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Media Release

28 August 2025

Air New Zealand announces 2025 financial result

Financial summary

- Earnings before taxation of $189 million
- Net profit after taxation of $126 million
- ASK capacity down 4 percent, with up to 6 narrowbody and 5 widebody jets grounded due to additional global engine maintenance requirements
- Final unimputed ordinary dividend of 1.25 cents per share declared
- $38 million of shares repurchased under the share buyback[1]

Air New Zealand today announced earnings before taxation of $189 million for the 2025 financial year, compared with $222 million in the prior year. This result is at the upper end of the guidance range provided to the market in April. Net profit after taxation was $126 million.

The result reflects resilience despite ongoing global engine maintenance challenges, significant cost inflation and a soft domestic market.

Passenger revenue declined by two percent to $5.9 billion, driven by a four percent reduction in overall network capacity from engine availability constraints[2].

Fuel costs improved 12 percent, or $208 million, reflecting a decline in average jet fuel prices and lower volumes of fuel consumption in line with constrained capacity.

Non-fuel operating cost inflation of approximately $235 million, was driven primarily by higher landing charges, labour costs and engineering materials. This represents a year-on-year increase of around six percent, as system-wide aviation costs continue to rise faster than the New Zealand Consumer Price Index. This pricing pressure is expected to persist.

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.

The airline's 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 contributed, reducing disruption costs and lifting on-time performance by six percentage points in the second half. Together these

[1] This includes an on-market buyback component through the NZX and ASX and an off-market buyback component under which Air New Zealand will, following any on-market acquisitions, acquire a corresponding number of shares held by the Crown, in order to maintain the Crown's shareholding.
[2] Included within passenger revenue is $35 million of credit breakage for customer credits now considered unlikely to be redeemed.

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benefits helped partially offset inflation while laying foundations for stronger long-term financial performance.

Chair Dame Therese Walsh said the result reflected the underlying strength of the business and the discipline with which it has been run.

“This is a solid result in a year where the airline faced real operational and economic pressure. It speaks to the capability of the team, the robustness of the business, and the financial discipline that Greg has instilled during his time as CEO. While near-term challenges remain, our balance sheet is strong, and our strategy is clear.

“Based on the result announced today, and reflecting that confidence, the Board has declared a final unimputed ordinary dividend of 1.25 cents per share, payable on 25 September 2025 to shareholders on record as at 12 September 2025. During the year, Air New Zealand was also pleased to return $38 million to shareholders through the share buyback programme announced in February,” said Dame Therese.

Dame Therese also took the opportunity to thank Greg Foran, who will step down later this year.

“Greg has led the business through an extraordinary period. He’s been clear, considered, and focused, and leaves Air New Zealand in a position of real strength. On behalf of the Board, I want to thank him for his leadership.”

On the financial result, Chief Executive Officer Greg Foran said Air New Zealand carefully managed engine-related disruptions throughout the year, with up to six narrowbody and five widebody aircraft out of service at times. 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[3] higher had the fleet operated as intended.

Mr Foran noted that the airline remained focused on what it could control, making purposeful decisions to support customers and maintain schedule reliability.

“We acted early and decisively, securing additional engines and aircraft, and optimising our schedule to keep customers moving. While this came at a significant cost, it was the right decision to deliver for our customers and maintain network stability,” said Mr Foran.

The airline continues to work closely with both Rolls-Royce and Pratt & Whitney on compensation arrangements, and to secure a more reliable picture of when engines will return to service.

“We are confident in the medium-term recovery path but note the next year will likely be every bit as constrained as the last. Unfortunately, there are no quick fixes, and navigating the next two years will require the same focus and discipline we’ve shown to date.”

Despite the challenges, we have delivered meaningful progress this year, with four fully retrofitted Boeing 787-9 Dreamliners returning to service, the unveiling of a new uniform, and the announcement of plans for a new international lounge at Auckland Airport. Investments in infrastructure and digital capability were also made, with a new engineering hangar on track

[3] 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.

to open later in 2025, the Christchurch Engine Centre expansion progressing well, and around 3,000 staff equipped with AI tools to improve service, speed, and efficiency.

“These achievements show the airline’s ability to execute against our plan, while seizing opportunities to deliver growth as scale returns,” said Mr Foran.

2026 Outlook

While groundings related to engine availability constraints will continue into 2026, the airline notes signs of gradual improvement are beginning to emerge.

“While we’re not through it yet, we are seeing early signs that the most acute phase of disruption will be behind us within the year. The path to recovery won’t be linear, but we’re approaching it with focus and discipline,” said Mr Foran.

In the year ahead, more than half of the airline’s existing Boeing 787 fleet is expected to be flying with fully modernised, premium-focused interiors. Air New Zealand will also take delivery of its first two new Boeing 787s fitted with GE-powered engines, a major milestone in the long-term fleet renewal strategy. These aircraft, alongside an additional A321neo and ATR, will support increased capacity within New Zealand, across the Tasman and to North America, particularly during the peak summer period.

Mr Foran noted these are important steps, not just to restore capacity, but to position the airline for the future.

“We know what needs to happen to lift our financial performance. Good progress is already underway, and it will become increasingly evident as the network scales back up and our transformation work continues.

“While we aren’t yet seeing signs of recovery in the local economy, we remain confident that demand will return, and that we’re well placed to respond when it does.

“The year ahead will still have its challenges. System-wide aviation costs will be around $85 million higher, driven by increased air navigation fees, passenger levies and landing charges. Engine constraints will also remain a factor. But we’ve got the right strategy, a strong balance sheet, and a team that continues to deliver with heart, and that gives us real confidence in what lies ahead,” said Mr Foran.

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.

Ends

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This announcement has been authorised for release by Jennifer Page, General Counsel & Company Secretary.

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AIR NEW ZEALAND

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2025 ANNUAL RESULTS

Investor presentation
28 August 2025

NZX: **AIR** / ASX: **AIZ** / US OTC: **ANZLY**



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Non-GAAP financial information

The following non-GAAP measures are not audited: Adjusted CASK, Net Debt, and EBITDA. Amounts used within the calculations are derived from the audited Group annual financial statements and Five-Year Statistical Review contained in the 2025 Annual Report. The non-GAAP measures are used by management and the Board of Directors to assess the underlying financial performance of the Group in order to make decisions around the allocation of resources.

Refer to slide 43 for a glossary of the key terms used in this presentation.

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Agenda

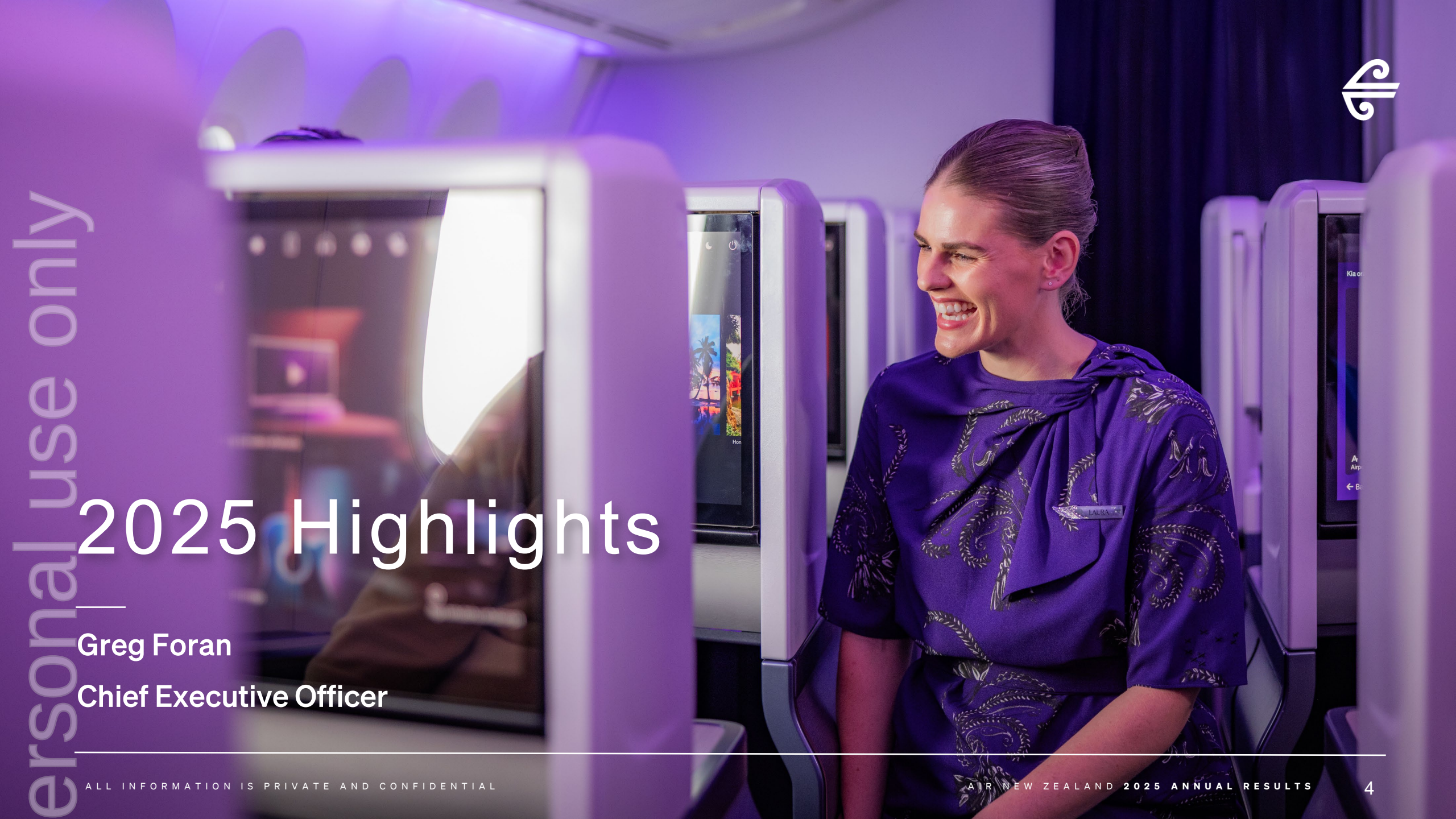
2025 Highlights

2025 Financial Performance

Strategic Business Update

Outlook

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2025 Highlights

Greg Foran

Chief Executive Officer

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Key messages

- Focused on steady delivery amidst significant near-term operational complexity
- Grounded aircraft position expected to improve slowly, with majority returned to service by end of calendar 2027
- Strong capacity growth from 2027 onwards driven by new Boeing 787 deliveries and alleviation of engine issues
- Demand trends remain strong for international, boosted by premium cabin strength and ancillary offerings; domestic remains challenging
- Aviation system cost inflation has consistently outpaced New Zealand CPI with that trend expected to continue
- Transformation benefits on track, partially offsetting current cost pressure. Benefits become margin-accretive as network scale rebuilds



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2025 Year in review – a resilient underlying business

Network growth temporarily constrained by engine availability

$189m earnings before taxation

Includes $35m of unused travel credit breakage

~$165m[1] adverse impact to 2025 earnings

From aircraft availability challenges, net of compensation of $129m

$487m cargo revenue

Up 6% on 2024

ASKs down 4%

With up to 11 jet aircraft grounded at times due to additional engine maintenance requirements globally

16m passengers flown

Across the network – down 3% on 2024

> 5m loyalty members

Up 9% on 2024

1.25 cps unimputed final ordinary dividend

Declared for 2025; resulting in total 2025 dividends declared of 2.5 cps

$38m to shareholders

Via the share buyback, up to ~$60m remaining under the approved programme

Awarded World's Safest Airline

For 2025, rated by AirlineRatings.com

[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.

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Demand strong across international markets

Taking steps to stimulate Domestic market



Domestic

- Good demand for Auckland, Christchurch and Queenstown jet markets
- Softer Wellington and regional demand, driven by Government and Corporate segments
- Corporate demand stabilised but remains ~10% below historical levels
- Improved operational reliability driving higher customer satisfaction
- International passenger growth supporting Domestic network
- Low-single digit growth expected in 2026



Short-Haul

- Strong leisure demand on the Tasman, passenger share ahead of capacity
- Continued demand strength for Pacific Islands, passengers up on stable market capacity
- Steady forward bookings into 2026, supported by Tasman and Pacific Islands growth
- New Christchurch-Adelaide seasonal route and resumption of Nouméa in 2026
- Cargo market share improved in key markets



Long-Haul

- Strong Kiwi-outbound demand to Asia - Singapore, Japan and Bali performing well
- Robust North America premium demand, economy cabins showing shorter booking curves
- Targeting high single digit US capacity growth over peak Northern Winter season, supported by return of retrofit aircraft
- Wet lease deployment in Northern Winter to support schedule resiliency
- Cargo demand strong, particularly out of Asia

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Investments in the customer proposition and our people are generating positive results

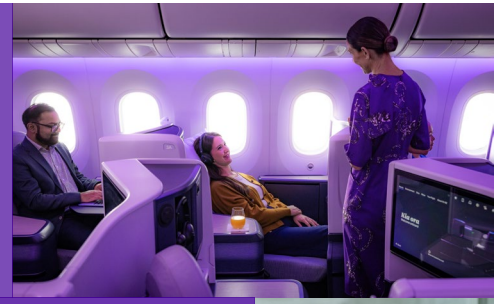
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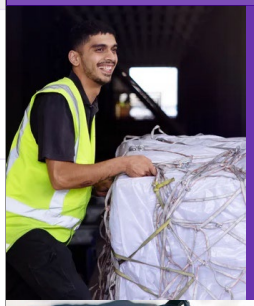
Key customer metrics improved 2H vs 1H 2025

	1H	2H	Mvmt
On-time performance	74.5%	80.6%	+6.1pp
Customer satisfaction	83	84	+1pts
Controllable cancellations	2.7%	1.7%	+1.0pp
Digital self service on contact centre channels	34%	42%	+8pp

Win on customer experience

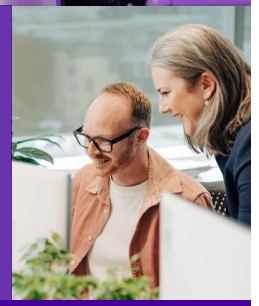
- First four retrofitted 787 back, three more to come in calendar 2025
- Automated passenger rebooking capability launched on Domestic
- New Contact Centre Livechat channel
- Refreshed Loyalty tiers and benefits work underway

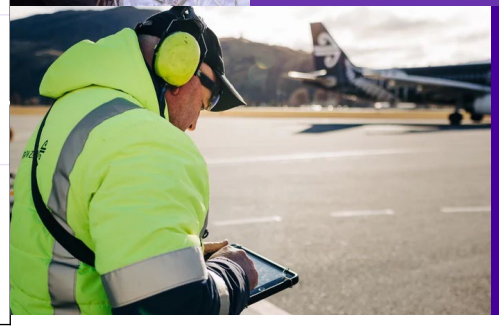




Maximise revenue potential

- NextGen revenue management tool now rolled out to all route groups
- Upgraded groups booking system
- New cargo management system launched





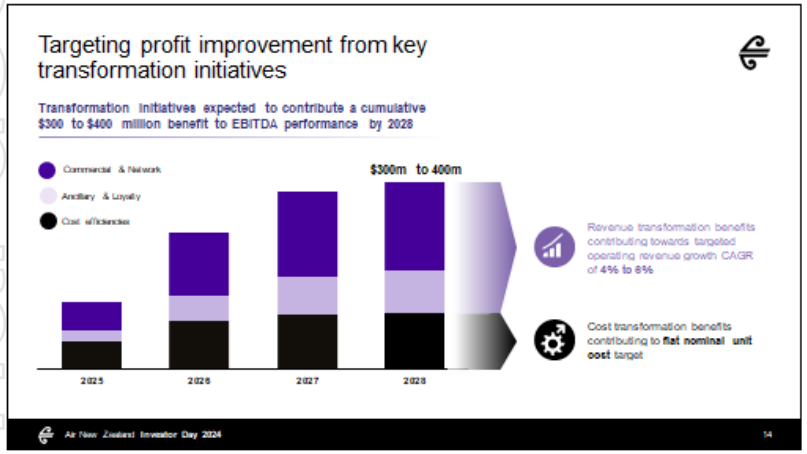
Unlock operational efficiencies

- Digitised end-to-end catering system launched
- Enabled AI tools across ~3,000 of our people
- Ops Collab tool rolled out across entire Domestic network
- New engineering hangar in Auckland nearing completion, unlocking maintenance productivity and capability

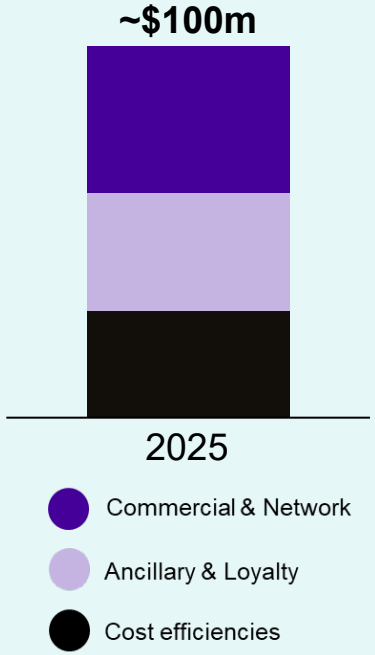
Transformation initiatives delivered ~$100 million in EBITDA benefits in 2025

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What we said at 2024 Investor Day:



2025 Actuals



Benefits in 2025 included:

- NextGen revenue management on Domestic and Tasman/Pacific Islands networks, partial benefit on Long-Haul
- Direct ancillary buy-ups
- Contact Centre efficiencies
- Airpoints™ store enhancements
- Operations productivity
- Inflight catering system efficiencies
- Cargo digital platform efficiencies

Actively managing aircraft availability from global engine maintenance delays

Up to 11 aircraft grounded out of 60 jet fleet in 2025



Latest actions to mitigate impact

- Two leased Airbus A321neo aircraft (up to 12 year lease) delivered
- Investing in four additional short-term leased Pratt & Whitney engines to enable additional neo flying – taking total pool of spares to 19
- Schedule adjustments to reflect changing engine availability forecasts
- Renegotiating new compensation terms with both Rolls-Royce and Pratt & Whitney

[1] Number of aircraft grounded at times due to global additional engine maintenance requirements on the PW1100 engines on our neo fleet and Rolls-Royce engines on our Boeing 787 Dreamliner fleet.

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2025 Financial Performance

Richard Thomson

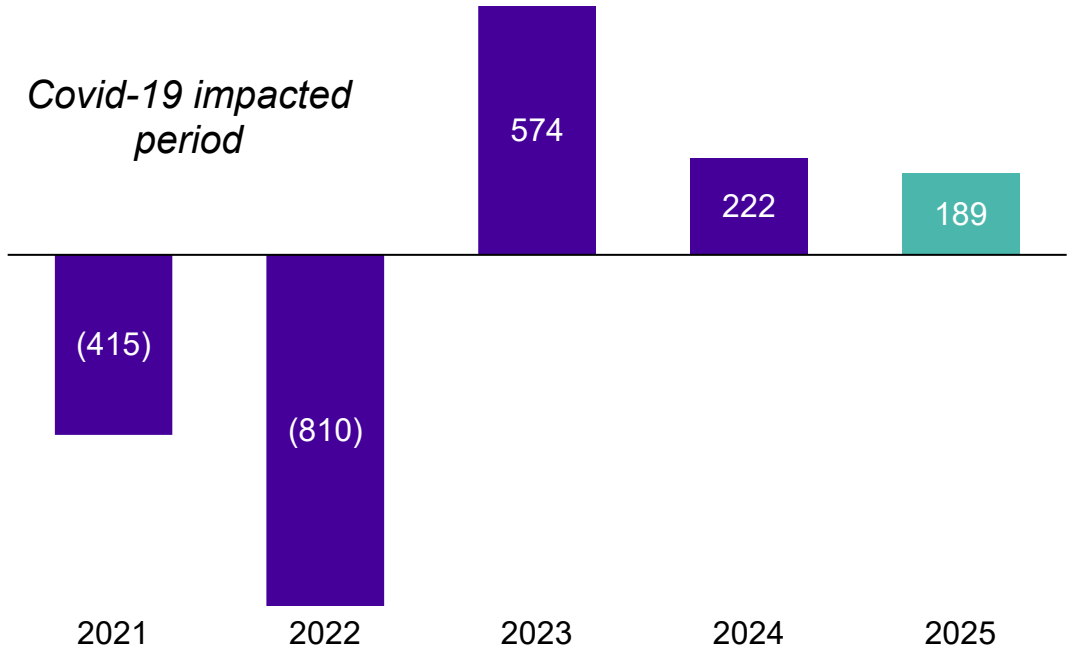
Chief Financial Officer

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Financial summary

- Operating revenue of **$6.8 billion, comparable with the prior year**
- Earnings before taxation of **$189 million, down 15%**
- Net profit after taxation of **$126 million, down 14%**
- Liquidity of **$1.7 billion**[1]
- Net Debt to EBITDA of **1.1x**
- Full year unimputed ordinary dividends of **2.5 cents** per share[2]

Earnings/(Loss) Before Taxation
($ millions)

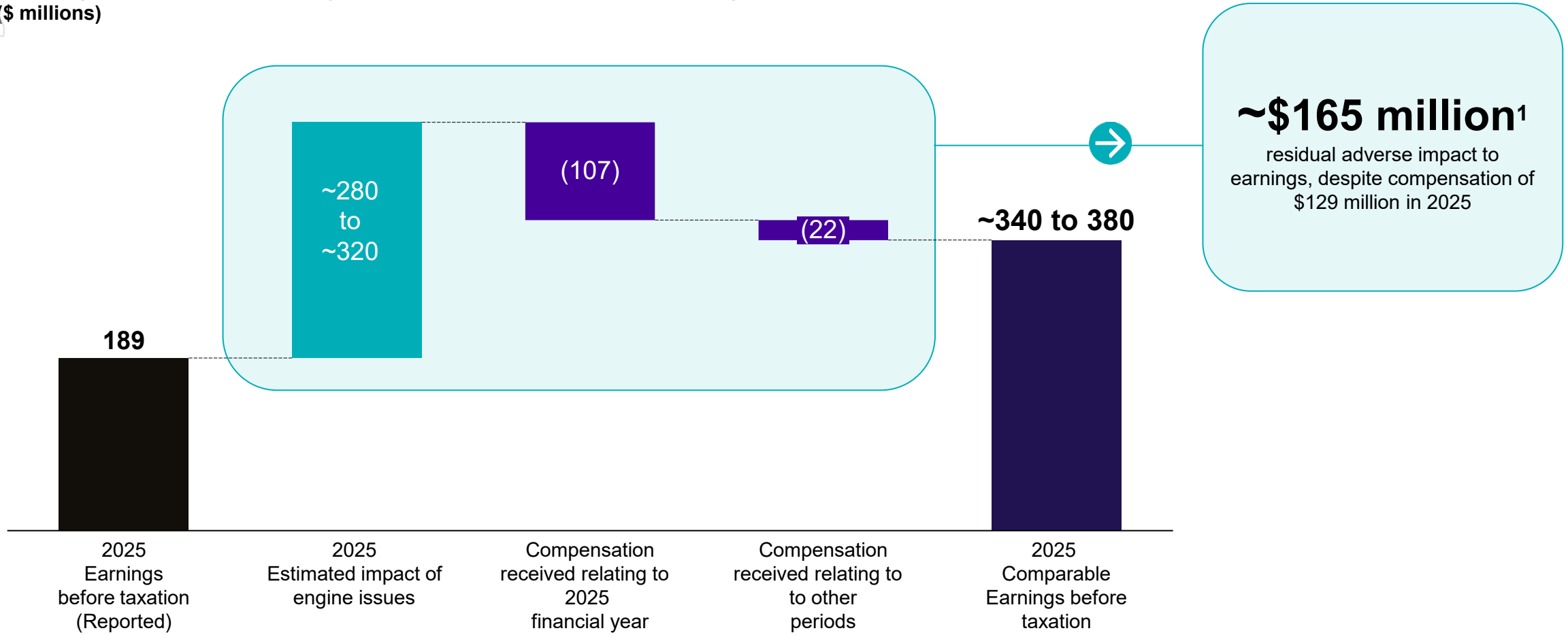


[1] Includes $1.4 billion cash and $250 million in undrawn funds under the syndicated revolving credit facility (established in May 2024).
[2] The airline's policy is to pay ordinary dividends equal to between 40% to 70% of underlying net profit after tax (underlying NPAT), subject to the Board's discretion. NPAT is calculated on a rolling twelve-month basis, divided by two to reflect the six-monthly period.

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Impact of engine delays on financial performance has been significant, despite compensation

Earnings before taxation adjusted for estimated impact of engine issues
($ millions)

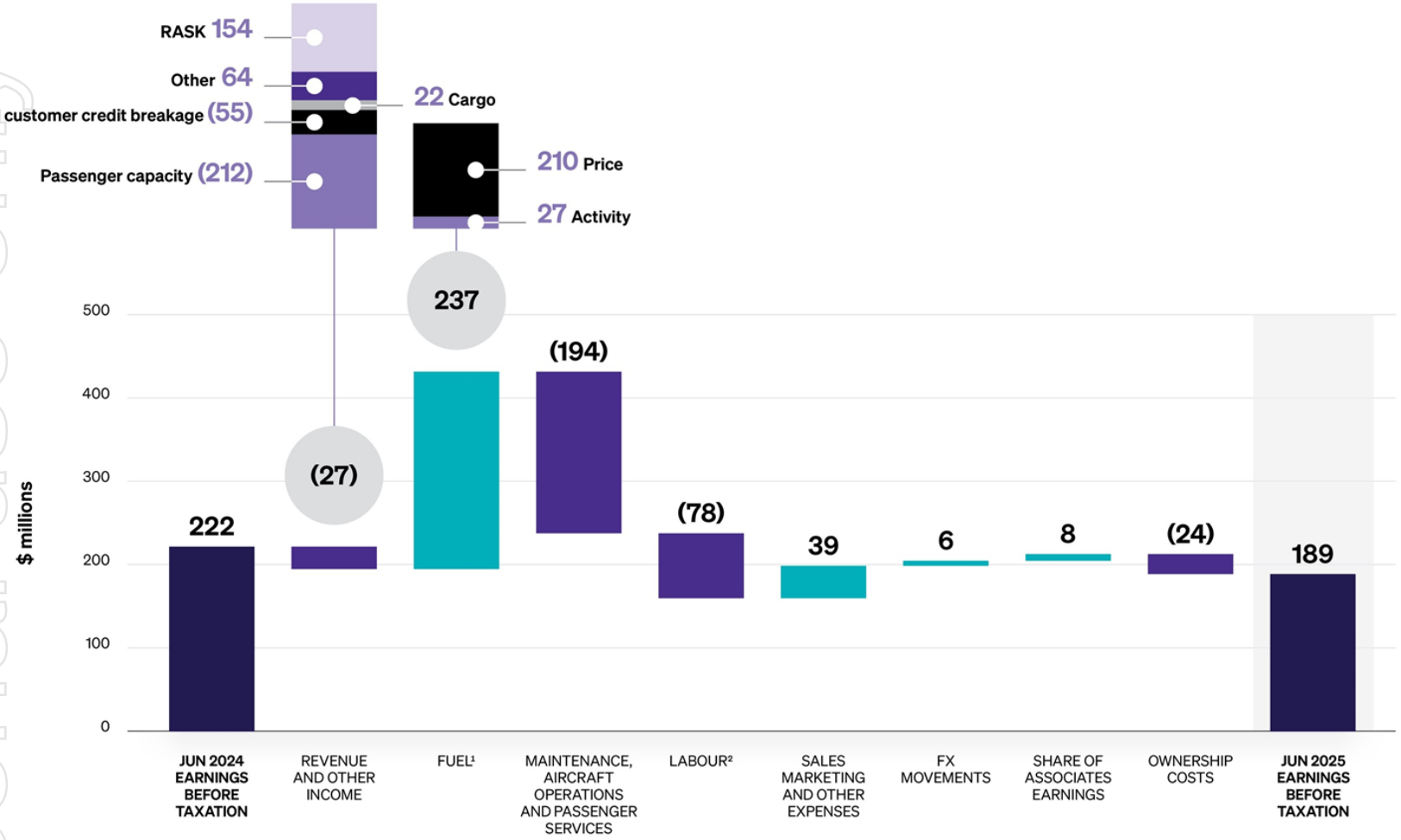


~$165 million[1]
residual adverse impact to earnings, despite compensation of $129 million in 2025

[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.

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Profitability waterfall



[1] For further details on fuel cost movement, refer to slide 38.
[2] Full-time equivalent staff levels were broadly flat at ~11,700.

Additional commentary

- Revenue and other income includes $92 million favourable movement from compensation received
- Broad based price inflation of ~6% across the non-fuel cost base, a headwind of $235 million vs the prior year
- Waterfall chart includes the benefit of transformation initiatives as outlined on slide 9

	2025 price change
Maintenance, aircraft operations and passenger services	+8%
Labour	+5%
Sales, marketing and other expenses	+2%

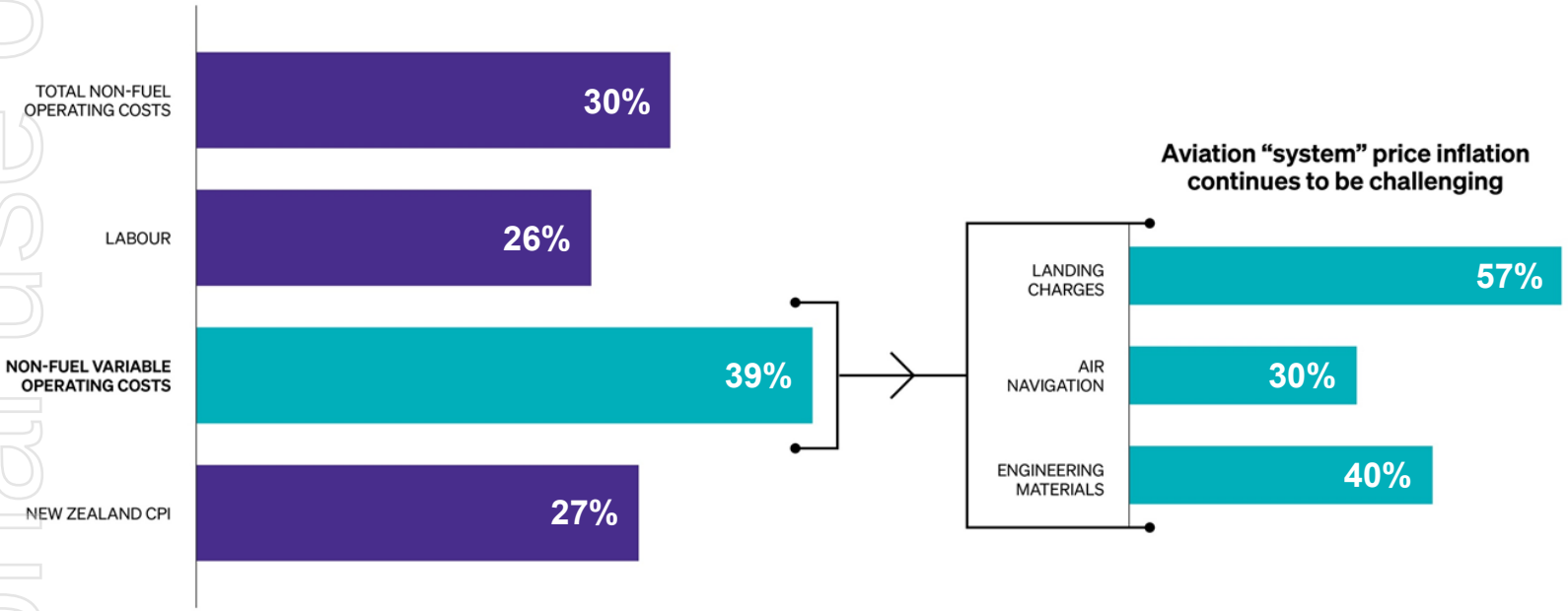
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Aviation system inflation has outpaced NZ CPI

Trend expected to continue

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Cumulative price inflation across cost base vs NZ CPI
(2019 vs 2025)



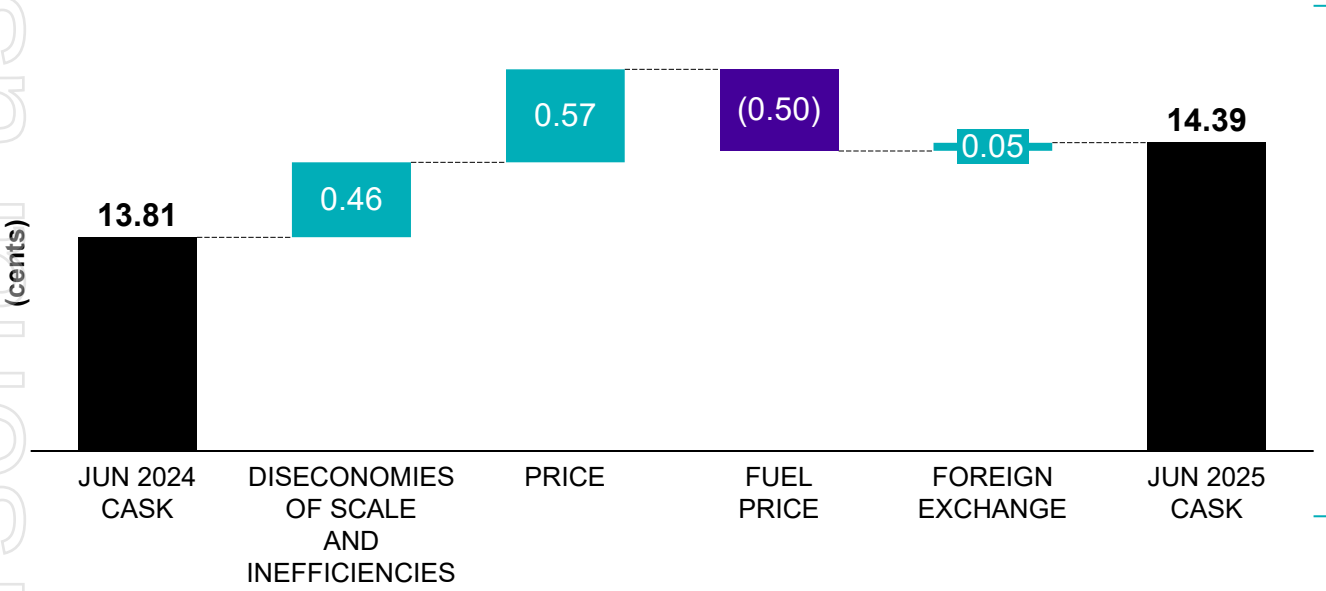
Addressing inflation with:

- Continued investments in digital systems and tooling to drive cost efficiencies
- Scaling costs as our network growth returns into 2027/28
- Passing on some of the increases through fares

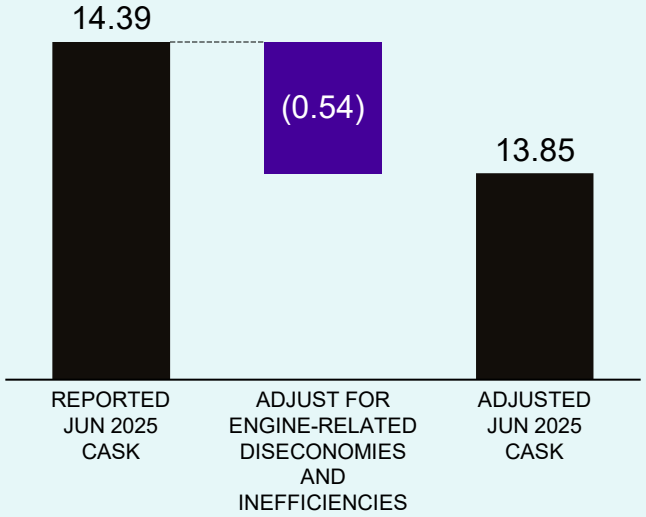
Prudent management of these levers is a key focus

Unit cost increases reflect impact of fleet constraints and continued price pressure across the aviation ecosystem

- **Reported CASK increased 4.2%**, largely due to reduced capacity, ongoing inflationary pressures and inefficiencies associated with fleet constraints
- Excluding the impact of fuel price movement and foreign exchange in the prior year, **underlying CASK increased 7.5%** due to:
  - Non-fuel operating cost inflation of ~6% across the cost base
  - Diseconomies of scale and inefficiencies resulting from significant levels of grounded aircraft



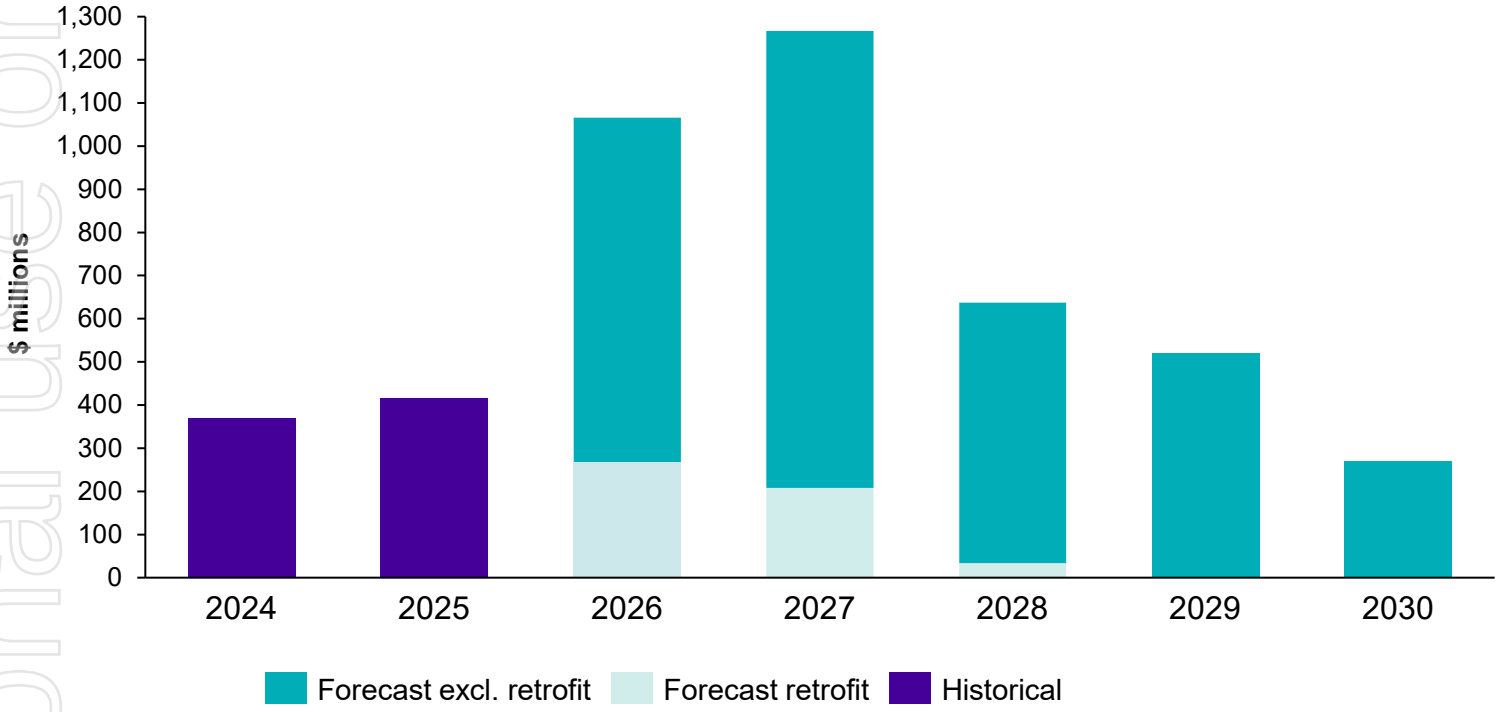
2025 CASK adjusted for estimated impact of engine maintenance delays



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Fleet investment update

Actual and forecast aircraft capital expenditure[1]



[1] Includes progress payments on aircraft and aircraft improvements (e.g. refurbishment); excludes engine maintenance. Please refer to slide 42 for fleet delivery table. Assumes NZD/USD FX rate of 0.60.
[2] Based on expected delivery dates, not contractual delivery dates.
[3] Contractual options were exercised post 30 June 2025.

