="list-style-type: none">- Reduction in short-term aircraft wet lease costs and capacity driven sales costs offset by price increases.
Ownership costs	-\$24m	<ul style="list-style-type: none">- Lower investment income driven by lower average cash balances (as the airline transitions to targeted liquidity levels under the new Capital Management Framework) as well as higher depreciation due to new aircraft deliveries including additional leased aircraft to cover engine availability issues and capitalised engine maintenance.
Net impact of foreign exchange movements	\$6m	<ul style="list-style-type: none">- Higher hedging gains due to market movements partially offset by unfavourable movements on operating revenue and costs.
Share of earnings of associates	\$8m	<ul style="list-style-type: none">- Increase in share of earnings from the Christchurch Engine Centre due to improvement in supply chain and increase in the number of heavy shop visits.
June 2025 earnings before taxation	\$189m	

* The numbers referred to in the Financial Commentary on the previous pages have not isolated the impact of foreign exchange.

Sustainability

Our Sustainability Update



Tēnā koutou At the heart of our airline lies a simple proposition: to connect New Zealanders to each other and the world.

Our airline's future is inseparable from the country we fly over and the communities we serve, and it's this unique interdependency and connection that has inspired our new Sustainability Framework: When New Zealand thrives, we thrive too.

Built on three pillars – People, Planet, and Guardianship – the Framework represents a renewed commitment from Air New Zealand, not just to continue to address our environmental impact,

but to protect and uplift the places and people that make our work possible. It acknowledges that sustainability is integral to who we are, how we operate, and where we're going.

People He tāngata – reflects that we are a people business, committed to our team, our customers, our supply chain, and the communities we connect and serve.

Planet Te Taiao – guides our actions to meet our 2050 net zero carbon emissions target, care for nature, and support the circular economy. From the fleet choices we make to waste reduction, we are aiming for meaningful change.

Guardianship Kaitiakitanga – recognises our responsibility to our airline, our investors and Aotearoa New Zealand as a whole; to ensure Air New Zealand, and the communities, trade and tourism sectors we support, remain strong well beyond the time we are in our roles as Air New Zealanders.

During the 2025 financial year, we were pleased to publish our first annual 2030 Emissions Guidance. Alongside our second Climate Statement, which was released to the market today, these documents provide a comprehensive overview of our climate-related risks and an annually updated outlook of our emissions trajectory. In the following pages, you will also read about our progress with other priorities, and focus areas referred to in our new Framework.

Ngā mihi nui

Kiri Hannifin
Chief Sustainability and Corporate Affairs Officer

Greenhouse Gas Emissions Inventory Report; 2030 Emissions Guidance; Workforce Profile; Gender Pay Report; and Metrics Table.



When New Zealand thrives, we thrive too

Ki te kotahi te kākaho ka whati, ki te kāpuia e kore e whati
When we stand alone we are vulnerable, but together we are unbreakable

People He tāngata



We care for our people by keeping them safe, preparing for the future, and supporting all our teams to thrive.

We enrich the lives of our customers and are a positive part of the diverse communities we connect and serve.

We are responsible for our supply chain and promote positive impact and change.

Planet Te Taiao



We are working towards net zero carbon emissions by 2050.

We aim to design, buy and use products and resources that support the circular economy, and actively work to reduce waste.

We help restore and regenerate nature in Aotearoa New Zealand.

Guardianship Kaitiakitanga



We are the caretakers of Air New Zealand for future generations.

We help develop Aotearoa New Zealand as a sustainable visitor destination, benefitting visitors, communities, the environment and the economy.

Our reporting approach

Data and commentary contained in this sustainability update relates to the financial year ended 30 June 2025, and reflects a snapshot of Air New Zealand's sustainability work. Air New Zealand's organisational

boundary for sustainability reporting encompasses the companies listed on page 3 of Air New Zealand's 2025 Greenhouse Gas Emissions Inventory Report. The following supporting information can be found on our website: Climate Statement;

Sustainability (continued)

People He tāngata

We care for our people by keeping them safe, preparing for the future, and supporting all our teams to thrive.

Air New Zealand is proud to have been awarded New Zealand’s most attractive employer in 2025 by Randstad for a third year running. This recognition reflects the priority we place on culture, engagement and inclusivity. Air New Zealand’s engagement index score as of June 2025 was 69¹ (compared with the Glint Global Top 25 percent benchmark of 78). This is one point down from our 2024 score of 70. Our “*I feel a sense of belonging*” measure is currently at 66, against our target of 69².

Across the airline we see a strong sense of belonging at a team level, and are implementing initiatives to increase engagement and connection between teams across the business. These include refreshing our approach to how we recognise our people, making sure we have strong and well-communicated action plans following feedback, providing our leaders and employees with development opportunities, and Re:Connect (our initiative to drive more face to face interaction and time together across our workplaces).

For an update on how the airline is tracking with its Diversity, Equity and Inclusion Strategy, please see page 40 of this Annual Report.

A continued focus on wellbeing

Our ‘Mentally Healthy Work’ programme has continued this year, primarily focused on proactively managing

psychosocial risk. This has included risk assessments of specific business areas to identify, assess and manage the organisational, social and environmental factors that may impact our people’s mental health and wellbeing. Led by a dedicated team, Air New Zealand continues to provide support to our team members through a variety of tools and resources (such as the Employee Assistance Programme, Peer Support and a Wellbeing Hub), and we are also focused on increasing the wellbeing leadership capability and competency of our leaders through a variety of workshops and training formats.

Embracing inclusivity

In December 2024, Air New Zealand was proud to be named the world’s most disability-friendly airline by Condé Nast Traveller, and in February 2025, we were invited to join The Valuable 500, a global movement uniting 500 of the world’s most influential businesses to drive disability inclusion and accessibility.

In June 2025, we hosted our first flight familiarisation experience for neurodivergent children and their families in partnership with Autism New Zealand and Acorn Neurodiversity. Using Air New Zealand’s training facility, and in conjunction with New Zealand Civil Aviation – Aviation Security, the experience replicated key stages of the air travel process including check-in, security screening, boarding, and in-cabin procedures. This initiative is part of Air New Zealand’s commitment to making travel welcoming and accessible for everyone.



Lunar New Year.

Mangōpare pilot cadets all underway with training

The Mangōpare Pilot Cadetship is designed to help Air New Zealand continue to meet future demand for pilots by inspiring people from all backgrounds to pursue a career as a pilot. With the airline funding most training costs, our cadetship helps reduce financial barriers and accelerate training. Currently run in Arizona and Dubai over a 14-month programme, all five Mangōpare cohorts have now commenced training, and we expect the first group to be joining Air New Zealand by Christmas.



Neurodivergent familiarisation.

We enrich the lives of our customers and are a positive part of the diverse communities we connect and serve.

Every Corner Project

From Te Kao in the Far North to Tuatapere in the South, grassroots environmental champions across Aotearoa New Zealand received a boost in June 2025 through Air New Zealand’s Every Corner Project funding. More than 600 registered charities, schools/kura, and hapū applied, with 115 organisations selected to receive a share of \$1.2 million of funding to help bring their nature projects to life. Projects include native planting, wetland restoration, establishing rainwater harvesting systems, building community compost hubs, and installing predator control networks to protect threatened plant and animal species.



Freemans Bay School composting project.

Every Corner Project

Give Back Pack

This year Air New Zealand launched the Give Back Pack, bringing together a group of Air New Zealanders who want to contribute to the local environment and communities we connect. Key activities included planting 1,400 native trees for Trees That Count near the Papakura stream in South Auckland, collecting kina to support the Waiheke Marine Project’s work to rebalance the ecosystem at Enclosure Bay (which were then given to the local community and marae), and providing school supplies to Women’s Refuge through our “Give a Backpack” campaign.



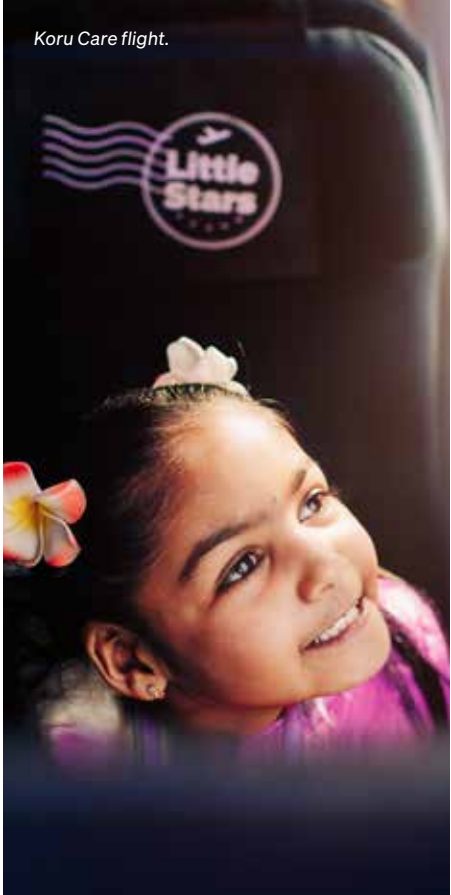
Kina dive day.



Native tree planting.

Flying our Little Stars

In August 2024, fifty Koru Care children experienced a dream flight on an Air New Zealand Boeing 787-9 Dreamliner, soaring over the breathtaking scenery of the lower South Island. Before take-off, the Little Stars were treated to a globe-trotting celebration at Christchurch Airport, which took them to Sydney, Fiji, Tokyo and New York. Koru Care is a charity that provides memorable experiences for children with serious medical conditions or disabilities. Air New Zealand has partnered with Koru Care for more than 40 years, helping dreams take flight.



Koru Care flight.



Celebrating our diversity through events and supporting inclusion through conversations about topics such as menopause and neurodiversity.

1. This score is out of 100 and based on the responses to two questions in our Employee Survey which is run three times a year on the Glint platform – ‘How happy are you working at Air New Zealand’ and ‘I would recommend Air New Zealand as a great place to work’. Responses are measured on a 5-point scale.
2. This score is out of 100 and responses are measured on a 5-point scale. The target was refined in the 2025 financial year to reflect current progress, ensuring it remains both achievable and aspirational.

Sustainability (continued)

We are responsible for our supply chain and promote positive impact and change.

Piloting global sustainable procurement standards

Sustainable procurement is one of the most powerful levers to drive positive social and environmental impact in supply chains. Air New Zealand has joined ten leading carriers in a global pilot to shape the International Air Transport Association's (IATA) new Sustainable Procurement Certification Standard, grounded in ISO 20400:2017. When launched, the certification will give aviation a consistent, measurable pathway to sustainable procurement. Our intention is for Air New Zealand to be assessed against the new standard in the 2026 financial year.

Circular economy principles part of our procurement

This year, we have focused on embedding circular principles into our supply chain, reducing waste in the system and finding opportunities to reuse or repurpose materials. We have also introduced a circular economy clause in our supply agreements to engage suppliers early and implement solutions that reduce costs, lower emissions, and improve resilience against resource volatility.

In the 2025 financial year, we updated our Supplier Code of Conduct to provide greater focus on modern slavery and responsible sourcing due diligence, and released our 2024 Modern Slavery Statement.



Supplier diversity and Ka Rere mentoring programme

Air New Zealand believes that a diverse supplier base is good for business. Global supply chains remain strained and having optionality, particularly in Aotearoa New Zealand, is critical for resilience, and to reflect the communities we serve. A cross-functional supplier diversity working group helps guide inclusive sourcing across our operations, while the Ka Rere Diverse Business Accelerator programme provides participants with

business coaching and procurement readiness support. These initiatives are delivering measurable impact.

	2025	2024 (revised)*
Diverse Supplier ³ Spend (\$)	19 million	17 million
Diverse Supplier Engagements	68 suppliers	44 suppliers

This year's three Ka Rere participants are:

Kaputi Studio, a wāhine Māori-led collaborative project producing a range of locally blended teas and infusions;

The Sustainable Food Co., an all-female owned and operated social enterprise catering company; and

Stronghold Group, a Māori and Pasifika-owned construction company.

Each received mentoring from across the airline as well as a \$20,000 cash grant to invest in and grow their business.

Additionally, two of the three businesses from the 2024 Ka Rere cohort have since gone on to launch products on Air New Zealand's Airpoints™ Store.



3. Air New Zealand currently defines diverse suppliers as Māori and Pasifika-owned businesses, and social enterprises.
4. Includes existing suppliers as at 30 June 2024 retrospectively identified as meeting diverse supplier criteria since the 2024 Annual Report was released.

Planet Te Taiao

We are working towards net zero carbon emissions by 2050.

2025 Climate Statement

This year, we published our second Climate Statement, as required by the Aotearoa New Zealand Climate Standards (NZ CS), which provides information on the material risks that climate change presents for Air New Zealand across the short-, medium-, and long-term. This includes how risks are governed, our risk management processes, how climate change impacts the airline today, and how it may impact us in the future. Climate-related metrics and targets relevant to the airline are also provided. For our full disclosure, please refer to



the 2025 Climate Statement. This section should be read in conjunction with that Statement.

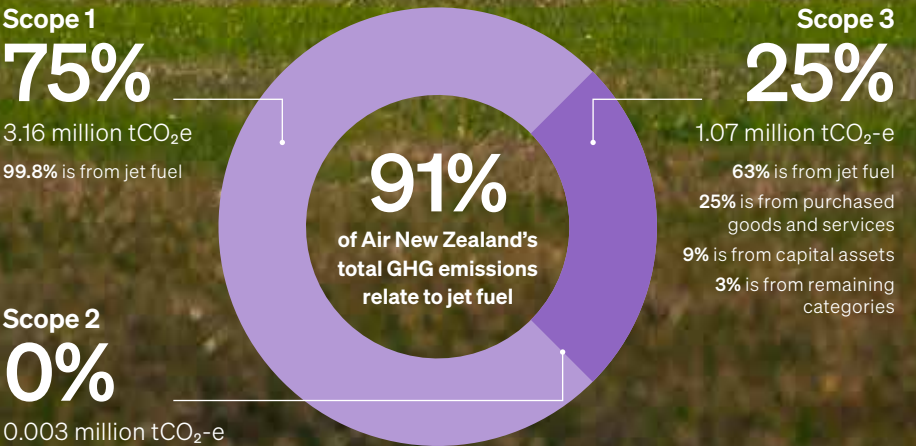
Snapshot of 2025 emissions

Like all airlines, Air New Zealand's business model currently relies on fossil jet fuel, so we are a large emitter of greenhouse gases, including carbon dioxide (CO₂) and other equivalent gases (CO₂-e). For the 2025 financial year, Air New Zealand's total CO₂-e emissions were 4.2 million tonnes. This was a decrease from 4.3 million tonnes (or 1.1 percent) in the 2024 financial year.

International air travel emissions reduced in the 2025 financial year as a result of the increased use of SAF and a number of grounded aircraft due to engine availability issues. Domestic air travel emissions also decreased, largely due to reducing demand in corporate and government travel.



Emissions snapshot 2025



Sustainability (continued)

Our Transition Plan to net zero carbon emissions by 2050

We are targeting net zero carbon emissions by 2050 and have a Transition Plan to reduce net emissions over time. Aviation is a hard-to-abate sector due to factors such as limited availability of alternative fuels and slower than anticipated progress in engine and aircraft technology. Achieving net zero will require substantial industry and technology change, investment, and policy support. While some actions are within Air New Zealand’s control, most rely on third parties and governments to take material actions in the short- and medium-term. Our Transition Plan includes short-term (2025 – 2030) and long-term (2031 – 2050) components, reflecting the greater degree of visibility the airline has over the levers available to address emissions in the short-term.

Short-term: 2030 Emissions Guidance⁵

Air New Zealand published its first 2030 Emissions Guidance on 1 May 2025, with “Well-to-Wake” net greenhouse gas emissions expected to reduce by 20 to 25 percent by 2030, compared with a 2019 baseline. Well-to-Wake emissions are the total emissions from jet fuel, including fuel production, distribution and combustion in flight. The 2030 Emissions Guidance is on a net emissions reduction basis, rather than an intensity basis, to more closely align with our 2050 net zero carbon emissions target.

In the 2025 financial year, Well-to-Wake emissions from jet fuel accounted for 91 percent of Air New Zealand’s 4.2 million tonnes of greenhouse gas emissions. The 2030 Emissions Guidance will be updated annually in the airline’s Climate Statement.



Long-term: Air New Zealand’s illustrative roadmap to the 2050 net zero carbon emissions target (2050 Target)⁵

Beyond 2030, the airline’s long-term roadmap from 2031 to 2050 illustrates a central case scenario for how Air New Zealand could potentially transition to meet its 2050 Target. The central case indicates the airline’s view of a potential path of decarbonisation at a point in time, among many possible pathways. It is accompanied by ‘low’ (pessimistic) and ‘high’ (optimistic) pathways, which are not shown graphically but are indicated by the number ranges in the boxes to the right of the illustrative roadmap graph.

This illustrative roadmap (see page 31) should be read in conjunction with the further information set out in the Strategy section of the Climate Statement on pages 29-30. It is based on our current understanding of the tools available to decarbonise, but is not intended as a fixed prediction. The path may change as technologies, policies, and market conditions evolve. Air New Zealand intends to update the roadmap annually in its Climate Statement to reflect evolving data, developments, and assumptions.

Sustainable Aviation Fuel (SAF)

The access to and price of SAF is a material climate-related transition risk noted in Air New Zealand’s Climate Statement. In the 2025 financial year, we increased SAF to 1.7 percent of total jet fuel usage, up from 0.4 percent of total jet fuel in financial year 2024 and 0.1 percent the year before. While still small volumes, this year we achieved emissions reductions of 48,387 tonnes CO₂-e via SAF. We also formalised a SAF Sourcing Position Statement this year and are trialling options for SAF certificate sales.

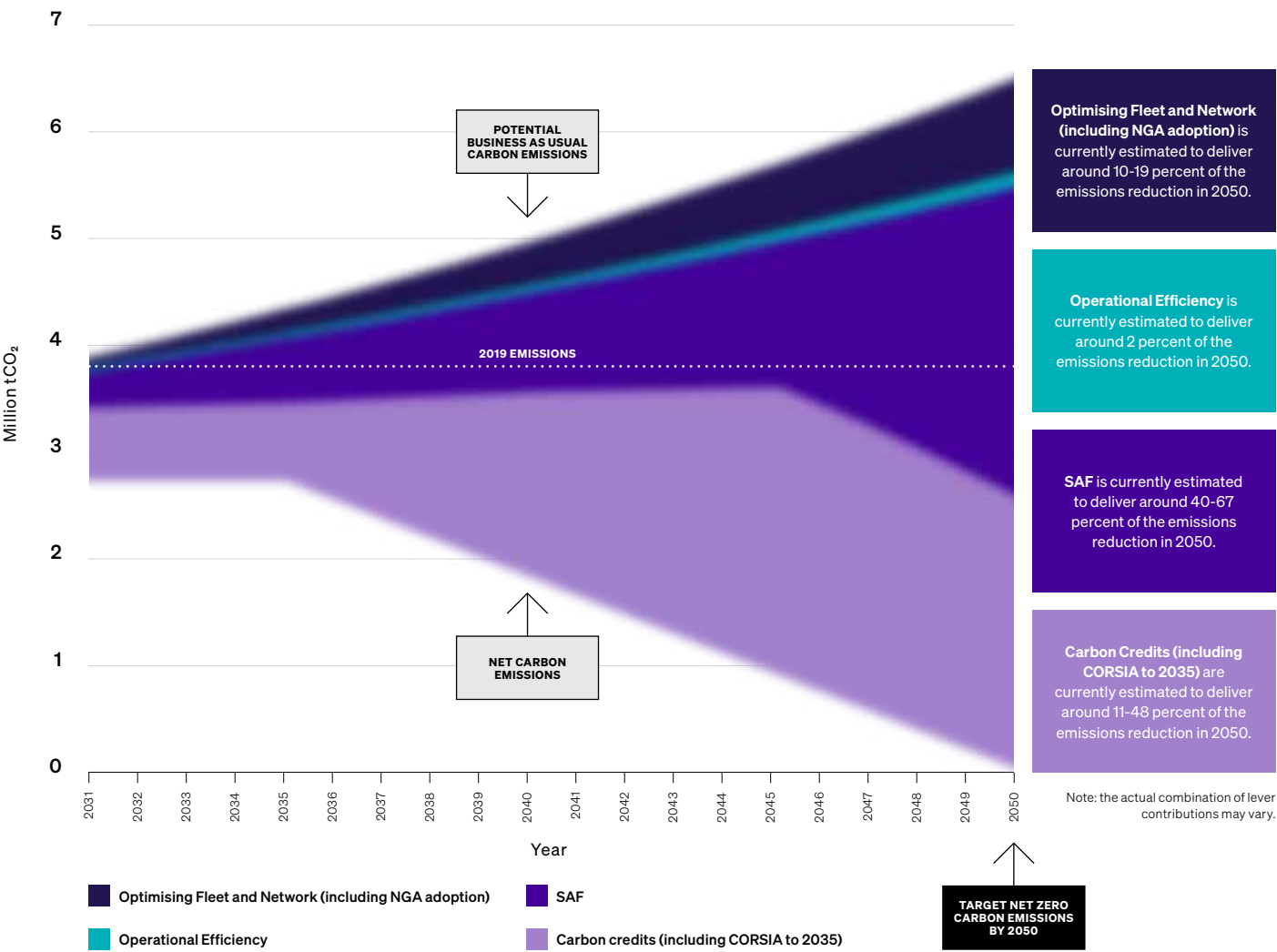
Fleet and network update

In the 2025 financial year, we added a short-term lease of one Boeing 777-300ER to cover for engine-related Aircraft On Ground (AOG) and new aircraft delays, as well as one leased Airbus A321neo to enable growth on the short-haul network. We also added one owned ATR 72-600 to the fleet. The planned replacement and retirement of older aircraft with newer, more fuel efficient aircraft is contingent on manufacturers being able to deliver Air New Zealand’s new conventional aircraft within contracted timeframes. This is an ongoing risk for us and for the airline industry more generally given current supply chain issues.

This year, we determined that the contribution of Next Generation Aircraft (NGA) to our Transition Plan and 2050 Target will be smaller than previously expected. This reflects production challenges across the global aviation industry and our reliance on third parties for these aircraft to become a meaningful decarbonisation lever before 2050. For example, during the 2025 financial year, Airbus announced the target date for launching their ZEROe hydrogen-powered aircraft had changed from “by 2035” to “the second half of the 2030s.”

Air New Zealand plans to test NGA in two phases, with a technical demonstrator and a commercial demonstrator aircraft. The technical demonstrator is expected to fly from October 2025 through to the end of January 2026. The commercial demonstrator is currently expected to fly a short regional route in the future. Both have already highlighted some of the challenges associated with NGA, with production delays impacting intended delivery dates.

Air New Zealand’s illustrative roadmap for 2031-2050



Carbon credits

Air New Zealand expects to have emissions remaining in 2050 that cannot be addressed through fleet upgrades, operational efficiency improvements or SAF due to technology, cost or feasibility constraints. Using carbon credits to address these residual emissions is an important part of achieving our 2050 net zero target. In the 2025 financial

year, we have assessed that the amount of carbon credits we expect to require in 2050 will be larger than we had previously forecast in our Transition Plan because the contribution of other decarbonisation levers, such as fleet and network, is expected to be lower.

New Zealand’s voluntary carbon market is nascent. To support market development, in the 2025 financial year,

we have developed a Voluntary Nature-Based Removals Position Statement to outline Air New Zealand’s commitment to purchase high-integrity, voluntary nature-based carbon removal credits, and in May 2025 signed a letter of intent with one potential supplier, with a second letter in progress.

5. The 2030 Emissions Guidance and the illustrative roadmap are based on different modelling and use a different scope of emissions. For the 2030 Emissions Guidance, modelling was developed internally and covers a larger proportion of Air New Zealand’s emissions from jet fuel; the illustrative roadmap was developed with reference to the IATA 2050 net zero target scope and contains a greater reliance on external assumptions. In addition, for the 2030 Emissions Guidance, the scope of CO₂-e emissions includes methane and nitrous oxide, whereas the scope of the illustrative roadmap is limited to CO₂ emissions only.

Sustainability (continued)

We aim to design, buy and use products and resources that support the circular economy, and actively work to reduce waste.

This year, Air New Zealand sent 1,041 tonnes of waste to landfill (a decrease of 75 tonnes from last year) and diverted 47 percent of total waste from landfill⁶.

- 748 tonnes of waste recycled, compared to 842 tonnes in the 2024 financial year
- 176 tonnes of waste composted, compared to 169 tonnes in the 2024 financial year
- 1,041 tonnes of waste sent to landfill, compared to 1,116 tonnes in the 2024 financial year

While we have made meaningful progress in some areas, the year has also seen delays in key circular economy projects due to supply chain and resource challenges.

Taking action on food waste

A focus for the airline this year has been reducing food waste and establishing waste baselines, with audits revealing that food waste accounts for over 50 percent of landfill waste from our domestic lounges. In response our Lounge teams have implemented solutions to divert food waste from landfill. Where waste is unavoidable, we're working to ensure it is either consumed or composted, including partnering with food rescue groups to redirect surplus edible food to local communities.

We also conducted food waste audits on four key international routes this year to identify further opportunities to reduce surplus food. The audit findings have prompted a review and expansion of the Project Green reinjection programme, menu reviews and the creation of a baseline to guide future inflight food waste targets.



View the 2025 Metrics Table for an update on the airline's waste targets and progress.

Anything but uniform

This year, Air New Zealand revealed its new uniform, which includes more sustainable materials such as organic cotton for men's shirts, a recycled polyester and wool blend for the suiting, and recycled polyester for women's dresses and shirts. We will also be partnering with a supplier to recycle uniforms as they reach end of life, into reusable signage, acoustic panels, and packaging – replacing single-use, hard-to-recycle materials.

In addition, with our current uniforms soon to be phased out, we are exploring onshore and offshore recycling options and looking for ways to strengthen responsible supply chains. This marks a step forward in reducing the environmental impact of our uniform, with further innovations to come as they become viable.



6. This total includes all the airline's domestic ground sites and airports serviced by our main waste provider. We also include data from our Auckland and Christchurch lounges which has been provided by our cleaning provider. It excludes hazardous waste, international inflight biosecurity waste, building and construction waste, and other Air New Zealand waste managed by airport companies.

Cargo champions

Our Cargo team sent 22.4 tonnes less waste to landfill this year compared to the year before, a 25.6 percent reduction. This was achieved through a range of initiatives including diverting heavy materials such as wood from landfill, reusing packaging materials where possible, and updating onsite waste infrastructure to make recycling easier. Other key initiatives have included the removal of single use cups and introducing compost services.



We help restore and regenerate nature in Aotearoa New Zealand.

This year, Air New Zealand started developing a Taiao (Nature) Strategy, with assistance from Nature Positive and a Māori Advisory Panel to advise on incorporating a te ao Māori world view. A key aim of our Taiao Strategy is to protect and restore taonga in Aotearoa New Zealand, including people, places, species and cultural heritage. The first part of the strategy will build on existing workstreams to address the airline's most material nature-related opportunities and risks by reducing impacts and dependencies upon nature. These most material nature-related risks have been added to the Sustainability and Corporate Affairs Divisional Risk Register.

Climate and Nature Fund

Air New Zealand's Climate and Nature Fund is funded by an internal carbon charge on selected ultra long-haul flights, plus any profits from our loyalty partnership with Z Energy. Now in its second year, the Fund is ringfenced for sustainability efforts across four areas: mitigating the impacts of our emissions, increasing renewable energy, expanding the supply of SAF, and enhancing internal sustainability outcomes. In the 2025 financial year, we are pleased to have funded initiatives to the value of \$6.7 million including the Every Corner Project, Department of Conservation (DOC) biodiversity projects, SAF domestic feasibility studies, a peatland restoration project with The Nature Conservancy - Aotearoa New Zealand, waste audits, and an ongoing investment in the United Airlines Ventures Sustainable Flight Fund.

Spotlight on solar

This year, we installed 1,200 solar panels at our Auckland Campus premises. The 550 kVA AC solar array system was funded by the Climate and Nature Fund and is estimated to produce around

894.5 MWh per year – equivalent to powering approximately 90-100 average New Zealand homes each year. While the amount of solar energy generated from the solar panels is small in comparison with our much bigger challenges to decarbonise, it is a step we can take now to reduce our impact, and one which is in our direct control.

Department of Conservation

Our partnership with DOC continues to support biodiversity projects with 40,419 hectares of sustained predator control alongside five Great Walks. We have also launched a new three-year project to support DOC's Bats Beyond Borders programme, advancing research and conservation management of the threatened native long-tailed bats (pekapeka).

Through our support of DOC's Conservation Dogs Programme, we enabled the full certification of 27 pest and species detection dog handler teams as well as interim certification of 19 dog handler teams who were supported by 63 mentoring days. We also enabled 508 field days for

undertaking biosecurity checks, incursion responses, surveillance and species detection work; and 29 advocacy events. In addition, we have flown 363 threatened species and conservation dogs on our network.

Customer contributions

In the 2025 financial year, customers opting in to our Voluntary Emissions Contribution Programme (VECP) purchased 43,673 tonnes of carbon credits⁷, and contributed \$684,000 to Trees That Count to enable the planting of 85,474 native trees, supporting biodiversity outcomes across Aotearoa New Zealand. Of bookings made through online storefronts where the VECP is available, 2.6 percent contributed to the programme, a decrease of 0.8 percent on the year prior.

Corporate, government, and cargo customers can use our emissions reporting platforms which provide visibility of air travel emissions estimates including by route and seat class where applicable. The number of customers on the platforms increased to 340 this year, up 105 customers on the year prior.



7. All of these credits have been retired on behalf of Air New Zealand.

Sustainability (continued)

Guardianship Kaitiakitanga

We are the caretakers of Air New Zealand for future generations.

Governance

At Air New Zealand, governance of sustainability covers environmental and social matters. It is a broader concept than climate-related matters alone. Information about how climate-related risks and opportunities are governed is outlined in our 2025 Climate Statement, which can be found here.

Board of Directors

The Air New Zealand Board of Directors has overarching responsibility for sustainability, including climate-related matters. In the 2025 financial year, the Board engaged on key topics such as the Climate Statement, our 2030 Emissions Guidance, Greenhouse Gas Emissions Inventory Report, Transition Plan, carbon regulatory compliance, Taiao (Nature) Strategy, and our new Sustainability Framework.

Executive team

The Executive team is responsible for developing and implementing the airline's sustainability strategy. The Chief Sustainability and Corporate Affairs Officer (CSCAO) leads the Sustainability team, who provide expertise and advice to the airline about sustainability matters. The CSCAO reports directly to the Chief Executive Officer.

Sustainability Advisory Panel

The airline's independent Sustainability Advisory Panel meets formally twice a year to provide advice to the airline in relation to sustainability developments and initiatives.

We help develop Aotearoa New Zealand as a sustainable visitor destination, benefitting visitors, communities, the environment and the economy.

Done well, travel enriches both the country and the traveller. It can make the world smaller and remind us of our shared humanity. This year, we have continued to see tourism momentum, however, we are also conscious of the need to be purposeful as we look to tourism's future. Like most New Zealanders, Air New Zealand wants to support tourism that grows our economy, enriches communities across Aotearoa New Zealand, and safeguards our natural environment.

Championing a thoughtful approach

We know from research that New Zealanders continue to value the economic and social contribution that tourism makes, however, there is growing public awareness of the need to manage the impacts of tourism. We believe that tourism should not only support economic growth but also uplift communities and protect the unique natural heritage we have here. Air New Zealand continues to collaborate with the broader tourism sector to advocate for and support tourism for the long-term.

Our support for the Tiaki Promise remains a cornerstone of our commitment to a sustainable tourism sector. Tiaki encourages everyone who lives and travels within Aotearoa New Zealand to act as guardians of the land, respecting its people, culture, and environment. In partnership with Te Kāhui Tautiaki, the governing body of Tiaki, we have worked to evolve the Tiaki proposition and

expand its reach through promotion and engagement with visitors and the travel industry via our channels. This initiative aims to deepen local and international visitor understanding of Tiaki and inspire long-term behaviour.

Sharing the land

Our regional communities are vitally important to our tourism story and Air New Zealand is proud to support the 20 ports we fly to domestically. Highlights from this year include partnership campaigns with Regional Tourism Organisations (RTOs) to showcase the diverse range of experiences in regions and encourage visitation, including partnership activity promoting Christchurch, Northland, Hawke's Bay, Nelson, Auckland and Wellington. We also partnered with Southern Way (encompassing eight lower South Island RTOs), Invercargill, Queenstown and Dunedin airports to market multi-stop travel to the lower South Island.



Tiaki – a promise to protect Aotearoa New Zealand.



Our Corporate Governance Statement



Corporate Governance Statement

Effective corporate governance is at the heart of our agenda. The Board considers its governance practices to be consistent with the principles of the NZX Corporate Governance Code dated 31 January 2025.

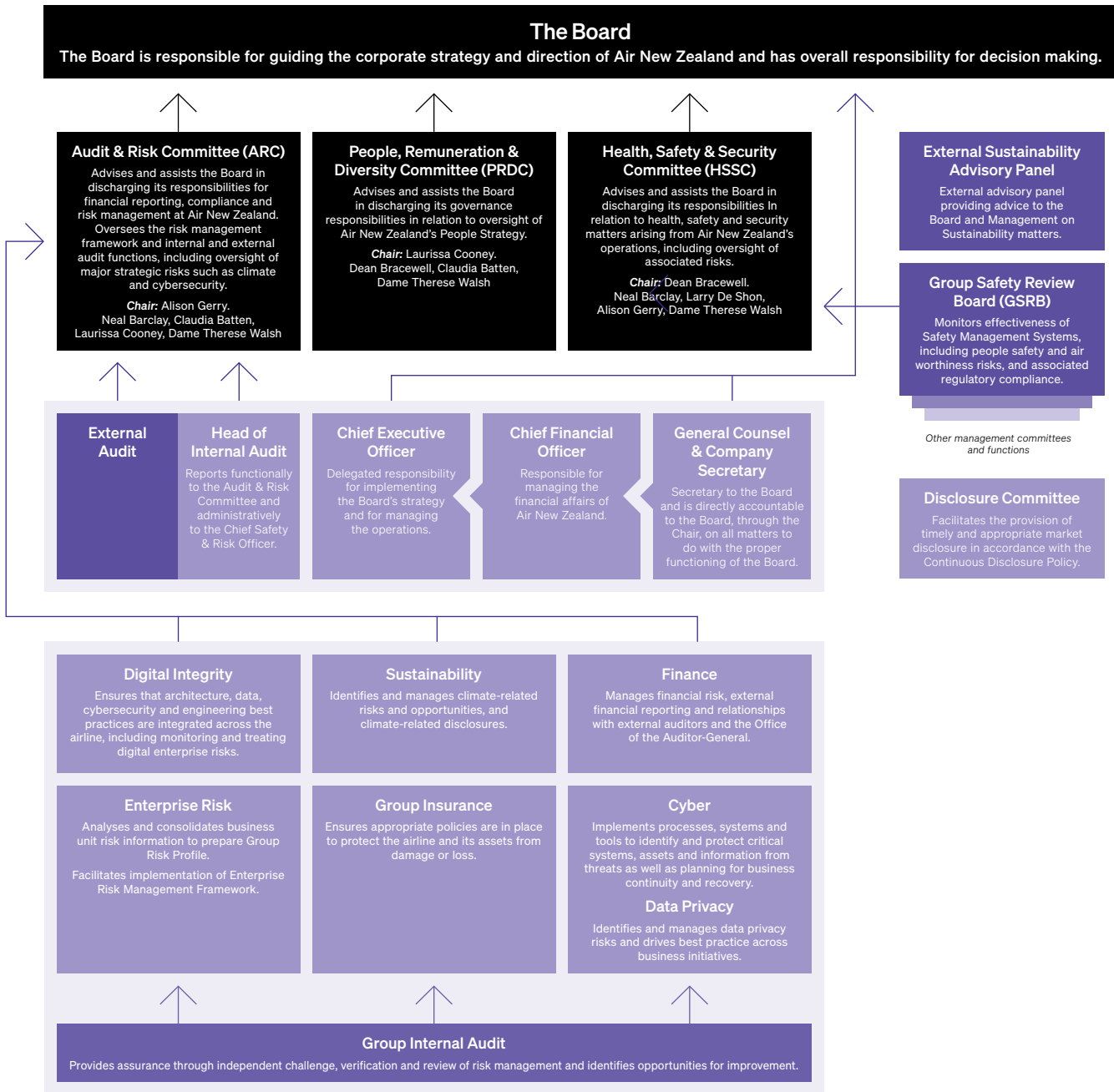
This Corporate Governance Statement was approved by the Board on 28 August 2025.

Ethical Standards

Air New Zealand is committed to upholding the highest ethical standards across all aspects of its global operations. The Board places strong emphasis on honesty, integrity and transparency, recognising these values as fundamental to effective corporate governance. This is reflected in the Company’s Code of Conduct and Ethics (Code), which sets out clear standards of conduct for all employees including Directors. The Code requires compliance with all applicable laws and regulations and promotes a culture of transparency and accountability throughout the organisation. The Code is reviewed periodically and approved by the Board to ensure its ongoing relevance and effectiveness. All new employees complete training on the Code as part of their onboarding, and all staff are required to complete an annual refresher to reinforce and embed these standards.



Our Governance Structure



Note: Only principal management relationships are depicted.

Board / Committee meeting attendance¹ – 1 July 2024 to 30 June 2025

	Board	Audit & Risk Committee	People, Remuneration & Diversity Committee	Health, Safety & Security Committee
Dame Therese Walsh	10/10	4/4	5/5	4/4
Claudia Batten	10/10	4/4	2/2	
Neal Barclay ²	2/2	1/1		1/1
Dean Bracewell	10/10		5/5	4/4
Laurissa Cooney	10/10	4/4	5/5	
Larry De Shon	10/10			4/4
Alison Gerry	10/10	4/4		4/4
Paul Goulter ²	2/2		2/2	1/2

1. Attendance is the number of meetings attended/number of meetings for which the Director was a member.
2. Paul Goulter retired from the Board on 26 September 2024 and Neal Barclay joined the Board on 1 May 2025.

Current Directors



Dame Therese Walsh
DNZM, BCA, FCA
Independent Non-Executive Director
Appointed 1 May 2016
Chair



Neal Barclay
BCA
Independent Non-Executive Director
Appointed 1 May 2025



Claudia Batten
LLB(Hons), BCA
Independent Non-Executive Director
Appointed 28 October 2021



Dean Bracewell
Independent Non-Executive Director
Appointed 20 April 2020
Health, Safety & Security Committee Chair



Laurissa Cooney
BMS(Hons), FCA, CMInstD
Independent Non-Executive Director
Appointed 1 October 2019
People, Remuneration & Diversity Committee Chair



Larry De Shon
BA Communications, BA Sociology
Independent Non-Executive Director
Appointed 20 April 2020



Alison Gerry
BMS(Hons), MAppFin
Independent Non-Executive Director
Appointed 28 October 2021
Audit & Risk Committee Chair



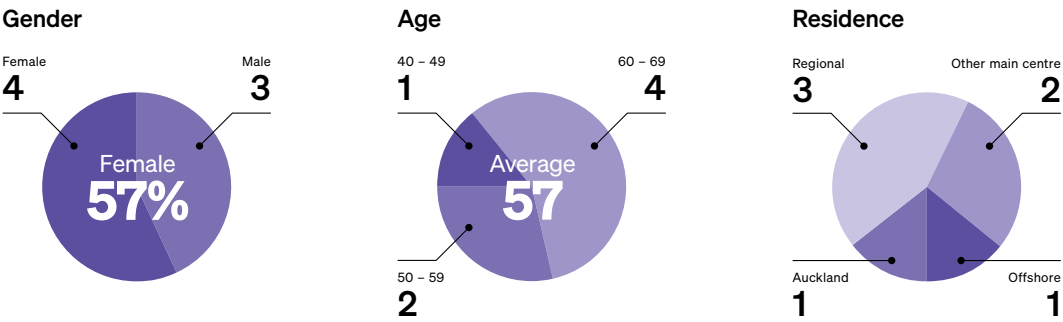
Details of directors' skills and experience can be found at:
airnewzealand.co.nz/air-new-zealand-board

Corporate Governance Statement (continued)

Board skills and diversity	Neal Barclay	Claudia Batten	Dean Bracewell	Laurissa Cooney	Larry De Shon	Alison Gerry	Dame Therese Walsh
Financial Expertise Overseeing capital funding and investment decision-making, with experience in financial governance, major programme execution, and evaluation of financial controls.	Leader	Some experience	Some experience	Leader	Some experience	Leader	Leader
Health, Safety & Security Leadership in operational health and safety within complex or high-risk environments, reflecting its critical importance at board level in the aviation sector.	Leader		Leader	Some experience	Leader		Some experience
Technology & Digital Innovation Oversight of digital transformation and technology modernisation initiatives, with a focus on customer experience, operational effectiveness, and awareness of cyber risks and emerging technologies.	Some experience	Leader			Some experience	Some experience	
Sustainability & ESG Experience overseeing sustainability initiatives and programmes relating to climate change, emissions reduction, innovations and responsible sourcing.	Some experience	Some experience	Some experience	Leader	Some experience	Some experience	Some experience
Stakeholder & Government Engagement Experience managing regulatory, policy, and shareholder relationships, with a focus on political engagement and interaction with government and regulators.	Leader	Some experience	Some experience	Some experience		Some experience	Leader
Strategy, Customer & Commercial Leadership Overseeing organisational strategy and transformation with strong commercial judgement, customer insight, and global brand experience.	Leader	Leader	Leader	Some experience	Leader	Leader	Leader
Aviation Industry Expertise Broad understanding of the aviation sector, including operational experience across airlines, tourism, and logistics, with strong awareness of market trends and industry connections.		Some experience	Some experience	Some experience	Leader	Some experience	Leader
People & Culture Experience in people strategy, organisational design, and workplace culture, including large team leadership and union engagement. Knowledge of executive succession and remuneration frameworks, with alignment to organisational strategy.	Some experience	Some experience	Leader	Leader	Leader	Some experience	Some experience
Governance, Risk & Compliance Significant governance experience in listed or large-scale commercial organisations, with strong market insight and regulatory awareness.	Some experience	Leader	Leader	Some experience	Some experience	Leader	Leader

Leader Some experience

Board skills and diversity (continued)



Independence

The Board has identified criteria in its Charter, against which it evaluates the independence of Directors in line with the NZX Listing Rules. These are designed to ensure Directors are not unduly influenced in their decisions and activities by any personal, family or business interests. All Directors have been determined to be Independent Directors under these criteria, and for the purposes of the NZX Listing Rules. Directors are required to inform the Board of all relevant information that may affect their independence such that the Board continually considers the independence of its members. The Board Charter makes explicit that the Chair and the Chief Executive Officer roles are separate.

Director appointments

There has been one new Director appointed during the 2025 financial year, being Neal Barclay on 1 May 2025. The Board is responsible for nominating and appointing Directors, ensuring alignment with the Board Charter, the Company’s Constitution, NZX requirements, and broader governance and strategic objectives. The director appointment process includes assessing Board skills and diversity, identifying suitable candidates, and, if necessary, engaging external consultants. Candidates undergo extensive interviews and reference checks to confirm their suitability. Appointments must meet constitutional and NZX independence requirements and are subject to shareholder approval at the next Annual Shareholders’ Meeting. New Directors receive a formal appointment letter outlining key terms and complete an induction programme covering governance, company operations, and conflict management. Directors are expected to acquire a shareholding in the Company equivalent to 50 percent of the annual base Director fee. All Directors have met this requirement.

Key governance documents are available on the Air New Zealand website. These include:

- The **Company’s Code of Conduct and Ethics**, stating the guiding principles of ethical and legal conduct, applicable to everyone working at or for Air New Zealand – directors, executives, employees, contractors and agents;
- **Charters for the Board and each of its Committees**, detailing authorities, responsibilities, membership and operation;
- The **Securities Trading Policy**, identifying behaviours that could be illegal for individuals, or otherwise unacceptable or risky in relation to dealings in Air New Zealand’s securities by directors, employees or their associated persons;
- The **Continuous Disclosure Policy**, addressing compliance with continuous disclosure obligations and the timely treatment of Material Information.



Air New Zealand’s key Governance documents can be found at:
airnewzealand.co.nz/corporate-governance



Corporate Governance Statement (continued)

Diversity, Equity & Inclusion

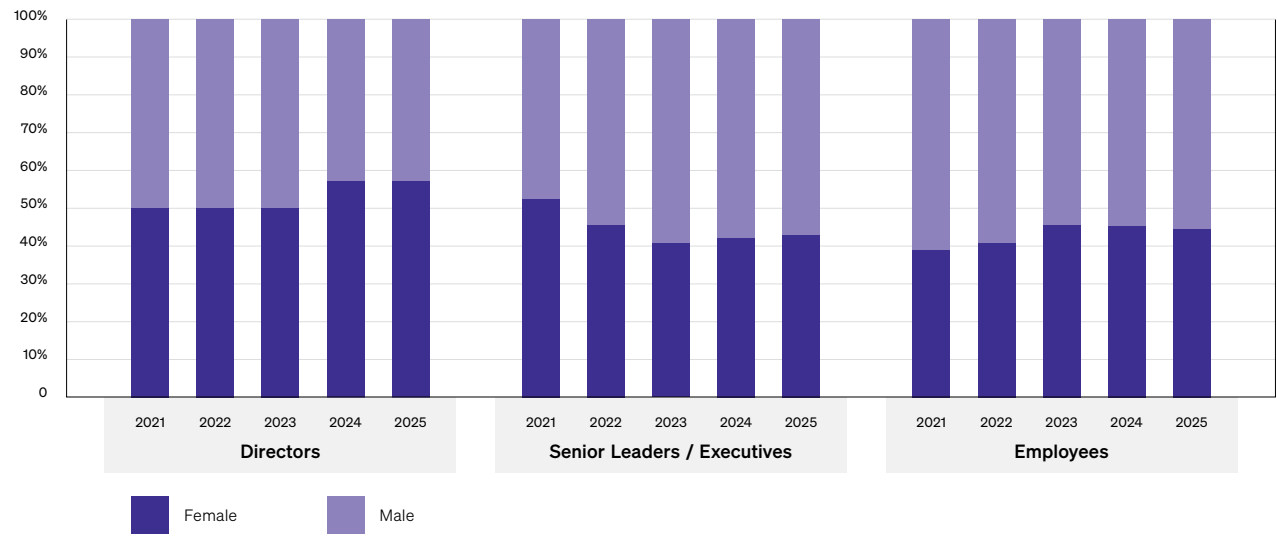
The Company’s Diversity, Equity & Inclusion strategy recognises the strength of a workforce that reflects the richness and diversity of Aotearoa New Zealand. The strategy aims to foster an open, inclusive environment where our employees, customers, whānau and communities can thrive. The Board will continue to play an active role in endorsing the strategy, monitoring progress and evaluating outcomes.

Diversity is considered across a number of measures, including gender, ethnicity, disability, age, and sexual identity. There is a focus on recruitment practices that promote the retention and attraction of diverse talent, as well as a broad range of employee initiatives to reflect, support and develop the diversity we have across the airline. Air New Zealand’s 10 Employee Networks play a key role in supporting and advocating for employees and ensuring the success of the airline’s Diversity, Equity & Inclusion strategy.

With a target of 50 percent women in the senior leaders forum (which includes the Executive), the Company achieved 43 percent as at 30 June 2025, up from the previous year. The Board will continue to monitor progress and is comfortable that recruitment, retention, and management of talent pipelines are all operating well. The 50 percent target will be maintained for the 2026 financial year with continued focus on building a pipeline of female leaders at all levels of the company to help us achieve this.



Gender representation as at 30 June



The Executive Team comprises the Chief Executive Officer and their direct reports. It corresponds to “Officers” as defined in the Listing Rules.

Air New Zealand also has a target of 21 percent of the Company’s people leadership roles being held by Māori and Pasifika employees by 2026, as at 30 June 2025 the result was 17.6 percent. The 21 percent target will be maintained for the 2026 financial year, with ongoing support for graduates of our Mangōpare leadership development programme, and continued focus on initiatives that support the recruitment, retention and development of Māori and Pasifika.



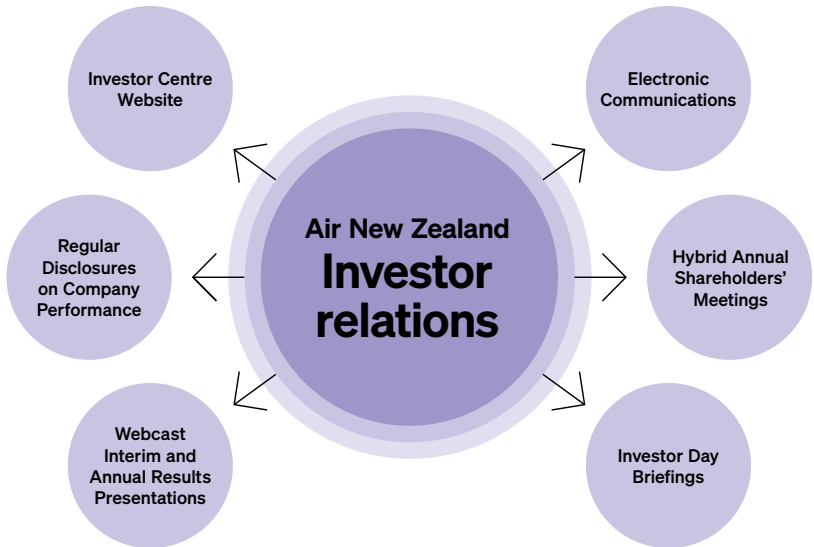
Laurissa Cooney discusses the activities of the People, Remuneration & Diversity Committee:
<https://youtu.be/dw9CsF7l-tA>

Shareholder Engagement

Air New Zealand is committed to regular and transparent engagement with its shareholders through multiple channels. Material information is disclosed via announcements to the NZX and ASX, and significant matters are referred to shareholders for approval in accordance with legal requirements, the Constitution and the Listing Rules.



Air New Zealand’s Investor Centre can be found at:
airnewzealand.co.nz/investor-centre



The Company’s Investor Centre provides access to important information including operational updates, shareholder meeting materials, governance documents, and the Annual Report and Climate Statement. It also features a comprehensive FAQ section and allows shareholders to submit enquiries via a dedicated Investor Relations email (investor@airnz.co.nz) and sign up for investor news alerts. Our Head of Investor Relations manages scheduled engagement with investors, analysts and market stakeholders, including biannual conference calls hosted by the CEO and CFO following interim and annual results announcements. Transcripts of these calls are made available on the Investor Centre, and retail investors can also engage through biannual podcasts covering financial results and Company strategy.

Shareholders are encouraged to participate in the Company’s hybrid Annual Shareholders’ Meeting, with notices published on the website at least four weeks in advance. In addition to engaging with shareholders, Air New Zealand maintains open communication with brokers, the broader investment community, the New Zealand Shareholders’ Association (NZSA), regulators and others.

Differences in Practice to NZX Code

The Board has not set protocols to be followed in the event of a takeover offer. The Board considers a takeover offer to be extremely unlikely in light of the Crown’s continued majority shareholding in the Company. Should circumstances change and a takeover offer was received, Air New Zealand would have adequate time to implement protocols and procedures and communicate those to shareholders.

On that basis, the Board considers it reasonable and appropriate for Air New Zealand not to follow Recommendation 3.6 of the Code at this time. Notwithstanding this, the Board agrees with the principles behind this recommendation, being good communication with shareholders and independent Directors leading matters that require appropriate independence.

Corporate Governance Statement (continued)



Board Activities

The Board remains focused on Air New Zealand’s long-term success and resilience. The Board approved Kia Mau strategy (see pages 16 and 17 of this report), provides a strong framework to drive future growth and continued service excellence. Monitoring safety (see pages 45 and 46) as well as progress against strategic priorities continues to be central to the Board’s activities.

Key areas of activity during the year include:

Infrastructure

Safe, efficient and future-focused infrastructure remains critical to the airline’s operations and to delivering a quality experience for customers. The Board maintains oversight of key infrastructure investments including Hangar 4, a new state-of-the-art engineering and maintenance facility that will boost domestic capability, support the evolving fleet and long-term growth, and improve operational efficiency.