- Forecast investment of **~$3.7 billion** in aircraft and associated assets through to 2030[2]
  - Options exercised for two additional 787-10s, expected delivery in 2028 and 2030[3]
  - Approximately $210 million lower forecast expenditure relates to stronger New Zealand Dollar compared to 2025 Interim Results forecast
- Chart includes the forecast cost of interior retrofit of 14 existing 787 aircraft and 7x 777-300ER aircraft
  - **Estimated aggregate cost of ~$500 million** for both programmes, phased over the next ~3 years
  - 787 retrofit currently expected to be **completed by end of calendar 2026**
  - First 777-300ER cabin refresh expected to start by **early calendar year 2027**

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Robust capital management metrics in preparation for increased capex profile

Maintain financial resilience and flexibility

- Target liquidity range of $1.2 billion to $1.5 billion
- Net Debt to EBITDA ratio of 1.5x to 2.5x

Underpinned by our commitment to maintain investment grade credit rating metrics

Invest in core operations

- Fleet and infrastructure investments above WACC through the cycle
- Investment to support the airline's decarbonisation ambitions

Distributions

- Ordinary dividend pay-out ratio of 40% to 70% of underlying net profit after tax (NPAT)[1]
- Return excess capital via special dividends or share buybacks

Growth capex

- Disciplined investment in value accretive capex
- Target ROIC above pre-tax WACC

PROGRESS MADE IN 2025

- Transitioned to new global payments provider, releasing ~$175 million in cash collateral to available liquidity
- ~$535 million debt and leases paid down
- Moody's Baa1 (stable) credit rating reaffirmed Jul 2025

- Purchased one 777-300ER off lease for future fleet resilience
- Sixth owned PW1100 spare engine purchased
- Two retrofitted 787-9 aircraft back in service, with a further two returning post balance date

- Declared ~$40 million unimputed ordinary final dividend
- Returned ~$40 million to shareholders in 2H 2025, as part of a $100 million share buyback programme

[1] The payout ratio for each of the interim and final dividends is calculated based on the rolling 12-month NPAT, which is divided by two, to reflect the six-monthly period.

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Strategic Business Update

GREG FORAN
CHIEF EXECUTIVE OFFICER

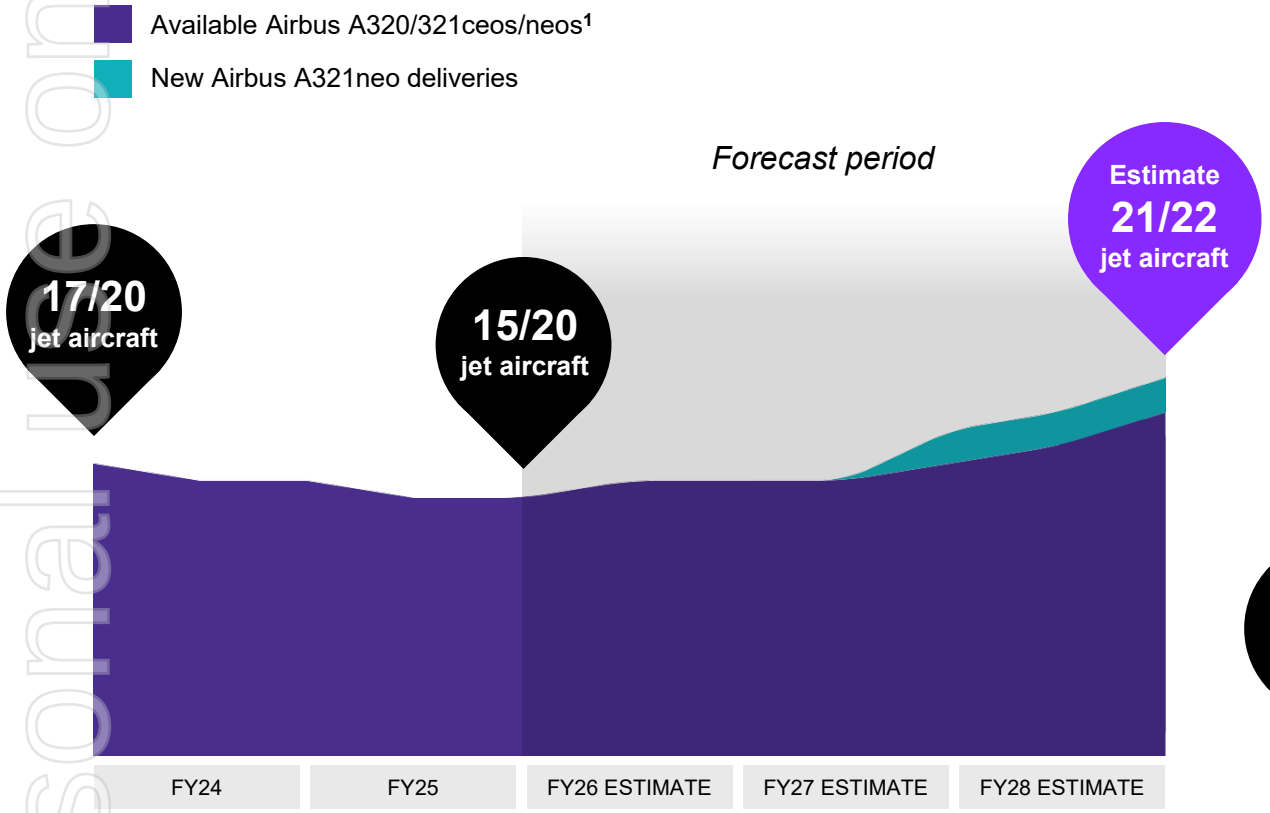
RICHARD THOMSON
CHIEF FINANCIAL OFFICER

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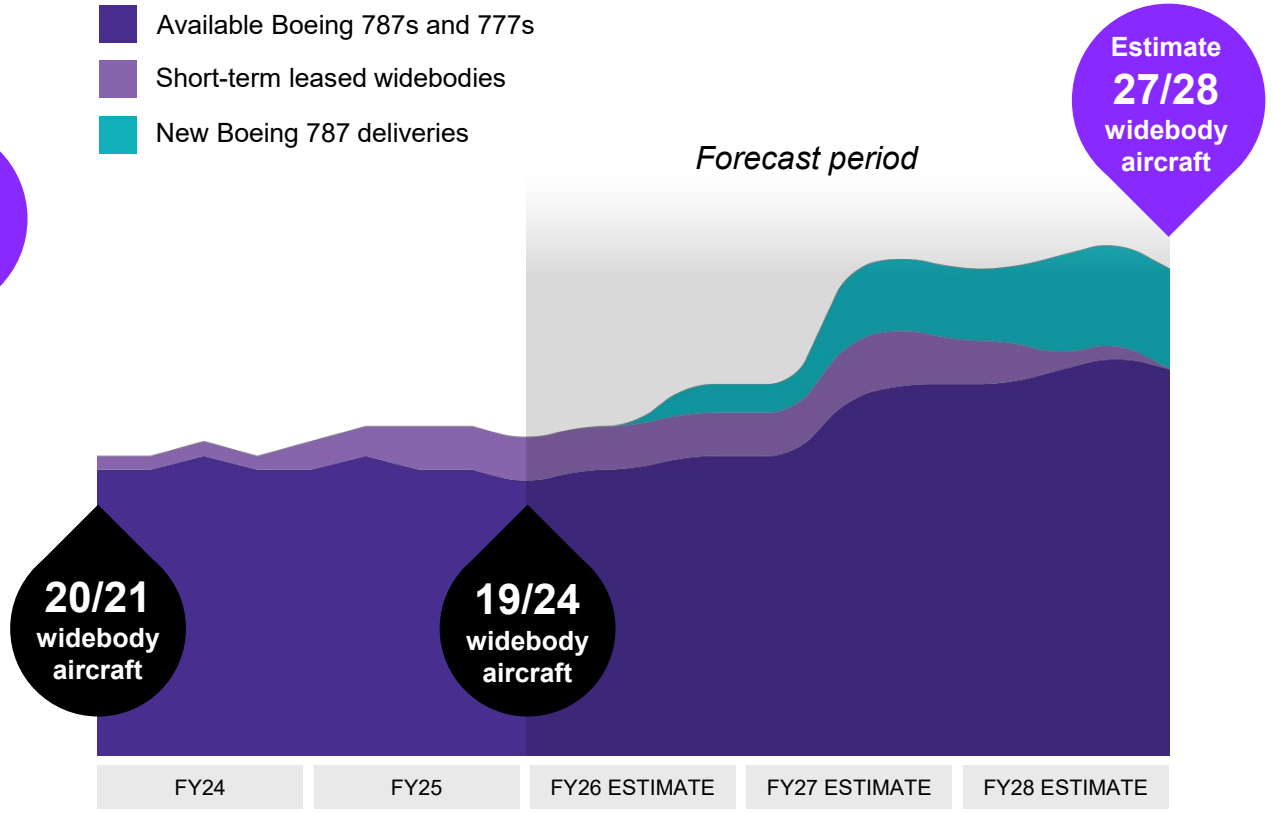
Current estimates of aircraft return point to a slower rate than anticipated 9 to 12 months ago

Illustrative internal estimates for available fleet impacted by engine issues

Available domestic jet fleet profile



Available widebody fleet profile

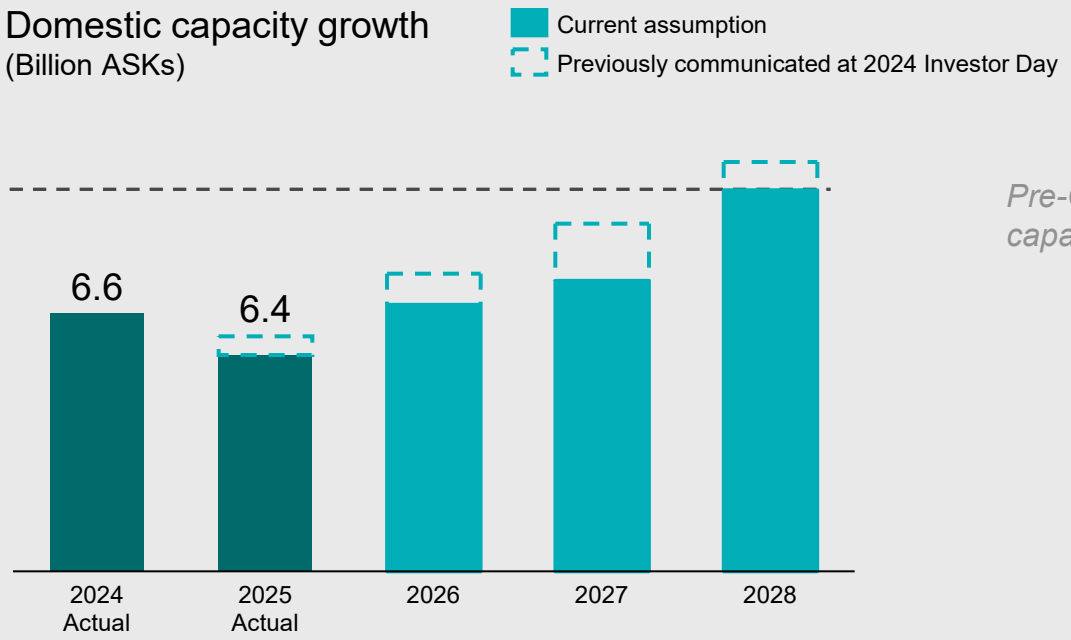


[1] Chart excludes Air New Zealand's short-haul international narrowbody jet aircraft.

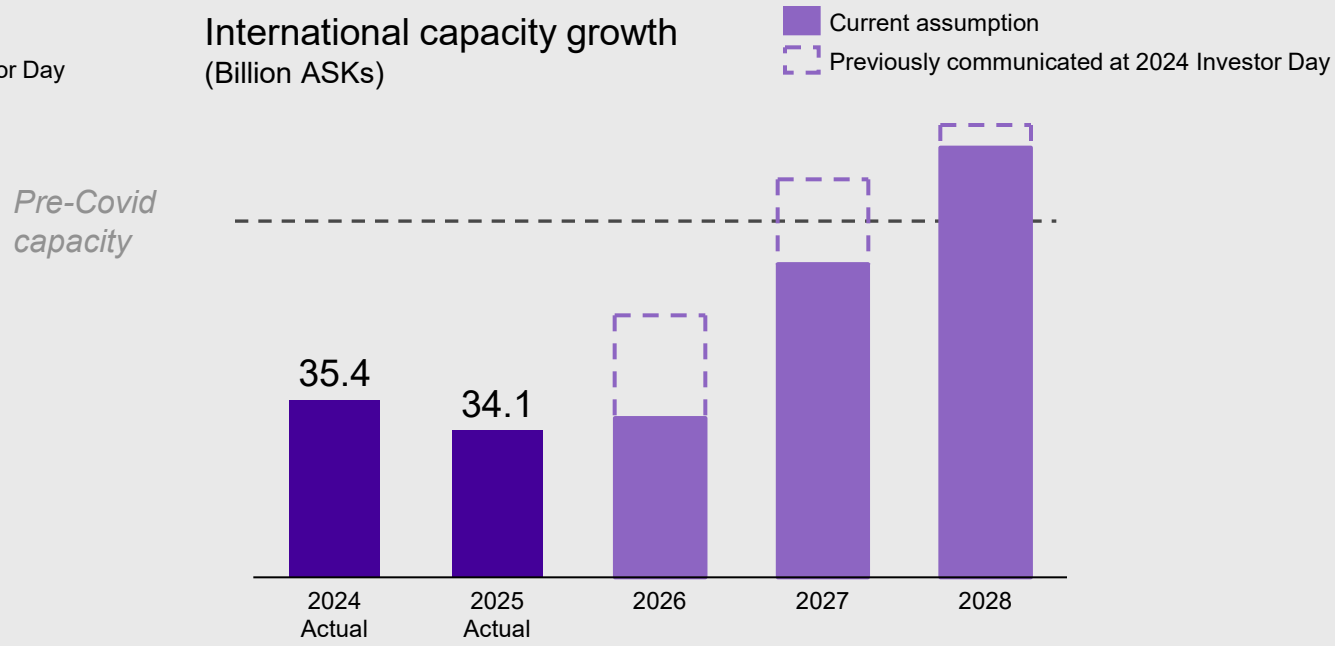
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Return to network scale now estimated by 2028, largely due to widebody availability

Domestic estimated to grow at a CAGR of ~1% to 2%[1]



International estimated to grow at a CAGR of ~3% to 4%[2]



[1] 2024 to 2028 CAGR. Compared to ~2% to 3% CAGR growth as estimated at the airline's Investor Day in Nov 2024, with the reduction due to latest internal estimates of A321neo aircraft availability.
[2] 2024 to 2028 CAGR. Compared to ~3% to 5% CAGR growth as estimated at the airline's Investor Day in Nov 2024, with the reduction due to latest internal estimates of B787 aircraft availability.

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Pace of unit cost improvement impacted by slower return of our most efficient fleet

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Certain unit cost headwinds are temporary and improvement will occur gradually as engine issues alleviate…

Temporary operational resiliency

- Direct and indirect costs of managing aircraft on ground

Sub-scale network

- Currently ~12% fewer ASKs than pre-Covid

…while other costs will be longer lasting

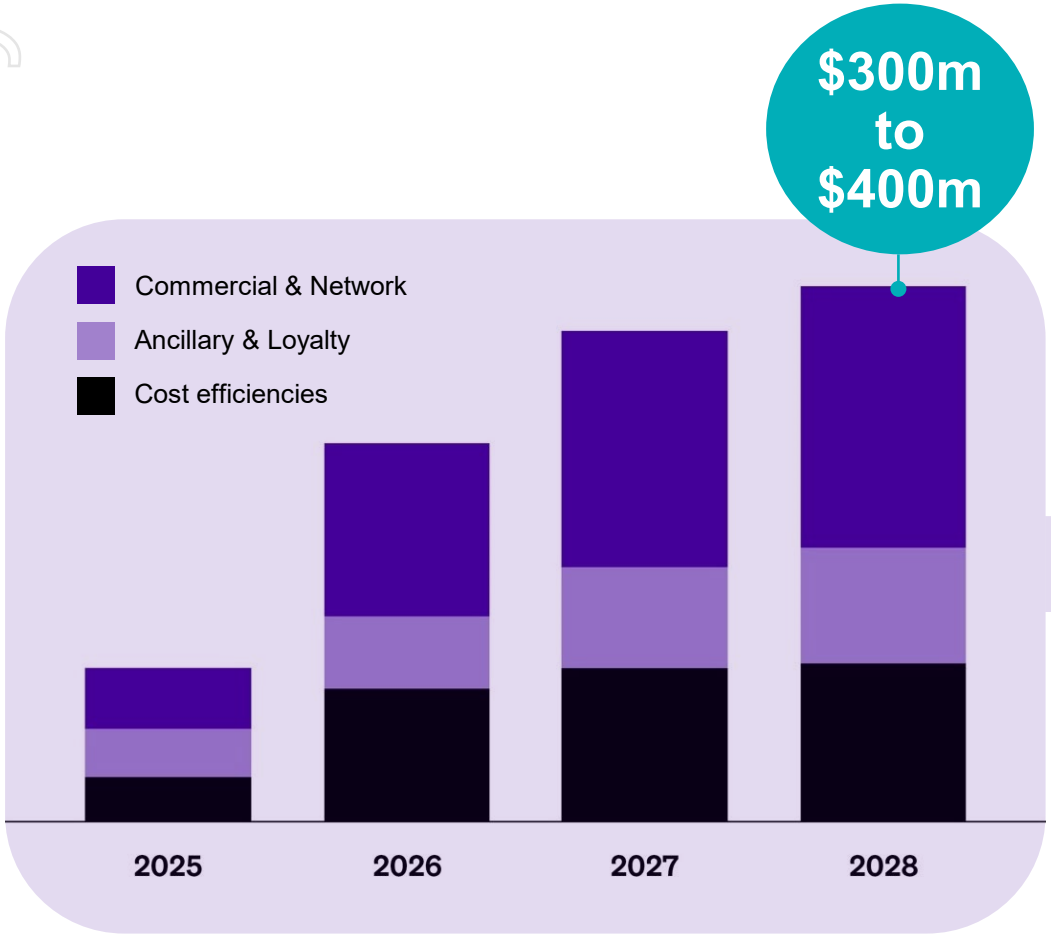
Aviation system inflation

- Constrained aviation supply chain expected to persist in the medium-term, continuing to impact OEM pricing and delivery timelines
- Expectation that aviation-related price growth in New Zealand will continue to run ahead of CPI
- Aeronautical charges set to rise substantially in the coming years, with planned increases well above NZ CPI

Managed with cost reductions, fleet efficiencies and digital investments to support productivity and scale benefits

Transformation benefits play a critical role

With initiatives on track to deliver cumulative $300 to $400 million benefit to EBITDA performance by 2028



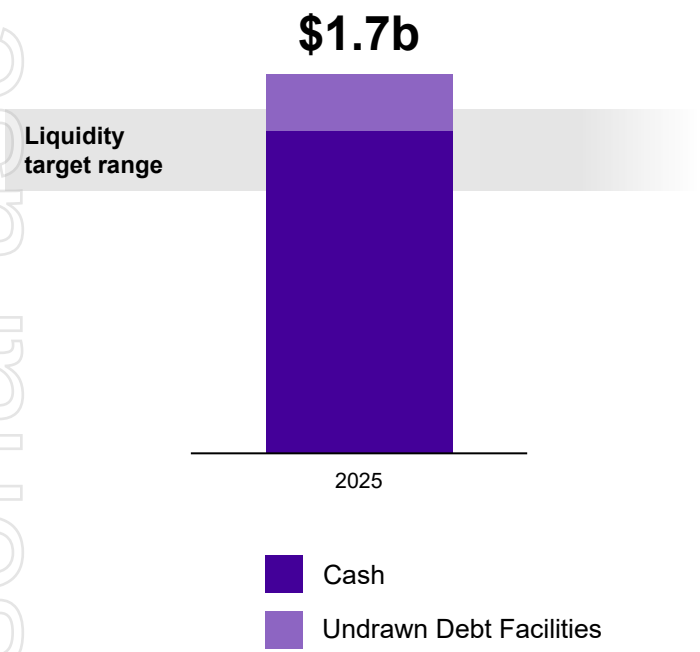
Transformation benefits will shift from helping offset cost inflation in 2025 and 2026 to driving incremental profit improvement as the network scales back up

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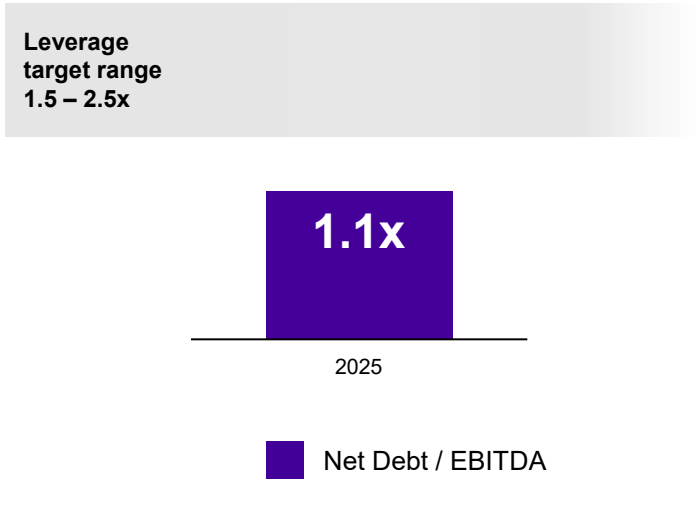
Robust liquidity and prudent capital management framework provide resiliency through this period

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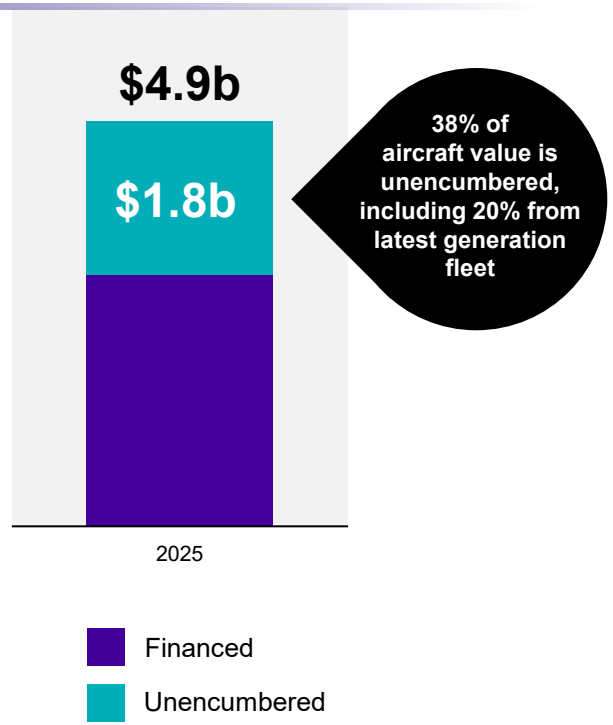
Liquidity at upper bounds of $1.2 billion to $1.5 billion target



Significant debt headroom leading into increased capex period



Additional resilience and optionality with ~$1.8 billion unencumbered fleet





Outlook

Greg Foran

Chief Executive Officer

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2026 capacity growth reflects cumulative impact of actions taken to mitigate engine availability constraints

Sector	2025 ASKs (billions)	1H 2026 (vs 1H 2025)	2H 2026 (vs 2H 2025)	2026 Estimated Capacity[1]	Commentary
Domestic	6,409	**2% to 3%**	**3% to 5%**	**3% to 4%**	• Assumes one A321neo returns to service with procurement of additional leased engines
Tasman and Pacific Islands	11,562	**9% to 10%**	**9% to 10%**	**9% to 10%**	• Strong growth supported by widebody flying and additional A321neo aircraft in May and August 2025
International long-haul	22,530	**(4%) to (2%)**	**1% to 3%**	**(2%) to 0%**	• Enabled by six month wet lease aircraft in NW25 season and includes 2 new 787 deliveries flying from Q4 2026
Group	**40,501**	**0% to 2%**	**3% to 5%**	**2% to 4%**	

Equates to ~90% of pre-Covid capacity

[1] Compared to 2025 levels. Based on expected delivery dates, not contractual delivery dates. Subject to a high degree of uncertainty based on the ongoing extended maintenance requirements on our A321neo and 787 fleet.

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2026 considerations

Business factors

- New compensation agreements currently under negotiation with Rolls-Royce and Pratt & Whitney
- Premium cabin demand strength expected to continue, with ~12% more seats in 2026 compared to 2025
- Two new GE-powered Boeing 787s expected to be deployed in the fourth quarter of the financial year
- Continued price increases in landing charges, aviation security and air navigation for 2026 are expected to result in ~$85 million (13%) incremental cost
- Interchange regulation impact on loyalty cash flows currently uncertain
- Have not observed material impact from supplier costs related to tariffs – remains under close watch

Financial factors

- Covid related customer travel credits will expire 31 Jan 2026; potential additional breakage for 1H 2026
- Fuel costs are ~80% hedged for 1H 2025 and ~55% hedged for 2H (~70% for full year); at US$85/bbl jet fuel, costs would be ~$1.5 billion
- Non-fuel operating cost inflation expected to increase ~3% to 5%
- Life cycle maintenance expense primarily on 787 and A320 fleets expected to drive ~$50 million headwind
- Incremental depreciation of $60 million to $80 million, driven largely by 787 retrofit and 787 deliveries
- FX is ~50% hedged at USD/NZD of 0.59

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2026 outlook

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.

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Thank you

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Supplementary Information

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Key capital management metrics

	30 Jun 2025	30 Jun 2024	Capital management targets[1]
Gross debt[2]	(2,838)	(2,816)	
Cash, restricted deposits and net open derivatives[2]	1,758	2,044	
Net debt[2]	(1,080)	(772)	
Gross debt/EBITDA	2.9x	2.9x	
Net debt/EBITDA	1.1x	0.8x	Net Debt to EBITDA ratio of 1.5x to 2.5x
Return on invested capital (ROIC)	8.2%	9.7%	Target ROIC above pre-tax WACC
Total liquidity[2]	1,686	1,529	Target liquidity range of $1.2 billion to $1.5 billion
Moody's rating	Baa1 stable (investment grade)	Baa1 stable (investment grade)	Investment grade
Shareholder distributions	1.25 cps interim and 1.25 cps final unimputed ordinary dividends	2.0 cps interim and 1.5 cps final unimputed ordinary dividends	Ordinary dividend payout ratio of 40% to 70% of net profit after taxation (NPAT)[3]

[1] Please see slide 18 for more information on the capital management framework.
[2] In $ millions.
[3] NPAT is calculated on a rolling twelve-month basis.

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Financial overview

	Jun 2025 $M	Jun 2024 $M	Movement $	Movement %
Operating revenue	6,755	6,752	3	NM
Earnings before taxation	189	222	(33)	(15%)
Net profit after taxation	126	146	(20)	(14%)
Operating cash flow	940	810	130	16%
Cash position	1,436	1,279	157	12%
Ordinary dividends declared	2.5 cps	3.5 cps	(1.0) cps	(29%)

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Group performance metrics

	Jun 2025	Jun 2024	Movement[1] %
Passengers carried ('000s)	15,907	16,460	(3%)
Available seat kilometres (ASKs, millions)	40,501	42,067	(4%)
Revenue passenger kilometres (RPKs, millions)	33,769	34,285	(2%)
Load factor	83.4%	81.5%	1.9 pts
Passenger revenue per ASKs as reported (RASK, cents)	14.4	14.1	2%
Passenger revenue per ASKs, excluding FX (RASK, cents)	14.4	14.1	2%
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents)[2]	14.3	13.9	3%

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding $35 million in unused customer credit breakage (Jun 2024: $90 million) which has been recognised within passenger revenue in 2025.

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Domestic

	Jun 2025	Jun 2024	Movement[1] %
Passengers carried ('000s)	10,142	10,721	(5%)
Available seat kilometres (ASKs, millions)	6,409	6,620	(3%)
Revenue passenger kilometres (RPKs, millions)	5,311	5,571	(5%)
Load factor	82.9%	84.2%	(1.3 pts)
Passenger revenue per ASKs as reported (RASK, cents)	30.1	29.6	2%
Passenger revenue per ASKs, excluding FX (RASK, cents)	30.0	29.6	2%
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents)[2]	29.9	29.3	2%

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding $10 million in unused customer credit breakage (Jun 2024: $15 million) which has been recognised within passenger revenue in 2025.

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Tasman & Pacific Islands

	Jun 2025	Jun 2024	Movement[1] %
Passengers carried ('000s)	3,840	3,811	1%
Available seat kilometres (ASKs, millions)	11,562	11,655	(1%)
Revenue passenger kilometres (RPKs, millions)	10,055	9,831	2%
Load factor	87.0%	84.3%	2.7 pts
Passenger revenue per ASKs as reported (RASK, cents)	13.3	13.0	2%
Passenger revenue per ASKs, excluding FX (RASK, cents)	13.2	13.0	1%
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents)[2]	13.1	12.9	1%

[1] Calculation based on numbers before rounding.
[2] This is RASK excluding $11 million in unused customer credit breakage (June 2024: $17 million) which has been recognised within passenger revenue in 2025.

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International long-haul

	Jun 2025	Jun 2024	Movement[1] %
Passengers carried ('000s)	1,925	1,928	NM
Available seat kilometres (ASKs, millions)	22,530	23,792	(5%)
Revenue passenger kilometres (RPKs, millions)	18,403	18,883	(3%)
Load factor	81.7%	79.4%	2.3 pts
Passenger revenue per ASKs as reported (RASK, cents)	10.6	10.4	2%
Passenger revenue per ASKs, excluding FX (RASK, cents)	10.6	10.4	2%
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents)[2]	10.5	10.1	4%

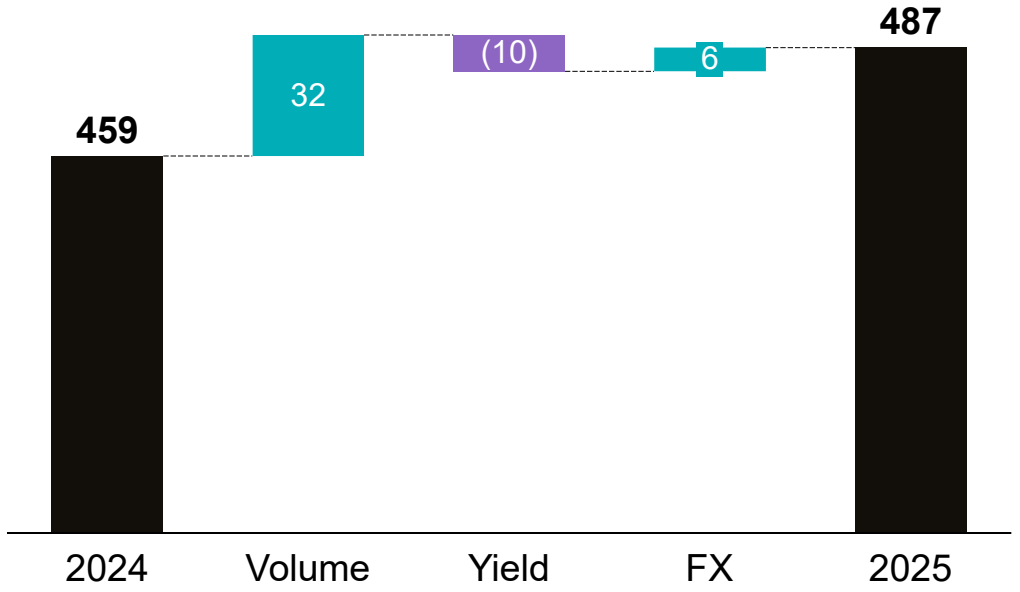
[1] Calculation based on numbers before rounding.
[2] This is RASK excluding $14 million in unused customer credit breakage (Jun 2024: $58 million) which has been recognised within passenger revenue in 2025.