Fleet, Network and Engines

The Board maintains oversight of the airline’s fleet and network strategy, recognising its importance to operational resilience, customer experience, capital allocation and climate goals. This includes reviewing and approving major fleet investments to ensure alignment with financial priorities, long-term value creation and shareholder interests. The Board also oversees governance frameworks across key enterprise risks, including safety, regulatory compliance, and technology. Network decisions, both near- and longer-term, are regularly considered to ensure they support strategic and commercial objectives.

A particular area of focus this year has been the prolonged engine availability challenges related to both Rolls-Royce and Pratt & Whitney. The Board continues to monitor this issue closely, with emphasis on securing appropriate compensation arrangements and advocating for improved certainty on delivery timelines to help mitigate the number of aircraft out of service.

The Board has also considered the timings for delivery, and the configuration, of new widebodied aircraft.

Cost Inflation

The airline continues to face sustained inflationary cost pressure across key parts of the aviation supply chain, including airport and security charges and other regulated costs. These increases have consistently outpaced CPI levels, placing ongoing pressure on margins.

The Board maintains oversight of the airline’s response to this cost inflation, focusing on long-term financial sustainability, disciplined capital allocation, and the effectiveness of strategic transformation initiatives. This includes monitoring progress against cost efficiency programmes, understanding external inflationary drivers, and ensuring appropriate investment in digital and operational levers to mitigate their impact.

Sustainability

The Board remains committed to advancing the airline’s sustainability initiatives and overseeing progress on climate-related impacts and disclosures. This includes management’s climate scenario analysis, which supports both regulatory compliance and strategic planning.

Directors have endorsed initiatives to source alternative jet fuel and approved the purchase of a new battery electric ‘demonstrator’ aircraft, which is expected to operate a single short-haul cargo route from 2027.

The airline’s transition to a low emissions operating model remains a key focus and is aligned with its net zero 2025 carbon emissions target. In early 2025, Air New Zealand released its 2030 Emissions Guidance, which will be updated annually within the Climate Statement. For more details see page 24 onwards of this report.

Customer and Employee Initiatives

Enhancing the customer experience remains a key focus for the Board. Directors oversee and approve significant investments in customer-facing initiatives, including fleet upgrades, digital capability, and service innovation. The Board monitors customer satisfaction trends, reviews progress on priority programmes and supports continued investment in areas that drive long-term brand strength.

The Board also recognises the central role employees play in delivering Air New Zealand’s customer promise and takes active interest in culture, engagement and service outcomes, reflected in recent external recognition across both employee and customer experience, including:

- **New Zealand’s Most Attractive Employer 2025** – Randstad Award
- **Best Premium Economy Class Onboard Catering in Australia & Pacific** – Skytrax
- **Air New Zealand’s international lounge at Auckland, Best Business Class Lounge in Australia and Pacific** – Skytrax

Further Afield

When visiting the United States this year, the Board engaged directly with key suppliers, stakeholders and staff, providing oversight of key relationship and innovation opportunities. They met with key international partners including BETA Technologies, Boston Dynamics, Boeing, as well as Google, Open AI and Starlink.

Regional Initiatives

Supporting the regions remains a key focus for the Board. Over the year, directors visited the West Coast, Tairāwhiti Gisborne, and Hawke’s Bay, meeting with local leaders, tourism operators, businesses, and airport teams to better understand regional priorities. These visits also included engagement with local employees as well as health and safety site inspections.



Board members and local staff at Gisborne airport.



Risk management/strategic risks

Our complex operating environment means that we are inherently exposed to a range of strategic, financial, legal, regulatory and operational risks which cannot always be eliminated. It is important to the Board that material risks are identified, and appropriate risk mitigation strategies are implemented and monitored to avoid unintended consequences and to enable effective delivery of our strategy.

The whole airline operates under an Enterprise-wide Risk Management Framework and has well-established safety management systems. See page 45 for further commentary on safety risk management.



For more detail on risk identification and tools, please see page 7 of the airline’s 2025 Climate statement: <https://p-airnz.com/cms/assets/PDFs/airnz-2025-climate-statement.pdf>

There is a regular cadence of risk reporting to relevant management, Board Committees and the Board, including targeted deep dives on strategic risk areas of particular focus every six months. Strategic risks are identified through both top-down and bottom-up processes and informed with enterprise-wide insights from specialist risk functions. These are presented on Air New Zealand’s Group Risk Profile and confirmed by the Audit & Risk Committee every six months, and ranked based on risk rating. Risk ratings reflect an assessment of the likelihood and impact of an event, after considering the effectiveness of existing mitigations. Details of risk mitigations and Risk Control Effectiveness are also regularly presented to, and overseen by, the Board and its Committees.

Given their significance, strategic risks are assigned to members of the Executive as Risk Owners, who ensure appropriate management of the risk in line with target risk ratings set by the Board in the Risk Appetite Statement (detailed below).

The Board remains particularly focused on climate risks and cybersecurity, guided by advice from both internal and external experts. It is also closely monitoring the wider impacts of domestic and global uncertainty and rising costs on business resilience, social licence to operate, and reputation.

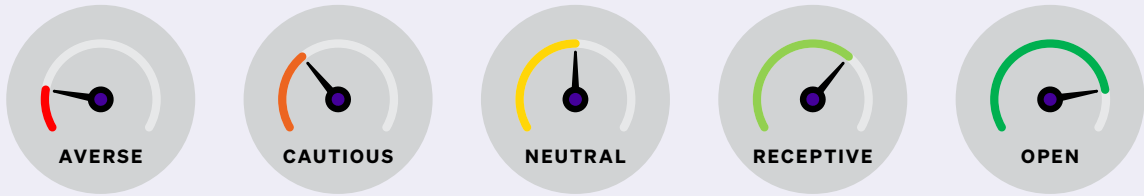
Corporate Governance Statement (continued)

Risk Appetite

The Board’s Risk Appetite Statement (RAS) gives clarity to decision makers on the extent of risk and opportunity the airline is prepared to take in the pursuit of its strategy. The Board formally reviews the RAS annually alongside the airline’s top Strategic Risks, with interim updates as needed to reflect changes in the operating environment and ensure ongoing relevance. The last annual review of the RAS was undertaken in December 2024. The Risk Appetite is explicitly addressed in matters presented to the Board where relevant.

Risk Appetite ranges from ‘Averse’ for risks such as operational or people safety, to ‘Open’ for innovation, reflecting the airlines ambition to embrace risk that leads to innovation in customer experience and technology, while maintaining a clear boundary that there is no appetite for innovation that creates safety or compliance risks.

5 Point Risk Appetite



Alison Gerry discusses the activities of the Audit & Risk Committee:
<https://youtu.be/FKD6vABWSCg>

Strategic Risk	Examples of Mitigating Actions
Aeronautical Infrastructure Constraints Lack of prudent third-party investment in aeronautical infrastructure aligned with our growth plans may constrain capacity, growth and financial performance.	Infrastructure demand planning, capital investment plans, stakeholder engagement and advocacy efforts, network and scheduling strategy.
Business Resilience A significant unmanaged event or crisis may result in sustained operational disruption and adverse safety, compliance, financial and reputational outcomes.	Crisis, emergency management and business resilience frameworks and governance, established response teams, business continuity planning and testing, including event-specific contingency plans. Comprehensive Emergency Management Plan and System to guide response efforts. Digital: Incident Support rosters and Major Incident Management processes, Problem Management and DR testing activities.
Climate Change Climate-related physical and transitional risks and opportunities may affect financial and operational performance, social licence to operate, reputation, competitiveness and investor expectations.	2050 Transition Plan, decarbonisation targets and strategy, regulator and investor engagement, transparent climate disclosures, and customer emissions reporting.
Competition Ineffective response to competitor capacity growth, changes to alliance relationships and/or a disruption to the airline-customer relationship may negatively impact market share, growth and profitability.	Competitive analysis, alliance partners and other key stakeholder strategic partnerships, pricing strategies, brand strategy and development, loyalty programme. Research and insights inform strategic decisions, innovation and product/service differentiation. Investment in new aircraft/retrofit, dry lease investment options, lounges and technology-enabled solutions.
Cost Escalation Financial performance may be impacted by ongoing cost increases for example from fuel, labour and costs from broader aviation sector including airports, aviation authorities, infrastructure and suppliers.	Driving productivity gains and cost efficiencies, digital investment, procurement synergies, network adjustments and pricing strategies.
Cyber Compromise and Attack Inadequate or insufficient identification, prevention, detection or response to cyber threats may result in business disruption, privacy breaches, financial loss or reputational damage.	Cybersecurity programme delivered by a dedicated Cybersecurity function, supported by organisation wide training, including privacy training, breach response processes, insurance, testing and evaluation.

Strategic Risk (continued)	Examples of Mitigating Actions (continued)
Domestic and Global Uncertainty Heightened socioeconomic, geopolitical and market volatility, may adversely impact supply and demand planning, revenue optimisation and growth.	Economic monitoring, market research, revenue and demand forecasting, financial modelling, capacity management, fuel price hedging.
Safety and Security Constraints in capability, capacity and culture may lead to harm to our employees, assets or the environment, reputational damage and compliance breaches.	Airline Safety Management System (SMS), Health, Safety, Environment, Wellbeing Management System (HSEW MS/ People Safety Engine) and Security Management System (SeMS) supplemented by Safety roadmap and management and Board oversight of safety, security and compliance performance. Safety, Assurance, and Investigation squads focused on effective safety assurance and enablement. Internal/external reviews and audits and self-assessments. Risk management plans for change initiatives, supplemented with safety guardrails to integrate safety into initiatives. Safety Incident reporting and management, with monitoring and reporting of key safety indicators. Various employee wellbeing support channels, safety training/awareness.
Social License and Corporate Reputation Failure to deliver our purpose and promise may result in long-term damage to our social licence, brand strength and corporate reputation resulting in diminished competitiveness and growth.	Stakeholder engagement plan, brand strategy investment, sentiment monitoring, Māori strategy, Sustainable Procurement Programme and supply chain due diligence.
Supply Chain Reliance on a limited number of strategic and essential third-party suppliers may result in significant operational disruption, reputational damage and financial impacts.	Supplier due diligence and risk monitoring, Supplier Code of Conduct, performance audits, alternative supply arrangements.
Workforce: Industry disruption, constrained pipeline for critical technical skills, talent attraction/retention challenges or deterioration in union relationships may constrain the ability to deliver strategy.	Talent and leadership development and succession planning, resource planning, collaborative union engagement, employee engagement surveys including feedback and action planning. Recruitment strategies e.g. cadetship programmes for specialist roles. Remuneration, reward, and recognition programmes, Employee Value Proposition enhancements and ongoing change management strategies. Support initiatives including the Sustainable Jobs Strategy and Manaaki Fund.

Safety

Safety at Air New Zealand is our top priority. Our goal of achieving a Zero-Harm work environment reflects our commitment to safety and continuous improvement, ensuring the wellbeing of our people, customers, and communities. Our Kia Mau strategy and our promise of manaaki, taking care further than any other airline, prioritises people and safety, recognising it as essential to our business success.

The Board has set an ‘averse’ risk appetite for inadequate safety, security, and health management systems. This is supported by the dedicated Health, Safety & Security Committee. The Committee oversees safety management and promotes a safety culture. Directors regularly engage with employees throughout the business, as well as formal engagement with management and frontline representatives quarterly in Committee meetings, reviewing safety performance and operational risk. These engagements involve detailed reporting, operational site visits, and discussions with key stakeholders. Directors also conduct domestic and international visits to observe operations firsthand.

To maintain effective oversight, Board members and management receive ongoing training in Health and Safety Governance and Due Diligence, in line with the Health and Safety at Work Act.

Geopolitical uncertainty, supply chain disruptions, increased weather volatility, and a competitive market continue to pose challenges to the aviation sector. Air New Zealand addresses these through integrated safety and security management systems, proactive risk management, advanced technologies, and ongoing personnel training.



Dean Bracewell discusses the activities of the Health, Safety & Security Committee:
https://youtu.be/HW_OPKcNmLO

Corporate Governance Statement (continued)

Safety (continued)

Temporary aircraft unavailability from delays in sourcing and overhauling aircraft and engine components has led to the airline leasing additional aircraft and pausing some routes.

Beyond regulatory compliance, we embrace best practices to identify, assess, and manage safety and security risks. A unified operational risk framework enhances our ability to anticipate, respond to, and recover from disruptions, building operational resilience.

Quarterly meetings of the Group Safety Review Board promote shared risk awareness and cross-functional decision-making.

Safety is embedded in business planning and continuity processes, supported by a refreshed Safety Roadmap which outlines a clear path for maturing our systems, capabilities, and culture.

Supporting our employees remains central to our safety approach. Employee wellbeing is prioritised through a mature Peer Support Network, Employee Assistance Programme, confidential Speak Up line, and 10 Employee Networks.

Our internal safety investigations and audits are complemented by rigorous external oversight. The Civil Aviation Authority conducts regular inspections including renewing our Air Operator Certificate in May 2025.

We benchmark our performance through the ACC Partnership Programme, with action plans in place to achieve Tertiary status this year. Air New Zealand also retains IATA Operational Safety Audit registration, having successfully completed the latest audit in March 2025.

Air New Zealand’s commitment to safety has been recognised through repeated success at the New Zealand Workplace Health & Safety Awards. In 2025, two Air New Zealanders were named finalists in the Safety Leadership and Emerging Practitioner categories.

The airline was also again named the World’s Safest Airline by AirlineRatings.com.

Internal Audit

The internal audit function helps the Board and management maintain accountability and transparency in risk management and internal control processes through independent assurance activity. This group objectively and systematically assesses, assures and recommends enhancements to the business’s management of risk, contributing to the overall robustness of the airline’s corporate governance.

Internal audit acts for the Board and reports to the Audit & Risk Committee. Recommendations made by internal audit, and the status of management’s adoption of these, are reported to and monitored by the Audit & Risk Committee.

External Audit

As a Public Entity, Air New Zealand is subject to the Public Audit Act 2001. The Auditor-General is the auditor but may appoint an independent auditor to conduct the audit process. Jason Stachurski of Deloitte Limited has been appointed in this respect, from the 2025 financial year.

The Audit & Risk Committee liaises with the Auditor-General on the appointment and re-appointment of the external auditors, to ensure the independence of the external auditor is maintained, and to approve the performance of any non-audit services in accordance with the Audit Independence Policy.

Air New Zealand’s external auditor rotates its lead audit partner at least every five years, with suitable succession planning to ensure consistency.

On a regular basis the Audit & Risk Committee meets with the external auditor to discuss any matters that either party believes should be discussed confidentially. The Chair of the Audit & Risk Committee will call a meeting of that Committee if requested by the external auditor.

The appointed external auditor attends the Annual Shareholders’ Meeting and is available to answer relevant questions from shareholders at that meeting.



Remuneration

Director Remuneration

In accordance with the Constitution, shareholder approval must be sought for any increase in the pool available to pay Directors’ fees. Approval was last sought in 2015, when the pool limit was set at \$1,100,000 per annum. This approval was based on 7 Directors; with a Board comprising 8 Directors the pool limit is \$1,232,333 per annum consistent with NZX Listing Rule 2.11.3.

Where the pool permits, the Board may amend the actual fees paid to reflect market conditions or other relevant factors. The Board has determined the following allocation of the pool.

Director Remuneration (continued)

	Position	Fees (Per Annum)
Board of Directors	Chair ¹	\$270,000
	Member	\$100,000
Audit & Risk Committee	Chair	\$40,000
	Member	\$20,000
Health, Safety & Security Committee	Chair	\$40,000
	Member	\$20,000
People, Remuneration & Diversity Committee	Chair	\$30,000
	Member	\$10,000

1. The Chair receives no additional Committee fees.

Air New Zealand’s Independent Non-Executive Directors do not participate in executive remuneration or employee share schemes, nor do they receive options, bonuses, or any form of incentive-based pay. They are entitled to reimbursement for reasonable travel and related expenses incurred in connection with Board or Committee duties. In addition, Directors receive a limited number of complimentary flights per year of service, as outlined in the Director Travel Policy.

Remuneration and benefits of directors and former directors in the reporting period are set out below.

	Board Fees	ARC	HSSC	PRDC	Total Fees	Value of Travel Entitlement ^{1, 5}
Dame Therese Walsh (Chair)	\$270,000	-	-	-	\$270,000	\$33,699
Neal Barclay ²	\$16,667	\$3,333	\$3,333	-	\$23,333	\$710
Claudia Batten ³	\$100,000	\$20,000	-	\$1,667	\$121,667	\$19,642
Dean Bracewell	\$100,000	-	\$40,000 (Chair)	\$10,000	\$150,000	\$13,307
Laurissa Cooney	\$100,000	\$20,000	-	\$30,000 (Chair)	\$150,000	\$44,496
Larry De Shon	\$100,000	-	\$20,000	-	\$120,000	\$4,937
Alison Gerry	\$100,000	\$40,000 (Chair)	\$20,000	-	\$160,000	\$28,670
Paul Goulter ⁴	\$25,000		\$5,000	\$2,500	\$32,500	\$2,462
Total	\$811,667	\$83,333	\$88,333	\$44,167	\$1,027,500	\$147,923

Amounts stated as FBT and GST exclusive where applicable.

1. Includes value of travel benefits for related parties and benefits accrued in prior years utilised in the current year.

2. Neal Barclay joined as a Director from 1 May 2025.

3. Claudia Batten served on the PRDC from 1 May 2025.

4. Paul Goulter served as a Director until 26 September 2024.

5. The value of the travel entitlements utilised by former directors during the 2025 financial year, using the taxable value of subsidised transport as provided in the Income Tax Act 2007 and reported to Inland Revenue, was as follows:

Paul Goulter (served as a director until 26 September 2024) (remaining value of travel entitlement for the 2025 financial year: \$1,672), Jonathan Mason (\$11,551), Tony Carter (\$19,165), Roger France (\$1,550), Jan Dawson (\$3,919), Robert Jager (\$19,579), Linda Jenkinson (\$1,742), Bob Matthew (\$265) and Paul Bingham (\$17,934). These amounts total \$77,377 and are not included in the total column in the table above.

In addition to the director remuneration provisions above, the remuneration of the Chief Executive Officer is discussed in the remuneration report on the next page.

Remuneration Report

Key highlights from the People, Remuneration and Diversity Committee

The role of the People, Remuneration and Diversity Committee is to advise and assist the Board in discharging its responsibilities with respect to oversight of our People strategy. As part of that role, the Board has generally delegated authority for rewards and remuneration to the PRDC.

Air New Zealand's remuneration philosophy is aligned with its recruitment, leadership development philosophies and performance management approaches to ensure the attraction, development, and retention of key talent. The PRDC is kept appraised of relevant market information and best practice, obtaining advice from external advisors where necessary. Remuneration levels are reviewed annually for market competitiveness and alignment with strategic priorities and Company performance objectives.

In the 2025 financial year, the PRDC reviewed both the short-term incentive as well as the Diversity, Equity & Inclusion (DE&I) strategy:

- Short-term incentive (STI):** For the 2025 financial year, the PRDC expanded the sustainability component of the STI scorecard by introducing a new environmental performance measure: reduction in landfill waste per full-time equivalent (FTE). This builds upon the previous year's carbon intensity measure and reinforces our commitment to embedding sustainability into core performance objectives. Waste reduction is a leading environmental concern for New Zealanders and, according to global aviation industry benchmarks, ranks as the second most important sustainability priority for airlines after carbon emissions.
- Leadership, DE&I and Culture:** The PRDC continued to play an active role in overseeing Air New Zealand's investment in leadership development across all levels of the organisation. Recognising the critical role that leadership plays in driving performance and transformation, the PRDC supported initiatives that build capability, resilience, and future-readiness among current and emerging leaders. The Committee also maintained a strong focus on the advancement of our DE&I agenda, ensuring that programmes and policies remain aligned with our ambition to reflect and serve the diversity of Aotearoa New Zealand. In parallel, the PRDC regularly reviewed insights from the Company's employee engagement surveys, using these findings to monitor cultural health, track progress, and identify opportunities to enhance the employee experience and reinforce a high-performance, inclusive culture.

Executive Remuneration

CEO and Executive remuneration packages comprise both fixed and variable components.

- Fixed remuneration consists of base salary and superannuation contributions, which are matched by an employer superannuation contribution of up to four percent of gross taxable earnings. Fixed remuneration is reviewed periodically based on market data from external independent remuneration sources. The PRDC approves the proposed remuneration packages for the CEO and the Executive team. The proposed budget for the annual remuneration review and changes to salaries (if any) are approved by the PRDC.
- Variable pay consists of a STI and a Long-Term Incentive (LTI). Both of these incentive schemes are performance-based in accordance with the schemes' terms. These discretionary payments are awarded only if specific financial and non-financial metrics are achieved and are always at the discretion of the PRDC. More details about the terms can be found below.

STI and outcomes for 2025

The STI performance targets are the same for all participants and consist of a broad range of measures designed to promote collaboration through shared objectives.

For the 2025 financial year, 50 percent of this incentive related to Group financial targets and the remaining 50 percent comprised measures for customer, people safety, on-time performance and sustainability. The PRDC's review determined that the customer satisfaction, people safety and sustainability targets were met. The Group financial targets were partially met and on-time performance was not achieved. The STI outcome for the financial year as approved by the PRDC is summarised as follows:

Performance measure	Weighting	Minimum Threshold	Target	Maximum Threshold	2025 Performance	2025 STI % Outcome versus weighting	Commentary
Return on Invested Capital (ROIC) ¹	25%	7%	13%	19%	8%	25% of the 25%	Minimum threshold exceeded
Controllable Cost / Revenue ²	25%	66%	61%	56%	65%	28% of the 25%	Minimum threshold exceeded
Customer Satisfaction ³	15%	83	84	87	84	100% of the 15%	Target achieved
People Safety ⁴	10%	87%	90%	95%	92%	120% of the 10%	Target exceeded
On-time Performance ⁵	10%	56%	58%	60%	55%	0% of the 10%	Target not achieved
Carbon Intensity ⁶	10%	890g	860-870g	840g	861g	100% of the 10%	Target achieved
Reduction in landfill waste per FTE ⁷	5%	5%	6%	10%	11%	150% of the 5%	Target exceeded
Total	100%					58%	

Executive Remuneration (continued)

STI and outcomes for 2025 (continued)

- ROIC is the return the Company earns on capital invested. A full definition of ROIC can be found on page 109 of the Five Year Statistical Review.
- Controllable Cost are costs the Company can directly control, excluding fuel and foreign exchange. A percentage that is lower than the target percentage indicates stronger performance.
- Customer Satisfaction is measured via the MyVoice Customer Survey, an optional post-flight survey completed by passengers via an email link.
- People Safety is comprised of Risk Control Effectiveness (RCE) which focuses on our critical people safety risks and ensuring the Company has the controls in place to operate safely.
- In any given year, even if the On-time performance target is met, a payment will only be made for that performance measure if the People Safety target is also met.
- Carbon intensity is measured via grams of Well-to-Wake emissions (CO₂-e) generated for each revenue tonne kilometre (RTK). To achieve a payment for this measure, the CO₂-e per RTK and ASK target range must be 860g-870g (target) to 890g (minimum). The metric is calculated by dividing total Well-to-Wake jet fuel emissions from flying activity by the total payload flown.
- Waste management is measured via reduction in kilograms of landfill waste per FTE in sites where Air New Zealand controls the landfill waste. The metric is calculated by dividing landfill waste per month for Corporate, Cargo and Engineering & Maintenance sites in kilograms by the total number of full-time equivalent employees working at the Air New Zealand site in New Zealand.
- The result of each performance measure is compared to a range of minimum, target and maximum values set by the PRDC and used to calculate the payout for each measure which is then multiplied by the weighting of the measure to give the percentage payout for each performance measure.

2026 STI target

Each year, the PRDC reviews the STI scorecard to ensure it remains aligned with annual business priorities and reflects the outcomes most critical to the Company's success. For the 2026 financial year, the PRDC has retained the overall framework and approach from the prior year, other than refinement of a small number of performance measures and weightings to ensure the scorecard continues to set clear stretch targets that drive performance against our strategic priorities.

LTI

The LTI plan is designed to align the interests of the CEO and Executives with those of our shareholders and to incentivise participants in the plan (Participants) to enhance long-term shareholder value. Additionally, offering participation seeks to motivate and retain top executive talent. Participation in any year is by annual invitation at the discretion of the PRDC. Details on how this plan works and the outcomes for the 2025 financial year are set out below. Details of how this plan worked in prior financial years can be found in previous Annual Reports.

Share Rights

Participants are eligible to receive a grant of share rights, which gives them the right to receive ordinary shares in the Company subject to certain vesting conditions being achieved over a three-year performance period (Share Rights). Grant of Share Rights is at the discretion of the PRDC, but in the normal course of events, is expected to equate to a value of 55 percent of fixed remuneration for the CEO and 40 percent of fixed remuneration for Executives. The number of Share Rights to be allocated to Participants is determined by an independent valuation of the share rights each year at the time of issue.

Share Rights are divided into two equal tranches, each measured against a separate performance hurdle. No testing against those hurdles will occur unless Total Shareholder Return (TSR) over the three-year performance period is greater than zero. If TSR is zero or negative, the Share Rights will lapse without the two performance hurdles being tested and no value will accrue to the Participants.

If the TSR hurdle is achieved, the number of vesting Share Rights will depend on Air New Zealand's TSR relative to (i) the NZX 50 index for the first tranche, and (ii) the Bloomberg World Airline index for the second tranche.

In each of the two tranches, 50 percent of Share Rights will vest if the Company's TSR has matched the comparison index over the performance period. For each one percent the TSR outperforms the comparison index, a further 2.5 percent of share rights will vest up to a maximum of 100 percent.

Mandatory Shareholding

For as long as they remain employed, the CEO and Executives must hold an amount of shares through vesting of Share Rights which equate to a value of 55 percent of the fixed remuneration for the CEO, and 40 percent of fixed remuneration for other Executives. There is no requirement to purchase shares outside of the LTI to satisfy this mandatory shareholding requirement. Until the mandatory shareholding is reached, any shares issued to the CEO and Executives from vested rights must be retained.