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Cargo performance

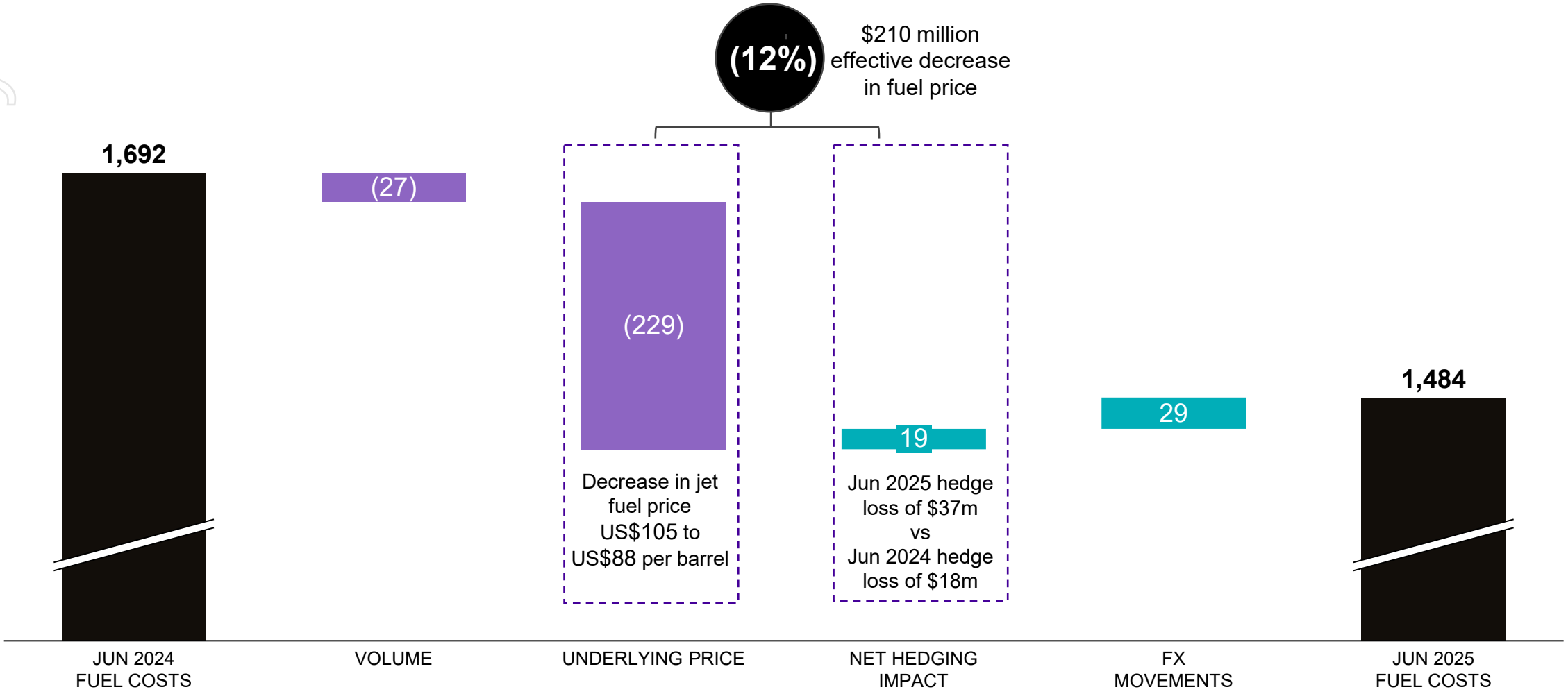
- Cargo revenue of **$487 million**, **up 6%** on prior year. Key drivers include:
  - Volume driven by increased load factors in international long-haul services, particularly on North American routes despite reduced capacity
  - Increased capacity from larger 777 aircraft on the Asian network further strengthened by strong cargo demand
  - Partially offset by increased international competition driving reduced yields by 2% on the prior year
- Investment in new digital platform in 2025 and upgrades to revenue management tooling in 2026 will drive future growth

Cargo revenue
($ millions)



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Fuel cost movement



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Fuel and FX volatility expected to continue – well hedged for 2026

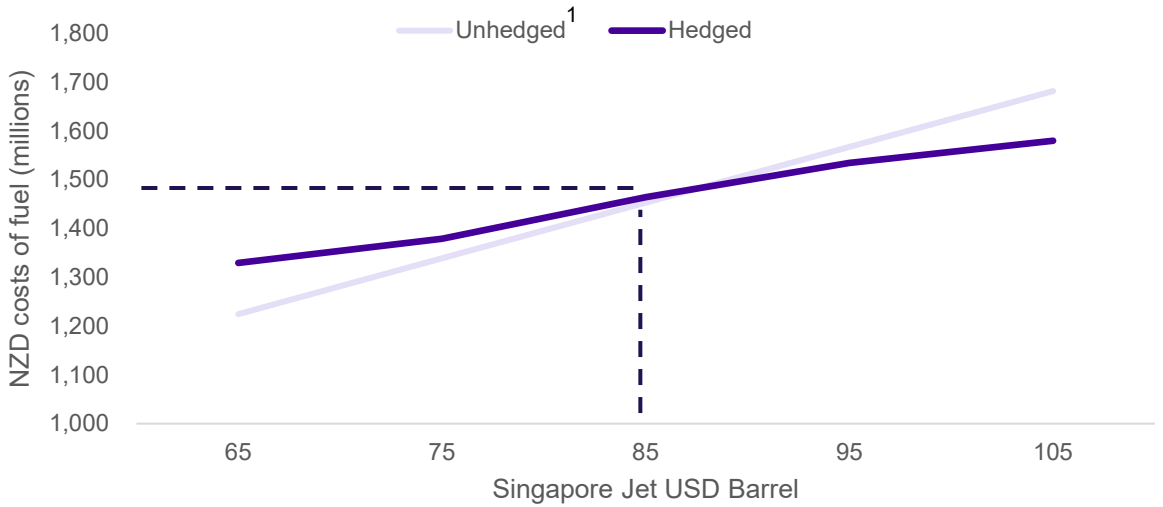
Fuel hedging

- Currently hedging Brent Crude only; exposed to pricing movements in the crack spread
- Hedged with collar structures, balancing fuel cost protection and participation to lower prices
- Assuming an average jet fuel price of US$85 per barrel for 2026, fuel cost would be ~$1.5 billion[1]
- 2026 hedges cover ~70% of estimated volumes of ~8.3 million barrels[2]

Foreign exchange hedging

- US dollar is ~50% hedged for 2026 at 0.59

2026 Fuel cost[3] sensitivity



Fuel hedge position (as at 15 Aug 2025)		
Period	**Hedged volume (in barrels)**	**% hedged**
1H 2026	3,400,000	81
2H 2026	2,250,000	55

[1] Includes cost of carbon and the associated hedging portfolio, in addition to SAF purchases.
[2] As at 15 Aug 2025
[3] Assumes NZD/USD rate of 0.60.

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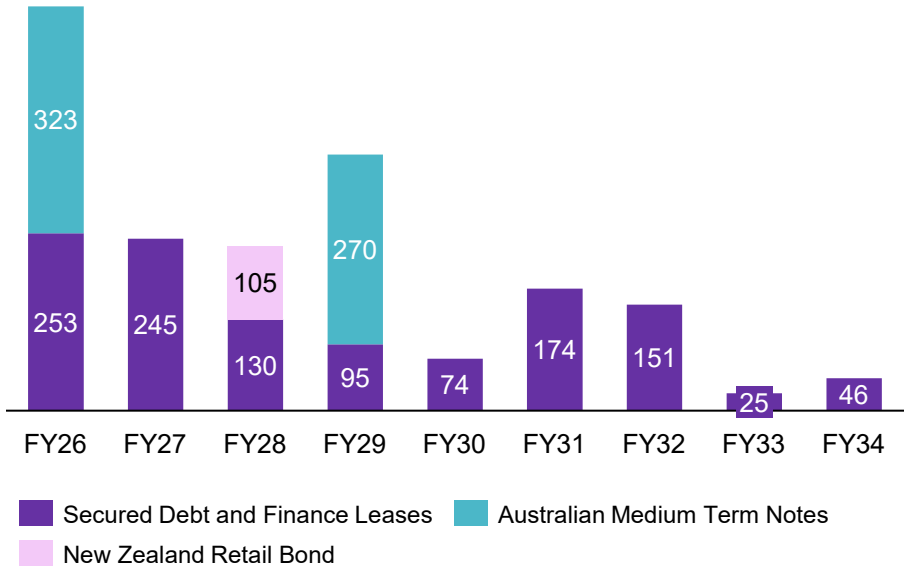
Debt structure and maturity profile

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Capital structure as at 30 June 2025

- Gross Debt of $2.8 billion comprising:
  - ~$1.2 billion secured aircraft debt and finance leases[1]
  - ~$950 million operating leases[1]
  - ~$700 million unsecured NZD bond and AUD notes
- Cash of ~$1.4 billion, restricted deposits of $335 million and net open derivatives of ($13) million
- Net Debt of ~$1.1 billion
- Undrawn $250 million Revolving Credit Facility, expiring May 2027
- Weighted average debt and finance lease maturity of ~2.8 years[2]
- An unsecured bond issuance in 1H 2026 is currently under consideration

Debt maturity profile
($ millions)



[1] Finance leases are lease liabilities with purchase options. Operating leases are lease liabilities without purchase options.
[2] Weighted average life of secured aircraft debt, finance leases and unsecured debt. Excludes operating leases.

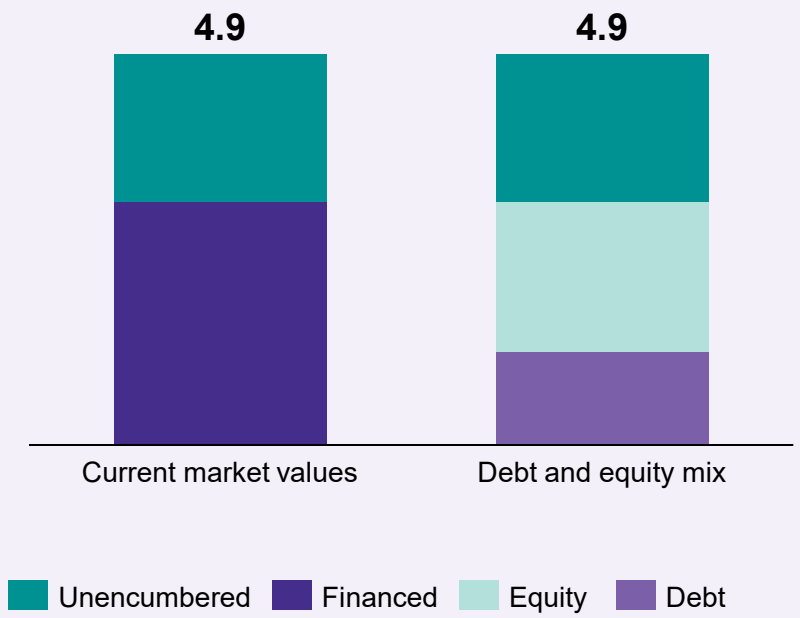
Unencumbered aircraft of $1.8 billion

Unencumbered aircraft as at 30 Jun 2025

777-300ER		3x
787-9		1x
A320/321neo		7x
A320ceo		9x
ATR72-600		9x
Q300		23x

Aircraft values and capital mix

($ billions[2,3])



In addition to ~$1.8 billion in unencumbered aircraft, there is significant equity value within financing structures[1].

[1] Excludes spare engine assets and operating leases (leases without a purchase option).
[2] Aircraft valuations based on Aircraft Value Analysis Company Limited (AVAC) as at 30 June 2025. Aircraft valuations are subject to market conditions, aircraft condition, FX rates, technology advancement and other factors.
[3] Aircraft values are in USD and converted to NZD at June 2025 balance sheet rate of 0.6050. Foreign currency denominated debt outstanding as at 30 June 2025 also converted to NZD at balance sheet rates (JPY: 87.30, EUR: 0.5160).

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Fleet profile

	Aircraft		Engines	Number in Fleet	Average Age[1] (Years)	Expected Delivery Dates				
						2026	2027	2028	2029	2030
International	**777-300ER**		GE90	**Core fleet: 7** **Short term leased: 3**	13.2 13.6					
International	**787-9[3]**		Trent 1000 (GE engines for 2026 deliveries onward)	**14**	8.8	2	3	2	2	1
International	**A321neo (short haul)**		PW1100	**8**	5.5	1		2		
International	**A320neo (short haul)**		PW1100	**6**	5.3					
Domestic	**A321neo (domestic)**		PW1100	**5**	2.1		2			
Domestic	**A320ceo (domestic)**		V2500	**17**	11.4					
Domestic	**ATR72-600**		PW127	**30**	8.0	1				
Domestic	**Q300**		PW123	**23**	18.4					
	TOTAL			**113**	**9.6[2]**					

[1] Total fleet average age is seat weighted for operating aircraft. This includes aircraft currently grounded due to maintenance delays.
[2] This excludes short-term leased aircraft.
[3] New 787 deliveries expected from 2026 to 2029 will be a mix of 787-9 and 787-10 aircraft. Contractual options were exercised for two 787-10s post 30 June, with expected delivery in 2028 and 2030.

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Glossary of key terms

Available Seat Kilometres (ASKs)	Number of seats operated multiplied by the distance flown (capacity)
Cost/ASK (CASK)	Operating expenses divided by the total ASK for the period
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Operating earnings before depreciation and amortisation, finance costs and taxation
Gross Debt	Interest-bearing liabilities and lease liabilities
Net Debt	Interest-bearing liabilities and lease liabilities less bank and short-term deposits, net open derivatives held in relation to interest-bearing liabilities and lease liabilities, and interest-bearing assets
Cash, restricted deposits and net open derivatives	Bank and short-term deposits, interest-bearing assets and net open derivatives held in relation to interest-bearing liabilities and lease liabilities
Liquidity	Cash and cash equivalents (which excludes restricted deposits) plus the outstanding amount of any revolving facility available to be drawn
Passenger Load Factor	RPKs as a percentage of ASKs
Passenger Revenue/ASK (RASK)	Passenger revenue for the period divided by the total ASKs for the period
Revenue Passenger Kilometres (RPKs)	Number of revenue passengers carried multiplied by the distance flown (demand)
Return on Invested Capital (ROIC)	Operating earnings before finance costs and taxation divided by the average capital employed

The following non-GAAP measures are not audited: Adjusted CASK, Net Debt and EBITDA. Amounts used within the calculations are derived from the audited Group financial statements and Five-Year Statistical Review contained in the 2025 Annual Report. The non-GAAP measures are used by management and the Board of Directors to assess the underlying financial performance of the Group in order to make decisions around the allocation of resources.

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Resources

Investor website: www.airnewzealand.co.nz/investor-centre

Monthly traffic updates: www.airnewzealand.co.nz/monthly-investor-updates

Corporate governance: www.airnewzealand.co.nz/corporate-governance

Sustainability: https://www.airnewzealand.co.nz/sustainability

Contact information

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AIR NEW ZEALAND

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Annual Report 2025

Contents

About this Report 01

Our Purpose 02

Air New Zealand at a Glance 04

Performance Highlights 06

Letter from the Chair and Chief Executive Officer 07

Business Highlights 12

Our Strategy 15

Our Financial Performance 18

- Financial Commentary 19
- Financial Summary 22
- Change in Earnings 23

Our Sustainability Update 24

Our Corporate Governance Statement 35

- Remuneration Report 48
- Employee Remuneration 51
- Interests Register 52
- Directors' Interests in Air New Zealand Securities 53
- Indemnities and Insurance 53
- Subsidiary Companies 53
- Other Disclosures 54
- Operating Fleet Statistics 55
- Securities Statistics 56
- General Information 58

Directors' Statement 59

Our Consolidated Financial Statements 60

- Statement of Financial Performance 62
- Statement of Comprehensive Income 63
- Statement of Changes in Equity 64
- Statement of Financial Position 65
- Statement of Cash Flows 66
- Statement of Accounting Policies 67
- Notes to the Financial Statements 70
- Independent Auditor's Report 103

Five Year Statistical Review 107

Shareholder Directory 111

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

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

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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

BeYourself

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

CANdo.

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

Share your AOTEAROA

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

Air New Zealand at a Glance

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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.



* This routes 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.

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.



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

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Performance Highlights

$6.8b
Operating revenue
Comparable to last year

$126m
Net profit after taxation
Down 14% on last year

$189m
Earnings before taxation
Down from $222 million, as the cost environment and aircraft availability challenges constrained the result

$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

~$235m
Increase in non-fuel operating costs due to inflation
Up 6% on last year

~$165m[1]
Adverse impact to earnings
Due to aircraft availability challenges, net of compensation

$1.7b
Liquidity
With a target range of $1.2 billion to $1.5 billion

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)

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Charlotte, Cabin Crew.



Tui, Cargo Agent.

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.

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.

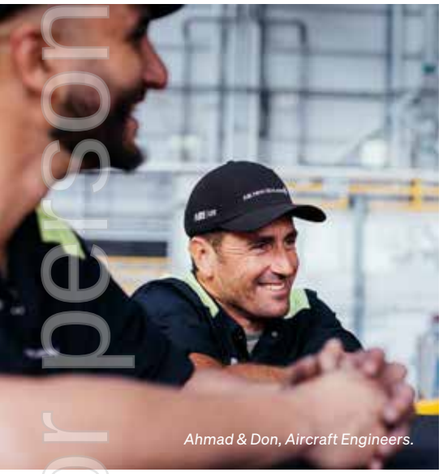
Greg has also led with heart, and this has been a defining part of his legacy. His visibility across the business, genuine care for our people, and commitment to culture have shaped the way we work and the way we serve. He has always led by example, with humility, integrity and a sharp focus on what 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

For person also only



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



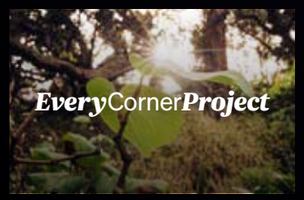
Project Mana

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.



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.



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.



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.



Announced new routes

Including Christchurch-Adelaide as well as the reinstatement of Hamilton- Christchurch jet services.

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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.



Kiwi fashion designer Emilia Wickstead and acclaimed Māori artist Te Rangitu Netana.





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

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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:
Grow Domestic	• Improved operational reliability • Reinstated Hamilton to Christchurch jet services • Automated passenger rebooking capability launched on Domestic	• Delivery of new Airbus A321neo for the domestic network • Refreshed Airpoints™ proposition for small and medium-sized businesses • Launch of interline trial with Air Chathams • Capacity growth into Wellington and Queenstown
Elevate International	• First 2 retrofitted Boeing 787 aircraft back in service with new interior product and an increased number of premium seats[1] • Launched new service from Christchurch to Adelaide • Completed roll out of next generation revenue management tool across all international markets • Grew ancillary revenue by 15 percent	• Arrival of first new Boeing 787-9 aircraft, powered by GE engines and featuring our latest long-haul experience • New cargo forecast and demand optimisation tool to be rolled out • Addition of new international markets
Lift Loyalty	• Launch of iFly platform, enabling faster rollout of improved functionality • Introduction of Apple Pay on the Airpoints™ Store • New partners announced (Woolworths and Sharesies). • Stronger Airpoints™ Store sales, up 14 percent compared to 2024	• Special flight offers for members only (Airpoints™ Variable Redemption) • Roll out of new tiers and benefits • Commencement of Auckland International Lounge upgrade

Enablers	Select 2025 Achievements	Looking ahead, opportunities on our strategic roadmap include:
Brilliant Basics	• Ops Collab tool rolled out across entire Domestic network • Automated passenger rebooking capability launched on Domestic • Migration to new inflight catering digital platform to unlock food wastage and increase efficiency • Transitioned to new global payments provider	• Completion of new engineering hangar at Auckland, unlocking maintenance productivity and capability • Development of new cargo terminal • Continued investment in and modernisation of Ground Service Equipment
Serious about Sustainability	• Announced annual guidance for expected net emissions to 2030 • Uploaded 1.7 percent of SAF as a proportion of total jet fuel volumes • Launched the Every Corner Project to invest in local nature projects	• Sign long-term SAF offtake agreements to secure a portion of the fuel required to meet the airline's 10% SAF by 2030 target • Implementation of internal shadow carbon price for investment decisions
Digital Dexterity	• New contact centre livechat channel launched • Migration of majority of applications and systems to the cloud from servers, increasing resiliency and speed of future software development • Enabled around 3,000 of our people with AI tooling to enhance productivity • Launched Digital Academy, an internally curated training repository our people to enhance digital skills, attend classes and events, and improve data, and AI literacy	• Next generation kiosk design and next generation check-in • Launch of tool control app in Engineering • Roll-out of Ops Collab across international ports • Cargo web portal development
Prioritising People and Safety	• Named World Safest Airline by AirlineRatings.com • Successfully ratified 11 bargains across various workforces • Won 2025 Ranstad Employer of Choice award • Rolled-out two formal talent development programmes	• Launch emerging leaders programme across the business • Launch ELEVATE apprenticeship programme to reduce barriers to move into a digital career and increase representation of Māori, Pacific peoples and women in Digital • Launch 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.

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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 million[1] 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.


Ashleigh, First Officer.

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)

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$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.

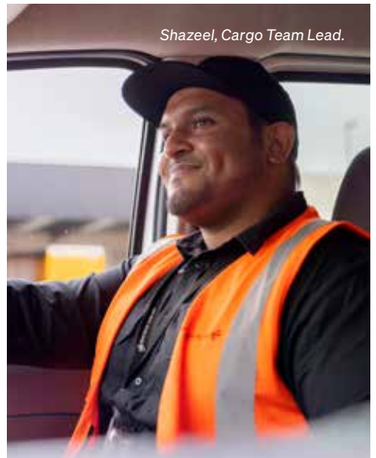


Neia & Romain, Customer Service Agents.





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.

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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	- 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	- 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	- 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	- 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	- 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	- Higher labour costs due to wage inflation offset by productivity initiatives and a reduction in operating activity.
Fuel	$237m	- 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	- 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	- Reduction in short-term aircraft wet lease costs and capacity driven sales costs offset by price increases.
Ownership costs	-$24m	- 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	- Higher hedging gains due to market movements partially offset by unfavourable movements on operating revenue and costs.
Share of earnings of associates	$8m	- 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

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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

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; 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.

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 69[1] (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 69[2].

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.



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



Lunar New Year.

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.

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.

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.

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.

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.

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.



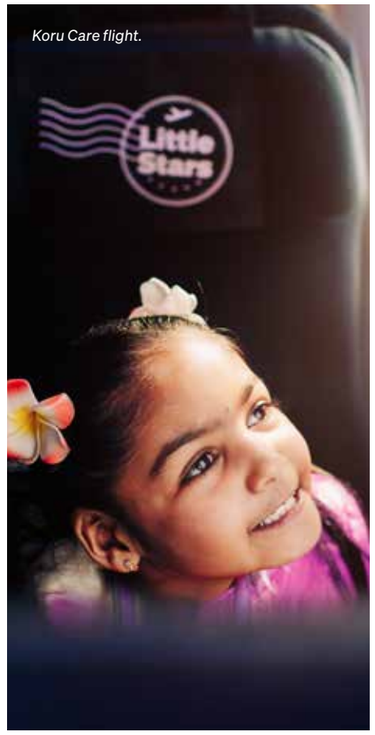
Freemans Bay School composting project.



Kina dive day.



Native tree planting.



Koru Care flight.

Sustainability (continued)

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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)[4]
Diverse Supplier[3] Spend ($)	19 million	17 million
Diverse Supplier Engagements	68 suppliers	44 suppliers

This year's three Ka Rere participants are:

Kaputī 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.



Ka Rere participants for 2025.

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 (CO_2) and other equivalent gases (CO_2-e). For the 2025 financial year, Air New Zealand's total CO_2-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.

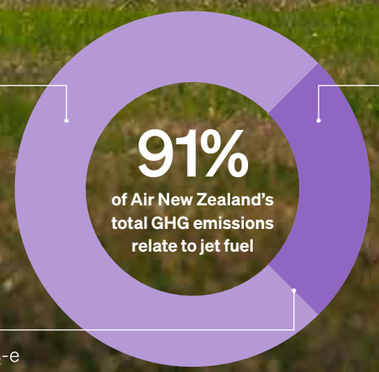


Emissions snapshot 2025

Scope 1
75%
3.16 million tCO_2e
99.8% is from jet fuel

Scope 2
0%
0.003 million tCO_2-e

Scope 3
25%
1.07 million tCO_2-e
63% is from jet fuel
25% is from purchased goods and services
9% is from capital assets
3% is from remaining categories



Sustainability (continued)

Publication only

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 Guidance[5]

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 CO_2-e via SAF. We also formalised a SAF Sourcing Position Statement this year and are trialling options for SAF certificate sales.

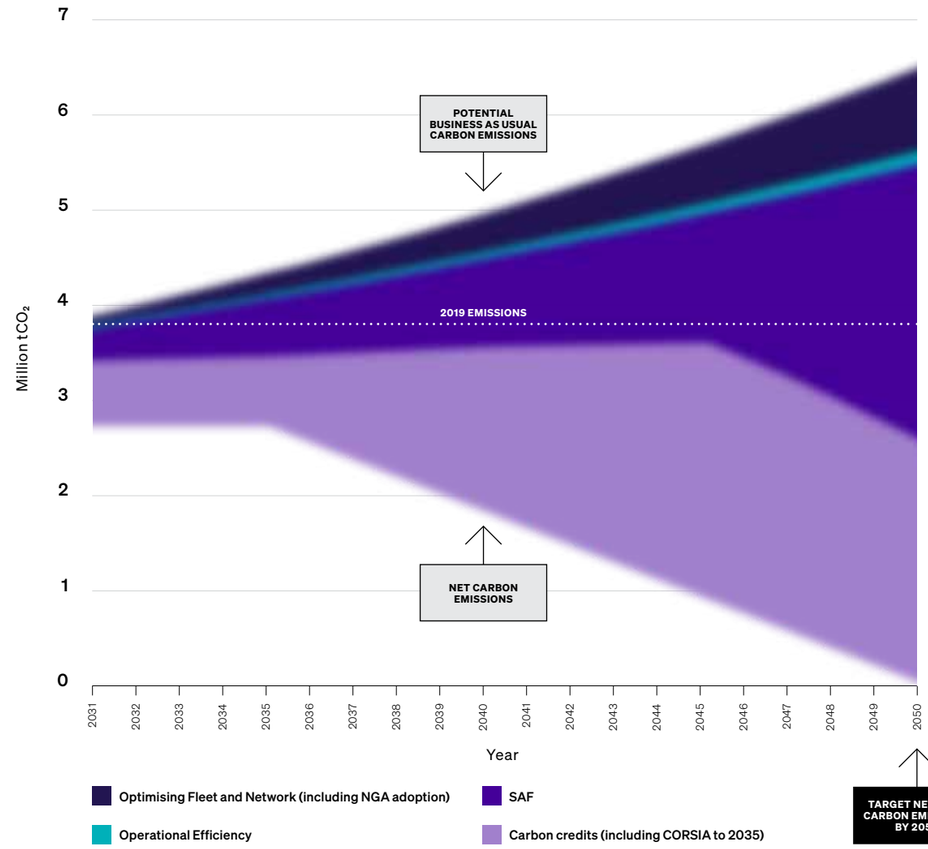
Fleet and network update

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



Optimising Fleet and Network (including NGA adoption) is currently estimated to deliver around 10-19 percent of the emissions reduction in 2050.

Operational Efficiency is currently estimated to deliver around 2 percent of the emissions reduction in 2050.

SAF is currently estimated to deliver around 40-67 percent of the emissions reduction in 2050.

Carbon Credits (including CORSIA to 2035) are currently estimated to deliver around 11-48 percent of the emissions reduction in 2050.

Note: the actual combination of lever contributions may vary.

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 CO_2-e emissions includes methane and nitrous oxide, whereas the scope of the illustrative roadmap is limited to CO_2 emissions only.

Sustainability (continued)

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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 landfill[6].

- 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.

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.





Air New Zealand's new uniform.

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.

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 credits[7], 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.



The Mission: Pawssible campaign to raise awareness about the CDP's critical work.

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

Sustainability (continued)

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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.



Bluff Oyster and Food Festival.



Tiaki – a promise to protect Aotearoa New Zealand.

Our Corporate Governance Statement



Corporate Governance Statement

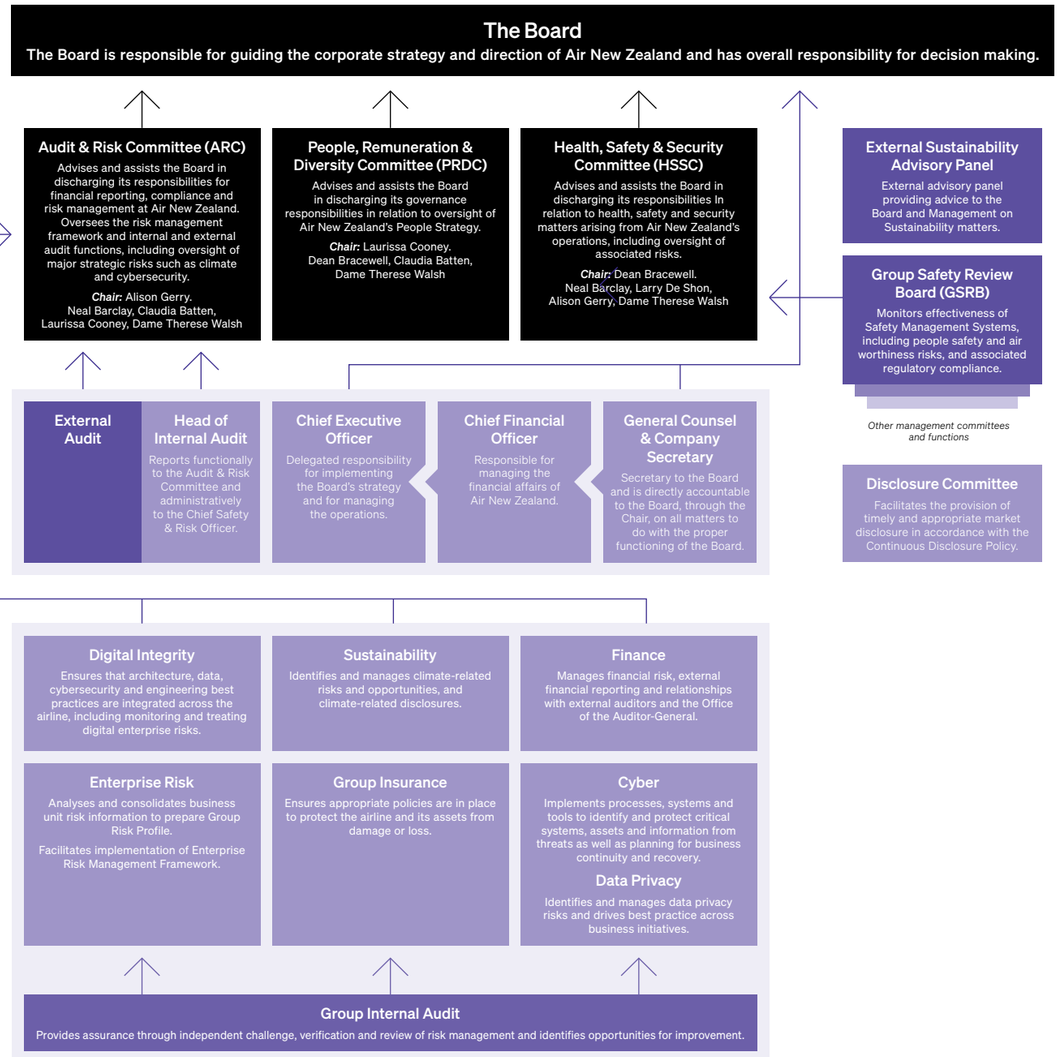
Effective corporate governance is at the heart of our agenda. The Board considers its governance practices to be consistent with the principles of the NZX Corporate Governance Code dated 31 January 2025.

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 attendance[1] – 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

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Corporate Governance Statement (continued)

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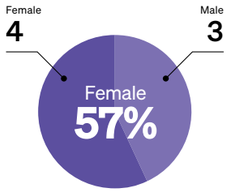
Board skills and diversity

	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.	●	○	○	●	○	●	●
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.	●		●	○	●		○
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.	○	●			○	○	
Sustainability & ESG Experience overseeing sustainability initiatives and programmes relating to climate change, emissions reduction, innovations and responsible sourcing.	○	○	○	●	○	○	○
Stakeholder & Government Engagement Experience managing regulatory, policy, and shareholder relationships, with a focus on political engagement and interaction with government and regulators.	●	○	○	○		○	●
Strategy, Customer & Commercial Leadership Overseeing organisational strategy and transformation with strong commercial judgement, customer insight, and global brand experience.	●	●	●	○	●	●	●
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.		○	○	○	●	○	●
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.	○	○	●	●	●	○	○
Governance, Risk & Compliance Significant governance experience in listed or large-scale commercial organisations, with strong market insight and regulatory awareness.	○	●	●	○	○	●	●

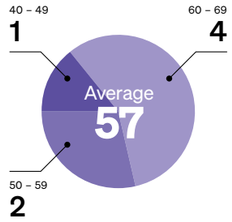
● Leader ○ Some experience

Board skills and diversity (continued)

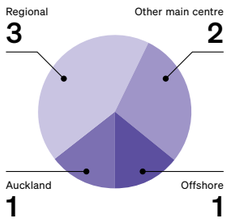
Gender



Age



Residence



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)

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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.

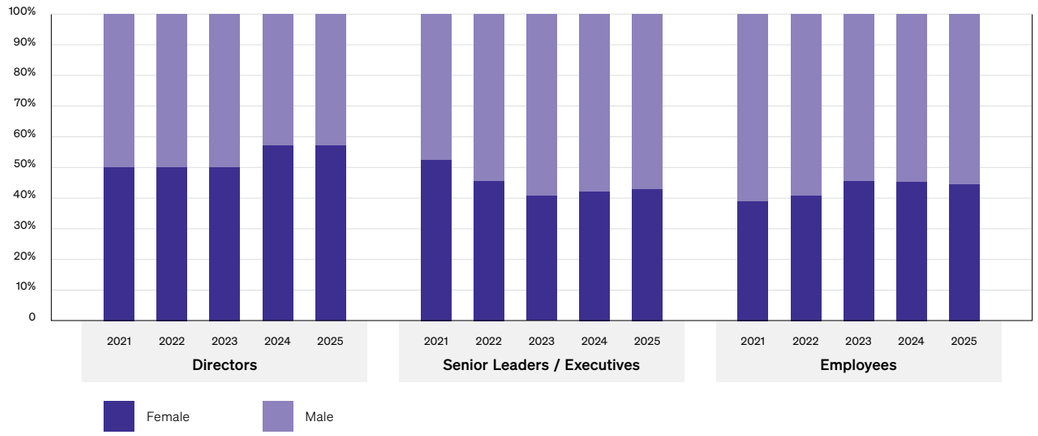
Diversity is considered across a number of measures, including gender, ethnicity, disability, age, and sexual identity. There is a focus on recruitment practices that promote the retention and attraction of diverse talent, as well as a broad range of employee initiatives to reflect, support and develop 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.

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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.

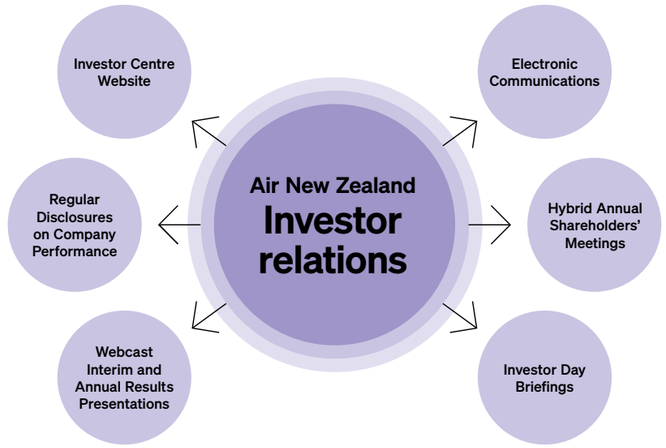
Air New Zealand also has a target of 21 percent of the Company's people leadership roles being held by Māori and Pasifika employees by 2026, as at 30 June 2025 the result was 17.6 percent. The 21 percent target will be maintained for the 2026 financial year, with ongoing support for graduates of our 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)

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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)

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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.
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_0PKcNmL0

Corporate Governance Statement (continued)

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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

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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)

1. 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.
2. 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.
3. Customer Satisfaction is measured via the MyVoice Customer Survey, an optional post-flight survey completed by passengers via an email link.
4. 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.
5. 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.
6. Carbon intensity is measured via grams of Well-to-Wake emissions (CO_2-e) generated for each revenue tonne kilometre (RTK). To achieve a payment for this measure, the CO_2-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.
7. 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.
8. 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.

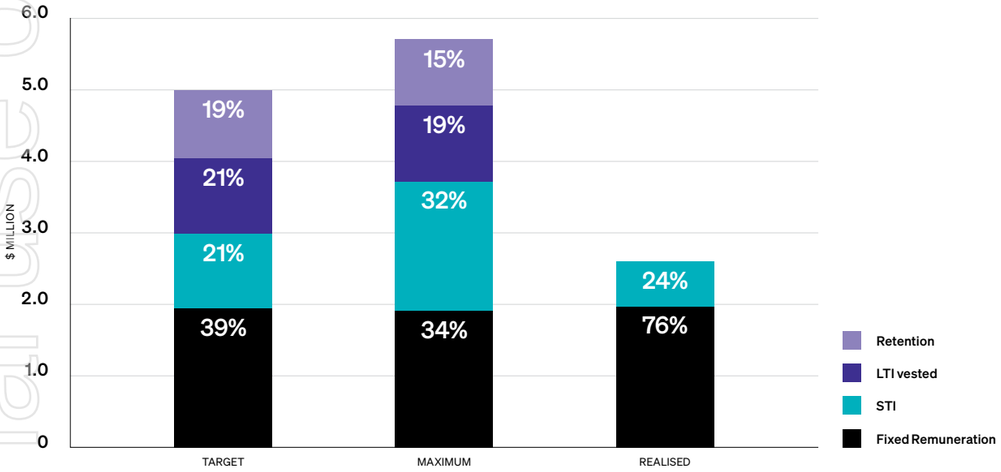
The CEO Plan consists of three equal payments of up to $900,000 (gross) payable for each of those three financial years. Each payment is subject to (i) PRDC approval, (ii) the CEO not having given notice by 30 June and maintaining standards of performance and conduct; and (iii) the CEO's actual remuneration 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.

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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

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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.

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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.

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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 Share[1] 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.

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.

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



Alison Gerry
Director

28 August 2025

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Our Consolidated Financial Statements



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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

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The accompanying accounting policies and notes form part of these financial statements.

The accompanying accounting policies and notes form part of these financial statements.

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

Dame Therese Walsh
Chair

Alison Gerry
Director

For and on behalf of the Board, 28 August 2025

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The accompanying accounting policies and notes form part of these financial statements.

The accompanying accounting policies and notes form part of these financial statements.

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 e symbol in the notes to the financial statements.

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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.

Financial Statements

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.

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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.

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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

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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

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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).

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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

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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

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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.

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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* $M	AIRFRAME AND ENGINE LEASES WITH NO PURCHASE OPTION $M	BUILDING LEASES WITH NO PURCHASE OPTION $M	TOTAL $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

	AIRFRAME AND ENGINE LEASES WITH PURCHASE OPTION* $M	AIRFRAME AND ENGINE LEASES WITH NO PURCHASE OPTION $M	BUILDING LEASES WITH NO PURCHASE OPTION $M	TOTAL $M
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).

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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 CENTS PER SHARE	2025 $M	2024 CENTS PER SHARE	2024 $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 $M	2024 $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.

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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:

Share rights	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 (%)
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.

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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.

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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.

Appreciation/depreciation (US cents):	2025 NZ$M **+5c**	2025 NZ$M **-5c**	2024 NZ$M **+5c**	2024 NZ$M **-5c**
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.

Price movement per barrel:	2025 $M +USD 30	2025 $M -USD 30	2024 $M +USD 30	2024 $M -USD 30
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.

Interest rate change:	2025 $M +150 bp*	2025 $M -150 bp*	2024 $M +150 bp*	2024 $M -150 bp*
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)
	(34)	(30)	(33)	2	1	-
Fuel derivatives	(10)	(10)	(12)	2	-	-
Interest rate derivatives	(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)	-	-
	(7)	(7)	(7)	-	-	-
Fuel derivatives	35	35	34	1	-	-
Interest rate derivatives	(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.

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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)

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.

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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
2025	TRANSFERS TO THE STATEMENT OF FINANCIAL PERFORMANCE NZ$M	FAIR VALUE MOVEMENTS RECOGNISED IN OCI* NZ$M	AMOUNTS TRANSFERRED TO THE STATEMENT OF FINANCIAL POSITION NZ$M	TOTAL NZ$M	CHANGES IN COSTS OF HEDGING RESERVE 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
2024	TRANSFERS TO THE STATEMENT OF FINANCIAL PERFORMANCE NZ$M	FAIR VALUE MOVEMENTS RECOGNISED IN OCI* NZ$M	AMOUNTS TRANSFERRED TO THE STATEMENT OF FINANCIAL POSITION NZ$M	TOTAL NZ$M	CHANGES IN COSTS OF HEDGING RESERVE 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

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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.

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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.

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Independent Auditor's Report

Deloitte.

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

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.

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.

Our audit was completed on 28 August 2025. This is the date at which our opinion is expressed.

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.

Basis for opinion

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 *Responsibilities of the auditor for the audit of the consolidated financial statements* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit materiality

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.

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.

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)

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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.

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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)

Deloitte.

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.



Jason Stachurski
for Deloitte Limited

On behalf of the Auditor-General
Auckland, New Zealand

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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
Bank and short-term deposits	(1,436)	(1,279)	(2,227)	(1,793)	(266)
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)

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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.

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Investor Relations

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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

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Penny, First Officer

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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.

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A STAR ALLIANCE MEMBER

AIR NEW ZEALAND



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.

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Climate Statement 2025

Contents

About this Climate Statement 02

1.1 Reporting entity 02
1.2 Compliance statement and statement regarding adoption provisions 02
1.3 Forward-looking statements and the uncertainty inherent in climate change 02
1.4 Materiality 02
1.5 Enquiries 02

Governance 03

2.1 Oversight by the Board of Directors 03
2.2 The role of Management 05

Risk Management 07

3.1 Processes for identifying, assessing, managing and prioritising climate-related risks 07
3.2 Tools and time frames 07
3.3 Value chain 08

Strategy 09

4.1 Scenario analysis 09
4.2 Climate-related risks and opportunities 16
4.3 Current impacts and anticipated impacts of climate-related risks 18
4.4 Capital deployment 28
4.5 Transition Plan 28

Metrics and Targets 36

5.1 Metrics relevant to all entities 36
5.2 Aviation industry metrics and other KPIs 47
5.3 Targets used to manage climate-related risks and opportunities 47
5.4 Performance against targets 48

Assurance 49

6.1 Assurance report 49

Appendices 52

7.1 Appendix A: Details of scenario analysis 52
7.2 Appendix B: Glossary 52

This is Air New Zealand's second Climate Statement under the *Aotearoa New Zealand Climate Standards* (NZ CS), structured around the four mandatory sections of NZ CS 1. Prior to NZ CS, Air New Zealand voluntarily reported against the *Task Force on Climate-Related Financial Disclosures* (TCFD) for several years. For readability, the order of the disclosures in the Strategy section of this Statement differs from the order in NZ CS 1.

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About this Climate Statement

1.1 Reporting entity

This Climate Statement is for the parent company Air New Zealand Limited (the Parent) and its subsidiaries (together referred to as 'Air New Zealand', 'the Group', or 'the airline') for the year ended 30 June 2025. The Parent is a Climate Reporting Entity under the Financial Markets Conduct Act 2013.

The scope of the reporting entity aligns with that used for the Group's 2025 Consolidated Financial Statements.

1.2 Compliance statement and statement regarding adoption provisions

In the 2025 financial year, the airline has applied the following adoption provisions outlined in NZ CS 2:

- **Adoption provision 2 - Anticipated financial impacts:** Exempts an entity from disclosing the anticipated financial impacts of climate-related risks and opportunities, from explaining why such disclosures cannot be made (if applicable), and from describing the expected time horizons of those financial impacts (if applicable);
- **Adoption provision 6 - Comparatives for metrics (except where indicated):** Permits an entity, in its second year of reporting, to provide only one year of comparative information for each disclosed metric; and
- **Adoption provision 7 - Analysis of trends (except where indicated):** Exempts an entity, in its second year of reporting, from the requirement to disclose an analysis of trends in metrics across reporting periods.

With those adoption provisions applied, this Climate Statement complies with the NZ CS.

1.3 Forward-looking statements and the uncertainty inherent in climate change

Climate change presents ongoing challenges with significant uncertainty, especially over the long-term. Descriptions of impacts of climate change and low-carbon transitions involve estimates and projections that may differ from actual outcomes. Various economic, technological, climatic, legal, governmental, market, operational and other factors could cause actual results or performance or achievement of climate-related metrics, including guidance or targets, to differ materially. These are largely outside the Group's control. Risks may be more significant, and any opportunities or strategies to achieve its climate-related metrics may be less significant, than currently expected.

The Climate Statement includes disclosures based on evolving assessments, incomplete data, opinions and assumptions and reflects current strategies and information. Air New Zealand does not guarantee that any statements, strategies, assumptions or opinions will remain unchanged or commit to updating them unless legally required. Air New Zealand makes no assurance about future performance or achievement of climate-related metrics, including guidance or targets. Forward-looking statements (identified by terms like "may", "should", "will", or "plan") involve assumptions and projections about operations, market conditions, and strategies, which are inherently uncertain and subject to contingencies outside the Group's control. Accordingly, undue reliance on any forward-looking statements is strongly cautioned against.

To the extent permitted by law, the Group disclaims all liability for any loss from use or reliance on this Climate Statement. Nothing in this Climate Statement should be interpreted as capital growth or earnings guidance, or as any legal, financial, tax or other advice or forecast.

1.4 Materiality

The Group has followed the guidance set out in NZ CS 3 in relation to the application of materiality. Information is considered material where 'omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users make on the basis of an entity's climate-related disclosures'. The primary users of this report are expected to be potential and existing investors, lenders and insurers, and other creditors.

To help with understanding the terminology used throughout this Climate Statement, a glossary of key terms is included in section 7.2 Appendix B: Glossary. All financial values in this report are presented in NZD, unless otherwise stated.

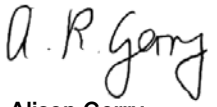
1.5 Enquiries

If you have any questions or comments regarding this Climate Statement, please contact investor@airnz.co.nz.

This Climate Statement was approved by the Board of Directors of Air New Zealand (the Board) on 28 August 2025.



Dame Therese Walsh
Chair



Alison Gerry
Director and Chair of the Audit & Risk Committee

For and on behalf of the Board.

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Governance

2.1 Oversight by the Board of Directors

This section describes the governance of climate-related risks and opportunities at Air New Zealand.

Governance body

Air New Zealand's Board has overall responsibility for the airline's strategic direction and oversight of climate-related risks and opportunities.

The Board-approved strategy, Kia Mau, provides the strategic framework for the airline and incorporates sustainability and climate-related matters.

The Board's Audit & Risk Committee (ARC) supports this oversight by monitoring internal and external audit functions, financial reporting, and compliance and risk management practices, including climate-related disclosures.

Governance process and frequency

The Board receives climate-related information through three primary ways: periodic reporting updates, standalone approval requests and information updates from Management, and strategy sessions.

In the 2025 financial year, the Board received the following periodic reporting updates:

- **Twice-yearly** compliance updates on domestic and international emissions obligations from the Sustainability and Corporate Finance teams;
- **Twice-yearly** reporting on the airline's progress against its Transition Plan;
- **Annual** reporting on the airline's top strategic risks, including climate change as a top risk, from the Enterprise Risk team (in addition to the annual ARC review and update to the Board);
- **Annual** review and approval of the airline's Sustainability Update, Greenhouse Gas (GHG) Emissions Inventory Report and Climate Statement;
- **Monthly** tracking of the sustainability-related component of the annual Short-Term Incentive (STI) scheme, delivered by the Chief Financial Officer (CFO); and
- **Regular** updates in the period leading up to year-end reporting on the Climate Statement process and content from the management-level Climate-Related Disclosures (CRD) Steering Committee.

In addition to periodic reporting, the Board considers standalone climate-related approvals and updates at Board meetings and / or strategy sessions. In the 2025 financial year, the Board approved the updated Sustainability Framework and the 2030 Emissions Guidance (see section 5.3 Targets used to manage climate-related risks and opportunities).

The Board also considers the sustainability, including climate-related, impacts of proposals it reviews, where relevant, and balances them with other considerations when making approval decisions.

Board skills and competencies

The Board ensures that appropriate climate-related skills and competencies are available to provide oversight of climate-related risks and opportunities through:

Board appointments: Balanced and complementary skillsets and experience is a key focus for Board appointments. This includes consideration of climate-related skills and competencies.

Training: From time-to-time, directors may participate in training on climate-related topics. Although no standalone Board training was provided by Air New Zealand in the 2025 financial year, some directors undertook formal climate-related training independently or through their other directorships. All directors are members of Chapter Zero New Zealand, whose mission is to educate and equip directors and boards to make climate-smart governance decisions.

Management delegations: Responsibility for implementing the airline's strategy and for managing day-to-day operations is delegated to the Chief Executive Officer (CEO) and, through that role, the Executive team, which includes the Chief Sustainability and Corporate Affairs Officer (CSCAO). These delegations cover responsibility for delivering the airline's sustainability strategy, securing appropriate resourcing and keeping the Board updated. This includes appointing people with climate-related expertise into relevant positions and making the Sustainability team's expertise available across the business as required (see section 2.2 The role of Management).

External experts: Air New Zealand engages external expertise to supplement internal capability where necessary. This currently includes the Sustainability Advisory Panel, a group of external experts providing independent advice to Air New Zealand that includes, amongst other functions, contributing to the development of the airline's Transition Plan and ensuring that the airline is not overclaiming the merits and value of its own initiatives. In the 2025 financial year, the panel met with the Board Chair (together with the CEO and CSCAO) on the 2030 Emissions Guidance and conducted separate sessions with the Sustainability team. Details about the panel are available on Air New Zealand's website. The panel's role and composition may evolve in response to the airline's dynamic operating environment.

Board oversight

Governance (continued)

External governance roles: The following directors hold external governance roles that provide ongoing exposure to current sustainability and climate-related developments:

- Dame Therese Walsh - Chair of the Nominating Committee for He Pou a Rangi, the New Zealand Climate Change Commission (NZ CCC), and former Chair of the Chapter Zero New Zealand Steering Committee (until March 2025); and
- Laurissa Cooney - Member of the Chapter Zero New Zealand Steering Committee and Co-Chair of The Aotearoa Circle.

Integration of climate change into Air New Zealand's Kia Mau strategy

Sustainability is one of four enablers under the Kia Mau strategy, which was reaffirmed by the Board in the 2025 financial year. Management and the Board oversee implementation of that strategy and review progress.

In the 2025 financial year, an updated Sustainability Framework was approved that outlines Air New Zealand's sustainability priorities to help deliver the Kia Mau strategy (refer to page 24 of the Annual Report). It includes the airline's commitment to work towards net zero carbon emissions by 2050. See sections 4.5 Transition Plan and 5.3 Targets used to manage climate-related risks and opportunities for more information.

On an annual basis, the Board reviews the airline's five-year financial plan and formally approves its budget, both of which include consideration of climate-related risks and opportunities.

Setting, monitoring, and overseeing climate-related metrics and targets

The Board sets climate-related metrics and targets, informed by advice from Management. In the 2025 financial year, the Board endorsed the airline's new 2030 Emissions Guidance. Progress against both the 2050 Target and 2030 Emissions Guidance is monitored through twice-yearly Transition Plan updates, and as otherwise required. A range of climate metrics are reported to the Board as part of the CFO's monthly update. See Remuneration in section 5.1 Metrics relevant to all entities for incorporation of climate-related performance measures into the airline's remuneration policies.



Governance (continued)

2.2 The role of Management

Management-level responsibilities

Management is responsible for identifying and managing Air New Zealand's climate-related risks and opportunities, with responsibilities distributed across senior leaders, forums and specialist teams. This is shown in the Organisational Structure to the right.

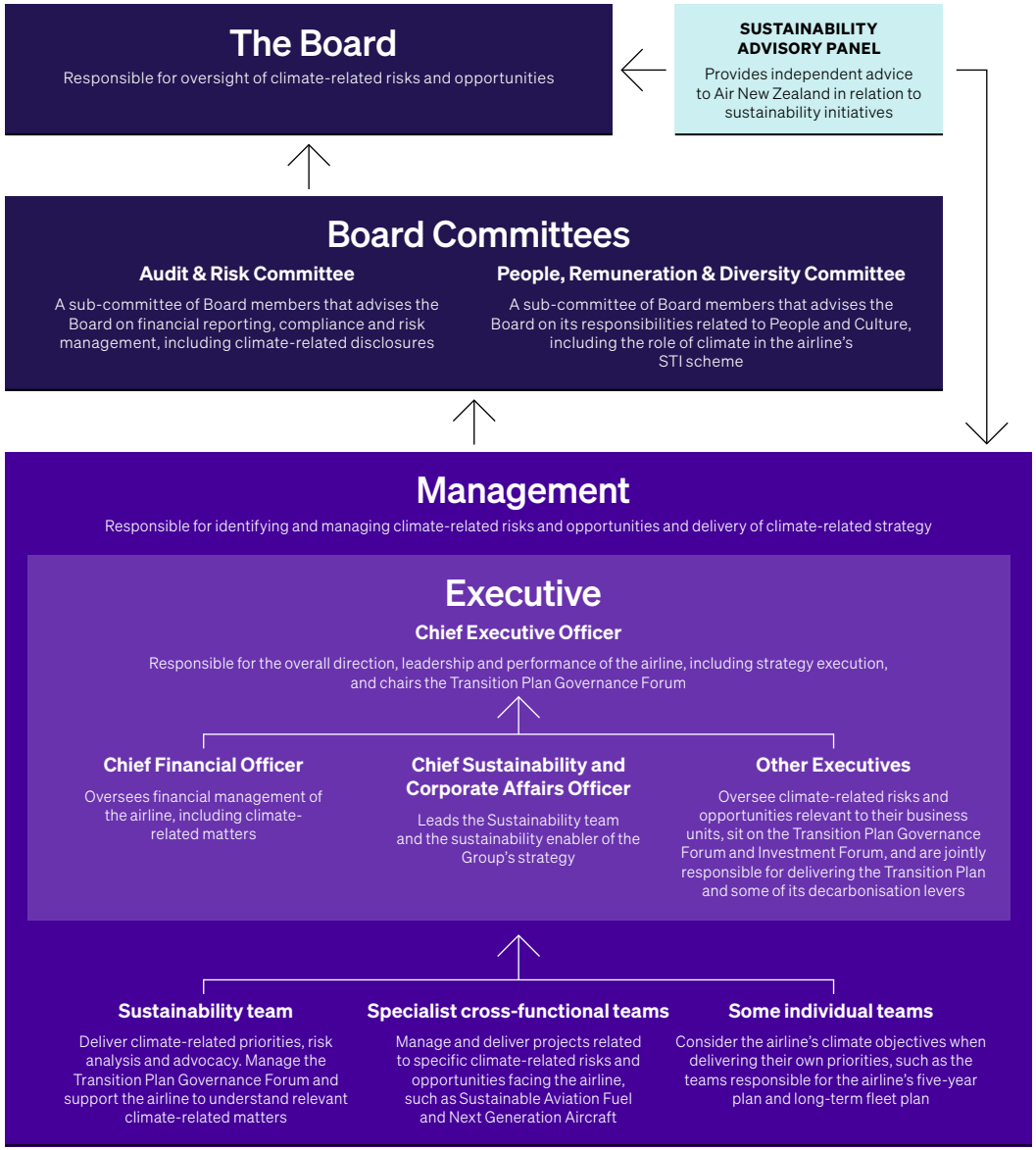
The Executive team is responsible for delivery of the Transition Plan, with each Executive overseeing climate-related risks and opportunities relevant to their business units. The Transition Plan is governed by the quarterly Transition Plan Governance Forum, chaired by the CEO and comprising the Executive team and other relevant senior leaders, and facilitated by the Sustainability team.

The CSCAO leads the Sustainability team, which provides expertise and advice to the airline about climate-related matters. The CSCAO reports to the CEO and leads the sustainability enabler of the Group's strategy. The Sustainability team delivers top-down physical and transition risk analysis, climate-related advocacy, and leads key climate priorities. It also supports business units to understand the sustainability, including climate-related, impacts of proposals considered in the airline's investment and operational decision-making processes.

Senior leaders across the business oversee climate-related risks and opportunities relevant to their business units through business unit risk registers.

Specialist cross-functional teams focus on specific climate-related risks and opportunities facing the business. These include teams that support Sustainable Aviation Fuel (SAF) procurement and operational efficiencies. The teams responsible for the airline's five-year financial plan and long-term fleet plan also consider the airline's climate objectives when developing these plans. Members of the Sustainability team work with these teams to provide advice and support as required.

The frequency with which Management engages with the governance body is described in section 2.1 Oversight by the Board of Directors.



Governance (continued)



Process and frequency of climate-related updates to Management

Climate-related updates are regularly communicated to members of the Executive team and senior management through various internal channels (see Table 1 below).

Table 1: Regular communication channels to the Executive team and senior management

Channel	Frequency	Stakeholders	Purpose
Transition Plan Governance Forum	Quarterly	Executive team	Monitor planning and delivery of the Transition Plan.
CRD Steering Committee	Monthly (Dec to Aug)	CFO, CSCAO, the General Counsel & Company Secretary and senior leaders from the Legal, Finance and Sustainability teams	Provide guidance and oversight in the development of the Climate Statement and underlying analysis.
Quarterly Business Review	Quarterly	Executive team	Review progress against the Kia Mau strategy (including the Sustainability enabler and climate-related metrics) and agree priorities for the next quarter.
Investment Forum	Monthly	Executive team	Consider significant investment proposals, which must, where relevant, include an assessment of potential climate-related impacts.
SAF Review	Monthly (from June 2025)	Leads of teams involved in the SAF programme	Update on SAF-related work such as supply, customer value initiatives and enablers. Review any proposed SAF supply agreements for feedback prior to progressing to the Fuel Steering Committee.
Fuel Steering Committee	Quarterly	CFO, CSCAO, Chief Safety & Risk Officer (CSRO)	Evaluate and decide if any proposed SAF agreements are ready to progress to the CEO and / or Board.
CSCAO update	Weekly	Executive team	Update on sustainability (including climate-related) matters, where relevant.

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Risk Management

3.1 Processes for identifying, assessing, managing and prioritising climate-related risks

Climate-related risks are identified and assessed through dedicated climate-risk analysis projects led by the Sustainability team, and these serve as inputs to the airline's wider enterprise risk management process, facilitated by the Enterprise Risk team.

The climate-risk analysis projects conducted in the 2024 financial year as part of the scenario analysis (see section 4.1 Scenario analysis), included climate-related risk workshops with subject matter experts across the business as well as transition risk analysis and a physical risk analysis. The physical risk analysis is described further in section 4.1 Scenario analysis ('Method and time horizons' on page 15). A review and analysis of the airline's climate-related risks was undertaken in the 2025 financial year, while the location-specific physical risk analysis from the 2024 financial year remains relevant. The airline's physical risk analysis may be updated as new data, methodologies, or scientific understanding emerges. Any potentially material current impacts of physical climate-related risks are addressed in section 4.3 Current impacts and anticipated impacts of climate-related risks.

Climate-related risks are incorporated and managed through the airline's standard enterprise risk management process. In this process:

- Senior business leaders identify significant risks throughout the year, at least twice-yearly, and capture or update these risks on the relevant Business Unit Risk Registers (the Risk Registers). The climate-related risks identified through the processes described above are incorporated into the Sustainability Risk Register and / or other Risk Registers, as appropriate;
- The Enterprise Risk team reviews the risks on the Risk Registers and elevates the most material risks to the relevant Divisional Risk Profile;
- Each Executive team member reviews their Divisional Risk Profile at least twice-yearly;
- The Enterprise Risk team synthesises the most material outcomes from the Divisional Risk Profiles, including input from subject matter experts and research into industry trends and emerging risks, into draft updates to the Group Risk Profile (GRP). The GRP contains an assessment of each strategic risk, any changes to this assessment, the inherent outlook of each risk and the Risk Owner. Judgement from business leaders is required when prioritising climate-related risks alongside other risks in Divisional Risk Profiles and the GRP;
- The Executive team members review and validate the risks that they own in the draft GRP;
- The CSRO and the CFO twice-yearly (and annually by the CEO) review and approve the GRP for submission to the ARC and the Board; and
- The Board and ARC (once each per financial year) review the GRP.

All climate-related physical and transition risks identified on Risk Registers and Divisional Risk Profiles are consolidated into a 'climate change' risk in the GRP. This risk in the GRP is currently rated 'Very High', and is one of the highest rated risks on the GRP. The Executive team as a whole is the owner of climate change risk, reflecting collective accountability for managing and monitoring this risk.

3.2 Tools and time frames

Several risk identification, assessment, and management tools are used by senior leaders to guide their qualitative assessment of risks in each step outlined above. These tools, which collectively make up the airline's Enterprise Risk Management Framework, include the Group Risk Matrix, Risk Control Effectiveness (RCE) Scale, and Risk Appetite Statements.

The Group Risk Matrix is used to assess the likelihood and severity of potential risks. However, the Group Risk Matrix does not accommodate the temporal and chronic nature of climate-related risks as its time frames (from one month to ten years) differ from the time frames used for the dedicated climate risk analysis. These time frames are short- (0-5 years), medium- (5-18 years) and long-term (18+ years), as described in section 4.1 Scenario analysis. Accordingly, judgement from business leaders is required when comparing the time frames over which climate-related risks might occur and when considering other risks.

The RCE Scale guides the assessment of the effectiveness of existing key controls and mitigations for identified risks.

Risk Appetite Statements provide guidance to employees about how much risk or opportunity, as identified in the GRP, the business is willing to accept or target, respectively, in the pursuit of its strategy.

Page 7 of 39

Risk Management (continued)

3.3 Value chain

Parts of Air New Zealand's value chain are included in risk management processes to the extent that business leaders deem them relevant. All critical functions and business units are included within the scope of the Enterprise Risk Management Framework and leaders consider their specific operating context when assessing their key risks. This includes consideration of their key activities and processes, systems, people, and relationships with stakeholders, including business partners and suppliers.

The airline conducted a value chain mapping exercise as part of the scenario analysis process in the 2025 financial year and believes that relevant aspects of its value chain have been considered when identifying, assessing, and managing climate-related risks.

The climate-related physical risk analysis conducted in the 2024 financial year included consideration of airports within the airline's network. No additional airports were added to the network in the 2025 financial year. The internal climate-related risk workshops conducted in the 2025 financial year included consideration of fuel suppliers, aircraft manufacturers, customers and broader network considerations.



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Strategy

4.1 Scenario analysis

This section outlines the goals of Air New Zealand's scenario analysis, explains the process and governance of the analysis, describes the scenario narratives used, and outlines the methods and time frames adopted. The airline has updated its scenario analysis in the 2025 financial year to align with emerging guidance from New Zealand's Financial Markets Authority (FMA) and External Reporting Board (XRB), as well as to reflect external developments relevant to Air New Zealand. Air New Zealand will periodically refresh its scenario analysis depending on sector developments, or as new information (for example, updated climate science), feedback or insights emerge.

More detail about the scenario sources and assumptions is available in section 7.1 Appendix A: Details of scenario analysis.

Climate scenarios are not forecasts or probabilistic; they are illustrative and designed to highlight the potential risks, opportunities, and dynamics that may play out in different future states of the world. The process is theoretical and involves significant uncertainty. While scenario analysis is helpful for identifying climate-related risks and opportunities and testing the resilience of the airline's strategy, it does not provide an indication of probable or desired outcomes.

Goals of scenario analysis

Air New Zealand developed a set of goals and principles to guide its scenario analysis. The goals were to:

- Review the risks identified in the 2024 financial year and reported in the 2024 Climate Statement;
- Determine if any climate-related risks are no longer material, or if new risks have arisen;
- Determine whether any material opportunities have arisen in the 2025 financial year;
- Test the resilience of the airline's strategy; and
- Meet its obligations under the NZ CS.

To meet these goals, the airline sought to meet these principles:

- To select plausible, coherent and internally consistent scenarios;
- To ensure scenarios were sufficiently challenging and differentiated to produce insights on a breadth of plausible futures; and
- To adopt at least three scenarios, including one 1.5°C aligned, one >3°C and at least one other.

Process and governance

Air New Zealand's scenario analysis in the 2025 financial year was an update to the process undertaken in the previous financial year and consisted of the following six steps:

1. Reconvene the CRD Steering Committee;
2. Reconfirm the goals for the analysis;
3. Identify critical uncertainties facing Air New Zealand;
4. Determine scenarios, informed by critical uncertainties and internal subject matter expertise;
5. Test whether the transition and physical risks identified in the 2024 financial year are still appropriate; and
6. Assess the resilience of the airline's strategy against those risks.

The scenario analysis was a standalone process but its outputs have been used as inputs to the airline's assessment of climate-related risks and opportunities in its usual Enterprise Risk Management process, described in section 3. Risk Management.

The CRD Steering Committee was the primary governance mechanism for the scenario analysis and it oversaw steps two through six. A working team facilitated the overall process, conducted the analysis and initial assessment of the airline's resilience. This included external consulting support from PwC New Zealand. This process included input and oversight from the Board and Executive team, including approval of the scenarios for analysis.

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Strategy (continued)

Summary and comparison of Air New Zealand's four scenarios

Development and description of scenarios

For the 2025 financial year, Air New Zealand used four scenarios for its scenario analysis - an increase from three in the previous year. This enabled more detailed consideration of the potential impact of New Zealand climate policy, which is treated as a key differentiating factor in two of the scenarios (Fragmented World and Wait-and-See).

Like last year, the starting point for each scenario is one of the Intergovernmental Panel on Climate Change's (IPCC's) Shared Socioeconomic Pathways (SSPs), which describe plausible future socio-economic conditions. These SSPs are combined with Representative Concentration Pathways (RCP), which indicate associated GHG emissions and resultant warming trajectories through to 2100[1].

Additional narrative detail has been developed for each Air New Zealand scenario with reference to global climate and socio-economic pathways, global energy pathways, New Zealand-specific impacts, and aviation-specific developments. A summary of the scenario characteristics and challenges is provided in the illustration to the right[2] and in the description of each scenario on the following pages. Further detail can be found in section 7.1 Appendix A: Details of scenario analysis.

It should be noted that there is some degree of physical impact across all scenarios. For example, the physical impacts that occur before 2050 are similar in the 1.5°C-aligned scenario (Global Cohesion) and the high emissions scenario (Fossil-Fuelled Growth) because much of the warming in the period to 2050 will be driven by emissions that have already occurred.

SCENARIO 1: Global Cohesion +1.4°C · SSP1-1.9		SCENARIO CHARACTERISTICS			KEY CHALLENGES FOR AIR NEW ZEALAND[3]		
		Policy Environment	Technology Development	Customer Demand			
Low Physical Risk	**Very High** Transition Risk	Globally, higher emphasis on decarbonisation	Faster	Lower in short-medium term	High decarbonisation expectations	Rapid pace of change	High carbon prices

SCENARIO 2: Fragmented World +2.7°C · SSP2-4.5		SCENARIO CHARACTERISTICS			KEY CHALLENGES FOR AIR NEW ZEALAND		
		Policy Environment	Technology Development	Customer Demand			
Moderate Physical Risk	**Moderate** Transition Risk	Higher emphasis on decarbonisation in New Zealand	Moderate	Moderate	Competitive disadvantage from higher transition costs	Disjointed global policy	Unclear direction of change

SCENARIO 3: Wait-and-See +2.7°C · SSP2-4.5		SCENARIO CHARACTERISTICS			KEY CHALLENGES FOR AIR NEW ZEALAND		
		Policy Environment	Technology Development	Customer Demand			
Moderate Physical Risk	**Moderate** Transition Risk	Lower emphasis on decarbonisation in New Zealand	Moderate	Moderate	Competitive disadvantage from late decarbonisation	Disjointed global policy	Reputational damage

SCENARIO 4: Fossil-fuelled Growth +3.6°C · SSP3-7.0		SCENARIO CHARACTERISTICS			KEY CHALLENGES FOR AIR NEW ZEALAND		
		Policy Environment	Technology Development	Customer Demand			
High Physical Risk	**Low** Transition Risk	Lower emphasis on decarbonisation	Slower	Higher	Supply chain disruption	Physical impacts hinder network	Lack of global supportive policy

1. The SSP-RCP pairs are a set of illustrative emissions scenarios developed in the IPCC's 6th Assessment Report. Refer to IPCC AR6 Working Group 1, Chapter 4: 'Future Global Climate: Scenario-based Projections and Near-term Information'
2. The illustration above is a simplified and indicative view of the risk levels in each scenario, and is not representative of a quantitative assessment of each scenario. The extent to which either physical or transition risks materialise is time-dependent.
3. The key challenges are non-exhaustive and illustrate selected strategic pressures Air New Zealand could face under the conditions assumed in each scenario. Users should refer to the scenario summaries for a more detailed overview of each scenario and sections 4.2 and 4.3 for Air New Zealand's disclosure of material climate-related risks.

Strategy (continued)

SCENARIO 1:
Global Cohesion

TEMPERATURE **1.4°C**

SSP **SSP1-1.9**

The airline's first climate scenario is aligned to SSP1-1.9 and is consistent with 1.4°C of global warming by 2100[4], relative to a pre-industrial average (1850-1900)[5].

In this scenario, international trends in technology, policy and regulation move rapidly and in sync, and decarbonisation is achieved through embracing more sustainable technology solutions, including SAF and Next Generation Aircraft (NGA). A highly cooperative global order aligns international policy priorities.

New Zealand decarbonises in line with a 1.5°C trajectory, with strict policy measures such as demand-side regulation (which could lead to high carbon prices) and supply side regulation (for example, SAF policy support) incentivising meaningful decarbonisation initiatives. These policy measures create high costs for businesses that are slow to decarbonise.

POLITICAL AND REGULATORY	In the short- to medium-term, the world shifts to a highly cooperative global order. All major national governments reach broad agreement on the necessity of decarbonising and take concrete actions to do so. New Zealand and other countries implement ambitious climate policy.
SOCIAL	In the face of rising climatic impacts, public sentiment shifts globally to support more ambitious action to decarbonise. Pressure on governments and businesses to take leading roles in the transition grows. Customers reward those organisations that actively decarbonise and avoid those that don't. Voluntarily adopting lower-emissions lifestyles, including avoiding flying or flying less, becomes more common for some parts of society.
TECHNOLOGICAL	Widespread ambition to decarbonise and rising carbon prices translate to increased investment in low-emissions technology. The rapid pace of change makes picking eventual winners challenging and some new technology quickly becomes outdated.
ENVIRONMENTAL	New Zealand sees warmer, but largely manageable, temperatures, and more frequent and severe droughts and storms. Conditions are more variable than present, but by mid-century most changes are levelling off, apart from still-rising sea levels threatening Pacific Islands and other low-lying areas.
ECONOMIC	Increases in capital investment and government spending to accelerate the transition, and rising carbon prices, drive inflation in the short- to medium-term. Green finance is readily available from public and private investors, and meeting sustainability criteria becomes increasingly necessary to access finance.

Key challenges for Air New Zealand:

- Stricter regulations and rapidly rising carbon prices;
- Rapid pace of change as competitors are also decarbonising quickly, including non-aviation transport;
- Higher expectations from customers and investors to decarbonise rapidly; and
- Lower demand as prices increase and customers adopt lower emissions lifestyles and / or business activities to meet emissions targets, particularly in the short- and medium-term.

4. Temperature rises indicated in 2100 throughout this report refer to the best estimate global mean surface temperature rise in the period 2081-2100.
5. Air New Zealand acknowledges that 2024 was the first year that the 1.5°C threshold was passed on a yearly basis. However, as the 1.5°C target refers to the surpassing of this threshold on a decadal (20 year) average basis, it remains possible (but unlikely) that the temperature outcome in the Global Cohesion scenario is limited to 1.5°C, particularly with rapid emissions reductions through large-scale carbon removal.