CEO Retention Plan

The Board approved a cash-based retention plan for the CEO for the 2024 to 2026 financial years (CEO Plan). The rationale for the CEO Plan was to maintain stable leadership and incentivise delivery of key strategic priorities which are critical to the execution of the Kia Mau strategy.

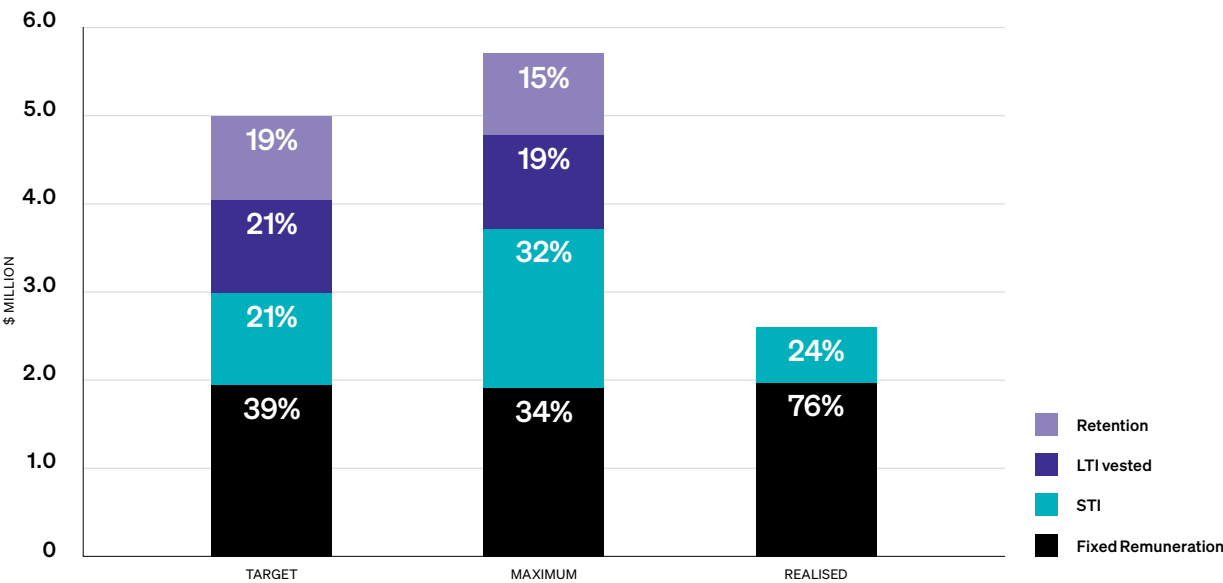
The CEO Plan consists of three equal payments of up to \$900,000 (gross) payable for each of those three financial years. Each payment is subject to (i) PRDC approval, (ii) the CEO not having given notice by 30 June and maintaining standards of performance and conduct; and (iii) the CEO's actual remuneration not exceeding 130 percent of the total target remuneration (including the retention payment). The payment was made for the 2024 financial year. The payment for the 2025 financial year was not made due to the resignation of the CEO in March 2025.

Remuneration Report (continued)

CEO Remuneration

CEO Remuneration Structure for the 2025 financial year

The CEO remuneration structure is consistent with the executive management remuneration structure described above. The chart below depicts the total remuneration mix for the CEO (excluding benefits) at target, maximum and the amount realised for the 2025 financial year.



CEO Remuneration Outcomes

Financial Year	Base Salary	Benefits ¹	Target STI	STI Earned ²	STI Earned as % of Target	Shares vested ³	Market value at vesting	Retention Earned ⁴	Total Earned	Share Rights allocated and at risk ⁵
2025	\$1,996,448	\$154,071	\$1,074,150	\$623,007	58%	-	-	-	\$2,773,526	3,836,250
2024	\$1,928,478	\$162,484	\$1,037,850	\$518,925	50%	1,003,976	\$677,684	\$900,000	\$4,187,571	2,471,072
2023	\$1,839,029	\$171,239	\$990,000	\$1,123,650	113.5%	-	-	-	\$3,133,918	2,408,759

1. Benefits include superannuation and travel. As a member of the Group's superannuation scheme, the CEO is eligible to contribute and receive a matching Company contribution of up to four percent of gross taxable earnings (including STI). The CEO and eligible beneficiaries are entitled to an agreed number of trips for personal purposes at no cost to the individual.
2. STI earned in the reporting period reflects the cash value of amounts received following achievement of performance measures related to the current period.
3. No shares vested in the reporting period. In the 2024 reporting period LTI Share Rights issued in 2020 partially vested (57.2 percent) and converted to Ordinary Shares in the 2024 financial year as the performance conditions were partly met. The value is based on the closing price on 1 November 2023 (\$0.675) and consistent with the value reported to the Inland Revenue.
4. No Retention payment was awarded for the reporting period. See CEO Retention Plan section above.
5. LTI Share Rights allocation refers to the number of Share Rights issued in October 2024 for the 2024 financial year and remaining at risk.

Employee Remuneration

	Total remuneration paid in the 2025 financial year ¹	
	New Zealand Management	Aircrew, Engineering, Overseas and Other
100,000 - 110,000	247	563
110,000 - 120,000	207	342
120,000 - 130,000	190	283
130,000 - 140,000	211	220
140,000 - 150,000	164	204
150,000 - 160,000	127	167
160,000 - 170,000	143	184
170,000 - 180,000	106	178
180,000 - 190,000	99	160
190,000 - 200,000	72	156
200,000 - 210,000	51	171
210,000 - 220,000	49	127
220,000 - 230,000	33	114
230,000 - 240,000	22	87
240,000 - 250,000	34	81
250,000 - 260,000	18	59
260,000 - 270,000	24	68
270,000 - 280,000	9	71
280,000 - 290,000	10	55
290,000 - 300,000	9	46
300,000 - 310,000	7	42
310,000 - 320,000	8	36
320,000 - 330,000	3	39
330,000 - 340,000	6	56
340,000 - 350,000	3	38
350,000 - 360,000	4	16
360,000 - 370,000	3	25
370,000 - 380,000	5	14
380,000 - 390,000	4	26
390,000 - 400,000	1	11
400,000 - 410,000	1	15
410,000 - 420,000	2	32
420,000 - 430,000	1	30
430,000 - 440,000	2	26
440,000 - 450,000	2	15
450,000 - 460,000	2	15
460,000 - 470,000	3	14
470,000 - 480,000	1	14
480,000 - 490,000	2	5
490,000 - 500,000	1	5
500,000 - 510,000	-	2
510,000 - 520,000	1	7
520,000 - 530,000	1	9
530,000 - 540,000	1	14
540,000 - 550,000	1	11
550,000 - 560,000	-	8
560,000 - 570,000	-	4
570,000 - 580,000	-	3
580,000 - 590,000	-	3
590,000 - 600,000	-	3
600,000 - 610,000	1	3
610,000 - 620,000	1	1
620,000 - 630,000	-	4
630,000 - 640,000	-	2
640,000 - 650,000	-	2
660,000 - 670,000	-	1
670,000 - 680,000	-	1
680,000 - 690,000	-	2
690,000 - 700,000	1	4
700,000 - 710,000	-	1
710,000 - 720,000	-	4
720,000 - 730,000	-	1
760,000 - 770,000	-	1
770,000 - 780,000	-	1
790,000 - 800,000	1	-
800,000 - 810,000	-	1
810,000 - 820,000	-	1
890,000 - 900,000	1	1
900,000 - 910,000	1	-
910,000 - 920,000	1	-
1,040,000 - 1,050,000	1	-
1,050,000 - 1,060,000	2	-
1,110,000 - 1,120,000	1	-
1,140,000 - 1,150,000	1	-
1,550,000 - 1,560,000	1	-
3,600,000 - 3,610,000	1	-
Total	1,904	3,905

1. This information is provided under the Companies Act 1993, section 211.1(g). These numbers reflect total remuneration and benefits received in the financial year including base salary; short-term incentive payments for the 2024 financial year performance paid in the 2025 financial year; travel benefits; superannuation employer contributions; the value of any long-term incentives which have vested in the financial year; and any other cash payment received in the year. The Company does not include in these numbers the value of any long-term incentive rights issued in the financial year which have not vested, and therefore remain at risk.

Interests Register

No disclosures were made of interests in transactions under s140(1) of the Companies Act 1993. Directors have made general disclosures of interests in accordance with s140(2) of the Companies Act. Current interests, and those which ceased during the year, are set out below.

Dame Therese Walsh	Antarctica New Zealand (ceased on 1 May 2025) ASB Bank Limited Climate Change Commission – nomination panel Institute of Directors’ Chapter Zero – Steering Committee (ceased on 28 March 2025) On Being Bold Limited Therese Walsh Consulting Limited Wellington Homeless Women’s Trust	Director Chair Chair Chair Director and Shareholder Director and Shareholder Ambassador
Neal Barclay	Chorus Limited	Director
Claudia Batten	Michael Hill International Limited Pyper Vision Limited Serko Limited Vista Group International Limited Wonderful Investments Limited	Deputy Chair Shareholder Chair Director Director and Shareholder
Dean Bracewell	Ara Street Investments Limited Dean Bracewell Limited Freightways Limited Halberg Trust Northport Group Limited and subsidiaries Port of Tauranga Limited Property for Industry Limited	Director and Shareholder Director and Shareholder Shareholder Director Director Director Chair
Laurissa Cooney	Chapter Zero Steering Group Institute of Directors GMT Bond Issuer Limited Goodman (NZ) Limited Goodman Property Aggregated Limited Goodman Property Services (NZ) Limited Ngāi Tai ki Tāmaki Charitable Investment Trust Rabobank New Zealand The Aotearoa Circle Trust	Member Director Director Director Director Audit Committee Chair Director Trustee and Co-Chair
Larry De Shon	Nominating and Governance Committee for United Rentals International The Hartford Financial Services Group, Inc The Hartford’s Finance, Investment, Risk Management Committee United Rentals, Inc	Chair Director Chair Director
Alison Gerry	ANZ Bank of New Zealand Limited and subsidiaries Glendora Avocados Limited Glendora Holdings Limited Infratil Limited On Being Bold Limited Sharesies AU Group Limited Sharesies Financial Limited Sharesies Group Limited Sharesies Investment Management Limited Sharesies Limited Sharesies Nominee Limited	Director Director and Shareholder Director and Shareholder Chair Director and Shareholder Director Director Chair Director Director Director

There have been no interest register entries in respect of use of Company information by Directors.

Directors’ Interests in Air New Zealand Securities

Directors had relevant interests in shares as at 30 June 2025 as below:

	Interest	Shares
Dame Therese Walsh	Beneficial	650,000
Neal Barclay	Beneficial	175,394
Claudia Batten	Beneficial	64,377
Dean Bracewell ¹	Beneficial	125,000
Laurissa Cooney ²	Beneficial	146,570
Larry De Shon	Beneficial	1,002,514
Alison Gerry	Beneficial	84,393

- 1. Dean Bracewell holds his interest through an associated entity, Ara Street Investments Limited.
- 2. Laurissa Cooney has an interest in 107,570 shares through a Craigs’ KiwiSaver Scheme, and 39,000 shares personally held.

Indemnities and Insurance

Pursuant to section 162 of the Companies Act 1993 and the Constitution, Air New Zealand has entered into deeds of access, insurance and indemnity with the Directors of the Group to indemnify them to the maximum extent permitted by law, against all liabilities which they may incur in the performance of their duties as Directors of any company within the Group. Insurance cover extends to Directors and officers for the expenses of defending legal proceedings and the cost of damages incurred. Specifically excluded are proven criminal liability and fines and penalties other than those pecuniary penalties which are legally insurable. In accordance with commercial practice, the insurance contract prohibits further disclosure of the terms of the policy. All Directors who voted in favour of authorising the insurance certified that in their opinion, the cost of the insurance is fair to the Company.

Subsidiary Companies

The following people were Directors of Air New Zealand’s subsidiary companies in the financial year to 30 June 2025. These companies are New Zealand incorporated companies except where otherwise indicated.

No director of any subsidiary received beneficially any director’s fees or other benefits except as an employee.

Air Nelson Limited	Jennifer Page, Michael Williams
Air New Zealand Aircraft Holdings Limited	Jennifer Page, Baden Smith, Richard Thomson
Air New Zealand Associated Companies Limited	Jennifer Page, Leila Peters, Richard Thomson
Air New Zealand Express Limited	Jennifer Page, Richard Thomson
Air New Zealand Regional Maintenance Limited	Hamish Curson, Brendon McWilliam
ANNZES Engines Christchurch Limited	Jennifer Page, Richard Thomson
Mount Cook Airline Limited	Jennifer Page, Michael Williams
TEAL Insurance Limited	Katrina Meredith, Jennifer Page, Hannah Ringland
Air New Zealand (Australia) Pty Limited (incorporated in Australia)	Kathryn O’Brien, Jennifer Page

Other Disclosures

Donations

The Air New Zealand Group has made no donations in the financial year to 30 June 2025. No donations were made to any political party. It is Air New Zealand's policy not to make donations, in cash or in kind, or to provide free of charge travel to political parties..

Substantial product holders

The following information is provided in compliance with Section 293 of the Financial Markets Conduct Act 2013 and is stated as at 30 June 2025. The total number of listed Ordinary shares of Air New Zealand Limited at that date was 3,306,993,443.

Substantial Product Holder	Quoted voting products in the Company in which a relevant interest is held
The Sovereign in Right of New Zealand acting by and through the Minister of Finance	1,686,990,261 ordinary shares as reported in the Substantial Security Holder notice dated 30 June 2025 ¹

1. In the financial year, the Company executed a buyback programme involving on market purchases and off market settlements with the Crown pro rata to their shareholding. Those off market settlements settled on a T+3 basis, so the Crown holding as at 30 June 2025 reflects only settled transactions. On 1 July 2025, the number of shares held by the Crown was 1,686,649,747.

In 1989, the Crown issued a Notice that arises through its holding of a special rights Convertible Share, the “Kiwi Share” and the power of the Kiwi Shareholder under the Constitution. Full details of the rights pertaining to this share is set out in the Company's Constitution. The Kiwi Share does not confer any right on its holder to vote at a shareholders’ meeting unless the Kiwi Share has been converted into an Ordinary Share by its holder. The Kiwi Share is not listed on any stock exchange.

Operating Fleet Statistics

As at 30 June 2025

Boeing 777-300ER

Number: 10
Average Age: 13.3 years
Maximum Passengers: 342*
Cruising Speed: 910 km/hr
Average Daily Utilisation: 14.47 hrs



Boeing 787-9 Dreamliner

Number: 14
Average Age: 8.8 years
Maximum Passengers: 272, 275 or 302
Cruising Speed: 910 km/hr
Average Daily Utilisation: 13.24 hrs



Airbus A321neo**

Number: 13
Average Age: Short-haul: 5.5 years
Domestic: 2.1 years
Maximum Passengers: Short-haul: 214
Domestic: 217
Cruising Speed: 850 km/hr
Average Daily Utilisation: Short-haul: 9.57 hrs
Domestic: 9.23 hrs



Airbus A320neo

Number: 6
Average Age: 5.3 years
Maximum Passengers: 165
Cruising Speed: 850 km/hr
Average Daily Utilisation: 10.38 hrs



Airbus A320ceo

Number: 17
Average Age: 11.4 years
Maximum Passengers: 171
Cruising Speed: 850 km/hr
Average Daily Utilisation: 7.32 hrs



ATR 72-600

Number: 30
Average Age: 8.0 years
Maximum Passengers: 68
Cruising Speed: 518 km/hr
Average Daily Utilisation: 6.35 hrs



Bombardier Q300

Number: 23
Average Age: 18.4 years
Maximum Passengers: 50
Cruising Speed: 520 km/hr
Average Daily Utilisation: 5.24 hrs



* Short-term leased Boeing 777-300ER aircraft have either 294 or 368 seats.

** The Airbus A321neo domestic fleet has been parked for the 2025 financial year due to the continuing Pratt & Whitney PW1100 Geared Turbo Fan engine issues and lack of engine availability. One aircraft was reactivated in late June 2025 and daily utilisation numbers reflect current flying for that aircraft as at 30 June 2025.

Securities Statistics

Top Twenty Shareholders – as at 1 August 2025

Investor Name	Number of Ordinary Shares	% of Ordinary Shares
The Sovereign In Right of New Zealand, acting by and through their Minister of Finance	1,685,207,131	51.01
New Zealand Depository Nominee	208,045,778	6.30
HSBC Nominees (New Zealand) Limited	107,238,710	3.25
Citibank Nominees (NZ) Ltd	95,051,789	2.88
BNP Paribas Nominees NZ Limited Bpss40	69,644,168	2.11
HSBC Nominees (New Zealand) Limited	64,066,614	1.94
JPMORGAN Chase Bank	54,202,743	1.64
Citicorp Nominees Pty Limited	51,423,728	1.56
BNP Paribas Nominees NZ Limited	39,996,998	1.21
Accident Compensation Corporation	28,926,567	0.88
HSBC Custody Nominees (Australia) Limited	24,291,693	0.74
J P Morgan Nominees Australia Pty Limited	23,788,800	0.72
Public Trust	21,920,908	0.66
Tea Custodians Limited	20,021,553	0.61
Private Nominees Limited	13,247,024	0.40
Custodial Services Limited	12,612,270	0.38
BNP Paribas Nominees Pty Ltd	10,655,928	0.32
FNZ Custodians Limited	7,454,345	0.23
BNP Paribas Noms Pty Ltd	7,443,740	0.23
BNP Paribas Nominees (NZ) Limited	7,334,718	0.22
Total	2,552,575,205	77.29

Shareholder Statistics – as at 1 August 2025

Size of Holding	Investors ¹	% Investors	Shares	% Issued
1-1,000	16,661	35.51	7,463,108	0.23
1,001-5,000	14,253	30.38	36,209,322	1.10
5,001-10,000	5,515	11.76	41,222,327	1.25
10,001-50,000	7,895	16.83	177,646,747	5.38
50,001-100,000	1,347	2.87	96,361,938	2.92
100,001 and Over	1,242	2.65	2,944,921,258	89.12
Total	46,913	100.00	3,303,824,700	100.00

Top Twenty Bondholders – as at 1 August 2025

Investor Name	Number of Bonds	% of Bonds
Forsyth Barr Custodians Limited	41,610,000	41.61
FNZ Custodians Limited	6,463,000	6.46
HSBC Nominees (New Zealand) Limited	4,830,000	4.83
Investment Custodial Services Limited	4,191,000	4.19
BNP Paribas Nominees NZ Limited Bpss40	3,923,000	3.92
Private Nominees Limited	2,942,000	2.94
JPMORGAN Chase Bank	2,467,000	2.47
Mt Nominees Limited	2,070,000	2.07
Forsyth Barr Custodians Limited	1,723,000	1.72
JBWERE (NZ) Nominees Limited	1,714,000	1.71
Forsyth Barr Custodians Limited	1,542,000	1.54
Custodial Services Limited	1,522,000	1.52
Pin Twenty Limited	793,000	0.79
HSBC Nominees (New Zealand) Limited	661,000	0.66
Forsyth Barr Custodians Limited	465,000	0.47
Adminis Custodial Nominees Limited	452,000	0.45
Citibank Nominees (NZ) Ltd	408,000	0.41
I J Investments Limited	400,000	0.40
Malaghan Institute of Medical Research Trust Board	400,000	0.40
JBWERE (NZ) Nominees Limited	300,000	0.30
Total	78,876,000	78.88

Bondholder Statistics – as at 1 August 2025

Size of Holding	Holders	% Holders	Bonds	% Issued
1-1,000	-	-	-	-
1,001-5,000	56	8.60	280,000	0.28
5,001-10,000	135	20.74	1,263,000	1.26
10,001-50,000	357	54.84	9,647,000	9.65
50,001-100,000	56	8.60	4,237,000	4.24
100,001 and Over	47	7.22	84,573,000	84.57
Total	651	100.00	100,000,000	100.00

On-market Share Buybacks

In 2025, Air New Zealand commenced a share buyback programme of up to \$100 million, reflecting the Board’s confidence in the Company’s long-term strategy and capital position. The buyback is being undertaken in accordance with relevant NZX and ASX listing rules and within parameters set by the Board, and includes both an on-market component and an off-market component in order to maintain the Crown’s shareholding. The purpose of the programme is to return surplus capital to shareholders while maintaining flexibility to support future growth and investment opportunities.

1.The above investor numbers relate to the number of shareholdings held directly on the register. As such it does not include the number of underlying beneficial owners within Custodial or Institutional accounts.

General Information

Stock Exchange Listings

NZX Debt Market (ticker code AIR030).

Air New Zealand's Ordinary Shares are listed on ASX (ticker code AIZ) as a Foreign Exempt Listing. The Foreign Exempt Listing means that Air New Zealand is expected to comply primarily with the Listing Rules of the NZX Main Board (being the rules of its home exchange) and is exempt from complying with most of ASX's Listing Rules.

Neither NZX nor ASX has taken any disciplinary action against the Company during the financial year ended 30 June 2025. In particular there was no other exercise of powers by NZX under NZX Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to Air New Zealand during the reporting period.

On 20 July 2017, Air New Zealand launched a sponsored Level 1 American Depositary Receipt (ADR) programme. Air New Zealand's American Depositary Shares, each representing five Ordinary Air New Zealand shares and evidenced by ADRs, are traded over-the-counter in the United States (ticker code ANZLY).

Place of Incorporation

New Zealand

In New Zealand, the Company's Ordinary Shares are listed with a "non-standard" (NS) designation. This is due to particular provisions of the Company's Constitution, including the rights attaching to the Kiwi Share¹ held by the Crown and requirements regulating ownership and transfer of Ordinary Shares.

New Zealand Exchange

Waivers:

Waivers from the NZX Listing Rules granted to the Company or relied upon by the Company during the financial year ended 30 June 2025 may be found at www.airnz.co.nz/nzx-waivers.

Compliance with Listing Rules:

For the purposes of ASX Listing Rule 1.15.3, Air New Zealand Limited confirms the Company continues to comply with the NZX Listing Rules.

Directors' Statement

The directors of Air New Zealand Limited are pleased to present to shareholders the Annual Report and financial statements for Air New Zealand and its controlled entities (together the "Group") for the year to 30 June 2025.

The directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 30 June 2025 and the results of the Group's operations and cash flows for the year ended on that date.

The directors consider the financial statements of the Group have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept in accordance with the requirements of the Financial Markets Conduct Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

This Annual Report is signed on behalf of the Board by:



Dame Therese Walsh
Chair
28 August 2025



Alison Gerry
Director

1. In 1989, the Crown issued a Notice that arises through its holding of a special rights Convertible Share, the "Kiwi Share" and the power of the Kiwi Shareholder under the Constitution. Full details of the rights pertaining to this share is set out in the Company's Constitution. The Kiwi Share does not confer any right on its holder to vote at a shareholders' meeting unless the Kiwi Share has been converted into an Ordinary Share by its holder. The Kiwi Share is not listed on any stock exchange.