Strategy (continued)

SCENARIO 2:

Fragmented World

TEMPERATURE **2.7°C**

SSP **SSP2-4.5**

The airline's second climate scenario is aligned to SSP2-4.5 and is consistent with 2.7°C of global warming by 2100, relative to a pre-industrial average (1850-1900).

In this scenario, concern around climate change is translated into ambitious policy in some countries, with others lagging. Global emissions remain largely flat until around 2040, when they begin to decline. By 2100, global warming reaches ~2.7°C. Net zero emissions are not achieved in this century. A heterogeneous landscape of international policies results in inconsistent carbon prices, strongly varying SAF uplift requirements and availability, and unclear direction of technological development for NGA.

New Zealand is amongst the frontrunners of nations adopting ambitious policies to decarbonise. This enables it to attract investment to decarbonise on favourable terms, shape regional policy frameworks, and retain widespread market access for its goods and services. In this scenario, New Zealand's action to decarbonise enhances the country's appeal as a tourism destination for those seeking a 'clean, green' travel experience.

POLITICAL AND REGULATORY	While some countries are resistant to change and split into political blocs, a significant number of countries, including New Zealand, are aligned on policy direction to decarbonise. New Zealand implements strong climate policy, pulling multiple levers to achieve ambitious decarbonisation goals.
SOCIAL	International public concern about climate impacts begins to drive action. As low-emissions technologies become more widely deployed, pressure from the public and investors mounts on organisations to keep pace. New Zealanders take a leading role in progress towards decarbonisation, and high-emitting domestic corporations, including airlines, come under significant pressure to decarbonise.
TECHNOLOGICAL	No significant technological developments are realised in the short-term. Globally, renewables continue to account for energy growth but do not begin to offer a meaningful replacement to fossil fuels until around 2040.
ENVIRONMENTAL	Acute weather events gradually become more intense and/or frequent. Sea levels continue to rise into the long-term and ecological impacts worsen. In New Zealand, efforts to reverse ecological degradation play a role in helping to mitigate some severe impacts.
ECONOMIC	Globally, financing for fossil fuel-driven development is readily available with little preference given to low-emissions initiatives. New Zealand businesses begin shifting to green technology which requires substantial upfront investment and government spending, driving short-term inflation. In the long-term, New Zealand's position as a net zero leader benefits the image of New Zealand businesses on the world stage, attracting investment, tourism, and demand for exported products. Early investment in new technology and innovative markets drive long-term economic growth.

Key challenges for Air New Zealand:

- Higher compliance and transition costs than some competitors, particularly in the short-term;
- Widely varying SAF uplift requirements and production incentives across countries complicate network planning and fuel procurement; and
- Long-term fleet investment decisions are challenging due to unclear direction of policy change and delayed technology development.

Air New Zealand Climate Statement 2025

Strategy (continued)

SCENARIO 3:
Wait-and-See

TEMPERATURE **2.7°C**

SSP **SSP2-4.5**

The airline's third climate scenario is aligned to SSP2-4.5 and is consistent with 2.7°C of global warming by 2100, relative to a pre-industrial average (1850-1900).

This scenario is largely in line with the Fragmented World scenario. However, this scenario differs in that New Zealand takes a wait-and-see approach rather than being a front-runner on climate action; action is minimal, and New Zealand generally takes a cautious approach to the low-carbon transition, opting for proactive measures only when the costs of inaction are clear and immediate.

New Zealand faces increased risk of losing investment from offshore, losing favourable market access for exports to some countries, and facing steeper and more disruptive economic and technological changes closer to 2050. New Zealand's attractiveness as a tourism destination suffers as domestic policy decisions erode the country's 'clean, green' perception.

POLITICAL AND REGULATORY	While a significant number of countries are aligned on policy direction to decarbonise, New Zealand adopts a 'wait-and-see' approach to climate change and implements minimal new policies towards achieving decarbonisation.
SOCIAL	International concern about climate impacts begins to drive action. As decarbonisation initiatives become more widely deployed, pressure from the public and investors in some corners mounts on organisations to keep pace. In New Zealand, addressing climate change remains a lower priority for most of the population than immediate economic, security, and social concerns, though a subset of the population grows increasingly hostile towards organisations perceived to be lagging.
TECHNOLOGICAL	No significant technological developments are realised in the short-term. Globally, renewables continue to account for energy growth but do not begin to offer a meaningful alternative to fossil fuels until around 2040. Barriers to development and implementation of low-emissions technology remain high in New Zealand.
ENVIRONMENTAL	Acute weather events gradually become more intense and/or frequent. Sea levels continue to rise into the long-term and ecological impacts worsen. In New Zealand, scattered efforts to reverse ecological degradation are insufficient to mitigate severe impacts.
ECONOMIC	Globally, financing for fossil fuel-driven development is readily available with little preference given to low-emissions initiatives. Many large New Zealand corporations consider green technology too expensive. In the long-term, New Zealand's wait-and-see approach to decarbonisation affects the national 'clean, green' image, which has repercussions for investment and tourism.

Key challenges for Air New Zealand:

- Delaying decarbonisation makes it costlier and harder to achieve as the airline risks missing out on early lower cost SAF supply contracts;
- Widely varying SAF uplift requirements and production incentives across countries complicate network planning and fuel procurement; and
- Demand impact due to New Zealand's damaged reputation as a tourism destination.

Publication

Strategy (continued)

SCENARIO 4:

Fossil-fuelled growth

TEMPERATURE **3.6°C**

SSP **SSP3-7.0**

The airline's fourth climate scenario is aligned to SSP3-7.0 and is consistent with 3.6°C of global warming by 2100, relative to a pre-industrial average (1850-1900).

Efforts to implement coordinated global decarbonisation fail, leaving countries to pursue their own adaptation responses. Emissions continue to grow through the century, as do temperatures and physical climate impacts. Global warming exceeds 3°C and is still rising by 2100.

New Zealand lacks supportive policy, market and technological developments to decarbonise. Climate-related impacts harm New Zealand's biodiversity and its 'clean, green' image is tarnished. While New Zealand's desirability as a travel destination and source of goods and services is adversely affected, it is not hit as hard as most other countries.

POLITICAL AND REGULATORY	The Paris Agreement dissolves and international climate efforts falter. Many nations adopt protectionist trade policies amid a rise in nationalism and as concerns about energy security rise.
SOCIAL	Worsening trust across borders and in international organisations weakens the world's ability to solve collective problems like climate change. Immediate economic, security, and social concerns take precedence for many people. As climate damage worsens, public outrage grows. Climate-related impacts harm New Zealand's biodiversity and tarnish our 'clean, green' image, reducing New Zealand's desirability as a travel destination.
TECHNOLOGICAL	A global lack of ambition to decarbonise means cheap fossil fuels are still relied on, driving growth as new reserves are exploited internationally. New Zealand continues to import and invest in storage of fossil fuels to meet growing demand. Biofuels play a small role in delivering energy but remain expensive.
ENVIRONMENTAL	Globally and in New Zealand, warmer temperatures, harsher droughts, and more intense storms are experienced. Climate impacts lead to worsening ecological declines and more vulnerable ecosystems. Sea levels continue to rise in the long-term: by over 70 centimetres by 2100. Parts of the Pacific Islands are no longer habitable, and many people come to New Zealand seeking refuge.
ECONOMIC	Financing for fossil fuel-driven development is readily accessible and green finance drops out of favour. In the medium- to long-term, acute events cause significant damage to urban areas and businesses, resulting in economic shocks. Insurers retreat from covering high risk areas, creating a strong reliance on the government to support those in at-risk areas. Fossil fuel prices become more volatile over time as supply chains are increasingly disrupted.

Key challenges for Air New Zealand:

- Lack of supportive policy, market signals and technology developments makes it harder to progress towards Air New Zealand's 2050 Target;
- Price volatility in major commodities (for example, jet fuel);
- Supply chain disruption due to physical climate impacts; and
- Climate-related extreme weather events materially impact economic growth, and therefore demand for Air New Zealand's services, particularly in the long-term, and create disruption within Air New Zealand's network.

Air New Zealand Climate Statement 2025

Strategy (continued)

Method and time horizons

In the 2025 financial year, Air New Zealand applied the STEEP framework – Social, Technological, Environmental, Economic, and Political – to vary assumptions across key domains in its scenario analysis. This enabled a coherent and plausible set of future conditions under which to assess the airline's climate-related risk and opportunities.

Air New Zealand's scenario analysis applies different time horizons to assess how climate-related risks and opportunities may emerge over time. These time frames are aligned with the airline's strategic planning horizons and capital deployment plans, while also accommodating the longer time frames required to assess the potential physical impacts of climate change. The time horizons used, are:

- **Short-term:** 2025-2030 (0-5 years) - aligns with strategic and network planning time horizons for the airline's five-year financial plan, including capital deployment plans;
- **Medium-term:** 2031-2043 (6-18 years) - aligns with decisions about fleet planning and aircraft lease and purchases, and generally represents the airline's capital deployment horizons, excluding property; and
- **Long-term:** 2044-2050+ (19-25+ years and beyond) - includes the airline's 2050 Target and is also the period over which the airline expects the greatest physical impacts of climate change to occur.

To assess the long-term physical risks, a physical risk model, developed in the 2024 financial year, was again used in 2025. This model analyses the future frequency and severity of acute weather events at the domestic and international airports in Air New Zealand's network. This included the frequency of severe heat, fog, wind, thunderstorms, rain, ice and snow that has occurred each year since 1990, and projected occurrences to 2100.

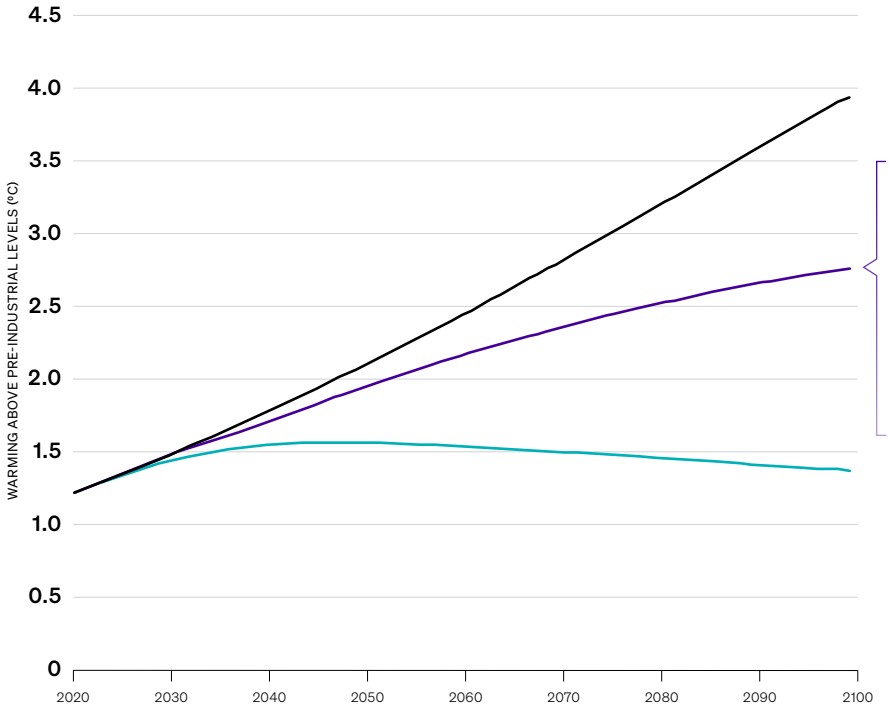
The physical risk analysis has a longer time frame (to 2100) than the transition risk analysis (to 2050) because physical climate risks are not projected to differ significantly across scenarios until the 2040s. The model outputs remain relevant in the 2025 financial year, given similar projected warming pathways in the updated scenarios[6].

The physical risk model was considered appropriate and relevant to assessing the resilience of Air New Zealand's business model and strategy to climate-related risks and opportunities because it combined data from the latest global climate models and was broadly aligned with the warming pathways in the airline's scenario analysis. This model combination was selected because they include a range of possible temperature changes for a given amount of CO_2 emissions, are produced by reputable and independent research groups, covered multiple scenarios, included variables relevant for physical climate risk analysis in aviation, and aligned with the airline's scenario analysis goals and principles.

Air New Zealand also used a qualitative approach to transition risk analysis in the 2025 financial year, building on the quantitative transition risk model used in 2024. Workshops

SSP time horizons are defined based on a 2100 endpoint

IPCC Scenarios: Shared Socioeconomic Pathways (SSPs), aligned with Representative Concentration Pathways (RCPs).



FOSSIL-FUELLED GROWTH
SSP3-7.0, +3.6°C BY 2100
Coordinated responses fail, leading to increasing long-term emissions, temperatures and physical climate impacts.

WAIT-AND-SEE
SSP2-4.5, +2.7°C BY 2100
Global ambition and progress varies, with New Zealand's cautious approach leading to minimal climate action.

FRAGMENTED WORLD
SSP2-4.5, +2.7°C BY 2100
Global lack of alignment sees ambitious policy and progress in some countries, including New Zealand, while others lag.

GLOBAL COHESION
SSP1-1.9, +1.4°C BY 2100
Warming is limited as global policies and technology developments move rapidly and in sync.

6. The SSP1-2.6 and SSP5-8.5 scenarios under which the physical risk modelling was undertaken in the 2024 financial year differ from the SSP1-1.9 and SSP3-7.0 scenarios, respectively, used as the basis for the Global Cohesion and Fossil-fuelled Growth scenarios in the 2025 financial year. The airline plans to further align the modelling in future, with a particular focus on SSP3-7.0.

Strategy (continued)

were conducted with input from across the business to assess the airline's ability to respond to climate-related transition risks under the different scenarios.

4.2 Climate-related risks and opportunities

This section describes the material climate-related risks and opportunities identified by the airline, and associated time frames.

Climate-related opportunities

Air New Zealand has not identified any material 'opportunities' from climate change, as defined by NZ CS 1. On balance, the effects of climate change create risks for the aviation sector, notwithstanding the potential that exists to partially reduce the impact of those risks (for example, by reducing emissions through new technology such as SAF or, in the longer term, NGA). This is discussed further in this section and in section 4.3 Current impacts and anticipated impacts of climate-related risks.

The airline may be able to differentiate itself competitively by moving faster or slower than peers to decarbonise, or by evolving its Domestic network through the use of NGA, if it becomes commercially viable in the future. However, given the significant uncertainty around timing, scale, and broader market conditions, the size and nature of this potential is not yet considered material.

The absence of material opportunities is largely due to the airline's current reliance on fossil jet fuel and the uncertainty of future technological, customer, competitive, policy, regulatory and other developments.

Climate-related risks, including whether physical or transition

Air New Zealand has identified eight material climate-related risks, summarised on page 17. The risks are grouped based on whether they are physical or transition risks but are not ordered in terms of significance or likelihood of eventuating. These risks combine into one overarching 'climate change' risk in the airline's GRP, described in section 3.1 Processes for identifying, assessing, managing and prioritising climate-related risks.

The eight risks disclosed in this Climate Statement include a consolidation and reframing of the 11 risks disclosed in the airline's 2024 Climate Statement. For clarity, this does not represent a change in the airline's view of the materiality of the 11 items disclosed as 'risks' in the 2024 financial year and all of those risks have been considered when preparing this Climate Statement.

The eight risks disclosed in the 2025 financial year remain interrelated and correlated. They link to each other across categories and if one materialises it could change the likelihood and / or possible acceleration and magnitude of others.



Strategy (continued)

CATEGORY OF RISK	SUMMARY OF SPECIFIC RISK (SEE THE FOLLOWING SECTION FOR FURTHER DETAILS)	MATERIAL TIME FRAMES SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
PHYSICAL RISKS FOR THE AIRLINE				
1 Operational and asset resilience	The airline's exposure to increasing severity and frequency of some acute weather events could cause operational challenges or directly impact Air New Zealand's assets, customers and people, and create supply chain disruption.	*	◉	◉
2 Network resilience	Physical impacts of climate change may affect the desirability or viability of destinations across Air New Zealand's current and future network.	*	◉	◉
TRANSITION RISKS FOR THE AIRLINE				
3 Emissions pricing	Changes in the scope or price of emissions compliance obligations, or the adequate availability, cost and credibility of carbon credits, could lead to increased costs, and impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target.	◉	◉	◉
4 Funding, insurance and legal claims	Changes in the pace of implementation of Air New Zealand's Transition Plan, and its exposure to climate-related risks and regulation, may affect its access to, and the cost of, funding and insurance, and increase its litigation exposure and compliance costs.		◉	◉
5 Customer sentiment	Customers' own climate commitments or obligations and / or a negative perception of aviation's progress towards tackling climate change may decrease demand for Air New Zealand travel specifically, or aviation more generally.	◉	◉	◉
6 Sustainable Aviation Fuel	The ability of Air New Zealand to uplift adequate volumes of SAF at affordable prices could impact its ability to meet its targets. This is dependent on global market dynamics, regulatory settings, technology development, access to supporting infrastructure, and stakeholder acceptance of SAF characteristics.	◉	◉	◉
7 Fleet transition	The ability of Air New Zealand to renew its fleet in support of decarbonisation measures is dependent on a range of factors including the pace of technological development, speed of regulatory approvals, availability of supporting infrastructure, the supply chain's ability to deliver, and / or changes in public perception. Changes in one or more of these factors may limit Air New Zealand's ability to accurately plan for and renew its fleet with lower-carbon alternatives, and achieve emissions reductions.	◉	◉	◉
8 Competitive distortion	Differences in costs associated with Air New Zealand's transition pathway relative to competitors, due to lack of coordinated global regulatory support and international policy asymmetry, may disadvantage the airline relative to peers.	◉	◉	◉

The degree to which these risks are material is sensitive to both the timeframe and the scenario under which they are considered. Not all risks are material under all scenarios.

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

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Strategy (continued)

4.3 Current impacts and anticipated impacts of climate-related risks

This section outlines the current and anticipated impacts of Air New Zealand's climate-related risks. They refer to gross risks before mitigations, not residual risks. Risks are grouped into two categories: physical risks and transition risks.

Physical risks for the airline

1 Operational and asset resilience

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
*	◉	◉

Description

The airline's exposure to increasing severity and frequency of some acute weather events could cause operational challenges or directly impact Air New Zealand's assets, customers and people, and create supply chain disruption.

Air New Zealand considers acute weather events to be discrete, short-duration weather events, such as fog, high winds, heavy rainfall, storms, tropical cyclones, or extreme heat, that can cause operational disruption, asset damage, supply chain interruption, or safety risks. Chronic shifts in climate patterns, such as changes in regional temperature and precipitation patterns, are expected to increase the severity and frequency of some acute weather events.

Current impact

Notable severe weather events in the 2025 financial year included Tropical Cyclone Alfred that affected the Brisbane and Gold Coast airports, ex-Cyclone Tam that impacted the Auckland Airport hub and several domestic airports across the North and upper South Islands, and the wildfires that affected Los Angeles International Airport. In addition to large scale severe weather events, the airline was also exposed to weather events during its day-to-day operations.

Weather-related impacts are an inherent feature of aircraft operations, and Air New Zealand has developed strategies to minimise their effects on its customers, assets and employees, where possible. However, such impacts cannot be completely mitigated and typically arise in four major areas:

- **Disruptions:** where a weather-related event (for example, strong winds, lightning, snow and ice) leads to delays and / or cancellations;
- **Diversions:** where a weather-related event requires an aircraft to land at an airport other than the originally scheduled destination;
- **Repairs and maintenance:** where a weather-related event (for example, heavy landings in strong winds, lightning strikes, hail storms) causes aircraft damage; and
- **Assets:** where a weather-related event causes damage to the airline's 'immovable' assets, or where spend is required to improve the resilience of the airline's assets (for example, designing more climate-resilient buildings).

Air New Zealand is unable to meaningfully calculate the current financial impacts of weather-related disruptions, diversions, or repairs and maintenance impacts. This is due to the high variability of operational inputs (for example, passenger load, maintenance scheduling or crew and aircraft availability), the indirect and distributed nature of associated costs, and the absence of internal systems specifically designed to track these impacts. Additionally, the airline's flexible network and planning systems help to manage disruptions and diversions by adjusting schedules or reaccommodating passengers, reducing the financial impact of any single event. Together, these factors prevent Air New Zealand from quantifying the financial effects of weather events on its operations in a meaningful way.

However, in relation to the resilience of assets, the airline has been able to quantify the additional capital expenditure to ensure the airline's Hangar 4 at Auckland Airport complies with updated wind code requirements. At $13 million, while not considered financially material, this is the largest physical resilience enhancement cost in the 2025 financial year. It is acknowledged that this is only one impact among a number of others and, accordingly, it is not representative of the airline's financial impact due to weather events.

The operational impact of weather events is reflected through non-financial metrics in section 5.1 Metrics relevant to all entities ('Amount or percentage of assets or business activities vulnerable to physical risks' on page 45), which includes the proportion of flights delayed or cancelled due to weather events.

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

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Strategy (continued)

1 Operational and asset resilience (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
*	◉	◉

Anticipated impact

More frequent and / or severe weather events could increase operational disruptions. External climate modelling suggests increased frequency of thunderstorms and rain and decreased frequency of fog and ice across the Domestic network in the future. For the International network, external climate modelling suggests increased exposure to extreme heat, extreme rainfall, thunderstorms, and maximum wind speeds at most locations alongside reduced cold-related hazards such as ice, snow, and fog. The extent to which the airline can manage the effects of these events will influence the level of operational disruptions. Greater disruption could impact revenue, costs and reputation.

More frequent and / or severe weather events could increase damage to 'immovable' physical assets, increasing costs. This could occur as a result of river flooding, inundation and / or coastal erosion, particularly in combination with acute weather events, such as storms. The airport locations with the airline's greatest 'immovable' physical asset values, and which are assessed as highly exposed to the hazards of river flooding, inundation and / or coastal erosion, are Auckland, Wellington and Nelson airports. Damage to these assets could increase the airline's costs and reduce revenue.

More frequent and / or severe weather events could increase weather-related damage to aircraft, impacting maintenance costs and flight scheduling. Air New Zealand's largest fixed assets by value are its aircraft. While aircraft can often be relocated ahead of severe weather, more frequent or intense storms may still cause damage through hail, lightning strikes, or wind - both in flight and on the ground. This could increase maintenance costs, take aircraft out of service, or disrupt scheduling, thus impacting revenue and reputation.

Short-term interruptions or long-term damage to suppliers' assets and operations could create operational disruptions for Air New Zealand. Potential physical climate risks across Air New Zealand's value chain, such as the critical infrastructure at Auckland Airport's precinct or Channel Infrastructure New Zealand's fuel pipeline from Marsden Point to the Wiri terminal, could impact Air New Zealand materially, even if their vulnerability is deemed low.

More frequent and / or severe weather events may increase Occupational Health & Safety risks for employees. This could require increased training, protective measures, and investment to mitigate these risks.

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

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Strategy (continued)

2 Network resilience

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
*	◉	◉

Description	**Physical impacts of climate change may affect the desirability or viability of destinations across Air New Zealand's current and future network.** *Rising temperatures, sea level rise, biodiversity loss, water scarcity, and the increasing frequency or intensity of some climate-related hazards could reduce the appeal of some tourism destinations or the safe and reliable operation of some airports. Physical impacts, alongside infrastructure vulnerability and broader economic pressures, may shift demand patterns or require network and fleet adjustments over time.*
Current impact	There has been no current impact to the Group relating to physical impacts of climate change on network resilience in the 2025 financial year. While Air New Zealand made changes to its network, pausing the Auckland-Seoul and Wellington-Invercargill routes, these were driven by commercial factors and are not attributable to climate change.
Anticipated impact	**Climate-related physical impacts to destinations within Air New Zealand's network, particularly those with a higher proportion of discretionary travel such as tourism, may impact the demand for both inbound travel to, and within, New Zealand, and outbound travel to destinations within Air New Zealand's network.** This may be particularly noticeable for destinations that are dependent to some extent on eco-tourism (such as New Zealand), centre around ecosystems that are known to be particularly vulnerable to climate change (such as warm water coral reefs), or are reliant on seasonal factors (such as ski fields in New Zealand in winter). Changes in the appeal or viability of some destinations may necessitate the redeployment of aircraft to other locations, which may be less profitable than the original destination would have been in the absence of climate-related changes. **In addition to factors that affect the appeal of a destination to customers, physical climate impacts may also affect the infrastructure upon which Air New Zealand depends to be able to fly into each of the destinations within its network.** This may include, but is not limited to, airport runways, access to airports, and utilities infrastructure (for example, electricity substations). Issues with any of these dependencies may affect the viability of servicing some ports in Air New Zealand's network.

*Note on short-term impacts: while acute and severe weather events do occur in the short-term, the contribution of climate change to exacerbating the impact of these events is not possible to attribute in any meaningful way, and the associated financial impact is unlikely to be material to Air New Zealand, so the risk posed to Air New Zealand is assessed as not material in the short-term.

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Strategy (continued)

Transition risks for the airline

3 Emissions pricing

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
◉	◉	◉

Description

Changes in the scope or price of emissions compliance obligations, or the adequate availability, cost, or credibility of carbon credits, could lead to increased costs, and impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target.

Air New Zealand is currently a participant in two emissions pricing schemes: the New Zealand Emissions Trading Scheme (NZ ETS) and The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Both NZ ETS and CORSIA operate on a calendar year basis.

Current impact

Air New Zealand's NZ ETS compliance costs increased to $40 million for the 2024 calendar year, driven by New Zealand Unit (NZU) price increases. For the 2024 calendar year, Air New Zealand's NZ ETS obligation was 589,350 tonnes of CO_2-e, and NZUs to meet this obligation were surrendered during the 2025 financial year[7]. NZUs were sourced through government auctions, the secondary market, and the Group's distribution of NZUs via its investment in the Drylandcarbon One Limited Partnership.

Air New Zealand also recognised an anticipated CORSIA obligation in respect of the 2024 calendar year. This reflects International Air Transport Association (IATA) forecasts indicating that international aviation emissions, globally, exceeded the CORSIA baseline (currently 85 percent of 2019 international aviation emissions). As at 30 June 2025, the airline accrued a liability of $6 million for the calendar year 2024 (and an additional liability of $4 million for the first half of calendar year 2025). These obligations are based on Air New Zealand's routes, IATA Sectoral Growth Factor forecasts, and current price expectations. The final 2024 CORSIA obligation will be confirmed by November 2025.

Anticipated impact

Changes in the scope or price of emissions compliance obligations could lead to increased costs and impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target.

- **International aviation emissions could be included in the New Zealand carbon budget, which could raise Air New Zealand's costs depending on the treatment of double counting of NZ ETS and CORSIA obligations.** The NZ CCC provided advice to the New Zealand Government in December 2024, which Air New Zealand supported, recommending that international aviation emissions be included in New Zealand's national emissions targets. If the Government accepts this advice, it may choose to use the NZ ETS as a policy tool for addressing some, or all, of these emissions[8]. Expanding the scope of the NZ ETS in this way would require Air New Zealand to purchase more NZUs, increasing its operating costs. While the NZ CCC note in their advice to government the need to avoid double counting, it remains unclear whether, to prevent double counting, any CORSIA obligation would be deducted from the NZ ETS obligation. Countries such as the United Kingdom, which are reviewing their position following consultation on this issue, suggest a willingness to avoid double counting where possible.
- **Other changes to the scope of emissions included in the NZ ETS or CORSIA could raise Air New Zealand's emissions costs.** In addition to the potential inclusion of international aviation emissions in the NZ ETS described above, other changes could include increasing the coverage of CORSIA (for example, lowering its baseline), or including some or all Non-CO_2 Effects in CORSIA and / or the NZ ETS. Either change could materially increase Air New Zealand's compliance obligations and associated costs.
- **Additional emissions pricing schemes could emerge, especially if countries implement stronger regimes for aviation emissions alongside CORSIA, which could raise costs for Air New Zealand.** Other countries in the airline's international network may introduce additional international aviation emissions pricing alongside the CORSIA scheme. As with the potential inclusion of international aviation emissions in the NZ ETS, the treatment of potential double counting under overlapping schemes would be especially important for Air New Zealand's cost exposure.

7. By comparison, Air New Zealand's 2023 calendar year NZ ETS obligation was 602,362 tonnes of CO_2-e and the airline's cost to acquire NZUs to meet this obligation was $38 million.
8. As at 27 August 2025, the Government had not responded to the NZ CCC's advice.

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Strategy (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
◉	◉	◉

3 Emissions pricing (continued)

Anticipated impact (continued)

- **Market forces and regulatory changes could drive movements in the price of eligible units under both the NZ ETS and CORSIA, affecting costs for the airline.** Changing demand and supply of NZUs or CORSIA Eligible Emissions Units (EEUs) could change their price. One driver of these dynamics is the rules that govern what counts as an NZU or an EEU. Changes to these rules could also contribute to price movements. For example, changes to forestry-generated NZUs in the NZ ETS could potentially reduce the supply of NZUs and increase their price, all else being equal.
- **If corresponding adjustment does not become more widespread, Air New Zealand's ability to acquire EEUs and deliver its Transition Plan at an affordable cost may be impacted.** EEUs are carbon credits under the ICAO CORSIA scheme which require a corresponding adjustment from the host country. A corresponding adjustment is an accounting mechanism designed to avoid double counting, requiring the host country to adjust its Nationally Determined Contribution (NDC) when credits are transferred abroad. However, this practice remains nascent, and many countries are still developing processes, systems and capabilities required to implement it. Delays in the widespread adoption of corresponding adjustment could impact the supply of EEUs and increase the costs for the airline to meet its emissions compliance obligations and execute its Transition Plan.

Changes in the adequate availability, cost, or credibility of carbon credits, could lead to increased costs, and impact Air New Zealand's ability to meet its 2050 Target.

- **If clear standards to guide carbon credit development, including carbon removals, and use do not emerge, this could impact the acceptance of carbon credits, affecting both the supply of carbon credits and the airline's ability to use carbon credits as a lever towards its 2050 Target.** Clear external standards will be important to ensure the integrity of carbon credits to scale the market and their credible use in net zero strategies.
- **If supply of credible carbon credits, including carbon removals, does not scale-up in the period to 2050, Air New Zealand's access to, and the cost of, carbon credits could be negatively impacted, impacting the ability to deliver its Transition Plan at an affordable cost.** The future supply and cost of credible carbon credits is highly uncertain. For nature-based removals credits, key barriers to scaling include land availability, understanding biodiversity impacts, measurement challenges, regulatory acceptance, social acceptance, and climate change impacts. For engineered removals credits, barriers include uncertain technological development, investment requirement, energy needs, infrastructure challenges, and regulatory and social acceptance. If sufficient supply does not develop at affordable prices, achievement of Air New Zealand's Transition Plan and / or the airline's financial performance may be affected. In the short-term, achieving the current 2030 Emissions Guidance relies, amongst other decarbonisation levers, on the ongoing development of voluntary carbon markets and Air New Zealand being able to access CORSIA EEUs and appropriate volumes of high integrity carbon credits[9] at reasonable prices. An early focus on including removal carbon credits in Air New Zealand's carbon credit purchases is an opportunity to mitigate forward supply risk and help scale removal carbon credits to build carbon credit supply.

9. For Air New Zealand, high integrity means carbon credits which are real, permanent and additional, and on an internationally recognised carbon registry.

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Strategy (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
	◉	◉

4 Funding, insurance and legal claims

Description	**Changes in the pace of implementation of Air New Zealand's Transition Plan, and its exposure to climate-related risks and regulation, may affect its access to, and cost of, funding and insurance, and increase its litigation exposure and compliance costs.**
Current impact	In the 2025 financial year, there has been no material current impact relating to access, coverage or cost of insurance; or access or cost of funding.
Anticipated impact	**Air New Zealand's ability to effect its Transition Plan and adapt to climate change could affect its access to, and its cost of, capital.** This will be especially important if investors, lenders and creditors increasingly factor climate change considerations, including mitigation and adaptation, into their decision-making. **Increasing physical climate change impacts could affect access to and / or the cost of insurance for Air New Zealand.** This could be driven by both the airline's own exposure to climate-related risks and increased insurance claims globally from severe weather events. **As an emissions intensive business, Air New Zealand, like other airlines, faces risk from greater climate-related regulation, including increased compliance costs and litigation exposure in New Zealand and globally. This could lead to increased compliance costs and litigation exposure in New Zealand and globally.**

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Strategy (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
◉	◉	◉

5 Customer Sentiment

Description	**Customers' own climate commitments or obligations and / or a negative perception of aviation's progress towards tackling climate change may decrease demand for Air New Zealand travel specifically, or aviation more generally.**
Current impact	Air New Zealand's customer research suggests some customers are starting to consider changing their air travel behaviour for climate-related reasons, but it is difficult to identify the impact of this on bookings. The impact of climate-related changes in customer demand cannot be disaggregated from other drivers of demand. The airline is therefore unable to quantify a financial impact in the 2025 financial year. **The impact on Air New Zealand's competitive positioning in the 2025 financial year from its signalling about the pace and cost of its Transition Plan, most notably its withdrawal from its 2030 science-based target, was unclear.** In July 2024, Air New Zealand removed its 2030 science-based carbon intensity reduction target and withdrew from the Science Based Targets initiative. Air New Zealand continued to publish information about its Transition Plan in its 2024 Sustainability Update and 2024 Climate Statement and issued updates throughout the year on its expectations for SAF and NGA developments. In May 2025, the airline published information relating to its 2030 Emissions Guidance. Overall, the impact of these messages on customers' perception or the airline's competitive positioning is not clear.
Anticipated impact	**Ongoing strategic choices that the airline makes about the pace and cost of its Transition Plan could impact customer sentiment.** Moving faster than competitors could create opportunities to stand out to customers and build expertise, but it could increase costs if no 'first mover' advantages materialise. A slower approach may lower short- to medium-term costs but could allow competitors to differentiate themselves with customers or reduce the airline's appeal to climate-conscious customers. **Air New Zealand, or aviation more generally, could be perceived as insufficiently addressing climate change, impacting the brand and / or potentially reducing passenger and cargo demand.** **Corporate, cargo, and government customers could travel less or prioritise lower-emission travel options to meet their own decarbonisation targets impacting demand, particularly given aviation's status as a hard to abate sector.** As a business operating in a geographically isolated part of the world relative to many competitors, changes in the perception of New Zealand or areas within Air New Zealand's network as desirable destinations may reduce demand and / or create network planning challenges.

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Strategy (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
◉	◉	◉

6 Sustainable Aviation Fuel

Description	**The ability of Air New Zealand to uplift adequate volumes of SAF at affordable prices could impact its ability to meet its targets. This is dependent on global market dynamics, regulatory settings, technology development, access to supporting infrastructure, and stakeholder acceptance of SAF characteristics.** This is discussed in more detail below and in section 4.5 Transition Plan.
Current impact	**Price premiums in the global market for SAF currently range from just above parity to approximately five-times the cost of fossil jet fuel.** In the 2025 financial year, Air New Zealand purchased SAF through offtake agreements with suppliers. The price premiums of these contracted fuel deliveries ranged between 1.5 times to 2.5 times the fossil jet fuel price. In the 2025 financial year, 1.7 percent of Air New Zealand's jet fuel usage was SAF, uplifted in the United States. The approximate additional cost of this volume of SAF compared with the purchase of an equivalent volume of fossil jet fuel was $21 million.
Anticipated impact	**Lack of new policy support in New Zealand and the Asia Pacific region, or potential removal of existing support in North America, could result in supply shortfalls or sustained high costs to meet the airline's targets.** Policy support is necessary to both accelerate the development of the SAF industry overall and support the affordability of SAF relative to fossil jet fuel. **If SAF technology does not keep developing and / or the scale-up of production is less than current industry forecasts, Air New Zealand's access to, and the cost of, SAF could be negatively impacted.** This could reduce Air New Zealand's ability to create and maintain a deal pipeline to access the volumes of SAF required to meet the Clean Skies for Tomorrow 2030 Ambition Statement (see 'Ten percent SAF by 2030' on page 48) and to deliver its Transition Plan, potentially resulting in Air New Zealand missing its 2050 Target as well as suffering reputational damage and increased compliance costs. **Securing long-term SAF offtake contracts, which are common in SAF markets, could lead to delivery and price risks for Air New Zealand.** Suppliers could fail to deliver on agreed contracts, forcing the airline to find alternative sources of supply at short notice. Locking in long-term prices at above-average rates could lead to a higher cost base relative to competitors. **The acceptability of specific SAF feedstocks could change, which may affect Air New Zealand's supply options, the airline's Transition Plan or the overall acceptance of SAF as a decarbonisation lever.** The airline's ability to effectively utilise SAF over the medium- to long-term to achieve its Transition Plan could be adversely affected by a range of factors, including: • Changing concerns about the impacts of SAF production on biodiversity, food systems, labour rights, water use and land use change; • Downward revisions to the carbon intensity of life cycle savings for specific feedstocks or technologies; and • Changing public acceptance of biofuels due to an increased focus on Tank-to-Wake emissions relative to fossil fuels rather than life cycle emissions (see 'SAF – biogenic emissions' on page 31).