Our Consolidated Financial Statements

Statement of Financial Performance

For the year ended 30 June 2025

	NOTES	2025 \$M	2024 \$M
Operating revenue			
Passenger revenue		5,851	5,942
Cargo		487	459
Contract services		61	89
Other revenue and income	1	356	262
	1	6,755	6,752
Operating expenditure			
Labour		(1,707)	(1,629)
Fuel	1	(1,484)	(1,692)
Maintenance	1	(602)	(481)
Aircraft operations		(878)	(812)
Passenger services		(425)	(403)
Sales and marketing		(328)	(324)
Foreign exchange gains/(losses)		25	(3)
Other expenses	1	(430)	(467)
	2	(5,829)	(5,811)
Operating earnings (excluding items below)		926	941
Depreciation and amortisation	1	(727)	(716)
Earnings before finance costs, associates and taxation		199	225
Finance income		101	153
Finance costs	1	(149)	(186)
Share of earnings of associates (net of taxation)	12	38	30
Earnings before taxation		189	222
Taxation expense	3	(63)	(76)
Net profit attributable to shareholders of parent company		126	146
Per share information:			
Basic earnings per share (cents)	4	3.8	4.3
Diluted earnings per share (cents)	4	3.7	4.3
Dividends declared per share for the financial year (cents)	18	2.5	3.5

Statement of Comprehensive Income

For the year ended 30 June 2025

	NOTES	2025 \$M	2024 \$M
Net profit for the year		126	146
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Actuarial losses on defined benefit plans		(2)	(3)
Taxation on above reserve movements		1	1
Total items that will not be reclassified to profit or loss		(1)	(2)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges	24	(50)	98
Transfers to net profit from cash flow hedge reserve	24	(8)	(33)
Transfers to asset carrying value from cash flow hedge reserve	24	(3)	(5)
Changes in costs of hedging reserve	24	(26)	15
Taxation on above reserve movements		24	(21)
Total items that may be reclassified subsequently to profit or loss		(63)	54
Total other comprehensive (loss)/income for the year, net of taxation		(64)	52
Total comprehensive income for the year, attributable to shareholders of the parent company		62	198

Statement of Changes in Equity

For the year ended 30 June 2025

	NOTES	SHARE CAPITAL \$M	HEDGE RESERVES \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	GENERAL RESERVES \$M	TOTAL EQUITY \$M
Balance as at 1 July 2024		3,379	(5)	(9)	(1,355)	2,010
Net profit for the year		-	-	-	126	126
Other comprehensive loss for the year		-	(63)	-	(1)	(64)
Total comprehensive income for the year		-	(63)	-	125	62
Transactions with owners:						
Equity-settled share-based payments (net of taxation)	19	8	-	-	-	8
Equity settlements of staff share award obligations	19	(3)	-	-	-	(3)
Acquisition of own shares	19	(38)	-	-	-	(38)
Dividends on Ordinary Shares	18	-	-	-	(93)	(93)
Total transactions with owners		(33)	-	-	(93)	(126)
Balance as at 30 June 2025		3,346	(68)	(9)	(1,323)	1,946

	NOTES	SHARE CAPITAL \$M	HEDGE RESERVES \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	GENERAL RESERVES \$M	TOTAL EQUITY \$M
Balance as at 1 July 2023		3,377	(59)	(9)	(1,230)	2,079
Net profit for the year		-	-	-	146	146
Other comprehensive income for the year		-	54	-	(2)	52
Total comprehensive income for the year		-	54	-	144	198
Transactions with owners:						
Equity-settled share-based payments (net of taxation)	19	7	-	-	-	7
Equity settlements of staff share award obligations	19	(5)	-	-	-	(5)
Dividends on Ordinary Shares	18	-	-	-	(269)	(269)
Total transactions with owners		2	-	-	(269)	(267)
Balance as at 30 June 2024		3,379	(5)	(9)	(1,355)	2,010

Statement of Financial Position

As at 30 June 2025

	NOTES	2025 \$M	2024 \$M
Current assets			
Bank and short-term deposits	5	1,436	1,279
Trade and other receivables	6	441	538
Inventories	7	165	131
Derivative financial assets	24	55	88
Intangible assets	11	35	40
Income taxation		28	28
Interest-bearing assets	8	155	326
Other assets		15	10
Total current assets		2,330	2,440
Non-current assets			
Trade and other receivables	6	45	33
Property, plant and equipment	9	4,225	3,608
Right-of-use assets	10	1,467	1,520
Intangible assets	11	178	188
Investments in other entities	12	240	205
Derivative financial assets	24	60	92
Interest-bearing assets	8	180	454
Other assets		6	8
Total non-current assets		6,401	6,108
Total assets		8,731	8,548
Current liabilities			
Trade and other payables		1,002	849
Revenue in advance	13	1,805	1,831
Interest-bearing liabilities	14	512	157
Lease liabilities	15	287	331
Derivative financial liabilities	24	109	76
Provisions	16	44	53
Income taxation		6	7
Other liabilities	17	314	295
Total current liabilities		4,079	3,599
Non-current liabilities			
Trade and other payables		10	-
Revenue in advance	13	222	220
Interest-bearing liabilities	14	765	1,236
Lease liabilities	15	1,274	1,092
Derivative financial liabilities	24	61	101
Provisions	16	218	174
Deferred taxation	3	119	81
Other liabilities	17	37	35
Total non-current liabilities		2,706	2,939
Total liabilities		6,785	6,538
Net assets		1,946	2,010
Equity			
Share capital	19	3,346	3,379
Reserves	20	(1,400)	(1,369)
Total equity		1,946	2,010

CT Walsh

Dame Therese Walsh
Chair

For and on behalf of the Board, 28 August 2025

A. R. Gerry

Alison Gerry
Director

Statement of Cash Flows

For the year ended 30 June 2025

	NOTES	2025 \$M	2024 \$M
Cash flows from operating activities			
Receipts from customers		6,731	6,512
Receipts from suppliers		39	-
Payments to suppliers and employees		(5,779)	(5,653)
Income tax paid		(1)	(26)
Interest paid		(154)	(179)
Interest received		104	156
Net cash flow from operating activities	5	940	810
Cash flows used in investing activities			
Disposal of property, plant and equipment, intangibles and assets held for sale		194	3
Distribution from associates	12, 26	-	12
Acquisition of property, plant and equipment, right-of-use assets and intangibles		(780)	(791)
Interest-bearing assets		467	(47)
Investment in other entities		-	1
Net cash flow used in investing activities		(119)	(822)
Cash flows used in financing activities			
Cash paid on acquisition of own shares	19	(38)	-
Rollover of foreign exchange contracts*		6	(14)
Equity settlements of staff share award obligations	19	(3)	(5)
Interest-bearing liabilities payments		(164)	(265)
Lease liabilities payments	15	(372)	(376)
Dividends on Ordinary Shares	18	(93)	(276)
Net cash flow used in financing activities		(664)	(936)
Increase/(decrease) in cash and cash equivalents		157	(948)
Cash and cash equivalents at the beginning of the year		1,279	2,227
Cash and cash equivalents at the end of the year	5	1,436	1,279

* Relates to gains/(losses) on rollover of foreign exchange contracts that hedge exposures in other financial periods.

Statement of Accounting Policies

For the year ended 30 June 2025

Reporting entity

The consolidated financial statements ('financial statements') presented are for the parent company Air New Zealand Limited ('the Company') and its subsidiaries (together referred to as 'the Group' or 'Air New Zealand'), and the Group's interest in associates.
Air New Zealand's primary business is the transportation of passengers and cargo on scheduled airline services.

Statutory base

Air New Zealand is a profit-oriented entity that is domiciled in New Zealand. The Company is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) and has bonds listed on the NZX debt market. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

Basis of preparation

The Group prepares its financial statements in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). NZ GAAP consists of New Zealand equivalents to IFRS Accounting Standards ('NZ IFRS') and other applicable financial reporting standards as appropriate to profit-oriented entities. These financial statements comply with NZ IFRS and International Financial Reporting Standards ('IFRS' or 'IFRS Accounting Standards').
The financial statements were approved by the Board of Directors on 28 August 2025.


Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of certain items as identified in specific accounting policies and are presented in New Zealand Dollars, which is the functional currency.

Use of accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgements, estimates and associated assumptions are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results in the future may differ from judgements and estimates upon which financial information has been prepared. These underlying assumptions are reviewed on an ongoing basis.
Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed within the specific accounting policy or note as shown below:

Area of estimate or judgement	Note
Revenue in advance	Note 1 Revenue Recognition and Segmental Information Note 13 Revenue in Advance
Aircraft lease return provisions	Note 16 Provisions
Estimated recoverable amount of non-financial assets	Note 9 Property, Plant and Equipment Note 10 Right-of-Use Assets
Residual values and useful lives of aircraft related assets	Note 9 Property, Plant and Equipment Note 10 Right-of-Use Assets
Taxation	Note 3 Taxation

Significant estimates and judgements are designated by an  symbol in the notes to the financial statements.

Statement of Accounting Policies (continued)

For the year ended 30 June 2025

Impact of climate change on financial reporting

Air New Zealand recognises that climate change presents a significant issue for the aviation industry and is committed to working towards net zero carbon emissions by 2050. The 2050 target was announced by the Group in 2020 and aligns with the aviation industry’s collective 2050 target via the International Air Transport Association (IATA).


In May 2025, Air New Zealand published its first 2030 Emissions Guidance, announcing that the airline expects to reduce net “Well-to-Wake” greenhouse gas emissions from jet fuel by 20 to 25 percent by 2030, from a 2019 baseline. The new 2030 Emissions Guidance aims to provide a regular and transparent assessment of Air New Zealand’s short-term decarbonisation progress.

The following initiatives are expected to contribute to Air New Zealand’s progress towards its 2050 target:

- Sustainable aviation fuel – increasing use as global uplift requirements, supply and affordability scale.
- Fleet and network optimisation (including adoption of next-generation aircraft) – implementing the airline’s fleet and network plan, including continued fleet renewal to replace older aircraft with more fuel-efficient aircraft and adopting next-generation aircraft when that technology becomes commercially available.
- Operational efficiency improvements – improving fuel efficiency through technology and best practice.
- Carbon credits – using carbon credits to address residual emissions in 2050.

In preparing the financial statements, management considers climate-related risks, particularly in relation to financial reporting judgements and estimates, where these could potentially impact reported amounts materially. The areas in which climate-related risks have been assessed in the 2025 financial year are disclosed within Note 3 – Taxation, Note 9 – Property, Plant and Equipment and Note 10 – Right-of-Use Assets.

Material accounting policy information

Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated by a  symbol.

The material accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented, except as detailed below.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current period.

New accounting standards, amendments and interpretations adopted during the year

There were no new accounting standards, interpretations or amendments that had a material impact on these financial statements.

New and Revised IFRSs, Narrow Scope Amendments to IFRSs and IFRS Interpretations not yet Effective

Certain pronouncements have been issued that are mandatory for accounting periods beginning after 30 June 2025. Management is still evaluating and does not expect any such pronouncements to have a significant impact on the financial statements upon adoption, other than on the presentation of the financial statements.

The material accounting policies that are pervasive throughout the financial statements are set out below. Other material accounting policies that are specific to certain transactions or balances are set out within the particular note to which they relate.

Basis of consolidation

The consolidated financial statements include those of Air New Zealand Limited and its subsidiaries, accounted for using the acquisition method, and the results of its associates accounted for using the equity method.

All material intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates.

Where a business combination is achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Statement of Financial Performance.

Statement of Accounting Policies (continued)

For the year ended 30 June 2025

Foreign currency translation

Functional currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’).

Transactions and balances

Foreign currency transactions are converted into the relevant functional currency using exchange rates approximating those at transaction date. Monetary assets and liabilities denominated in foreign currencies at balance date are translated at the exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange gains or losses are recognised in the Statement of Financial Performance, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities are translated at the closing rate at the reporting date;
- (b) income and expenses are translated at exchange rates approximating those at transaction date; and
- (c) all resulting exchange differences are recognised as a separate component of equity and in Other Comprehensive Income (within Foreign Currency Translation Reserve).

Exchange differences arising from the translation of borrowings and other currency instruments designated as hedges of investments in foreign entities, are taken to equity within Foreign Currency Translation Reserve.

Impairment

Non-financial assets are reviewed at each reporting date to determine whether there are any indicators that the carrying amount may not be recoverable. If any such indicators exist, the asset’s recoverable amount is estimated. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the Statement of Financial Performance for the amount by which the asset’s carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

The carrying value of financial assets is assessed at each reporting date to determine whether there is any objective evidence of impairment. Where necessary, provisions are recognised for expected credit losses based on 12-month or lifetime losses, depending whether there has been a significant increase in credit risk since initial recognition. Reasonable and supportable information that is relevant and available without undue cost or effort is considered in performing the assessment. This includes both quantitative and qualitative information, based on Air New Zealand’s historical experience and informed credit assessment, including forward-looking information.

Notes to the Financial Statements

For the year ended 30 June 2025

1. Revenue Recognition and Segmental Information



Revenue is recognised to the extent that it is probable that the economic benefits will flow to Air New Zealand and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable. Specific accounting policies are as follows:



Passenger and cargo revenue

Passenger and cargo sales revenue is recognised in revenue in advance at the fair value of the consideration received and allocated to each flight sector based on industry agreements. Amounts for each sector of the ticket are transferred to revenue in the Statement of Financial Performance when the actual carriage is performed. Unused tickets and passenger credits are recognised as revenue using estimates regarding the timing of recognition based on the terms and conditions of the ticket or credit, and historical trends.

Air New Zealand operates various code share and alliance arrangements. Revenue under these arrangements is recognised when the carriage is performed or otherwise, when all relevant contractual commitments are fulfilled.

Where one or more sectors are operated by another carrier the amount of the consideration received from the customer less any amount payable to the other carrier is recognised in revenue on a net basis unless Air New Zealand has primary responsibility for providing the service. Where Air New Zealand has primary responsibility for providing the service, the amounts are recognised gross within revenue and expenses.

Government grants that provide financial support to maintain certain transportation services are recognised within revenue in the Statement of Financial Performance when the service is provided and the grant conditions are satisfied.

Loyalty programmes

Revenue associated with the award of Airpoints Dollars™ to Airpoints™ members as part of the initial sales transaction is determined by reference to the relative standalone selling price. This revenue, as well as consideration received in respect of sales of Airpoints Dollars™ to third-parties, is deferred to revenue in advance (net of estimated expiry) until such time as the Airpoints™ member has redeemed their points or the points have expired. The estimate of expiry is based upon historical experience, assessments of changes in customer behaviour and availability of redemption opportunities and is recognised in net passenger revenue in proportion to the pattern of rights exercised by the customer.

Contract services revenue

Where contract related services are performed over a contractually agreed period, revenue is recognised when the performance obligation is satisfied. Other contract related revenue is recognised as services are performed.

Other revenue and income

Other revenue includes lounge revenue, commissions and fees and is recognised at the time the service is provided. Koru membership subscriptions are recognised as the performance obligation is satisfied, typically on a straight line basis over the membership period. Claims or liquidated damages in relation to loss of earnings or income are recognised within other income in the Statement of Financial Performance when a contractual entitlement exists.

Finance income

Interest revenue from investments and fixed deposits is recognised as it accrues, using the effective interest method where appropriate.

Segmental information

Air New Zealand operates predominantly in one segment, its primary business being the transportation of passengers and cargo on an integrated network of scheduled airline services to, from and within New Zealand. Resource allocation decisions across the network are made to optimise the consolidated Group's financial result.

	2025 \$M	2024 \$M
Analysis of revenue by geographical region of original sale		
New Zealand	4,140	4,120
Australia and Pacific Islands	809	770
Asia, United Kingdom and Europe	931	903
America	875	959
Total operating revenue	6,755	6,752

The principal non-current assets of the Group are the aircraft fleet which is registered in New Zealand and employed across the worldwide network. Accordingly, there is no reasonable basis for allocating the assets to geographical segments.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

1. Revenue Recognition and Segmental Information (continued)

Compensation received from manufacturers

Air New Zealand has entered into confidential agreements with several manufacturers to compensate for the impact of engine shortages on the business. Compensation related to the agreements has been recognised in the Statement of Financial Performance within the following financial statement lines:

	2025 \$M	2024 \$M
Other revenue and income	104	12
Fuel	2	2
Maintenance	3	3
Other expenses	3	-
Depreciation and amortisation	16	15
Finance costs	1	1
Total compensation received from manufacturers	129	33

In September 2024, Air New Zealand entered into a confidential compensation agreement with a supplier in connection with the negative financial impact to Air New Zealand as a result of aircraft delivery delays. The compensation is conditional on delivery of the delayed aircraft and will be accounted for as a reduction to the cost value of the future aircraft deliveries, which will reduce future depreciation expense associated with these aircraft. Accordingly, no financial impacts of the agreement are recognised in these financial statements.

2. Expenses

Additional information in respect of expenses included within the Statement of Financial Performance is as follows:

	2025 \$M	2024 \$M
Superannuation expense	71	66

Remuneration to auditors

	2025 \$000	2024 \$000
Audit and review of financial statements	1,429	1,382
Other assurance services and other agreed-upon procedures engagements		
Student fee protection	6	6
Passenger facility charge	57	-
Greenhouse gas emissions	62	132
Other services		
Climate-related disclosures assurance readiness	78	56
Other services*	14	14
	1,646	1,590

* Other services relate to administrative and other advisory services for the Corporate Taxpayer Group of which Air New Zealand, alongside a number of organisations, is a member.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3. Taxation



Current and deferred taxation are calculated on the basis of tax rates enacted or substantively enacted at reporting date, and are recognised in the Statement of Financial Performance except when the tax relates to items charged or credited to other comprehensive income, in which case the tax is also recognised in other comprehensive income.

Deferred income taxation is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and unused tax losses are only recognised to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences and losses.



Judgements are required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of current and deferred tax assets and liabilities recognised in the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Financial Performance. Assumptions underlying the forecast of future taxable income that supports the recoverability of deferred tax assets consider the financial impacts of Air New Zealand’s decarbonisation strategy.

	2025 \$M	2024 \$M
Deferred taxation expense		
Origination of temporary differences	7	25
Unused tax losses	(70)	(101)
	(63)	(76)
Total taxation expense recognised in earnings	(63)	(76)
Reconciliation of effective tax rate		
Earnings before taxation	189	222
Taxation at 28%	(53)	(62)
Adjustments		
Non-deductible expenses	(2)	(4)
Non-taxable income	1	1
Over/(under) provided in prior periods	1	(1)
Foreign tax paid	-	(1)
Changes in tax depreciation on building assets	(10)	(9)
Taxation expense	(63)	(76)

The Group has \$3 million of imputation credits as at 30 June 2025 (30 June 2024: \$3 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

3. Taxation (continued)

Deferred taxation

	2025 \$M	2024 \$M
Movement during the year:		
Opening deferred taxation liability/(asset)	81	(8)
Taxation expense	63	76
Amounts recognised directly in equity reserves	(25)	20
Foreign investor tax credit carried forward	-	(7)
Closing deferred taxation liability	119	81
Comprised of:		
Non-aircraft assets	(16)	(17)
Aircraft assets	243	225
Right-of-use assets	153	122
Lease liabilities	(79)	(24)
Provisions and accruals	(74)	(71)
Financial instruments	(31)	(7)
Pension obligations	(1)	(1)
Equity settlement	(1)	(1)
Unused tax losses/tax credits	(75)	(145)
	119	81

Deferred tax assets and liabilities are offset on the face of the Statement of Financial Position where they relate to entities within the same taxation authority.

The Group is carrying forward \$243 million of tax losses (30 June 2024: \$493 million) that are available indefinitely for offsetting against future taxable income. A deferred tax asset of \$68 million (30 June 2024: \$138 million) has been recognised in respect of these losses as there are taxable temporary differences against which the tax losses can be offset. In addition Air New Zealand is carrying forward \$7 million of Foreign Investor Tax Credits (30 June 2024: \$7 million).

The Organisation of Economic Co-operation and Development’s (OECD’s) Pillar Two rules were introduced into New Zealand law by the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Act 2024. The rules will be effective from Air New Zealand’s 2026 financial year. It is not expected that there will be any significant impact on Air New Zealand.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

4. Earnings Per Share



Basic earnings per share is calculated by dividing the profit/(loss) attributable to shareholders of the Parent by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

	2025 \$M	2024 \$M
Earnings for the purpose of basic and diluted earnings per share:		
Net profit attributable to shareholders	126	146
Weighted average number of shares (in millions of shares)		
Weighted average number of Ordinary Shares for basic earnings per share	3,358	3,368
Effect of dilutive ordinary shares:		
- Share rights	9	1
Weighted average number of Ordinary Shares for diluted earnings per share	3,367	3,369
Basic earnings per share	3.8	4.3
Diluted earnings per share	3.7	4.3

5. Cash and Cash Equivalents



Cash and cash equivalents include cash on hand, demand deposits, current accounts in banks net of overdrafts and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash flows are included in the Statement of Cash Flows net of Goods and Services Tax.

Cash and cash equivalents, as stated in the Statement of Cash Flows, are reconciled to the “Bank and short-term deposits” balance in the Statement of Financial Position as follows:

	2025 \$M	2024 \$M
Cash balances	91	141
Short-term deposits and short-term bills	1,345	1,138
Total cash and cash equivalents	1,436	1,279
Reconciliation of net profit attributable to shareholders to net cash flows from operating activities:		
Net profit attributable to shareholders	126	146
Plus/(less) non-cash items:		
Depreciation and amortisation	727	716
Net loss on disposal on disposal of property, plant and equipment, intangibles and assets held for sale	7	12
Fair value adjustments on investments held at fair value through profit or loss	-	3
Share of earnings of associates	(38)	(30)
Movements on fuel derivatives	(2)	9
Foreign exchange losses	34	26
Other non-cash items	7	7
	861	889
Net working capital movements:		
Assets	17	(73)
Revenue in advance	(24)	(184)
Liabilities	86	178
	79	(79)
Net cash flow from operating activities	940	810

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

6. Trade and Other Receivables



Trade and other receivables are recognised at cost less any provision for lifetime expected credit losses. Bad debts are written-off when they are considered to have become uncollectable.

	2025 \$M	2024 \$M
Current		
Trade and other receivables	364	457
Prepayments	77	81
	441	538
Non-current		
Prepayments	45	33
	45	33

Expected credit loss provisions of \$3 million were recognised as at 30 June 2025 (30 June 2024: \$2 million).

7. Inventories



Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

	2025 \$M	2024 \$M
Engineering expendables	132	97
Consumable stores	33	34
	165	131
Held at cost	149	117
Held initially at cost	66	61
Less provision for inventory obsolescence	(50)	(47)
Held at net realisable value	16	14
	165	131

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

8. Interest-bearing Assets

	Interest-bearing assets	
	Interest-bearing assets are measured at amortised cost using the effective interest method, less any impairment.	
	2025 \$M	2024 \$M
Current		
Interest-bearing assets	155	326
	155	326
Non-current		
Interest-bearing assets	180	454
	180	454

Interest-bearing assets include fixed rate Term Deposits and floating rate Certificates of Deposit that have been provided as security over credit card obligations incurred by Air New Zealand, and standby letters of credit and other financial guarantees issued by a financial institution on Air New Zealand’s behalf to third-parties. Certain deposits are subject to offsetting under a security deed and remain in force until specifically released by the secured party. In addition, the Group holds Euro denominated fixed rate deposits that mature between September 2030 and September 2031 held as part of aircraft financing arrangements. Fixed interest rates in the year to 30 June 2025 were between 3.1% and 6.5% per annum (30 June 2024: 3.1% to 6.5% per annum).

The fair value of interest-bearing assets as at 30 June 2025 was \$341 million (30 June 2024: \$783 million) and is calculated based on the present value of future principal and interest cash inflows, discounted at the market rate of interest of similar assets at the reporting date. This is a Level 2 measurement as per the fair value hierarchy in NZ IFRS 13 – Fair Value Measurement.

9. Property, Plant and Equipment

Owned assets	
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and in bringing the asset to the location and working condition for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.	
Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for separately. A portion of the cost of an acquired aircraft is attributed to its service potential (reflecting the maintenance condition of its engines) and is depreciated over the shorter of the period to the next major inspection event, overhaul, or the remaining life of the asset. The cost of major engine overhauls for aircraft owned by the Group is capitalised and depreciated over the period to the next expected inspection or overhaul.	
Capital work in progress includes the cost of materials, services, labour and direct production overheads.	
Manufacturing credits	
Where the Group receives credits and other contributions from manufacturers in connection with the acquisition of certain aircraft and engines, these are either recorded as a reduction to the cost of the related aircraft and engines, or offset against the associated operating expense, according to the reason for which they were received.	
Depreciation	
Depreciation is calculated to write down the cost of assets on a straight line basis to an estimated residual value over their economic lives as follows:	
Airframes	18 – 30 years
Engines	5 – 17 years
Engine overhauls	period to next overhaul
Aircraft specific plant and equipment (including simulators and spares)	10 – 21 years
Buildings	50 – 100 years
Non-aircraft specific leasehold improvements, plant, equipment, furniture and vehicles	2 – 10 years

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

9. Property, Plant and Equipment (continued)

	AIRFRAMES, ENGINES AND SIMULATORS \$M	SPARES \$M	PLANT AND EQUIPMENT \$M	LAND AND BUILDINGS \$M	CAPITAL WORK IN PROGRESS \$M	TOTAL \$M
2025						
Carrying value as at 1 July 2024	2,952	109	116	157	274	3,608
Additions	564	47	3	-	398	1,012
Disposals	(183)	(10)	-	-	-	(193)
Depreciation	(306)	(14)	(30)	(26)	-	(376)
Transfers of capital work in progress	99	-	32	22	(153)	-
Transfers from right-of-use assets	174	-	-	-	-	174
Carrying value as at 30 June 2025	3,300	132	121	153	519	4,225
Represented by:						
Cost	5,867	231	576	584	519	7,777
Accumulated depreciation and impairment	(2,567)	(99)	(455)	(431)	-	(3,552)
Carrying value as at 30 June 2025	3,300	132	121	153	519	4,225
2024						
Cost	4,744	174	511	554	172	6,155
Accumulated depreciation and impairment	(2,026)	(81)	(406)	(381)	-	(2,894)
Carrying value as at 1 July 2023	2,718	93	105	173	172	3,261
Additions	478	37	5	3	192	715
Disposals	(48)	(8)	-	-	(7)	(63)
Depreciation	(300)	(13)	(28)	(31)	-	(372)
Transfers of capital work in progress	37	-	34	12	(83)	-
Transfers from right-of-use assets	67	-	-	-	-	67
Carrying value as at 30 June 2024	2,952	109	116	157	274	3,608
Represented by:						
Cost	5,207	198	547	568	274	6,794
Accumulated depreciation and impairment	(2,255)	(89)	(431)	(411)	-	(3,186)
Carrying value as at 30 June 2024	2,952	109	116	157	274	3,608

	2025 \$M	2024 \$M
Airframes, engines and simulators comprise:		
Owned airframes, engines and simulators	2,963	2,714
Progress payments	337	238
	3,300	2,952
Land and buildings comprise:		
Leasehold properties	144	147
Freehold properties	9	10
	153	157

Certain aircraft and aircraft related assets with a carrying value of \$1,365 million as at 30 June 2025 are pledged as specific security over secured borrowings (30 June 2024: \$1,329 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

9. Property, Plant and Equipment (continued)



Impairment

Assets are required to be carried at no more than their recoverable amount either through use or sale of the asset. No indicators of impairment were identified in the current or prior year that required a formal impairment test to be undertaken.

Fleet

The recoverability of aircraft assets was supported by the market values, which were higher than the carrying values. A value-in-use model was not required to be prepared in either the 2025 or 2024 financial years as no indicators of impairment were identified.

Residual values and useful lives

Estimates and judgements are applied by management to determine the expected useful lives of aircraft related assets. The useful lives are determined based on the expected service potential of the asset and lease term for leasehold improvements. The residual value, at the expected date of disposal, is estimated by reference to external projected values and is influenced by external changes to economic conditions, demand, competition and new technology. Residual values are denominated in United States dollars and are therefore sensitive to exchange fluctuations as well as movements in projected values. The impact of decarbonisation and climate-related risks on the Group’s aircraft-related assets has also been considered when assessing residual values and useful lives.

Residual values and useful lives are reviewed each year to ensure they remain appropriate. During the year ended 30 June 2025 the residual values of the aircraft were reassessed and depreciation expense was decreased by \$22 million (30 June 2024: decreased by \$4 million).

10. Right-of-Use Assets



Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group is likely to exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

	AIRFRAME AND ENGINES WITH PURCHASE OPTION* \$M	AIRFRAME AND ENGINES WITH NO PURCHASE OPTION \$M	LAND AND BUILDINGS \$M	TOTAL \$M
2025				
Carrying value as at 1 July 2024	846	378	296	1,520
Additions	28	382	41	451
Disposals	-	(21)	-	(21)
Depreciation	(89)	(162)	(58)	(309)
Transfers to property, plant and equipment	(174)	-	-	(174)
Carrying value as at 30 June 2025	611	577	279	1,467
Represented by:				
Cost	1,330	1,280	582	3,192
Accumulated depreciation and impairment	(719)	(703)	(303)	(1,725)
Carrying value as at 30 June 2025	611	577	279	1,467

* Airframes and engines where a purchase option is assessed as reasonably certain to be exercised.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

10. Right-of-Use Assets (continued)

	AIRFRAME AND ENGINES WITH PURCHASE OPTION* \$M	AIRFRAME AND ENGINES WITH NO PURCHASE OPTION \$M	LAND AND BUILDINGS \$M	TOTAL \$M
2024				
Cost	1,978	940	465	3,383
Accumulated depreciation and impairment	(991)	(514)	(191)	(1,696)
Carrying value as at 1 July 2023	987	426	274	1,687
Additions	54	77	79	210
Disposals	(6)	-	-	(6)
Depreciation	(122)	(125)	(57)	(304)
Transfers to property, plant and equipment	(67)	-	-	(67)
Carrying value as at 30 June 2024	846	378	296	1,520
Represented by:				
Cost	1,864	1,017	542	3,423
Accumulated depreciation and impairment	(1,018)	(639)	(246)	(1,903)
Carrying value as at 30 June 2024	846	378	296	1,520

* Airframes and engines where a purchase option is assessed as reasonably certain to be exercised.

Certain aircraft and aircraft related assets with a carrying value of \$600 million as at 30 June 2025 (30 June 2024: \$839 million) are pledged as security over lease liabilities.



Residual values and useful lives

Estimates and judgements are applied by management to determine the expected useful lives of aircraft related assets. The useful lives are determined based on the expected service potential of the asset and lease term. The residual value, at the expected date of disposal, is estimated by reference to external projected values and are influenced by external changes to economic conditions, demand, competition and new technology. Residual values are denominated in United States dollars and are therefore sensitive to exchange fluctuations as well as movements in projected values. The impact of decarbonisation and climate-related risks on the Group’s leased assets has been considered when assessing residual values and useful lives.

Residual values and useful lives are reviewed each year to ensure they remain appropriate. During the year ended 30 June 2025 the residual values of the aircraft were reassessed and depreciation expense was decreased by \$8 million (30 June 2024: decreased by \$6 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

11. Intangible Assets



Computer software acquired, which is not an integral part of a related hardware item, is recognised as an intangible asset. The costs incurred internally in developing computer software are also recognised as intangible assets where Air New Zealand has a legal right to use the software and the ability to obtain future economic benefits from that software. Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Cloud based software as a service arrangements are recognised as an asset where Air New Zealand has the right to use and the ability to control and obtain future economic benefits. These assets have a finite life and are amortised on a straight-line basis over their estimated useful lives of two to ten years.

Carbon credit units are recognised at cost less accumulated impairment losses. The assets are based on a first-in, first-out cost method. Carbon credits are classified as current assets where they are expected to be used to offset obligations under an emissions trading scheme within 12 months of balance date.

	INTERNALLY DEVELOPED SOFTWARE \$M	EXTERNALLY PURCHASED SOFTWARE \$M	CAPITAL WORK IN PROGRESS \$M	CARBON CREDITS \$M	OTHER \$M	TOTAL \$M
2025						
Carrying value as at 1 July 2024	120	7	27	73	1	228
Additions	-	-	45	22	-	67
Disposals	-	-	-	(40)	-	(40)
Amortisation	(41)	(1)	-	-	-	(42)
Transfers of capital work in progress	51	-	(51)	-	-	-
Carrying value as at 30 June 2025	130	6	21	55	1	213
Represented by:						
Cost	658	160	21	55	1	895
Accumulated depreciation	(528)	(154)	-	-	-	(682)
Carrying value as at 30 June 2025	130	6	21	55	1	213
Current assets	-	-	-	35	-	35
Non-current assets	130	6	21	20	1	178
Carrying value as at 30 June 2025	130	6	21	55	1	213

	INTERNALLY DEVELOPED SOFTWARE \$M	EXTERNALLY PURCHASED SOFTWARE \$M	CAPITAL WORK IN PROGRESS \$M	CARBON CREDITS \$M	OTHER \$M	TOTAL \$M
2024						
Cost	569	152	17	69	1	808
Accumulated depreciation	(449)	(152)	-	-	-	(601)
Carrying value as at 1 July 2023	120	-	17	69	1	207
Additions	-	-	57	42	-	99
Disposals	-	-	-	(38)	-	(38)
Amortisation	(39)	(1)	-	-	-	(40)
Transfers of capital work in progress	39	8	(47)	-	-	-
Carrying value as at 30 June 2024	120	7	27	73	1	228
Represented by:						
Cost	608	159	27	73	1	868
Accumulated depreciation	(488)	(152)	-	-	-	(640)
Carrying value as at 30 June 2024	120	7	27	73	1	228
Current assets	-	-	-	40	-	40
Non-current assets	120	7	27	33	1	188
Carrying value as at 30 June 2024	120	7	27	73	1	228

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

12. Investments in Other Entities



An associate company is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20 percent or more of the voting power of an entity. Investments in associates are accounted for using the equity method and are measured in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets, less dividends.

If the carrying amount of the equity accounted investment exceeds its recoverable amount, it is written down to the latter. When the Group's share of accumulated losses in an associate equals or exceeds its carrying value, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

	2025 \$M	2024 \$M
Investments in associates	237	202
Investments in other entities	3	3
	240	205

Subsidiaries

Significant subsidiaries comprise:

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION
Air Nelson Limited	Aviation services*	New Zealand
Air New Zealand Aircraft Holdings Limited	Aircraft leasing and financing	New Zealand
Air New Zealand Associated Companies Limited	Investment	New Zealand
Air New Zealand Regional Maintenance Limited	Engineering services*	New Zealand
Mount Cook Airline Limited	Aviation services*	New Zealand
TEAL Insurance Limited	Captive insurer	New Zealand

* Air New Zealand Regional Maintenance Limited ceased operations in October 2024, followed by Air Nelson Limited and Mount Cook Airline Limited in May 2025. At these dates, the activities performed by these companies were assumed by Air New Zealand Limited and the companies became non-trading. All subsidiary entities above have a balance date of 30 June and are 100% owned.

Associates

Significant associates comprise:

NAME	% OWNED	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	BALANCE DATE
Christchurch Engine Centre (CEC)	49	Engineering services	New Zealand	31 December
Drylandcarbon One Limited Partnership	21	Carbon credit generation	New Zealand	30 June

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

12. Investments in Other Entities (continued)


Summary financial information of associates

	CEC 2025 \$M	DRYLAND 2025 \$M	TOTAL 2025 \$M	CEC 2024 \$M	DRYLAND 2024 \$M	TOTAL 2024 \$M
Assets and liabilities of associates are as follows:						
Current assets	537	6	543	458	11	469
Non-current assets	111	107	218	63	107	170
Current liabilities	(194)	(1)	(195)	(137)	(4)	(141)
Non-current liabilities	(18)	-	(18)	(20)	-	(20)
Net identifiable assets (100% share)	436	112	548	364	114	478
Group share of net identifiable assets	214	23	237	179	23	202
Carrying value of investment in associates	214	23	237	179	23	202
Results of associates						
Revenue	1,888	18	1,906	1,234	1	1,235
Earnings after taxation	73	14	87	61	1	62
Total comprehensive income (100% share)	73	14	87	61	1	62
Group share of net earnings after taxation	35	3	38	30	-	30
Group share of total comprehensive income	35	3	38	30	-	30
Reconciliation to carrying amounts:						
Opening carrying value	179	23	202	161	23	184
Share of net earnings after taxation	35	3	38	30	-	30
Distributions received	-	(3)	(3)	(12)	-	(12)
Closing carrying value	214	23	237	179	23	202

Notes to the Financial Statements (continued)

For the year ended 30 June 2025


13. Revenue in Advance



Transportation sales in advance (including held in credit balances) includes consideration received in respect of passenger and cargo sales for which the actual carriage has not yet been performed. It also includes amounts due for sectors operated by other carriers for which Air New Zealand collects consideration from the customer and makes payments to the other carrier based on industry agreements at the time the carriage is performed.

Loyalty programme revenue in advance includes revenues associated with both the award of Airpoints Dollars™ to Airpoints™ members as part of the initial sales transaction and with sales of Airpoints Dollars™ to third-parties, net of estimated expiry (non-redeemed Airpoints Dollars™), in respect of which the Airpoints™ member has not yet redeemed their points.

Other revenue in advance includes membership subscriptions and contract related services revenue which relate to future periods.



Unused travel credits

At 30 June 2025, Air New Zealand recognised \$192 million in Transportation sales in advance in respect of unused travel credits (30 June 2024: \$212 million). The travel credits were issued due to disrupted flights as well as a flexibility policy provided over the period from January 2020 to September 2022. Outstanding travel credits under the flexibility policy have an expiration date of 31 January 2026 while those issued for disrupted flights have expiration dates up to 30 June 2026.

The value of travel credits not expected to be used prior to expiry was estimated using a Monte Carlo simulation model which included inputs of historical redemption patterns and expected future redemptions. The estimated value was recognised as ‘Passenger revenue’ when it could be reasonably determined that there will not be a significant reversal of this revenue in future periods. For the year ended 30 June 2025, breakage of \$35 million was recognised in the Statement of Financial Performance (30 June 2024: \$90 million).

Applying a change in the breakage at a rate of 5% would result in an adjustment to revenue in advance of \$2 million, with an offsetting adjustment to ‘Passenger revenue’ in the year (30 June 2024: \$9 million).

For the travel credits included in Transportation sales in advance at balance date, the expected availment profile of the travel credits was used in determining the term allocation of the liability. Key judgements included assumptions around passenger demand, forecasted operating capacity and revenue per available seat kilometre.

	2025 \$M	2024 \$M
Current		
Transportation sales in advance	1,588	1,557
Loyalty programme	193	252
Other	24	22
	1,805	1,831
Non-current		
Transportation sales in advance	11	84
Loyalty programme	204	130
Other	7	6
	222	220

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

14. Interest-bearing Liabilities



Borrowings, medium-term notes and bonds are initially recognised at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method, with changes in market interest rates on certain interest-bearing liabilities measured at fair value. Medium-term notes and an unsecured bond were designated in fair value hedge relationships, which results in changes in market interest rates being reflected in fair value adjustments of those liabilities.

Borrowings, medium-term notes and bonds are classified as current liabilities unless the Group has a right to defer settlement of the liability for more than 12 months after balance date.

	2025 \$M	2024 \$M
Current		
Secured borrowings	189	157
Medium-term notes	323	-
	512	157
Non-current		
Secured borrowings	390	550
Medium-term notes	270	584
Unsecured bonds	105	102
	765	1,236
Interest rates basis:		
Fixed rate	751	734
Floating rate	526	659
At carrying amount	1,277	1,393
At fair value	1,305	1,437

Non-cash movements in interest-bearing liabilities during the year ended 30 June 2025 included foreign exchange losses of \$28 million (30 June 2024: gains of \$24 million) and fair value hedge adjustments of \$20 million (30 June 2024: \$4 million). The fair value of interest-bearing liabilities for disclosure purposes is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest for similar liabilities at reporting date. This is a Level 2 measurement as per the fair value hierarchy in NZ IFRS 13 – Fair Value Measurement.

Secured borrowings with third-parties are secured over aircraft and are subject to both fixed and floating interest rates. Fixed interest rates were 1.0% per annum (30 June 2024: 1.0% per annum).

The Group has issued AUD550 million of unsecured, unsubordinated Australian medium-term notes in two tranches. The first tranche, of AUD300 million, is a four year fixed rate note maturing on 25 May 2026 with a fixed coupon of 5.7% per annum payable semi-annually. The second tranche, of AUD250 million, comprises seven year fixed rate bonds maturing on 25 May 2029 with a fixed coupon of 6.5% per annum payable semi-annually.

The Group has issued \$100 million of unsecured, unsubordinated fixed rate bonds with a maturity date of 27 April 2028 and an interest rate of 6.61% per annum payable semi-annually.

15. Lease Liabilities



At inception of the contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from the use of the asset throughout the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Details regarding right-of-use assets are set out in Note 10.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15. Lease Liabilities (continued)



Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rates as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. The liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate and if the Group revises its assessment as to whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in the Statement of Financial Performance if the carrying amount of the right-of-use asset has been reduced to zero.

Leases are classified as current liabilities when the lease payments are due to be settled within twelve months after the reporting period. The Group classifies all other lease liabilities as non-current.

Determination of lease term

The lease term is the non-cancellable period of a lease, together with periods covered by an option (available to the lessee only) to extend or terminate the lease if the lessee is reasonably certain to exercise/not to exercise that option. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise/not exercise an option. This may include the existence of large penalties for early termination, the incurrence of significant maintenance costs in meeting early return obligations or consideration as to whether leasehold improvements still carry significant value. Such assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and is within the control of the Group. Certain property leases, for which there is no readily identifiable alternative property available, include an additional renewal period where one is available under the lease contract.

Determination of incremental borrowing rate

The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the term and currency of the lease and the type of asset being leased.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases. Short-term leases are leases with a lease term of 12 months or less without a purchase option. The Group recognises the lease payments associated with the leases as an expense (recognised within ‘Other expenses’ in the Statement of Financial Performance) on a straight-line basis over the lease term.

Sale and leaseback transactions

A sale and leaseback transaction is one where Air New Zealand sells an asset in accordance with NZ IFRS 15 – Revenue from Contracts with Customers, and simultaneously reacquires the use of the asset by entering into a lease with the buyer.

Air New Zealand measures the right-of-use asset arising from the leaseback at the portion of the previous carrying amount that is retained, with any difference between the right-of-use asset and the lease liability reflected in the gain on sale. Accordingly, any residual gain from the disposal of assets is representative of the rights transferred to the buyer and is recognised in the Statement of Financial Performance.

Variable lease payments not included in the measurement of the lease liability

Variable lease payments that do not depend on an index or a rate are excluded from the measurement of the lease liability and recognised as an expense in the period in which the event or condition that triggers those payments occurs. These typically arise from the Group’s property leases where lease payments are calculated based on usage.

Leasing activities

The Group’s leases are mainly comprised of aircraft, spare engines, airport lounges, offices and hangars, other office buildings and storage space. Aircraft leases are typically for 12 to 14 years with a series of early termination options. Rent is either fixed or reset periodically based on an index or rate. Property leases are typically 3 to 5 years, with a number of renewal options, together with a small number of longer term strategic leases. Rent may increase on the basis of annual fixed percentage increases, CPI movements, rent negotiations or market reviews. Extension and termination options are used to maximise operational flexibility.

Sale and leaseback transaction

During the year ended 30 June 2025, four owned mid-life Airbus A320 aircraft were sold and leased back, with a gain on sale of \$3 million being recognised in the Statement of Financial Performance. Lease terms under the arrangement are six years with rights to extend at fair market rentals. Air New Zealand recognised investing cash inflows of \$193 million from the transaction during the year.

Such transactions are entered into in preparation for fleet exits, in order to provide certainty of the residual proceeds of aircraft.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15. Lease Liabilities (continued)

Movements in lease liabilities during the year, are presented below.

	AIRFRAME AND ENGINE LEASES WITH PURCHASE OPTION*	AIRFRAME AND ENGINE LEASES WITH NO PURCHASE OPTION	BUILDING LEASES WITH NO PURCHASE OPTION	TOTAL
	\$M	\$M	\$M	\$M
2025				
Carrying value as at 1 July 2024	703	405	315	1,423
Additions	-	449	41	490
Interest cost	-	22	14	36
Capitalised interest	5	-	-	5
Repayments**	(140)	(199)	(69)	(408)
Terminations	-	(21)	-	(21)
Foreign currency movements	46	(11)	1	36
Carrying value as at 30 June 2025	614	645	302	1,561
Represented by:				
Current	64	176	47	287
Non-current	550	469	255	1,274
Carrying value as at 30 June 2025	614	645	302	1,561
2024				
Carrying value as at 1 July 2023	903	462	292	1,657
Additions	-	91	75	166
Interest cost	-	16	14	30
Capitalised interest	6	-	-	6
Repayments**	(177)	(164)	(65)	(406)
Foreign currency movements	(29)	-	(1)	(30)
Carrying value as at 30 June 2024	703	405	315	1,423
Represented by:				
Current	133	155	43	331
Non-current	570	250	272	1,092
Carrying value as at 30 June 2024	703	405	315	1,423

* Airframes and engines where a purchase option is assessed as reasonably certain to be exercised.

** The principal repayment amount of \$372 million (30 June 2024: \$376 million) is presented in the Statement of Cash Flows within 'Financing Activities', and interest payments of \$36 million (30 June 2024: \$30 million) are presented in 'Operating Activities'.

	2025 \$M	2024 \$M
Interest rates basis:		
Fixed rate	1,197	999
Floating rate	364	424
At amortised cost	1,561	1,423

Lease liabilities with purchase options which are reasonably certain of being exercised are secured over aircraft and are subject to both fixed and floating interest rates. Fixed interest rates ranged from 0.3% to 3.6% per annum (30 June 2024: 0.3% to 3.6% per annum). The weighted average discount rates used for leases which have no purchase option, or one which is not likely to be exercised, is 4.6% per annum (30 June 2024: 4.1% per annum).


Notes to the Financial Statements (continued)

For the year ended 30 June 2025

15. Lease Liabilities (continued)

	2025 \$M	2024 \$M
Amounts recognised in earnings (within 'Other expenses')		
Expenses relating to short-term leases	10	5
Expenses relating to variable lease payments, not included in the measurement of lease liabilities	4	4
	14	9


16. Provisions



A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the provision can be reliably measured.

	AIRCRAFT LEASE RETURN COSTS \$M	RESTRUCTURING \$M	OTHER \$M	TOTAL \$M
Balance as at 1 July 2024	209	2	16	227
Amount provided	79	3	-	82
Utilised during the year	(9)	(5)	(6)	(20)
Amount released	(27)	-	(1)	(28)
Foreign exchange movement	1	-	-	1
Balance as at 30 June 2025	253	-	9	262
Represented by:				
Current	38	-	6	44
Non-current	215	-	3	218
Balance as at 30 June 2025	253	-	9	262

Nature and purpose of provisions



Aircraft lease return costs

Where a commitment exists to maintain aircraft held under lease arrangements, a provision is made during the lease term for the lease return obligations specified within those lease agreements. The provision is calculated taking into account a number of variables and assumptions including the number of future hours or cycles expected to be operated, the expected cost of maintenance and the lifespan of limited life parts. The estimate of the provision is based upon historical experience, manufacturers' advice and, where appropriate, contractual obligations in determining the present value of the estimated future costs of major airframe inspections and engine overhauls by making appropriate charges to the Statement of Financial Performance, calculated by reference to the number of hours or cycles operated during the year. The provision is expected to be utilised at the next inspection or overhaul.

Restructuring

Restructuring provisions are recognised when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Costs relating to ongoing activities are not provided for.

Other

Other provisions include insurance provisions and make good provisions. Insurance provisions are expected to be utilised within 12 months and are based on historical claim experience. Make good provisions are based on cost estimates provided by third-party suppliers and are expected to be utilised within two years (30 June 2024: three years).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

17. Other Liabilities

Employee entitlements

Liabilities in respect of employee entitlements are recognised in exchange for services rendered during the accounting period that have not yet been compensated as at reporting date. These include annual leave, long service leave, retirement leave and accrued compensation.

Defined benefit pension

Air New Zealand's net obligation in respect of defined benefit pension plans is calculated by an independent actuary, by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan's assets. The discount rate reflects the yield on government bonds that have maturity dates approximating the terms of Air New Zealand's obligations.

When the calculation results in an asset, the value of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions from the plan.

	2025 \$M	2024 \$M
Current		
Employee entitlements	307	289
Other liabilities (including defined benefit liabilities)	7	6
	314	295
Non-current		
Employee entitlements	19	17
Other liabilities	18	18
	37	35

The Group operates one defined benefit plan for qualifying employees in New Zealand which is closed to new members. Defined benefit plans provide a benefit on retirement or resignation based upon the employee’s length of membership and final average salary. Each year an actuarial calculation is undertaken using the Projected Unit Credit Method to calculate the present value of the defined benefit obligation and the related current service cost. A liability was recognised of \$2 million (30 June 2024: \$2 million). The current service cost recognised through earnings was \$1 million (30 June 2024: \$1 million).

18. Distributions to Owners

	2025	2025	2024	2024
	CENTS PER SHARE	\$M	CENTS PER SHARE	\$M
Distributions recognised				
Interim dividend on ordinary shares	1.25	42	2.0	67
Final dividend on ordinary shares	1.5	51	-	-
Special dividend on ordinary shares	-	-	6.0	202
		93		269
Distributions paid				
Interim dividend on ordinary shares	1.25	42	2.0	67
Final dividend on ordinary shares	1.5	51	-	-
Special dividend on ordinary shares	-	-	6.0	209
		93		276

On 28 August 2025, the Board of Directors declared a final dividend for the 2025 financial year of 1.25 cents per Ordinary Share, payable on 25 September 2025 to registered shareholders at 12 September 2025. The total dividend payable will be \$41 million. No imputation credits will be attached and supplementary dividends will not be paid to non-resident shareholders. The dividend has not been recognised in these financial statements.

A 2025 interim dividend of 1.25 cents per Ordinary Share was paid on 19 March 2025. A 2024 interim dividend of 2.0 cents per Ordinary Share was paid on 21 March 2024. No imputation credits were attached and supplementary dividends were not paid to non-resident shareholders.


A 2024 final dividend of 1.5 cents per Ordinary Share was paid on 26 September 2024. No imputation credits were attached and supplementary dividends were not paid to non-resident shareholders.

The dividend reinvestment plan is currently suspended.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

19. Share Capital

	Ordinary shares are classified as equity.
	When shares are acquired by a member of the Group, the amount of consideration paid including directly attributable costs, is recognised in equity as a deduction from share capital. Acquired shares are classified as treasury stock (unless cancelled). When treasury stock is subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within 'Share capital'.
	Where the Group funds the on-market purchase of shares to settle obligations under staff share awards the total cost of the purchase (including transaction costs) is deducted from 'Share capital'.
	Incremental costs directly attributable to the issue of new shares or rights are shown in equity as a deduction, net of taxation, from the proceeds.

	2025	2024
	\$M	\$M
Share Capital comprises:		
Authorised, issued and fully paid in capital	3,303	3,344
Equity-settled share-based payments (net of taxation)	43	35
	3,346	3,379
Balance at the beginning of the year	3,379	3,377
Acquisition of own shares*	(38)	-
Equity settlements of staff share award obligations**	(3)	(5)
Equity-settled share-based payments	8	7
Balance at the end of the year	3,346	3,379

* In February 2025, Air New Zealand announced that it would commence a buyback programme of its shares from March 2025. As at 30 June 2025, 61,470,872 shares had been acquired under the programme. Upon purchase the shares were cancelled. Air New Zealand committed to purchase a further 2,255,162 shares prior to 30 June 2025 which were settled and cancelled subsequent to balance date.

** During the year ended 30 June 2025 the Group funded the on-market purchase of 4,558,097 shares (30 June 2024: 6,831,839). The shares were used to settle obligations under staff share award schemes.

	2024	2024
Number of Ordinary Shares authorised, fully paid and on issue		
Balance at the beginning of the year	3,368,464,315	3,368,464,315
Acquisition and cancellation of own shares	(61,470,872)	-
Balance at the end of the year***	3,306,993,443	3,368,464,315

*** Includes treasury stock of 93 shares (30 June 2024: 93 shares).

Share buyback programme

On 20 February 2025 the Board of Directors approved a 12-month share buyback of up to \$100 million, which commenced in March 2025. The on-market buyback component is acquired on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) and an off-market buyback component is undertaken following any on-market acquisition, whereby Air New Zealand acquires a corresponding number of shares held by the Crown, in order to maintain the Crown’s shareholding. Air New Zealand has the right to vary, suspend without notice or terminate the buyback programme at any time. The total cost of the share buyback including transaction costs has been deducted from Share Capital. Shares acquired under the share buyback were cancelled upon purchase.

Kiwi Share

One fully paid special rights convertible share (the Kiwi Share) is held by the Crown. While the Kiwi Share does not carry any general Voting Rights, the consent of the Crown as holder is required for certain prescribed actions of the Company as specified in the Constitution.

Non-New Zealand nationals are restricted from holding or having an interest in 10% or more of voting shares unless the prior written consent of the Kiwi Shareholder is obtained. In addition, any person that owns or operates an airline business is restricted from holding any shares in the Company without the Kiwi Shareholder’s prior written consent.

Voting rights

On a show of hands or by a vote of voices, each holder of Ordinary Shares has one vote. On a poll, each holder of Ordinary Shares has one vote for each fully paid share. All Ordinary Shares carry equal rights to dividends and equal distribution rights on wind up.

APPLICATION OF TREASURY STOCK METHOD

Share repurchase

Treasury stock of 34,090 shares were utilised in the 2024 financial year. The Group utilised treasury stock acquired under a previous buyback programme to fulfil obligations under employee share-based compensation plans. No treasury stock remained following the utilisation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

19. Share Capital (continued)

Staff Share Scheme

Unallocated shares of the Air New Zealand Staff Share Schemes are accounted for under the Treasury Stock method, and deducted from Ordinary Share capital on consolidation. The number of unallocated shares as at 30 June 2025 was 93 (30 June 2024: 93).

Share-based payments



The fair value (at grant date) of share rights granted to employees is recognised as an expense, within the Statement of Financial Performance, over the vesting period of the rights, with a corresponding entry to ‘Share capital’. The amount recognised as an expense is adjusted at each reporting date to reflect the extent to which the vesting period has expired and management’s best estimate of the number of rights that will ultimately vest.

The total expense recognised in the year ended 30 June 2025 in respect of equity-settled share-based payment transactions related to share rights was \$5 million (30 June 2024: \$5 million). An additional \$3 million of expense was recognised in relation to an Exceptional Contributor incentive scheme (30 June 2024: \$2 million).

Share rights

Share rights have been offered to a number of senior executives on attainment of predetermined performance objectives.

	2025	2024
Number outstanding		
Outstanding at beginning of the year	33,324,652	22,993,171
Granted during year	25,207,198	16,204,950
Exercised during the year	-	(2,252,176)
Forfeited during year	(7,309,228)	(3,621,293)
Outstanding at the end of the year	51,222,622	33,324,652
Fair value of rights granted in year (\$M)	7.1	6.8
Unamortised grant date fair value (\$M)	7.9	7.4

The People, Remuneration & Diversity Committee of the Board will adjust share-based arrangement terms, if necessary, to ensure that the impact of share issues, share offers or share structure changes is value neutral as between participants and shareholders.