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Strategy (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
◉	◉	◉

7 Fleet transition

Description	**The ability of Air New Zealand to renew its fleet in support of decarbonisation measures is dependent on a range of factors including the pace of technological development, speed of regulatory approvals, availability of supporting infrastructure, the supply chain's ability to deliver, and / or changes in public perception. Changes in one or more of these factors may limit Air New Zealand's ability to accurately plan for and renew its fleet with lower-carbon alternatives and achieve emissions reductions.** This is discussed in more detail below and in section 4.5 Transition Plan.
Current impact	**In the short-term, the aviation sector generally is experiencing severe supply constraints for both aircraft and engines, which is limiting Air New Zealand's options for conventional fleet renewal.** Continued constraints to conventional fleet renewal are expected to remain material in the medium-term and could be exacerbated if conventional fleet aircraft and engine manufacturers experience further production slowdowns. Because fleet renewal is primarily driven by commercial and operational needs, and the influence of climate factors is not separately assessed, Air New Zealand is unable to quantify a climate-related financial impact. **The airline incurred costs in the 2025 financial year relating to preparatory infrastructure works and feasibility studies to support the technology demonstrator. These costs are assessed to be financially immaterial.** **During the 2025 financial year, BETA, the manufacturer of Air New Zealand's first NGA commercial demonstrator, an ALIA CX300, delayed the expected delivery date of the airline's first aircraft, originally expected in the 2026 calendar year.** This delay will not materially affect the airline's ability to achieve its Transition Plan and does not represent a current financial impact.
Anticipated impact	**Continued constrained or delayed access to new, more efficient conventional aircraft, or the slow development of new innovative aircraft designs, could impact Air New Zealand's ability to achieve its Transition Plan.** **Air New Zealand relies on external parties to make significant progress on multiple factors for NGA to play any role in the airline's Transition Plan.** At present, and at least in the short- and medium-term, NGA technologies are not commercially available, and their deployment within the airlines network remains uncertain. Delays to any or a combination of the factors outlined below over the medium- to long-term could impact the ability of the airline to meet its 2050 Target: • **Technology development:** Delays in the expected time frame for the introduction of NGA would increase reliance on other levers in the Transition Plan, potentially increasing operating and compliance costs; • **Regulatory approvals:** Delayed regulations could slow the pace of development and the use of NGA, limiting the ability to operate these new aircraft, to the extent they are available. Lack of government support could also result in increased costs of renewable electricity and green hydrogen (hydrogen produced using renewable electricity), increasing operating costs; • **Capital costs:** Capital investment in NGA could be higher than anticipated; • **Green hydrogen costs:** If suitable hydrogen powered NGA become available (not expected in the short- and medium-term), operating them could increase costs unless green hydrogen production becomes more affordable; • **Airport infrastructure:** Lack of airport infrastructure, such as recharging and hydrogen storage facilities, and new maintenance equipment, could limit the network flown by NGA, reducing revenue; and • **Access to, or cost of, energy:** Accessing sufficient power to run any NGA may be impacted by grid capacity constraints or competing demands for power, either from other sectors (for example, data centres) or from other airport users. This could introduce reputational or brand damage if it diverts energy resources from other parts of the economy.

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Strategy (continued)

MATERIAL TIME FRAMES		
SHORT-TERM (0-5 YEARS)	MEDIUM-TERM (5-18 YEARS)	LONG-TERM (18+ YEARS)
◉	◉	◉

8 Competitive distortion

Description	**Differences in costs associated with Air New Zealand's transition pathway relative to competitors, due to lack of coordinated global regulatory support and international policy asymmetry, may disadvantage the airline relative to peers.**
Current impact	Air New Zealand is currently disadvantaged relative to some competitors that do not face domestic emissions trading obligations, or that benefit from stronger SAF subsidies in markets like California and British Columbia. While Air New Zealand can uplift SAF in some of these regions, it does not receive equivalent policy support in its home market. Quantifying the financial impact of climate-related competitive distortion is challenging due to the indirect nature of the risk, overlapping factors such as emissions pricing, SAF policy support, wide global policy variations and limited transparency into competitor costs. In addition, the extent of the distortive impact will differ depending on which airline and / or market Air New Zealand chooses to compare itself with. This is because other variables such as fuel price fluctuations or currency movement will impact the comparison. As a result, while competitive distortion is recognised as a credible transition risk, the airline is unable to quantify a financial impact.
Anticipated impact	**Uneven policy settings across markets are expected to continue, which is likely to have a mixed impact on Air New Zealand relative to competitors.** Global approaches to emissions pricing and policy support for sustainable aviation technology will likely continue to vary. If these different policy settings negatively affect Air New Zealand compared to its competitors, such as through higher emissions costs or more limited access to aviation technology support, the airline's ability to compete and its financial performance could be adversely impacted. Examples of potential uneven policy settings in the future include: • The potential expansion of the NZ ETS to include some or all international aviation emissions, as discussed in the Emissions pricing risk above; • The possible introduction of regulations that restrict, levy or reduce aviation sector growth in specific markets; • Continued policy support for SAF in other airlines' domestic markets but not in New Zealand; and • The continued uneven rollout of uplift requirements for SAF, which can require airlines to uplift SAF in specific markets, or levies for SAF, which impose a charge on operations within specific markets, could require Air New Zealand to incur higher SAF-related costs than if the airline were to uplift SAF from the cheapest locations globally. SAF uplift requirements, levies, subsidies or targets to drive SAF uplift have been announced in several of the destinations that Air New Zealand services (Australia, Canada, Indonesia, Japan, Singapore, Taiwan and the United States) and are expected to be announced in China and Hong Kong in the next 12 months. Destinations not currently within Air New Zealand's network such as Brazil, Chile, Colombia, the European Union, the United Arab Emirates, Thailand, India, Malaysia, South Korea, and the United Kingdom have also announced similar policies.

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Strategy (continued)

4.4 Capital deployment

Climate-related risks serve as an input to internal funding and capital deployment decision-making in two key ways:

Internal funding

Funding of climate-related strategic priorities and ongoing operations (including in relation to the Transition Plan), is considered through the airline's annual budgeting process and as part of the annual refresh of its five-year financial plan. For example, estimated costs for SAF, CORSIA obligations, and fleet upgrades (based on current assumptions) are incorporated into both the annual budget and the five-year financial plan. Annual operating budgets are reviewed and approved by the Board with reference to the airline's key strategic goals, including climate-related goals.

In the 2025 financial year, the airline approved funding for the procurement of SAF, a dedicated SAF team, external advisors for development of the airline's climate scenario analysis, and funding of a Climate and Nature Fund. The Climate and Nature Fund is described in more detail in section 5.1 Metrics relevant to all entities ('Internal carbon charge' on page 46).

Investment decisions

Air New Zealand's internal investment governance tool requires all new business cases, including fleet decisions, to consider sustainability implications, including climate-related impacts and exposures. This helps senior decision-makers have visibility of relevant climate-related risks and opportunities when making investment decisions.

The airline uses 'Guardrails' to guide decision-making across the business. These define which decisions employees can make independently, which require expert input, and which are reserved for specific roles. Sustainability Guardrails apply to decisions that could affect total fuel burn, carbon emissions, exposure to climate-related risks, among other sustainability considerations.

Capital expenditure deployed toward climate-related risks and opportunities

Air New Zealand made financially material investments with climate-related considerations in the 2025 financial year, such as new aircraft. The airline also deployed capital towards electric and hybrid ground service equipment, and improved energy-rated property and infrastructure developments.

However, Air New Zealand only discloses capital expenditure where its entire or primary purpose is to address climate-related risks and / or opportunities. Like in the 2024 financial year, no material proportion of the airline's overall capital expenditure, financing, or investment was entirely or primarily deployed to the climate-related risks or opportunities identified in section 4.3 Climate-related risks and opportunities. However, as disclosed for the Operational and asset resilience risk, the airline deployed $13 million in the 2025 financial year to enhance the resilience of Hangar 4 at Auckland Airport to wind damage.

Air New Zealand also made some investments where the primary purpose was climate-related, however, these investments were not financially material. These investments were paid out of the airline's Climate and Nature Fund (see section 5.1 Metrics relevant to all entities ('Internal carbon charge' on page 46) for more detail).

4.5 Transition Plan

This section describes Air New Zealand's current business model and strategy and outlines the Transition Plan aspects of the airline's strategy. It should be read together with the section 5.3 Targets used to manage climate-related risks and opportunities.

Current business model and strategy

Air New Zealand's purpose is 'to enrich our country by connecting New Zealanders to each other and New Zealand to the world'. Its business model is to operate a global network that provides air passenger and cargo services to, from and within New Zealand. The airline generates revenue primarily through ticket sales, cargo, and ancillary services.

Air New Zealand's strategy, Kia Mau, has three key profit drivers: to grow domestic, elevate international, and to lift loyalty. These drivers are executed through four key enablers, one of which is 'Serious about Sustainability'. Another enabler, 'Prioritising People & Safety', incorporates the airline's Māori strategy, Kia Rite, which includes the 'Tiaki Promise' and approach to 'Protecting Taonga', reflecting Air New Zealand's commitment to protecting New Zealand's natural environment.

In the 2025 financial year, Air New Zealand approved an updated Sustainability Framework, replacing the 2020 version. The updated framework reflects the airline's current evolving sustainability priorities. This framework translates the Kia Mau and Kia Rite sustainability priorities into calls to action through a clear vision, 'When New Zealand thrives, we thrive too', and three key priorities: people *He Tāngata*, planet *Te Taiao* and guardianship *Kaitiakitanga*. It reaffirms the airline's commitment to work towards net zero carbon emissions by 2050.

Transition Plan aspects of the strategy

Like all airlines, Air New Zealand relies on fossil jet fuel to operate its services, emits significant amounts of GHG emissions and is part of a hard to abate sector. Air New Zealand plans to reduce its net carbon emissions over time, but acknowledges the substantial industry changes required to do so. Its Transition Plan helps to chart potential paths to make these reductions. Air New Zealand's Transition Plan includes both short- and long-term components, reflecting the greater

Strategy (continued)

degree of visibility the airline has over the levers available to address emissions in the short-term. Both the short- and long-term aspects of the Transition Plan are introduced below.

The Transition Plan is organised around four key decarbonisation levers: SAF, optimising fleet and network (including NGA adoption), operational efficiency, and carbon credits. More detail on each of these levers is presented under the lever headings from page 31 onwards.

Short-term: 2030 Emissions Guidance

Air New Zealand expects to reduce its Well-to-Wake net GHG emissions by 20 to 25 percent by 2030, compared with a 2019 baseline. This outlook remains in line with the 2030 Emissions Guidance that was issued on 1 May 2025.

The 2030 Emissions Guidance aims to provide a regular and transparent assessment of Air New Zealand's short-term decarbonisation progress and will be updated annually in Air New Zealand's Climate Statement. Each update will reflect the airline's expected net emissions reduction by 2030 from a 2019 baseline based on bottom-up detailed modelling.

The 2030 Emissions Guidance has not been developed with reference to an external target or methodology aligned to a particular global warming pathway. Despite this, the 2030 Emissions Guidance is a useful reference point for tracking near-term decarbonisation progress under the Transition Plan to the 2050 Target.

Long-term: The illustrative roadmap to the 2050 Target

Beyond 2030, the airline's long-term roadmap, shown on the following page, illustrates a central case scenario[10] for how Air New Zealand could potentially transition to meet its net zero 2050 Target.

Two overarching assumptions shape the 2050 roadmap. First, a long-term growth rate for the aviation sector of 2.76 percent per annum from 2030 to 2050, measured in Revenue Passenger Kilometres (RPK) and based on Boeing's Commercial Market Outlook for the regions in which Air New Zealand operates. This is represented as 'Potential business-as-usual carbon emissions' on Air New Zealand's illustrative roadmap, which shows what the airline's emissions could be if capacity and fuel use grew at this rate. The second assumption is that Air New Zealand will adopt lower carbon technologies (such as SAF, conventional fleet renewal and NGA) when the airline is feasibly and commercially able to do so.

The 2050 roadmap is not a guarantee or forecast of future performance. The pathway is illustrative, not predictive - other combinations of levers may emerge, and some assumptions (such as technology development or policy support) may not eventuate. The roadmap does not guarantee future outcomes or the delivery of specific reductions from each lever. Some elements, such as NGA, depend on technologies not yet commercialised or scaled so their contributions in the roadmap are uncertain and may evolve materially. Air New Zealand intends to update the roadmap annually in its Climate Statement to reflect evolving data, developments, and assumptions.

Table 2: Major characteristics of the short- and long-term aspects of the Transition Plan

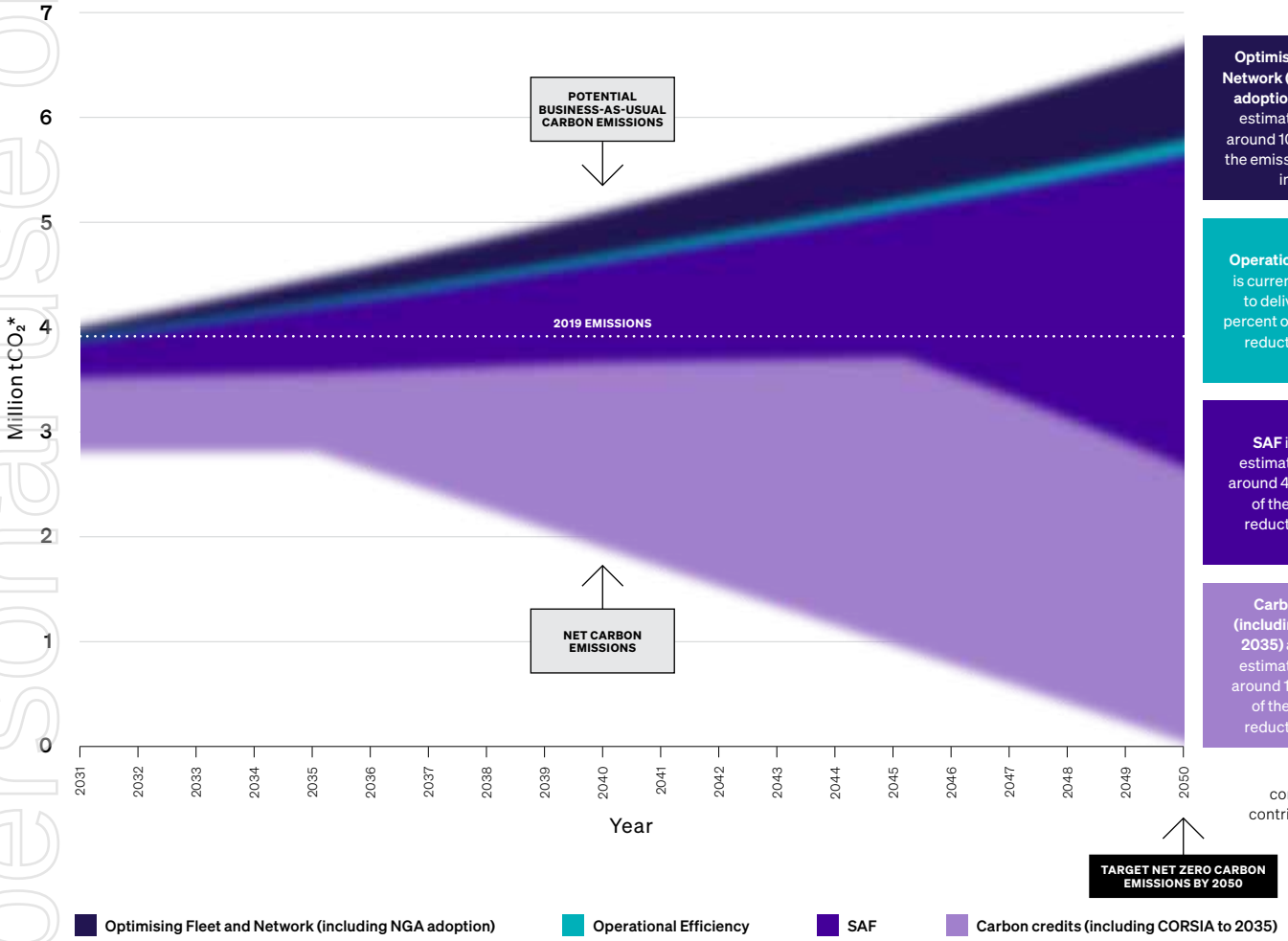
	Short-term	Long-term
Time frame	2025-2030	2031-2050
Description	**2030 Emissions Guidance** In the short-term, the Transition Plan is underpinned by Air New Zealand's five-year fleet and network plan and the airline's planned emissions reduction initiatives. The greater degree of visibility in the short-term has allowed the airline to issue its 2030 Emissions Guidance range, noting that this range may change, including due to factors outside of the airline's control.	**Illustrative roadmap to the 2050 Target** The long-term outlook is guided by the 2050 Target and is inherently more uncertain. It is even more dependent on factors outside the airline's direct control including government policy, access to SAF, infrastructure development, technological advancements, and carbon credit market growth.
Type of measure	Net reduction measure that covers domestic and international flights, passenger and cargo flights, and revenue and non-revenue flights.	
Modelling approach	Developed internally and intentionally designed to cover a larger proportion of Air New Zealand's emissions from jet fuel. Short-term modelling is more detailed to reflect the airline's greater visibility over near-term variables (such as the airline's five-year fleet and network plan).	Developed with reference to the IATA 2050 net zero target scope. Modelling contains a greater reliance on external assumptions (such as The Boeing Commercial Market Outlook for growth rates).
Scope of emissions[11]	CO_2-e emissions (including methane and nitrous oxide).	CO_2 emissions only.
Scope of jet fuel	Well-to-Wake emissions for fossil fuels and Well-to-Wake emissions for SAF.	Tank-to-Wake emission for fossil fuel and Well-to-Wake emissions for SAF, hydrogen and electric propulsion (if applicable).
Level of uncertainty	**Moderate;** conveys an expected range of net emissions reductions by 2030 that represent the current view of possible outcomes.	**High;** illustrative example of Air New Zealand's current view of a potential path of decarbonisation, among many possible pathways.

10. In addition to the central case modelling (shown in the roadmap), Air New Zealand has modelled a 'low' (pessimistic) and a 'high' (optimistic) case scenario of how a series of measures could make varying contributions to help the airline potentially reach net zero carbon emissions over the period to 2050. The percentage ranges included within three of the coloured boxes to the right of the illustrative roadmap to the 2050 Target are the low to high case percentage ranges for each of those three decarbonisation levers. Operational Efficiency is modelled to contribute 2 percent across all scenarios.
11. Non-CO_2 Effects, i.e. impacts that arise from aircraft engine emissions of oxides of nitrogen (NOx), soot particles, oxidised sulphur species, and water vapour are excluded from both the 2030 Emissions Guidance and 2050 roadmap.

Strategy (continued)

Air New Zealand's illustrative roadmap for 2031-2050

This roadmap graph illustrates a central case scenario - that is, the airline's view of a possible decarbonisation pathway from 2031 to 2050, following the period covered by the 2030 Emissions Guidance. The coloured segments illustrate the potential relative contribution of each decarbonisation lever within this central case. While the roadmap illustrates just one potential pathway, it is accompanied by indicative 'low' (pessimistic) and 'high' (optimistic) cases. These alternative potential pathways are not shown graphically, but their estimated contribution ranges are presented in the boxes to the right of the roadmap.



Optimising Fleet and Network (including NGA adoption) is currently estimated to deliver around 10-19 percent of the emissions reduction in 2050.

Operational Efficiency is currently estimated to deliver around 2 percent of the emissions reduction in 2050.

SAF is currently estimated to deliver around 40 - 67 percent of the emissions reduction in 2050.

Carbon Credits (including CORSIA to 2035) are currently estimated to deliver around 11 - 48 percent of the emissions reduction in 2050.

Note: the actual combination of lever contributions may vary.

What informs the starting point of the illustrative roadmap?

The roadmap starts in 2031, immediately following the period covered by the 2030 Emissions Guidance. The 2031 emissions level shown is broadly aligned with the 2030 Emissions Guidance. However, it reflects a revised scope to align with the IATA 2050 net zero target. This revised scope in the roadmap includes only CO_2 and excludes some emissions sources included in the 2030 Emissions Guidance. As such, the 2031 starting point is indicative only, and actual emissions in that year may vary.

Why might the use of SAF ramp up so quickly after 2045?

The central case in the model assumes a rapid scale up of SAF in the period from 2045-2050 as technology scales and affordability improves.

Why might the volume of carbon credit purchases increase from 2035?

Until 2035, Air New Zealand's carbon credit assumptions are based on its anticipated CORSIA obligation. Beyond 2035, Air New Zealand assumes a replacement scheme will require the airline to linearly reduce CO_2 emissions to net zero by 2050.

*In the 2024 financial year the roadmap showed emission reductions based on million tonnes of CO_2 equivalent (i.e., including methane and nitrous oxide) ($MtCO_2$-e). This year, the roadmap is based on carbon dioxide (CO_2) only, to align with the IATA 2050 target scope.

personal use only

Strategy (continued)

What is SAF?

SAF is the global term used by the United Nations, national governments, and the aviation industry to refer to alternative jet fuel that is made from feedstocks other than fossil fuels and which produce lower life cycle emissions than fossil jet fuel. For consistency with the industry, Air New Zealand follows this convention when describing alternative jet fuel, but in doing so acknowledges that, as with all biofuels, SAF still produces emissions over its life cycle, including equivalent emissions to conventional jet fuel when combusted, and may create other adverse impacts on the environment.

There are two predominant types of SAF in use globally: biogenic SAF that is made from feedstocks including used cooking oil, municipal solid waste, and agricultural or forestry byproducts; and power-to-liquid SAF, often called e-SAF, which is produced from water, CO_2 sources, and renewable energy. Currently, Air New Zealand expects the majority of SAF produced early in the period to 2050 to be biogenic SAF, which is discussed in more detail in the SAF - biogenic emissions box on the right. Air New Zealand expects e-SAF use to scale later in the period to 2050. The technology, supply chain, and GHG accounting treatment of e-SAF is currently nascent.

Different SAF feedstocks and technologies also have different impacts on land, food systems, labour rights, water use, and land use change, which could all affect the overall societal assessment of SAF as a legitimate decarbonisation tool. Air New Zealand has adopted SAF procurement criteria that screen and exclude potential SAF supply options for these issues, but the way the broader SAF industry responds to them could affect public perceptions about the credible use of SAF overall.

Sustainable Aviation Fuel (SAF)

SAF is expected to play a significant role in reducing carbon emissions in the Transition Plan. Currently, Air New Zealand estimates that SAF would contribute between 40-67 percent of its emissions reductions by 2050 to meet the 2050 Target. These emissions reductions are based on the majority of jet fuel use in 2050 being SAF; the airline's current expected SAF uplift in 2050 is 60-95 percent of total jet fuel use.

In the short-term, the airline's target to uplift 10 percent of its jet fuel as SAF by 2030 is a key assumption within the 2030 Emissions Guidance. In the 2025 financial year, SAF comprised 1.7 percent of Air New Zealand's total jet fuel usage, which represents an increase from 0.4 percent of total jet fuel in the 2024 financial year and 0.1 percent of total jet fuel in the 2023 financial year.

SAF – biogenic emissions

SAF is almost chemically identical to jet fuel from fossil sources and generates approximately the same CO_2 emissions as fossil jet fuel when combusted in the aircraft's engines. However, the CO_2 emitted from the combustion of biofuels is considered biogenic, meaning it equates to the CO_2 absorbed by the feedstock before SAF production, as assessed in a 'life cycle assessment'. Multiple standards, such as the GHG Protocol, the New Zealand Ministry for the Environment's (MfE) emissions measurement guidance, and the ICAO CORSIA scheme, treat biofuels as generating no Scope 1 CO_2 emissions when combusted. Air New Zealand adopts this conventional treatment in its GHG emissions inventory. This means CO_2 emissions from the combustion of SAF purchased by Air New Zealand are not reported as Scope 1 emissions in the airline's GHG emissions inventory. Instead, for transparency, these CO_2 emissions are reported separately from Scope 1 in the airline's GHG emissions inventory under biogenic emissions.

Ongoing access to SAF will be necessary for Air New Zealand to achieve its 2050 Target, which could be increasingly challenging in a globally competitive market that is heavily reliant on external technology development to scale and policy support to encourage development and adoption. As such, the airline continues to proactively engage with suppliers and supports efforts to achieve regionally aligned SAF policy in the markets where it operates and globally.

International supply

All SAF that Air New Zealand has used to date has been uplifted internationally or imported to New Zealand, and international supply is expected to play a significant role in delivering the airline's Transition Plan. Therefore, achieving the airline's goals depends on significant and ongoing global scaling of SAF supply. Global SAF production comprised 0.3 percent of total global jet fuel in the 2024 calendar year and is expected to reach 0.7 percent for the 2025 calendar year.

Domestic supply

New Zealand does not currently produce any SAF, but has potential to meet some of its future jet fuel needs from domestic feedstocks in the longer term. In the 2025 financial year, Air New Zealand completed two joint feasibility studies on domestically-produced SAF with New Zealand government agencies and a consortium led by technology developer LanzaJet. The studies investigated the opportunity for SAF production from woody biomass and municipal solid waste. The initial results showed that it is technically possible for each feedstock to be used to produce SAF, but significant and early investment in infrastructure would be needed to achieve production by 2030. The studies suggest that domestic production has the potential to improve New Zealand's fuel security and support regional employment. However, domestic SAF production costs would have to reduce significantly for it to be a commercially viable option.

Strategy (continued)

High cost of SAF

The SAF production industry is nascent and SAF commands a price premium above fossil jet fuel. The airline's ability to achieve its decarbonisation goals depends on its ability to access SAF at commercially viable prices. Global price premiums for biogenic SAF currently range from just above parity to approximately five-times the cost of fossil jet fuel, depending on the feedstock used, production pathway, and location. Based on current and predicted pricing this is expected to add material cost to Air New Zealand's operations in the future, with other airlines also facing costs to meet SAF obligations in certain markets. Some of the key drivers that could impact commercial viability of SAF are the implementation of SAF uplift requirements, expansion of SAF production subsidies, increases in blend limits to allow greater SAF volumes in jet fuel, wider acceptance of Book and Claim systems, and customer willingness to pay.

SAFc programme

SAF use can result in two types of emissions savings: the Well-to-Wake emissions savings that accrue to the airline that paid for the SAF (primarily Scope 1 emissions), and the Scope 3 emissions savings that the purchaser of an airfare can contribute towards. These Scope 3 emissions savings are often referred to as SAF 'certificates / credits' or SAFc. In the 2025 financial year, Air New Zealand commenced development of a SAFc programme to help increase SAF uptake, drive demand signals for SAF, and deliver customer value. In December 2024, the airline completed its first business-to-business SAFc transaction to an international organisation for SAF delivered into Air New Zealand's network, and it expects to complete its first local transaction early in the 2026 financial year.

Optimising fleet and network (including NGA adoption)

Jet fuel use associated with flying is by far the most material contributor to the airline's GHG emissions (see the Metrics and Targets section from page 36). Renewing Air New Zealand's fleet in line with the latest technological developments, and making decisions about where to fly and how often to fly, will significantly influence emissions.

To understand the emissions impact of fleet changes, the Fleet Strategy and Sustainability teams have conducted a detailed aircraft-by-aircraft analysis, which considers growth, fleet renewal time frames, anticipated conventional fleet efficiency savings based on latest technology expectations, and the potential contribution from NGA in the longer term. Technological developments that could support Air New Zealand to reduce the direct emissions from its fleet may be a significant contributor to the 2050 Target. These potential developments can be grouped into three categories:

- **Innovations in airframe design and materials.** This refers to aircraft that are either more aerodynamic and / or lighter than existing aircraft, and may include, for example, blended wing body or use of materials or surfaces that significantly reduce weight and / or drag.
- **More fuel-efficient conventional-propulsion technology.** For example, new generation jet engines such as the Pratt & Whitney 1100G-JM Geared Turbofan Engine on the airline's Airbus fleet; and
- **Emergence of novel propulsion technology.** This refers to what Air New Zealand considers NGA (see 'What are Next Generation Aircraft (NGA)?' on page 33).

Air New Zealand has a demonstration programme with an all-electric aircraft, which is referred to as the Next Generation Aircraft programme.

Together, developments in these three categories including, in the decade after 2040, the introduction of NGA (see 'Next Generation Aircraft' on page 33) are estimated to contribute around 10-19 percent emissions reduction by 2050, compared to a baseline with no new fleet technology adoption. In the 2024 Climate Statement, NGA was included in the illustrative roadmap as a separate lever but is now combined with the conventional fleet and network lever due to the inter-related nature of conventional and NGA fleet replacement and a reduction in the expected contribution of NGA.

Innovations in airframe design and materials

Innovations in airframe design are included insofar as new conventional fleet aircraft, for example, Boeing 787 Dreamliners, contain incremental improvements (for example, fuselage and wings are constructed using lighter composite materials) when compared with Boeing 777-300ERs, but significant innovations such as blended wing body are not explicitly modelled.

Conventional-propulsion aircraft

Renewal of the current fleet with more fuel-efficient conventional-propulsion aircraft creates an opportunity to reduce gross emissions.

As all of the airline's aircraft in operation today will need to be replaced by 2050, Air New Zealand's Fleet Strategy team will continue to develop and assess future fleet scenarios. These scenarios may influence the extent to which this emissions reduction lever contributes to achieving the 2050 Target - either positively or negatively.

As at 30 June 2025, Air New Zealand has an average seat-weighted fleet age of 9.4 years[12]. In the 2025 financial year, the airline added one short-term leased Boeing 777-300ER, one leased Airbus A321neo and one owned ATR72-600 to

12. Short-term leased aircraft are not considered when calculating the average seat-weighted fleet age.

Strategy (continued)

its fleet. There were no fleet retirements in the reporting period. The planned replacement of older aircraft is contingent on aircraft and engine manufacturers being able to deliver Air New Zealand's new aircraft on order within contracted time frames. Given current supply chain issues, this remains a risk to Air New Zealand and the airline industry more generally. This risk is discussed in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks.

The maintenance of existing fleet is also important for reducing the airline's absolute emissions on the pathway to 2050. Ongoing increased maintenance requirements and supply chain issues with Rolls-Royce engines for the airline's Boeing 787 Dreamliners and Pratt & Whitney engines for its Airbus A321neos mean that some of the most recent and most fuel-efficient fleet additions must be taken out of service. The airline expects this to be an ongoing challenge in the short-term, driven by parts shortages, long wait times for engine servicing, and the need for more frequent maintenance on those engines. To meet network demand, the airline needs to lease aircraft to provide replacement capacity or continue flying older, less fuel-efficient aircraft, such as Boeing 777-300ERs or Airbus A320ceos, longer than planned.

What are Next Generation Aircraft (NGA)?

NGA is the term Air New Zealand uses to refer to aircraft powered by alternative propulsion that enable a significant reduction in carbon emissions compared to existing technology. This could include hydrogen fuel cells, hydrogen combustion, batteries, or battery hybrids that are used in combination with SAF and / or fossil jet fuel.

NGA currently have significant range limitations. For example, batteries capable of providing sufficient power for aircraft are heavy and do not provide the energy density required for long-haul flights, restricting NGA primarily to shorter routes.

NGA remains in its infancy and is currently subject to material uncertainties, as discussed in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks, so it is not expected to materially contribute to reducing emissions in the short-term.

Next Generation Aircraft

NGA are not currently operated by Air New Zealand. If they become commercially available, NGA could be a suitable option for Air New Zealand's Domestic network. This is because of the relatively short distances between New Zealand's domestic destinations, the use of smaller capacity (50-70 passenger) aircraft on many of these routes, and New Zealand's underdeveloped, lower-emissions ground transport alternatives such as rail.

The initial potential opportunity for Air New Zealand to adopt NGA at a meaningful scale is through the replacement or partial replacement of its Q300 turboprop fleet, the airline's smallest aircraft type that flies on regional routes in New Zealand. Replacement of the Q300 fleet is anticipated to take place in the late 2030s.

However, for NGA to replace some or all of the Q300 turboprop fleet would require the commercial availability of scalable NGA technology from aircraft and engine manufacturers as well as significant changes across the regulatory environment, energy sector and airport infrastructure. Given these dependencies and significant uncertainty around aircraft readiness in the late 2030s, NGA is anticipated to play a significantly reduced role in achieving the 2050 Target than expected in the 2024 Climate Statement.

The risks associated with these required developments are discussed in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks.

'Demonstrator' aircraft

Air New Zealand is actively exploring NGA through the lease of a technology demonstrator aircraft and purchase agreements for commercial demonstrator aircraft. To assist with the certification process for NGA, Air New Zealand is supporting BETA Technologies by bringing an early-production ALIA CX300 aircraft to New Zealand, before it receives Federal Aviation Administration (FAA) type certification to operate commercially in the United States, to complete early proving flights and pilot and crew training. The airline has agreed to a term sheet and paid an initial deposit on one battery-powered all-electric aircraft, plus agreed options for two further aircraft and purchase rights for another 20 aircraft. The aircraft will be Air New Zealand's first commercial NGA demonstrator aircraft and is expected to operate on a very short regional route.

Neither the technology demonstrator nor commercial demonstrator will reduce Air New Zealand's carbon emissions. They are intended as a demonstration only of potential uses for NGA and are key to the airline's understanding of the possibilities and challenges that NGA present.

Strategy (continued)

Operational Efficiency

Ongoing internal operational efficiency improvements are estimated to contribute less than one percent emissions reduction by 2030, and two percent emissions reduction by 2050. This estimate is based on an extrapolation of the expected impact of a number of potential short-term initiatives, which can be grouped into three main categories:

- Technology developments, including flight efficiency and planning software, and improved data access to drive behavioural shifts;
- Air operations, including policy and procedure changes and training support to embed more efficient practices, for example, single-engine taxiing practices; and
- System-wide improvements involving supply chain partners, for example, fuel tankering avoidance, airport efficiencies including increased use of ground power and pre-conditioned air, and development of a more efficient airspace management system.

The 2050 Target does not rely on any efficiency improvements by the Group's fossil jet fuel suppliers, despite some suppliers' publicly stated, short-term efficiency improvement goals.

Carbon credits

Carbon credits are expected to address all residual emissions in 2050. 'Residual emissions' refer to emissions that remain after other reductions have been accounted for and that cannot be addressed through other levers under the Transition Plan due to technological, cost or feasibility constraints.

To guide its approach, Air New Zealand developed an internal residual emissions strategy in the 2025 financial year. This strategy formalises, while remaining dynamic, the airline's approach to residual emissions and the use of carbon credits in its Transition Plan.

The airline's 2030 Emissions Guidance is calculated on a net emissions reduction basis and it therefore includes the use of carbon credits. Air New Zealand's anticipated CORSIA obligation in 2030 (alongside a small volume of high integrity voluntary carbon removals credits) will be used to calculate the net component of Air New Zealand's emissions for the purposes of issuing ongoing 2030 Emissions Guidance. The Guidance contains two key assumptions:

1. The ongoing operation of CORSIA in the period to 2030; and
2. Air New Zealand being able to access its required EEU volume.

In addition to CORSIA, Air New Zealand intends to use a small volume of high integrity voluntary carbon credits. These will be removal carbon credits of approximately 11,000 tonnes of CO_2-e, to address a portion of its residual emissions in 2030. This is intended to support the development of nature-based carbon removals in New Zealand and engineered carbon removals globally.