Key inputs and assumptions

The general principles underlying the Black-Scholes pricing models have been used to value these rights using a Monte Carlo simulation approach. The key inputs for rights and options granted in the relevant year were as follows:

	WEIGHTED AVERAGE SHARE PRICE (CENTS)	EXPECTED VOLATILITY OF SHARE PRICE (%)	EXPECTED VOLATILITY OF PERFORMANCE BENCHMARK INDEX (%)	CORRELATION OF VOLATILITY INDICES	CONTRACTUAL LIFE (YEARS)	RISK FREE RATE (%)
Share rights						
2025	54	35	18	0.52	3.0	3.83
2024	83	36	18	0.42	3.0	5.40
2023	67	37	16	0.59	3.5	3.76
2022	155	37	16	0.59	3.5	1.34
2021	135	40	16	0.55	3.5	0.31

Air New Zealand has undertaken a stock settled share rights scheme. Share rights for a specified value are granted at no cost to the holder. For each share right that vests one share will be issued. The number granted is determined by an independent valuation of the fair value at the date of issue. Vesting of share rights is subject to the holder remaining an employee.

For the 2024 and 2025 share rights, vesting occurs where Air New Zealand’s Total Shareholder Return is positive over a period of three years after the issue date and exceeds the Total Shareholder Return of the Bloomberg Worldwide Airline Index or exceeds the Total Shareholder Return of the NZX 50. The share rights were allocated 50:50 into two tranches, with each measured separately against each index. If vesting is not achieved on the third anniversary of the issue date, the share rights will lapse.

For the 2021 to 2023 performance share rights, vesting occurs or occurred when the Air New Zealand share price adjusted for distributions made over the period outperforms a comparison index over a period of three years (or up to a maximum of three and a half years) after the issue date. The index was made up of 50:50 of the NZX All Gross Index and the Bloomberg Worldwide Airline Total Return Index (adjusted for dividends). If vesting is not achieved on the third anniversary of the issue date, 50% of share rights will lapse. For the remaining 50%, there will be a further 6 month opportunity for the share rights to vest. If they have not vested at the end of this period they will lapse.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

20. Reserves

The Group’s reserves as at the reporting date, are set out below:

	2025 \$M	2024 \$M
Cash flow hedge reserve	(47)	(3)
Costs of hedging reserve	(21)	(2)
Hedge reserves	(68)	(5)
Foreign currency translation reserve	(9)	(9)
General reserves	(1,323)	(1,355)
Total reserves	(1,400)	(1,369)

The nature and purpose of reserves is set out below:

HEDGE RESERVES

Cash flow hedge reserve

The cash flow hedge reserve contains the effective portion of the cumulative change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Costs of hedging reserve

The costs of hedging reserve contains the cumulative change in the fair value of time value on fuel options, forward points on foreign exchange contracts and currency basis on cross-currency interest rate swaps, which are excluded from hedge designations.

Foreign currency translation reserve

The foreign currency translation reserve contains foreign exchange differences arising on consolidation of foreign operations together with the translation of foreign currency borrowings designated as a hedge of net investments in those foreign operations.

General reserves

General reserves include the retained deficit net of dividends recognised, remeasurements in respect of the defined benefit liabilities and the Group’s share of equity accounted associates’ reserves.

21. Commitments



Capital commitments shown are for those asset purchases authorised and contracted for but not provided for in the financial statements, converted at the year-end exchange rate. Where lease arrangements have not yet commenced, lease commitments are disclosed below.

Capital commitments:

	2025 \$M	2024 \$M
Aircraft and engines	3,140	2,579
Other property, plant and equipment and intangible assets	45	110
	3,185	2,689

Capital commitments include ten Boeing 787 aircraft (contractual delivery from 2026 to 2029 financial years), two Airbus A321neo aircraft (delivery in the 2027 financial year) and one ATR aircraft (delivery in the 2026 financial year). These commitments also reflect the exercise of two purchase options for Boeing 787 firm orders, which were confirmed in August 2025.

Lease commitments:


	2025 \$M	2024 \$M
Aircraft	314	232
	314	232

Lease commitments include three Airbus A321neo aircraft (delivery in the 2026 and 2028 financial year), as well as three PW1133 engines (delivery in the 2026 financial year). The agreement to lease two A321neo aircraft and three engines were signed in July 2025 and August 2025 and are reflected in the above table.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

22. Contingent Liabilities

	Contingent liabilities are subject to uncertainty or cannot be reliably measured and are not provided for. Disclosures as to the nature of any contingent liabilities are set out below. Judgements and estimates are applied to determine the probability that an outflow of resources will be required to settle an obligation. These are made based on a review of the facts and circumstances surrounding the event and advice from both internal and external parties.	
	2025 \$M	2024 \$M
Letters of credit	65	30

All significant legal disputes involving probable loss that can be reliably estimated have been provided for in the financial statements.

There are no other significant contingent liability claims outstanding at balance date.

The Group has a partnership agreement with Pratt and Whitney in relation to the Christchurch Engine Centre (CEC) (Note 12). By the nature of the agreement, joint and several liability exists between the two parties. Total liabilities of the CEC are \$212 million (30 June 2024: \$157 million).

23. Financial Risk Management

Air New Zealand is subject to market risk (including foreign currency risk, fuel price risk and interest rate risk), credit risk and liquidity risk, which are an inherent part of the operations of an airline. These risk exposures are managed through the use of various derivative financial instruments, including forwards, options and swaps. The use of derivatives is governed by policies approved by the Board of Directors. Compliance with these policies is reviewed and reported monthly to the Board of Directors and is included as part of the internal audit programme. Derivatives are only used for hedging purposes and not for speculative trading purposes. Refer to Note 24 for further details.

MARKET RISK

a) Foreign currency risk

Foreign currency risk is the risk of loss to Air New Zealand arising from adverse fluctuations in exchange rates.

Air New Zealand has exposure to foreign exchange risk through transactions and balances denominated in currencies that are not the functional currency. The risk management approach is to manage the impact of foreign currency risk on cash flows and financial results. Prior to November 2023, the risk management approach focused on mitigating exposure of foreign exchange risk to financial results. There has been no impact on Air New Zealand's financial performance or financial position as a result of the application of the revised risk management approach.

Air New Zealand has maintained hedging in line with the documented policies throughout the financial periods presented.

The nature of foreign currency risk exposure and risk management strategies is summarised below:

- Forecast operating transactions: Foreign exchange forward contracts are used to manage the net foreign currency exposure arising on forecast operating transactions and are designated as cash flow hedges. In addition, highly probable forecast revenue transactions denominated in foreign currencies are designated in cash flow hedge relationships with debt and lease liabilities in those currencies (revenue hedges).
- Foreign currency denominated liabilities: Foreign exchange forward contracts and cross-currency interest rate swaps hedge exposure arising from liabilities in foreign currency. Cash flow hedge accounting is applied. Where derivative fair value movements naturally offset the earnings impact of the underlying liability, hedge accounting is not applied.
- Capital transactions: Foreign exchange forward contracts are entered into to manage exposure arising from forecast foreign currency purchases of property, plant and equipment, primarily aircraft acquired in United States Dollars. Cash flow hedge designation is applied.
- Foreign operations: The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising on the net assets of the Group's foreign operations is managed through liabilities denominated in the relevant foreign currencies that are accounted for as net investment hedges.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

23. Financial Risk Management (continued)

Air New Zealand's exposure to foreign currency risk at the end of the reporting period, before hedging, is summarised below.

	NZD \$M	USD \$M	AUD \$M	EUR \$M	JPY \$M	OTHER \$M	TOTAL \$M
As at 30 June 2025							
Investments in other entities	23	216	-	-	-	1	240
Interest-bearing assets	155	-	-	180	-	-	335
Lease liabilities	(251)	(920)	(9)	(203)	(176)	(2)	(1,561)
Interest-bearing liabilities	(105)	(323)	(593)	(45)	(211)	-	(1,277)
Provisions	(13)	(249)	-	-	-	-	(262)
	(191)	(1,276)	(602)	(68)	(387)	(1)	(2,525)
Hedged by:							
Derivatives	-	984	593	9	158	-	1,744
Cash flow hedges of forecast revenue	-	316	9	59	229	-	613
Unhedged	(191)	24	-	-	-	(1)	(168)
As at 30 June 2024							
Investments in other entities	24	181	-	-	-	-	205
Interest-bearing assets	622	-	-	158	-	-	780
Lease liabilities	(272)	(739)	(9)	(183)	(217)	(3)	(1,423)
Interest-bearing liabilities	(102)	(424)	(584)	(68)	(215)	-	(1,393)
Provisions	(21)	(206)	-	-	-	-	(227)
	251	(1,188)	(593)	(93)	(432)	(3)	(2,058)
Hedged by:							
Derivatives	-	661	584	25	168	-	1,438
Cash flow hedges of forecast revenue	-	482	9	68	264	-	823
Unhedged	251	(45)	-	-	-	(3)	203

Foreign currency denominated working capital balances, which are immaterial to foreign currency fluctuations, are excluded from the table.

Sensitivity to foreign currency risk

The following table demonstrates the sensitivity of foreign currency denominated monetary items and net assets held in foreign operations at reporting date to a reasonably possible appreciation/depreciation in the United States Dollar against the New Zealand Dollar. Other currencies are evaluated by converting first to United States Dollars and then applying the above change against the New Zealand Dollar. All other variables are held constant. This analysis does not include forecast hedged transactions.

	2025 NZ\$M +5c	2025 NZ\$M -5c	2024 NZ\$M +5c	2024 NZ\$M -5c
Appreciation/depreciation (US cents):				
Impact on earnings before taxation:				
USD	(15)	17	-	-
EUR	(1)	1	(1)	1
	2025 NZ\$M +5c	2025 NZ\$M -5c	2024 NZ\$M +5c	2024 NZ\$M -5c
Impact on equity:				
USD	(58)	68	(38)	45
AUD	15	(17)	15	(18)
EUR	5	(6)	6	(7)
JPY	17	(21)	19	(23)
CNY	3	(4)	3	(4)
Other	5	(5)	5	(6)

The amounts in the table would be deferred within equity and then offset by the foreign currency impact of the hedged item when it occurs.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

23. Financial Risk Management (continued)

b) Fuel price risk

Fuel price risk is the risk of loss to Air New Zealand arising from adverse fluctuations in fuel prices.

Crude oil hedging instruments such as fuel options and swaps are entered into to reduce the impact of price changes on fuel costs in accordance with the policy approved by the Board of Directors. Fuel derivatives are recognised as qualifying cash flow hedges. The crude component is considered to be a separately identifiable and reliably measurable component of jet fuel even though it is not contractually specified. The relationship of the crude oil component to jet fuel as a whole varies in line with the published crude oil and jet fuel price indices.

Sensitivity to fuel price risk

The sensitivity of the fair value of fuel derivatives as at reporting date to a reasonably possible change in the price per barrel of crude oil is shown below. This analysis assumes that all other variables remain constant and the respective impacts on profit or loss before taxation and equity are dictated by the proportion of effective/ineffective hedges. In practice, these elements would vary independently. This analysis does not include the forecast fuel transactions.

	2025 \$M +USD 30	2025 \$M -USD 30	2024 \$M +USD 30	2024 \$M -USD 30
Price movement per barrel:				
Impact on cash flow hedge reserve (within equity)	242	(251)	132	(193)

Amounts affecting the cash flow hedge reserve would be accumulated within equity and then offset by the fuel price impact of the hedged item when it occurs.

c) Interest rate risk

Interest rate risk is the risk of loss to Air New Zealand arising from adverse fluctuations in interest rates.

Air New Zealand’s main interest rate risk arises from its interest-bearing liabilities. The carrying amount of interest-bearing liabilities is disclosed in Note 14. The exposure to movements in interest rates arising from cash and cash equivalents and interest-bearing assets is disclosed in Notes 5 and 8, respectively. Borrowings issued at variable interest rates expose Air New Zealand to changes in interest rates (cash flow risk) while borrowings issued at fixed rates expose Air New Zealand to changes in the fair value of the borrowings (fair value risk).

Air New Zealand’s policy is to manage its interest rate exposure using a mix of floating and fixed rate debts as well as interest rate and cross-currency interest rate swaps. Interest rate derivatives are accounted for as fair value hedges.

Sensitivity to interest rate risk

Earnings are sensitive to changes in interest rates on the floating rate element of borrowings and lease obligations. Their sensitivity to a reasonably possible change in interest rate with all other variables held constant, is set out as per table below. This analysis assumes that the amount and mix of fixed and floating rate debt, including lease obligations, remains unchanged from that in place at reporting date, and that the change in interest rates is effective from the beginning of the year. In reality, the fixed/floating rate mix will fluctuate over the year and interest rates will change continually.

Cash and cash equivalents and interest-bearing assets are excluded from the sensitivity analysis. The following table also does not take into consideration of the impact of hedge accounting.

	2025 \$M +150 bp*	2025 \$M -150 bp*	2024 \$M +150 bp*	2024 \$M -150 bp*
Interest rate change:				
Impact of earnings before taxation	(13)	13	(16)	16

*bp = basis points

CREDIT RISK

Credit risk is the risk of the potential loss from a transaction in the event of default by a counterparty during the term of the transaction or on settlement of the transaction. Credit risk is incurred in respect of trade receivable transactions and other financial instruments in the normal course of business. The maximum exposure to credit risk is represented by the carrying value of financial assets.

Cash, short-term deposits and derivative financial instruments are transacted with good credit quality counterparties, having a minimum S&P Global Ratings’ credit rating of A- or minimum Moody’s credit rating of A3. Limits are placed on the exposure to any one financial institution.

Credit evaluations are performed on all customers requiring direct credit. Air New Zealand is not exposed to any concentrations of credit risk within receivables, other assets and derivatives. Collateral or other security is not required to support financial instruments with credit risk. A significant proportion of receivables are settled through the International Air Transport Association (IATA) clearing mechanism, which undertakes its own credit review of members. Over 94% of trade and other receivables are current, with less than 1.7% past due by more than 90 days (30 June 2024: 92% current and less than 0.5% past due by more than 90 days). No impairment expense was recognised in relation to financial assets (30 June 2024: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

23. Financial Risk Management (continued)

LIQUIDITY RISK

Liquidity risk is the risk that Air New Zealand will be unable to meet its obligations as they fall due.

This risk is managed at the Air New Zealand Group level through the target liquidity range of between \$1.2 billion to \$1.5 billion in the Group’s Capital Management Framework, ensuring long-term commitments are managed with respect to forecast available cash inflow and by managing maturity profiles.

Air New Zealand holds significant cash reserves and has available an unsecured committed revolving credit facility of \$250 million to enable settlement of liabilities as they fall due and to sustain operations in the event of unanticipated external factors or events. Air New Zealand ensures that sufficient cash reserves and committed loan facilities exist to meet short-term business requirements, taking into account anticipated cash flows from operations.

The following table sets out the contractual, undiscounted cash flows for non-derivative financial liabilities and derivative financial instruments:

	STATEMENT OF FINANCIAL POSITION \$M	CONTRACTUAL CASH FLOWS \$M	< 1 YEAR \$M	1-2 YEARS \$M	2-5 YEARS \$M	5+ YEARS \$M
As at 30 June 2025						
Trade and other payables	1,012	1,012	1,002	-	10	-
Secured borrowings	579	639	208	144	211	76
Medium-term notes	593	683	360	18	305	-
Unsecured bonds	105	120	7	7	106	-
Lease liabilities*	1,561	1,847	332	297	435	783
Total non-derivative financial liabilities	3,850	4,301	1,909	466	1,067	859
Foreign exchange derivatives						
– Inflow		2,530	2,328	57	85	60
– Outflow		(2,560)	(2,361)	(55)	(84)	(60)
Fuel derivatives	(34)	(30)	(33)	2	1	-
Interest rate derivatives	(10)	(10)	(12)	2	-	-
	(11)	(11)	(5)	2	(8)	-
Total derivative financial instruments	(55)	(51)	(50)	6	(7)	-

* Lease liabilities recognised within 5+ years include \$211 million related to three properties with lease terms ranging between 10-24 years.

	STATEMENT OF FINANCIAL POSITION \$M	CONTRACTUAL CASH FLOWS \$M	< 1 YEAR \$M	1-2 YEARS \$M	2-5 YEARS \$M	5+ YEARS \$M
As at 30 June 2024						
Trade and other payables	849	849	849	-	-	-
Secured borrowings	707	808	187	202	302	117
Medium-term notes	584	692	36	357	299	-
Unsecured bonds	102	128	7	7	114	-
Lease liabilities**	1,423	1,681	374	283	397	627
Total non-derivative financial liabilities	3,665	4,158	1,453	849	1,112	744
Foreign exchange derivatives						
– Inflow		2,038	1,970	68	-	-
– Outflow		(2,045)	(1,977)	(68)	-	-
Fuel derivatives	(7)	(7)	(7)	-	-	-
Interest rate derivatives	35	35	34	1	-	-
	(25)	(31)	(13)	(11)	(7)	-
Total derivative financial instruments	3	(3)	14	(10)	(7)	-

** Lease liabilities recognised within 5+ years include \$223 million related to four properties with lease terms ranging between 10-25 years.



Notes to the Financial Statements (continued)

For the year ended 30 June 2025

23. Financial Risk Management (continued)

Capital risk management

Capital risk is managed for the Air New Zealand Group as a whole. The objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to continue to generate shareholder value and benefits for other stakeholders, and to provide an acceptable return for shareholders by removing complexity, reducing costs and pricing the Group’s services commensurately with the level of risk. The Group is not subject to any externally imposed capital requirements.

The Group’s capital structure is managed in the light of economic conditions, future capital expenditure profiles and the risk characteristics of the underlying assets. The Group’s capital structure may be modified by adjusting the amount of dividends paid to shareholders, initiating dividend reinvestment opportunities, returning capital to shareholders, issuing new shares or selling assets to reduce debt.


Capital is monitored primarily using a net debt leverage ratio. The ratio is calculated as net debt divided by EBITDA over the last 12 months. Net debt is calculated as interest-bearing liabilities, lease liabilities and redeemable shares (including net open derivatives on these instruments) less cash and cash equivalents and interest-bearing assets. Gross debt is calculated as interest-bearing liabilities and lease liabilities.

24. Derivatives and Hedge Accounting

Air New Zealand may designate derivatives and non-derivative financial instruments as:

- Cash flow hedges, where the derivative and non-derivative financial instrument is used to manage the variability in cash flows relating to recognised liabilities or forecast transactions.
- Fair value hedges, where the derivative is used to manage the variability in the fair value of recognised liabilities.
- Net investment hedges, where liabilities are used to manage the risk of fluctuation in the translated value of its foreign operations.
- Hedging instruments for which hedge accounting does not apply.

DERIVATIVES



Derivative financial instruments

Derivative financial instruments are measured at fair value. The fair value of derivative financial instruments is based on published market prices for similar assets or liabilities or market observable inputs to valuation at balance date (Level 2 of the fair value hierarchy). The fair value of foreign currency forward contracts is determined using forward exchange rates at reporting date. The fair value of fuel swap and fuel option agreements is determined using forward fuel prices at reporting date. The fair value of interest rate swaps is determined using forward interest rates as at reporting date.

The resulting gain or loss arising from remeasurement of derivative financial instruments is recognised in the Statement of Financial Performance, unless the derivative is designated into an effective hedge relationship as a hedging instrument.


	DERIVATIVE FINANCIAL ASSETS		DERIVATIVE FINANCIAL LIABILITIES	
As at 30 June	2025 \$M	2024 \$M	2025 \$M	2024 \$M
Derivatives designated as hedging instruments				
Currency contracts	6	10	(24)	(3)
Fuel contracts	11	37	(21)	(2)
Interest rate contracts	95	128	(106)	(153)
	112	175	(151)	(158)
Derivatives not designated as hedging instruments				
Currency contracts	3	5	(19)	(19)
	3	5	(19)	(19)
Total derivatives	115	180	(170)	(177)

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

24. Derivatives and Hedge Accounting (continued)

HEDGE ACCOUNTING



Cash flow hedges

Changes in the fair value of hedging instruments designated as cash flow hedges are recognised within Other Comprehensive Income (OCI) and accumulated in equity within the cash flow hedge reserve to the extent that the hedges are deemed effective. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the Statement of Financial Performance. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative changes in fair value of the hedged item.

If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued. The cumulative gain or loss recognised in the cash flow hedge reserve remains there until the forecast transaction occurs. After discontinuation, once the hedged cash flows occur, the cumulative gain or loss is accounted for depending on the nature of the underlying transaction as described below. If the underlying hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in the cash flow hedge reserve is immediately transferred to the Statement of Financial Performance.

Where the hedge relationship continues throughout its designated term, the amount recognised in the cash flow hedge reserve is transferred to the Statement of Financial Performance in the same period that the hedged item is recorded in the Statement of Financial Performance, or, when the hedged item is a non-financial asset, the amount recognised in the cash flow hedge reserve is transferred to the carrying amount of the asset when it is recognised.

Fair value hedges

Changes in the fair value of hedging instruments designated as fair value hedges are recognised in the Statement of Financial Performance. The changes in fair value of hedged items attributable to the risk being hedged are recorded as part of the carrying value of the hedged item and offset changes in the fair value of hedging instruments in the Statement of Financial Performance. For fair value hedges relating to items carried at amortised cost, an adjustment to carrying value is amortised through the Statement of Financial Performance over the remaining term of the hedge using the effective interest rate method.

Costs of hedging

The changes in fair value of a hedging instrument relating to the time value of fuel options and the foreign currency basis component of cross-currency interest rate swaps are recognised in OCI and accumulated within the costs of hedging reserve within equity. Subsequently, the cumulative amount is transferred to profit or loss at the same time as the hedged item impacts the Statement of Financial Performance.

The changes in fair value of a hedging instrument relating to forward points of foreign exchange forward contracts is accounted for depending on Air New Zealand’s policy as described below.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI and accumulated in the foreign currency translation reserve within equity. The gain or loss relating to the ineffective portion of the hedge is recognised immediately in the Statement of Financial Performance.

On disposal of the foreign operations, the cumulative gain or loss recognised in equity is transferred to the Statement of Financial Performance.

The Group utilises cash flow hedges, net investment hedges and fair value hedges to manage foreign currency, interest rate, and fuel price risk as described in Note 23.

Cash flow hedges

Air New Zealand designates cash flows hedges to manage its exposure to foreign currency risk as well as to volatility in fuel prices. The amount and maturity of the derivative and non-derivative instruments and the hedged item is aligned to ensure that the hedge relationship remains effective, with any undesignated costs of hedging accounted for separately. Hedge ineffectiveness arises if the amount of the hedged item falls below the amount of the designated hedging instruments. The ineffective portion relating to foreign exchange forward contracts is recognised in ‘Foreign exchange gains/(losses)’ and the ineffective portion relating to fuel contracts is recognised in ‘Fuel’ in the Statement of Financial Performance.

Only the spot element of forward contracts is designated as a hedging instrument. Forward points are excluded from the hedge designation. Changes in fair value gain or loss of the forward exchange contracts relating to forward points are recognised either within ‘Finance costs’ in the Statement of Financial Performance or in OCI and accumulated in a separate component of equity under ‘Costs of hedging reserve’. The amounts accumulated in the Costs of hedging reserve are recognised within ‘Finance costs’ in the Statement of Financial Performance in the same period during which the hedged cash flows affect profit or loss.

Cash flow hedges in respect of fuel derivatives include only the intrinsic value of fuel options. Time value on fuel options is excluded from the hedge designation. Changes in the fair value of fuel options relating to time value are accumulated within the ‘Costs of hedging reserve’ within ‘Hedge reserves’ until such time as the hedged transactions affect profit or loss. The amount of gain or loss accumulated in the ‘Costs of hedging reserve’ is recognised in ‘Fuel’ in the Statement of Financial Performance.

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

24. Derivatives and Hedge Accounting (continued)

Nominal amounts of significant hedging instruments designated as cash flow hedges

The table below presents details of financial instruments designated as cash flow hedging instruments that remain outstanding as at the respective reporting dates.

30 June 2025	AVERAGE RATE/PRICE	NOMINAL AMOUNT* NZ\$M	MATURITY
FOREIGN CURRENCY RISK			
Forecast foreign currency operating transactions			
USD forward contracts	0.5881	987	up to 1 year
AUD forward contracts	0.9136	(183)	up to 1 year
EUR forward contracts	0.5293	(6)	up to 1 year
Forecast foreign currency revenue transactions**			
USD liabilities	0.6160	315	up to 3 years
AUD liabilities	0.9090	9	up to 3 years
EUR liabilities	0.5910	58	up to 7 years
JPY liabilities	82.00	229	up to 9 years
Foreign currency denominated liabilities			
USD forward contracts	0.6130	277	up to 6 years
FUEL PRICE RISK			
Forecast transactions			
Brent collar contracts (millions of barrels)	\$62 – \$72 USD/barrel	6.6	up to 2 years

30 June 2024	AVERAGE RATE/PRICE	NOMINAL AMOUNT* NZ\$M	MATURITY
FOREIGN CURRENCY RISK			
Forecast foreign currency operating transactions			
USD forward contracts	0.6116	872	up to 1 year
AUD forward contracts	0.9204	(204)	up to 1 year
EUR forward contracts	0.5640	(9)	up to 1 year
JPY forward contracts	96.53	8	up to 1 year
Forecast foreign currency revenue transactions**			
USD liabilities	0.6147	481	up to 4 years
AUD liabilities	0.9092	9	up to 4 years
EUR liabilities	0.5911	69	up to 8 years
JPY liabilities	82.00	264	up to 10 years
Foreign currency denominated liabilities			
USD forward contracts	0.6109	101	up to 4 years
FUEL PRICE RISK			
Forecast transactions			
Brent collar contracts (millions of barrels)	\$68 – \$81 USD/barrel	6.2	up to 1.5 years

* Nominal amount is the face value converted into NZD using the exchange rate at year end, with the exception of fuel derivatives that are presented in millions of barrels.

** The revenue hedging instruments are recognised within 'Interest-bearing liabilities' and 'Lease liabilities' on the Statement of Financial Position and as at 30 June 2025 totalled \$167 million and \$444 million, respectively (30 June 2024: \$186 million and \$637 million, respectively).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

24. Derivatives and Hedge Accounting (continued)

Movements in reserves relating to cash flow hedge accounting

The following tables show a reconciliation of the components of equity and an analysis of the movements in reserves for cash flow hedges. For a description of these reserves, refer to Note 20.

CASH FLOW HEDGE RESERVE					COSTS OF HEDGING RESERVE
	TRANSFERS TO THE STATEMENT OF FINANCIAL PERFORMANCE	FAIR VALUE MOVEMENTS RECOGNISED IN OCI*	AMOUNTS TRANSFERRED TO THE STATEMENT OF FINANCIAL POSITION	TOTAL	CHANGES IN COSTS OF HEDGING RESERVE
2025	NZ\$M	NZ\$M	NZ\$M	NZ\$M	NZ\$M
Balance at beginning of year				(3)	(2)
Foreign exchange contracts**	(19)	(21)	(3)	(43)	(1)
Fuel contracts**	3	(22)	-	(19)	(26)
Interest rate contracts***	8	(7)	-	1	1
Taxation of reserve movements	2	14	1	17	7
Balance at end of year	(6)	(36)	(2)	(47)	(21)

CASH FLOW HEDGE RESERVE					COSTS OF HEDGING RESERVE
	TRANSFERS TO THE STATEMENT OF FINANCIAL PERFORMANCE	FAIR VALUE MOVEMENTS RECOGNISED IN OCI*	AMOUNTS TRANSFERRED TO THE STATEMENT OF FINANCIAL POSITION	TOTAL	CHANGES IN COSTS OF HEDGING RESERVE
2024	NZ\$M	NZ\$M	NZ\$M	NZ\$M	NZ\$M
Balance at beginning of year				(46)	(13)
Foreign exchange contracts**	(6)	55	(5)	44	(1)
Fuel contracts**	(25)	40	-	15	16
Interest rate contracts***	(2)	3	-	1	-
Taxation of reserve movements	9	(27)	1	(17)	(4)
Balance at end of year	(24)	71	(4)	(3)	(2)

* The change in fair value of the hedging instruments is used for the purpose of assessing hedge effectiveness. No ineffectiveness arose on cash flow hedges during the years ended 30 June 2025 and 30 June 2024.

** Forward points and time value excluded from the hedge designation were losses of \$1 million (30 June 2024: nil) and losses of \$5 million (30 June 2024: gains of \$19 million), respectively.

*** Interest rate contracts comprise cross-currency interest rate swaps designated as cash flow and fair value hedges. Currency basis excluded from the hedge designation was losses of \$2 million (30 June 2024: losses of \$3 million).

Fair value hedges

Air New Zealand has entered into an interest rate swap to receive fixed rate interest and pay variable rate interest. The interest rate swap was designated in a fair value hedge of the future interest rate cash flows on unsecured fixed rate bonds recognised within 'Interest-bearing liabilities'. Hedge ineffectiveness is not expected to arise if the amount and maturity of the bonds falls below the amount and maturity of the interest rate swap.

The changes in the fair value of the unsecured fixed rate bonds attributable to the hedged risk are recognised within 'Finance costs' in the Statement of Financial Performance to offset the mark to market revaluation of the interest rate swap.

	2025	2024
Interest rate swap		
Carrying amount (NZD millions)	5	1
Nominal amount (NZD millions)	100	100
Weighted average contract rate (%)	6.61% / floating	6.61% / floating
Weighted average remaining contract maturity (years)	2.8	3.8



Notes to the Financial Statements (continued)

For the year ended 30 June 2025

24. Derivatives and Hedge Accounting (continued)

Cash flow and fair value hedges

Air New Zealand has Australian Dollar denominated medium-term notes (AMTN) in issue and has entered into cross-currency interest rate swaps to fully convert the proceeds of the AMTN issuances into New Zealand dollars. These swaps also convert the AMTNs' fixed interest rates into New Zealand dollar-denominated floating interest rates. Cross-currency interest rate swaps were designated in cash flow hedges and fair value hedges. The amount and maturity of the cross-currency interest rate swaps are aligned with AMTNs to ensure hedge effectiveness. Hedge ineffectiveness may arise if the nominal amount and maturity of the AMTNs falls below the amount and maturity of the cross-currency interest rate swaps.

The cash flow hedges were established to manage Australian dollar/New Zealand dollar foreign currency risk arising on future principal and interest settlements on AMTNs. Currency basis risk is excluded from the hedge designation. Changes in the fair value of cross-currency interest rate swaps relating to currency basis risk are accumulated in the 'Costs of hedging reserve' within 'Hedge reserves' until such time as the related hedge accounted cash flows affect profit or loss. The amount of gain or loss accumulated in the cash flow hedge reserve is transferred to 'Foreign exchange gains/(losses)' in the Statement of Financial Performance when the hedged future cash flows affect profit or loss.

Fair value hedges were established to manage foreign currency interest risk arising on future interest settlements on the AMTNs. Mark to market valuation of the fair value hedge component of cross-currency interest rate swaps is recognised in 'Finance costs' in the Statement of Financial Performance. The change in the fair value of the hedged risk is recorded as part of the carrying value of AMTNs. This revaluation of AMTNs is recognised within 'Finance costs' in the Statement of Financial Performance to offset the mark to market revaluation of the fair value component of the cross-currency interest rate swaps.

Nominal amount of the cross-currency interest rate swaps designated as cash flow and fair value hedges

	2025	2024
Cross-currency interest rate swaps		
Carrying amount (NZD millions)	(16)	(26)
Nominal amount (AUD millions)	550	550
Weighted average contract rate, AUD/NZD (%)	6.1% / floating	6.1% / floating
Weighted average remaining contract maturity (years)	2.3	3.3

Hedge of net investments in foreign operations

The Group's net investments in foreign operations are designated as hedged items to the extent of interest-bearing liabilities denominated in the corresponding foreign currency. The amount and maturity of the hedging instruments and the hedged item are aligned to ensure that the hedge relationship remains effective. Hedge ineffectiveness arises if the amount of the hedged item falls below the amount of the designated hedging instruments.

Nominal amount of the interest-bearing liabilities designated as net investment hedges

	2025	2024
United States Dollar interest-bearing liabilities		
Nominal amount (NZD millions)	(155)	148
Carrying amount (NZD millions)	155	(148)

Movements in reserves relating to net investment hedge accounting

The effective portion of changes in fair value of both the hedged item and the hedging instrument in net investment hedges are recognised in the foreign currency translation reserve, as set out below.

	2025	2024
Foreign currency translation reserve		
Balance at the beginning of the year	(9)	(9)
Translation gains on hedged investment*	-	(1)
Translation losses on interest-bearing liabilities*	-	1
Balance at the end of the year	(9)	(9)

* Translation gains/losses are those used for the purpose of assessing hedge effectiveness. No ineffectiveness arose on net investment hedges during the year (30 June 2024: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2025

25. Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Amounts subject to potential offset

For financial instruments subject to enforceable master netting arrangements, each agreement allows the parties to elect net settlement of the relevant financial assets and liabilities. In the absence of such election, settlement occurs on a gross basis, however each party will have the option to settle on a net basis in the event of default of the other party.

The following table shows the gross amounts of financial assets and financial liabilities which are subject to enforceable master netting arrangements and similar agreements, as recognised in the Statement of Financial Position. It also shows the potential net amounts if offset were to occur.

	STATEMENT OF FINANCIAL POSITION 2025 \$M	AMOUNTS NOT OFFSET 2025 \$M	NET AMOUNTS IF OFFSET 2025 \$M	STATEMENT OF FINANCIAL POSITION 2024 \$M	AMOUNTS NOT OFFSET 2024 \$M	NET AMOUNTS IF OFFSET 2024 \$M
Financial assets						
Bank and short-term deposits	1,436	(41)	1,395	1,279	(47)	1,232
Derivative financial assets	115	(111)	4	180	(141)	39
Financial liabilities						
Derivative financial liabilities	(170)	152	(18)	(177)	188	11

Letters of credit of \$65 million (30 June 2024: \$30 million) and security deposits held within 'Interest-bearing assets' of \$155 million (30 June 2024: \$621 million) are also subject to master netting arrangements.

26. Related Parties

Crown

The Crown, the majority shareholder of the Parent, owns 51% of the issued capital of the Company (30 June 2024: 51%).

On 20 February 2025 Air New Zealand announced a share buyback programme (refer Note 19). Following on-market acquisitions of shares acquired on the New Zealand Stock Exchange and Australian Securities Exchange, Air New Zealand acquired a corresponding number of shares held by the Crown in order to maintain the Crown's shareholding. During the year 30,926,540 shares were acquired from the Crown for \$19 million. On 27 June 2025 and 30 June 2025 Air New Zealand agreed to acquire an additional 869,549 shares from the Crown for \$0.5 million. These transactions were settled after balance date, in line with the Crown participation agreement, which requires settlement to occur two business days following the agreement to purchase.

Crown standby revolving facility

On 25 March 2024 Air New Zealand cancelled an unsecured committed standby revolving facility (the "CSF2 Loan Facility") provided by the Crown for the purpose of providing additional liquidity, if required, as the airline recovered from the effects of the Covid-19 pandemic. The facility was for up to \$400 million for a term through to 30 January 2026 and was never drawn upon. The CSF2 Loan Facility was negotiated on an arms' length basis, with each party having been independently advised. Under the terms of the arrangement, various representations, warranties and undertakings, including regular reporting on operational and financial performance, were undertaken. A commitment fee of 1.0% per annum was payable on the committed facility limit. For the year ended 30 June 2024 the Group recognised commitment fees of \$3 million in relation to the CSF2 Loan Facility.

Transactions with Crown entities

Air New Zealand enters into numerous airline transactions with Government Departments, Crown Agencies and State Owned Enterprises on an arm's length basis. All transactions are entered into in the normal course of business.



Notes to the Financial Statements (continued)

For the year ended 30 June 2025

26. Related Parties (continued)

Key management personnel

Compensation of key management personnel (including directors) was as follows:

	2025 \$M	2024 \$M
Short-term employee costs	15	13
Directors' fees	1	1
Share-based payments	4	3
	20	17

Certain key management personnel (including directors) have relevant interests in a number of companies (including non-executive directorships) to which Air New Zealand provides airline related services in the normal course of business, on standard commercial terms.

Staff share purchase schemes and Executive share rights plans

Shares held by the Staff Share Purchase scheme and Executive share rights plans are detailed in Note 19.

Bank set-off arrangements

The Group has a set-off arrangement on certain Bank of New Zealand balances, allowing the offset of overdraft amounts against in-fund amounts. The following entities are included in the set-off arrangement:

- Air Nelson Limited
- Air New Zealand Limited
- Air New Zealand Regional Maintenance Limited
- Mount Cook Airline Limited

Associates

Transactions between the Group and its associates are conducted on normal terms and conditions. The Christchurch Engine Centre (CEC) undertakes maintenance on V2500 engines. The Group receives revenue for contract and administration services performed for the CEC. During the year ended 30 June 2024, distributions of \$12 million were received from the CEC. No distributions were received in the current year.

During the year ended 30 June 2025, non-cash distributions of \$3 million were received from Drylandcarbon One Limited Partnership (30 June 2024: nil)..

	2025 \$M	2024 \$M
During the year, there have been transactions between Air New Zealand and its associates as follows:		
Operating revenue	1	1

There were no outstanding amounts receivable or payable to associates as at 30 June 2025 (30 June 2024: nil)

Other related party disclosures

Other balances and transactions with related parties are not considered material to Air New Zealand and are entered into in the normal course of business on standard commercial terms. There have been no related party debts forgiven during the year.

Independent Auditor’s Report



To the Shareholders of Air New Zealand Limited

Auditor-General	The Auditor-General is the auditor of Air New Zealand Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Jason Stachurski, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.
Opinion	<p>We have audited the consolidated financial statements of the Group on pages 62 to 102, that comprise the Statement of Financial Position as at 30 June 2025, the Statement of Financial Performance, Statement of Comprehensive Income, 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 policies and other explanatory information.</p> <p>In our opinion the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards and IFRS Accounting Standards.</p> <p>Our audit was completed on 28 August 2025. This is the date at which our opinion is expressed.</p> <p>The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements, we comment on other information, and we explain our independence.</p>
Basis for opinion	<p>We conducted 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 <i>Responsibilities of the auditor for the audit of the consolidated financial statements</i> section of our report.</p> <p>We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p>
Audit materiality	<p>We consider materiality primarily in terms of the magnitude of misstatement in the consolidated financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the ‘quantitative’ materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the ‘qualitative’ materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.</p> <p>We determined materiality for the consolidated financial statements as a whole to be \$23 million which was determined with reference to a number of factors and taking into account the cyclical nature of the airline industry. \$23 million represents 12.2% of profit before tax, 1.2% of total equity and 0.3% of operating revenue.</p>
Key audit matters	Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor’s Report (continued)

Deloitte.	
Key audit matter	How our audit addressed the key audit matter and the results of our work

Passenger revenue recognition

The Group’s revenue consists of passenger revenue which totalled \$5,851 million (2024: \$5,942 million).

Passenger revenue is complex due to the various fare rules that may apply to a transaction, and as tickets are typically sold prior to the day of flight. Complex IT systems and processes are required to correctly record these sales as transportation sales in advance and then as revenue when the actual carriage is performed.

Historical trend information is also used to estimate the proportion of credits which are expected to expire (referred to as breakage) which are released to revenue.

We have included revenue recognition as a key audit matter due to the magnitude of revenue in relation to the financial statements and the substantial dependence on complex IT systems and the estimations involved in predicting breakage.

- In performing our procedures we:
- Evaluated the systems, processes and controls in place over passenger revenue and passenger revenue in advance, which includes the key account reconciliation processes;
 - Tested the IT environment in which passenger sales occur and interface with other relevant systems;
 - Assessed the quality of information produced by these systems and tested the accuracy and completeness of reports generated by these systems which are used to recognise or defer passenger revenue;
 - Performed an analysis of passenger revenue and passenger revenue in advance and created expectations of revenue based on our knowledge of the Group, the industry and key performance measures, including airline capacity and available seat kilometres. We have compared this to the Group’s revenue and obtained appropriate evidence for any significant differences;
 - Agreed a sample of passenger revenue and passenger revenue in advance to supporting documentation; and
 - Assessed the Group’s approach to estimating the travel credits breakage by assessing the methodology applied and challenging key assumptions. This included:
 - comparing projected redemption profiles against historical experience, including testing a sample of historical redemptions to confirm usage, and
 - working with modelling specialists to build our own breakage model which we then compared against the Group’s Monte Carlo simulation with any significant differences investigated.
- We are satisfied that revenue has been appropriately recognised.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented in accordance with NZ IFRS Accounting Standards and IFRS Accounting Standards.

The Board of Directors is responsible on behalf of the Group for such internal control as it determines is necessary to enable the Group to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group’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 Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Director’s responsibilities arise from the Financial Markets Conduct Act 2013.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 shareholders taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

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 consolidated financial statements, 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 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 Group’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 Group’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 consolidated financial statements 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report (continued)



Responsibilities of the auditor for the audit of the consolidated financial statements (continued)

- 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 during our audit.
- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibility arises from section 15 of the Public Audit Act 2001.

Other information

The Board of Directors is responsible on behalf of the Group for all other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report, and the Climate Statement. Our opinion on the consolidated financial statements 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 consolidated financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements 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 Group in accordance with the independence requirements of the *Auditor-General's Auditing Standards* which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to the audit we carried out other engagements including a review of the interim financial statements, and assurance services relating to passenger facility charges, and greenhouse gas emissions reported in the greenhouse gas emissions inventory report and in the Climate Statement, and compliance with student fee protection rules. We also provide non-assurance services in the form of a climate-related disclosure pre-assurance readiness assessment and services to the Corporate Taxpayers Group for which Air New Zealand is a member, along with a number of other organisations. In addition to these engagements, principals and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the Group. These engagements and trading activities have not impaired our independence as auditor of the Group.

Other than the audit and these engagements and trading activities, we have no relationship with, or interests in the Group.

Black

Jason Stachurski
for Deloitte Limited

On behalf of the Auditor-General
Auckland, New Zealand

Historical Summary of Financial Performance

Five Year Statistical Review

For the year to 30 June

	2025 \$M	2024 \$M	2023 \$M	2022 \$M	2021 \$M
Operating revenue					
Passenger revenue	5,851	5,942	5,349	1,476	1,470
Cargo	487	459	628	1,016	769
Contract services	61	89	133	117	161
Other revenue and income	356	262	220	125	117
	6,755	6,752	6,330	2,734	2,517
Operating expenditure					
Labour	(1,707)	(1,629)	(1,441)	(976)	(830)
Fuel	(1,484)	(1,692)	(1,499)	(560)	(311)
Maintenance	(602)	(481)	(395)	(259)	(254)
Aircraft operations	(878)	(812)	(694)	(412)	(350)
Passenger services	(425)	(403)	(334)	(116)	(84)
Sales and marketing	(328)	(324)	(291)	(131)	(73)
Foreign exchange gains/(losses)	25	(3)	4	(3)	(29)
Other expenses	(430)	(467)	(394)	(281)	(252)
	(5,829)	(5,811)	(5,044)	(2,738)	(2,183)
Operating earnings (excluding items below)	926	941	1,286	(4)	334
Depreciation and amortisation	(727)	(716)	(695)	(668)	(715)
Earnings/(loss) before finance costs, associates, other significant items and taxation	199	225	591	(672)	(381)
Finance income	101	153	119	14	8
Finance costs	(149)	(186)	(164)	(94)	(90)
Share of earnings of associates (net of taxation)	38	30	39	27	19
Earnings/(loss) before other significant items and taxation	189	222	585	(725)	(444)
Other significant items*	-	-	(11)	(85)	29
Earnings/(loss) before taxation	189	222	574	(810)	(415)
Taxation (expense)/credit	(63)	(76)	(162)	219	123
Net profit/(loss) attributable to shareholders of parent company	126	146	412	(591)	(292)

* Other significant items are items of revenue or expenditure, which due to their size or nature, warranted separate disclosure to assist with the understanding of the underlying financial performance of the Group. In categorising such items consideration was given to the principle of consistency as well as the circumstance and ongoing nature of the item.

Historical Summary of Cash Flows

Five Year Statistical Review

For the year to 30 June

	2025 \$M	2024 \$M	2023 \$M	2022 \$M	2021 \$M
Net Cash Flow from operating activities	940	810	1,853	574	323
Net Cash Flow used in investing activities	(119)	(822)	(916)	(355)	(182)
Net Cash Flow (used in)/from financing activities	(664)	(936)	(503)	1,308	(313)
Increase/(decrease) in cash and cash equivalents	157	(948)	434	1,527	(172)
Total cash and cash equivalents	1,436	1,279	2,227	1,793	266

Historical Summary of Financial Position

Five Year Statistical Review
As at 30 June

	2025 \$M	2024 \$M	2023 \$M	2022 \$M	2021 \$M
Current assets					
Bank and short-term deposits	1,436	1,279	2,227	1,793	266
Other current assets	894	1,161	1,042	704	560
Total current assets	2,330	2,440	3,269	2,497	826
Non-current assets					
Property, plant and equipment	4,225	3,608	3,261	3,190	3,128
Other non-current assets	2,176	2,500	2,665	2,663	2,730
Total non-current assets	6,401	6,108	5,926	5,853	5,858
Total assets	8,731	8,548	9,195	8,350	6,684
Current liabilities					
Debt ¹	799	488	545	590	907
Other current liabilities	3,280	3,111	3,291	2,581	1,446
Total current liabilities	4,079	3,599	3,836	3,171	2,353
Non-current liabilities					
Debt [*]	2,039	2,328	2,790	2,978	2,401
Other non-current liabilities	667	611	490	524	832
Total non-current liabilities	2,706	2,939	3,280	3,502	3,233
Total liabilities	6,785	6,538	7,116	6,673	5,586
Net assets	1,946	2,010	2,079	1,677	1,098
Total equity	1,946	2,010	2,079	1,677	1,098

* Debt is comprised of secured borrowings, bonds, medium-term notes, lease liabilities and redeemable shares.

Historical Summary of Debt

Five Year Statistical Review
As at 30 June

	2025 \$M	2024 \$M	2023 \$M	2022 \$M	2021 \$M
Debt					
Secured borrowings	579	707	998	1,185	1,497
Unsecured bonds	105	102	102	50	50
Medium-term notes	593	584	578	608	-
Lease liabilities	1,561	1,423	1,657	1,525	1,761
Redeemable shares	-	-	-	200	-
	2,838	2,816	3,335	3,568	3,308
	(1,436)	(1,279)	(2,227)	(1,793)	(266)
Bank and short-term deposits					
Net open derivatives held in relation to interest-bearing liabilities and lease liabilities*	13	15	31	(23)	(13)
Interest-bearing assets	(335)	(780)	(732)	(360)	(324)
Net Debt	1,080	772	407	1,392	2,705

* Unrealised gains/losses on open debt derivatives.

Key Financial Metrics

Five Year Statistical Review

		2025	2024	2023	2022	2021
Profitability and capital management						
Passenger Revenue per Revenue Passenger Kilometre (Yield)	cents	17.3	17.3	18.4	20.7	24.9
Passenger Revenue per Available Seat Kilometre (RASK) ¹	cents	14.4	14.1	15.6	13.9	14.3
Cost per Available Seat Kilometre (CASK) ²	cents	14.4	13.8	14.0	13.7	12.5
Return on Invested Capital Pre-tax (ROIC) ³	%	8.2	9.7	22.3	(21.2)	(8.2)
Liquidity ratio ⁴	%	21.3	18.9	35.2	65.6	10.6
Net debt to EBITDA	times	1.1	0.8	0.3	(22.5)	7.1
Gearing ⁵	%	35.7	27.7	16.4	45.4	71.1
Shareholder value						
Basic Earnings per Share ⁶	cps	3.8	4.3	12.2	(40.8)	(26.0)
Operating Cash Flow per Share ⁶	cps	28.4	24.0	55.0	17.0	28.8
Ordinary Dividends Declared per Share ⁶	cps	2.5	3.5	-	-	-
Special Dividend Declared per Share ⁶	cps	-	-	6.0	-	-
Net Tangible Assets per Share ⁶	\$	0.56	0.55	0.55	0.39	0.86
Closing Share Price 30 June	\$	0.59	0.53	0.78	0.57	1.55
Weighted Average Number of Ordinary Shares	m	3,358	3,368	3,368	1,449	1,123
Total Number of Ordinary Shares	m	3,307	3,368	3,368	3,368	1,123
Total Market Capitalisation	\$m	1,951	1,785	2,627	1,920	1,740
Total Shareholder Returns ⁷	%	(3.3)	(17.7)	(14.9)	(19.5)	0.7

1. Passenger revenue per passenger flights Available Seat Kilometre
2. Operating expenditure (excluding other significant items) per ASK
3. EBIT/average capital employed (Net Debt plus Equity) over the period
4. (Bank and short-term deposits and interest-bearing assets (excluding restricted cash))/Operating Revenue
5. Net Debt/(Net Debt plus Equity)
6. Per share measures based on Ordinary Shares. Net tangible assets exclude 'Intangible assets' and 'Deferred taxation' reported on the face of the Statement of Financial Position
7. Return over five years including the change in share price and dividends received (assuming dividends are reinvested in shares on ex dividend date)

Key Operating Statistics

Five Year Statistical Review
For the year to 30 June

	2025	2024	2023	2022	2021
Passengers carried (000)					
Domestic	10,142	10,721	10,946	6,836	8,191
International					
Australia and Pacific Islands	3,840	3,811	3,352	734	386
Asia	1,101	1,026	697	51	32
America and Europe	824	902	781	124	40
Total	5,765	5,739	4,830	909	458
Total Group	15,907	16,460	15,776	7,745	8,649
Available seat kilometres (M)					
Domestic	6,409	6,620	6,685	4,929	5,480
International					
Australia and Pacific Islands	11,562	11,655	10,237	2,665	2,214
Asia	11,464	10,911	7,423	1,229	1,572
America and Europe	11,066	12,881	9,936	1,828	1,038
Total	34,092	35,447	27,596	5,722	4,824
Total passenger flights	40,501	42,067	34,281	10,651	10,304
Cargo-only flights	-	-	1,680	9,368	7,106
Total Group	40,501	42,067	35,961	20,019	17,410
Revenue passenger kilometres (M)					
Domestic	5,311	5,571	5,679	3,452	4,244
International					
Australia and Pacific Islands	10,055	9,831	8,707	1,937	964
Asia	9,462	8,967	6,128	445	292
America and Europe	8,941	9,916	8,518	1,312	408
Total	28,458	28,714	23,353	3,694	1,664
Total Group	33,769	34,285	29,032	7,146	5,908
Passenger load factor (%)					
Domestic	82.9	84.2	84.9	70.1	77.4
International					
Australia and Pacific Islands	87.0	84.3	85.1	72.7	43.5
Asia	82.5	82.2	82.6	36.2	18.6
America and Europe	80.8	77.0	85.7	71.8	39.3
Total	81.7	82.8	84.7	65.5	36.5
Total Group	83.4	81.5	84.7	67.1	57.3
GROUP EMPLOYEE NUMBERS (Full time equivalents)	11,710	11,702	11,474	8,863	7,840

New Zealand, Australia and Pacific Islands represent short-haul operations. Asia, America and Europe represent long-haul operations. Certain comparatives within the operating statistics have been reclassified, to ensure consistency with the current year presentation.

Shareholder Directory

New Zealand

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Australia

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Investor Relations

Investor Relations Office
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Email: investor@airnz.co.nz
Website: airnzinvestor.com

Annual Shareholders’ Meeting

Date: 25 September 2025
Time: 1:00pm
Venue: The Cloud
89 Quay Street
Auckland Central

Current Credit Rating

Moody’s rate Air New Zealand Baa1

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Board of Directors

Dame Therese Walsh – Chair
Neal Barclay
Claudia Batten
Dean Bracewell
Laurissa Cooney
Larry De Shon
Alison Gerry

Chief Executive Officer

Greg Foran

Chief Financial Officer

Richard Thomson

General Counsel and Company Secretary

Jennifer Page



Penny, First Officer



The new uniform prints have been designed to tell a story around the heritage and culture of Aotearoa, curated to reflect Air New Zealand and its people.

Kōwhai o te rangi

The kōwhai tree blooms as a living symbol of renewal, resilience and the first light of creation.

Woven into the pattern, the koru represents new beginnings and the mangōpare signifies strength.