Carbon credits are also expected to play a material role in addressing residual emissions in the period up to and including 2050.

The airline currently estimates that eligible carbon credits may be required to address between 11-48 percent of emissions in 2050. This reflects a range of potential outcomes and is highly dependent on the scale and pace of SAF uptake, adoption of more fuel-efficient fleet, and operational efficiency.

Air New Zealand assumes that after CORSIA finishes in 2035, a successor compliance obligation will arise that requires a linear step-down in residual emissions to meet net zero by 2050. Even if that does not occur, Air New Zealand intends to use carbon credits on a voluntary basis, as required, to meet net zero by 2050.

The airline intends to only use carbon credits that are verified and / or certified in line with reputable external schemes or standards to address residual emissions. The airline expects that the nature of carbon credits that are considered high integrity will evolve over time, driven by changes in policy and standards, public and investor acceptance, development and scale of engineered carbon removal technologies, and development of the market for high integrity carbon credits.

Other initiatives

In addition to the Transition Plan, Air New Zealand has undertaken other initiatives, including advocacy and improving awareness of emissions generated on Air New Zealand's services. While these other initiatives do not directly reduce emissions, they are an important aspect of Air New Zealand's overall strategy.

Influencing industry and policy to support sustainable aviation

Air New Zealand cannot reduce its emissions and deliver its Transition Plan alone. Aviation decarbonisation will require coordinated decision-making across the transport, energy, trade and tourism sectors. It will be a journey that Air New Zealand shares with other airlines, the aviation supply chain, customers, and policymakers across its network and the world.

Air New Zealand continues to engage with domestic and international climate change policy and regulation. In the 2025 financial year, for example, this included submissions on the New Zealand Government's second Emissions Reduction Plan (ERP2), the Australian Government's Low Carbon Liquid Fuels consultation, the Electricity Authority's proposed changes to distribution connection pricing and the Network connections project – stage one, and a submission to the FMA on delayed adoption provisions for the climate-related disclosure regime.

Air New Zealand also engages in industry-wide conversations on decarbonisation and climate-related issues through

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Strategy (continued)

various forums including, but not limited to:

- Aviation industry groups, such as IATA, the Board of Airline Representatives of New Zealand (BARNZ), and global initiatives like the World Economic Forum's Clean Skies for Tomorrow Coalition;
- Sustainability-focused certification bodies, including the International Sustainability & Carbon Certification (ISCC) and the Roundtable on Sustainable Biomaterials (RSB);
- Sustainability-specific aviation groups, such as the Sustainable Aviation Fuel Alliance of Australia and New Zealand (SAANZ), Bioenergy Australia, and Sustainable Aviation Aotearoa (SAA), which included government representatives before its work was paused in May 2025; and
- Cross-sector sustainability organisations, including the Sustainable Business Council's Climate Leaders Coalition and The Aotearoa Circle.

Supporting customers to understand and mitigate their emissions

Through the 2025 financial year, Air New Zealand offered several programmes to help customers understand and mitigate their emissions.

Air New Zealand offers a Corporate Emissions Platform and a Cargo Emissions Platform to its corporate and cargo customers. These platforms provide customers with data on the emissions impact when they fly with or book via Air New Zealand.

In the 2025 financial year, the airline also commenced development of a SAFc Scope 3 programme that allows business customers to contribute to increased SAF uptake and reduce their Scope 3 emissions footprint (see 'SAFc programme' on page 32).

For retail customers, the airline continues to offer the Voluntary Emissions Contribution Programme (VECP). In the 2025 financial year, 2.6 percent of bookings made through online storefronts, where the VECP is available, contributed to the programme, and their contributions went to two initiatives. First, $684,000 of their contribution went to Trees That Count to enable the planting of 85,474 native trees across New Zealand. Second, customers' contributions also went towards carbon credits for 43,673 tonnes of CO_2-e. All of these credits have been retired on behalf of Air New Zealand.

Air New Zealand expects that, as customers' understanding of climate change, and their expectations of organisations' emissions mitigation plans, evolve, new and innovative ways to engage with those customers will be required.



Disclosure Guidance

Metrics and Targets

5.1 Metrics relevant to all entities

Greenhouse gas emissions

The Selected GHG emissions disclosures[13] in this section have been prepared and are presented in accordance with the NZ CS. The GHG emissions inventory published in this section covers the Group's 2025 financial year and has been measured in accordance with *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol)* and the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (GHG Protocol Value Chain Standard*). It is a complete quantification of the amount of GHG emissions that can be directly attributed to the Group's operations within the declared boundary and scope for the specified reporting period. Any exclusions from reporting are disclosed on page 38 alongside the rationale.

Air New Zealand has been calculating its GHG emissions on an annual basis since the 2011 financial year. The base year for Scope 1 and 2 emissions is the 2019 financial year. In the 2025 financial year, the Group also set a base year for Scope 3 emissions. For Scope 3, category 3, which covers upstream emissions as well as transmission and distribution losses relating to purchased energy (fuel- and energy-related emissions), the base year has also been set to the 2019 financial year. This is to align with the baseline year of the Group's 2030 Emissions Guidance, which includes Well-to-Tank emissions from jet fuel reported under category 3. For all other Scope 3 categories, the base year has been set to the 2024 financial year, being the first year that all material emissions categories were included in the inventory.

A recalculation of the base years shall be triggered by structural changes to the Group, changes in methodology, or identification of omissions that meet a 5 percent significance threshold.

The 2019 base year emissions were recalculated this year to include emissions from Scope 3, category 3 for the first time. A recalculation of the 2024 base year for all other Scope 3 categories was not required.

Consolidation approach and organisational boundaries

Air New Zealand applies an operational control approach to determine the boundary of its GHG emissions inventory. This means that 100 percent of the emissions from operations over which Air New Zealand, or one of its subsidiaries, has control are accounted for.

None of Air New Zealand's subsidiaries are excluded from this GHG emissions inventory. Most do not emit any GHG emissions, and those that do are reported within the Group. For a list of all subsidiaries under Air New Zealand Group as at 30 June 2025, and how each entity is treated for GHG accounting purposes, refer to page 3 in the Group's GHG Emissions Inventory Report 2025 (GHG Report 2025).

Source of emission factors and Global Warming Potential (GWP) rates

Air New Zealand calculates emissions by multiplying activity data with appropriate emissions factors. The sources of emission factors and global warming potential (GWP) rates used are included in Table 5 on pages 40 to 42. All emissions disclosed in these Selected GHG emissions disclosures are expressed in total tonnes of carbon dioxide equivalent (tCO_2-e). The time horizon in all cases is 100 years.



13. 'Selected GHG disclosures' refers to the disclosures covered in the 'Greenhouse gas emissions' section within this Climate Statement (page 36 - 43) and is defined in detail in Deloitte's assurance report.

Metrics and Targets (continued)

Table 3: GHG emissions inventory by Scope and category in tCO_2-e

Emissions source	2025	2024	2023	2019
Scope 1	**3,157,207**	**3,250,851**	**2,839,358**	**3,925,650**
Jet fuel – domestic	580,291	604,348	621,444	629,876
Jet fuel – international	2,571,440	2,639,807	2,210,836	3,286,502
Jet fuel – ground	25	255	953	941
Sustainable Aviation Fuel (SAF)[14]	406	87	108	-
Other fuels[15]	4,670	6,336	6,017	8,331
Fugitive refrigerants	375	18	-	-
Scope 2	**2,598**	**2,049**	**3,357**	**3,098**
Electricity consumption (location-based)	2,598	2,049	3,357	3,098
Scope 3	**1,071,226**	**1,026,989**	**857,031**	**787,948**
Category 1: Purchased goods and services	266,911	239,391	218,032	-
Category 2: Capital goods	99,930	84,043	62,215	-
Category 3: Fuel- and energy-related activities	678,742	685,745	570,462	787,948[16]
Category 5: Waste generated in operations	1,704	665	620	-
Category 6: Business travel	5,749	6,354	5,702	-
Category 7: Employee commuting	17,091	9,952	-	-
Category 15: Investments	1,099	839	-	-
Total reported Scope 1, 2, 3 emissions	**4,231,031**	**4,279,889**	**3,699,746**	**4,716,696**
Biogenic emissions[17]	55,455	13,487	3,927	725

14. Methane (CH_4) and nitrous oxide (N_2O) only.
15. Other fuel combustion includes diesel use in ground service equipment (mobile and stationary), diesel and petrol use in vehicle fleet, LPG and natural gas used for heating as well as engine oil used on aircraft. This also now incorporates emissions from wood pellets used for heating, which were listed separately in last year's inventory.
16. Scope 3, category 3 emissions are included in this inventory for the first time, with the base year for this Scope 3 category now set to 2019.
17. Includes direct biogenic emissions from the combustion of SAF and the burning of wood pellets.

Metrics and Targets (continued)

Operational boundaries

In alignment with the GHG Protocol, Air New Zealand's GHG emissions inventory is split into three Scopes:

Scope 1 includes direct emissions occurring from the airline's operations, most notably from the combustion of fossil jet fuel on domestic and international flights. Smaller emission sources include the combustion of fuels for heating (LPG, natural gas and wood pellets) and transport (diesel and petrol) as well as emissions from refrigerant leaks and from the combustion of engine oil.

Scope 2 covers emissions from the generation of purchased electricity consumed at Air New Zealand-operated sites. Electricity emissions are calculated using the location-based method.

Scope 3 refers to all other indirect emissions across Air New Zealand's value chain, both upstream and downstream, and can be divided into 15 different categories according to the GHG Protocol Value Chain Standard.

Air New Zealand strives to disclose all Scope 1 and 2 emissions, due to the Group's influence over these emissions. However, where the effort and difficulty of obtaining accurate data outweigh the benefits, for example, where emissions are small and / or Air New Zealand's ability to influence emissions reductions is limited, some immaterial exclusions apply (see Table 4).

In addition to Scope 1 and 2, the following Scope 3 categories are quantified within the Group's GHG emissions inventory:

- **Category 1:** Purchased goods and services;
- **Category 2:** Capital goods;
- **Category 3:** Fuel- and energy-related activities;
- **Category 5:** Waste generated in operations;
- **Category 6:** Business travel;
- **Category 7:** Employee commuting (including emissions associated with working from home); and
- **Category 15:** Investments.

Three categories were identified as not applicable:

- **Category 10:** Processing of sold products;
- **Category 13:** Downstream leased assets. Not applicable in the 2025 financial year; and
- **Category 14:** Franchises.

The remaining five categories are excluded from the Group's emissions inventory. They have been identified as sitting outside of the minimum reporting boundary outlined by the GHG Protocol Value Chain Standard or being immaterial, and disproportionally difficult to obtain data for:

- **Category 4:** Upstream transportation and distribution;
- **Category 8:** Upstream leased assets;
- **Category 9:** Downstream transportation and distribution;
- **Category 11:** Use of sold products; and
- **Category 12:** End-of-life treatment of sold products.

Categories not covered in the airline's GHG emissions inventory are reviewed annually and may be included in future disclosures if they become material or applicable.

Additional individual emission sources not included within reported Scopes or categories are summarised in Table 4.

Table 4: Individual emission sources excluded from Air New Zealand's GHG emissions inventory

Emissions Scope / category	Excluded emissions activity	Reasons for exclusion
Scope 1: Fuel combustion (diesel)	Fuel use by offshore Ground Service Equipment (GSE) and vehicle fleet	Difficulty obtaining data. Immaterial
Scope 2: Electricity consumption	Electricity used for charging EV fleet where this is done offsite	Difficulty obtaining data. Immaterial
Scope 3 – category 5: Waste generated in operations	Wastewater Waste from some smaller, leased sites	Difficulty obtaining data. Immaterial No data available as waste contracts held by lessors
Scope 3 – category 15: Investments	Vehicles driven by Christchurch Engine Centre	Immaterial

Metrics and Targets (continued)

Methods, assumptions and uncertainties

Air New Zealand's GHG emissions inventory covers all material emission sources and has generally adopted the most specific calculation methods that its data currently allows.

In general, GHG emissions accounting relies on assumptions and estimates that lead to estimation uncertainty. The effect of this uncertainty is that emissions might be over- or understated, so the corresponding categories' emissions data should be interpreted accordingly. Table 5 on pages 40-42 provides an overview of the emission sources covered by Air New Zealand's GHG emissions inventory, including calculation methods, assumptions made, and an assessment of the uncertainty for each emissions source.

Air New Zealand uses a qualitative assessment of uncertainty as a measure of data quality, with a focus on parameter uncertainty. Uncertainty is highest where data limitations require the airline to adopt the spend-based method, because product- or supplier-specific data are not currently available. This method multiplies the value of purchased goods or services by an emissions intensity for the commodity per dollar of expenditure. Emissions calculated using the spend-based method currently make up 8.5 percent of the airline's overall GHG emissions inventory.

While the GHG Protocol Value Chain Standard highlights that higher uncertainty for Scope 3 emissions is acceptable, the spend-based method has limitations: the activity data used are allocated into purchasing categories rather than organised by individual product and service type; and, similarly, emission intensities refer to high level commodity groups and are calculated using underlying assumptions that might not be applicable to the actual purchases by the airline.

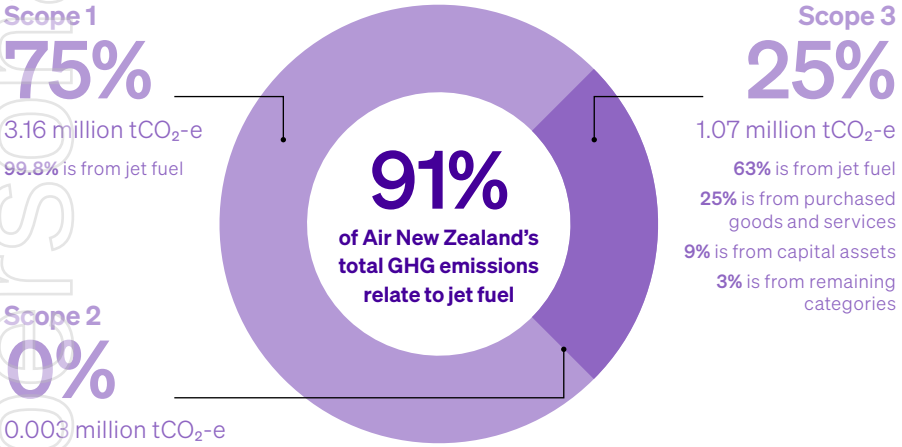
Uncertainty remains relatively high for employee commuting emissions. The calculation method applied relies on employee participation in a survey or conservative assumptions on the mode of transport used. While historical, country-wide Stats NZ averages of commuting distances applied in the 2024 financial year calculation have been replaced by Air New Zealand-specific data for the 2025 financial year, meaning the activity data used are more representative in terms of time and geography, opportunities to reach low uncertainty are limited as commuter data is inherently difficult to track. Further detail on the calculation methodology used for this category, including changes made from the prior year, can be found on page 7 in Air New Zealand's GHG Report 2025.

Air New Zealand has made other minor improvements across its GHG emissions inventory in the 2025 financial year to reduce uncertainties. The airline is committed to continuing this work by engaging with suppliers and improving data quality where possible.

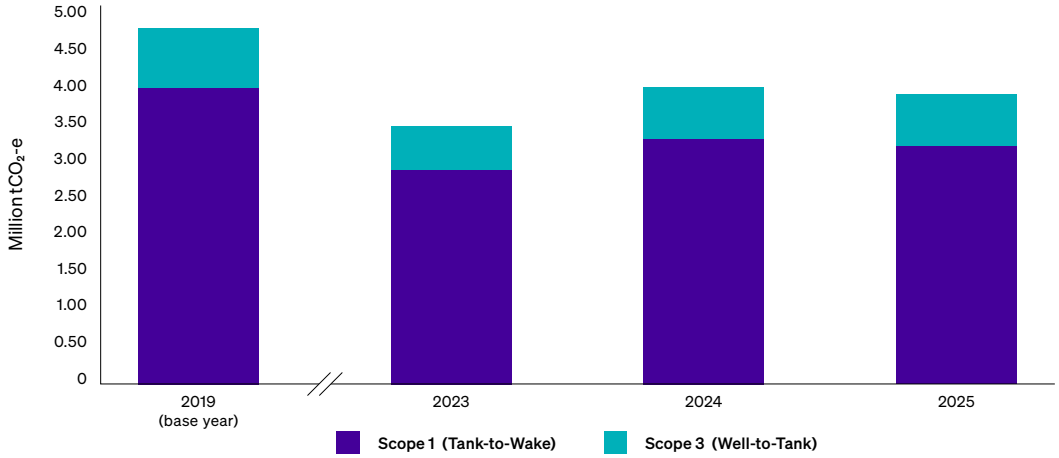
GHG emissions assurance

Selected GHG disclosures[18] included within this Climate Statement are assured by Deloitte Limited, with reasonable assurance provided for Scope 1 and 2 emissions and related disclosures, and limited assurance over Scope 3 emissions and related disclosures. Refer to Deloitte Limited's assurance report in section 6.1 Assurance report on pages 49 to 51.

Emissions snapshot 2025



Well-to-Wake emissions from jet fuel over time in tCO_2-e[19]



18. 'Selected GHG disclosures' refers to the disclosures covered in the 'Greenhouse gas emissions' section within this Climate Statement (page 36 - 43) and is defined in detail in Deloitte's assurance report.
19. The 2024 Climate Statement included a bar graph showing direct jet fuel emissions only. This year, it has been updated to cover jet fuel-related Well-to-Wake emissions, to align with the scope of the 2030 Emissions Guidance.

Metrics and Targets (continued)

Table 5: Emission calculation methods, assumptions and uncertainty

Scope / category	Activity	Calculation method	Activity data source	Emission factor and GWP source	Assumptions / estimations	Level of uncertainty
Scope 1						
Jet fuel (domestic and international)	Fuel used to operate aircraft	Fuel-based method	Supplier invoices reconciled with internal systems	MfE (2025): Aviation fuel (kerosene); AR5		Low uncertainty.
Jet fuel (ground)	Fuel used for ground engine testing	Fuel-based method	Actual use records reconciled with supplier invoices	MfE (2025): Aviation fuel (kerosene); AR5		Low uncertainty.
Sustainable Aviation Fuel (SAF)	SAF purchased by Air New Zealand	Fuel-based method	Supplier certificates reconciled with supplier invoices	MfE (2025): Aviation fuel (kerosene) – CH_4 and N_20 only; AR5	Assumes CH_4 and N_20 emissions that occur from the combustion of SAF are comparable to those from the combustion of fossil jet fuel.	Some emission factor uncertainty that is considered acceptable as there is currently no more accurate data available, and emissions are immaterial.
LPG	LPG combusted for heating in Christchurch and Nelson	Fuel-based method	Supplier invoices	MfE (2025): LPG (industrial); AR5		Low uncertainty.
Natural gas	Natural gas combusted for heating in Auckland	Fuel-based method	Supplier invoices	MfE (2025): Natural gas (industrial); AR5		Low uncertainty.
Diesel	Diesel combusted in GSE and vehicle fleet	Fuel-based method	Supplier invoices	MfE (2025): Diesel (Transport fuel); AR5	Assumes that all diesel from tanks is combusted for mobile use, as it is not possible to differentiate fuel use by GSE type.	Low uncertainty.
Petrol	Petrol combusted in vehicle fleet	Fuel-based method	Supplier invoices	MfE (2025): Petrol / premium petrol (Transport fuel); AR5		Low uncertainty.
Engine oil	Engine oil used to ensure engine system operates effectively and safely	Fuel-based method	SAP transactions	MfE (2025): Heavy fuel oil (Transport fuel); AR5	Assumes all uplifted oil is burnt.	Moderate uncertainty in activity data as some oil might not be burnt, therefore emissions are slightly overestimated. As engine oil emissions are small this is considered negligible.
HFC	Fugitive HFC losses from HVAC systems or chillers	Top-up method	Service provider reports	MfE (2025): R-134a / R32 / R410a / R-290 / 404a; AR5		Low uncertainty.
Wood pellets	Wood pellets burned for heating in Christchurch	Fuel-based method	Supplier invoices	MfE (2025): Wood (commercial pellets) - CH_4 and N_20 only; AR5	Assumes all purchased wood pellets are burned.	Some emission factor uncertainty as disclosed by MfE that is considered adequate as the emissions source is immaterial.
Scope 2						
Electricity	Electricity consumed at Air New Zealand operated sites, including to charge electric GSE	Location-based method	Supplier invoices reconciled with meter data from energy efficiency system	MfE (2025): Electricity (annual average); AR5		Low uncertainty.

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Metrics and Targets (continued)

Table 5: Emission calculation methods, assumptions and uncertainty (continued)

Scope / category	Activity	Calculation method	Activity data source	Emission factor and GWP source	Assumptions / estimations	Level of uncertainty
Scope 3						
Category 1 – Purchased goods & services	Extraction, production, and transportation of goods and services purchased in 2024, not otherwise included in categories 2 - 8	Spend-based method	General Ledger	Auckland Council Consumption Emissions (2023): 26 categories; AR4 (adjusted for inflation)	Categorisation of activity data is high level. Emission factors applied refer to high level commodity groups.	High uncertainty from emission factors used and high-level categorisation of purchased products and services. This is a priority category to further reduce uncertainty.
Category 2 – Capital goods	Extraction, production, and transportation of capital goods (including aircraft and engines) acquired in 2025	Average-product method for newly acquired aircraft; spend-based method across remaining assets	Fixed Asset Register	Auckland Council Consumption Emissions (2023): 15 categories; AR4 (adjusted for inflation) Ecoinvent via SimaPro (accessed July 2025): very short haul passenger aircraft / long haul passenger aircraft; AR6	Proxy emissions data used to calculate upstream emissions from aircraft acquired in 2025. Emission factors used for spend-based method refer to high level commodity groups.	High uncertainty from emission factors used and high-level categorisation of purchased assets, especially where using spend-based factors. This is a priority category to further reduce uncertainty.
Category 3 – Fuel- and energy-related activities	Extraction, production, and transportation of fuels and energy purchased in 2025, not already accounted in Scope 1 and 2	Average-data method	Same as Scope 1 and 2 fuel and energy data	DEFRA (2025): WTT Liquid Fuels – Aviation Turbine / Fuel oil / Diesel / Petrol, WTT gaseous fuel – LPG / Natural Gas; AR5 MfE (2025): Natural Gas – T&D losses / Electricity T&D losses; AR5 Agrilink (2023): WTT NZ Electricity; AR6 SAF supplier certificates (2025); AR5		Some uncertainty from the use of average emission factors, including for SAF as the supplier uses default values published by ICAO. This is considered adequate as it uses the best data currently available. Conversations with suppliers are ongoing to obtain supplier-specific data relevant to upstream emissions.
Category 5 – Waste generated in operations	Landfill and organic waste disposed of by Air New Zealand employees, customers, and contractors across 61 sites. Inflight food and other waste from international flights returning to Auckland	Waste-type specific method	Supplier reports on weight of waste picked up, by waste stream per site	MfE (2025): Waste (unknown composition) – Office waste to landfill with gas recovery / Waste (unknown composition) – General waste to landfill / Biological treatment of waste –composting / Waste (known composition) – Food waste to landfill with gas recovery; AR5	Assumes landfills with gas recovery and commercial composting facilities are used. Assumes waste collected and reported by service providers belongs to Air New Zealand only and is not from a shared waste station. Assumes waste at leased sites where the lessor holds the waste contract is captured by the contract owner and therefore not included by Air New Zealand.	Moderate uncertainty over activity data as waste data is not separated into more specific waste streams. Minor uncertainty from emission factors as they represent a New Zealand average rather than being site specific. This is considered adequate as the emissions source is immaterial.
Category 6 – Business travel	Air travel on other airlines, hotel stays, travel in rental cars, taxis or employees' own vehicles where this was reimbursed by the Group	Distance-based method for all except taxi travel and employee mileage, where the spend-based method is applied	Supplier reports for crew and pilot travel, and rental car trips. Internal booking systems' reports for other employees' business travel. General ledger for spend on taxis and mileage claims	MfE (2025): Accommodation (relevant countries and nearby country factors for countries not available in MfE factors) / International air travel with radiative forcing / Taxi Travel Regular – dollars spent / Vehicle type km (2015 – 2020 Fleet) /; AR5 DEFRA (2025): Regular Taxi – km; AR5	Assumes that employees use preferred booking methods for duty travel. Assumes taxis are petrol vehicles and the most direct route per trip is used. Hotel stays are calculated using country-specific factors, but are not specific to the type of accommodation.	Moderate uncertainty as some activity data relies on conservative assumptions, and most emission factors are averages. This is considered adequate as the emissions source is relatively small, there is a high level of control over key booking systems, and difficulty obtaining more accurate data.

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Metrics and Targets (continued)

Table 5: Emission calculation methods, assumptions and uncertainty (continued)

Scope / category	Activity	Calculation method	Activity data source	Emission factor and GWP source	Assumptions / estimations	Level of uncertainty
Category 7 – Employee commuting (including emissions associated with working from home)	Employee commute, and energy use associated with working from home	Distance-based method	HR reports for staff per location and business unit, and anonymised location data for return distance to work. Wynyard Quarter Transport Management (WQTMA) survey results for Auckland head office staff. Supplier records for crew transport to airports. Sum of annual work starts for crew and pilot commuting. Swipe card data for average attendance by employee group.	MfE (2025): Private petrol car / Working from home (default); AR5 DEFRA (2025): Average car km petrol / Homeworking; AR5	Commuting data for Auckland head office employees is based on survey results from October 2024. The number of days commuted by pilots and cabin crews is based on actual work starts. For all other employee groups, the number of days commuted is based on anonymised internal data, as are the distances travelled. Employees are assumed to commute for 46 weeks per year. Other than Auckland head office employees, all employees are assumed to commute by petrol vehicle.	Despite improvements to the calculation in 2025, uncertainty remains relatively high as emissions are based on multiple assumptions. This is considered adequate due to difficulties in tracking accurate data, but the category remains a focus area for further reduce uncertainty.
Category 15 – Investments	Fuel and electricity use by Christchurch Engine Centre	Investment-specific method	Supplier invoices for Christchurch Engine Centre facilities.	MfE (2025): Aviation fuel (kerosene) / LPG (industrial) / Electricity (annual average); AR5		Low uncertainty.
Other						
Biogenic emissions	SAF and wood pellets combusted by Air New Zealand	Fuel-based method	Supplier certificates and invoices	MfE (2025): Aviation fuel (kerosene) – CO_2 only / Wood – Pellets (Commercial use) – Biogenic CO_2-e/unit; AR5	Assumes the carbon emissions created from the combustion of SAF are the same as from the combustion of fossil jet fuel, however, they are biogenic and considered to be neutral, and therefore accounted for separately.	Low uncertainty.

Sources for the emission factors and GWP rates used:

MfE (2025): Ministry for the Environment (NZ) 'Measuring emissions guide: 2025 Emissions Factor Workbook', via https://environment.govt.nz/publications/measuring-emissions-guide-2025/

DEFRA (2025): Department of Environment, Food and Rural Affairs (UK) 'Greenhouse gas reporting: conversion factors 2025: full set', via https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025

Auckland Council (2023): 'Consumption Emissions Modelling', via https://www.knowledgeauckland.org.nz/media/2593/consumption-emissions-modelling-market-economics-march-2023.pdf

Ecoinvent: 'aircraft production, passenger aircraft, long haul', via https://ecoquery.ecoinvent.org/3.11/cutoff/dataset/19708/documentation and 'aircraft production, passenger aircraft, very short haul', via https://ecoquery.ecoinvent.org/3.11/cutoff/dataset/21236/documentation (values accessed via SimaPro)

Agrilink (2023): 'New Zealand fuel and electricity total primary energy and like cycle greenhouse gas emissions factors 2023', via https://agrilink.co.nz/wp-content/uploads/2024/03/Fuel-LCA-emission-factors-2023-2.pdf

AR5: Intergovernmental Panel on Climate Change (IPCC) 'Climate Change 2013: The Physical Science Basis', via https://www.ipcc.ch/report/ar5/wg1/

AR4: IPCC 'Climate Change 2007: The Physical Science Basis', via https://www.ipcc.ch/report/ar4/wg1/

AR6: IPCC 'Climate Change 2021: The Physical Science Basis', via https://www.ipcc.ch/report/sixth-assessment-report-working-group-i/

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Metrics and Targets (continued)

Analysis of trends in GHG emissions

In the 2025 financial year, Air New Zealand emitted 4.2 million tonnes of CO_2-e across its direct and indirect emission sources (Scopes 1, 2 and 3). This is a reduction of 1.1 percent from the prior year.

Jet fuel

Total Well-to-Wake emissions associated with jet fuel, which include jet-fuel related emissions across all Scopes, decreased by 2.5 percent compared to the 2024 financial year and by 18.6 percent from the 2019 financial year.

After the 2019 base year, the airline experienced a significant drop in jet fuel emissions due to lower demand for travel during the Covid-19 pandemic. Jet fuel emissions from international flights increased steadily between the 2020 financial year and the 2024 financial year but reduced slightly in the 2025 financial year as a result of emissions reductions achieved through the increased use of SAF, and a number of grounded aircraft unable to fly resulting from engine availability issues.

Domestic air travel emissions have been more variable since the base year, almost reaching pre-Covid-19 levels in the 2023 financial year before dropping again in the two reporting years since. This drop is largely due to corporate and government travel demand reducing.

Other Scope 1

Other fuel use emissions have dropped by 26.3 percent from last year, and 43.9 percent since the 2019 base year. The key drivers here are reductions in diesel and natural gas use, which combined make up about 81.1 percent of Scope 1 emissions from other fuel use, as the Group continues to electrify its ground-based operations.

Reported refrigerant emissions have increased significantly from last year as the inventory now includes data from regional airport sites operated by Air New Zealand.

Scope 2

Electricity emissions have seen an increase of 26.8 percent from last year, which is due only to lower renewable electricity generation in New Zealand. As a result, the emissions factor for electricity increased by 38.7 percent on last year, whereas Air New Zealand's electricity consumption decreased by 8.6 percent. Compared to the 2019 financial year, Scope 2 emissions reduced by 16.2 percent.

Scope 3

Scope 3 emissions increased by 4.3 percent compared to the 2024 financial year, despite the reduction in fossil jet fuel impacting category 3 emissions. This increase is primarily the result of increased costs driving up emissions in categories 1 and 2 as these are calculated using the spend-based method. For example, costs associated with the construction of the new hangar at Auckland Airport, an increase in purchases of spare parts, and an increase in fleet maintenance. Additionally, the airline experienced price increases higher than average New Zealand inflation across a variety of products purchased as well as higher fees, levies and charges leading to an increase in the emissions reported.

Emissions from waste generated in operations (category 5) have increased compared to last year as they now include emissions from inflight waste from international flights arriving into Auckland. A lot of this is methane-generating food waste, which for biosecurity reasons is required to be disposed of in landfill. Employee commuting emissions (category 7) have increased by 71.7 percent compared to last year. This is primarily a result of a change in the calculation methodology, which now uses Air New Zealand employee-specific commuting distances as well as data from the airline's internal swipe card data system to determine the number of days worked on-site for each employee group (both anonymised and aggregated). The increase in emissions from the changes in these two categories is below the significance threshold and therefore does not warrant a recalculation of last year's inventory.



Disclosure Only

Metrics and Targets (continued)

GHG emissions intensity

Aviation specific GHG intensity metrics provide a measure of emissions generated for each tonne of payload flown or each available seat. Seat availability is measured in Available Seat Kilometre (ASK) and payload carriage is expressed as Revenue Tonne Kilometre (RTK). Both of these, and Well-to-Wake emissions, are prominent metrics for benchmarking airline carbon intensity and are explained in more detail in section 7.2 Appendix B: Glossary.

Analysis of trends in GHG intensity metrics

As shown in Table 6, GHG emissions intensity per ASK has seen improvements almost consistently since the 2019 financial year, which is due to a higher proportion of the airline's capacity being flown on more fuel-efficient aircraft over this period. The slight increase in the 2025 financial year can be attributed to the ongoing engine issues for the airline's most efficient Boeing 787 Dreamliners and Airbus A321neos, which resulted in an increased reliance on less efficient aircraft.

The reductions across the two emissions intensity metrics per RTK indicate that these challenges were partially mitigated by improved loads, both across cargo and passengers. The peak in the 2023 financial year occurred due to less international flying activity following the Covid-19 pandemic.

Table 6: GHG emissions intensity metrics

Metric	2025	2024	2023	2019
Grams of CO_2-e per Available Seat Kilometre (ASK)[20]	78	77	79	85
Grams of CO_2-e per Revenue Tonne Kilometre (RTK)[20]	710	734	765	762
Grams of Well-to-Wake CO_2-e per Revenue Tonne Kilometre (RTK)[21]	862	889	918	916

Amount or percentage of assets or business activities vulnerable to transition risks

Air New Zealand currently uses two metrics to describe the amount of business activities vulnerable to transition risks (see Table 7):

- **The proportion of revenue-generating operations that currently relies on fossil jet fuel.** This includes revenue generated from all domestic and international routes on its network; and
- **The proportion of revenue-generating operations that is currently estimated to generate an emissions pricing obligation.** This metric includes domestic routes that are subject to NZ ETS obligations through the 2025 financial year and forecast emissions pricing obligations in the CORSIA scheme for the 2025 financial year. The CORSIA obligations are estimated by including fuel use on all routes to and from countries that are current participants in the CORSIA scheme, multiplied by the mid-point of the IATA Sectoral Growth Factor forecasts. The increase compared to the 2024 financial year is primarily driven by a higher forecast CORSIA obligation due to increased IATA Sectoral Growth Factor forecasts.

While these metrics do not capture every material transition risk identified in section 4.2 Climate-related risks and opportunities, they remain useful because they show the extent of business activities vulnerable to transition risks, are expected to change over time as emissions pricing regimes and the airline's use of fossil jet fuel evolve, and can be calculated with a high degree of accuracy.

Table 7: Assets or business activities vulnerable to transition risks

Metric	Unit	2025	2024
Proportion of revenue-generating operations that currently relies on fossil jet fuel	% of revenue	93%	94%
Proportion of revenue-generating operations that is currently estimated to generate emissions pricing obligations	% of revenue	37%	34%

20. Measured based on Scope 1 jet fuel emissions from flying activity (including fossil jet fuel and N_2O and CH_4 emissions from SAF).
21. Measured based on Scope 1 and 3 jet fuel emissions related to flying activity (including SAF and fossil jet fuel).

Air New Zealand Climate Statement 2025 Appendices

Metrics and Targets (continued)

Amount or percentage of assets or business activities vulnerable to physical risks

Air New Zealand currently uses three metrics to assess the airline's vulnerability to physical risks:

- **Aircraft value as a proportion of total assets.** Aircraft are a significant portion of the airline's asset base and may be exposed to risk of damage due to increased frequency and magnitude of acute weather events. For example, aircraft may be susceptible to damage from lightning strikes, hail, and hard landings in high-wind conditions, which could lead to greater maintenance costs and aircraft being out of service. This metric has not changed significantly since last year;
- **Proportion of assets, by value, that are 'immovable' and subject to increasing flood risk.** In the 2024 financial year, the airline assessed the exposure of the ports within its network to flooding, coastal erosion and coastal inundation under SSP1-2.6, SSP2-4.5, and SSP5-8.5 over different time periods out to 2100. This analysis was deemed relevant again in the 2025 financial year. If the exposure of a port was deemed high under any of these scenarios (for any of the three hazards stated above) in or before 2100, then the total value of immovable assets at those locations was considered at risk, thus taking a conservative view. The domestic ports that were rated as both high exposure and with material immovable assets were Auckland, Wellington, and Nelson. As such, the total value of immovable assets at ground level at Nelson, Wellington and Auckland[22] were deemed vulnerable for the purpose of this metric. This metric does not factor in any mitigations or insurances in place to protect the airline from financial impacts associated with this vulnerability. Other locations are excluded because the exposure and / or asset value at other airports and facilities are not considered material. Similar to the metric above, there is no significant change from the 2024 financial year; and
- **Weather-related delays and cancellations.** The three weather-related metrics serve as a proxy for the exposure of the airline's operations to disruption from more severe and frequent weather events. They are considered helpful because changes in these metrics over time should represent changes to the airline's exposure to, and ability to manage, operational disruptions caused by weather. These metrics are imperfect because not all weather-related delays are driven by climate change and not all physical climate-related events manifest as disruptions. Additionally, the delay metrics might underestimate the real impact, as they reflect weather-related delays for the first impacted flight only; subsequent delays in the flight schedule following this first disruption are not considered as it is difficult to accurately attribute the delay time related to weather, particularly when there are multiple other reasons for the delay. Results for all metrics relating to weather events have remained stable since the 2024 financial year.

Table 8: Assets or business activities vulnerable to physical risks

Metric	Unit	2025	2024
Aircraft value as a proportion of total assets	% of total asset value	46%	45%
'Immovable' assets exposed to flood risk as a % of total asset value	% of total asset value	11%	10%
Weather-related delays and cancellations	Proportion of scheduled flights arriving late due to weather-related reasons[23]	1.2%	1.2%
	Average length of departure delay of flights arriving late due to weather-related reasons, in minutes[23]	41	41
	Proportion of scheduled flights cancelled due to weather-related reasons[24]	1.0%	1.0%

22. The value of the lease at Air New Zealand's head office in central Auckland was also included within the immovable asset category. The airline notes that no specific exposure assessment has been conducted for the head office site but it was included within the assessment as it was subject to flood damage in 2023.
23. Relates to the first flight impacted by weather only.
24. Includes both the first flight impacted by weather and any later flights cancelled as a consequence.

Metrics and Targets (continued)

Amount or percentage of assets or business activities aligned with climate-related opportunities

As noted in section 4.2 Climate-related risks and opportunities, Air New Zealand has not identified any material 'opportunities' arising from climate change. For the aviation sector, climate change is primarily a source of risk rather than an opportunity. As such, currently no material proportion of Air New Zealand's assets or business activities is specifically aligned with climate-related opportunities.

The airline does, however, have some assets and business activities focused on mitigating climate-related risks. These include:

- The Group's investment in the Drylandcarbon One Limited Partnership, which holds a portfolio of exotic forests for both timber and a supply of NZUs, is to help the airline meet compliance obligations under the NZ ETS. The size of potential emissions cost savings from this investment depends on the investment's distributions, the prevailing NZU price, and regulations about acceptable NZUs. Distributions of 47,240 NZU units were received in the 2025 financial year. The carrying value of this investment on 30 June 2025 was $23 million;
- In the 2025 financial year, Air New Zealand began exploring a SAF customer value initiative supporting corporate customers to reduce their Scope 3 air travel emissions (see 'SAFc programme' on page 32).

Price per tonne of CO_2-e used internally

Internal carbon charge

Air New Zealand applies a $20 / tCO_2-e internal carbon charge on its long-haul routes between Auckland and New York, and Auckland and Houston. This internal charge creates a ringfenced funding stream that is allocated to the Climate and Nature Fund, which also includes any profits from our Z Energy partnership, and supports decarbonisation and sustainability initiatives including growing renewable energy supply and supporting SAF.

The internal carbon charge raised $6.7 million in the 2025 financial year. While not financially material, Air New Zealand believes the existence, amount, and use of the charge could be material information to primary users.

Shadow carbon price

In the 2025 financial year, Air New Zealand designed and piloted an internal shadow carbon price, which is intended to be formally implemented in the 2026 financial year. This price is expected to be set at US$83 per tonne of Well-to-Wake emissions for the 2026 financial year. The internal shadow carbon price is not charged to business units and does not generate internal revenue, but it is used to communicate to decision-makers the hypothetical emissions abatement cost or cost savings associated with business decisions that have the potential to impact the airline's emissions.

Remuneration

Air New Zealand's People, Remuneration and Diversity Committee (PRDC) provides advice and assistance to the Board in its responsibilities with respect to people and culture. The Board has generally delegated authority for rewards and remuneration to the PRDC, which has implemented a Short-Term Incentive (STI) scheme for Air New Zealand employees on individual employment agreements. This includes all Executives and senior leaders and comprises approximately 30 percent of the airline's employees.

In the 2025 financial year, emissions intensity comprised 10 percent of the STI. This reduced from 15 percent in the 2024 financial year due to the addition of a new circular economy STI metric (landfill waste per full-time employee), comprising five percent of the STI. These two climate-related components of the STI are awarded independently. The emissions intensity metric will be awarded if the prescribed target for the year is achieved, or partially awarded if a minimum milestone is achieved. The same applies to the circular economy metric. There is no climate-related component in the Long-Term Incentive Plan.

The airline may change any of the metrics in this section as and when it sees fit and will explain any such decisions in future Climate Statements.

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Metrics and Targets (continued)

5.2 Aviation industry metrics and other KPIs

Air New Zealand reports on the following Sustainability Accounting Standards Board (SASB) aviation-specific sustainability metrics:

1. The SASB GHG emissions metrics:
   - Gross global Scope 1 emissions (see 5.1 Metrics relevant to all entities);
   - Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets (see sections 4.5 Transition Plan, 5.3 Targets used to manage climate-related risks and opportunities, and 5.4 Performance against targets); and
   - Fuel use metrics (see Table 9).

The airline reports SASB activity metrics in the following locations:

2. The SASB activity metrics:
   - Available Seat Kilometres, Passenger Load Factor, and Revenue Passenger Kilometres (see page 110 of the 2025 Annual Report);
   - Revenue Tonne Kilometres and number of departures (see Table 9); and
   - Average fleet age (see section 4.5 Transition Plan).

Table 9: Aviation metrics and other KPIs

Metric	Unit	2025	2024
Total fuel consumed (all fuel types)	Gigajoules	43,229,065	43,958,911
Percentage of fuel consumed that was alternative fuel[25]	% of total fuel	1.7%	0.4%
Percentage of fuel consumed that was SAF	% of total fuel	1.7%	0.4%
Percentage of expected total 2030 fuel volume that has been contractually secured as SAF via approved offtake agreements	% of total fuel	0.0%	0.0%
Revenue Tonne Kilometre[26]	RTK in million	4,441	4,419
Number of departures		167,621 (of a scheduled 173,668)	173,002 (of a scheduled 179,372)

5.3 Targets used to manage climate-related risks and opportunities

Air New Zealand has set a long-term net zero carbon target for 2050 (the 2050 Target) that is described in further detail below. While this target does not correspond directly to each specific climate-related risk outlined in sections 4.2 Climate-related risks and opportunities and 4.3 Current impacts and anticipated impacts of climate-related risks, it does underpin the development of Air New Zealand's Transition Plan.

As outlined in section 4.5 Transition Plan, achieving the 2050 Target depends on a number of external factors outside the airline's direct control, as well as internal cost and commercial constraints that affect its ability to deliver its Transition Plan. Some of these key challenges are discussed on the right.

Targets – key challenges

Air New Zealand is committed to taking steps to implement its Transition Plan, however, the airline cannot reach its 2050 Target alone. Reducing emissions to meet the 2050 Target is inherently challenging due to several interdependent factors:

- **Economic:** Implementing the Transition Plan is expected to increase costs. If these costs cannot be passed on through ticket prices, profitability may be impacted; if passed on, higher prices may reduce demand and revenue;
- **Technological:** Progress depends on the scaling up of decarbonisation technologies and, in some cases, technology breakthroughs. The pace of these technological developments is unpredictable and is outside the control of any single entity, industry or government;
- **Policy:** Effective government policy frameworks are crucial to support emissions reductions, including incentives for low emission technologies and approval of methodologies such as Book and Claim; and
- **Capital management:** The ability to deliver the Transition Plan depends on the airline's financial position and capital-constraints may delay investment and achievement of the 2050 Target.

25. Alternative fuels are those that are not traditional fossil fuels, for example, biofuels, synthetic fuels, and fuels produced from renewable energy sources. As SAF is a subset of alternative fuel and as it was the only alternative fuel used by the airline in the 2024 and 2025 financial years, the reported percentages for this metric and 'Percentage of fuel consumed that was SAF' are the same.
26. In the 2024 Climate Statement, the RTK value disclosed referred to Air New Zealand's cargo operations only. This year, the metric also includes RPK to align with broader reporting practices across the aviation sector by including total transport output. The 2024 figure has been restated accordingly.

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Metrics and Targets (continued)

The 2050 Target

The 2050 Target is a net reduction target. Achieving it will require absolute reductions in total CO_2 emissions and the use of carbon credits.

The 2050 Target aligns with the aviation industry's collective 2050 target, as agreed at the 77th IATA Annual General Meeting, which IATA states will bring air transport in line with the Paris Agreement's temperature goal. It also aligns with ICAO's long-term global aspirational goal, agreed by Member States (including New Zealand) at its 41st Assembly in 2022, which ICAO also states is aligned with the Paris Agreement's temperature goal. Air New Zealand has adopted the criteria identified by the IATA resolution to achieve net zero carbon emissions by 2050, but the 2050 Target has not been verified or validated by the airline or any external third party.

The 2050 Target covers domestic and international flights, passenger and cargo flights, and revenue and non-revenue flights. The emissions and reductions within scope are CO_2 emissions only (other greenhouse gases such as methane or nitrous oxide, and Non-CO_2 Effects, are excluded) relating to:

- Tank-to-Wake emissions for fossil jet fuel; and
- Well-to-Wake emissions for SAF, hydrogen and electric propulsion.

2030 Emissions Guidance

Air New Zealand removed its previous 2030 science-based emissions intensity target in July 2024. This target has not been replaced. Instead, Air New Zealand has issued 2030 Emissions Guidance (see section 4.5 Transition Plan). The airline intends to update this 2030 Emissions Guidance annually in its Climate Statement to provide a regular and transparent assessment of its progress towards decarbonisation.

The 2030 Emissions Guidance states Air New Zealand's expectation to reduce its Well-to-Wake net GHG emissions from jet fuel by 20 to 25 percent by 2030, compared with a 2019 baseline. In the 2025 financial year, Well-to-Wake emissions from jet fuel were 3.8 million tonnes CO_2-e.

For more information on Air New Zealand's 2030 Emissions Guidance see section 4.5 Transition Plan ('Short-term: 2030 Emissions Guidance' on page 29).

Ten percent SAF by 2030

Air New Zealand remains a signatory to the World Economic Forum's Clean Skies for Tomorrow 2030 Ambition Statement, which it signed in 2021. That Ambition Statement requires signatories to target using 10 percent SAF (as a percentage of their total jet fuel) by 2030. There are no interim milestones for this target and there is no base year against which progress is measured. This commitment exists alongside the airline's 2050 Target and was maintained after the withdrawal from Air New Zealand's 2030 science-based emissions intensity target in 2024. The 2030 Emissions Guidance aligns with Air New Zealand's expectation that it meets the Clean Skies for Tomorrow 2030 Ambition Statement.

5.4 Performance against targets

Air New Zealand's performance in the 2025 financial year against its climate-related targets is described below.

Note that because the 2030 Emissions Guidance is not a target, it is not reported on in this section.

The 2050 Target

Air New Zealand's 2050 Target is for net zero emissions of CO_2 in the year 2050 from Tank-to-Wake carbon emissions for fossil jet fuel and Well-to-Wake carbon emissions for SAF, hydrogen and electric propulsion (if applicable).

In the 2025 financial year, Air New Zealand's gross CO_2 emissions from these sources was 3,144,298 tCO_2, while the estimated net emissions were 2,909,456 tCO_2.

The estimated net emissions include the contribution from the airline's estimated CORSIA obligation. This estimated obligation is based on the mid-point between the high and low Sectoral Growth Factor forecasts published by IATA. Confirmed net emissions will be available when Sectoral Growth Factors have been released for the entire 2025 financial year (expected in November 2026).

Ten percent SAF by 2030

In the 2025 financial year, the airline uplifted 1.7 percent SAF as a proportion of total jet fuel, up from 0.4 percent in the 2024 financial year and 0.1 percent the year before.

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Assurance

6.1 Assurance report

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Independent Assurance Report to the Shareholders of Air New Zealand Limited on the GHG Emissions Disclosed in its Group Climate Statement for the Year Ended 30 June 2025

Under section 461ZH(3) of the Financial Markets Conduct Act 2013, the Auditor-General is the assurance practitioner of Air New Zealand Limited (the 'Company') and its subsidiaries (the 'Group). The Auditor-General has appointed me, Jason Stachurski, using the staff and resources of Deloitte Limited, to carry out an assurance engagement, on his behalf, on the Selected greenhouse gas ('GHG') emissions information disclosed in the Group Climate Statement (the 'GHG disclosures'), for the year ended 30 June 2025.

Scope of the engagement

As part of our assurance engagement over the Group's GHG disclosures, we have undertaken a reasonable assurance engagement in relation to the Selected Scope 1 and 2 GHG emissions disclosures and a limited assurance engagement in relation to the Selected Scope 3 GHG emissions disclosures, as set out below.

Reasonable assurance

Subject matter: 'Selected Scope 1 and 2 GHG disclosures'	**Reference**
Gross GHG emissions, in metric tonnes of carbon dioxide equivalent ('CO_2-e') classified as: • Scope 1 • Scope 2 (calculated using the location-based method)	Pages 36 to 42
Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of Aotearoa New Zealand Climate Standard 1: *Climate-related Disclosures* ('NZ CS 1'), being: • The statement describing that the Group's GHG emissions have been measured in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)* (the 'GHG Protocol'), to the extent this pertains to Scope 1 and 2 GHG emissions; • The statement that the GHG emissions consolidation approach used is operational control, to the extent this pertains to Scope 1 and 2 GHG emissions; • Sources of Scope 1 and 2 GHG emission factors and the global warming potential ('GWP') rates used or a reference to the GWP source; and • The summary of specific exclusions of Scope 1 and 2 GHG emissions sources (if applicable), including facilities, operations or assets with a justification for their exclusion.	Pages 36 to 42
Disclosures relating to Scope 1 and 2 GHG emissions methods, assumptions and estimation uncertainty per paragraphs 52 to 54 of Aotearoa New Zealand Climate Standard 3: *General Requirements for Climate-related Disclosures* ('NZ CS 3'): • Description of the methods and assumptions used to calculate or estimate Scope 1 and 2 GHG emissions, and the limitations of those methods. • Description of uncertainties relevant to the Group's quantification of its Scope 1 and 2 GHG emissions, including the effects of these uncertainties on the GHG emissions disclosures.	Pages 36 to 42

Limited assurance

Subject matter: 'Selected Scope 3 GHG disclosures'	**Reference**
Gross GHG emissions, in metric tonnes of CO_2-e classified as: • Scope 3	Pages 36 to 42
Additional requirements for the disclosure of gross GHG emissions per paragraph 24 (a) to (d) of NZ CS 1, being: • The statement describing that the Group's GHG emissions have been measured in accordance with the GHG Protocol and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (the 'Corporate Value Chain Standard'), to the extent this pertains to Scope 3 GHG emissions; • The statement that the GHG emissions consolidation approach used is operational control, to the extent this pertains to Scope 3 GHG emissions; • Sources of Scope 3 GHG emission factors and the GWP rates used or a reference to the GWP source; and • The summary of specific exclusions of sources of Scope 3 GHG emissions, including facilities, operations or assets with a justification for their exclusion.	Pages 36 to 42
Disclosures relating to Scope 3 GHG emissions methods, assumptions and estimation uncertainty per paragraph 52 to 54 of NZ CS 3: • Description of the methods and assumptions used to calculate or estimate Scope 3 GHG emissions, and the limitations of those methods. • Description of uncertainties relevant to the Group's quantification of its Scope 3 GHG emissions, including the effects of these uncertainties on disclosures.	Pages 36 to 42

Matters Relating to the Electronic Presentation of the Selected GHG Disclosure included within the Climate Statement

This assurance report relates to the Selected GHG disclosures included within the Group's Climate Statement for the year ended 30 June 2025, included on Air New Zealand Limited's website. The Directors are responsible for the maintenance and integrity of Air New Zealand's website. We have not been engaged to report on the integrity of Air New Zealand's website. We accept no responsibility for any changes that may have occurred to the Selected GHG disclosures included within the Climate Statement since they were initially presented on the website.

The assurance report refers only to the Selected GHG disclosures included within the Climate Statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these disclosures.

Independently assured

Assurance (continued)

6.1 Assurance report (continued)

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Conclusion

Reasonable assurance opinion

In our opinion, the Group's Selected Scope 1 and 2 GHG disclosures within the scope of our reasonable assurance engagement for the year ended 30 June 2025, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's Selected Scope 3 GHG disclosures within the scope of our limited assurance engagement for the year ended 30 June 2025, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Other matter – comparative information

The comparative information, being the 2024 GHG disclosures on pages 37 and 39 was assured by Deloitte Limited in the firm's own capacity. Deloitte Limited expressed an unmodified report dated 29 August 2024.

Other matter – separate GHG Inventory Report

The Group has also prepared a GHG Inventory Report for the year ended 30 June 2025 which includes GHG emissions information disclosed in accordance with requirements of the GHG Protocol Corporate Standard and Value Chain Standard. Deloitte Limited has performed a separate assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410: *Assurance Engagements on Greenhouse Gas Statements* ('ISAE (NZ) 3410') issued by the New Zealand Auditing and Assurance Standards Board on the GHG Inventory Report. The GHG Inventory Report together with our separate limited assurance report is available at the Investor Centre on the Air New Zealand website.

The Board of Directors' responsibilities

Subparts 2 to 4 of the Financial Markets Conduct Act 2013 set out requirements for a climate reporting entity in preparing a Climate Statement, which includes proper record keeping, compliance with the climate-related disclosure framework and subjecting it to assurance.

The Aotearoa New Zealand Climate Standards have been issued by the External Reporting Board as the framework that applies for preparing and presenting a Group Climate Statement. The Board of Directors of the Group is therefore responsible for preparing and fairly presenting a Group Climate Statement for the year ended 30 June 2025, in accordance with those standards.

The Board of Directors is also responsible for the design, implementation, and maintenance of internal controls relevant to preparing the Group's Climate Statement that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Section 461ZH of the Financial Markets Conduct Act 2013 requires the GHG disclosures included in the Group Climate Statement to be the subject of an assurance engagement.

NZ CS 1, paragraph 25, requires such an assurance engagement at a minimum to be a limited assurance engagement, and paragraph 26 specifies the scope of the assurance engagement on GHG disclosures.

To meet this responsibility, we planned and performed procedures (as summarised below), to provide reasonable assurance on the Selected Scope 1 and 2 GHG disclosures and limited assurance on the Selected Scope 3 GHG disclosures. We conducted our assurance engagement in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ('NZ SAE 1') issued by the External Reporting Board and ISAE (NZ) 3410.

Summary of Work Performed

Reasonable assurance

Our reasonable assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves performing procedures to obtain evidence about the quantification of emissions and related information in the Group's Selected Scope 1 and 2 GHG disclosures. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Selected Scope 1 and 2 GHG disclosures.

In making those risk assessments, we considered internal controls relevant to the Group's preparation of the Selected Scope 1 and 2 GHG disclosures. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of the Group's use of Aotearoa New Zealand Climate Standards, as the basis for the preparation of the Selected Scope 1 and 2 GHG disclosures;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by the Group; and
- Evaluating the overall presentation of the Group's Selected Scope 1 and 2 GHG disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion.

Limited assurance

Our limited assurance engagement was performed in accordance with NZ SAE 1 and ISAE (NZ) 3410. This involves assessing the suitability in the circumstances of the Group's use of Aotearoa New Zealand Climate Standards as the basis for the preparation of the Selected Scope 3 GHG disclosures, assessing the risks of material misstatement of the Selected Scope 3 GHG disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected Scope 3 GHG disclosures.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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Assurance (continued)

6.1 Assurance report (continued)

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The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. In undertaking our limited assurance engagement on the Group's Selected Scope 3 GHG disclosures, we:

- Obtained, through inquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Selected Scope 3 GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation.
- Evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- Performed analytical procedures on particular emission categories by comparing the expected GHGs emitted to actual GHGs emitted and made inquiries of management to obtain explanations for any significant differences we identified.
- Evaluated the appropriateness of emissions factors applied.
- Considered the presentation and disclosure of the Group's Selected Scope 3 GHG disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

Non-financial information, such as that included in the Group's GHG disclosures, is subject to more inherent limitations than financial information, given both its nature and the methods used and assumptions applied in determining, calculating, and sampling or estimating such information. As outlined on page 39, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Because of the inherent limitations of an assurance engagement, together with the internal controls structure, it is possible that fraud or error may occur and not be detected.

Other information

The Group Climate Statement contains information other than the Group's GHG disclosures and the assurance report thereon. The Board of Directors is responsible for the other information.

Our assurance engagement does not extend to any other information included, or referred to, in the Group Climate Statement on pages 1 – 35, 43 – 49, and appendices, and therefore, no conclusion is expressed thereon. We read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group's GHG disclosures, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated.

Where such an inconsistency or misstatement is identified, we are required to discuss it with the Board of Directors and take appropriate action under the circumstances, to resolve the matter. There are no inconsistencies or misstatements to report.

Independence and quality management

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. These principles for example, do not permit us to be involved in the preparation of the current year's GHG information as doing so would compromise our independence.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) and Professional and Ethical Standard 4 *Engagement Quality Reviews* issued by the New Zealand Auditing and Assurance Standards Board (PES 4). PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. PES 4 deals with an engagement quality reviewer's appointment, eligibility, and responsibilities.

Our firm is the statutory auditor of the financial statements (on behalf of the Auditor-General) and also carries out other assignments for the Group which include the review of the interim financial statements, and assurance services relating to passenger facility charges, the GHG Inventory Report and compliance with student fee protection rules. In addition, we provide non-assurance services in the form of a climate-related disclosure 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. These services have not impaired our independence as assurance practitioner for this engagement. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.



Jason Stachurski
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
28 August 2025

Independent Assurance Report

Appendices

7.1 Appendix A: Details of scenario analysis

The climate scenario analysis was developed using the emissions reduction pathways described in section 4.1 Scenario analysis based on assumptions over a range of variables that are summarised below. Note that all material parts of Air New Zealand's value chain were considered in the scenario analysis.

Data sources for the development of the scenarios are the IPCC's RCP-SSPs from the 6th Assessment Report (2021), Network for Greening the Financial System Scenarios for central banks and supervisors, the scenarios contained within the International Energy Agency's World Energy Outlook, and the Climate Change Commission scenarios. In addition to this, key assumptions on the evolution of variables that are highly specific to Air New Zealand and, therefore, not covered in depth by the global scenarios mentioned above, were developed and tested with internal experts across the business.

- **Technology pathways:** Scenario narratives were devised with reference to both external sources and internal perspectives, including, for example, new propulsion technology, aircraft design innovations, SAF technology development and carbon removal solutions;
- **Government policy:** Government policy assumptions were based on the barriers to, and government support for, technology development, and restrictions on certain emissions categories. Changes in policy are represented through adjustments in carbon pricing regimes such as the NZ ETS and CORSIA, or through direct support of emerging technologies that will enable Air New Zealand to decarbonise (for example, NGA), both globally and in New Zealand;
- **Socioeconomic pathways:** To ensure consistency in the scenarios, the starting point for the socioeconomic pathways was the assumptions contained within the SSPs, however, additional narrative surrounding New Zealand-specific evolution of socioeconomic parameters was developed internally with reference to the marker SSPs;
- **Energy pathways:** Energy pathway assumptions included considering the supply and cost of renewable electricity, green hydrogen and SAF. Energy pathway assumptions are highly dependent on technological development and as such are reflective of the pace of the technology pathways described above;
- **Carbon sequestration from afforestation and nature-based solutions and negative emissions technology:** Carbon sequestration from afforestation and nature-based solutions, and negative emissions technology, are not defined. They only feature in the scenario analysis insofar as they address 'residual' emissions to achieve the airline's 2050 Target;
- **Global climate impacts:** IPCC (2022), *Sixth Assessment Report for SSPs*. Muñoz-Sabater et al. (2019) *ERA5 and ERA5-Land reanalysis, European Centre for Medium Range Weather Forecasting* (ECMWF). Canadian Centre for Climate Modelling and Analysis (2019), *The Canadian Earth System Model version 5* (CanESM5). Döscher et al. (2022), *The EC-Earth3 Earth system model for the CMIP6*, EC-Earth Consortium. Shiogama et al. (2019), *MIROC6 model output prepared for CMIP6 ScenarioMIP*, MIROC Team; and
- **New Zealand physical and climate impacts:** These are based on the same sources as the global climate and socioeconomic impacts above: Ministry for the Environment (2018), *Climate Change Projections for New Zealand*.

7.2 Appendix B: Glossary

- '**2030 Emissions Guidance'** means Air New Zealand's current expectation that it will reduce its 'Well-to-Wake' net GHG emissions by 20 to 25 percent by 2030, compared with a 2019 baseline. This guidance will be updated on an annual basis, as part of the Climate Statement;
- '**2050 Target**' means Air New Zealand's long-term target of achieving net zero carbon emissions by 2050, as agreed by IATA member airlines at the 77th IATA Annual General Meeting in October 2021;
- '**ASK**' means Available Seat Kilometres, which is measured by the available seats operated multiplied by the distance flown (capacity);
- '**Book and Claim**' refers to a system whereby airlines can purchase ('book') the life cycle benefits of SAF and credit ('claim') it against the emissions from their own use of conventional jet fuel, while another airline uses that SAF but is not able to claim the SAF's low-carbon credentials. The Book and Claim system, if adopted, is expected to increase demand, supply, and liquidity in the SAF market, ultimately increasing the global uptake of SAF.

  For example, one airline may not fly to any airports where SAF is available for uplift. Book and Claim would allow this airline to purchase and credit the low-carbon credentials of SAF that is physically input to the fuel supply at another location and used by a second airline. In this example, the second airline that does uplift SAF cannot claim the low-carbon credentials of the SAF because those credentials were purchased by the first airline. The first airline flies with conventional jet fuel but purchases and credits the low-carbon credentials of the SAF. The second airline flies with SAF but does not purchase or credit the low-carbon credentials of that fuel;
- '**CORSIA**' means the Carbon Offsetting and Reduction Scheme for International Aviation developed by the International Civil Aviation Organization (ICAO). Under CORSIA, Air New Zealand

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Appendices (continued)

faces an obligation for growth in CO_2 emissions above a baseline, calculated with reference to an annual Sector Growth Factor. Air New Zealand must acquire and cancel Eligible Emissions Units to meet its obligation;

- '**Critical uncertainties'** has the meaning given to it in the FMA's December 2023 illustrative examples accompanying its October 2023 guidance on record-keeping, and in this context means the broad-scale external factors that are the most influential for Air New Zealand and the most uncertain;
- '**Eligible Emissions Unit (EEU)'** refers to a tradable carbon credit that meets the criteria set by ICAO for use under the CORSIA scheme. These units can be purchased and surrendered by aircraft operators to offset their CO_2 emissions that exceed baseline levels, as required under CORSIA;
- '**Engineered carbon removals'** refers to technological solutions that directly capture and store CO_2 from the atmosphere;
- '**IATA**' refers to the International Air Transport Association, the global industry body that represents around 350 airlines;
- '**ICAO**' refers to the International Civil Aviation Organisation, the United Nations agency tasked with achieving sustainable growth of the global civil aviation system;
- '**IPCC**' refers to the Intergovernmental Panel on Climate Change, which is the United Nations body responsible for assessing the science related to climate change;
- '**Load Factor**' means revenue passenger kilometres (RPKs) as a percentage of ASKs;
- '**Nature-based removals'** refers to projects that leverage natural processes such as photosynthesis or soil carbon sequestration to remove and store CO_2-e from the atmosphere within natural ecosystems;
- '**NGA**' or '**Next Generation Aircraft**' refers to aircraft powered by alternative propulsion that enables a significant reduction in carbon emissions compared to existing technology. This could include hydrogen fuel cells, hydrogen combustion, batteries, or battery hybrids that are used in combination with SAF and / or fossil jet fuel;
- '**Non-CO_2 Effects**' means impacts that arise from aircraft engine emissions of oxides of nitrogen (NOx), soot particles, oxidised sulphur species, and water vapour. These impacts are in addition to CO_2-e;
- '**NZ ETS**' means the New Zealand Emissions Trading Scheme. Air New Zealand is a participant in the NZ ETS and has an obligation to report greenhouse gas emissions generated from fuel use on all domestic flights and then purchase and surrender to the Government an equal number of New Zealand Units to match those emissions;
- '**NZD'** refers to the New Zealand Dollar;
- '**NZU**' means New Zealand Unit, the official emissions allowance issued under the NZ ETS;
- '**RPK**' or '**Revenue Passenger Kilometres**' is a measure of the number of revenue passengers carried multiplied by the distance flown (demand);
- '**RTK**' or '**Revenue Tonne Kilometres**' is a measure of the weight that has been transported on the aircraft (freight and passengers) multiplied by the number of kilometres transported. To align with the international standard, an average weight of 100 kilograms per passenger, including their luggage, is applied;
- '**SAF**' or '**Sustainable Aviation Fuel**' is the industry term given to alternative jet fuel that is made from feedstocks other than fossil fuels, and which seek to produce lower life cycle emissions than fossil jet fuel. The term is used by the United Nations, national governments, and the aviation industry. Air New Zealand follows this convention when describing alternative jet fuel for consistency with the industry, but in doing so acknowledges that SAF still produces emissions over its life cycle, including equivalent emissions to conventional jet fuel when combusted, and may create other adverse impacts on the environment;
- '**Sectoral Growth Factor**' refers to the international aviation sector's percentage growth over the CORSIA baseline in a given year;
- '**Sustainability Update**' refers to the sustainability section of the Annual Report;
- '**Transition Plan**' means Air New Zealand's strategy and actions for its transition towards a low-emissions, climate-resilient future. This includes the 2050 Target and the steps taken in seeking to achieve that target;
- '**Tiaki Promise'** is a commitment to care for New Zealand, for now and for future generations. The Tiaki Promise is based on five key principles: to protect nature, keep New Zealand clean, drive carefully, be prepared, and show respect;
- '**USD'** refers to United States Dollar; and
- '**Well-to-Wake**' or '**WTW**' refers to emissions from the airline's activities and accompanying emissions across the entire value chain of jet fuel. It comprises: **'Well-to-Tank'** emissions from fossil fuel extraction or feedstock sourcing, processing and transportation to fuel production and distribution (measured as Scope 3, category 3 emissions); and **'Tank-to-Wake'** emissions from the combustion of fuel (measured as Scope 1 emissions).

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A STAR ALLIANCE MEMBER

AIR NEW ZEALAND

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NZX
NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Air New Zealand Limited	
Reporting Period	12 months to 30 June 2025	
Previous Reporting Period	12 months to 30 June 2024	
Currency	New Zealand dollars	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$6,755,000	-%
Total Revenue	$6,755,000	-%
Net profit from continuing operations	$126,000	(13.7)%
Total net profit	$126,000	(13.7)%
Final Dividend (NZ$)		
Amount per Quoted Equity Security	0.01250000	
Imputed amount per Quoted Equity Security	0.00000000	
Record Date	12-Sept-2025	
Dividend Payment Date	25-Sept-2025	
	Current Period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.56	$0.55
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to media release. The final dividend was declared on 28 August 2025.	
Authority for this announcement		
Name of person authorised to make this announcement	Jennifer Page, General Counsel and Company Secretary	
Contact person for this announcement	Jennifer Page, General Counsel and Company Secretary	
Contact phone number	+64 27 909 0691	
Contact email address	Jennifer.Page@airnz.co.nz	
Date of release through MAP	28 August 2025	

Audited financial statements accompany this announcement.

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FULL YEAR RESULTS ANNOUNCEMENT
AIR NEW ZEALAND LIMITED
Full Year Ended 30 June 2025 (referred to in this report as the "current full year")

1 Information prescribed by NZX

Refer to Results for announcement to the market

2 The following information, which may be presented in whatever way the Issuer considers is the most clear and helpful to users, e.g., combined with the body of the announcement, combined with notes to the financial statements, or set out separately.

(a) A Statement of Financial Performance

Refer to the financial statements

(b) A Statement of Financial Position

Refer to the financial statements

(c) A Statement of Cash Flows

Refer to the financial statements

(d) Details of individual and total dividends or distributions and dividend or distribution payments, which:

i. **have been declared, and**
ii. **relate to the period (in the case of ordinary dividends or ordinary dividends and special dividends declared at the same time) or were declared within the period (in the case of special dividends).**

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 the 2025 financial statements.

A 2025 interim dividend of 1.25 cents per Ordinary Share was paid on 19 March 2025. 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.

	NZ Cents per Share	$NZm
Distributions recognised		
Interim dividend for 2025 financial year on Ordinary Shares	1.25	42
Final dividend for 2024 financial year on Ordinary Shares	1.50	51
Distributions paid		
Interim dividend for 2025 financial year on Ordinary Shares	1.25	42
Final dividend for 2024 financial year on Ordinary Shares	1.50	51

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(e) A Statement of Movements in Equity

Refer to the financial statements

(f) Net tangible assets per Quoted Equity Security with the comparative figure for the previous corresponding period

(NZ Cents per Share)	Current Year	Previous Year
Ordinary Shares	56	55

(g) Commentary on the results

(i) (ii)

	Measurement	Current Year	Previous Year
Basic earnings per share	NZ cents per share	3.8	4.3
Diluted earnings per share	NZ cents per share	3.7	4.3
Returns to shareholders (also see section (d) above)			
Interim dividend on Ordinary Shares	$NZ'm	42	67
Final dividend on Ordinary Shares	$NZ'm	51	-
Special dividend on Ordinary Shares	$NZ'm	-	202

(iii) Significant features of operating performance:

Refer to the media release

(iv) Segmental results:

Industry segment

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.

Geographical segment

An analysis of revenue by geographic region of original sale is provided below.

	Current Year $NZm	Previous Year $NZm
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.

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(v) Discussion of trends in performance

Refer to the media release.

(vi) The Issuer's divided policy

Refer to Air New Zealand website - https://www.airnewzealand.co.nz/dividend-history

(viii) Any other factors that have or are likely to affect the results, including those where the effect could not be quantified:

Refer to the media release.

(h) Audit of financial statements

This report is based on financial statements that have been audited. The audit opinion has been attached to the back of the financial statements and contains no qualifications.

Basis of preparation

The financial statements were compiled 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. The financial statements comply with both NZ IFRS and International Financial Reporting Standards ("IFRS Accounting Standards").

Accounting policies

Refer to the Statement of Accounting Policies and Notes to the financial statements.

Changes in accounting policies

Refer to the Statement of Accounting Policies in the financial statements.

Audit Report

A copy of the audit report is included at the end of the financial statements.

Additional information

N/A

This full year report was approved by the Board of Directors on 28 August 2025.



Dame Therese Walsh
Chair

Distribution Notice

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Section 1: Issuer information				
Name of issuer	Air New Zealand Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	AIR.NZ			
ISIN (If unknown, check on NZX website)	NZAIRE0001S2			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies			
Record date	12/09/2025			
Ex-Date (one business day before the Record Date)	11/09/2025			
Payment date (and allotment date for DRP)	25/09/2025			
Total monies associated with the distribution	$41,297,809			
Source of distribution (for example, retained earnings)	Operating Free Cash Flow			
Currency	New Zealand			
Section 2: Distribution amounts per financial product				
Gross distribution	$0.01250000			
Gross taxable amount	$0.01250000			
Total cash distribution	$0.01250000			
Excluded amount (applicable to listed PIEs)	N/A			
Supplementary distribution amount	$0.00000000			
Section 3: Imputation credits and Resident Withhold				
Is the distribution imputed	~~Fully imputed~~			
	~~Partial imputation~~			
	No imputation			
If fully or partially imputed, please state imputation rate as % applied	N/A			
Imputation tax credits per financial product	$0.00000000			
Resident Withholding Tax per financial product	$0.00412500			

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Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	N/A	
Start date and end date for determining market price for DRP	N/A	N/A
Date strike price to be announced (if not available at this time)	N/A	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	N/A	
DRP strike price per financial product	N/A	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	N/A	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Jennifer Page, General Counsel and Company Secretary	
Contact person for this announcement	Jennifer Page	
Contact phone number	+64 27 909 0691	
Contact email address	Jennifer.Page@airnz.co.nz	
Date of release through MAP	28 August 2025	